

RECOMMENDED BUDGET

2015-2016



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



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Madera County

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City of Fresno

Councilmember Sally Bompreszi

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Supervisor Hub Walsh

Merced County

Supervisor J. Steven Worthley

Tulare County

Seyed Sadredin

Executive Director / Air Pollution Control Officer

June 18, 2015

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

2015-16 Recommended Budget

TABLE OF CONTENTS

Executive Director’s Transmittal Letter	i
Budget Financial Summary	
• Budget Summary	1
• Schedule of Estimated Revenues	2
• District Appropriations – Line Item Detail	3
Operating Budgets	
Administration	
• Program Description	5
• Summary of Positions	14
• Line Item Detail	15
Compliance	
• Program Description	16
• Summary of Positions	26
• Line Item Detail	27
Permit Services	
• Program Description	28
• Summary of Positions	39
• Line Item Detail	40
Strategy and Incentives Program	
• Program Description	41
• Summary of Positions	62
• Line Item Detail	63
Non-Operating Budget	
• Program Description	64
• Incentive Spending Plan	68
• Line Item Detail	73
Prior Years Budget Comparison	
• Budget Summary	74
• Schedule of Estimated Revenues	75
• District Appropriations – Line Item Detail	76

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May 21, 2015

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

Dear Board Members:

Attached is the Recommended Budget for the San Joaquin Valley Air Pollution Control District for July 1, 2015 to June 30, 2016. Policy guidance for the 2015-16 Budget was provided by your Board's Ad Hoc Subcommittee for Budget and Finance, which consisted of Chairman Wheeler, Mayor Brazil, Councilmember Hanson, Supervisor Pedersen and Dr. Sherriffs.

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

The San Joaquin Valley Air District is a public health agency whose mission is to improve the health and quality of life for all Valley residents through efficient, effective and entrepreneurial air quality management strategies. Our core values have been designed to ensure that our mission is accomplished through common sense.

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.

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

- Total operating budget only up by 1%
- Significant increase in mandated workload absorbed through efficiency and streamlining
- 7% salary savings through position control
- Two new positions to staff the Governing Board's direction to establish local Air Quality Modeling Center
- \$725,728 increase in pension contribution primarily due to lowering of the rate of return from 7.75% to 7.5% by KCERA
- \$137 million in funding for incentive grants for wide range of emission reduction projects (over \$15.7 million in Community Incentives for Valley residents)
- \$300,000 for Valley-specific scientific studies
- \$3.3 million in funding for technology advancement
- Continued assistance to local municipalities in meeting clean-air and climate change mandates
- Continue work on automation and remote control for District's air monitoring network
- Strong public education and outreach
- Balanced budget with adequate reserves and contingencies

Workload and Staffing

In 2015-16, the District will experience significant workload increases in a number of areas which are summarized below:

Administration of Incentive Grants:

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

The Burn Cleaner wood stove change-out incentive is a critical part of the strategy to address the effects of residential wood burning. During 2014-15, the District implemented several enhancements to the Burn Cleaner incentive program, which provides funding to Valley residents to assist in switching to clean-burning devices. These enhancements included a significant increase in incentive amounts which resulted in a tremendous response from Valley residents with over 4,000 vouchers for clean-burning devices. This substantial increase in funding and associated voucher requests resulted in a corresponding increase in workload to accommodate the higher program demand. The Recommended Budget includes another \$5.3 million for the Burn Cleaner program, with the expected demand from Valley residents and corresponding workload remaining extremely high. Additionally, as the program is continued to be refined, additional work will be required to update the program

guidelines and associated materials, provide training to Valley retailers, amend agreements and engage in a strong outreach campaign to continue to promote the Check Before You Burn program.

In 2015-16, the District will receive over \$46 million of Proposition 1B funds to be awarded to interested truck fleet owners and other eligible applicants for goods movement emission reduction projects through a competitive application solicitation process beginning in the summer of 2015. This solicitation will include a comprehensive outreach campaign to ensure that the District receives maximum participation Valley-wide. Additionally, this solicitation will necessitate a complete overhaul of all District applications, forms, and associated program materials due to the increasing complexities of this program stemming from the implementation of ARB's statewide truck and bus regulation. With the implementation of this regulation and new state guidelines, more complex and labor-intensive project specific evaluations will be required. This added complexity will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

For the past several years, the District has operated the Drive Clean Rebate Program to provide incentives for the purchase of clean advanced technology light-duty vehicles. More recently, the District has engaged in a planning effort with Valley stakeholders to ensure that the Valley is well positioned and ready to respond to the increasing availability of electric vehicles in the coming years. This year, to encourage electric vehicle deployment, the District will begin providing incentives for workplace and publically accessible charging stations as authorized by the Governing Board. The expected increase in workload from this program will come from the research and development of this new funding component, conducting outreach, and program implementation activities.

The District's Technology Advancement Program will continue to see significant activity in 2015-16, with \$3.3 million in funding for Valley-based technology demonstration projects. Substantial staff time will be required to administer ongoing demonstration projects, solicit and evaluate new project proposals, and execute agreements for new Board-approved demonstration projects.

In addition to the work necessary to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2015-16. Of particular importance will be the need to secure new funding made available through the state Cap and Trade program. In the next several months and coming years, the state legislature and agencies will be making key decisions regarding the distribution and the manner of expenditure of Cap and Trade funds. Given the District's tremendous needs and our extensive experience and expertise in administering effective incentive-based programs, the Governing Board approved an action plan for conducting advocacy and positioning the Valley to receive

its fair share of funding. Implementing this action plan will require substantial staff resources to conduct outreach and advocacy, prepare numerous proposals for District-administered grant programs, assist Valley entities in preparing grant proposals, and secure and administer targeted block grants.

Air Quality Planning and Rule Development:

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

A significant amount of work will be required in 2015-16 to prepare new PM_{2.5} and ozone attainment plans, including plans to address the 2006 PM_{2.5} standard, the 2008 ozone standard, and the 2012 PM_{2.5} standard. Development of the new ozone plan will involve extensive public engagement, including the establishment of a new workgroup that will meet on a regular basis to review and provide feedback on various components of the plan as it is being prepared. Additionally, developing these new attainment plans will require extensive research and cooperation with Valley stakeholders to explore potential control strategies. The District will also continue to prioritize strategies that provide for maximum health benefits under its Health Risk Reduction Strategy. District staff will need to collaborate extensively with ARB on refining the emission inventory and atmospheric modeling for these upcoming plans. District staff will also continue to analyze the implications of new federal standards for oxides of nitrogen, oxides of sulfur, ozone, and particulate matter with respect to additional attainment plan requirements, potential implications to the District's air monitoring network, and impacts to other District programs.

In 2015-16, the District will also continue with the evaluation of potential amendments to Rule 4692 (Commercial Charbroiling) to achieve additional emissions reductions from charbroiling operations through the installation of emissions control technologies at restaurants utilizing under-fired grills. An important component of this ongoing evaluation is the on-site demonstration of emission control technologies at Valley restaurants to better understand the cost and feasibility of applying such technologies. Additionally, the District will amend Rule 2201 (New and Modified Source Rule) to include a major source threshold for PM_{2.5} to satisfy Clean Air Act requirements, and Rule 9510 (Indirect Source Review) to provide for uniform application of the rule throughout the Valley.

Enforcement and Permitting:

The District's workload will continue to increase through the continued implementation of permitting rules associated with the District's "extreme" ozone nonattainment classification. Through these rules, the District has now issued federal Title V operating permits to the 260 largest sources of air pollution. Significant outreach and compliance assistance will continue to be necessary to successfully integrate these sources into the

Title V and District permitting systems. Furthermore, the additional facilities now subject to the Title V program will significantly increase workload as the Title V program requires more frequent inspections and adds additional layers of reporting to the EPA.

In addition, a number of recently adopted or amended District rules will also have compliance requirements implemented in 2015-16, including: Rule 4307 (Boilers, Steam Generators & Heaters 2.0 through 5.0 MMBtu/hr), Rule 4308 (Boilers, Steam Generators & Heaters 0.075 to less than 2 MMBtu/hr), Rule 4320 (Advanced Emission Reduction Options For Boilers, Steam Generators, And Process Heaters Greater Than 5.0 MMBtu/hr), Rule 4352 (Solid Fuel Fired Boilers, Steam Generators, And Process Heaters), Rule 4354 (Glass Melting Furnaces), Rule 4402 (Crude Oil Production Sumps), Rule 4566 (Organic Material Composting Operations), Rule 4570 (Confined Animal Facilities), Rule 4605 (Aerospace Assembly And Component Coating Operations), Rule 4621 (Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels, And Bulk Plants), Rule 4625 (Wastewater Separators), Rule 4702 (Internal Combustion Engines), Rule 4905 (Natural Gas-Fired Fan Type Central Furnaces), Rule 7070 (Perchloroethylene From Dry Cleaning Operations), and Rule 9410 (Employer Based Trip Reduction). These amended rules will require additional inspections, record review, and emissions 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 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 2015-16. The Landfill Gas Control measure will largely affect facilities already under permit with the District, and as such, the additional workload 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.

The District will be expanding its outreach and compliance assistance efforts necessary to implement the District's Employer Based Trip Reduction (eTRIP) rule. This is the first year that employers are being required to have their employees complete a Commuter Verification Report and to submit the compilation of the results in the form of an annual report. The District will continue to invest significant staff hours in providing compliance assistance and resources to employers in 2015-2016.

Since its formation, the District has adopted and amended several rules relating to consumer products. Due to the ubiquitous nature of consumer products, the District has found that there are instances where non-compliant products are inadvertently or negligently sold within the Valley. The sales of these non-compliant products can have a significant impact on the Valley's ability to attain federal air quality standards.

Recently, several new mandates have been adopted, and the District will be conducting education and outreach activities regarding consumer product rules and upcoming compliance deadlines under the associated rules, including District Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces).

Air Monitoring:

As has been the case in prior years, a significant workload increase is expected in the Air Monitoring Program. The new federal nitrogen dioxide standard requires 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 future. The new stations 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. Providing accurate and up-to-date air quality information to Valley residents is a top priority for the District. This is especially important during times when the Valley's unique geography, topography and meteorology overwhelm all clean-air measures and lead to high pollution concentrations that may be unhealthy for Valley residents. High pollution concentrations also occur during exceptional events, such as wildfires. Under these circumstances, the best course of action is to provide notifications to Valley residents so that sensitive individuals, in particular, can take precautions to minimize exposure.

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

In 2015-16, the District will also 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 recently released the Web-based Archived Air Quality (WAAQ) System, which now provides the public access to historical air quality information on a neighborhood by neighborhood level. The Air Quality Modeling Center will now be used to develop the analytical tools and algorithms needed to provide real time air quality information to Valley residents on a neighborhood by neighborhood level basis.

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

New Workload Absorbed through Efficiency and Streamlining

Historically, the District has absorbed the increased workload associated with unfunded state and federal mandates primarily through efficiency and streamlining efforts, without a commensurate increase in staffing. This has been accomplished through investment in automation, strict adherence to the zero-based budgeting approach, prudent management of resources, and application of efficient work practices and procedures. The efficiency and streamlining measures employed by the District are highlighted below.

Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The implementation of a new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/quality control of air monitoring data. The District has developed and implemented several automated modules in the daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks. Staff will continue to improve these routines in order to reduce time spent on forecasting. In addition, the District is working with state and federal land management agencies to improve communications and facilitate communications to increase customer service and reduce time spent dealing with prescribed fires. The District will also be developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. Examples of such online applications include: air pollution complaint submittals and asbestos notification submittals for demolition projects and portals that provide permitted stationary sources access to a variety of District records and billing information and provide grant applicants with a centralized location to submit and track their grant applications for air pollution reduction projects.

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

The District continues to implement new computer programs which leverage tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. Phase 1 of the project is completed and provides field staff with an efficient dashboard view of the

relevant information necessary to conduct an inspection. This program significantly streamlines the time necessary to prepare for inspections. Phase 2 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.

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

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

The seemingly endless stream of new federal air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data results in dramatic increases in the workload within the District's air monitoring program each year. Aggressive efforts to automate air monitoring tasks and allow remote connection to air monitoring stations are essential to allow for mandates and monitoring data needs to be met without corresponding significant increases in program staffing. Without these efforts, meeting future mandates and demands will not be sustainable with existing staffing levels.

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

Staffing Changes

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

Currently, the District Budget includes a temporary Network Systems Analyst position to handle District Network monitoring and maintenance. Due to the ongoing nature and magnitude of the associated workload, the Recommended Budget converts this temporary position to a regular position.

The Recommended Budget also includes staffing resources for the launch and full utilization of the District’s new Air Quality Modeling Center. As described earlier, the new Air Quality Modeling Center will be a critical component for developing new attainment plans that address ever-tightening federal standards through implementation of Valley-preferred air quality management scenarios. To develop the in-house staff and resource capacities needed to institute the Air Quality Modeling Center, the Recommended Budget includes the addition of a new Supervising Atmospheric Modeler position and a new Air Quality Specialist position. The District will also transfer one existing Air Quality Specialist position from the Air Quality Analysis Division of the District to assist in the launch and implementation of the Air Quality Modeling Center.

The Recommended Budget also includes a reclassification of the Health Science Advisor position to an Air Quality Planning and Research Analyst. The Health Science Advisor position was originally created to expand District capabilities to guide and conduct Valley-specific research projects. Due to significant progress in expanding the

District's research capabilities, projected workload in this area is expected to be less than that required for an ongoing full time position. However, significant additional work is expected due to the federal mandates that require preparation of several new air quality plans. The position as reclassified will be able to handle the current workload associated with the scientific and health research projects as well as assist in preparing new attainment plans and responding to new federal mandates without additional staffing. Through this structural change, the Air Quality Health Science Analyst will directly work with the Air Quality Analysis, Planning, Rules, and Technology teams on a variety of technical projects.

Research and Technology Advancement

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

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

Strong Public Education and Outreach

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

The Valley cannot meet these public health goals on the back of businesses alone. As Valley businesses continue to be subject to additional rounds of emissions-reduction rules, the role of the public becomes increasingly important in reaching federal

standards. In the past few years, emissions from public behavior such as driving, residential wood burning and lawn-care maintenance have continued to be a key factor in the Valley's emissions inventory. Consequently, public acceptance of concepts such as alternative commute options, as well as specific clean-air strategies such as Check Before You Burn, the Air Alert program and Healthy Air Living, requires widespread lifestyle changes. Over the past eight years, your Board has placed a high priority on conducting an active and effective public education and outreach program. The District's comprehensive public education and outreach program is composed of numerous elements that are designed to allow the District to leverage opportunities to advance the following strategic objectives:

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

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

Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. The Recommended Budget includes funding to continue outreach to Valley schools. The marquee Healthy Air Living program has produced two offshoots, Healthy Air Living Schools and Healthy Air Living Kids, each of which are designed to give adults and children 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. The District plans to expand these programs to provide more tools and education to Valley schools and the public.

The District will build its presence on social media by continuing to provide quality content and developing additional forums for the District to engage stakeholders on more technical topics. The District will continue developing and enhancing 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* programs. With the amendments to Rule 4901 (Residential Wood-burning Fireplaces and Wood-Burning Heaters) scheduled for full implementation in 2015, the District will work to ensure that the public is educated regarding the new no burning thresholds, proper registration of clean burning devices, and grant funding opportunities for upgrading older wood burning devices.

Major Funding for Emission Reductions Incentive Grants

In 2015-16, the District expects to receive an additional \$113 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 2015-16 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2015-16 to \$137 million.

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

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

New Labor Agreement

The current labor agreements between the District and the San Joaquin Valley Air Pollution Control District Employees' Association (EA) expire on June 30, 2015. In accordance with guidance provided by the Governing Board, the District has been engaged in labor negotiations to reach new agreements with employees. The District and the EA have reached a tentative agreement, which the employees have voted to ratify. Pending approval by the Governing Board, a new 3-year Memorandum of Understanding (MOU) will be executed with each bargaining unit effective July 1, 2015. The cost associated with the MOUs for fiscal year 2015-16, if approved by the Governing Board, will be accommodated by reducing the 7% salary savings in the Recommended Budget to approximately 3%. (see addendum)

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 2015-16, in accordance with Section 12.15, the General Reserve is established at \$4,500,000. The Recommended Budget also includes \$850,000 in Appropriation for Contingencies, \$523,000 in Building Maintenance Reserve, and \$350,000 in VTC and Telephone Reserve, all of which are unchanged from last year.

Upcoming Strategic Challenges

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

Recently adopted and newly proposed federal ambient air quality standards encroach on the Valley's background ozone and particulate matter concentrations. In response to these federal mandates, in 2015-16, the District will begin preparation of four new attainment plans for ozone and particulate matter. Meeting these new standards will require a great deal of innovation and transformative measures impacting all sectors. As we begin the initial work to develop new attainment plans for these standards, it is clear that the technology necessary to achieve the reductions needed to attain these standards does not currently exist. As we pursue this work, the District will look for and facilitate full public participation in crafting these plans.

With the toughest regulations on stationary sources already in place and 85% of remaining NOx emissions attributed to mobile sources, meaningful progress towards attainment of new federal air quality standards will require significant public subsidies in the form of federal, state, and local funding to build the necessary infrastructure and achieve the needed reductions from mobile sources. 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.

Working with Valley stakeholders, the District will work on a multi-faceted and comprehensive action plan for securing the San Joaquin Valley's fair share of the State's Cap and Trade funds, given the Valley's air quality attainment needs and disproportionate number of disadvantaged communities in the San Joaquin Valley. A critical component of this effort will involve creating and leading a Valley coalition in advocating for Valley funding.

Building on last year's success of the enhanced Check Before You Burn program, the District will continue its comprehensive outreach, incentives, and enforcement approach for reducing emissions from residential wood burning. This will include continued investment in Valley residents' efforts to upgrade their older wood burning devices through the Burn Cleaner incentive program. Implementation of this successful program will once again be done through cooperative action with Valley hearth retailers.

This coming year, the District will continue to prioritize providing the public with accurate and relevant air quality information. With the successful launch of the Web-based Archived Air Quality (WAAQ) system, the District will launch a ground breaking new tool

which will upgrade the existing RAAN system to provide every Valley resident with real-time air quality information for their neighborhood.

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.

Since its adoption, the Clean Air Act has led to significant improvements in air quality and public health benefits throughout the nation. However, after more than 20 years since the last amendments to the Clean Air Act in 1990, our experience shows that many well-intentioned provisions are leading to unintended adverse consequences. Antiquated provisions of the Clean Air Act are now leading to confusion, and the lack of updated Congressional directive has rendered courts as policy makers. In the coming year, the District's work with the Congress and the Executive branch to advance legislative or administrative changes that eliminate confusion and enhance economic and technological feasibility while strengthening the health protective core of the Act.

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 2015-16.

Respectfully submitted,

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

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Addendum to Executive Director's Transmittal Letter

This document serves as an official addendum to the "Executive Director's Transmittal Letter" dated May 21, 2015, for the District's 2015-16 Recommended Budget.

During the May 21, 2015, Special Public Hearing to review the District's 2015-16 Recommended Budget, the Governing Board directed staff to adjust the salary savings included in the budget from 7% to approximately 3% to cover the costs associated with the Board's approval of the new labor agreements between the District and the San Joaquin Valley Air Pollution Control District Employees' Association. Pursuant to this direction, the 2015-16 Recommended Budget contains the aforementioned adjustment to salary savings along with an associated change to the General Reserve.

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

	Adjusted FY 14-15	Estimated Actuals FY 14-15	Recommended FY 15-16	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$37,377,850	\$37,377,850	\$38,625,422	\$1,247,572	3%	\$1,247,572	3%	
Projected Salary Savings	(\$2,601,061)	(\$2,844,539)	(\$1,044,750)	\$1,556,311	(60%)	\$1,799,789	(63%)	
Salaries & Benefits (net of Salary Savings)	\$34,776,789	\$34,533,311	\$37,580,672	\$2,803,883	8%	\$3,047,361	9%	
Services & Supplies	\$6,434,787	\$5,965,589	\$6,080,204	(\$354,583)	(6%)	\$114,615	2%	
Fixed Assets	\$2,759,818	\$2,194,241	\$2,497,252	(\$262,566)	(10%)	\$303,011	14%	
OPERATING APPROPRIATIONS	\$43,971,394	\$42,693,141	\$46,158,128	\$2,186,734	5%	\$3,464,987	8%	
Other Charges	\$25,000	\$24,500	\$25,000	-	-	\$500	2%	
Incentive Programs	\$221,390,815	\$149,525,442	\$136,704,761	(\$84,686,054)	(38%)	(\$12,820,681)	(9%)	
Appropriation for Contingencies	\$350,000	-	\$850,000	\$500,000	143%	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$221,765,815	\$149,549,942	\$137,579,761	(\$84,186,054)	(38%)	(\$11,970,181)	(8%)	
TOTAL APPROPRIATIONS	\$265,737,209	\$192,243,083	\$183,737,889	(\$81,999,320)	(31%)	(\$8,505,194)	(4%)	
REVENUES								
Stationary Revenue	\$27,920,943	\$28,422,083	\$28,948,299	\$1,027,356	4%	\$526,216	2%	
Grant Revenue	\$3,365,000	\$3,265,000	\$2,965,000	(\$400,000)	(12%)	(\$300,000)	(9%)	
DMV Surcharge Fees - District Portion	\$10,600,000	\$10,741,500	\$10,900,000	\$300,000	3%	\$158,500	1%	
Administrative Revenues Earned	\$2,100,000	\$850,000	\$1,800,000	(\$300,000)	(14%)	\$950,000	112%	
Transferred to Non-Operating Revenue	(\$3,450,000)	(\$3,450,000)	(\$3,200,000)	\$250,000	(7%)	\$250,000	(7%)	
Fund Balance Used	\$3,550,451	\$2,979,558	\$4,944,829	\$1,394,378	39%	\$1,965,271	66%	
Reserves Released / (Increased)	(\$115,000)	(\$115,000)	(\$200,000)	(\$85,000)	74%	(\$85,000)	74%	
OPERATING REVENUE/FUNDING SOURCES	\$43,971,394	\$42,693,141	\$46,158,128	\$2,186,734	5%	\$3,464,987	8%	
Non-Operating Revenue	\$111,672,821	\$78,729,993	\$117,484,952	\$5,812,131	5%	\$38,754,959	49%	
Reimbursement for Administrative Revenues Earned	(\$2,100,000)	(\$850,000)	(\$1,800,000)	\$300,000	(14%)	(\$950,000)	112%	
Fund Balance / Reserves Released / (Increased)	\$112,192,994	\$71,669,949	\$21,894,809	(\$90,298,185)	(80%)	(\$49,775,140)	(69%)	
NON-OPERATING REVENUE/FUNDING SOURCES	\$221,765,815	\$149,549,942	\$137,579,761	(\$84,186,054)	(38%)	(\$11,970,181)	(8%)	
TOTAL REVENUE/FUNDING SOURCES	\$265,737,209	\$192,243,083	\$183,737,889	(\$81,999,320)	(31%)	(\$8,505,194)	(4%)	

RECOMMENDED POSITIONS 307 310 3

RESERVES								
General Reserve	\$4,400,000	-	\$4,600,000	\$200,000	5%	\$4,600,000	-	
Computer- VTC Equipment Reserve	\$350,000	-	\$350,000	-	-	\$350,000	-	
Long Term- Building Maintenance	\$523,000	-	\$523,000	-	-	\$523,000	-	

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

	Adjusted FY 14-15	Estimated Actuals FY 14-15	Recommended FY 15-16	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
OPERATING REVENUE								
STATIONARY SOURCE								
Permit Fees	\$16,939,956	\$16,035,040	\$17,588,887	\$648,931	4%	\$1,553,847	10%	
Section 185- Non Attainment Fees -Rule 3170	\$1,600,000	\$2,081,173	\$1,913,115	\$313,115	20%	(\$168,058)	(8%)	
Advanced Emission Reduction Options (AERO) Fees	\$6,224,487	\$6,102,720	\$5,989,547	(\$234,940)	(4%)	(\$113,173)	(2%)	
Settlements	\$2,500,000	\$3,250,000	\$2,500,000	-	-	(\$750,000)	(23%)	
Interest	\$604,000	\$901,300	\$904,000	\$300,000	50%	\$2,700	-	
Miscellaneous	\$52,500	\$51,850	\$52,750	\$250	-	\$900	2%	
Total Stationary Non-Grant Operating Revenue	\$27,920,943	\$28,422,083	\$28,948,299	\$1,027,356	4%	\$526,216	2%	
GRANT REVENUE								
State Subvention	\$900,000	\$900,000	\$900,000	-	-	-	-	
EPA 105 Grant	\$2,000,000	\$2,000,000	\$2,000,000	-	-	-	-	
EPA 103 Grant	\$465,000	\$365,000	\$65,000	(\$400,000)	(86%)	(\$300,000)	(82%)	
Total Grant Revenue	\$3,365,000	\$3,265,000	\$2,965,000	(\$400,000)	(12%)	(\$300,000)	(9%)	
Total Stationary Operating Revenue	\$31,285,943	\$31,687,083	\$31,913,299	\$627,356	2%	\$226,216	1%	
DMV Surcharge Fees - District	\$10,600,000	\$10,741,500	\$10,900,000	\$300,000	3%	\$158,500	1%	
Administrative Revenues Earned	\$2,100,000	\$850,000	\$1,800,000	(\$300,000)	(14%)	\$950,000	112%	
Total Operating Revenue	\$43,985,943	\$43,278,583	\$44,613,299	\$627,356	1%	\$1,334,716	3%	
Transfer to Non-Operating Revenue for Incentive Grants	(\$3,450,000)	(\$3,450,000)	(\$3,200,000)	\$250,000	(7%)	\$250,000	(7%)	
Fund Balance Used	\$3,550,451	\$2,979,558	\$4,944,829	\$1,394,378	39%	\$1,965,271	66%	
Reserves Released / (Increased)	(\$115,000)	(\$115,000)	(\$200,000)	(\$85,000)	74%	(\$85,000)	74%	
Estimated Funding Sources - Operating	\$43,971,394	\$42,693,141	\$46,158,128	\$2,186,734	5%	\$3,464,987	8%	
NON-OPERATING REVENUE								
Air Toxics - Pass Through	\$25,000	\$24,500	\$25,000	-	-	\$500	2%	
DMV Surcharge Fees - Pass Through	\$41,046,000	\$43,766,500	\$44,960,000	\$3,914,000	10%	\$1,193,500	3%	
Carl Moyer Funds	\$8,480,000	\$8,390,000	\$8,300,000	(\$180,000)	(2%)	(\$90,000)	(1%)	
VERA/ISR Mitigation Program	\$6,664,513	\$4,586,100	\$5,179,542	(\$1,484,971)	(22%)	\$593,442	13%	
Proposition 1B Funding Program	\$40,000,000	\$11,918,500	\$46,000,000	\$6,000,000	15%	\$34,081,500	286%	
DERA Program	\$3,457,253	\$2,052,604	\$1,443,883	(\$2,013,370)	(58%)	(\$608,721)	(30%)	
School Bus Program	\$1,856,430	\$1,837,202	\$2,400,000	\$543,570	29%	\$562,798	31%	
Federal Diesel Emission Reduction Funding Program	\$1,429,031	\$522,500	\$1,401,531	(\$27,500)	(2%)	\$879,031	168%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
Miscellaneous Incentive Grant Funding	\$70,000	\$20,000	\$20,000	(\$50,000)	(71%)	-	-	
Non-Operating Interest	\$1,043,000	\$696,324	\$1,015,950	(\$27,050)	(3%)	\$319,626	46%	
Operating Revenues Funding Community & Other Incentives	\$3,450,000	\$3,450,000	\$3,200,000	(\$250,000)	(7%)	(\$250,000)	(7%)	
CEC - Energy Efficiency Grant	\$111,051	\$111,051	\$300,000	\$188,949	170%	\$188,949	170%	
Reimburse Operating for Administrative Revenues Earned	(\$2,100,000)	(\$850,000)	(\$1,800,000)	\$300,000	(14%)	(\$950,000)	112%	
Administrative Fees - Incentive Programs	\$4,040,543	\$1,354,712	\$3,239,046	(\$801,497)	(20%)	\$1,884,334	139%	
Total Non-Operating Revenue	\$109,572,821	\$77,879,993	\$115,684,952	\$6,112,131	6%	\$37,804,959	49%	
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$112,192,994	\$71,669,949	\$21,894,809	(\$90,298,185)	(80%)	(\$49,775,140)	(69%)	
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-	
Estimated Funding Sources - Non-Operating	\$221,765,815	\$149,549,942	\$137,579,761	(\$84,186,054)	(38%)	-	(8%)	
TOTAL REVENUE								
Estimated Financing Sources - Total	\$265,737,209	\$192,243,083	\$183,737,889	(\$81,999,320)	(31%)	(\$8,505,194)	(4%)	

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

	Adjusted FY 14-15	Estimated Actuals FY 14-15	Recommended FY 15-16	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$20,599,584	\$20,434,077	\$21,784,731	\$1,185,147	6%	\$1,350,654	7%
Temporary Help	\$699,548	\$695,701	\$801,300	\$101,752	15%	\$105,599	15%
On Call Pay	\$77,832	\$77,404	\$77,832	-	-	\$428	1%
Overtime	\$259,249	\$257,825	\$259,102	(\$147)	-	\$1,277	-
Unemployment	\$93,847	\$93,332	\$92,488	(\$1,359)	(1%)	(\$844)	(1%)
Retirement	\$9,139,325	\$9,089,060	\$10,419,102	\$1,279,777	14%	\$1,330,042	15%
OASDI	\$359,056	\$357,082	\$389,294	\$30,238	8%	\$32,212	9%
Workers Compensation	\$234,771	\$233,479	\$243,228	\$8,457	4%	\$9,749	4%
Cafeteria Plan Benefits	\$3,057,672	\$3,040,855	\$3,252,289	\$194,617	6%	\$211,434	7%
Long-Term Disability Insurance	\$53,657	\$53,362	\$56,466	\$2,809	5%	\$3,104	6%
Alternate Transportation Incentive	\$202,248	\$201,134	\$204,840	\$2,592	1%	\$3,706	2%
TOTAL SALARIES AND BENEFITS	\$34,776,789	\$34,533,311	\$37,580,672	\$2,803,883	8%	\$3,047,361	9%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$21,094	\$20,672	\$19,640	(\$1,454)	(7%)	(\$1,032)	(5%)
Mobile Communications	\$128,312	\$125,747	\$125,952	(\$2,360)	(2%)	\$205	-
Telephone Charges	\$133,240	\$129,398	\$122,350	(\$10,890)	(8%)	(\$7,048)	(5%)
Insurance	\$200,600	\$190,058	\$203,500	\$2,900	1%	\$13,442	7%
Equipment Maintenance	\$174,300	\$170,938	\$177,050	\$2,750	2%	\$6,112	4%
Vehicle Maintenance & Operations	\$241,600	\$231,768	\$236,000	(\$5,600)	(2%)	\$4,232	2%
Computer Maintenance	\$346,411	\$339,484	\$428,953	\$82,542	24%	\$89,469	26%
Video Conferencing Maintenance & Operations	\$106,173	\$104,050	\$93,500	(\$12,673)	(12%)	(\$10,550)	(10%)
Building Maintenance & Operations	\$250,380	\$240,443	\$268,100	\$17,720	7%	\$27,657	12%
Office Supplies	\$66,450	\$65,120	\$64,550	(\$1,900)	(3%)	(\$570)	(1%)
Computer Software & Supplies	\$104,075	\$101,995	\$88,456	(\$15,619)	(15%)	(\$13,539)	(13%)
Monitoring Station Supplies & Equipment	\$234,389	\$229,701	\$226,264	(\$8,125)	(3%)	(\$3,437)	(1%)
Postage	\$115,900	\$113,582	\$120,600	\$4,700	4%	\$7,018	6%
Printing	\$126,090	\$123,569	\$125,650	(\$440)	-	\$2,081	2%
Professional & Specialized Services	\$2,607,246	\$2,235,853	\$2,256,863	(\$350,383)	(13%)	\$21,010	1%
Publications & Legal Notices	\$144,990	\$142,210	\$141,320	(\$3,670)	(3%)	(\$890)	(1%)
Rents & Leases	\$554,692	\$550,597	\$549,834	(\$4,858)	(1%)	(\$763)	-
Small Tools & Equipment	\$28,510	\$27,942	\$28,065	(\$445)	(2%)	\$123	-
Special District Expense	\$246,524	\$241,593	\$155,530	(\$90,994)	(37%)	(\$86,063)	(36%)
Travel & Training	\$192,120	\$188,819	\$192,120	-	-	\$3,301	2%
Travel & Training - Boards	\$67,007	\$66,216	\$67,007	-	-	\$791	1%
Utilities	\$286,284	\$268,602	\$326,500	\$40,216	14%	\$57,898	22%
Audit Services	\$20,000	\$19,600	\$20,000	-	-	\$400	2%
Legal Services	\$38,400	\$37,632	\$42,400	\$4,000	10%	\$4,768	13%
TOTAL SERVICES AND SUPPLIES	\$6,434,787	\$5,965,589	\$6,080,204	(\$354,583)	(6%)	\$114,615	2%
FIXED ASSETS							
Office Improvements	\$40,000	\$39,000	\$40,000	-	-	\$1,000	3%
Facilities & Equipment	\$124,000	\$121,522	\$125,000	\$1,000	1%	\$3,478	3%
Computer Equipment	\$923,218	\$904,755	\$1,061,252	\$138,034	15%	\$156,497	17%
Office Furniture / Equipment	\$25,100	\$24,599	\$25,000	(\$100)	-	\$401	2%
Office Machines	\$83,000	\$81,340	\$45,000	(\$38,000)	(46%)	(\$36,340)	(45%)
Telephone Systems	\$23,450	\$22,979	\$20,450	(\$3,000)	(13%)	(\$2,529)	(11%)
Detection Equipment	\$9,350	\$9,350	\$108,000	\$98,650	1055%	\$98,650	1055%
Automobiles	\$239,500	\$210,420	\$243,000	\$3,500	1%	\$32,580	15%
Audio / Visual Equipment	-	-	-	-	-	-	-
Safety Equipment	-	-	-	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$465,000	\$455,700	\$35,000	(\$430,000)	(92%)	(\$420,700)	(92%)
Video Conferencing System	\$25,700	\$25,186	\$25,500	(\$200)	(1%)	\$314	1%
Air Monitoring Station Equipment	\$305,500	\$299,390	\$273,050	(\$32,450)	(11%)	(\$26,340)	(9%)
Air Monitoring Near Roadway Stations	\$496,000	-	\$496,000	-	-	\$496,000	-
TOTAL FIXED ASSETS	\$2,759,818	\$2,194,241	\$2,497,252	(\$262,566)	(10%)	\$303,011	14%
TOTAL OPERATING APPROPRIATIONS	\$43,971,394	\$42,693,141	\$46,158,128	\$2,186,734	5%	\$3,464,987	8%

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

	Adjusted FY 14-15	Estimated Actuals FY 14-15	Recommended FY 15-16	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$25,000	\$24,500	\$25,000	-	-	\$500	2%	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$25,000	\$24,500	\$25,000	-	-	\$500	2%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$100,453,734	\$87,818,952	\$56,255,300	(\$44,198,434)	(44%)	(\$31,563,652)	(36%)	
Carl Moyer Program	\$17,355,795	\$15,677,659	\$8,876,900	(\$8,478,895)	(49%)	(\$6,800,759)	(43%)	
ISR and VERA'S	\$11,189,390	\$7,242,898	\$6,052,600	(\$5,136,790)	(46%)	(\$1,190,298)	(16%)	
Proposition 1B Funding Program	\$68,502,201	\$24,442,000	\$51,392,900	(\$17,109,301)	(25%)	\$26,950,900	110%	
School Bus Program	\$3,460,783	\$1,148,437	\$4,677,000	\$1,216,217	35%	\$3,528,563	307%	
Federal DERA/Designated Funding Program	\$4,886,284	\$2,953,856	\$3,125,461	(\$1,760,823)	(36%)	\$171,605	6%	
Community & Other Incentives Funded by Operating Rever	\$14,262,511	\$10,100,000	\$5,287,300	(\$8,975,211)	(63%)	(\$4,812,700)	(48%)	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$250,000	-	\$250,000	-	-	\$250,000	-	
Miscellaneous Incentive Programs	\$419,066	\$30,589	\$440,000	\$20,934	5%	\$409,411	1338%	
Energy Efficiency Grant	\$111,051	\$111,051	\$347,300	\$236,249	213%	\$236,249	213%	
Drought Relief Program	\$500,000	-	-	(\$500,000)	(100%)	-	-	
TOTAL INCENTIVE PROGRAMS	\$221,390,815	\$149,525,442	\$136,704,761	(\$84,686,054)	(38%)	(\$12,820,681)	(9%)	
Appropriation for Contingencies	\$350,000	-	\$850,000	\$500,000	143%	\$500,000	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$221,765,815	\$149,549,942	\$137,579,761	(\$84,186,054)	(38%)	(\$11,970,181)	(8%)	

ADMINISTRATION

FISCAL SUMMARY

	Budgeted 2014-15	Recommended 2015-16	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	8,322,858	9,223,437	900,579	11%
Services and Supplies	2,569,663	2,526,207	(43,456)	-2%
Fixed Assets	333,510	290,809	(42,701)	-13%
Total	11,226,031	12,040,453	814,422	7%
 <u>Position Summary</u>	 73	 74	 1	

FUNCTION

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

General Administration

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

District Counsel

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

Personnel and Operations Support

Personnel Department 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.

The District's Operations and Program Support (OPS) staff provide imperative clerical support for District operations and programs. This group continues to assume and coordinate increased responsibilities from the operating departments ensuring that support type activities are handled in the most efficient and cost effective manner. As one example, this section centrally indexes, scans and files all departmental documents into the District's electronic document management system (EDMS). OPS staff is integrated into various departments and provides front-desk reception services to the public.

Administrative Services and Incentives

Administrative Services (ADS) is responsible for all fiscal, grants management, and general services related functions of the District. All information about the grants section is included in the Strategies and Incentives Departmental budget narrative. The fiscal functions include preparation and control of the District's budget; responsibility for accounting and auditing all District revenues and expenditures; preparation of financial statements and related reports; and incentive and other grant financial management, including state and federal grant reporting. The general services functions of ADS include: responsibility for facilities management, fleet maintenance, purchasing, and risk management.

Information Technology Services

Information Technology Services (ITS) administers all computer-related functions of the District. These functions include: strategic and tactical technology implementation planning; policy and procedures formulation; ITS 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) processes related to technology procurement.

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

Outreach and Communications

Outreach and Communications (OC) plans and implements strategies and tactics to meet the District's outreach and communication goals. As methods for disseminating messaging expand and become more sophisticated, the District embraces these changes and incorporates them into successful, proven outreach efforts. These strategies and tactics include designing and implementing comprehensive, multilingual, multimedia outreach campaigns that incorporate workshops and public events; coordinating an effective media relations program; responding to public inquiries via phone, email and Facebook messaging; writing and distributing newsletters, brochures and other outreach materials in both hard copy and electronic versions; conducting public presentations to promote clean air; collaborating with local, state and federal agencies and stakeholders to further the District's mission; enhancing and strengthening the Healthy Air Living goals and messages; collaborating with other District departments to develop, implement and educate the public about rules, such as tightened wood-burning regulations; deploying state-of-the-art technological innovations such as a newly developed iPhone application that give stakeholders real-time air-quality information to promote sound decisions; and working with other District departments to ensure they meet their communications and public affairs needs.

SIGNIFICANT IMPACTS TO 2015-16 BUDGET

Personnel and Operations Support

The 2015-16 fiscal year is expected to be particularly challenging for the Personnel and OPS Program, as it works to maximize resources available to District staff and stakeholders in order to increase efficiency without adding additional staff members. These challenges will be met with ongoing technology improvements, including changes that occurred in the previous year that have allowed District staff to analyze current business operations of the Personnel and Operations support programs and assess future changes that may result in higher production and efficiency. This year, Personnel & OPS will continue to search for opportunities to refine, streamline, and enhance the effectiveness of our work in all areas.

The OPS group continues to find significant efficiencies in processing District business and communications. During 2014-15, the District electronically streamlined and improved the management of public information requests and air quality complaints. The OPS group continues to assume and coordinate increased electronic document management responsibilities from the operating departments. During 2015-16, OPS staff will be assisting with the back file conversion and day forward processing of Finance and Legal documents in the District's electronic document management system (EDMS). In addition to the routine duties of the OPS group, increased support for the District's robust incentive programs was necessary this past year and is expected to continue into the next fiscal year.

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 monitors the ever-changing federal rules and

regulations and will take steps to ensure District benefit programs comply with each approved component of healthcare reform. With our state's expanding and changing mandates in regards to employment regulations, the District must expect to utilize significant resources to research, evaluate and execute these changes.

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

In 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.

One area in which the District experienced significant savings this year was in regard to its Employee Assistance Program (EAP), which provides District staff with mental health services. In previous years, the District has contracted with a third-party service provider to offer District staff a complete EAP. In 2014-15, the District contracted with a carrier that provided the same set of extensive benefits free of charge.

During 2014-15, the Personnel group installed and utilized a new software application created by the District. Internally designed and created, the Human Resource Management System (HRMS) program far surpassed the capabilities of the previous software. The program is compatible with current District standards and contained two modules beneficial to District-wide operations. The main module provides the necessary data management tools, reports and automation features for Personnel use. The second module is designed for use by District supervisors and managers and provides human resources information such as performance evaluation due dates, a significant improvement over the previous program. The successful implementation of the new HRMS program has improved District efficiency by reducing labor hours, streamlining processes, automating report generation, and offering multi-user capability. Furthermore, the program enhanced internal controls to ensure accurate data entry and adherence to applicable District rules. This new HRMS program will streamline current District personnel processes in 2015-16, allowing the Personnel staff to divert resources to continue to improve existing policies and standard operating procedures (SOP's) to enhance efficiency and consistency. 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 ensure staff is providing the highest level of customer service to the public and other District staff.

Administrative Services

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

As in past years, new technology and process improvements continue to assist with a growing financial and administrative workload. The District's budget is now fully compiled using internally developed software. Interim monthly budget reports are also now fully compiled electronically saving significant staff time each month. The District now accepts on-line payments and makes deposits to its bank accounts electronically. During 2014-15, the District completed implementation of its electronic timekeeping, leave tracking and payroll reporting software. While the burden of development and testing were significant, this software improves internal controls and 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 2015-16, 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 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: upgrading office network infrastructure (Network Cable Upgrades); providing neighborhood by neighborhood historic and current air quality information coverage with the District's Web-based Archived Air Quality (WAAQ) System and Real-time Air Advisory Network (RAAN); adding new capabilities to the District's existing atmospheric modeling platforms; creating new web-based services for air quality grant applicants; upgrading the data transfer technology to be consistent with EPA's new

reporting system; and upgrading the District's application development software platform (MS SQL Server & Visual Studio) to increase District-wide productivity.

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. In addition, District's current phone system is many years old and nearly due for an upgrade. After a careful evaluation, District decided to not to upgrade the phone system during this year and pursue the upgrade in the following years to gain maximum utilization from the current phone system.

The District's online RAAN system provides the public key air quality information in real time from a nearby air monitoring station. The District is expanding the program to provide historical information on a neighborhood by neighborhood basis with its new WAAQ system. This initiative will provide the public key historical air quality information based on any address in the Valley, and 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 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 completed 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. Cost savings and the reduced environmental impact from the project will be reflected during this and future years.

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 has upgraded its software to new system called ICIS, and in order to provide uninterrupted data transfer this past year the District completed a project for automating data migration to EPA's ICIS system. The

District received recognition by EPA as the first in the nation to provide this automated data upload with EPA's ICIS system. This project provides efficient data uploads to the EPA system and provides significant time savings to the District by avoiding duplicative data entry.

The District's ITS department internally develops and supports several software applications in order to provide needed functionality for the District's business operations to perform effectively and efficiently, and to provide the public the ability to do business with the District. 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. During the current year, the District also improved its internal purchasing software to reduce requisition processing time and costs.

Outreach and Communications

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

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

Over the past eight years, your Board has placed a high priority on conducting an active and effective public education and outreach program, composed of numerous elements that are designed to allow the District to leverage opportunities to advance the following strategic objectives:

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

In 2015-16, the District's core values, goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand

communication goals. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without additional District resources.

- A key focus of 2015-16 outreach will be to build upon the success of the winter 2014-15 Check Before You Burn and Burn Cleaner grant program. With the amendments to Rule 4901 (Residential Wood-burning Fireplaces and Wood-Burning Heaters) fully implemented in 2015, the District will work to ensure that proper public education occurs to ensure understanding of the three burn status levels, proper registration of clean burning devices and public access to grant funding to upgrade older devices. Additionally, the District will work with community stakeholders, wood burning retailers, media partners and the public to reemphasize the 2014 rule changes prior to the beginning of the 2015-16 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 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 a program focused primarily on RAAN, school idling reduction and alternative transportation to schools. New to the Recommended Budget is funding to support a pilot program that would assist schools in using their electronic billboards as a way to publically display RAAN levels throughout the day.
- The District will continue to heavily promote RAAN beyond schools as the preeminent real-time air quality information tool in the Valley. Through the continued development of the real-time neighborhood by neighborhood air quality project, the growth of mobile device options, video RAAN education tools and a revamped website portal, the RAAN system will expand to provide even more important air quality information to the public.
- The District will also fully launch the historical neighborhood by neighborhood air quality tool, now known as the Web-based Archived Air Quality (WAAQ) system, to the public. The WAAQ system is a revolutionary web application developed by the District that lets anyone retrieve historical neighborhood air quality information. A user can provide a specific address or location in the San Joaquin Valley and the system will retrieve various air quality information for that specific neighborhood displayed as a graphical chart. There are also options to compare air quality trends on a year-to-year basis. The District will engage in both free and paid media to encourage Valley residents to take advantage of both the WAAQ system and RAAN as means to learn about and discern air quality conditions they may be exposed to in their neighborhoods, at their schools, and at their worksites.
- The District will once again enter into an advertising agency contract to promote key programs and messages. The successful "One Change" campaign will continue to 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 Healthy Air Living Schools activity kits and RAAN program; Environmental Justice strategy development; and collaborative partnerships which leverage resources, the District will continue to solidify its presence in the community and build an understanding with the public of everyone’s role in improving air quality.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2014/2015</u>	<u>2015/2016 Recommended</u>	<u>Increase/ Decrease</u>
Accountant I/II	4.0	4.0	0
Accounting Assistant I/II	5.0	5.0	0
Accounting Technician I/II	3.0	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	1.0	1.0	0
Custodial Worker	1.0	1.0	0
Deputy APCO	3.0	3.0	0
Deputy Clerk to the Board	1.0	1.0	0
Director of Administrative Services	1.0	1.0	0
Director of Information Systems	1.0	1.0	0
Director of Personnel	1.0	1.0	0
District Counsel	1.0	1.0	0
Executive Director/APCO	1.0	1.0	0
Facilities Maintenance Specialist	1.0	1.0	0
General Services Foreman	1.0	1.0	0
Legal Technician (Conf)	1.0	1.0	0
Network Systems Analyst I/II	6.0	7.0	1.0
Office Assistant I/II	4.0	4.0	0
Office Services Manager I/II	2.0	2.0	0
Operations Support Supervisor	1.0	1.0	0
Personnel Administrator	1.0	1.0	0
Personnel Technician (Conf) I/II	1.0	1.0	0
Programmer/Analyst I/II	7.0	7.0	0
Public Education Administrator	1.0	1.0	0
Senior Accountant	1.0	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 (Conf)	1.0	1.0	0
Senior Office Assistant	3.0	3.0	0
Senior Office Assistant (Conf)	1.0	1.0	0
Senior Personnel Analyst	1.0	1.0	0
Senior Policy Advisor	1.0	1.0	0
Senior Programmer Analyst	2.0	2.0	0
Supervising Accountant	2.0	2.0	0
Supervising Network Systems Analyst	1.0	1.0	0
Supervising Programmer/Analyst	2.0	2.0	0
TOTAL	<u>73.0</u>	<u>74.0</u>	<u>1.0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Administration

	Adjusted FY 14-15	Recommended FY 15-16	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$5,006,079	\$5,360,634	\$354,555	7%
Temporary Help	\$64,401	\$194,149	\$129,748	201%
On Call Pay	-	-	-	-
Overtime	\$78,433	\$78,739	\$306	-
Unemployment	\$22,885	\$23,665	\$780	3%
Retirement	\$2,216,351	\$2,537,442	\$321,091	14%
OASDI	\$80,021	\$95,389	\$15,368	19%
Workers Compensation	\$51,344	\$53,007	\$1,663	3%
Cafeteria Plan Benefits	\$743,144	\$817,200	\$74,056	10%
Long-Term Disability Insurance	\$12,728	\$13,784	\$1,056	8%
Alternate Transportation Incentive	\$47,472	\$49,428	\$1,956	4%
TOTAL SALARIES AND BENEFITS	\$8,322,858	\$9,223,437	\$900,579	11%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,200	\$2,200	-	-
Mobile Communications	\$25,893	\$19,552	(\$6,341)	(24%)
Telephone Charges	\$29,422	\$26,938	(\$2,484)	(8%)
Insurance	\$47,701	\$48,577	\$876	2%
Equipment Maintenance	\$37,261	\$38,797	\$1,536	4%
Vehicle Maintenance & Operations	\$18,800	\$23,000	\$4,200	22%
Computer Maintenance	\$115,380	\$123,957	\$8,577	7%
Video Conferencing Maintenance & Operations	\$106,173	\$93,500	(\$12,673)	(12%)
Building Maintenance & Operations	\$59,529	\$63,998	\$4,469	8%
Office Supplies	\$15,916	\$15,523	(\$393)	(2%)
Computer Software & Supplies	\$28,795	\$26,189	(\$2,606)	(9%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$19,117	\$20,771	\$1,654	9%
Printing	\$99,327	\$100,167	\$840	1%
Professional & Specialized Services	\$1,420,843	\$1,461,467	\$40,624	3%
Publications & Legal Notices	\$3,000	\$3,000	-	-
Rents & Leases	\$43,466	\$41,044	(\$2,422)	(6%)
Small Tools & Equipment	\$5,874	\$5,896	\$22	-
Special District Expense	\$207,670	\$125,101	(\$82,569)	(40%)
Travel & Training	\$125,080	\$122,000	(\$3,080)	(2%)
Travel & Training - Boards	\$39,550	\$39,550	-	-
Utilities	\$60,266	\$62,580	\$2,314	4%
Audit Services	\$20,000	\$20,000	-	-
Legal Services	\$38,400	\$42,400	\$4,000	10%
TOTAL SERVICES AND SUPPLIES	\$2,569,663	\$2,526,207	(\$43,456)	(2%)
FIXED ASSETS				
Office Improvements	\$40,000	\$40,000	-	-
Facilities & Equipment	\$24,067	\$24,368	\$301	1%
Computer Equipment	\$185,961	\$179,347	(\$6,614)	(4%)
Office Furniture / Equipment	\$5,969	\$5,967	(\$2)	-
Office Machines	\$19,736	\$10,742	(\$8,994)	(46%)
Telephone Systems	\$5,577	\$4,885	(\$692)	(12%)
Detection Equipment	-	-	-	-
Automobiles	\$26,500	-	(\$26,500)	(100%)
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	\$25,700	\$25,500	(\$200)	(1%)
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
TOTAL FIXED ASSETS	\$333,510	\$290,809	(\$42,701)	(13%)
TOTAL OPERATING APPROPRIATIONS	\$11,226,031	\$12,040,453	\$814,422	7%

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2014-15</u>	<u>Recommended 2015-16</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	9,849,674	10,468,974	619,300	6%
Services and Supplies	1,518,551	1,210,112	(308,439)	-20%
Fixed Assets	<u>496,234</u>	<u>625,692</u>	<u>129,458</u>	<u>26%</u>
Total	<u>11,864,459</u>	<u>12,304,778</u>	<u>440,319</u>	<u>4%</u>

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

The District ensures compliance with District rules and regulations, as well as with state and federal air quality mandates, through education and enforcement activities. The program objectives for the District's 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 6,400 agricultural operations, responds to over 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.

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 the timely response and investigation of alleged sources of non-compliance is a top priority. 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 and residents comply with a variety of air pollution regulations. Businesses and residents throughout the Valley are provided with:

- **Individualized Assistance**
Personal, one-on-one help is provided to thousands of businesses and residents 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, the registration process, 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 Registration and Inspections

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

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

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

Gasoline Station Permitting, Inspecting and Testing Program

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

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

New state requirements continue to require gasoline stations to install additional equipment and are resulting in thousands of 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. The District led 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 District evaluates violations of rules and regulations and strives to reach mutually agreed upon settlements within guidelines established by the California Health and Safety Code and federal law. The District's 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 staff. Each petition results in a written staff report and a presentation of the case to the applicable Hearing Board having jurisdiction. Staff also handles public noticing of the hearings, reports of Board decisions, and variance tracking to ensure sources comply with variances and other Hearing Board orders.

Permit-Exempt Equipment Registration

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

Conservation Management Practices Plans

The District, with strong coordination and cooperation with the Valley's agricultural representatives, implemented its innovative and nation-leading Conservation Management Practices (CMP) plan program in 2004-05, and is now responsible for regulating and updating approximately 6,000 CMP plans designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations.

Along with issuing and modifying the plans, the District performs inspection of agricultural facilities with CMPs and verifies that they are complying with the management plans that the operator selected and that they are recording and maintaining the necessary documentation.

New Workload

The District's workload will continue to increase through the continued implementation of permitting rules associated with the District's "extreme" ozone nonattainment classification. Through these rules, the District has now issued federal Title V operating permits to the 260 largest sources of air pollution. Significant outreach and compliance assistance will continue to be necessary to successfully integrate these sources into the Title V and District permitting systems. Furthermore, the additional facilities now subject to the Title V program will

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

In addition, a number of recently adopted or amended District rules will also have compliance requirements implemented in 2015-16, including: Rule 4307 (Boilers, Steam Generators & Heaters 2.0 through 5.0 MMBtu/hr), Rule 4308 (Boilers, Steam Generators & Heaters 0.075 to less than 2 MMBtu/hr), Rule 4320 (Advanced Emission Reduction Options For Boilers, Steam Generators, And Process Heaters Greater Than 5.0 MMBtu/hr), Rule 4352 (Solid Fuel Fired Boilers, Steam Generators, And Process Heaters), Rule 4354 (Glass Melting Furnaces), Rule 4402 (Crude Oil Production Sumps), Rule 4566 (Organic Material Composting Operations), Rule 4570 (Confined Animal Facilities), Rule 4605 (Aerospace Assembly And Component Coating Operations), Rule 4621 (Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels, And Bulk Plants), Rule 4625 (Wastewater Separators), Rule 4702 (Internal Combustion Engines), Rule 4905 (Natural Gas-Fired Fan Type Central Furnaces), Rule 7070 (Perchloroethylene From Dry Cleaning Operations), and Rule 9410 (Employer Based Trip Reduction). These amended rules will require additional inspections, record review, and emissions 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 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 2015-16. The Landfill Gas Control measure will largely affect facilities already under permit with the District, and as such, the additional workload 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.

The District will be expanding its outreach and compliance assistance efforts necessary to implement the District's Employer Based Trip Reduction (eTRIP) rule. This is the first year that employers are being required to have their employees complete a Commuter Verification Report and to submit the compilation of these results, in the form of an annual report. The District will continue to invest significant staff hours in providing compliance assistance and resources to employers in 2015-2016.

Since its formation, the District has adopted and amended several rules relating to consumer products. Due to the ubiquitous nature of consumer products, the District has found that there are instances where non-compliant products are inadvertently or negligently sold within the Valley. The sales of these non-compliant products can have a significant impact on the Valley's ability to attain federal air quality standards. Recently, several new mandates have been adopted, and the District will be conducting education

and outreach activities regarding consumer product rules and upcoming rule compliance deadlines, including District Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces).

Efficiency and Streamlining Measures

Meeting new mandates while decreasing staffing will require further streamlining of functions and continued improvements in efficiency. The District has continued to develop and enhance policies and standard operating procedures (SOPs) to improve 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 inspector training program and will continue to provide staff with training opportunities that will improve their technical skills and customer service.

Implementation and Leveraging of New Technologies in Inspection Programs:

As part of efforts to improve inspection efficiency, the District embarked on an effort aimed at reducing unnecessary redundancies with inspection paperwork. Inspection forms continue to be streamlined and refined to reduce time spent on paperwork. Furthermore, the District continues to expand the use of clerical and office-based support staff to process paperwork and perform other office-based duties to allow field-based inspection staff to remain in the field conducting inspections.

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

In conjunction with the tablet computers, inspection staff has been equipped with smart phones which allowed the District to reduce the amount of equipment to maintain and support field staff. The smart phones effectively replaced turn-by-turn navigation devices and digital cameras. It also allows field staff the ability to access and respond to work emails in a much quicker fashion increasing efficiency and customer service. Moving forward, the District is exploring avenues to develop applications on the phone that will further streamline field staff work, which has the potential to result in substantial time savings.

During 2012-13 the District embarked on a multi-year, phased-in approach to implement new computer programs that will leverage the tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. Phase 1 of the project has been completed and provides field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program significantly streamlines the time necessary to prepare for inspections. Phase 2, the Consolidated Activity Tracking System, has also been completed

and it allows field staff's work to now be assigned through the dashboard, significantly reducing the supervisory staff's time spent on assignment preparation and tracking. The supervisors also use the system to assign work based on locations, further reducing field staff travel time. Phase 3 is currently in development and is focused on allowing the data captured during an inspection to be directly input into the various electronic databases used to track inspection activities. Currently the process requires numerous people to handle the electronic documents before they are actually entered in the District's electronic databases.

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

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

EPA requires state and local air pollution agencies to submit compliance actions and permit data for federally regulated sources into federal databases. In October of 2014, EPA completed the replacement of the outdated Air Facility Subsystem with the new reporting system called ICIS-Air. Recognizing that manual data entry into the new system would require thousands of staff hours annually, the District implemented an automated, electronic reporting system to meet the federal reporting mandate. The District was the first agency to electronically transfer data into the new system and the implementation was so successful that the EPA is using the District's approach as a model for other agencies looking to transfer data electronically into the system.

Implementation and Leveraging of New 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 late 2014-15, the District developed several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. The benefits from these new applications will start to be realized in 2015-16 as stakeholders begin using them. Examples of such online applications include the ability for sources to submit breakdown/deviation notifications and reports and compliance source testing results online. Throughout 2015-16, District staff will be educating facilities on the benefits of these new applications. The benefits include instant confirmation of documents received, reduced costs of document submittal (no postage and no in-person delivery required), and historical logs of the documents submitted with links to the documents.

In December 2014, the EPA approved the District's electronic signature process, which will allow Title V sources to submit both Annual Compliance Certifications as well as Reports of Required Monitoring electronically. Inspection staff will be providing outreach to Title V facilities with the goal of encouraging the use of the new system. Use of the new system will streamline the required reporting for both stakeholders and the District. The system will perform an automated initial review of the electronically submitted reports, which will save a significant amount of District time currently spent on this review.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2014/2015</u>	2015/2016 <u>Recommended</u>	Increase/ <u>Decrease</u>
Air Quality Assistant	7.0	7.0	0
Air Quality Compliance Manager	3.0	3.0	0
Air Quality Field Assistant	7.0	7.0	0
Air Quality Inspector I/II	42.0	42.0	0
Air Quality Specialist I/II	8.0	8.0	0
Director of Compliance	1.0	1.0	0
Office Assistant I/II	2.0	2.0	0
Senior Air Quality Inspector	10.0	10.0	0
Senior Air Quality Specialist	2.0	2.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Inspector	8.0	8.0	0
Supervising Air Quality Specialist	2.0	2.0	0
TOTAL	<u>93.0</u>	<u>93.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Compliance

	Adjusted FY 14-15	Recommended FY 15-16	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$5,735,916	\$5,990,784	\$254,868	4%
Temporary Help	\$172,226	\$165,003	(\$7,223)	(4%)
On Call Pay	\$77,832	\$77,832	-	-
Overtime	\$61,717	\$61,717	-	-
Unemployment	\$27,343	\$26,648	(\$695)	(3%)
Retirement	\$2,590,961	\$2,914,925	\$323,964	13%
OASDI	\$99,395	\$103,905	\$4,510	5%
Workers Compensation	\$107,566	\$110,270	\$2,704	3%
Cafeteria Plan Benefits	\$899,896	\$940,537	\$40,641	5%
Long-Term Disability Insurance	\$15,058	\$15,601	\$543	4%
Alternate Transportation Incentive	\$61,764	\$61,752	(\$12)	-
TOTAL SALARIES AND BENEFITS	\$9,849,674	\$10,468,974	\$619,300	6%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$16,429	\$14,875	(\$1,554)	(9%)
Mobile Communications	\$70,709	\$67,339	(\$3,370)	(5%)
Telephone Charges	\$47,068	\$43,355	(\$3,713)	(8%)
Insurance	\$61,419	\$61,050	(\$369)	(1%)
Equipment Maintenance	\$65,356	\$62,981	(\$2,375)	(4%)
Vehicle Maintenance & Operations	\$187,600	\$177,900	(\$9,700)	(5%)
Computer Maintenance	\$73,688	\$85,959	\$12,271	17%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$76,374	\$80,430	\$4,056	5%
Office Supplies	\$20,301	\$19,320	(\$981)	(5%)
Computer Software & Supplies	\$32,557	\$24,647	(\$7,910)	(24%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$24,617	\$26,980	\$2,363	10%
Printing	\$13,539	\$12,800	(\$739)	(5%)
Professional & Specialized Services	\$403,434	\$102,572	(\$300,862)	(75%)
Publications & Legal Notices	\$6,000	\$6,000	-	-
Rents & Leases	\$261,807	\$264,288	\$2,481	1%
Small Tools & Equipment	\$11,330	\$10,745	(\$585)	(5%)
Special District Expense	\$25,916	\$19,415	(\$6,501)	(25%)
Travel & Training	\$27,120	\$27,120	-	-
Travel & Training - Boards	\$27,457	\$27,457	-	-
Utilities	\$65,830	\$74,879	\$9,049	14%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,518,551	\$1,210,112	(\$308,439)	(20%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$45,274	\$41,603	(\$3,671)	(8%)
Computer Equipment	\$215,532	\$205,954	(\$9,578)	(4%)
Office Furniture / Equipment	\$7,685	\$7,500	(\$185)	(2%)
Office Machines	\$25,413	\$13,500	(\$11,913)	(47%)
Telephone Systems	\$7,180	\$6,135	(\$1,045)	(15%)
Detection Equipment	\$9,350	\$108,000	\$98,650	1055%
Automobiles	\$185,800	\$243,000	\$57,200	31%
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	\$496,234	\$625,692	\$129,458	26%
TOTAL OPERATING APPROPRIATIONS	\$11,864,459	\$12,304,778	\$440,319	4%

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2014-15</u>	<u>Recommended 2015-16</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	10,097,343	10,747,592	650,249	6%
Services and Supplies	796,197	754,251	(41,946)	-5%
Fixed Assets	250,950	237,109	(13,841)	-6%
 Total	 <u>11,144,490</u>	 <u>11,738,952</u>	 <u>594,462</u>	 <u>5%</u>

<u>Position Summary</u>	85	85
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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 District 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 2014, the District processed applications and issued about 3,400 ATC permits for new and modified equipment and operations.

Future permitting activity is expected to increase as the economy recovers, especially if the development of the Monterey Shale oil fields in the south Valley proceeds as currently expected. Since April 2014, in order to streamline the permitting process for gasoline dispensing operations, the evaluation of such permit applications was transferred to the Compliance Department.

Federally Mandated Operating Permits (Title V)

About 260 of the largest sources of air pollution are operating under federal Title V operating permits issued by the District. Title V does not impose any new emission standards or any new controls on emissions. It does, however, prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits, and requires significantly increased administrative steps that must be met when issuing, renewing, or revising permits. In general, these latter requirements expand public and Environmental Protection Agency (EPA) participation in the permitting process for the largest emitters of air contaminants in the District.

The District's workload in this area continues to be significant. In 2014, the District completed a major effort to determine which existing agricultural sources would need Title V permits resulting in an additional 15 Title V sources. Additionally, in 2014, the District processed 1,443 initial and renewal Title V permit applications at 34 facilities and processed approximately 1,400 Title V permit modifications.

For 2015-16, the District expects the recent increase in the Title V workload to level off. While there is not significant new numbers of facilities entering into the Title V permitting program expected, the large increase in number of new Title V permits over the past few years will result in more renewal and modification permitting actions.

Emission Reduction Banking

The District administers one of the largest Emission Reduction Credit (ERC) banks in the state. 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 2014, the District processed 528 ERCs applications. This level is expected to increase in 2015-16 as the related permitting activity increases with growth in the economy.

District's BACT Clearinghouse

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

selecting appropriate control technology for new and modified sources, and to assist staff in conducting the necessary analysis, the District actively maintains and updates a comprehensive BACT Clearinghouse.

The BACT Clearinghouse expedites the permitting process by minimizing the need for lengthy project-specific BACT determinations. It also aids new project proponents in designing new or expanding facilities by outlining air pollution control requirements early in the process. In 2014-15, the District started an effort to update and improve this valuable permit-expediting tool. Work will continue in 2015-16 to finalize streamlined processes to update state and federal BACT databases, resulting in additional staff time-savings.

Air Toxics Program

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

The District's air toxics program, 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 852 RMRs in 2014.

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

Criteria Pollutant Emissions Inventory

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

In 2014, the District's emissions inventory team processed 5,759 inventory statements and survey responses. The District continues to combine 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 2015-16, the District will continue to assist the state Air Resources Board in preparing and updating planning inventories that will be used in upcoming attainment plans. While this will likely require 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)

The District's CEQA group analyzes District actions and project developers' proposals for compliance with the California Environmental Quality Act (CEQA). In 2014, this team reviewed 1,742 CEQA documents, sent 828 comment letters to other CEQA lead agencies and prepared 96 CEQA documents to support the District's rule adoption and permit processing efforts. These numbers indicate a continued increase in 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.

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. In 2014, the Board directed staff to assess interest in, develop, and execute a programmatic approach to increase the efficiency and effectiveness of the District's current processes used in fulfilling its obligation as a commenting agency under CEQA. The District reached out extensively through three workshops to Lead Agencies throughout the valley in 2014 to propose the use of a programmatic approach with a web-based system. Based on responses from the attendees of the workshops and District surveys, significant interest in such a

system was expressed. Therefore, development and implementation of the web-based streamlining system will be implemented in 2015, reducing resource requirements for these tasks by several hundred person hours per year.

Indirect Source Review (ISR)

The District's ISR group reviewed 209 ISR applications in 2014, indicating that the housing development sector is continuing to recover from the 2007-2010 industry recession. 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 2015-16 BUDGET

The increasing workload associated with the permitting duties performed by the District, 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

Providing Support to Others

In 2014, the District shifted responsibility 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, from the Strategies and Incentives Department to the Permit Services Department. The District's efforts, designed to assist the state Air Resources Board in preparing and updating these SIP inventories, help assure that future planning efforts are focused on the most critical sources of air pollution. While this requires significantly increased devotion of District resources, the payoff that improved emissions inventories provide in the longer term is critical.

The District will be working on several attainment plans this coming year including the development of the 2016 Serious Plan for the 2006 PM2.5 standard, the 2016 Plan for the 2008 Ozone standard and the 2016/2017 Plan for the 2012 PM2.5

standard. As part of this process, the District will continue 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 will also use its permitting resources and the related extensive knowledge of stationary sources of pollution to evaluate possible new emission reduction technologies that could be considered to further reduce emissions in the Valley.

In 2014, the District entered into a memorandum of understanding with the Ventura County Air Pollution Control District to assist them in evaluating an application for a power plant to be located in Ventura County. The District will be reimbursed for staff time expended in evaluating this application. As the District has significant experience and expertise in evaluating such applications, the District will be able to provide a valuable service to the Ventura County APCD.

Health Risk Assessment

A great deal of new Health Risk Assessment workload is being triggered as the District implements the 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 adopted revisions to their existing guidelines to the public in early 2015. 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. In addition to the added complexity to District permitting processes, 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.

Title V Permitting

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 due to their potential to emit more than 10 tons of NOx or VOC and are therefore now considered major sources under the "extreme" ozone nonattainment NSR requirements.

Since 2012, the District has issued 85 new Title V permits, a 47% 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 through 2014. The District expects approximately 1,400 Title V modification applications per year as the economy picks up, a 50% 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. 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.

California Environmental Quality Act (CEQA)

The District expects CEQA activities to continue to grow rapidly, on top of the 30% increase from 2012 to 2013 and additional 9% increase from 2013 to 2014, as the economy continues to improve.

To accommodate the increased activity without a need for increased resources, in 2015 the District will be implementing an innovative CEQA commenting alternative for government entities serving as Lead Agencies to request for and receive comments from the District under the CEQA commenting process. This alternative consists of an easy to use web-based system that allows users to enter project-specific data online and immediately receive a detailed comment letter from the District. The District comment letter outlines the applicable requirements, including applicable District rules and regulations, and provides project design elements that can be incorporated to reduce impact on air quality. In addition to improved efficiency, this system will improve project turnaround time, effectiveness of District comments, project design for better air quality, and customer service.

As a part of this effort, the District recently updated one major air quality planning guidance document for Valley land-use agencies this year: the "Guide for Assessing and Mitigating Air Quality Impacts." In addition, a second major policy document will be updated later in the year: "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 (VERA) 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. This growth in the use of VERAs is expected to come from intensified educational processes, involving both lead agencies and project developers, and is expected to result in more consistent and uniform mitigation of development project emissions increases throughout the Valley.

In 2015-16, the District is also expected to see some increase in workload associated with the reviewing and commenting of state Department of Conservation – Division of Oil, Gas and Geothermal Resources (DOGGR) permits for well drilling activities due to the adoption of Senate Bill 4. The bill requires DOGGR to promulgate regulations that require permits and reporting by companies that perform fracking or other types of oil and gas well stimulation techniques and requires DOGGR to enter into agreements regarding regulatory responsibilities with other involved agencies, including local air Districts. In an effort to provide excellent customer service, the District has committed to providing a 14-day turnaround period for reviewing and commenting.

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. Also, the District will continue to be available to work 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 2015-2016, if the opportunity arises.

Indirect Source Review (ISR)

The District's Indirect Source Review program, implemented under the first-of-its-kind Rule 9510 and designed to mitigate increases in emissions from development projects, is likely to see sustained or increased workload requirements in 2015-16. The annual number of number of ISR applications received over the past two years is approximately 50% higher than during the 2009-10 period, which was the year the District received the lowest number of ISR applications, indicating an improving development economy and a corresponding increase in associated workload. The District will be modifying Rule 9510 this year to provide for uniform application of the rule throughout the Valley.

Greenhouse Gas Related Tasks

In addition to the GHG related inventory and CEQA work discussed above, the District continues to review and comment on state efforts that affect Valley businesses to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts. The District has entered into a memorandum of understanding with the California Air Resources Board (CARB) to implement and enforce their landfill methane regulation and may enter into a similar agreement to implement and enforce a proposed statewide oil and gas operation fugitive methane regulation. The staff time expended in implementing these regulations is expected to be recovered through fees imposed as part of the District's existing permitting program. The District's involvement in these activities is an opportunity

to streamline and provide a common approach in implementing these new regulations that provides a valuable service to Valley businesses.

Permitting Wineries

The District started permitting large wineries in 2005. In 2015-16, medium-sized wineries will be brought under permit, and the outreach to and permitting of these sources will result in additional workload. The District will use its experience from permitting large wineries to streamline application forms and templates to process the estimated 2,000 additional permits from medium-sized wineries.

Efficiency and Streamlining Measures

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

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 2015-16:

- The District continues to develop the web-based facility portal. In 2014 the District released its Online Facility Portal program to all regulated facilities with the goal of providing quick, easy “around the clock” access to their permit information and related documents. Through the facility portal, the facility can track the progress of permit applications, and view and download a facility’s permits, applications, and related correspondence at any time without the need to contact the District’s office staff. New features have been added to expand the Portal’s capabilities, such as the ability to submit compliance reports electronically, and in 2015 the Portal is expected to enable facilities to view their billing information, pay bills online, and submit and track permit applications electronically. The industry response to the Online Facility Portal has been overwhelmingly positive, with more than 50 facilities participating and over 125 authorized users, to date, with these numbers continuing to grow.
- 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.
- Further streamline the processing of Title V Modifications by leveraging the existing Authority to Construct evaluation that precedes most Title V Modifications, to reduce the staff time required to process these modifications.
- 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.
- Develop and implement programmatic approach to streamline commenting process for receiving and responding to requests for comments from lead agencies under CEQA.
- Develop paperless workflow systems to maximize efficiency in processing permit applications.
- Continue to work cooperatively with the Compliance Department to identify ways to improve service to permit holders.

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.

In 2014 the District finalized several policies to streamline the evaluation of permit applications, further streamline CEQA requirements for facilities that are subject to CARB's greenhouse gas cap and trade regulation, increase efficiency of ambient air quality modeling conducted as part of its review of applications for new equipment, and address temporary equipment used in asphalt and concrete batch plants. The District also adopted streamlining measures to assist water districts and farmers to comply with air quality requirements for drought relief projects and to accommodate the critical and fast paced decision making process undertaken by these operators to cope with the extensive drought. The District intends 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, ongoing comprehensive implementation of the District's Service Teamwork Attitude Respect (STAR) program continuously improves quality and streamlining program-effectiveness and efficiency by driving implementation of 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.

<u>Title</u>	<u>2014/2015</u>	<u>2015/2016 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Engineer I/II	38.0	38.0	0
Air Quality Specialist I/II	13.0	13.0	0
Air Quality Technician I/II	1.0	1.0	0
Director of Permit Services	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Permit Services Manager	3.0	3.0	0
Program Manager	1.0	1.0	0
Senior Air Quality Engineer	12.0	12.0	0
Senior Air Quality Specialist	4.0	4.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Engineer	6.0	6.0	0
Supervising Air Quality Specialist	2.0	2.0	0
TOTAL	<u>85.0</u>	<u>85.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted FY 14-15	Recommended FY 15-16	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,259,304	\$6,517,263	\$257,959	4%
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$61,287	\$62,549	\$1,262	2%
Unemployment	\$23,626	\$22,631	(\$995)	(4%)
Retirement	\$2,732,625	\$3,082,168	\$349,543	13%
OASDI	\$94,039	\$97,825	\$3,786	4%
Workers Compensation	\$41,052	\$42,529	\$1,477	4%
Cafeteria Plan Benefits	\$813,843	\$850,597	\$36,754	5%
Long-Term Disability Insurance	\$15,647	\$16,110	\$463	3%
Alternate Transportation Incentive	\$55,920	\$55,920	-	-
TOTAL SALARIES AND BENEFITS	\$10,097,343	\$10,747,592	\$650,249	6%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$5,230	\$5,235	\$5	-
Telephone Charges	\$34,172	\$30,942	(\$3,230)	(9%)
Insurance	\$54,889	\$55,798	\$909	2%
Equipment Maintenance	\$43,289	\$44,125	\$836	2%
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$45,433	\$54,913	\$9,480	21%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$68,797	\$73,511	\$4,714	7%
Office Supplies	\$18,141	\$17,659	(\$482)	(3%)
Computer Software & Supplies	\$25,824	\$21,749	(\$4,075)	(16%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$26,599	\$26,645	\$46	-
Printing	\$7,955	\$7,405	(\$550)	(7%)
Professional & Specialized Services	\$129,834	\$63,523	(\$66,311)	(51%)
Publications & Legal Notices	\$97,990	\$98,820	\$830	1%
Rents & Leases	\$144,807	\$153,220	\$8,413	6%
Small Tools & Equipment	\$6,183	\$6,197	\$14	-
Special District Expense	\$7,175	\$5,416	(\$1,759)	(25%)
Travel & Training	\$16,770	\$15,850	(\$920)	(5%)
Travel & Training - Boards	-	-	-	-
Utilities	\$63,109	\$73,243	\$10,134	16%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$796,197	\$754,251	(\$41,946)	(5%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$34,498	\$34,316	(\$182)	(1%)
Computer Equipment	\$180,455	\$177,994	(\$2,461)	(1%)
Office Furniture / Equipment	\$6,868	\$6,855	(\$13)	-
Office Machines	\$22,710	\$12,338	(\$10,372)	(46%)
Telephone Systems	\$6,419	\$5,606	(\$813)	(13%)
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	\$250,950	\$237,109	(\$13,841)	(6%)
TOTAL OPERATING APPROPRIATIONS	\$11,144,490	\$11,738,952	\$594,462	5%

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2014-15</u>	<u>Recommended 2015-16</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	6,506,914	7,140,669	633,755	10%
Services and Supplies	1,550,376	1,589,634	39,258	3%
Fixed Assets	<u>1,679,124</u>	<u>1,343,642</u>	<u>(335,482)</u>	-20%
 Total	 <u><u>9,736,414</u></u>	 <u><u>10,073,945</u></u>	 <u><u>337,531</u></u>	 <u><u>3%</u></u>
 <u>Position Summary</u>	 56	 58	 2	

FUNCTION

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

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

Air Quality Plan Development; 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 ARB staff, the agency responsible for the control of mobile source emissions; staff of the United States Environmental Protection Agency (EPA); members of environmental organizations; and representatives of industries that will be affected by the controls listed in the plans. These plans and the associated progress reports and supporting documents must meet all legal requirements, and must account for the needs of Valley citizens and industry.

Developing air quality plans requires analyzing measured air quality and emission inventories, conducting atmospheric modeling, developing emission control strategies, and coordinating efforts with Valley transportation planning agencies, stakeholders, ARB, and EPA. The District develops its air quality plans in an open public process with many public meetings; the plans are then presented to the Governing Board for adoption. After Governing Board adoption, the District submits its air quality plans to ARB, who in turn approves and transmits the plans to EPA for incorporation in the State Implementation Plan (SIP). Federal planning requirements also include “Mid-Course Review,” “Rate of Progress” and “Reasonable Further Progress” plans for ozone and particulate matter, and “Milestone Compliance Demonstration” reports for ozone to assure that the District and partnering agencies continue to reduce emissions as specified in the federal Clean Air Act.

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

Rulemaking and Emission Control Strategy Development

The District develops new rules and rule amendments to achieve emission reductions pursuant to its air quality attainment plans. For decades, the District has adopted multiple generations of rules reducing emissions from the Valley’s stationary sources, such as boilers, internal combustion engines, and turbines. In recent years, District staff has also drafted rules addressing indirect sources (mobile sources from new development), wood-burning fireplaces, and employee vehicle trips. In developing new rules, District staff implements the Governing Board-approved Rule Development Procedures, and complies with the California Environmental Quality Act (CEQA) and other state laws regarding public hearings and economic analysis. During the development of each rule, staff works closely with ARB and EPA to satisfy state and

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

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

Air Quality Modeling and Monitoring Data Analysis

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

In a general context, air quality modeling activities are fundamental to understanding the San Joaquin Valley's complex air quality problems. The District 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 air quality research and modeling projects. In particular, the District has worked extensively with ARB on air quality analysis and modeling in support of attainment planning efforts. This collaboration will continue as the District develops a number of air quality plans over the next few years.

In the context of the District's air quality plans, modeling is necessary to provide estimates for the quantities of emission reductions necessary to attain the federal air quality standards. These models are also highly valuable for estimating the contribution of ozone and PM precursor emissions from outside the District. Currently, ARB conducts all SIP-related modeling for the District's air quality plans and as such requires the District to rely solely on ARB for all modeling needs including acceptance of the results of the model runs. Running

various modeling scenarios to assist with the Valley's control strategy has not been an option due to limited time and resources by ARB staff. As discussed below, the launch and full utilization of the District's new Air Quality Modeling Center in 2015-16 will allow the District to conduct air quality modeling currently only being conducted by ARB and evaluate potential strategies as the District prepares numerous attainment plans.

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

Air Quality Forecasting and Analysis

District staff provides a variety of air quality forecasting services, including providing daily Air Quality Index (AQI) forecasts, 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 lower air profilers, and District-customized meso-scale weather and statistical models. The District's Smoke Management Program is designed to minimize impacts of smoke on public health while addressing the open burn needs of agricultural operators and land managers. Staff continuously works on improvements of its forecasting tools supporting the burn allocation program and other forecast-dependent programs. Implementation of the mandatory residential wood burning curtailment provisions in Rule 4901 and the Smoke Management Program has raised the importance of accurate and timely air quality forecasts.

In addition to forecasts, District staff also conducts extensive analysis of air quality data generated from the District's network of air quality monitoring stations in support of planning efforts and to provide timely, accurate information to the public regarding air quality progress. 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. Under these circumstances, the District provides notifications to Valley residents so that sensitive individuals, in particular, can take precautions to minimize exposure.

Air Monitoring

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

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

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

The District currently has equipment at 25 stations located throughout each of the eight counties. 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 Recommended Budget:

• DMV Surcharge Fees	\$44,960,000
• Carl Moyer Program	8,300,000
• ISR & Voluntary Mitigation Agreements	5,179,542
• Proposition 1B	46,000,000
• DERA Program	1,443,883
• School Bus Program	2,400,000
• Federal Diesel Emission Reduction Funding	1,401,531
• Non-Operating Interest	1,015,950
• AERO (Rule 4320) & Section 185 (Rule 3170)	3,200,000
• CEC Grants	300,000
• Miscellaneous Incentive Funds	<u>20,000</u>
 Total New Incentive Grant Funds	 <u>\$114,220,906</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 2014-15, 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 2014-15, the District obligated over \$2.5 million in incentive funds through its various REMOVE programs for over 2,250 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, Repair, and Replacement:

The District has offered a variety of incentives to encourage the early retirement of the highest polluting light-duty vehicles by encouraging the scrapping or repair of these vehicles. The State Bureau of Automotive Repair (BAR) currently has a statewide program that encourages the early retirement of vehicles that fail their smog check. As one of the newest District incentive programs targeting the highest-polluting light-duty vehicles, the District's Tune In Tune Up program, run in partnership with Valley Clean Air Now, has reached out to Valley residents in environmental justice communities who otherwise may not be able to afford costly emissions-related vehicle repairs. Through weekend events, participating residents could have their vehicles screened to determine if they qualified for emissions-related repairs at little to no cost to them. As an additional option under this program, the Tune In Tune Up now offers funding for the replacement of old high polluting vehicles with newer clean vehicles in cases where replacements are a better option than repairs. In 2014, the District sponsored 22 weekend events that provided funding for over 5,000 vehicle repairs and 108 vehicle replacements.

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 District. During the first eight months of 2014-15, the District approved over \$8.7 million in incentive funds through the Public Benefit Grants program.

Burn Cleaner Program

The Burn Cleaner wood stove change-out incentive is a critical part of the strategy to address the effects of residential wood burning. During 2014-15, the District implemented several enhancements to the Burn Cleaner incentive program, which provides funding to Valley residents to assist in switching to clean-burning devices. These enhancements included a significant increase in incentive amounts which resulted in a tremendous response from Valley residents with over 4,000 vouchers for clean-burning devices. This substantial increase in funding and associated voucher requests resulted in a corresponding increase in workload to accommodate the higher program demand.

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 2015.

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 seven projects to demonstrate a wide variety of mobile source, renewable energy, and waste to energy technology advancement projects. During 2015, the District received thirty five proposals for TAP projects from which seven projects totaling \$3.7 million were approved for funding.

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 2015-16 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 2015-16.

New Workload

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

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

A significant amount of work will be required in 2015-16 to prepare new PM2.5 and ozone attainment plans, including plans to address the 2006 PM2.5 standard, the 2008 ozone standard, and the 2012 PM2.5 standard. Development of the new ozone plan will involve extensive public engagement, including the establishment of a new workgroup that will meet on a regular basis to review and provide feedback on various components of the plan as it is being prepared. Additionally, developing these new attainment plans will require extensive research and cooperation with Valley stakeholders to explore potential control strategies. The District will also continue to prioritize strategies that provide for maximum health benefits under its Health Risk Reduction Strategy. District staff will need to collaborate extensively with ARB on refining the emission inventory and atmospheric modeling for these upcoming plans. District staff will also continue to analyze the implications of new federal standards for oxides of nitrogen, oxides of sulfur, ozone, and particulate matter with respect to additional attainment plan requirements, potential implications to the District's air monitoring network, and impacts to other District programs.

In 2015-16, the District will also continue with the evaluation of potential amendments to Rule 4692 (Commercial Charbroiling) to achieve additional emissions reductions from charbroiling operations through the installation of emissions control technologies at restaurants utilizing under-fired grills. An important component of this ongoing evaluation is the on-site demonstration of emission control technologies at Valley restaurants to better understand the cost and feasibility of applying such technologies. Additionally, in 2015-16, the District will amend Rule 2201 (New and Modified Source Rule) to include a major source threshold for PM2.5 to satisfy Clean Air Act requirements, and Rule 9510 (Indirect Source Review) to provide for uniform application of the rule throughout the Valley.

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

To develop the in house staff and resource capacities needed to institute the Air Quality Modeling Center, the Recommended Budget includes the addition of a new Supervising Atmospheric Modeler position, and a new Air Quality Specialist position. The District will also transfer one existing Air Quality Specialist position from the Air Quality Analysis Division of the District to assist in the launch and implementation of the Air Quality Modeling Center.

This additional staff will focus their efforts in the coming year in ensuring the current modeling center hardware and software is optimized in its performance and fully

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

In 2015-16, the District will also be utilizing the modeling center to continue to develop and launch the new online resource for Valley residents that provides air quality information on a neighborhood by neighborhood level. The District recently released the Web-based Archived Air Quality (WAAQ) system, which now provides the public access to historical air quality information at the neighborhood level. The Air Quality Modeling Center will also be used to develop the analytical tools and algorithms needed to provide real time air quality information to Valley residents on a neighborhood by neighborhood level basis.

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

The Recommended Budget also includes a reclassification of the Health Science Advisor position to an Air Quality Planning and Research Analyst. The Health Science Advisor position was originally created to expand District capabilities to guide and conduct Valley-specific research projects. Due to significant progress in expanding the District's research capabilities, projected workload in this area is expected to be less than that required for an ongoing full time position. However, significant additional work is expected due to the federal mandates that require preparation of several new air quality plans. The position as reclassified will be able to handle the current workload associated with the scientific and health research projects as well as assist in preparing new attainment plans and responding to new federal mandates without additional staffing. Through this structural change, the Air Quality Health Science Analyst will directly work with the Air Quality Analysis, Planning, Rules, and Technology teams on a variety of technical projects.

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

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

The District anticipates completing several Exceptional Events documents in 2015-16. These projects require a significant amount of data gathering, analysis, and modeling of meteorological and emissions parameters during recent wildfire and windblown dust pollution episodes, in order to demonstrate conclusively that the events were beyond the scope of the District's comprehensive, stringent control strategies. District staff is also responsible for coordinating the contracts with the laboratories that analyze the samples collected for the Photochemical Air Monitoring System (PAMS) program.

Air Monitoring

The 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 year and a half, with all sites mandated to be operational by January 2017. The Fresno and Bakersfield near-road sites are expected to come online in 2015, with the Stockton and Modesto sites to follow in 2016. 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 site, 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 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 Clean Air Act 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 other network modifications, including potential consolidation of sites. Potential changes will require extensive documentation and staff time to implement in this next fiscal year

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

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

To provide expanded monitoring capability in support of special needs, the District is planning to develop a fully functioning mobile monitoring van that is capable of measuring ozone, PM_{2.5}, and meteorological parameters with regulatory equipment. This project will require the retrofitting of a District owned van to be able to equip the necessary monitoring equipment, followed by the purchase and installation of the needed sampling equipment. The monitoring van is planned to be completed in 2015-16 and will be used to support special monitoring research projects, provide localized monitoring during air quality emergencies, augment neighborhood level data in support of the continued development of the Web-based Archived Air Quality (WAAQ) system and the neighborhood-by-neighborhood level Real-time Air Advisory Network (RAAN), and assist in parallel monitoring needed for making changes to the air monitoring network.

Incentive Programs Workload

In 2015-16, the District expects to receive an additional \$114 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 2015-16 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2015-16 to \$137 million.

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 most 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 \$137 million to date.

In addition to the ongoing work of processing and closing out the remaining funds from the previous round of funding, in 2015-15, the District will receive over \$46 million of Proposition 1B funds to be awarded to interested truck fleet owners and other eligible applicants for goods movement emission reduction projects through a competitive application solicitation process beginning in the summer of 2015. This solicitation will include a comprehensive outreach campaign to ensure that the District receives maximum participation Valley-wide. Additionally, this solicitation will necessitate a complete overhaul of all District applications, forms, and associated program materials due to the increasing complexities of this program stemming from the implementation of ARB's statewide truck and bus regulation. With the implementation of this regulation and new state guidelines, more complex and labor-intensive project specific evaluation will be required. This added complexity will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

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

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

The Recommended Budget includes another \$5.3 million for the Burn Cleaner program, with demand from Valley residents and corresponding workload remaining extremely high. Additionally, as we continue to refine the program, additional work will be required to update the program guidelines and associated materials, provide training to Valley retailers, amend agreements and engage in a strong outreach campaign to continue to promote the Check Before You Burn program.

One of the largest components of the Heavy-Duty Engine Program is the agricultural equipment replacement program. This program is targeted at reducing emissions from off-road equipment, and provides funding for equipment replacement, engine repowers, and engine retrofits that are cost-effective in reducing emissions. The District has seen a high level of interest from the agricultural sector in this program, and the District plans on providing significant funds towards these cost-effective projects in 2015-16. In addition to the significant workload associated with increased outreach and processing

of new applications, significant workload is also expected for the review and processing of grant claims and payments associated with the extensive funding provided in 2014-15.

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

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.

For the past several years, the District has operated the Drive Clean Rebate Program to provide incentives for the purchase of advanced technology clean light-duty vehicles. More recently, the District has engaged in a planning effort to ensure that the Valley is well positioned and ready to respond to increasing availability of electric vehicles in the coming years. This year, to encourage electric vehicle deployment, the District will begin providing incentives for workplace and publically accessible charging stations as authorized by the Governing Board. The expected increase in workload from this program will come from the research and development of this new funding component as well as a strong outreach component and program implementation activities.

The District continues to enter into Voluntary Emission Reduction Agreements (VERAs) to mitigate the increased emissions from development projects in the Valley. In addition to entering into VERAs aimed at reducing criteria emissions increases, the District has also entered into mitigation agreements with project proponents to mitigate greenhouse gas emissions through incentive programs. Funding from these various agreements will be utilized in the District's incentive programs to fund qualifying emission reduction projects. Additionally, with increased construction in the Valley, the District forecasts receiving additional Indirect Source Review (ISR) revenue. The District anticipates receiving nearly \$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 will continue to see significant activity in 2015-16, with \$3.3 million funding for Valley-based technology demonstration

projects. Substantial staff time will be required to administer ongoing demonstration projects, solicit and evaluate new project proposals, and execute agreements for new Board-approved demonstration projects.

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

In addition to the work to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2015-16. Of particular importance will be the need to secure new funding made available through the state Cap and Trade program. In the next several months and coming years, the state legislature and agencies will be making key decisions regarding the distribution and the manner of expenditure of Cap and Trade funds. Given the District's tremendous needs and our extensive experience and expertise in administering effective incentive-based programs, the Governing Board approved an action plan for conducting advocacy and positioning the Valley to receive its fair share of funding. Implementing this action plan will require substantial staff resources to conduct outreach and advocacy, prepare numerous proposals for District-administered grant programs, assist Valley entities in preparing grant proposals, and secure and administer targeted block grants.

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

Efficiency and Streamlining Measures

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 has resulted in an 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 assumed responsibility for the incentive grant program functions. This has improved efficiency as well as enhanced communication and workflow for District staff performing incentive grant processing and related fiscal activities. Necessary internal controls to ensure continued integrity and fiscal prudence have been achieved through separation of duties and proper level of management oversight.

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

In 2015-16, several streamlining initiatives will leverage computer automation and technology improvements to replace tasks currently or previously performed by staff. Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The implementation of 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 have developed and implemented several automated modules in the daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks.

In 2015-16, additional forecasting tools will be created which will allow for the full automated retrieval of several different metrics, i.e., temperature, wind speed, wind direction, humidity, and other meteorology, with the click of one button, instead of the extensive time spent on retrieving this meteorological data from various websites. This automation tool, when completed, will result in a significant decrease in the time it takes to formulate the daily forecast.

In 2015-16, the District will continue to refine its procedures for public workshops while still providing ample opportunity for public review. Streamlining measures will involve more utilization of video-teleconferencing (VTC) to reduce travel-time to workshops. In accordance with the District's core value of open and transparent public processes, webcasting meetings allows an additional means of public participation, while reducing emissions from mobile sources. The District will continue to present major topics in-person throughout the Valley, and utilize the District's VTC facilities for all public meetings. In order to better reach stakeholders in the Valley's environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Citizen's Advisory Committee and Environmental Justice Advisory Group.

To streamline the training of newer staff members, staff will continue utilizing web training seminars (webinars) where more than one person can participate, in order to save time, reduce travel, and maximize the number of people trained. 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 2015-16, 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.
- Complete the testing phase of an automated filter exchange mechanism for use at air monitoring sites measuring gaseous parameters. If proven to be successful, this unit will dramatically reduce the number of trips currently needed to handle this required task.
- Purchase a variety of fixed assets that will streamline calibration processes and reduce staff time that are conducted on a routine basis throughout the year.
- Reorganize equipment at all sites to allow for easier movement through the shelter and improved access to the equipment for repairs and maintenance.
- Create or purchase software to catalog and track warehouse parts inventory. This software will allow staff to catalogue and organize all spare parts being housed in storage, and be able to track when part inventory is low so that replacements can be ordered in a timely manner. This software will assist in streamlining repair and maintenance tasks, and reduce potential data loss by ensuring that parts will not run out when they are needed most. This system could also have to potential to track where parts are being used.

In 2015-16, the District will also be continuing an effort to evaluate the current Air Monitoring Network to ensure that it is correctly suited to provide the information necessary to meet federal requirements and District and stakeholder objectives while avoiding duplicative monitoring. This effort to “right-size” the monitoring network will allow the District to efficiently and effectively meet air monitoring requirements and needs while controlling costs in the face of new ambient air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data.

Incentive Programs

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

The District is continuing to develop and finalize new policies and procedures to improve consistency and efficiency within the incentive programs. Having detailed policies will provide staff with answers to most common questions that arise and will allow them to proceed quickly with their various tasks. Additionally, well-trained staff will allow for improved operational efficiency and better customer service. The District will continue to provide staff with enhanced training opportunities to improve their technical skills and customer service. The District is also in the process of finalizing a comprehensive database that will link all departments to increase the coordination and speed in processing incentive program applications.

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

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

- Automation of grant process through the implementation of new technology, including the ability to receive online applications, and continued improvement of the District's custom grant management database
- 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.

The District will continue developing and enhancing 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* programs. With the amendments to Rule 4901 (Residential Wood-burning Fireplaces and Wood-Burning Heaters) scheduled for full implementation in 2015, the District will work to ensure that the public is educated regarding the new no burning thresholds, proper registration of clean burning devices, and grant funding opportunities for upgrading older wood burning devices.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2014/2015</u>	2015/2016 <u>Recommended</u>	Increase/ Decrease
Air Quality Assistant	1.0	1.0	0
Air Quality Instrument Specialist I/II	1.0	1.0	0
Air Quality Instrument Tech I/II	6.0	6.0	0
Air Quality Specialist VII	22.0	23.0	1.0
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	1.0	1.0	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
Supervising Atmospheric Modeler	0	1.0	1.0
TOTAL	<u>56.0</u>	<u>58.0</u>	<u>2.0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted FY 14-15	Recommended FY 15-16	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$3,598,285	\$3,916,050	\$317,765	9%
Temporary Help	\$462,921	\$442,148	(\$20,773)	(4%)
On Call Pay	-	-	-	-
Overtime	\$57,812	\$56,097	(\$1,715)	(3%)
Unemployment	\$19,993	\$19,544	(\$449)	(2%)
Retirement	\$1,599,388	\$1,884,567	\$285,179	18%
OASDI	\$85,601	\$92,175	\$6,574	8%
Workers Compensation	\$34,809	\$37,422	\$2,613	8%
Cafeteria Plan Benefits	\$600,789	\$643,955	\$43,166	7%
Long-Term Disability Insurance	\$10,224	\$10,971	\$747	7%
Alternate Transportation Incentive	\$37,092	\$37,740	\$648	2%
TOTAL SALARIES AND BENEFITS	\$6,506,914	\$7,140,669	\$633,755	10%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,465	\$2,565	\$100	4%
Mobile Communications	\$26,480	\$33,826	\$7,346	28%
Telephone Charges	\$22,578	\$21,115	(\$1,463)	(6%)
Insurance	\$36,591	\$38,075	\$1,484	4%
Equipment Maintenance	\$28,394	\$31,147	\$2,753	10%
Vehicle Maintenance & Operations	\$35,200	\$35,100	(\$100)	-
Computer Maintenance	\$111,910	\$164,124	\$52,214	47%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$45,680	\$50,161	\$4,481	10%
Office Supplies	\$12,092	\$12,048	(\$44)	-
Computer Software & Supplies	\$16,899	\$15,871	(\$1,028)	(6%)
Monitoring Station Supplies & Equipment	\$234,389	\$226,264	(\$8,125)	(3%)
Postage	\$45,567	\$46,204	\$637	1%
Printing	\$5,269	\$5,278	\$9	-
Professional & Specialized Services	\$653,135	\$629,301	(\$23,834)	(4%)
Publications & Legal Notices	\$38,000	\$33,500	(\$4,500)	(12%)
Rents & Leases	\$104,612	\$91,282	(\$13,330)	(13%)
Small Tools & Equipment	\$5,123	\$5,227	\$104	2%
Special District Expense	\$5,763	\$5,598	(\$165)	(3%)
Travel & Training	\$23,150	\$27,150	\$4,000	17%
Travel & Training - Boards	-	-	-	-
Utilities	\$97,079	\$115,798	\$18,719	19%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,550,376	\$1,589,634	\$39,258	3%
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$20,161	\$24,713	\$4,552	23%
Computer Equipment	\$341,270	\$497,957	\$156,687	46%
Office Furniture / Equipment	\$4,578	\$4,678	\$100	2%
Office Machines	\$15,141	\$8,420	(\$6,721)	(44%)
Telephone Systems	\$4,274	\$3,824	(\$450)	(11%)
Detection Equipment	-	-	-	-
Automobiles	\$27,200	-	(\$27,200)	(100%)
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$465,000	\$35,000	(\$430,000)	(92%)
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	\$305,500	\$273,050	(\$32,450)	(11%)
Air Monitoring Near Roadway Stations	\$496,000	\$496,000	-	-
TOTAL FIXED ASSETS	\$1,679,124	\$1,343,642	(\$335,482)	(20%)
TOTAL OPERATING APPROPRIATIONS	\$9,736,414	\$10,073,945	\$337,531	3%

NON-OPERATING BUDGET

FISCAL SUMMARY

	<u>Budgeted 2014-15</u>	<u>Recommended 2015-16</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<u>Appropriations</u>				
Other Charges	25,000	25,000	-	
Incentive Programs	221,390,815	136,704,761	(84,686,054)	(38%)
Approp. for Contingencies	<u>350,000</u>	<u>850,000</u>	<u>500,000</u>	<u>143%</u>
 Total	 <u>221,765,815</u>	 <u>137,579,761</u>	 <u>(84,186,054)</u>	 <u>(38%)</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 2015-16, 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 2015-16 Recommended Budget includes \$136,704,761 of appropriations for emission reduction incentive grants. The District expects that additional incentive funds will continue to be added to the 2015-16 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 2015-16 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 56,505,300
• Carl Moyer Program	8,876,900
• ISR & VERA	6,052,600
• Proposition 1B Funding Program	51,392,900
• School Bus Program	4,677,000
• Federal Funding	3,125,461
• Community & Other Incentives	5,287,300
• Miscellaneous Incentive Grants	<u>787,300</u>
Total Incentive Grants	<u>\$136,704,761</u>

DMV Surcharge Fees

This appropriation is funded by new DMV Surcharge Fee revenue in 2015-16 and by \$11,398,300 of DMV reserves. The District's DMV Surcharge sources available to appropriate are as follows:

• AB2766 \$4 per vehicle	\$ 650,000
• AB923 \$2 per vehicle	5,778,200
• SB709 \$1 per vehicle	2,936,800
• AB2522 \$12 per vehicle	35,742,000
• DMV Reserves	<u>11,398,300</u>
Total DMV Surcharge Fees	<u>\$ 56,505,300</u>

Depending on the source of the DMV Surcharge Fee revenue, the restrictions included with the enabling legislation, and the types of grant applications received by the District, these funds can be used in several of the District's programs.

Carl Moyer Program

This appropriation is based on the annual state allocation of Carl Moyer Program funds and unused amounts carried over from the prior year. The District receives about \$8 million annually. These funds are used predominantly in the Heavy-Duty Program and are granted in strict accordance with guidelines adopted by the Air Resources Board.

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

This appropriation represents the estimate for incentive grant revenue available as the result of the District's ISR Rule and voluntary development mitigation agreements. Residential and commercial development projects provide these funds to offset emissions associated with projects. The Heavy-Duty Program and other programs use these funds for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM. The estimated revenues are expected to be about \$5.2 million, which are consistent with the actual revenues received during 2014-15 fiscal year.

Proposition 1B Funding

This appropriation includes \$46 million of estimated revenue for phase 4 of Proposition 1B: Goods Movement Reduction Program funding expected in 2015-16 as well as a \$5.4 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 2015-16. Funding from Proposition 1B will be used for specific heavy-duty on-road vehicle projects providing funding for truck replacements and locomotive replacements.

School Bus Program

This appropriation provides incentive funding for the retrofit of high-emitting diesel school buses. This program was established to reduce schoolchildren's exposure to cancer-causing and smog-forming pollution. Funding for FY 2015-16 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 FY2015-16.

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 \$3.2 million in resources from the Operating Budget to the Non-Operating Budget for incentive programs. The District may create new program components to complement existing ones.

Miscellaneous Incentive Programs

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

APPROPRIATION FOR CONTINGENCIES

The purpose of the Appropriation for Contingencies Account is to provide a prudent safety net should the District encounter a reduction in revenue or an increase in expenditures caused by state or federal actions, or other unforeseen circumstances. The recommended appropriation for this account for 2015-16 is \$850,000, the same as recommended and adopted for 2014-15.

INCENTIVE SPENDING PLAN

BACKGROUND

The District operates one of the largest and most well-respected voluntary incentive programs in the state. With strong advocacy efforts at the state and federal levels, the District has seen a significant increase in incentive funding levels over the past several years, with a budgeted incentive program appropriation of \$25 million in the 2005-06 Budget, and a proposed incentive program appropriations of \$136 million in the 2015-16 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 \$526,600,794 in match funding, with a combined District and grant recipient funding investment of \$1,215,479,224.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost-effectiveness (\$/ton)
\$688,878,430	\$526,600,794	117,785	\$5,848

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

- 6,667 agricultural irrigation pump engines (~\$2,300/ton)
- 2,296 agricultural equipment replacements (~\$5,100/ton)
- 1,243 off-road equipment repowers (~\$5,900/ton)
- 5,053 heavy-duty trucks (~\$7,500/ton)
- 2,216 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 494 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)

- 3,910 lawnmower replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 6,388 fireplace change-outs (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 87,512 commuter subsidies (~\$17,000/ton)
- 41 locomotive replacements/retrofits (~\$9,900/ton)
- 1,971 new alt fuel light duty vehicles Public & Private (~\$50,000 - \$150,000/ton)
- 814 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 13,931 vehicle emissions repairs (~\$20,000/ton)
- 18 bicycle infrastructure projects (bike paths) (~\$14,100/ton)

INCENTIVE STRATEGY

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

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

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

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

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

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

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

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

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

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

Statutory Constraints

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

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

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

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

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

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

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

Indirect Source Review (ISR) Funds – 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 2015-16 Budget. The actual spending in different project categories will depend on the cost-effectiveness and number of applications received for each category. Due to the economic circumstances and uncertain timing of several of the funding sources, the expenditure of the below funds may take more than one fiscal year to complete.

FY 15-16 Spending Plan

Community Incentives

Drive Clean Rebate Program (passenger vehicles)	\$ 2,500,000
Vehicle Scrap and Repair (Tune In Tune Up)	6,000,000
Burn Cleaner (residential woodburning)	5,287,300
Residential Lawn and Garden	515,800
REMOVE (vanpools, bikepaths, etc.)	1,400,000

Goods Movement

Proposition 1B Heavy Duty Trucks	31,392,900
Locomotives	20,000,000

Heavy Duty Equipment Programs

Agricultural Equipment Replacement	26,038,031
Agricultural Irrigation Pumps	3,028,500
Truck Voucher and Refuse	8,000,000
Construction Equipment Replacement	643,400
Refuse Fleet Replacement	4,800,530

Advanced Transportation/Vehicles

Public Benefit Grants	16,000,000
EV Readiness Plan	347,300

School Bus Replacement and Retrofit

School Bus Replacement/Retrofit	2,000,000
Statewide Replacement and Retrofit Program	4,677,000

Regional Assistance

Greenhouse Gas Mitigation Assistance	250,000
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Technology Advancement

Technology Advancement Program	3,302,500
Zero-Emissions Commercial Lawn and Garden	521,500

\$136,704,761

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

	Adjusted FY 14-15	Estimated Actuals FY 14-15	Recommended FY 15-16	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$25,000	\$24,500	\$25,000	-	-	\$500	2%	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$25,000	\$24,500	\$25,000	-	-	\$500	2%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$100,453,734	\$87,818,952	\$56,255,300	(\$44,198,434)	(44%)	(\$31,563,652)	(36%)	
Carl Moyer Program	\$17,355,795	\$15,677,659	\$8,876,900	(\$8,478,895)	(49%)	(\$6,800,759)	(43%)	
ISR and VERA'S	\$11,189,390	\$7,242,898	\$6,052,600	(\$5,136,790)	(46%)	(\$1,190,298)	(16%)	
Proposition 1B Funding Program	\$68,502,201	\$24,442,000	\$51,392,900	(\$17,109,301)	(25%)	\$26,950,900	110%	
School Bus Program	\$3,460,783	\$1,148,437	\$4,677,000	\$1,216,217	35%	\$3,528,563	307%	
Federal DERA/Designated Funding Program	\$4,886,284	\$2,953,856	\$3,125,461	(\$1,760,823)	(36%)	\$171,605	6%	
Community & Other Incentives Funded by Operating Rever	\$14,262,511	\$10,100,000	\$5,287,300	(\$8,975,211)	(63%)	(\$4,812,700)	(48%)	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$250,000	-	\$250,000	-	-	\$250,000	-	
Miscellaneous Incentive Programs	\$419,066	\$30,589	\$440,000	\$20,934	5%	\$409,411	1338%	
Energy Efficiency Grant	\$111,051	\$111,051	\$347,300	\$236,249	213%	\$236,249	213%	
Drought Relief Program	\$500,000	-	-	(\$500,000)	(100%)	-	-	
TOTAL INCENTIVE PROGRAMS	\$221,390,815	\$149,525,442	\$136,704,761	(\$84,686,054)	(38%)	(\$12,820,681)	(9%)	
Appropriation for Contingencies	\$350,000	-	\$850,000	\$500,000	143%	\$500,000	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$221,765,815	\$149,549,942	\$137,579,761	(\$84,186,054)	(38%)	(\$11,970,181)	(8%)	

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

Prior 3 Years and 2015-16 Recommended

	Adjusted 2012-13 @ 6/30/13	Adjusted 2013-14 @ 6/30/14	Adjusted 2014-15 @ 4/30/15	Recommended 2015-16
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 32,346,654	\$ 33,613,082	\$ 34,776,789	\$ 37,580,672
Services & Supplies	7,476,910	6,733,605	6,434,787	6,080,204
Fixed Assets	3,405,422	3,609,209	2,759,818	2,497,252
OPERATING APPROPRIATIONS	<u>43,228,986</u>	<u>43,955,896</u>	<u>43,971,394</u>	<u>46,158,128</u>
Other Charges	25,000	25,000	25,000	25,000
Incentive Contracts	213,152,665	220,212,865	221,390,815	136,704,761
Appropriation for Contingencies	850,000	850,000	350,000	850,000
NON-OPERATING APPROPRIATIONS	<u>214,027,665</u>	<u>221,087,865</u>	<u>221,765,815</u>	<u>137,579,761</u>
TOTAL APPROPRIATIONS	<u><u>\$ 257,256,651</u></u>	<u><u>\$ 265,043,761</u></u>	<u><u>\$ 265,737,209</u></u>	<u><u>\$ 183,737,889</u></u>
REVENUE				
Stationary Revenue	\$ 31,118,480	\$ 28,810,702	\$ 27,920,943	\$ 28,948,299
Grant Revenue	2,989,000	3,365,000	3,365,000	2,965,000
DMV Surcharge Fees - District Portion	10,100,000	10,100,000	10,600,000	10,900,000
Administrative Fees - Incentive Programs	2,187,100	1,982,100	2,100,000	1,800,000
Transfer to Non-Operating Revenue for Incentive Grants	(5,403,360)	(3,200,000)	(3,450,000)	(3,200,000)
Fund Balance Used	3,152,766	2,013,094	3,550,451	4,944,829
Reserves Released / (Increased)	(915,000)	885,000	(115,000)	(200,000)
OPERATING REVENUE/FUNDING SOURCES	<u>43,228,986</u>	<u>43,955,896</u>	<u>43,971,394</u>	<u>46,158,128</u>
Non-Operating Revenue	92,680,976	93,435,621	109,572,821	115,684,952
Fund Balance/Reserves Released	121,346,689	127,652,244	112,192,994	21,894,809
NON-OPERATING REVENUE/FUNDING SOURCES	<u>214,027,665</u>	<u>221,087,865</u>	<u>221,765,815</u>	<u>137,579,761</u>
TOTAL REVENUE/FUNDING SOURCES	<u><u>\$ 257,256,651</u></u>	<u><u>\$ 265,043,761</u></u>	<u><u>\$ 265,737,209</u></u>	<u><u>\$ 183,737,889</u></u>
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RECOMMENDED POSITIONS	308	307	307	310
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RESERVES				
General Reserve	\$ 4,100,000	\$ 4,400,000	\$ 4,400,000	\$ 4,600,000
Long-Term Building Maintenance	443,000	508,000	523,000	523,000
Computer-VTC Equipment Reserve	1,500,000	250,000	350,000	350,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2015-16 Recommended

<u>ACCOUNT TITLE</u>	<u>2012-13 Adjusted Revenues @ 6/30/13</u>	<u>2013-14 Adjusted Revenues @ 6/30/14</u>	<u>2014-15 Adjusted Revenues @ 4/30/15</u>	<u>2015-16 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 16,875,980	\$ 16,973,314	\$ 16,939,956	\$ 17,588,887
Section 185 - Non Attainment Fees - Rule 3170	6,000,000	3,058,648	1,600,000	1,913,115
Advanced Emission Reduction Options (AERO) Fees	5,366,000	5,622,240	6,224,487	5,989,547
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	324,000	604,000	604,000	904,000
Miscellaneous	52,500	52,500	52,500	52,750
Total Stationary Non-Grant Operating Revenue	31,118,480	28,810,702	27,920,943	28,948,299
GRANT REVENUE				
State Subvention	900,000	900,000	900,000	900,000
EPA 105 Grant	2,024,000	2,000,000	2,000,000	2,000,000
EPA 103 Grant	65,000	465,000	465,000	65,000
Total Grant Revenue	2,989,000	3,365,000	3,365,000	2,965,000
Total Stationary Operating Revenue	\$ 34,107,480	\$ 32,175,702	\$ 31,285,943	\$ 31,913,299
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 10,100,000	\$ 10,100,000	\$ 10,600,000	\$ 10,900,000
Administrative Fees - Incentive Programs	2,187,100	1,982,100	2,100,000	1,800,000
Total Operating Revenue	\$ 46,394,580	\$ 44,257,802	\$ 43,985,943	\$ 44,613,299
Transfer to Non-Operating Revenue for Incentive Grants	\$ (5,403,360)	\$ (3,200,000)	\$ (3,450,000)	\$ (3,200,000)
Fund Balance Used	3,152,766	2,013,094	3,550,451	4,944,829
Reserves Released / (Increased)	(915,000)	885,000	(115,000)	(200,000)
Estimated Funding Sources - Operating	\$ 43,228,986	\$ 43,955,896	\$ 43,971,394	\$ 46,158,128
NON-OPERATING REVENUE				
Air Toxics	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
EPA 103 Grant Revenue	-	-	-	-
DMV Surcharge Fees - Pass Through	39,137,800	40,743,000	41,046,000	44,960,000
Carl Moyer Funds	8,523,643	7,700,000	8,480,000	8,300,000
VERA/ISR Mitigation Program	1,957,500	2,840,600	6,664,513	5,179,542
DERA Program	1,425,000	3,385,000	3,457,253	1,443,883
Operating Revenues Funding Community Incentives	5,403,360	3,200,000	3,450,000	3,200,000
Proposition 1B Funding Program	20,000,000	28,500,000	40,000,000	46,000,000
School Bus Program	1,413,000	1,753,000	1,856,430	2,400,000
Federal Grants	8,902,958	3,280,625	1,429,031	1,401,531
Miscellaneous Incentive Grant Funding	-	600,000	70,000	20,000
Greenhouse Gas Mitigation Program	-	-	-	-
Interest - Non-Operating	434,200	622,300	1,043,000	1,015,950
CEC - Energy Efficiency Block Grant	3,677,963	150,000	111,051	300,000
Reimburse Operating for Administrative Revenues Earned	(2,187,100)	(1,982,100)	(2,100,000)	(1,800,000)
Administrative Fees - Incentive Programs	3,967,652	2,618,196	4,040,543	3,239,046
Total Non-Operating Revenue	\$ 92,680,976	\$ 93,435,621	\$ 109,572,821	\$ 115,684,952
Fund Balance/Reserves Released	\$ 121,346,689	\$ 127,652,244	\$ 112,192,994	\$ 21,894,809
Estimated Funding Sources - Non-Operating	\$ 214,027,665	\$ 221,087,865	\$ 221,765,815	\$ 137,579,761
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 257,256,651	\$ 265,043,761	\$ 265,737,209	\$ 183,737,889

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2015-16 Recommended

DESCRIPTION	2012-13 Adjusted @ 6/30/13	2013-14 Adjusted @ 6/30/14	2014-15 Adjusted @ 4/30/15	2015-16 Recommended Appropriations
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$ 19,596,739	\$ 19,912,495	\$ 20,599,584	\$ 21,784,731
Temporary Help	746,418	662,416	699,548	801,300
On Call Pay	77,832	77,832	77,832	77,832
Overtime	259,633	259,306	259,249	259,102
Unemployment	103,635	100,630	93,847	92,488
Retirement	8,199,894	8,765,641	9,139,325	10,419,102
OASDI	349,123	348,943	359,056	389,294
Workers Compensation	218,693	208,414	234,771	243,228
Cafeteria Plan Benefits	2,542,341	3,025,419	3,057,672	3,252,289
Long-Term Disability Insurance	71,274	72,070	53,657	56,466
Alternate Transportation Incentive	181,072	179,916	202,248	204,840
TOTAL SALARIES AND BENEFITS	\$ 32,346,654	\$ 33,613,082	\$ 34,776,789	\$ 37,580,672
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$ 24,299	\$ 23,684	\$ 21,094	\$ 19,640
Mobile Communications	142,342	105,560	128,312	125,952
Telephone Charges	113,225	133,130	133,240	122,350
Insurance	187,951	201,600	200,600	203,500
Equipment Maintenance	246,350	188,577	174,300	177,050
Vehicle Maintenance & Operations	238,050	223,000	241,600	236,000
Computer Maintenance	320,268	371,403	346,411	428,953
Video Conferencing Maintenance & Operations	251,370	241,576	106,173	93,500
Building Maintenance & Operations	301,028	268,800	250,380	268,100
Office Supplies	70,824	70,700	66,450	64,550
Computer Software & Supplies	96,211	94,927	104,075	88,456
Monitoring Station Supplies & Equipment	276,092	232,189	234,389	226,264
Postage	143,712	113,700	115,900	120,600
Printing	149,433	127,190	126,090	125,650
Professional & Specialized Services	3,287,828	2,779,564	2,607,246	2,256,863
Publications & Legal Notices	200,652	171,340	144,990	141,320
Rents & Leases	466,922	501,870	554,692	549,834
Small Tools & Equipment	51,190	29,020	28,510	28,065
Special District Expense	325,716	269,673	246,524	155,530
Travel & Training	188,786	188,120	192,120	192,120
Travel & Training - Boards	70,301	67,007	67,007	67,007
Utilities	291,959	268,575	286,284	326,500
Audit Services	20,000	20,000	20,000	20,000
Legal Services	12,400	42,400	38,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 7,476,910	\$ 6,733,605	\$ 6,434,787	\$ 6,080,204
FIXED ASSETS				
Office Improvements	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Facilities & Equipment	103,891	69,000	124,000	125,000
Computer Equipment	889,845	727,909	923,218	1,061,252
Office Furniture & Equipment	50,279	25,000	25,100	25,000
Office Machines	55,800	55,000	83,000	45,000
Telephone Systems	138,103	21,900	23,450	20,450
Detection Equipment	14,650	25,000	9,350	108,000
Automobiles	365,132	180,000	239,500	243,000
Air Monitoring Automation/Remote Control Project	450,000	-	465,000	35,000
Video Conferencing System	427,154	746,000	25,700	25,500
Air Monitoring Station Equipment	870,568	747,600	305,500	273,050
Air Monitoring Near Roadway Stations	-	971,800	496,000	496,000
TOTAL FIXED ASSETS	\$ 3,405,422	\$ 3,609,209	\$ 2,759,818	\$ 2,497,252
TOTAL OPERATING APPROPRIATIONS	\$ 43,228,986	\$ 43,955,896	\$ 43,971,394	\$ 46,158,128

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2015-16 Recommended

DESCRIPTION	2012-13 Adjusted @ 6/30/13	2013-14 Adjusted @ 6/30/14	2014-15 Adjusted @ 4/30/15	2015-16 Recommended Appropriations
NON-OPERATING APPROPRIATIONS				
OTHER CHARGES				
Air Toxic Pass Through	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
INCENTIVE PROGRAMS				
DMV Surcharge Fees - Incentives	\$ 76,713,093	\$ 107,522,363	\$ 100,453,734	\$ 56,255,300
Carl Moyer Heavy Duty Program	30,699,849	22,918,889	17,355,795	8,876,900
ISR and VERA's	9,279,531	7,945,587	11,189,390	6,052,600
Proposition 1B Funding Program	59,050,108	49,272,578	68,502,201	51,392,900
School Bus Program	5,605,353	5,258,834	3,460,783	4,677,000
Federal DERA/ Designated Funding Programs	10,327,958	7,261,625	4,886,284	3,125,461
Community Incentives	14,620,335	16,929,162	14,262,511	5,287,300
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	584,750	334,539	250,000	250,000
Miscellaneous/Interest - Incentive Programs	2,541,931	2,569,694	419,066	440,000
Energy Efficiency Grant	-	199,594	111,051	347,300
CEC - Energy Efficiency & Conservation Block Grant	3,729,757	-	-	-
Drought Relief Program	-	-	500,000	-
TOTAL INCENTIVE PROGRAMS	\$ 213,152,665	\$ 220,212,865	\$ 221,390,815	\$ 136,704,761
Appropriation for Contingencies	\$ 850,000	\$ 850,000	\$ 350,000	\$ 850,000
TOTAL NON-OPERATING APPROPRIATIONS	\$ 214,027,665	\$ 221,087,865	\$ 221,765,815	\$ 137,579,761
TOTAL APPROPRIATIONS				
TOTAL DISTRICT APPROPRIATIONS	\$ 257,256,651	\$ 265,043,761	\$ 265,737,209	\$ 183,737,889



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

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