

RECOMMENDED BUDGET

2013 -2014



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



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Madera County

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Tulare County

Seyed Sadredin

Executive Director / Air Pollution Control Officer

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

2013-14 Recommended Budget

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May 16, 2013

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

Dear Board Members:

Attached is the Recommended Budget for the San Joaquin Valley Air Pollution Control District for July 1, 2013 to June 30, 2014. Policy guidance for the 2013-14 Budget was provided by your Board's Ad Hoc Subcommittee for Budget and Finance consisting of Chairman Barwick, Vice Chairman Walsh, Supervisor Wheeler, Supervisor Couch, Mayor Brazil, and Councilmember Hanson.

As in previous years, this year's budget was developed using the zero-based budgeting approach. The recommended budget is balanced with adequate reserves and contingencies. The resources contained in the budget will enable the District to continue to provide excellent customer service, expedited processing of permit applications, and fulfill all state and federal mandates in a timely fashion.

Budget Highlights

- No fee rate increase
- No increase in total number of positions - additional workload absorbed through efficiency & streamlining
- 7% salary savings
- Maintains lowest permit fees and administrative overhead
- Automation and remote control for the air monitoring network
- Strong public education and outreach
- Assistance to local municipalities in meeting clean-air and climate change mandates
- Valley-specific health and scientific studies
- Over \$10 million in Community Incentives for Valley residents
- Expeditious administration and use of emission reduction incentive funds in a wide range of applications
- \$8 million in funding for air pollution control technology advancement
- Balanced budget with adequate reserves and contingencies

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

Workload and Staffing

In 2013-14, the District will experience significant workload increases in a number of areas which are summarized below:

Recognizing the fact that Valley businesses are already subject to some of the toughest air regulations in the nation, the 2013-14 Budget once again devotes significant resources to the District's voluntary incentive grant programs. These programs are central to the District's mission of attaining the ever-tightening federal standards as expeditiously as possible.

In 2013-14, the District will open a new competitive application solicitation in the summer of 2013 for new funds received under Proposition 1B. This solicitation will include a comprehensive outreach component to ensure that the District receives maximum participation Valley-wide. Additionally, this new solicitation will necessitate a complete overhaul of all District applications, forms, and associated program materials due to the increasing complexities of this program stemming from the implementation of ARB's statewide truck and bus regulation. With the implementation of this regulation, significantly more project by project evaluation will occur than in previous phases of the program. These complexities will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

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

In addition to Proposition 1B, the District will also be implementing several truck voucher incentive programs in 2013-14. Given the substantial funding and demand for these programs, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

The agricultural equipment replacement program is a relatively new grant component in the District's Heavy-Duty Engine Program. This program is targeted at reducing emissions from off-road equipment, and provides funding for equipment replacement; engine repowers, or engine retrofits that are cost-effective in reducing emissions. The District has seen a high level of interest from the agricultural sector in this program, and the District plans on providing significant funds towards these cost-effective projects in 2013-14. 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 2012-13.

In 2013-2014, the District will roll out a first-of-its-kind tractor reuse program with the 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. Program implementation on a large scale will result in significant additional workload in 2013-2014.

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.

In 2013-14, the District will launch an enhanced Burn Cleaner Program, which provides monetary incentives for Valley residents to switch to cleaner-burning devices. The process for developing these enhancements in the context of the ongoing effort to amend the District's rule on wood burning will require a great deal of coordination and outreach with affected stakeholders, the hearth industry and the general public. Ultimately, the enhancements to the incentive program will require additional work to update the program guidelines and associated materials, provide training to the District's dealer partners, amend agreements, and coordinate a strong outreach campaign as well as to provide efficient program administration.

In 2013-14, the District will fully implement a revised residential lawnmower trade-in program, the Clean Green Yard Machine program. The District is also working to develop a new commercial lawn and garden equipment replacement program as a companion to the residential program. These programs begin operation during the summer of 2013 and will require additional work to fully implement, including conducting outreach with commercial lawn and garden businesses and administering grant projects.

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

The District's Technology Advancement Program is expected to continue growing in 2013-14, with \$5.3 million allocated towards this program in 2013-14. The District expects to see significant activity in this important program through the solicitation and contracting of a variety of technology advancement projects. Substantial staff time will be required to administer approved projects, revise program requirements, solicit applications, evaluate applications, and contract new projects. As demonstration projects are implemented, the District will invest significant effort in reporting results to the public. Additionally, the District will continue to refine the focus areas of the program, and make necessary changes to the program guidelines and other program resources.

In addition to the above new workload associated with new funding and program requirements, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for available funding opportunities, and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2013-14 through AB 118 and other state and federal funding sources.

The District is expecting a significant increase in the number of associated emissions reduction incentive funding inspections. In 2013-14, staff will be inspecting more than 4,500 trucks, buses, engines, and pieces of agricultural and construction equipment funded through Proposition 1B, Carl Moyer, DMV, and other state and federal grant programs.

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

For air quality plans, new work includes significant effort to develop the next PM_{2.5} and ozone attainment plans. Additionally, EPA is expected to take action on the District's 2012 PM_{2.5} Plan and elements of the 2008 PM_{2.5} Plan, which may trigger more extensive revisions to the currently active plans. Developing these new plans will require significant work to refine the emissions inventory and atmospheric modeling, and extensive research and cooperation with Valley stakeholders to explore potential control strategies. Within this context, the District will also continue to develop its Health Risk Reduction Strategy to prioritize measures that provide for maximum health benefits. District staff will also continue to analyze the implications of new federal standards for oxides of nitrogen, oxides of sulfur, ozone, and particulate matter from several perspectives, including attainment strategy development, the District's air monitoring network, and air quality analysis and forecasting.

The District will develop a number of emission control strategies in 2013-14 to achieve additional emissions reductions, particularly under the recently adopted 2012 PM_{2.5} Plan. These control strategies will include new regulations, new incentive programs, and other innovative emission control strategies. Several regulations that will be

worked on in 2013-14 include potential amendments to Rule 4901 to lower the wood burning curtailment threshold, and potential amendments to Rule 4692 to reduce emissions from commercial under-fired cooking operations. Additionally, the District will be developing and implementing reporting under new Rule 9610 to obtain credit towards federal requirements for reductions achieved through incentive programs.

Since 2011, the District has experienced a 33% increase in the total number of facilities subject to the federal Title V permitting requirements. One result of the increase in number of Title V facilities will be a continuation of the dramatic increase in Title V permit modification applications processed that are subject to more labor-intensive administrative requirements. The additional facilities now subject to the Title V program will also significantly increase the workload of the District's Compliance staff as the Title V program requires more frequent inspections and adds additional layers of reporting to the EPA.

Significant workload is also expected as the District implements the latest version of New and Modified Stationary Source Review Rule, Rule 2201, as more projects are considered "major" under federal rules, triggering more complex and lengthier application processes.

In addition to the normal permitting workload associated with new and modifying sources of air pollution, several District rules adopted or amended recently contain compliance deadlines in 2013-14, including Rule 4621, for above ground gasoline tank retrofits; Rule 4354, for glass melting furnaces; Rule 4702, relating to internal combustion engines; and Rule 4320, relating to boilers, steam generators and process heaters. The impacts of these rules will affect permitting workload in 2013-14 as equipment operators file applications and other documents to meet compliance deadlines. These new and amended rules will require additional compliance inspections, record review, and emission testing oversight.

The District continues to conduct analysis needed for improving air quality forecasting tools to reflect the ongoing improvements in Valley air quality. The District anticipates completing several Exceptional Events documents in 2013-14. These projects require a significant amount of data gathering, analysis, and modeling of meteorological and emissions parameters during recent wildfire and windblown dust pollution episodes, in order to demonstrate conclusively that the events were beyond the scope of the District's comprehensive, stringent control strategies.

The District is finding it necessary to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts. The District will be actively implementing a state GHG control measure in 2013-14, for Landfill Gas Control, updating landfill permits to streamline the state's requirements with existing permits. These new GHG-related tasks have been and will continue to be labor intensive. However, the District's involvement is an opportunity for streamlining and common-

sense simplification of AB 32 implementation, such that significant dividends in reduced workload will be realized for many years to come.

In 2008, ARB adopted enhanced vapor recovery performance standards for new and existing aboveground gasoline storage tanks operated throughout the state. Two of these requirements, standing loss control vapor recovery and Phase I enhanced vapor recovery, will be required in 2013-14. Approximately, 870 tanks in the District will need to comply with the new state mandates. Significant outreach and compliance assistance will be necessary to aid affected stakeholders. In addition, hundreds of inspections will be necessary to ensure compliance.

As has been the case in prior years, a significant workload increase is expected in the Air Monitoring Program. The District has begun coordinating the relocation of particulate matter monitoring from the Bakersfield Municipal Airport station to a location near the former Golden State Boulevard station. In addition the Merced Coffee, Fresno Sierra Sky Park, and Lebec stations will need to be relocated in the near future.

In addition to the relocations discussed above, the new federal nitrogen dioxide standard requires four new near-roadway nitrogen dioxide monitors (to be located in Bakersfield, Fresno, Modesto, and Stockton) be installed over the next two years. All indications are that this is the beginning of a trend and EPA is likely to require additional near-roadway monitors for other pollutants in the near future as well. The new stations and relocations require considerable staff time to find the proper location, finalize lease agreements, upgrade the location, find suitable building contractors, and install and calibrate equipment.

The passage of the federal Patient Protection and Affordable Care Act (healthcare reform) continues to impose significant new responsibilities on employers with regard to benefit administration and legal compliance. Beginning in 2014, the District will have to provide and administer qualifying health plans for temporary employees working in excess of 30 hours per week.

In 2013-14, the District will upgrade its Video Conferencing (VTC) system to improve audio and video quality, increase the reliability of the VTC system, and provide current technology that can be supported under a maintenance agreement. The District uses its VTC capabilities to increase public participation in District operations, encourage others to take advantage of VTC technology to reduce air pollution, and increase District staff productivity. The District's current system is aging and some of the components are no longer eligible for ongoing support and maintenance. The District has set aside sufficient funding for this project in a reserve account and will utilize that funding to accomplish this upgrade.

New Workload Absorbed through Efficiency and Streamlining

Despite a significant increase in mandates, the 2013-14 Recommended Budget does not propose to increase the overall number of staff or increase fees. Through strict

adherence to the zero-based budgeting approach and with the design and implementation of new efficiency and streamlining measures including redistribution of several positions, the additional workload will be absorbed without an overall increase in staffing.

With no net increase in staffing, the 2013-14 Recommended Budget proposes to eliminate an Air Quality Engineer I, an Air Quality Specialist II and an Air Quality Field Assistant; convert two existing temporary Accounting Assistant positions to regular positions; add a position for a Custodial Worker; reclassify a General Services Technician to a General Services Foreman position; move one Program Manager from Information Technology Services to the Strategies and Incentives Department; and replace one Management Analyst position with one Supervising Programmer/Analyst position. These changes will result in net savings in Salaries and Benefits and related professional services costs.

Elimination of the positions described above results from continued efforts to improve efficiency, streamline operations, and address workload changes. The existing temporary Accounting Assistant positions are converted to regular positions as the District has determined that the workload is ongoing and has stabilized. The proposed Custodial Worker position was previously filled through a temporary staffing service at the same cost. The light facility and building maintenance work performed by this position is ongoing and budgeting it as a regular position will enable the District to maintain continuity in the quality and quantity of service received. Reclassifying the General Services Technician to a General Services Foreman position is necessary to enhance capacity to maintain District buildings and monitoring stations by providing lead direction to the custodial and maintenance workers. Moving the Program Manager position from Information Technology Services Division to the Strategies and Incentives Division will enhance legal Clean Air Act expertise in the management structure of the Strategies and Incentives department, which is tasked with developing attainment plans to meet the legal requirements of the Clean Air Act, and also provide additional support for the new District Counsel in evaluating and defending District actions relating to the federal Clean Air Act implementation. This simple change will also provide for more continuity between two critical functions, the development and the defense of attainment plans. Replacing the Management Analyst position with a Supervising Programmer/Analyst in Information Technology Services will enhance District's capacity to develop computer programs and applications for better efficiency and improved service.

The 2013-14 Recommended Budget contains adequate staffing to maintain an active and effective air quality regulatory program and a comprehensive public education and outreach strategy.

With the Governing Board's guidance and support, the District has a tradition of exemplary execution of new mandates and programs with minimal or no increase in staffing. This has been accomplished through investment in automation, prudent management of resources, and application of efficient work practices and procedures.

The following is a summary of efficiency and streamlining measures that will be employed in 2013-14:

Several streamlining initiatives will leverage information technology to automate tasks currently or previously performed by staff. The implementation of a new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. The District has developed and implemented several automated modules in their daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks. Staff will continue to improve these routines in order to reduce time spent on forecasting. In addition, the District is working with state and federal land management agencies to improve communications and facilitate communications to increase customer service and reduce time spent dealing with prescribed fires.

The District's internet site and its internal District intranet have dramatically changed the way we provide and communicate information, and are a key part of our efforts to streamline operations and improve efficiency. During the 2013-14 fiscal year, the District will continue to expand its internet site, making even more District information available to stakeholders and the general public. In addition, the intranet, which provides District policies, procedures, and electronic tools directly to staff, will also be expanded.

The District's continued investment in information technology and automation has played a key role in enhancing the District's efficiency, productivity, and customer service. In fiscal year 2013-14, the District will be developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. Examples of such online applications include: air pollution complaint submittals and asbestos notification submittals for demolition projects and portals that will provide permitted stationary sources access to a variety of District records and billing information and provide grant applicants with a centralized location to submit and track their grant applications for air pollution reduction projects

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

During fiscal year 2012-13 the District embarked on implementing new computer programs, which leverage tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing required inspection reports. Phase 1 of the project is nearing completion and will provide field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program will significantly streamline the time necessary to prepare for inspections. Phase 2 of the project focuses on developing a new electronic

inspection reporting system to leverage the new tablet technologies currently available to further streamline the inspection reporting process.

In 2013-14, the District will continue to refine its procedures for public workshops while still providing ample opportunity for public review. Streamlining measures will involve more utilization of video-teleconferencing to reduce travel-time to workshops. In accordance with the District's core value of open and transparent public processes, webcasting meetings allows an additional means of public participation, while reducing emissions from mobile sources. The District will continue to present major topics in-person throughout the Valley, and utilize the District's VTC facilities for all public meetings. In order to better reach stakeholders in the Valley's environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Citizen's Advisory Committee and Environmental Justice Advisory Group.

Experience and knowledge of the intricacies of the Title V permitting program make it possible for the District to identify, develop, and implement streamlining opportunities. However, in recognition of the fact that federal Title V permitting mandates impose significant administrative requirements without a corresponding benefit in air quality, the District will also be attempting to gain federal EPA approval of our local permitting program as a "Title-V equivalent" program. If successful, nearly all of the workload associated with issuing, renewing and modifying Title V permits can be eliminated.

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

The District will continue to empower staff through the STAR (Service*Teamwork*Attitude*Respect) employee suggestion program, which has resulted in thousands of successfully implemented ideas for improving efficiency and service over the past few years. As in past years, the District will also continue to strategically use temporary staffing to reduce costs, avoid excessive overtime, and address fluctuating workloads. The attached narratives for all District departments contain details on the myriad of efficiency and streamlining measures being implemented throughout the District.

Research and Technology Advancement

The District continues its tradition of relying on science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the 2013-14 Recommended Budget includes \$300,000 specifically designated for health and scientific studies. It is anticipated these funds will be used for Valley-specific health

studies with UCSF-Fresno, UC Merced, and the Central Valley Health Policy Institute at CSUF; continued scientific studies in conjunction with the Study Agency in support of rule development activities; and computerized air quality modeling to support development of future attainment plans.

The 2013-14 Recommended Budget contains adequate staffing and financial resources to administer the District's Technology Advancement Program (TAP). Under this program the District will provide funding and engineering support to promote the development and advancement of new low-emissions technologies for mobile and stationary sources. Using existing and new incentive funding sources, TAP will provide opportunities for new technology developers and entrepreneurs to compete for District funding of low-emissions technologies that work effectively in the San Joaquin Valley. TAP will also enable the District to create public-private partnerships, including work with universities and other clean air agencies throughout the nation, to advance low-emissions technologies and build and expand local capacity for research and development in the San Joaquin Valley.

Strong Public Education and Outreach

Public opinion surveys continue to reveal that air quality remains the preeminent quality of life issue for Valley residents. Towards that end, the District is committed to continuing its successful strategy of ensuring that its comprehensive, multilingual outreach serves to not only to educate Valley residents, but it also enables residents to take an active role in attaining the health-based air-quality standards.

Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. The 2013-14 Recommended Budget includes funding to continue outreach to Valley schools through the partnership with the Central California Asthma Collaborative. The marquee Healthy Air Living program has produced two offshoots, Healthy Air Living Schools and Healthy Air Living Kids, each of which are designed to give adults and kids air quality information and tools. These programs will continue to be nurtured through websites, social media and traditional media, and augmented with fully-developed supporting materials. The District will be executing an agreement to develop and implement a comprehensive research survey to augment the emissions inventory and better understand public attitudes and behavior. The District will build its presence on social media by continuing to provide quality content and developing additional forums for the District to engage stakeholders on more technical topics. The District will be developing small campaigns designed to promote awareness and participation in grant programs such the *Clean Green Yard Machines* program, the *Burn Cleaner* program and the *Prop 1B* program. As in previous years, the District will implement a comprehensive multilingual outreach campaign to promote the *Check Before You Burn* Program and the *Healthy Air Living* program.

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; and collaborative partnerships; the District will further build an understanding with the public of everyone's role in improving air quality.

Major Funding for Emission Reductions Incentive Grants

In 2013-14, the District expects to receive an additional \$88 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 2013-14 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2013-14 to \$122 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 2013-14 Recommended Budget and are adequate to support the District's incentive grant programs without impacting stationary source fees.

Reserves and Contingencies

Section 12.15 of the District Administrative Code, adopted by your Board, establishes guidance for the funding level of the District's General Reserve. This section requires the annual Recommended Budget to include a General Reserve of no less than 10% of the District's operating revenues. For 2013-14, in accordance with Section 12.15, the General Reserve is established at \$4,400,000. The Appropriation for Contingencies remains unchanged at \$850,000, and consistent with previous budgets, the District's Major Building Maintenance Reserve is funded by \$65,000. The 2013-14 Recommended Budget utilizes funds from the VTC and Telecom Reserve to update the aging VTC system and releases \$500,000 back to unreserved fund balance.

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 2013-14.

Respectfully submitted,



Seyed Sadredin
Executive Director/Air Pollution Control Officer

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

	Adjusted* FY 12-13	Estimated Actuals FY 12-13	Recommended FY 13-14	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$34,702,949	\$34,702,949	\$36,137,120	\$1,434,171	4%	\$1,434,171	4%	
Projected Salary Savings	(\$2,356,295)	(\$2,534,201)	(\$2,524,038)	(\$167,743)	7%	\$10,163	-	
Salaries & Benefits (net of Salary Savings)	\$32,346,654	\$32,168,748	\$33,613,082	\$1,266,428	4%	\$1,444,334	4%	
Services & Supplies	\$7,476,909	\$7,082,202	\$6,733,605	(\$743,304)	(10%)	(\$348,597)	(5%)	
Fixed Assets	\$3,405,422	\$2,568,632	\$3,609,209	\$203,787	6%	\$1,040,577	41%	
OPERATING APPROPRIATIONS	\$43,228,985	\$41,819,582	\$43,955,896	\$726,911	2%	\$2,136,314	5%	
Other Charges	\$25,000	\$25,000	\$25,000	-	-	-	-	
Incentive Programs	\$213,132,989	\$168,978,000	\$121,652,600	(\$91,480,389)	(43%)	(\$47,325,400)	(28%)	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$214,007,989	\$169,003,000	\$122,527,600	(\$91,480,389)	(43%)	(\$46,475,400)	(27%)	
TOTAL APPROPRIATIONS	\$257,236,974	\$210,822,582	\$166,483,496	(\$90,753,478)	(35%)	(\$44,339,086)	(21%)	
REVENUES								
Stationary Revenue	\$31,118,480	\$30,584,607	\$28,810,702	(\$2,307,778)	(7%)	(\$1,773,905)	(6%)	
Grant Revenue	\$2,989,000	\$3,012,000	\$3,365,000	\$376,000	13%	\$353,000	12%	
DMV Surcharge Fees - District Portion	\$10,100,000	\$10,100,000	\$10,100,000	-	-	-	-	
Administrative Revenues Earned	\$2,187,100	\$2,083,500	\$1,982,100	(\$205,000)	(9%)	(\$101,400)	(5%)	
Transferred to Non-Operating Revenue	(\$5,403,360)	(\$5,403,360)	(\$3,200,000)	\$2,203,360	(41%)	\$2,203,360	(41%)	
Fund Balance Used	\$3,152,765	\$2,357,835	\$2,013,094	(\$1,139,671)	(36%)	(\$344,741)	(15%)	
Reserves Released / (Increased)	(\$915,000)	(\$915,000)	\$885,000	\$1,800,000	(197%)	\$1,800,000	(197%)	
OPERATING REVENUE/FUNDING SOURCES	\$43,228,985	\$41,819,582	\$43,955,896	\$726,911	2%	\$2,136,314	5%	
Non-Operating Revenue	\$94,868,076	\$69,308,511	\$90,677,096	(\$4,190,980)	(4%)	\$21,368,585	31%	
Reimbursement for Administrative Revenues Earned	(\$2,187,100)	(\$2,083,500)	(\$1,982,100)	\$205,000	(9%)	\$101,400	(5%)	
Fund Balance / Reserves Released / (Increased)	\$121,327,013	\$101,777,989	\$33,832,604	(\$87,494,409)	(72%)	(\$67,945,385)	(67%)	
NON-OPERATING REVENUE/FUNDING SOURCES	\$214,007,989	\$169,003,000	\$122,527,600	(\$91,480,389)	(43%)	(\$46,475,400)	(27%)	
TOTAL REVENUE/FUNDING SOURCES	\$257,236,974	\$210,822,582	\$166,483,496	(\$90,753,478)	(35%)	(\$44,339,086)	(21%)	
RECOMMENDED POSITIONS	308		308		0			
RESERVES								
General Reserve	\$4,100,000	-	\$4,400,000	\$300,000	7%	\$4,400,000	-	
Computer- VTC Equipment Reserve	\$1,500,000	-	\$250,000	(\$1,250,000)	(83%)	\$250,000	-	
Long Term- Building Maintenance	\$443,000	-	\$508,000	\$65,000	15%	\$508,000	-	

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

	Adjusted* FY 12-13	Estimated Actuals FY 12-13	Recommended FY 13-14	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
OPERATING REVENUE								
STATIONARY SOURCE								
Permit Fees	\$16,875,980	\$17,145,007	\$16,973,314	\$97,334	1%	(\$171,693)	(1%)	
Section 185- Non Attainment Fees -Rule 3170	\$6,000,000	\$3,592,460	\$3,058,648	(\$2,941,352)	(49%)	(\$533,812)	(15%)	
Advanced Emission Reduction Options (AERO) Fees	\$5,366,000	\$5,580,640	\$5,622,240	\$256,240	5%	\$41,600	1%	
Settlements	\$2,500,000	\$3,500,000	\$2,500,000	-	-	(\$1,000,000)	(29%)	
Interest	\$324,000	\$604,000	\$604,000	\$280,000	86%	-	-	
Miscellaneous	\$52,500	\$162,500	\$52,500	-	-	(\$110,000)	(68%)	
Total Stationary Non-Grant Operating Revenue	\$31,118,480	\$30,584,607	\$28,810,702	(\$2,307,778)	(7%)	(\$1,773,905)	(6%)	
GRANT REVENUE								
State Subvention	\$900,000	\$923,000	\$900,000	-	-	(\$23,000)	(2%)	
EPA 105 Grant	\$2,024,000	\$2,024,000	\$2,000,000	(\$24,000)	(1%)	(\$24,000)	(1%)	
EPA 103 Grant	\$65,000	\$65,000	\$465,000	\$400,000	615%	\$400,000	615%	
Total Grant Revenue	\$2,989,000	\$3,012,000	\$3,365,000	\$376,000	13%	\$353,000	12%	
Total Stationary Operating Revenue	\$34,107,480	\$33,596,607	\$32,175,702	(\$1,931,778)	(6%)	(\$1,420,905)	(4%)	
DMV Surcharge Fees - District	\$10,100,000	\$10,100,000	\$10,100,000	-	-	-	-	
Administrative Revenues Earned	\$2,187,100	\$2,083,500	\$1,982,100	(\$205,000)	(9%)	(\$101,400)	(5%)	
Total Operating Revenue	\$46,394,580	\$45,780,107	\$44,257,802	(\$2,136,778)	(5%)	(\$1,522,305)	(3%)	
Transfer to Non-Operating Revenue for Incentive Grants	(\$5,403,360)	(\$5,403,360)	(\$3,200,000)	\$2,203,360	(41%)	\$2,203,360	(41%)	
Fund Balance Used	\$3,152,765	\$2,357,835	\$2,013,094	(\$1,139,671)	(36%)	(\$344,741)	(15%)	
Reserves Released / (Increased)	(\$915,000)	(\$915,000)	\$885,000	\$1,800,000	(197%)	\$1,800,000	(197%)	
Estimated Funding Sources - Operating	\$43,228,985	\$41,819,582	\$43,955,896	\$726,911	2%	\$2,136,314	5%	
NON-OPERATING REVENUE								
Air Toxics - Pass Through	\$25,000	\$25,000	\$25,000	-	-	-	-	
DMV Surcharge Fees - Pass Through	\$39,137,800	\$40,542,000	\$40,743,000	\$1,605,200	4%	\$201,000	-	
Carl Moyer Funds	\$8,523,643	\$7,429,539	\$7,700,000	(\$823,643)	(10%)	\$270,461	4%	
VERA/ISR Mitigation Program	\$1,957,500	\$1,409,377	\$2,840,600	\$883,100	45%	\$1,431,223	102%	
Proposition 1B Funding Program	\$20,000,000	\$2,850,000	\$28,500,000	\$8,500,000	43%	\$25,650,000	900%	
DERA Program	\$1,500,000	-	\$1,425,000	(\$75,000)	(5%)	\$1,425,000	-	
School Bus Program	\$1,450,000	\$520,000	\$1,753,000	\$303,000	21%	\$1,233,000	237%	
Federal Diesel Emission Reduction Funding Program	\$8,902,958	\$5,500,000	\$500,000	(\$8,402,958)	(94%)	(\$5,000,000)	(91%)	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
Miscellaneous Incentive Grant Funding	\$200,000	\$160,000	\$600,000	\$400,000	200%	\$440,000	275%	
Non-Operating Interest	\$434,200	\$818,700	\$622,300	\$188,100	43%	(\$196,400)	(24%)	
Operating Revenues Funding Community & Other Incentives	\$5,403,360	\$5,403,360	\$3,200,000	(\$2,203,360)	(41%)	(\$2,203,360)	(41%)	
CEC - Energy Efficiency Grant	\$3,677,963	\$3,674,000	\$150,000	(\$3,527,963)	(96%)	(\$3,524,000)	(96%)	
Reimburse Operating for Administrative Revenues Earned	(\$2,187,100)	(\$2,083,500)	(\$1,982,100)	\$205,000	(9%)	\$101,400	(5%)	
Administrative Fees - Incentive Programs	\$3,655,652	\$976,535	\$2,618,196	(\$1,037,456)	(28%)	\$1,641,661	168%	
Total Non-Operating Revenue	\$92,680,976	\$67,225,011	\$88,694,996	(\$3,985,980)	(4%)	\$21,469,985	32%	
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$121,327,013	\$101,777,989	\$33,832,604	(\$87,494,409)	(72%)	(\$67,945,385)	(67%)	
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-	
Estimated Funding Sources - Non-Operating	\$214,007,989	\$169,003,000	\$122,527,600	(\$91,480,389)	(43%)	-	(27%)	
TOTAL REVENUE								
Estimated Financing Sources - Total	\$257,236,974	\$210,822,582	\$166,483,496	(\$90,753,478)	(35%)	(\$44,339,086)	(21%)	

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

	Adjusted* FY 12-13	Estimated Actuals FY 12-13	Recommended FY 13-14	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$19,596,739	\$19,488,958	\$19,912,495	\$315,756	2%	\$423,537	2%
Temporary Help	\$746,418	\$742,312	\$662,416	(\$84,002)	(11%)	(\$79,896)	(11%)
On Call Pay	\$77,832	\$77,404	\$77,832	-	-	\$428	1%
Overtime	\$259,633	\$258,206	\$259,306	(\$327)	-	\$1,100	-
Unemployment	\$103,635	\$103,065	\$100,630	(\$3,005)	(3%)	(\$2,435)	(2%)
Retirement	\$8,199,894	\$8,154,796	\$8,765,641	\$565,747	7%	\$610,845	7%
OASDI	\$349,123	\$347,202	\$348,943	(\$180)	-	\$1,741	1%
Workers Compensation	\$218,693	\$217,489	\$208,414	(\$10,279)	(5%)	(\$9,075)	(4%)
Cafeteria Plan Benefits	\$2,542,341	\$2,528,359	\$3,025,419	\$483,078	19%	\$497,060	20%
Long-Term Disability Insurance	\$71,274	\$70,883	\$72,070	\$796	1%	\$1,187	2%
Alternate Transportation Incentive	\$181,072	\$180,074	\$179,916	(\$1,156)	(1%)	(\$158)	-
TOTAL SALARIES AND BENEFITS	\$32,346,654	\$32,168,748	\$33,613,082	\$1,266,428	4%	\$1,444,334	4%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$24,299	\$23,777	\$23,684	(\$615)	(3%)	(\$93)	-
Mobile Communications	\$142,342	\$139,594	\$124,760	(\$17,582)	(12%)	(\$14,834)	(11%)
Telephone Charges	\$113,225	\$110,960	\$113,930	\$705	1%	\$2,970	3%
Insurance	\$187,951	\$184,191	\$201,600	\$13,649	7%	\$17,409	9%
Equipment Maintenance	\$246,350	\$241,424	\$188,577	(\$57,773)	(23%)	(\$52,847)	(22%)
Vehicle Maintenance & Operations	\$238,050	\$233,289	\$223,000	(\$15,050)	(6%)	(\$10,289)	(4%)
Computer Maintenance	\$320,268	\$313,841	\$371,403	\$51,135	16%	\$57,562	18%
Video Conferencing Maintenance & Operations	\$251,370	\$246,338	\$241,576	(\$9,794)	(4%)	(\$4,762)	(2%)
Building Maintenance & Operations	\$301,028	\$295,010	\$268,800	(\$32,228)	(11%)	(\$26,210)	(9%)
Office Supplies	\$70,824	\$69,408	\$70,700	(\$124)	-	\$1,292	2%
Computer Software & Supplies	\$96,211	\$94,286	\$94,927	(\$1,284)	(1%)	\$641	1%
Monitoring Station Supplies & Equipment	\$276,092	\$224,000	\$232,189	(\$43,903)	(16%)	\$8,189	4%
Postage	\$143,712	\$140,838	\$113,700	(\$30,012)	(21%)	(\$27,138)	(19%)
Printing	\$149,433	\$146,442	\$127,190	(\$22,243)	(15%)	(\$19,252)	(13%)
Professional & Specialized Services	\$3,287,828	\$3,022,230	\$2,779,564	(\$508,264)	(15%)	(\$242,666)	(8%)
Publications & Legal Notices	\$200,652	\$197,850	\$171,340	(\$29,312)	(15%)	(\$26,510)	(13%)
Rents & Leases	\$466,922	\$457,583	\$501,870	\$34,948	7%	\$44,287	10%
Small Tools & Equipment	\$51,190	\$50,167	\$29,020	(\$22,170)	(43%)	(\$21,147)	(42%)
Special District Expense	\$325,716	\$319,203	\$269,673	(\$56,043)	(17%)	(\$49,530)	(16%)
Travel & Training	\$188,786	\$185,008	\$188,120	(\$666)	-	\$3,112	2%
Travel & Training - Boards	\$70,301	\$68,894	\$67,007	(\$3,294)	(5%)	(\$1,887)	(3%)
Utilities	\$291,959	\$286,117	\$268,575	(\$23,384)	(8%)	(\$17,542)	(6%)
Audit Services	\$20,000	\$19,600	\$20,000	-	-	\$400	2%
Legal Services	\$12,400	\$12,152	\$42,400	\$30,000	242%	\$30,248	249%
TOTAL SERVICES AND SUPPLIES	\$7,476,909	\$7,082,202	\$6,733,605	(\$743,304)	(10%)	(\$348,597)	(5%)
FIXED ASSETS							
Office Improvements	\$40,000	\$39,200	\$40,000	-	-	\$800	2%
Facilities & Equipment	\$103,891	\$101,814	\$69,000	(\$34,891)	(34%)	(\$32,814)	(32%)
Computer Equipment	\$889,845	\$783,065	\$727,909	(\$161,936)	(18%)	(\$55,156)	(7%)
Office Furniture / Equipment	\$50,279	\$48,768	\$25,000	(\$25,279)	(50%)	(\$23,768)	(49%)
Office Machines	\$55,800	\$52,950	\$55,000	(\$800)	(1%)	\$2,050	4%
Telephone Systems	\$138,103	\$137,103	\$21,900	(\$116,203)	(84%)	(\$115,203)	(84%)
Detection Equipment	\$14,650	\$8,700	\$25,000	\$10,350	71%	\$16,300	187%
Automobiles	\$365,132	\$242,000	\$180,000	(\$185,132)	(51%)	(\$62,000)	(26%)
Audio / Visual Equipment	-	-	-	-	-	-	-
Safety Equipment	-	-	-	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$450,000	\$450,000	-	(\$450,000)	(100%)	(\$450,000)	(100%)
Video Conferencing System	\$427,154	\$367,154	\$746,000	\$318,846	75%	\$378,846	103%
Air Monitoring Station Equipment	\$870,568	\$337,878	\$747,600	(\$122,968)	(14%)	\$409,722	121%
Air Monitoring Near Roadway Stations	-	-	\$971,800	\$971,800	-	\$971,800	-
TOTAL FIXED ASSETS	\$3,405,422	\$2,568,632	\$3,609,209	\$203,787	6%	\$1,040,577	41%
TOTAL OPERATING APPROPRIATIONS	\$43,228,985	\$41,819,582	\$43,955,896	\$726,911	2%	\$2,136,314	5%

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

	Adjusted* FY 12-13	Estimated Actuals FY 12-13	Recommended FY 13-14	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
NON-OPERATING APPROPRIATIONS							
OTHER CHARGES							
Air Toxic Pass Through	\$25,000	\$25,000	\$25,000	-	-	-	-
Dairy CEQA - Pass Through	-	-	-	-	-	-	-
TOTAL OTHER CHARGES	\$25,000	\$25,000	\$25,000	-	-	-	-
INCENTIVE PROGRAMS							
DMV Surcharge Fees - Incentives	\$76,713,093	\$70,941,500	\$55,767,700	(\$20,945,393)	(27%)	(\$15,173,800)	(21%)
Carl Moyer Program	\$30,699,849	\$18,251,500	\$9,870,000	(\$20,829,849)	(68%)	(\$8,381,500)	(46%)
ISR and VERA'S	\$9,279,531	\$5,804,000	\$5,853,300	(\$3,426,231)	(37%)	\$49,300	1%
Proposition 1B Funding Program	\$59,050,107	\$58,830,000	\$30,259,400	(\$28,790,707)	(49%)	(\$28,570,600)	(49%)
School Bus Program	\$5,605,353	\$1,806,000	\$4,819,200	(\$786,153)	(14%)	\$3,013,200	167%
Federal DERA/Designated Funding Program	\$10,327,958	\$5,781,000	\$2,521,000	(\$7,806,958)	(76%)	(\$3,260,000)	(56%)
Community & Other Incentives Funded by Operating Revenue	\$14,600,660	\$2,007,000	\$10,327,500	(\$4,273,160)	(29%)	\$8,320,500	415%
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-
GHG Support for Cities & Counties	\$250,000	\$250,000	\$250,000	-	-	-	-
Miscellaneous Incentive Programs	\$2,484,000	\$1,408,000	\$1,834,500	(\$649,500)	(26%)	\$426,500	30%
Energy Efficiency Grant	-	-	\$150,000	\$150,000	-	\$150,000	-
CEC - Energy Efficiency Grant	\$4,122,438	\$3,899,000	-	(\$4,122,438)	(100%)	(\$3,899,000)	(100%)
TOTAL INCENTIVE PROGRAMS	\$213,132,989	\$168,978,000	\$121,652,600	(\$91,480,389)	(43%)	(\$47,325,400)	(28%)
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-
TOTAL NON-OPERATING APPROPRIATIONS	\$214,007,989	\$169,003,000	\$122,527,600	(\$91,480,389)	(43%)	(\$46,475,400)	(27%)

ADMINISTRATION

FISCAL SUMMARY

	Budgeted 2012-13	Recommended 2013-14	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	7,433,369	7,845,545	412,176	6%
Services and Supplies	2,922,421	2,737,748	(184,673)	-6%
Fixed Assets	773,812	971,009	197,197	(36%)
Total	11,129,602	11,554,302	424,700	(1%)
 <u>Position Summary</u>	 69	 72	 3	

FUNCTION

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

General Administration

General Administration has responsibility for the overall management of the District. Under policy direction of the Governing Board, the Executive Director/APCO and the Deputy APCO represent the Board's interests and oversee the development and implementation of policies and procedures, formulation of policy alternatives and recommendations, overall management of personnel and resources, and development and implementation of air quality-related programs. Also included in General Administration are the Health Science Advisor who provides technical support and expert advice to the APCO in addressing health related issues on a scientific basis and the Senior Policy Advisor who supports the APCO in advocacy efforts advancing Board-adopted legislative priorities and positions.

District Counsel

The District Counsel is the chief legal advisor to the Governing Board, the Executive Director/APCO, the three District Hearing Boards, and the San Joaquin Valleywide Air

Pollution Study Agency. Under policy direction of the Governing Board, the District Counsel provides legal representation and advice in both litigation and general law matters.

Personnel

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

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

Administrative Services

Administrative Services (ADS) is responsible for all fiscal and general services related functions of the District, oversight of the District clerical staff, records management, and oversight of the Clerk of the Boards function. The fiscal functions include preparation and control of the District's budget; responsibility for accounting for and auditing all District revenues and expenditures; preparation of financial statements and related reports and incentive and other grant financial management, including state and federal grant reporting. The general services functions of ADS include: responsibility for facilities management, fleet maintenance, purchasing, and risk management.

Information Technology Services

Information Technology Services (ITS) administers all computer-related functions of the District. These functions include: strategic and tactical planning; policy and procedures formulation; I.T. budget preparation and administration; project prioritization and resource management; hardware and software standards, specifications, training, support, maintenance, repair, and inventory; technology analysis and recommendations; and the Request for Proposal (RFP) and Request for Quote (RFQ) process related to technology procurement.

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

Outreach and Communications

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

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

SIGNIFICANT IMPACTS TO 2013-14 BUDGET

Personnel

The 2013-14 fiscal year is expected to be particularly busy and challenging for Personnel staff. As always, the goal will be to maximize resources available in order to increase efficiency and keep pace with a growing workload. These challenges will be met utilizing existing staff and technology improvements implemented in 2012-13. Due to staff changes within the department, Personnel has taken the opportunity to look closely at the operations of the department to assess and implement changes that may result in higher productivity and efficiency without increased staffing. One change found to be beneficial was re-assigning staff to work in functions other than their own so that they gain a general knowledge about the overall department. This cross-training has allowed the Personnel department to work more cohesively and efficiently. The Personnel Department is also utilizing a student intern to assist with routine recruitment activities. This has provided a practical, cost effective solution to keeping up with everyday tasks while providing excellent experience for a student. The following activities detail some of the additional workload expected in 2013-14.

The passage of the federal Patient Protection and Affordable Care Act (healthcare reform) continues to impose significant 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 that District benefit programs are in compliance with each approved component of the Act. The District will also be implementing other changes in State legislation including the California Fair Employment and Housing Act's new pregnancy disability provisions.

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

During the 2013-14 fiscal year, the District expects an increase in recruitments due to an increasing number of staff eligible to retire as well as to an improving economy. The District's recruitment software program, NEOGOV, was implemented in fiscal year 2011-12 to streamline and automate the District's hiring process. NEOGOV tracks the recruitment process and allows managers and supervisors to easily review related documents online,

making the process more efficient and secure. This software is a key component to the District's ability to provide better recruitment services without an increase in staffing. Also, this will be the first full year of implementing the new employee emission reduction incentive program recently approved by the Governing Board. Employees will be eligible to apply for community incentive funding equivalent to that offered to the public for electric lawnmowers, clean wood burning stoves and electric vehicles. This funding is separate from funding offered to the public and is limited to \$30,000 that will be funded by increasing salary savings by this same amount.

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

In addition to the daily Personnel functions, one of the goals for this fiscal year is to continue to support, maintain and expand the current employee wellness initiative, which will include development and implementation of additional components to the program. Although this will place a further demand on resources, successful implementation of this program is expected without the need for additional 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 level as the District continues to absorb workload through new efficiencies gained from improved technology and work flow processes.

As in past years, new technology and process improvements continue to assist ADS staff with a growing financial and administrative workload. The District's budget is now fully compiled using internally developed software. Interim monthly budget reports are also now fully compiled electronically saving significant staff time each month. The District now both accepts on-line payments and makes deposits to its Wells Fargo account electronically. During 2012-13, the District completed implementation of its fully electronic timekeeping, leave tracking and payroll reporting software. While the burden of development and testing were significant, in addition to improving internal controls, this software now significantly streamlines payroll processing allowing ADS staff to focus efforts on other important accounting and reporting functions. Investments in training, including cross training among staff, and critical review of processes have eliminated redundant work and greatly reduced the use of paper within the District.

The District's centralized Operations and Program Support staff (OPS) provide important clerical and administrative support for operations and programs allowing staff in those departments to focus on technical work. The OPS group continues to find significant efficiencies in processing District business and communications. During 2012-13, OPS staff electronically streamlined and improved the management of public information requests and air quality complaints. This group also continues to assume and coordinate

increased electronic document management responsibilities from operating departments to continue to increase efficiencies. During 2013-14, OPS staff will be assisting with the back file conversion and day forward processing of Compliance mutual settlement documents in the District's electronic document management system (EDMS).

During fiscal year 2013-14, 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 scheduled to be scanned and made accessible electronically through the financial software. This will allow these documents to be retrieved and /or forwarded immediately, expediting internal functions and improving access to records. This important step moves the District closer to the goal of managing all grant and financial functions fully electronically in a near paperless environment.

Some workload in ADS has been accomplished utilizing temporary staff. Over time much of this workload has proven to be critical, ongoing and appropriate for regular staff. Because of this, the 2013-14 Budget proposes reclassifying two Temporary Accounting Assistant positions to Regular Accounting Assistant positions. Accounting Assistants are responsible for processing the District's cash receipts for deposit and recording and for processing District's payments to vendors and grant recipients. The 2013-14 Budget proposes offsetting the increase in regular positions by eliminating two vacant regular positions in the Compliance and Permit Departments.

Additionally, the 2013-14 Budget proposes adding a regular custodial position to replace a custodial position that has been filled through a temporary staffing agency for several years. While most janitorial functions are outsourced to private firms and occur after business hours, some custodial type functions are needed during business hours. The proposed custodian position will be responsible for raising and lowering the flag, washing District vehicles, meeting room set up and break down, moving staff, distributing and assembling deliveries, non-contracted cleaning, painting, changing lights, and many other light maintenance tasks. This newly proposed position will also be offset by eliminating a vacant position within the District. There will be no change to the District's overall number of regular positions.

Information Technology Services

While no additional staff positions are requested, the 2013-14 Recommended Budget proposes reclassifying one Management Analyst position to a Supervising Programmer/Analyst position. This change will better meet streamlining and efficiency goals within the department and will help ITS handle increasing programming services demands more effectively. In addition, this position change better fits the overall organizational needs of the District. Also, to address emerging Clean Air Act issues and assist with the transition to a new District Counsel, we have moved one Program Manager position from the Information Technology Services group to the Strategies and Incentives department.

Over the next year the District will be implementing several key projects to advance the District's mission and meet increasing demands for service and efficiency. These projects

include: adding new capabilities to the District's existing atmospheric modeling platforms; implementing new technology to significantly reduce the number of physical computer servers that the District operates; creating new web-based services for air quality grant applicants and air pollution control permit holders; upgrading the District's video teleconferencing system to current technology standards; and integrating a new collaboration software platform (MS SharePoint) to increase District-wide productivity.

The District currently utilizes atmospheric modeling programs to support research projects, rule making efforts, air pollution impact assessments and more. However, the District would like to increase its ability to self-support on modeling projects to reduce turnaround time and increase efficiency. During 2013 the District will be implementing new modeling hardware and software to support a regional modeling function, and reduce model run times by over 50%. This will provide District modeling staff with quicker modeling run results as they seek solutions to improving air quality in the Valley.

The District operates about 80 file and function servers to support District operations. The number of servers in the Fresno computer facility has exceeded the available cooling capacity of the room. To remedy this situation the District will reduce the number of servers by approximately 25% 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 evaluating optional solutions, virtual server technology was less than one-third the price of upgrading the air conditioning system in the Fresno computer room.

During the 2012 Governing Board Study Session several new technology efforts were identified. Two key projects were identified for implementation during fiscal year 2013-2014: 1) the Permits Information Web Portal, and 2) the Grants Applications Web Portal. ITS has done initial research on project requirements and will be sending out bids for implementation of grants and permits projects.

The Permits Information Web Portal will provide permit holders with a web page where they can access all District information relating to their organization's permits. Users can submit permit applications and other related forms, check on the processing status of their applications, review and make payments on their invoices, and communicate with District staff regarding their permitting needs. The goal of this project is to provide better customer service to our permit holders and to increase overall efficiency of the District's permitting process.

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 and helping increase the overall efficiency of grant processing staff. Implementation of this system will help the District process more air pollution reduction grants to further improve the air quality of the San Joaquin Valley.

The District uses its VTC capabilities to increase public participation in District operations, encourage others to take advantage of VTC technology to reduce air pollution, and increase District staff productivity. The District's current system is aging and some of the components are no longer eligible for ongoing support and maintenance. This upgrade will provide improved audio and video quality, will increase the reliability of the VTC system, and will provide current technology that can be supported under a maintenance agreement. The District has set aside sufficient funding for this project in a reserve account and will utilize that funding to accomplish this upgrade.

The District is an extensive user of technology to achieve high levels of productivity. These technologies do increase the productivity of individuals within the organization, but may sometimes lack the ability to provide adequate group collaboration benefits to increase the productivity of the overall group. The District will be integrating a collaboration software platform (MS SharePoint) to better address group productivity needs. SharePoint will leverage existing software tools that District staff are familiar with, like MS Office, but will add collaboration tools that will make it easier and more efficient for groups to work together. In addition, SharePoint provides web-based tools that will allow the District to leverage its Internet connections to broaden the definition of workgroup to include other government agencies, permit holders, vendors, and even the general public – increasing communication efficiency beyond traditional organization boundaries.

Outreach and Communications

In fiscal year 2013-14, the District's goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will again be to maximize resources, leverage partnerships and develop technology to implement new outreach strategies. Reflecting an acknowledgement of the District's continued priority to do more with existing resources, the 2013-14 Recommended Budget requests no additional staff positions. However, in the next fiscal year the District will be developing new outreach programs and expanding existing ones.

Scientific Research Survey: The District will be executing an agreement to development and implement a comprehensive research survey to augment the emissions inventory and better understand public attitudes and behavior. The results of this survey will be used to develop outreach messages.

Healthy Air Living Schools: The District will further develop the new Healthy Air Living Schools program to include a comprehensive Anti-Idling campaign that will discourage school-based idling during the critical Back-to-School timeframe. Additionally, the District will execute a school-based mini-grant program encouraging teachers to bring air friendly projects into the classroom. Finally, the school will leverage the partnership with the Central California Asthma Coalition to begin to work with School District Superintendents to discuss additional steps schools can take to reduce on-site idling.

Healthy Air Living Kids: The District will develop a kids club that builds upon the success of the *Blue Sky Brown Sky* Elementary Curriculum. The kids club will encourage kids to follow the RAAN system and learn about air quality.

Social Media: 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 also 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.

Targeted Grant Program Outreach: The District will be developing small campaigns designed to promote awareness and participation in grant programs such the *Clean Green Yard Machines* program, the *Burn Cleaner* program and the *Prop 1B* program.

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; and collaborative partnerships; the District will further build an understanding with the public of everyone's role in improving air quality.

SUMMARY OF POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Executive Director/APCO	1	1	0
Deputy APCO	1	1	0
District Counsel	1	1	0
Chief Communications Officer	1	1	0
Director of Administrative Services	1	1	0
Director of Information Systems	1	1	0
Director of Personnel	1	1	0
Assistant Counsel I/II	1	1	0
Senior Policy Advisor	1	1	0
Accounting Manager	1	1	0
Finance Manager	1	1	0
Program Manager	1	0	-1
Supervising Programmer/Analyst	1	2	+1
Health Science Advisor	1	1	0
Personnel Administrator	1	1	0
Senior Programmer Analyst	2	2	0
Supervising Accountant	1	1	0
Supervising Network Systems Analyst	1	1	0
Supervising Air Quality Education Rep	1	1	0
Senior Personnel Analyst	1	1	0
Senior Network System Analyst	2	2	0
Senior Network System Analyst - C	1	1	0
Senior Accountant	1	1	0
Senior Air Quality Ed Representative	1	1	0
Deputy Clerk to the Boards	1	1	0
Office Services Manager	2	2	0
Programmer Analyst I/II	7	7	0
Network Systems Analyst I/II	6	6	0
Accountant I/II	4	4	0
Air Quality Education Rep I/II	2.5	2.5	0
Air Quality Education Rep Bilingual I/II	1	1	0
Audio Video Specialist I/II	.5	.5	0
Operations Support Supervisor	1	1	0
Legal Technician - C	1	1	0
Accounting Technician I/II	3	3	0
General Services Technician I/II	1	0	-1
General Services Foreman	0	1	+1
Personnel Technician I/II - C	1	1	0
Custodial Worker	0	1	+1

SJVUAPCD 2013-14 Recommended Budget
ADMINISTRATION

Facilities Maintenance Specialist	1	1	0
Senior Office Assistant	3	3	0
Senior Office Assistant - C	1	1	0
Accounting Assistant I/II	3	5	+2
Office Assistant I/II	<u>4</u>	<u>4</u>	<u>0</u>
TOTAL	<u>69</u>	<u>72</u>	<u>+3</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Administration

	Adjusted* FY 12-13	Recommended FY 13-14	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$4,561,454	\$4,736,489	\$175,035	4%
Temporary Help	\$82,230	\$20,088	(\$62,142)	(76%)
On Call Pay	-	-	-	-
Overtime	\$78,976	\$76,508	(\$2,468)	(3%)
Unemployment	\$23,865	\$23,705	(\$160)	(1%)
Retirement	\$1,902,900	\$2,081,666	\$178,766	9%
OASDI	\$74,578	\$73,063	(\$1,515)	(2%)
Workers Compensation	\$45,425	\$45,330	(\$95)	-
Cafeteria Plan Benefits	\$606,722	\$731,095	\$124,373	20%
Long-Term Disability Insurance	\$16,146	\$16,528	\$382	2%
Alternate Transportation Incentive	\$41,073	\$41,073	-	-
TOTAL SALARIES AND BENEFITS	\$7,433,369	\$7,845,545	\$412,176	6%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,132	\$2,200	\$68	3%
Mobile Communications	\$29,648	\$26,987	(\$2,661)	(9%)
Telephone Charges	\$23,091	\$24,316	\$1,225	5%
Insurance	\$42,222	\$47,128	\$4,906	12%
Equipment Maintenance	\$43,898	\$34,861	(\$9,037)	(21%)
Vehicle Maintenance & Operations	\$22,585	\$28,400	\$5,815	26%
Computer Maintenance	\$122,795	\$122,997	\$202	-
Video Conferencing Maintenance & Operations	\$249,652	\$240,042	(\$9,610)	(4%)
Building Maintenance & Operations	\$66,971	\$62,838	(\$4,133)	(6%)
Office Supplies	\$16,423	\$16,758	\$335	2%
Computer Software & Supplies	\$25,863	\$26,727	\$864	3%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$29,160	\$19,310	(\$9,850)	(34%)
Printing	\$118,341	\$103,122	(\$15,219)	(13%)
Professional & Specialized Services	\$1,552,609	\$1,423,991	(\$128,618)	(8%)
Publications & Legal Notices	\$15,216	\$15,000	(\$216)	(1%)
Rents & Leases	\$48,740	\$37,724	(\$11,016)	(23%)
Small Tools & Equipment	\$8,869	\$5,246	(\$3,623)	(41%)
Special District Expense	\$253,355	\$223,911	(\$29,444)	(12%)
Travel & Training	\$121,746	\$121,080	(\$666)	(1%)
Travel & Training - Boards	\$42,694	\$39,550	(\$3,144)	(7%)
Utilities	\$54,011	\$53,160	(\$851)	(2%)
Audit Services	\$20,000	\$20,000	-	-
Legal Services	\$12,400	\$42,400	\$30,000	242%
TOTAL SERVICES AND SUPPLIES	\$2,922,421	\$2,737,748	(\$184,673)	(6%)
FIXED ASSETS				
Office Improvements	\$40,000	\$40,000	-	-
Facilities & Equipment	\$27,987	\$11,893	(\$16,094)	(58%)
Computer Equipment	\$182,012	\$150,404	(\$31,608)	(17%)
Office Furniture / Equipment	\$30,369	\$5,845	(\$24,524)	(81%)
Office Machines	\$12,225	\$11,922	(\$303)	(2%)
Telephone Systems	\$30,965	\$4,945	(\$26,020)	(84%)
Detection Equipment	-	-	-	-
Automobiles	\$23,100	-	(\$23,100)	(100%)
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	\$427,154	\$746,000	\$318,846	75%
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
TOTAL FIXED ASSETS	\$773,812	\$971,009	\$197,197	25%
TOTAL OPERATING APPROPRIATIONS	\$11,129,602	\$11,554,302	\$424,700	4%

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COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2012-13</u>	<u>Recommended 2013-14</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	9,414,303	9,700,227	285,924	3%
Services and Supplies	1,947,957	1,863,760	(84,197)	-4%
Fixed Assets	2,192,450	2,232,269	39,819	2%
 Total	 <u>13,554,710</u>	 <u>13,796,256</u>	 <u>241,546</u>	 <u>2%</u>
 <u>Position Summary</u>	 97	 95	 -2	

FUNCTION

The District's Compliance Department ensures compliance with District rules and regulations, as well as with state and federal air quality mandates. The program objectives for the Compliance Department are set forth in federal and state law and the District's air quality attainment plans. In order to meet these program objectives, District staff performs inspections at approximately 9,200 permitted facilities and at approximately 6,400 agricultural operations, maintains 23 air monitoring stations, responds to approximately 3,000 public complaints, and verifies emissions reductions at thousands of locations where emission reduction incentive projects have been implemented.

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

Inspections of Stationary Sources

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

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

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

Complaint Investigations

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

Compliance Assistance

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

- **Individualized Assistance**
Personal, one-on-one help is provided to thousands of businesses and individuals to ensure they understand the District's requirements.
- **Compliance Assistance Bulletins**
Bulletins on various topics are sent to groups including, but not limited to, realtors, building departments, contractors, industrial and commercial facilities, and farmers.
- **Compliance School**
A two-hour training class provides information on the topics of open burning and gasoline vapor recovery. In addition, informational packets and a take-home training exam are available for fireplace burning.
- **Gasoline Station Tester Training**
Ongoing training for contractors is provided for those wishing to perform vapor recovery tests within the District. A District rule requires testers be certified and ensures an adequate pool of qualified contractors from which stakeholders can select.
- **Asbestos Training**
Comprehensive assistance on asbestos regulations is provided to the public, building industry, building departments, fire departments, and realtors. Staff continues to spend considerable time providing one-on-one assistance to the regulated community with asbestos inquiries.
- **Rule 4901 (Fireplace and Wood Burning Heater) Education**
Staff responds to public inquiries concerning the program, including providing compliance assistance brochures and one-on-one help to explain rule requirements and exemptions.
- **Regulation VIII (Fugitive Dust) Education**
Staff organizes classroom training for all groups required to submit dust control plans for construction activities and provides ongoing training as needed.

- **Prescribed Burning Outreach**
The District meets periodically with the land managers of the USDA Forest Service, National Park Service, US Fish and Wildlife Service, Bureau of Land Management, California Department of Forestry and Fire Protection, and Southern California Edison Company in order to minimize impacts of smoke from prescribed burns and wildfires.
- **Access to Compliance Policies**
Compliance policies are available on the Web for stakeholders to review, comment on, and use to assist them with complying with District requirements. The Web is updated regularly with new or modified policies to ensure availability of current information.
- **Permit Streamlining Meetings**
The District's Compliance Department continues to attend these meetings as another way of providing compliance assistance. The District responds to industry inquiries and provides updates in the meetings.

Emission Reduction Incentive Program Inspections

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

Incentive projects requiring compliance inspections include the replacement of older trucks with new less polluting ones, school bus replacements, agricultural pump engine replacements, external controls on trucks, and other related control strategies. Each funded project requires a minimum of two initial inspections and several types of projects require ongoing inspections to assure emission reductions are realized for the life of the project.

Air Monitoring

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

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

Pollutants monitored include ozone, PM10 and PM2.5, nitrogen oxides, hydrocarbons, and carbon monoxide. In addition to routine monitoring, the District operates a network of five Photochemical Air Monitoring System (PAMS) stations and two atmospheric profilers that provide for enhanced forecasting and modeling. Lastly, many of these stations include meteorology equipment.

The District currently has equipment at 23 stations located throughout each of the eight counties. In total there are 35 gas analyzers, 33 particulate samplers, 20 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.

Emissions Testing

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

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

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

Portable Equipment Inspections

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

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

Gasoline Station Inspecting and Testing Program

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

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

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

Agricultural and Prescribed Burning

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

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

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

Prescribed burning by land management agencies is another activity regulated by the District. In accordance with Title 17 of the California Code of Regulations, the District reviews burn plans, provides burn authorizations, and monitors the fires. District staff also has an ongoing dialogue with land management agencies and other air districts to improve communication and cooperation among all parties. To this end, the District has been leading an effort at the state level to establish a communication protocols between air districts and the land management agencies to ensure the smoke is well managed and its impact upon air quality and public health is reduced to the maximum extent feasible. These communication protocols are vital due to changes in federal policy on wildfires management.

The District is concerned that wildfires managed under the new federal policy may have greater impacts on Valley residents. To address the concern over this potential, the District will have a greater presence during the fire season to help minimize smoke impacts. Staff will conduct additional inspections and coordinate more closely with land managers.

Mutual Settlement Program

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

Continuous Emission Monitoring System Polling

Many stationary sources of air pollutants throughout the District are required to monitor their emissions with instruments known as Continuous Emissions Monitoring Systems (CEMS). While these instruments are invaluable in ensuring the facilities operate properly, it is very time consuming for inspectors to travel to each facility to review the records of the emissions. In an effort to better utilize existing resources, the District implemented an electronic CEMS Polling System. The District utilizes its computer system to automatically gather emissions data from the various companies' CEMS and to notify inspectors of potential emissions problems.

Fugitive Dust Regulations

District fugitive dust rules require the submittal of dust control plans on residential developments when there will be ten acres or more of disturbed surface area and on non-residential developments when there will be five acres or more of disturbed surface area. To ensure that construction operators are able to comply with dust control requirements, District staff provides training classes for those required to submit dust control plans, and reviews each plan prior to the start of construction. A minimum of one field inspection is also required for each site.

Hearing Board Activities

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

SIGNIFICANT IMPACTS TO 2013-14 BUDGET

Despite a significant increase in workload, the 2013-14 Recommended Budget for the District's Compliance Department includes a decrease of two regular positions – one Management Analyst and one Air Quality Field Assistant. This reduction in staffing is made possible by streamlining functions and increased efficiencies which have allowed absorbing duties with existing staff. As detailed in the following section, in 2013-14 the

Compliance Department will experience major increases in workload resulting from new federal mandates through EPA rulemaking, ambient air quality monitoring, and the implementation of recently adopted District rules and regulations. The new workload will be absorbed with existing staff through further streamlining of Compliance Department functions and continued improvements in efficiency.

New Workload

The District's Compliance workload will continue to increase, with a significant increase expected due to the approval by the EPA of the permitting rules associated with the District's "extreme" ozone non-attainment classification and with greenhouse gasses (GHG). Through the continued implementation of these rules, the District has now issued federal Title V operating permits to the 249 largest sources of air pollution. Significant outreach and compliance assistance will be necessary to successfully integrate these sources into the Title V and District permitting systems, respectively. Furthermore, the additional facilities now subject to the Title V program will significantly increase the workload of the District's Compliance Department as the Title V program requires more frequent inspections and adds additional layers of reporting to the EPA.

In addition to the number of sources now requiring new Title V or District operating permits, a number of recently adopted or amended District rules will also have compliance requirements implemented in 2013-14, including: 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 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 4682 – Polystyrene, Polyethylene, And Polypropylene Products Manufacturing, Rule 4684 – Polyester Resin Operations, Rule 4702 – Internal Combustion Engines (Phase 2), Rule 7070 – Perchloroethylene From Dry Cleaning Operations, and Rule 9410 – Employer Based Trip Reduction. These new and amended rules will require additional inspections, record review, and emission testing oversight. In addition to local rules, the District will also be implementing fleet averaging requirements in the state's Airborne Toxic Control Measure for Diesel Particulate Matter from Portable Engines.

The District is expecting a significant increase in the number of emissions reduction incentive funding inspections. In 2013-14, staff will be inspecting more than 4,500 trucks, buses, engines, and pieces of agricultural and construction equipment funded through Proposition 1B, Carl Moyer, DMV, and other state and federal grant programs.

In 2008, ARB adopted enhanced vapor recovery performance standards for new and existing aboveground gasoline storage tanks operated throughout the state. Two of these requirements, standing loss control vapor recovery and Phase I enhanced vapor recovery, will be required in 2013-14. Approximately, 870 tanks in the District will need to comply with the new state mandates. Significant outreach and compliance assistance will be necessary to aid affected stakeholders. In addition, hundreds of inspections will be necessary to ensure compliance.

The District is also finding it necessary to continue to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts. The District will be continuing to implement the Landfill Gas Control measure in 2013-14. The Landfill Gas Control measure will largely affect facilities already under permit with the District, and as such, the additional workload within the District's Compliance Department to implement this measure will be incremental and absorbed by existing staff. In addition, at the request of regulated stakeholders, the District will continue to work with the California Air Resources Board to enter into an agreement to implement the Refrigerant Management Program on a local level to ensure the customer service, streamlining and common-sense implementation that local businesses are accustomed to when working with the District. The Refrigeration Management measure has the potential to be very labor intensive. To accommodate this potential workload, the District has budgeted for one temporary Air Quality Field Assistant, which will only be filled should an agreement be reached for the District to implement the Refrigeration Management measure.

As has been the case in prior years, a significant workload increase is expected in the Air Monitoring Program. The District has begun coordinating the relocation of particulate matter monitoring from the Bakersfield Municipal Airport station to a location near the former Golden State Boulevard station. In addition the Merced Coffee, Fresno Sierra Sky Park, and Lebec stations will need to be relocated in the near future.

In addition to the relocations discussed above, the new federal nitrogen dioxide standard requires four new near-roadway nitrogen dioxide monitors (to be located in Bakersfield, Fresno, Modesto, and Stockton) be installed over the next two years. All indications are that this is the beginning of a trend and EPA is likely to require additional near-roadway monitors for other pollutants in the near future as well. The new stations and relocations require considerable staff time to find the proper location, finalize lease agreements, upgrade the location, find suitable building contractors, and install and calibrate equipment.

The District estimates that each of the four new required near-roadway nitrogen dioxide monitoring stations will cost approximately \$250,000 for initial construction/setup and \$45,000 per year for operation and maintenance, which includes labor, rent, utilities, and spare parts. Without additional state or federal funding, the District did not have sufficient funds to cover the implementation and operation of the new near-roadway monitoring stations. The District's existing federal Clean Air Act (CAA) Section 103 and 105 funds are fully expended to operate the existing federally-required air monitoring network, which is one of the most extensive air monitoring networks in the nation. In spring of 2012, a contingent comprised of members of your Board, District staff, and District stakeholders travelled to Washington D.C. and advocated for additional federal funding to comply with new air monitoring mandates including the near-road NO₂ network. These efforts led to the EPA providing \$400,000.00 in CAA Section 103 grant funds to aid in the implementation of the new monitoring network.

The additional workload in the air monitoring program will be absorbed by existing staff. The use of new technologies and efficiencies, such as the expansion of remote

connection and automation capabilities will enable more efficient operation of the air monitoring stations. The number of potential trips that staff will need to make to maintain a station and diagnose small problems with equipment will be significantly reduced.

The District will continue with outreach and compliance assistance efforts necessary to implement the District's Employer Based Trip Reduction (eTRIP) rule. The District will leverage its field staff resources to interact with hundreds of employers that are subject to the requirements of the eTRIP rule and assist them in complying with the requirements.

Efficiency and Streamlining Measures

Meeting new mandates while decreasing staffing will require further streamlining of functions and continued improvements in efficiency. The District's Compliance Department has continued to improve existing, and develop new, policies and standard operating procedures (SOPs) to enhance consistency and efficiency. Providing detailed policies and SOPs assists staff by answering common questions and providing guidance on common situations that may arise while they are performing their duties. Detailed policies also help to ensure consistency among staff in all three regions. Furthermore, well-trained staff ensures the highest level of customer service to stakeholders. For this reason, the District is in the process of revamping its Compliance training program and will continue to provide staff with training opportunities that will improve their technical skills and customer service.

Implementation and Leveraging of New Technologies in Inspection Programs:

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

In addition to the streamlining of traditional paper-based inspection forms, the District is currently taking steps to totally eliminate these paper-based forms through the use of electronic forms on tablet computers. Currently two-thirds of the inspection staff has been equipped with tablet computers, which allow the completion of inspection report forms while conducting the inspection. Once the inspection is completed, staff can then submit the report electronically to be reviewed, approved and archived in the District's electronic filing system. Tablet computers reduce the time associated with paperwork and eliminate trips to the office for the purpose of turning in inspection reports. In turn, the tablets will significantly increase field time, which allows for additional inspections to accommodate increases in workload.

During fiscal year 2012-13 the District embarked on implementing new computer programs, which will leverage the tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. Phase 1 of the project is nearing completion and will provide field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program will significantly streamline the time necessary to

prepare for inspections. Phase 2 of the project focuses on developing a new electronic inspection reporting system to leverage the new tablet technologies currently available to further streamline the inspection reporting process.

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

Air Monitoring Automation, Remote Connection, and Modernization:

The seemingly endless stream of new ambient air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data results in dramatic increases in the workload within the District's air monitoring program each year. Aggressive efforts to automate air monitoring tasks and allow remote connection to air monitoring stations are essential to allow for mandate and monitoring data needs to be met without corresponding significant increases in program staffing. Without these efforts, meeting future mandates and demands will not be sustainable with existing staffing levels. In fiscal year 2013-14, the District is proposing to continue its aggressive efforts in the areas of automation, remote connection and modernization by undertaking the following projects:

- Replacement of manual, labor intensive filter-based monitoring methods with continuous real-time methods, where appropriate, which do not require the frequent replacement and analysis of filters and the corresponding trips to the air monitoring stations. This also has a co-benefit as it provides timely data which can be used for forecasting and for public outreach through avenues such as the Real-Time Air Advisory Network (RAAN).
- Replacement of aging analyzers with newer "intelligent" models which incorporate remote connection capabilities to run diagnostic checks, to update/change configurations, and to evaluate operating parameters. This reduces trips to stations by allowing weekly and biweekly maintenance checks to be performed remotely, and facilitates timely completion of analyzer repairs by allowing the problem to be diagnosed remotely prior to visiting the station to affect the repair.
- Replacement of aging support equipment such as calibrators and zero air generators with new models which enhance remote connection capabilities and which will decrease analyzer downtime and maintenance costs associated with operating older equipment.
- Replacement of the outdated Data Management System (DMS) for the network with a new system which allows for automation of quality assurance/quality control (QA/QC) data analysis using data validation protocols with suspect data warnings. Significant time is currently spent manually performing QA/QC data analysis as the existing DMS does not include the capability to automate portions of the process. Furthermore, a new DMS will allow the removal of manual strip chart recorders,

which will eliminate maintenance and manual QA/QC data analysis needs for the data recorded by the strip chart recorders.

- Replacement of the Data Acquisition System and Remote Control setup at stations with a new system which will allow for increased control and automation of station tasks (filter changes, calibrations, etc...) and will allow for the acquisition and uploading of analyzer operating parameters for use by the new DMS in automated QA/QC data analysis. The acquisition and uploading of analyzer operating parameters also allows for pro-active maintenance work to ensure data completion and instrument availability mandates are met.

In 2012, your Board authorized the District to launch a pilot project at the District's Air Monitoring Automation and Remote Connection laboratory located in the central region office. This project is continuing to work through the implementation and fine tuning of the automation and remote connection solution in a controlled environment prior to being rolled out to actual air monitoring stations. This will ensure that the project is completed while minimizing the potential for air monitoring data interruptions. During 2013-14, it is expected that the pilot project will be completed and network rollout will begin.

In fiscal year 2013-14, the District will also be undertaking 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.

Implementation and Leveraging of New Worldwide Web Internet Applications:

In fiscal year 2013-14, the District will be developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. Examples of such online applications include: air pollution complaint submittals and asbestos notification submittal for demolition projects.

Temporary positions are being proposed to assist in many areas of responsibility until staff has time to implement and evaluate the effect of all our efficiency measures. Furthermore, temporary hours will be used to smooth expected short-term workload increases. Temporary hours equivalent to one (1.0) Air Quality Inspector position are proposed to assist with fugitive dust control inspections, indirect source review inspections, grant program inspections, and gasoline vapor recovery inspections. Temporary hours equivalent to two (2.0) Air Quality Field Assistant positions are proposed to assist with conservation management practices plans, grant program inspections, and if necessary, Refrigerant Management Program GHG inspections. Temporary hours equivalent to two (2.0) Office Assistant positions are proposed to assist with clerical support work needed to implement the Smoke Management System for the agricultural burning program. Temporary hours equivalent to one-half (0.5) Air Quality Instrument Technician position are proposed to assist with duties within the air monitoring program.

SUMMARY OF POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Compliance	1	1	0
Air Quality Compliance Manager	3	3	0
Management Analyst I/II	1	0	-1
Supervising Air Quality Inspector	8	8	0
Supervising Air Quality Specialist	1	1	0
Supervising Air Quality Instrument Technician	1	1	0
Senior Air Quality Inspector	11	11	0
Senior Air Quality Specialist	1	1	0
Senior Air Quality Instrument Technician	2	2	0
Air Quality Inspector I/II	42	42	0
Air Quality Specialist I/II	3	3	0
Air Quality Instrument Technician	6	6	0
Air Quality Field Assistant	8	7	-1
Air Quality Technician	0	0	0
Air Quality Assistant	6	6	0
Senior Office Assistant	1	1	0
Office Assistant I/II	<u>2</u>	<u>2</u>	<u>0</u>
TOTAL	<u>97</u>	<u>95</u>	<u>-2</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Compliance

	Adjusted* FY 12-13	Recommended FY 13-14	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$5,573,734	\$5,610,257	\$36,523	1%
Temporary Help	\$226,833	\$216,433	(\$10,400)	(5%)
On Call Pay	\$77,832	\$77,832	-	-
Overtime	\$54,003	\$54,003	-	-
Unemployment	\$32,970	\$31,102	(\$1,868)	(6%)
Retirement	\$2,376,206	\$2,515,954	\$139,748	6%
OASDI	\$101,087	\$101,190	\$103	-
Workers Compensation	\$109,692	\$103,288	(\$6,404)	(6%)
Cafeteria Plan Benefits	\$784,671	\$913,946	\$129,275	16%
Long-Term Disability Insurance	\$20,581	\$20,685	\$104	1%
Alternate Transportation Incentive	\$56,694	\$55,537	(\$1,157)	(2%)
TOTAL SALARIES AND BENEFITS	\$9,414,303	\$9,700,227	\$285,924	3%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$22,103	\$21,484	(\$619)	(3%)
Mobile Communications	\$97,158	\$83,311	(\$13,847)	(14%)
Telephone Charges	\$43,313	\$41,986	(\$1,327)	(3%)
Insurance	\$59,145	\$62,182	\$3,037	5%
Equipment Maintenance	\$111,986	\$85,418	(\$26,568)	(24%)
Vehicle Maintenance & Operations	\$215,465	\$194,600	(\$20,865)	(10%)
Computer Maintenance	\$94,186	\$97,815	\$3,629	4%
Video Conferencing Maintenance & Operations	\$696	\$616	(\$80)	(11%)
Building Maintenance & Operations	\$95,983	\$82,909	(\$13,074)	(14%)
Office Supplies	\$22,190	\$21,714	(\$476)	(2%)
Computer Software & Supplies	\$26,013	\$28,451	\$2,438	9%
Monitoring Station Supplies & Equipment	\$268,199	\$232,189	(\$36,010)	(13%)
Postage	\$51,956	\$52,678	\$722	1%
Printing	\$16,927	\$12,545	(\$4,382)	(26%)
Professional & Specialized Services	\$263,965	\$291,562	\$27,597	10%
Publications & Legal Notices	\$7,200	\$6,000	(\$1,200)	(17%)
Rents & Leases	\$271,808	\$326,183	\$54,375	20%
Small Tools & Equipment	\$30,681	\$14,481	(\$16,200)	(53%)
Special District Expense	\$61,216	\$34,565	(\$26,651)	(44%)
Travel & Training	\$32,520	\$32,520	-	-
Travel & Training - Boards	\$27,607	\$27,457	(\$150)	(1%)
Utilities	\$127,640	\$113,094	(\$14,546)	(11%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,947,957	\$1,863,760	(\$84,197)	(4%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$21,364	\$30,430	\$9,066	42%
Computer Equipment	\$426,589	\$247,474	(\$179,115)	(42%)
Office Furniture / Equipment	\$8,007	\$7,711	(\$296)	(4%)
Office Machines	\$16,062	\$15,730	(\$332)	(2%)
Telephone Systems	\$43,178	\$6,524	(\$36,654)	(85%)
Detection Equipment	\$14,650	\$25,000	\$10,350	71%
Automobiles	\$342,032	\$180,000	(\$162,032)	(47%)
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$450,000	-	(\$450,000)	(100%)
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	\$870,568	\$747,600	(\$122,968)	(14%)
Air Monitoring Near Roadway Stations	-	\$971,800	\$971,800	-
TOTAL FIXED ASSETS	\$2,192,450	\$2,232,269	\$39,819	2%
TOTAL OPERATING APPROPRIATIONS	\$13,554,710	\$13,796,256	\$241,546	2%

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PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2012-13</u>	<u>Recommended 2013-14</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	10,673,547	10,780,987	107,440	1%
Services and Supplies	821,883	906,005	84,122	10%
Fixed Assets	<u>267,763</u>	<u>241,756</u>	<u>(26,007)</u>	<u>(6%)</u>
Total	<u>11,763,193</u>	<u>11,928,748</u>	<u>165,555</u>	<u>1%</u>
<u>Position Summary</u>	96	94	-2	

FUNCTION

As mandated by state and federal law, the District is charged with the primary responsibility for the permitting of stationary sources of air contaminants. To fulfill this responsibility and other related duties, the Permit Services Department performs the following major functions:

Authorities to Construct and Permits to Operate

Before stationary sources of air pollution may construct or operate in the San Joaquin Valley, the appropriate air quality permits must be obtained. The permitting process involves two steps. The first step requires the applicant to submit project-specific information for evaluation in order for an Authority to Construct (ATC) permit to be issued. This process can be fairly lengthy and is critical because construction of new facilities or equipment, or modifications of existing equipment, may not legally proceed until the ATC is issued by the District. The second step, issuing the Permit to Operate, occurs after the applicant has installed the equipment as specified in the ATC and has demonstrated that it complies with District rules and regulations. Sources are aided in these steps through the District's Certification of Air Permitting Professionals (CAPP) program, the District's small business assistance offices, close coordination with various economic development organizations throughout the Valley, outreach at city and county building and planning agencies throughout the Valley, continuous efforts by District staff and management to implement efficiency gains, and through on-going cooperative permit streamlining efforts with regulated industries.

During the calendar year 2012, the District processed applications and issued over 7000 ATC permits for new and modified equipment and operations, a 30% increase over the prior year.

Federally Mandated Operating Permits (Title V)

The District has now issued federal Title V operating permits to the 249 largest sources of air pollution. Title V does not impose any new emission standards or any new controls on emissions. It does, however, prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits and for administration that must be met when issuing, renewing, or revising permits. In general, these latter requirements expand public and Environmental Protection Agency (EPA) participation in the permitting process for the largest emitters of air contaminants in the District.

The District's workload in this area has been rapidly growing. In 2010, the District processed approximately four times more initial and renewal Title V permit applications as in 2009 (46 facilities with 2,245 permits), and doubled the Title V permit modifications processed, for a total of 470. In 2011, the growth in Title V permit processing continued at this rapid pace, and the District processed 3262 new and renewed Title V permits at 57 facilities and 2203 Title V permit modifications. In 2012, even more new Title V workload was created by the federal requirement to include greenhouse gases into the program, and we issued more than 9000 new and renewed Title V permits at 95 facilities, and processed over 1300 Title V permit modifications.

For 2013-14, we expect the increase in the Title V workload to begin to level off. While we do not expect significant new numbers of facilities entering into the Title V permitting program, the large increase in numbers of new Title V permits over the past few years will result in more renewal and modification permitting actions.

Emission Reduction Banking

The Permit Services Department is responsible for administering the District's Emission Reduction Credit (ERC) bank. The purpose of this bank is to allow sources to store credit for voluntary emission reductions for later use as offsets where allowed by District, state, and federal rules and regulations. This mechanism also allows sources to transfer emission reduction credits to other sources for use as offsets. The administration of deposits, transfers, and withdrawals from the bank is accomplished through the filing of a banking application. The District reviews banking applications to ensure reductions are real, permanent, quantifiable, surplus, and enforceable as mandated by state and federal regulations. In 2012-13, the District added GHGs to the list of pollutants that can be banked under this rule, and issued or transferred ownership of 232 ERCs.

District's BACT Clearinghouse

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

The BACT Clearinghouse expedites the permitting process by minimizing the need for lengthy project-specific BACT determinations. It also aids new project proponents in designing new or expanding facilities by outlining air pollution control requirements early in the process. In 2013-14, the District will continue to update and maintain this valuable permit-expediting tool, and will finalize streamlined processes to update state and federal BACT databases, resulting in additional staff time-savings.

Permit-Exempt Equipment Registration

The District developed the innovative Permit-Exempt Equipment Registration (PEER) rule, Rule 2250, in 2006 and began implementing this program in 2008-09. The PEER rule is designed to minimize the overall workload required to achieve the emissions reductions expected of permit-exempt equipment through streamlined registration processes that fit well with the typically smaller and lower-emitting equipment to which it applies. The District issued over 225 permit-exempt equipment registrations this year, generating a savings of about 1500 person hours when compared to typical permitting processes.

Conservation Management Practices Plans

The District implemented its innovative Conservation Management Practices (CMP) plan program in 2004-05, and is now responsible for regulating and updating nearly 7,000 CMP plans designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. This year the District processed 680 applications for CMP plans on farms and dairies.

Air Toxics Program

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

The District's air toxics program, to the extent possible, integrates state and federal air toxics mandates and is designed to provide for cost effective implementation without duplication. As a result of these integrated efforts, there are 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 903 RMRs in 2012.

Criteria Pollutant Emissions Inventory

The District also prepares the 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 2012, the District's emissions inventory team processed nearly 1820 point source inventories, and combined this effort with two other annual emissions gathering efforts for compliance with Rule 4320 and Rule 3170, significantly reducing and streamlining the paperwork required to be submitted by regulated sources.

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

The District's CEQA group analyzes District actions and project developers' proposals for compliance with the California Environmental Quality Act (CEQA). In 2012, this team reviewed 1367 CEQA documents, sent nearly 700 comment letters to other CEQA lead agencies and prepared 47 CEQA documents to support the District's rule adoption and permit processing efforts.

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.

The Indirect Source Review (ISR) group reviewed 214 ISR applications in 2012. 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 2013-14 BUDGET

The Permit Services Department is expected to face a stable workload in 2013-14, with some increases in workload, and some decreases, as detailed below. However, the Recommended Budget for 2013-14 proposes decreases in Permit Services positions by one engineer and one specialist. These positions are unfilled at this time, so no layoffs are necessary to implement this reduction. The Department will continue its ongoing and comprehensive process streamlining efforts, and expects to be able to meet any per-person workload increases through efficiency improvements and enhanced automation. These additional streamlining measures will continue to enhance the District's reputation and tradition of having the most efficient permitting group of all air districts in California.

New Workload

A great deal of the District's new workload in the Permit Services Department will be in the form of processing permit applications for facilities recently issued new Title V permits. These existing facilities are now subject to Title V for two reasons: either they have the potential to emit more than 10 tons of NOx or VOC and are therefore now considered major sources under the "extreme" ozone nonattainment NSR requirements, or they have significant greenhouse gas emissions (over 100,000 tons per year) and are therefore major sources under the federal EPA's GHG "Tailoring Rule." The District has issued over 100 new Title V permits in 2011 and 2012, a 33% increase in the total number of Title V facilities in the District.

One result of the increase in number of Title V facilities will be a continuation of the dramatic increase in Title V permit modification applications processed that began in 2011 and continued in 2012. The District expects approximately 3,500 Title V modification applications per year now that the full complement of new Title V permits has been issued.

While the District's streamlined methodologies, the 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 2013-14.

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 be attempting to gain federal EPA approval of its local permitting program as a "Title-V equivalent" program. See more details below, under "Efficiency and Streamlining Measures". If successful, nearly all of the ongoing workload associated with issuing, renewing and modifying Title V permits will be avoided in the future.

The District also began implementing a new permitting program called Prevention of Significant Deterioration (PSD) in early 2013. Until now, the federal EPA has been responsible for implementing this federal permitting program for major sources of attainment pollutants. However, EPA's permitting resources have been seriously taxed with new responsibilities, to the extent that PSD permitting is not being performed by EPA in a timely manner, and they have requested that the District accept delegation of the program. The District's permitting experience and proven streamlining capabilities are already resulting in a more expeditious permitting process than sources have come to expect under EPA's implementation of the program. The District has already proposed issuance of its first several PSD permits, in a timely manner. However, the implementation of this federal permitting program will see its first full year in 2013-14, and the corresponding increase in workload is expected to be minimized due to considerable efforts to streamline PSD permitting with the District's existing permitting processes.

Significant workload is also expected as the District implements the latest version of New and Modified Stationary Source Review Rule, Rule 2201, as more projects are considered "major" under federal rules, triggering more complex and lengthier application processes.

In addition to the normal permitting workload associated with new and modifying sources of air pollution, several District rules adopted or amended recently contain compliance deadlines in 2013-14, including Rule 4621, for above ground gasoline tank retrofits; Rule 4354, for glass melting furnaces; Rule 4702, relating to internal combustion engines; and Rule 4320, relating to boilers, steam generators and process heaters. The impacts of these rules on Permit Services workload will be felt in 2013-14 as equipment operators file applications and other documents to meet compliance deadlines.

The District also implements the District's Climate Change Action Plan (CCAP), including establishing a new banking program for recognition of voluntary GHG reduction efforts, through modifications to Rule 2301 adopted in January 2012. These modifications resulted in a number of applications to bank voluntary GHG reductions to be filed in 2012-13, which applications the District continues to process. In addition, the District will continue implementing Valley-wide guidance to land-use agencies and other permitting regulators on addressing GHG concerns through the CEQA process, including developing Best Performance Standards for GHG emissions-emitting equipment, processes, and residential and commercial developments. Also, the District will be working with cities and counties to develop GHG emissions inventories, and related policies and procedures to encourage consistency in these efforts throughout the Valley. The District's initial efforts to generate community-wide GHG emissions inventories, with the Counties of Kern and Kings, were extremely successful, and resulted in a high standard being established for future GHG emissions inventory efforts throughout the state, and we look forward to working with additional valley counties on such efforts in 2013-14.

The District is also finding it necessary to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts. The District will be actively implementing a state GHG control measure in 2013-14, for Landfill

Gas Control, updating landfill permits to streamline the state's requirements with existing permits. These new GHG-related tasks have been and will continue to be labor intensive. However, the District's involvement is an opportunity for streamlining and common-sense simplification of AB 32 implementation, such that significant dividends in reduced workload will be realized for many years to come.

The District will continue updating two major air quality planning guidance documents for Valley land-use agencies this year: the "Guide for Assessing and Mitigating Air Quality Impacts" and "Air Quality Guidelines for General Plans." These documents provide critical assistance to local land-use agencies in addressing air quality considerations in their planning and land-use efforts, and must be updated periodically to maintain pace with the changing air quality conditions in the San Joaquin Valley, and the ever-improving understanding of the causes of those conditions. The District will also continue to provide guidance and technical assistance to cities and counties in mitigating air quality impacts of their discretionary land-use approval decisions. Specifically, the District will continue to offer to administer Voluntary Emission Reduction Agreements to allow project proponents to fully mitigate their future air quality impacts.

Efficiency and Streamlining Measures

In order to effectively and efficiently handle this workload with the proposed decrease in staffing levels, and in the interest of developing the best and most economic programs possible, the Permit Services Department must and will continue its streamlining efforts.

The department's streamlining efforts have generally focused on permit and other application processing activities. As a result, the District processes more permits per person than any other air district in California, without sacrificing the quality or health-protective nature of the permit evaluation process. In addition to continuing efforts in this area, the following specific streamlining efforts to be undertaken in 2013-14 are:

- Implement a District-developed web-based "Facility Portal" that will provide permitted stationary sources access to a variety of District records and billing information. The eventual build-out of this system will allow facilities to access permitting and enforcement records, print permits, access and pay invoices, and much more, significantly reducing District staff time to provide these services.
- 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 is likely 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.
- Fully implement the final enhancements of the District's 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.

- Build on the District's successful GHG/CEQA approach of developing Best Performance Standards for commonly permitted equipment, removing GHG/CEQA as an impediment to simple projects, and greatly streamlining the CEQA process for significant projects.
- 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.
- Improve, expand, and increase the use of the District's new web-based annual emissions inventory surveys and submittals.
- Eliminate redundant or unnecessary review of subordinate work product, while simultaneously reducing application processing errors and related rework through additional training and automation.

The District will also continue to work closely with stakeholders in efforts to find further gains in efficiency and productivity. District staff meets regularly with a permit streamlining stakeholder group that is comprised of industry representatives and other interested parties, to get their ideas and input on a wide variety of issues related to decreasing the time and work associated with implementing the District's many programs. The District's goal is to streamline processes to reduce the resource needs for both the District and the regulated sources to implement air quality mandates while maintaining the highest levels of quality in the District's work product.

Additionally, through ongoing comprehensive department-wide implementation of the District's Service Teamwork Attitude Respect (STAR) program, the Permit Services Department is continuously improving quality and streamlining program-effectiveness and efficiency by implementing internally-generated process improvement suggestions from those who know the processes best – District staff. The department will vigorously pursue a continuation of the streamlining benefits realized through STAR.

As a result of these efficiency and streamlining efforts, the department will be able to handle the expected workload with two fewer positions. As noted above, these positions are currently vacant.

SUMMARY OF POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Permit Services	1	1	0
Permit Services Manager	4	4	0
Supervising Air Quality Engineer	6	6	0
Senior Air Quality Engineer	13	13	0
Supervising Air Quality Specialist	3	3	0
Senior Air Quality Specialist	5	5	0
Air Quality Engineer I/II	39	38	-1
Air Quality Specialist I/II	19	18	-1
Air Quality Technician I/II	1	1	0
Air Quality Assistant	1	1	0
Senior Office Assistant	1	1	0
Office Assistant I/II	<u>3</u>	<u>3</u>	<u>0</u>
TOTAL	<u>96</u>	<u>94</u>	<u>-2</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted* FY 12-13	Recommended FY 13-14	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,725,911	\$6,664,863	(\$61,048)	(1%)
Temporary Help	\$57,972	-	(\$57,972)	(100%)
On Call Pay	-	-	-	-
Overtime	\$83,190	\$83,190	-	-
Unemployment	\$29,427	\$27,918	(\$1,509)	(5%)
Retirement	\$2,771,891	\$2,887,323	\$115,432	4%
OASDI	\$105,106	\$100,394	(\$4,712)	(4%)
Workers Compensation	\$43,587	\$39,989	(\$3,598)	(8%)
Cafeteria Plan Benefits	\$776,189	\$898,608	\$122,419	16%
Long-Term Disability Insurance	\$23,580	\$23,165	(\$415)	(2%)
Alternate Transportation Incentive	\$56,694	\$55,537	(\$1,157)	(2%)
TOTAL SALARIES AND BENEFITS	\$10,673,547	\$10,780,987	\$107,440	1%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$64	-	(\$64)	(100%)
Mobile Communications	\$7,263	\$7,161	(\$102)	(1%)
Telephone Charges	\$31,647	\$31,748	\$101	-
Insurance	\$58,536	\$61,527	\$2,991	5%
Equipment Maintenance	\$60,433	\$45,667	(\$14,766)	(24%)
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$51,037	\$55,679	\$4,642	9%
Video Conferencing Maintenance & Operations	\$688	\$610	(\$78)	(11%)
Building Maintenance & Operations	\$92,940	\$82,037	(\$10,903)	(12%)
Office Supplies	\$21,676	\$21,486	(\$190)	(1%)
Computer Software & Supplies	\$31,400	\$26,580	(\$4,820)	(15%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$40,614	\$25,210	(\$15,404)	(38%)
Printing	\$9,787	\$7,932	(\$1,855)	(19%)
Professional & Specialized Services	\$30,588	\$190,975	\$160,387	524%
Publications & Legal Notices	\$135,705	\$115,940	(\$19,765)	(15%)
Rents & Leases	\$141,258	\$133,557	(\$7,701)	(5%)
Small Tools & Equipment	\$7,904	\$6,195	(\$1,709)	(22%)
Special District Expense	\$7,227	\$7,221	(\$6)	-
Travel & Training	\$19,270	\$19,270	-	-
Travel & Training - Boards	-	-	-	-
Utilities	\$73,846	\$67,210	(\$6,636)	(9%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$821,883	\$906,005	\$84,122	10%
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$32,638	\$20,725	(\$11,913)	(37%)
Computer Equipment	\$164,489	\$187,381	\$22,892	14%
Office Furniture / Equipment	\$8,007	\$7,631	(\$376)	(5%)
Office Machines	\$19,896	\$19,564	(\$332)	(2%)
Telephone Systems	\$42,733	\$6,455	(\$36,278)	(85%)
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	\$267,763	\$241,756	(\$26,007)	(10%)
TOTAL OPERATING APPROPRIATIONS	\$11,763,193	\$11,928,748	\$165,555	1%

Strategies and Incentives Department

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STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2012-13</u>	<u>Recommended 2013-14</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	4,825,435	5,286,323	460,888	(8%)
Services and Supplies	1,784,650	1,226,092	(558,558)	(41%)
Fixed Assets	<u>171,397</u>	<u>164,175</u>	<u>(7,222)</u>	<u>(11%)</u>
 Total	 <u>6,781,482</u>	 <u>6,676,590</u>	 <u>(104,892)</u>	 <u>(6%)</u>
 <u>Position Summary</u>	 46	 47	 1	

FUNCTION

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

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

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

Air Quality Plan Development

The District prepares long-range plans to attain and maintain state and federal air quality standards for ozone and particulate matter. In developing air quality plans, District staff members work closely with staff of the California Air Resources Board (ARB), the agency responsible for the control of mobile source emissions; staff of the United States Environmental Protection Agency (EPA); members of environmental organizations; and representatives of industries that will be affected by the controls listed in the plans. These plans and the associated progress reports and supporting documents must meet all legal requirements, and must account for the needs of Valley citizens and industry. Developing air quality plans requires analyzing measured air quality and emission inventories, conducting atmospheric modeling, developing emission control strategies, and coordinating efforts with Valley transportation planning agencies, stakeholders, ARB, and EPA. The District develops its air quality plans in an open public process with many public meetings then the plans are presented to the Governing Board for adoption. After Governing Board adoption, the District submits its air quality plans to ARB, who in turn approves and transmits the plans to EPA for incorporation in the State Implementation Plan. Federal planning requirements also include “Mid-Course Review,” “Rate of Progress” and “Reasonable Further Progress” plans for ozone and particulate matter, and “Milestone Compliance Demonstration” reports for ozone to assure that the District and partnering agencies continue to reduce emissions as specified in the federal Clean Air Act.

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

Rulemaking and Emission Control Strategy Development

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

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

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

Air Quality Modeling and Monitoring Data Analysis

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

In a general context, air quality modeling activities are fundamental to understanding the San Joaquin Valley's perplexing air quality problems. District staff provides technical support for the San Joaquin Valleywide Air Pollution Study Agency, which is responsible for coordinating basic research on air pollution in the Valley. District staff collaborates extensively with modelers from ARB, industry, academia, and other air districts on modeling projects. In particular, staff has worked extensively with ARB on air quality analysis and modeling to better characterize pollution transport from upwind air basins.

In the context of the District's air quality plans, modeling is necessary to provide estimates for the quantities of emission reductions necessary to attain the federal air quality standards. These models are also highly valuable for estimating the contribution of ozone and PM precursor emissions from outside the District. District modelers work closely with ARB staff to prepare the required modeling for the District's air quality plans.

District atmospheric scientists assure that the overall design of the San Joaquin Valley's air monitoring network complies with state and federal regulations, prepare the Annual Air Monitoring Network Plan for submission to EPA, and develop Requests for Proposal and contracts for the construction of new air monitoring stations. Additionally, the staff is responsible for the on-going quality assurance and certification of data collected from the

District's monitoring stations, and the submission of the data to EPA's nationwide air quality database.

Air Quality Forecasting and Analysis

District staff provides a variety of air quality forecasting services, including providing daily Air Quality Index (AQI) forecasts, health advisory forecasts, forecasts for the episodic curtailment provisions of Rule 4901 (Wood Burning Fireplaces and Wood Burning Heaters), and forecasts in support of the smoke management program for agricultural and prescribed burns. Each day, District staff analyzes forecasted weather conditions using state-of-the-art tools, such as National Weather Service meteorology models, the District's Doppler radar profilers, and District-customized meso-scale weather and statistical models. The District's Smoke Management Program is designed to minimize impacts of smoke on public health while addressing the open burn needs of agricultural operators and land managers. Staff continuously works on improvements of its forecasting tools supporting the burn allocation program and other forecast-dependent programs. Implementation of the mandatory residential wood burning curtailment provisions in Rule 4901 and the Smoke Management Program has raised the importance of accurate and timely air quality forecasts.

In addition to forecasts, District staff also conducts extensive analysis of air quality data generated from the District's network of air quality monitoring stations in support of planning efforts and to provide timely, accurate information to the public regarding air quality progress. Because the Valley air basin was re-designated as a PM10 attainment area in 2008, in recent years, staff has dedicated significant effort to forecasting, measuring, and analyzing the weather conditions and emissions sources that cause sporadic, high concentrations of particulate matter. With adequate meteorological justification, pollution exceedances that can be attributed to unusual or overwhelming weather or wildfires can be classified as Exceptional Events, and be excluded from consideration as violations of a national ambient air quality standard. When this occurs, District staff prepares thorough examinations of the causes of these "Exceptional Events, solicits public review, and submits the documentation to EPA.

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 2013-14 Recommended Budget:

• DMV Surcharge Fees	\$40,743,000
• Carl Moyer Program	7,700,000
• ISR & Voluntary Mitigation Agreements	2,840,600
• Proposition 1B	28,500,000
• School Bus Program	1,753,000
• Federal Diesel Emission Reduction Funding	1,925,000
• Non-Operating Interest	622,300
• AERO (Rule 4320) & Section 185 (Rule 3170)	3,200,000
• Miscellaneous Incentive Funds	600,000
• Energy Efficiency Grants	<u>150,000</u>
 Total New Incentive Grant Funds	 <u>\$ 88,033,900</u>

Heavy-Duty Engine Program

The Heavy-Duty Engine Program is the District's largest and most successful incentive program. The Heavy-Duty Engine Program accepts applications for a wide variety of engines that power vehicles or equipment. Heavy-duty trucks, buses, and heavy-duty off-road engines are significant sources of nitrogen oxides (NOx), particulate matter (PM) and reactive organic gases (ROG) emissions within the San Joaquin Valley. Although the District does not have the authority to regulate vehicle tailpipe emissions, it can provide monetary incentives to reduce emissions from these sources. The program provides funding for equipment replacements, engine repowers, or retrofits that are cost-effective in reducing emissions. Emission reductions are obtained when the project applicant purchases vehicles and engines that are cleaner than required by regulatory emission standards or installs an emission certified retrofit device on an existing engine. Project types funded include, but are not limited to: on-road vehicles (heavy duty trucks, school buses, etc.), locomotives, off-road vehicles and equipment (construction, agricultural tractors, etc.), agricultural irrigation pump engines, forklifts, and engine idle reduction technology. During the first eight months of 2013-14, the District obligated \$73 million in incentive funds through its various heavy-duty programs for over 1,500 engines/vehicles, and paid out over \$30 million in grant claims.

Proposition 1B – Goods Movement Emission Reduction Program: An important component of the Heavy-Duty Engine Program is the Goods Movement Emission Reduction Program, funded through Proposition 1B. 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 and 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), light- and medium-duty vehicle purchase, bicycle infrastructure, alternative fuel vehicle mechanics training, public transportation and commuter vanpool subsidies. During the first eight months of 2013-14, the District obligated nearly \$1 million in incentive funds through its various REMOVE programs for 1084 projects.

Polluting Automobile Scrap and Salvage: This innovative program provides a variety of incentives to encourage the early retirement of the highest polluting light-duty vehicles by encouraging the scrapping or repair of these vehicles. The State Bureau of Automotive Repair (BAR) currently has a statewide program that encourages the early retirement of vehicles that fail their smog check. As one of the newest District incentive programs targeting the highest-polluting light-duty vehicles, the District's Tune In, Tune Up program,

run in partnership with Valley Clean Air Now, has reached out to Valley residents in environmental justice communities who otherwise may not be able to afford costly emissions-related vehicle repairs. Through weekend events, participating residents could have their vehicles screened to determine if they qualified for emissions-related repairs at little to no cost to them. In 2012, the District sponsored 12 weekend events that provided nearly 3,000 vouchers to Valley residents for vehicle repairs.

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.

Public Benefit Grants Program

The Public Benefit Grant Program is another recent addition to the District's incentive programs, and provides funding to Valley cities, counties and other public agencies for a wide variety of clean-air public-benefit projects that provide benefits to Valley residents. Eligible applicants are cities, counties, special districts (i.e. water districts, irrigation districts, etc.) and public educational institutions (i.e. school districts, community colleges, state universities, etc.) located within the geographic area of the SJVAPCD.

Burn Cleaner Program

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

Lawn Mower Replacement Program

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

Technology Advancement Program

The District created the Technology Advancement Program (TAP) in late 2010 to encourage the development of advanced new emission reduction technologies in the Valley. The program provides funding for clean air technology advancement projects in several focus areas. To date, the District has approved funding for twenty projects to demonstrate a wide variety of mobile source, renewable energy, and waste to energy technology advancement projects. During 2012-13, the District approved nearly \$4 million in funding for nine new projects.

Smoking Vehicle Program

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

SIGNIFICANT IMPACTS TO 2013-14 BUDGET

As detailed in the next section, the District anticipates an increase in workload resulting from 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. Additionally, several organizational changes are expected to provide additional program efficiencies that will continue to reduce the impact of increased workload in 2013-14. The recent merger of the Planning and ERIP departments and other efficiency measures will enable the District to absorb this additional workload without an increase in staffing. To help address the upcoming increase in workload and provide requisite management oversight, the 2013-14 Recommended Budget includes an increase of one regular program manager position for the Strategies and Incentives Department.

New Workload

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

For air quality plans, new work includes significant effort to develop the next PM2.5 and ozone attainment plans. District staff will need to collaborate extensively with ARB on refining the emission inventory and atmospheric modeling for the next iteration of ozone and PM2.5 plans, which will be designed to meet the latest health-based federal air quality standards. Development of these new attainment plans will require extensive research and cooperation with Valley stakeholders to explore potential control strategies. Within this context, the District will also continue to develop its Health Risk Reduction Strategy to prioritize strategies that provide for maximum health benefits. District staff will also continue to analyze the implications of new federal standards for oxides of nitrogen, oxides of sulfur, ozone, and particulate matter from several perspectives, including attainment strategy development, the District's air monitoring network, and air quality analysis and forecasting. Additionally, EPA is expected to take action on the District's 2012 PM2.5 Plan and elements of the 2008 PM2.5 Plan, which may trigger more extensive revisions to the currently active plans.

In 2013-14, the District will need to provide significant technical oversight for a variety of Study Agency and other research efforts scheduled for implementation in 2013-14. These research efforts comprise the final phases of the Central California Ozone Study (CCOS) and the California Regional Particulate Air Quality Study (CRPAQS), and will provide key

information needed to further the District's understanding of ozone and particulates. Additionally, the District is also proposing to conduct additional research through local funding to further develop policy-relevant air quality science, including research to help further the development of a health risk reduction attainment strategy.

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

The District continues to conduct analysis needed for improving air quality forecasting tools to reflect the ongoing improvements in Valley air quality. The District anticipates completing several Exceptional Events documents in 2013-14. These projects require a significant amount of data gathering, analysis, and modeling of meteorological and emissions parameters during recent wildfire and windblown dust pollution episodes, in order to demonstrate conclusively that the events were beyond the scope of the District's comprehensive, stringent control strategies. District staff is also responsible for coordinating the contracts with the laboratories that analyze the samples collected for the Photochemical Air Monitoring System (PAMS) program.

The District will develop a number of emission control strategies in 2013-14 to achieve additional emissions reductions, particularly under the new *2012 PM2.5 Plan* adopted by the Governing Board in December 2012. These control strategies will include new regulations, new incentive programs, and other innovative emission control strategies. Several regulations that will be worked on in 2013-14 include potential amendments to Rule 4901 to lower the wood burning curtailment threshold, and potential amendments to Rule 4692 to reduce emissions from commercial under-fired cooking operations. Additionally, the District will be developing and implementing reporting under new Rule 9610 to obtain credit towards federal requirements for reductions achieved through incentive programs. To further the Regional Energy Efficiency Strategy, the District proposes to include \$150,000 to fund regional energy efficiency and conservation projects and services in the Valley, in close coordination with local jurisdictions, utilities, and other stakeholders.

Incentive Programs

The most significant workload related to the District's incentive programs involves the funding of projects through the Proposition 1B Goods Movement Emission Reduction Incentive Program. Significant interest has been shown in this program, with the District receiving 3,300 applications for \$165 million of requested funding during the program's second solicitation. 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 \$100 million to date. In addition to the ongoing work of processing and closing out the remaining funds from the

previous round of funding, the District is expecting to receive nearly \$30 million of additional funding in 2013-14. This increased funding will generate a substantial amount of new work in several areas. To identify eligible and cost-effective projects for this new funding and to meet the statutory requirements of the program, the District must open a new competitive application solicitation in the summer of 2013. This solicitation will include a comprehensive outreach component to ensure that we receive maximum participation Valley-wide. Additionally, this new solicitation will necessitate a complete overhaul of all District applications, forms, and associated program materials due to the increasing complexities of this program stemming from the implementation of ARB's statewide truck and bus regulation. With the implementation of this regulation, significantly more project by project evaluation will occur than in previous phases of the program. These complexities will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

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

In addition to Proposition 1B, the District will also be implementing several truck voucher incentive programs in 2013-14. Given the substantial funding and demand for these programs, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

A relatively new component of the Heavy-Duty Engine Program is the agricultural equipment replacement program. This program is targeted at reducing emissions from off-road equipment, and provides funding for equipment replacement, engine repowers, or engine retrofits that are cost-effective in reducing emissions. The District has seen a high level of interest from the agricultural sector in this program, and the District plans on providing significant funds towards these cost-effective projects in 2013-14. 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 2012-13.

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

Another new grant component currently under development in the Heavy-Duty Engine Program is the Refuse Vehicle Replacement Program. This program is aimed at reducing

emissions from refuse vehicles and reducing impacts of toxic emissions in the neighborhoods in which these vehicles operate. The new workload associated with this program will include developing program guidelines and associated materials, a strong outreach component to ensure maximum participation and the effective administration of the program including application processing, contracting, payments and ongoing reporting.

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

In the coming year, the District will be fully implementing a revised residential lawnmower trade in program, the Clean Green Yard Machine program. This program has undergone significant revisions and will be opened in the spring/summer of 2013. The District is also working to develop a new commercial lawn and garden equipment replacement program as a companion to the residential program. This program is expected to begin operation during the summer of 2013 and will require additional work to fully implement, including conducting outreach with commercial lawn and garden businesses and administering grant projects.

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

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

impact the District workload with increased application processing, contract administration, grant tracking requirements, and grant payments.

The District's Technology Advancement Program is expected to continue growing in 2013-14, with \$5.3 million allocated towards this program in 2013-14. The District expects to see significant activity in this important program through the solicitation and contracting of a variety of technology advancement projects. Substantial staff time will be required to administer approved projects, revise program requirements, solicit applications, evaluate applications, and contract new projects. As demonstration projects are implemented, the District will invest significant effort in reporting results to the public. Additionally, the District will continue to refine the focus areas of the program, and make necessary changes to the program guidelines and other program resources.

In addition to the above new workload associated with new funding and program requirements, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for available funding opportunities, and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2013-14 through AB 118 and other state and federal funding sources.

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

Efficiency and Streamlining Measures

Several organizational changes are expected to provide additional program efficiencies that will continue to reduce the impact of increased workload in 2013-14. Additionally, the recent merger of the former ERIP and Planning departments into the Strategies and Incentives Department is expected to continue reducing the impact of increased workload in 2013-14. Examples of efficiency and strategic improvements resulting from the merger include:

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

In addition to the strategic benefits in efficiency gained by the merger, additional efficiency and streamlining measures in each of the function areas are expected to reduce the impact of increased workload in 2013-14.

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

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

In 2013-14, several streamlining initiatives will leverage computer automation and technology improvements to replace tasks currently or previously performed by staff. The implementation of a new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. Forecasting staff has developed and implemented several automated modules in their daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks. Staff will continue to improve these routines in order to reduce time spent on forecasting. In addition, forecasting staff is working with state and federal land management agencies to improve communications and facilitate communications to increase customer service and reduce time spent dealing with prescribed fires.

In 2013-14, the District will continue to refine its procedures for public workshops while still providing ample opportunity for public review. Streamlining measures will involve more utilization of video-teleconferencing to reduce travel-time to workshops. In accordance with the District's core value of open and transparent public processes, webcasting meetings allows an additional means of public participation, while reducing emissions from mobile sources. The District will continue to present major topics in-person throughout the Valley, and utilize the District's VTC facilities for all public meetings. In order to better reach stakeholders in the Valley's environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Citizen's Advisory Committee and Environmental Justice Advisory Group.

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

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

As the use of the internet has spread throughout the Valley's communities, the demand for paper documents, such as rules and plans, has decreased over time. The practice of using the District's website as the primary means of publishing large documents such as plans, rules, and air quality data continues to expand. This means of obtaining the documents has become widely accepted by stakeholders and reduces the up-front printing, postage and administrative staff time costs to the District. In addition, the District now notifies many stakeholders of workshops, hearings, and other advisories, via e-mail. The e-mail notifications contain a hyperlink to the District web page for that project, and users are encouraged to download documents from the web page. The e-mail notifications have significantly reduced mailing and printing costs and staff processing time. To maintain good communications with stakeholders who desire paper documents, the District has retained its hardcopy mailing function, and has developed programs to manage mailing list databases to avoid mailing duplicate copies to recipients.

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. In 2013-14, the District plans to begin implementation of a new web grant application portal that will allow the public to submit grant applications online electronically. This new portal will also allow for those applications to be processed internally electronically, streamlining the overall application review process. Through these efficiencies, the District is not proposing additional regular staffing in 2013-14, despite the high projected workload in 2013-14. The District proposes to continue utilizing temporary staffing to process applications in a timely manner during projected peak activity periods, including the processing of Proposition 1B and new motor

vehicle surcharge funds. If additional staffing is required to process additional grant funding projected in 2013-14, the District would bring any proposals for new staffing for Board consideration at future board hearings.

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

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

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

SUMMARY OF POSITIONS

Title	Current	Recommended	Increase/ Decrease
Director of Strategy and Incentives	1	1	0
Program Manager	2	3	+1
Supervising Air Quality Specialist	5	5	0
Senior Air Quality Engineer	0	0	0
Senior Air Quality Specialist	10	10	0
Air Quality Engineer I/II	0	0	0
Air Quality Specialist I/II	22	22	0
Staff Technician I/II	2	2	0
Air Quality Assistant	1	1	0
Operations Support Supervisor	1	1	0
Office Assistant I/II	<u>2</u>	<u>2</u>	<u>0</u>
TOTAL	46	47	+1

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 12-13	Recommended FY 13-14	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$2,735,640	\$2,900,886	\$165,246	6%
Temporary Help	\$379,383	\$425,895	\$46,512	12%
On Call Pay	-	-	-	-
Overtime	\$43,464	\$45,605	\$2,141	5%
Unemployment	\$17,373	\$17,905	\$532	3%
Retirement	\$1,148,897	\$1,280,698	\$131,801	11%
OASDI	\$68,352	\$74,296	\$5,944	9%
Workers Compensation	\$19,989	\$19,807	(\$182)	(1%)
Cafeteria Plan Benefits	\$374,759	\$481,770	\$107,011	29%
Long-Term Disability Insurance	\$10,967	\$11,692	\$725	7%
Alternate Transportation Incentive	\$26,611	\$27,769	\$1,158	4%
TOTAL SALARIES AND BENEFITS	\$4,825,435	\$5,286,323	\$460,888	10%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$8,272	\$7,301	(\$971)	(12%)
Telephone Charges	\$15,175	\$15,880	\$705	5%
Insurance	\$28,048	\$30,763	\$2,715	10%
Equipment Maintenance	\$30,034	\$22,631	(\$7,403)	(25%)
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$52,250	\$94,912	\$42,662	82%
Video Conferencing Maintenance & Operations	\$335	\$308	(\$27)	(8%)
Building Maintenance & Operations	\$45,134	\$41,016	(\$4,118)	(9%)
Office Supplies	\$10,536	\$10,742	\$206	2%
Computer Software & Supplies	\$12,935	\$13,169	\$234	2%
Monitoring Station Supplies & Equipment	\$7,893	-	(\$7,893)	(100%)
Postage	\$21,982	\$16,502	(\$5,480)	(25%)
Printing	\$4,378	\$3,591	(\$787)	(18%)
Professional & Specialized Services	\$1,440,666	\$873,036	(\$567,630)	(39%)
Publications & Legal Notices	\$42,531	\$34,400	(\$8,131)	(19%)
Rents & Leases	\$5,116	\$4,406	(\$710)	(14%)
Small Tools & Equipment	\$3,735	\$3,098	(\$637)	(17%)
Special District Expense	\$3,918	\$3,976	\$58	1%
Travel & Training	\$15,250	\$15,250	-	-
Travel & Training - Boards	-	-	-	-
Utilities	\$36,462	\$35,111	(\$1,351)	(4%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,784,650	\$1,226,092	(\$558,558)	(31%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$21,902	\$5,952	(\$15,950)	(73%)
Computer Equipment	\$116,755	\$142,650	\$25,895	22%
Office Furniture / Equipment	\$3,896	\$3,813	(\$83)	(2%)
Office Machines	\$7,617	\$7,784	\$167	2%
Telephone Systems	\$21,227	\$3,976	(\$17,251)	(81%)
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	\$171,397	\$164,175	(\$7,222)	(4%)
TOTAL OPERATING APPROPRIATIONS	\$6,781,482	\$6,676,590	(\$104,892)	(2%)

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NON-OPERATING BUDGET

FISCAL SUMMARY

	<u>2012-13</u>	<u>2013-14</u>	<u>(Decrease)</u>	<u>%</u>
<u>Appropriations</u>				
Other Charges	25,000	25,000	-	
Incentive Programs	213,132,989	121,652,600	(91,480,389)	(24%)
Approp. for Contingencies	<u>850,000</u>	<u>850,000</u>	<u>-</u>	
 Total	 <u><u>214,007,989</u></u>	 <u><u>122,527,600</u></u>	 <u><u>(91,480,389)</u></u>	 <u><u>(24%)</u></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 2013-14, 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 2013-14 Recommended Budget includes \$121,652,600 of appropriations for emission reduction incentive grants. This is a decrease of \$91 million or 43% from the 2012-13 Adjusted Budget at the end of February. The change between budget years is primarily due to the difference in anticipated reserves available to fund expenditures in 2013-14 combined with higher Proposition 1B revenue offset by the loss of some Federal Diesel Emissions Reduction Funding in 2013-14. The District expects that additional incentive funds will continue to be added to the 2013-14 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 2013-14 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 55,767,700
• Carl Moyer Program	9,870,000
• ISR & VERA	5,853,300
• Proposition 1B Funding Program	30,259,400
• School Bus Program	4,819,200
• Federal Funding	2,521,000
• Community & Other Incentives	10,327,500
• GHG Support for Cities & Counties	250,000
• Miscellaneous Incentive Grants	1,834,500
• CEC Energy Efficiency Grants	150,000
Total Incentive Grants	<u>\$121,652,600</u>

DMV Surcharge Fees

This appropriation is funded by new DMV Surcharge Fee revenue in 2013-14 and by \$14,600,200 of DMV reserves. For 2013-14, the Recommended Budget includes receiving the new DMV Surcharge, of \$12 per vehicle, authorized by AB 2522, for the second full year. The District's DMV Surcharge sources available to appropriate are as follows:

• AB2766 \$4 per vehicle	\$ 300,000
• AB923 \$2 per vehicle	5,164,000
• SB709 \$1 per vehicle	2,663,000
• AB2522 \$12 per vehicle	32,616,000
• DMV Reserves	<u>14,899,900</u>
• Total DMV Surcharge Fees	<u>\$ 55,343,200</u>

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

Carl Moyer Program

This appropriation is based on the annual state allocation of Carl Moyer Program funds and unused amounts carried over from the prior year. These funds are used predominantly in the Heavy-Duty Program and are granted in strict accordance with guidelines adopted by the Air Resources Board. The District allocation remains the same; however, we get additional Moyer funds from other Districts to manage for them throughout the year, which will increase our budget. Lower reserves carried into 2013-14 account for the decrease in appropriations in 2013-14.

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

This appropriation represents the estimate for incentive grant revenue available as the result of the District's ISR Rule and voluntary development mitigation agreements. Residential and commercial development projects provide these funds to offset emissions associated with projects. The Heavy-Duty Program and other programs use these funds for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM. The higher estimate for new revenue in 2013-14 reflects the current economic forecast for development projects in the Valley. However, the total amount appropriated decreases in 2013-14 due to lower reserve balances available at the beginning of the year.

Proposition 1B Funding

This appropriation includes \$28.8 million of estimated revenue for phase 2 and phase 3 of Proposition 1B: Goods Emission Reduction Program funding expected in 2013-14 as well as a \$1.46 million unexpended balance in Proposition 1B funding expected to carry over. Due to a delay in bond sales that postponed the District's receipt of significant amounts of phase 2 funding expected in 2012-13, this revenue is re-budgeted for receipt in 2013-14. Funding from Proposition 1B will be used for specific heavy-duty on-road vehicle projects providing funding for engine repowers, engine retrofits, truck replacements as well as new purchases and for locomotive repowers.

School Bus Program

This appropriation provides incentive funding for the retrofit of high-emitting diesel school buses. This program was established to reduce schoolchildren's exposure to cancer-causing and smog-forming pollution. Funding for FY 2013-14 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 earmarked Federal Diesel Emission Reduction Funding for FY2013-14.

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. This transfer combined with \$7.1 million in reserves remaining from FY 2012-13 for a total of \$10.3 million is available to be used in the District's Community Incentive programs. The District may create new program components to complement existing ones.

Miscellaneous Incentive Programs

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

Energy Efficiency & Conservation Grants

The District will receive \$150,000 in funding from the California Energy Commission to assist with statewide electric vehicle readiness planning.

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 2013-14 is \$850,000, the same as recommended and adopted for 2012-13.

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 seven years, with a budgeted incentive program appropriation of \$25 million in the 2005-06 Budget, and a proposed incentive program appropriation of \$122 million in the 2013-14 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 \$408,919,447 in match funding, with a combined District and grant recipient funding investment of \$933,208,716.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost- effectiveness (\$/ton)
\$530,194,046	\$408,919,447	101,624	\$5,217

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

- 4,456 agricultural irrigation pump engines (~\$2,300/ton)
- 928 agricultural equipment replacements (~\$3,500/ton)
- 903 off-road equipment repowers (~\$6,100/ton)
- 3,186 heavy-duty trucks (~\$7,000/ton)
- 1,889 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 435 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 3,567 lawnmower replacements (~\$30,000 - \$50,000/ton)
- 2,723 fireplace change-outs (~\$3,400/ton)
- 28,208 commuter subsidies (~\$35,000/ton)

- 37 locomotive replacements/retrofits (~\$5,000/ton)
- 339 new alt fuel light duty vehicles (~\$50,000 - \$150,000/ton)
- 697 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 2,950 vehicle emissions repairs (~\$20,000/ton)
- 14 bicycle infrastructure projects (bike paths) (~\$40,000/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 2013-14 Budget. The actual spending in different project categories will depend on the cost-effectiveness and number of applications received for each category. Due to the economic circumstances and uncertain timing of several of the funding sources, the expenditure of the below funds may take more than one fiscal year to complete.

Community Incentives	
Drive Clean! Rebate (passenger vehicles)	\$ 2,000,000
Tune-In Tune-Up Vehicle Repair	4,000,000
High Polluting Vehicle Scrap	250,000
Burn Cleaner (residential woodburning)	2,000,000
Lawn Mower Replacement	1,020,100
REMOVE (vanpools, bikepaths, etc.)	1,300,000
Goods Movement	
Proposition 1B Heavy Duty Trucks	30,259,400
Rail Locomotives (switcher and line-haul)	4,612,100
Heavy Duty Equipment Programs	
Agricultural Equipment Replacement	20,930,600
Agricultural Irrigation Pumps	3,022,900
Truck Voucher and Reuse	8,195,000
Construction Equipment Replacement	3,023,000
Refuse Fleet Replacement	5,425,000
Advanced Transportation/Vehicles	
Public Benefit Grants	20,000,000
Electric Vehicle Strategic Plan	150,000
School Bus Replacement and Retrofit	
School Bus Replacement/Retrofit	8,000,000
Statewide Retrofit Program	1,110,600
Regional Assistance	
Greenhouse Gas Mitigation Assistance	250,000
Technology Advancement	
Technology Advancement Program	5,353,900
Zero-Emissions Commercial Lawn and Garden	750,000
	\$ 121,652,600

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

	Adjusted* FY 12-13	Estimated Actuals FY 12-13	Recommended FY 13-14	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
NON-OPERATING APPROPRIATIONS							
OTHER CHARGES							
Air Toxic Pass Through	\$25,000	\$25,000	\$25,000	-	-	-	-
Dairy CEQA - Pass Through	-	-	-	-	-	-	-
TOTAL OTHER CHARGES	\$25,000	\$25,000	\$25,000	-	-	-	-
INCENTIVE PROGRAMS							
DMV Surcharge Fees - Incentives	\$76,713,093	\$70,941,500	\$55,767,700	(\$20,945,393)	(27%)	(\$15,173,800)	(21%)
Carl Moyer Program	\$30,699,849	\$18,251,500	\$9,870,000	(\$20,829,849)	(68%)	(\$8,381,500)	(46%)
ISR and VERA'S	\$9,279,531	\$5,804,000	\$5,853,300	(\$3,426,231)	(37%)	\$49,300	1%
Proposition 1B Funding Program	\$59,050,107	\$58,830,000	\$30,259,400	(\$28,790,707)	(49%)	(\$28,570,600)	(49%)
School Bus Program	\$5,605,353	\$1,806,000	\$4,819,200	(\$786,153)	(14%)	\$3,013,200	167%
Federal DERA/Designated Funding Program	\$10,327,958	\$5,781,000	\$2,521,000	(\$7,806,958)	(76%)	(\$3,260,000)	(56%)
Community & Other Incentives Funded by Operating Reven	\$14,600,660	\$2,007,000	\$10,327,500	(\$4,273,160)	(29%)	\$8,320,500	415%
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-
GHG Support for Cities & Counties	\$250,000	\$250,000	\$250,000	-	-	-	-
Miscellaneous Incentive Programs	\$2,484,000	\$1,408,000	\$1,834,500	(\$649,500)	(26%)	\$426,500	30%
Energy Efficiency Grant	-	-	\$150,000	\$150,000	-	\$150,000	-
CEC - Energy Efficiency Grant	\$4,122,438	\$3,899,000	-	(\$4,122,438)	(100%)	(\$3,899,000)	(100%)
TOTAL INCENTIVE PROGRAMS	\$213,132,989	\$168,978,000	\$121,652,600	(\$91,480,389)	(43%)	(\$47,325,400)	(28%)
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-
TOTAL NON-OPERATING APPROPRIATIONS	\$214,007,989	\$169,003,000	\$122,527,600	(\$91,480,389)	(43%)	(\$46,475,400)	(27%)

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

Prior 3 Years and 2013-14 Recommended

	Adjusted 2010-11 @ 6/30/11	Adjusted 2011-12 @ 6/30/12	Adjusted 2012-13 @ 2/29/13	Recommended 2013-14
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 30,505,078	\$ 30,842,451	\$ 32,346,654	\$ 33,613,082
Services & Supplies	5,898,300	7,074,178	7,476,909	6,733,605
Fixed Assets	2,179,800	3,635,085	3,405,422	3,609,209
OPERATING APPROPRIATIONS	<u>38,583,178</u>	<u>41,551,714</u>	<u>43,228,985</u>	<u>43,955,896</u>
Other Charges	30,000	25,000	25,000	25,000
Incentive Contracts	118,524,513	243,396,281	213,132,989	121,652,600
Appropriation for Contingencies	850,000	850,000	850,000	850,000
NON-OPERATING APPROPRIATIONS	<u>119,404,513</u>	<u>244,271,281</u>	<u>214,007,989</u>	<u>122,527,600</u>
TOTAL APPROPRIATIONS	<u>\$ 157,987,691</u>	<u>\$ 285,822,995</u>	<u>\$ 257,236,974</u>	<u>\$ 166,483,496</u>
REVENUE				
Stationary Revenue	\$ 23,422,800	\$ 29,913,600	\$ 31,118,480	\$ 28,810,702
Grant Revenue	3,032,000	3,040,000	2,989,000	3,365,000
DMV Surcharge Fees - District Portion	10,100,000	10,100,000	10,100,000	10,100,000
Administrative Fees - Incentive Programs	6,498,984	3,060,600	2,187,100	1,982,100
Transfer to Non-Operating Revenue for Incentive Grants	(5,200,000)	(5,200,000)	(5,403,360)	(3,200,000)
Fund Balance Used	1,627,147	2,804,540	3,152,765	2,013,094
Reserves Released / (Increased)	(897,753)	(2,167,026)	(915,000)	885,000
OPERATING REVENUE/FUNDING SOURCES	<u>38,583,178</u>	<u>41,551,714</u>	<u>43,228,985</u>	<u>43,955,896</u>
Non-Operating Revenue	111,526,013	142,969,700	92,680,976	88,694,996
Fund Balance/Reserves Released	7,878,500	101,301,581	121,327,013	33,832,604
NON-OPERATING REVENUE/FUNDING SOURCES	<u>119,404,513</u>	<u>244,271,281</u>	<u>214,007,989</u>	<u>122,527,600</u>
TOTAL REVENUE/FUNDING SOURCES	<u>\$ 157,987,691</u>	<u>\$ 285,822,995</u>	<u>\$ 257,236,974</u>	<u>\$ 166,483,496</u>
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RECOMMENDED POSITIONS	308	308	308	308
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RESERVES				
General Reserve	\$ 3,840,000	\$ 4,000,000	\$ 4,100,000	\$ 4,400,000
Long-Term Building Maintenance	313,000	378,000	443,000	508,000
Computer-VTC Equipment Reserve	-	750,000	1,500,000	250,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2013-14 Recommended

<u>ACCOUNT TITLE</u>	<u>2010-11 Adjusted Revenues @ 6/30/11</u>	<u>2011-12 Adjusted Revenues @ 6/30/12</u>	<u>2012-13 Adjusted Revenues @ 2/29/13</u>	<u>2013-14 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 15,147,700	\$ 15,600,600	\$ 16,875,980	\$ 16,973,314
Section 185 - Non Attainment Fees - Rule 3170	-	6,000,000	6,000,000	3,058,648
Advanced Emission Reduction Options (AERO) Fees	5,400,000	5,366,000	5,366,000	5,622,240
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	316,200	395,000	324,000	604,000
Miscellaneous	58,900	52,000	52,500	52,500
Total Stationary Non-Grant Operating Revenue	23,422,800	29,913,600	31,118,480	28,810,702
GRANT REVENUE				
State Subvention	882,000	899,000	900,000	900,000
EPA 105 Grant	2,000,000	2,091,000	2,024,000	2,000,000
EPA 103 Grant	150,000	50,000	65,000	465,000
Total Grant Revenue	3,032,000	3,040,000	2,989,000	3,365,000
Total Stationary Operating Revenue	\$ 26,454,800	\$ 32,953,600	\$ 34,107,480	\$ 32,175,702
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 10,100,000	\$ 10,100,000	\$ 10,100,000	\$ 10,100,000
Administrative Fees - Incentive Programs	6,498,984	3,060,600	2,187,100	1,982,100
Total Operating Revenue	\$ 43,053,784	\$ 46,114,200	\$ 46,394,580	\$ 44,257,802
Transfer to Non-Operating Revenue for Incentive Grants	\$ (5,200,000)	\$ (5,200,000)	\$ (5,403,360)	\$ (3,200,000)
Fund Balance Used	1,627,147	2,804,540	3,152,765	2,013,094
Reserves Released / (Increased)	(897,753)	(2,167,026)	(915,000)	885,000
Estimated Funding Sources - Operating	\$ 38,583,178	\$ 41,551,714	\$ 43,228,985	\$ 43,955,896
NON-OPERATING REVENUE				
Air Toxics	\$ 30,000	\$ 25,000	\$ 25,000	\$ 25,000
EPA 103 Grant Revenue	-	-	-	-
DMV Surcharge Fees - Pass Through	9,036,956	30,237,200	39,137,800	40,743,000
Carl Moyer Funds	12,474,512	8,455,500	8,523,643	7,700,000
VERA/ISR Mitigation Program	3,037,000	2,984,000	1,957,500	2,840,600
DERA Program	-	2,536,325	1,500,000	1,425,000
Operating Revenues Funding Community Incentives	5,200,000	5,200,000	5,403,360	3,200,000
Proposition 1B Funding Program	45,000,000	75,000,000	20,000,000	28,500,000
School Bus Program	22,517,583	1,147,375	1,450,000	1,753,000
Federal Grants	9,897,467	10,429,900	8,902,958	500,000
Miscellaneous Incentive Grant Funding	380,295	832,800	200,000	600,000
Greenhouse Gas Mitigation Program	3,000,000	-	-	-
Interest - Non-Operating	952,200	2,277,300	434,200	622,300
CEC - Energy Efficiency Block Grant	-	3,844,300	3,677,963	150,000
Reimburse Operating for Administrative Revenues Earned	-	-	(2,187,100)	(1,982,100)
Administrative Fees - Incentive Programs	-	-	3,655,652	2,618,196
Total Non-Operating Revenue	\$ 111,526,013	\$ 142,969,700	\$ 92,680,976	\$ 88,694,996
Fund Balance/Reserves Released	\$ 7,878,500	\$ 101,301,581	\$ 121,327,013	\$ 33,832,604
Estimated Funding Sources - Non-Operating	\$ 119,404,513	\$ 244,271,281	\$ 214,007,989	\$ 122,527,600
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 157,987,691	\$ 285,822,995	\$ 257,236,974	\$ 166,483,496

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2013-14 Recommended

DESCRIPTION	2010-11 Adjusted @ 6/30/11	2011-12 Adjusted @ 6/30/12	2012-13 Adjusted @ 2/29/13	2013-14 Recommended Appropriations
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OPERATING APPROPRIATIONS

SALARIES AND BENEFITS

Regular Salaries	\$ 19,489,400	\$ 19,458,953	\$ 19,596,739	\$ 19,912,495
Temporary Help	563,600	596,416	746,418	662,416
On Call Pay	77,900	77,832	77,832	77,832
Overtime	334,600	409,588	259,633	259,306
Unemployment	70,200	74,917	103,635	100,630
Retirement	7,134,800	7,371,665	8,199,894	8,765,641
OASDI	336,100	347,673	349,123	348,943
Workers Compensation	181,100	210,799	218,693	208,414
Cafeteria Plan Benefits	2,066,778	2,045,002	2,542,341	3,025,419
Long-Term Disability Insurance	69,500	68,538	71,274	72,070
Alternate Transportation Incentive	181,100	181,068	181,072	179,916
TOTAL SALARIES AND BENEFITS	\$ 30,505,078	\$ 30,842,451	\$ 32,346,654	\$ 33,613,082

SERVICES AND SUPPLIES

Safety Supplies & Equipment	\$ 15,300	\$ 18,530	\$ 24,299	\$ 23,684
Mobile Communications	134,800	132,080	142,342	124,760
Telephone Charges	114,700	114,822	113,225	113,930
Insurance	185,800	187,245	187,951	201,600
Equipment Maintenance	189,300	193,758	246,350	188,577
Vehicle Maintenance & Operations	217,000	213,562	238,050	223,000
Computer Maintenance	214,500	261,789	320,268	371,403
Video Conferencing Maintenance & Operations	246,800	250,787	251,370	241,576
Building Maintenance & Operations	299,200	304,830	301,028	268,800
Office Supplies	68,900	70,991	70,824	70,700
Computer Software & Supplies	89,600	91,487	96,211	94,927
Monitoring Station Supplies & Equipment	235,700	239,612	276,092	232,189
Postage	167,100	154,240	143,712	113,700
Printing	139,100	126,419	149,433	127,190
Professional & Specialized Services	2,124,600	3,107,825	3,287,828	2,779,564
Publications & Legal Notices	185,500	255,000	200,652	171,340
Rents & Leases	459,200	483,463	466,922	501,870
Small Tools & Equipment	59,800	61,447	51,190	29,020
Special District Expense	289,000	311,519	325,716	269,673
Travel & Training	138,100	138,020	188,786	188,120
Travel & Training - Boards	58,800	64,870	70,301	67,007
Utilities	247,500	251,777	291,959	268,575
Audit Services	18,000	27,705	20,000	20,000
Legal Services	-	12,400	12,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 5,898,300	\$ 7,074,178	\$ 7,476,909	\$ 6,733,605

FIXED ASSETS

Office Improvements	\$ 205,000	\$ 215,552	\$ 40,000	\$ 40,000
Facilities & Equipment	-	25,000	103,891	69,000
Computer Equipment	676,600	863,299	889,845	727,909
Office Furniture & Equipment	26,500	53,113	50,279	25,000
Office Machines	48,000	117,657	55,800	55,000
Telephone Systems	141,500	140,235	138,103	21,900
Detection Equipment	11,300	17,853	14,650	25,000
Automobiles	320,000	572,219	365,132	180,000
Air Monitoring Automation/Remote Control project	-	450,000	450,000	-
Video Conferencing System	344,700	350,974	427,154	746,000
Air Monitoring Station Equipment	406,200	829,183	870,568	747,600
Air Monitoring Near Roadway Stations	-	-	-	971,800
TOTAL FIXED ASSETS	\$ 2,179,800	\$ 3,635,085	\$ 3,405,422	\$ 3,609,209

TOTAL OPERATING APPROPRIATIONS

	\$ 38,583,178	\$ 41,551,714	\$ 43,228,985	\$ 43,955,896
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2013-14 Recommended

DESCRIPTION	2010-11 Adjusted @ 6/30/11	2011-12 Adjusted @ 6/30/12	2012-13 Adjusted @ 2/29/13	2013-14 Recommended Appropriations
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NON-OPERATING APPROPRIATIONS

OTHER CHARGES

Air Toxic Pass Through	\$ 30,000	\$ 25,000	\$ 25,000	\$ 25,000
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 30,000	\$ 25,000	\$ 25,000	\$ 25,000

INCENTIVE PROGRAMS

DMV Surcharge Fees - Incentives	\$ 8,889,656	\$ 48,152,100	\$ 76,713,093	\$ 55,767,700
Carl Moyer Heavy Duty Program	13,016,512	37,422,350	30,699,849	9,870,000
ISR and VERA's	9,390,800	7,493,070	9,279,531	5,853,300
Proposition 1B Funding Program	45,576,200	76,160,300	59,050,107	30,259,400
School Bus Program	22,853,783	45,967,938	5,605,353	4,819,200
Federal DERA/ Designated Funding Programs	9,897,467	14,312,786	10,327,958	2,521,000
Community Incentives	5,200,000	5,433,859	14,600,660	10,327,500
Greenhouse Gas Mitigation Program	3,010,400	-	-	-
GHG Support for Cities and Counties	250,000	250,000	250,000	250,000
Miscellaneous/Interest - Incentive Programs	439,695	4,300,500	2,484,000	1,834,500
Energy Efficiency Grant	-	-	-	150,000
CEC - Energy Efficiency & Conservation Block Grant	-	3,903,378	4,122,438	-
TOTAL INCENTIVE PROGRAMS	\$ 118,524,513	\$ 243,396,281	\$ 213,132,989	\$ 121,652,600

Appropriation for Contingencies	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000
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TOTAL NON-OPERATING APPROPRIATIONS	\$ 119,404,513	\$ 244,271,281	\$ 214,007,989	\$ 122,527,600
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TOTAL APPROPRIATIONS

TOTAL DISTRICT APPROPRIATIONS	\$ 157,987,691	\$ 285,822,995	\$ 257,236,974	\$ 166,483,496
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San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

Northern Region

Serving San Joaquin, Stanislaus and Merced counties

4800 Enterprise Way, Modesto, CA 95356-8718

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

Central Region (Main Office)

Serving Madera, Fresno and Kings counties

1990 E. Gettysburg Avenue, Fresno, CA 93726-0244

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

Southern Region

Serving Tulare and Valley air basin portions of Kern counties

34946 Flyover Court, Bakersfield, CA 93308-9725

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

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