

FISCAL YEAR 2023-24
RECOMMENDED BUDGET

San Joaquin Valley APCD





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Supervisor Robert Macaulay

Madera County

Samir Sheikh

Executive Director

Air Pollution Control Officer

June 15, 2023

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

2023-24 Recommended Budget

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June 15, 2023

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

Dear Board Members:

Attached is the Recommended Budget for the San Joaquin Valley Air Pollution Control District for July 1, 2023, to June 30, 2024. Policy guidance for the 2023-24 Budget was provided by your Board's Ad Hoc Budget Subcommittee, which consisted of Board Chair Supervisor Chiesa, Councilmember Bessinger, Supervisor Robinson, Supervisor Macaulay, Supervisor Rickman, and Dr. Pacheco Werner.

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

The San Joaquin Valley Air District is a public health agency whose mission is to improve the health and quality of life for all Valley residents through efficient, effective and entrepreneurial air quality management strategies. Our Core Values have been designed to ensure that our mission is accomplished through commonsense, feasible measures that are based on sound science.

As in previous years, this year's budget was developed using the zero-based budgeting approach. The narratives included as a part of this budget document describe the specifics of each department's functions and upcoming workload in support of the District's mission, as well as efficiencies and streamlining measures to be implemented.

The Recommended Budget is balanced, with adequate reserves and contingencies. The resources contained in the budget will enable the District to continue to provide excellent customer service and expedited processing of permit and incentive grant applications, and fulfill all state and federal mandates in a timely fashion.

Budget Highlights

- Total operating budget up 1%
 - Reflects 3rd year of labor agreement
 - Full-year funding of recent position enhancements funded by state revenues
 - 6% salary savings through position control
- Significant workload absorbed through efficiency, program flexibility
- Strong public education and outreach
- Expeditious administration and use of emission reduction incentive funds in wide range of applications (\$650 million in funding)
- Balanced budget, with adequate reserves and contingencies

Workload and Staffing

In 2023-24, the District will experience significant workload in a number of areas which are summarized below:

Effective and Expeditious Administration of Incentive Grants:

The 2023-24 Recommended Budget includes \$650 million for incentive-based programs with funding from various local, state, and federal sources. Through strong advocacy and program performance, the District has allocated significant state and federal emission reduction funding that will greatly assist the Valley in achieving the enormous emissions reductions necessary for meeting the District's air quality mandates and goals. Through the Incentive Spending Plan in the Recommended Budget, this funding is distributed through a comprehensive portfolio of District incentive programs that provide funding to Valley residents, businesses, schools, and municipalities for projects that reduce air pollution throughout the Valley. A great deal of staff time is allocated to these programs to develop grant program guidelines, conduct extensive outreach and assistance activities, review grant applications, conduct emissions reductions calculations, conduct on-site verification, and review grant claims to ensure timely payment. These programs are central to the District's efforts to attain the ever-tightening federal ambient air quality standards as expeditiously as possible. The Recommended Budget includes funding for the following emission reduction incentive programs:

- \$325 million in incentive funding for programs aimed at accelerating the turnover of older, high-polluting heavy-duty diesel equipment with new, much cleaner technology including the agricultural equipment, irrigation pumps, dairy feed mixer electrification, heavy duty trucks, yard hostlers, locomotive, alternate fuel infrastructure, and school bus replacement programs.
- \$116 million in state Community Air Protection funding for programs that support the implementation of AB 617 in designated Valley communities. This includes a variety of programs including programs meant to accelerate the turnover of older, high-polluting heavy-duty diesel engines and equipment, community-level

programs such as the Fireplace and Woodstove Change-out program, lawnmower replacement programs, and Tune-In Tune-Up vehicle repair programs as well as a variety of additional emission reduction and exposure reduction programs developed and prioritized by the District's selected AB 617 communities for implementation within those communities. These community-level programs generate critical, cost-effective emission reductions directly in the community, while also providing ways for the general public to contribute to cleaning the air for all Valley residents. A significant amount of staff time is spent assisting Valley residents with these important programs and ensuring that these programs remain responsive to the needs of the public.

- \$103.8 million in funding for the demonstration and deployment of advanced technologies and practices, and new zero and near-zero emissions technologies and related infrastructure. These programs are implemented in partnership with Valley public agencies, businesses, and other entities through the District's Public Benefit Grants program, Charge Up Program, VW Mitigation Trust Program and other programs.
- \$70 million for community incentive programs including the Fireplace and Woodstove Change-out program, the Drive Clean program, the award-winning Tune In Tune Up Vehicle repair and replacement programs, residential and commercial lawn and garden equipment replacement programs, and VMT reduction program.
- \$33.1 million in funding for the non-mobile programs, including the Ag Burn Alternatives Grant Program which provides incentives to farmers to chip, shred, or mulch woody agricultural waste materials from orchard and vineyard removals and the Clean Air Centers program that provides funding to establish clean air centers during wildfire and other smoke impact events.
- \$1.5 million the District's Technology Advancement Program that provides funding for demonstrating new and innovative emission reduction technologies within the Valley and contingencies

In addition to the work necessary to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications for additional funding requires significant staff resources, and many key state and federal grant opportunities will likely become available in 2023-24. Additionally, considerable staff resources will be expended in assisting other Valley public agencies and entities seek out funding opportunities that provide for air quality benefits.

Air Quality Planning and Rule Development:

Due to the Valley's geography, topography, and meteorological conditions that trap air pollutants in our region, the Valley continues to exceed the latest federal ambient air quality standards for ozone and PM_{2.5} even after imposing the toughest air regulations in the nation and having reduced emissions by over 75% from a wide range of pollution sources across the Valley. Under the Clean Air Act, significant ongoing work is required to address the latest federal air quality standards, including adopting new attainment plans and regulations.

In 2023-24, a significant amount of work will be required to continue to implement the District's 2018 PM_{2.5} Plan and 2022 Ozone Plan, and develop the new emission control measures laid out in these plans. Key areas of focus for rule development include conservation management practices, leak detection and repair rules, crude oil production sumps, and contingency measure strategies. In addition, the District may undergo additional rule development processes for the BARCT process under AB 617. Development of new rules will involve extensive public engagement and working closely with affected entities to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion. Additionally, in 2023-24, the District will continue its work to design and implement the SIP-creditable incentive-based measures included in the 2018 PM_{2.5} Plan.

The District will also be working on the *2023 Plan for the 2012 PM_{2.5} Standard*, addressing the requirements for the federal annual PM_{2.5} standard of 12 µg/m³. The preparation and development of this attainment plan requires significant work by the District to identify, assess, and craft new feasible and cost-effective measures to reduce air pollution from already well-regulated stationary sources, as well as interfacing with CARB and U.S. EPA to adequately address mobile source emissions under their jurisdiction.

In addition, as the Valley has already demonstrated attainment of the federal PM₁₀ and 1-hour ozone standards, the District needs to develop maintenance plans for these standards (updated maintenance plan for PM₁₀), demonstrating the Valley's ongoing compliance with these standards. In addition, with the Valley now meeting the 1997 24-hour PM_{2.5} standard and likely meeting the 1997 annual PM_{2.5} and ozone standards, maintenance plans for this standard will also need to be developed in the coming year, supporting the Valley's formal redesignation to attainment for this standard.

The District anticipates completing several Exceptional Events documents in 2023-24 as wildfire impacts on the Valley's air quality conditions continue to grow. 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 completion of these documents will support the District as it prepares Clean Data Determination demonstrations for ozone and PM_{2.5} standards that have federal deadlines in the coming years.

Permitting and Enforcement:

In the coming year, the District continues to forecast significant workload with respect to air quality permitting and enforcement. This workload includes issuing permits for new facilities, modifications at existing facilities, and annual renewals. Additionally, the District implements a robust enforcement program that includes regular inspections of facilities with air quality permits and other air quality sources. The District will be working to implement rules recently adopted by your Board. There are several new and existing rules with compliance dates in fiscal year 2023-24 (glass furnaces, biomass operations, industrial flares, boilers, internal combustion engines, refinery monitoring, agricultural open burning, etc.).

The District's point source emissions inventory is required each year for certain facilities pursuant to:

- District Rule 1160: Emissions statements
- The State's Criteria Pollutant and Toxics Emissions Reporting (CTR) Regulation
- District Rule 3170: Federally Mandated Ozone Nonattainment Fee
- District Rule 4320: Advanced Emission Reduction Options for Boilers
- District Rule 4702: Internal Combustion Engines

The significant increase in workload for the point source industry for 2023-24 is expected due to the phase-in schedule in the CTR. For data year 2022, 3,171 permitted facilities are now required to report their criteria and toxic emissions under the CTR, that under state regulation, were previously exempt from reporting. Along with the increase in facilities required to submit inventory, the CTR requires additional data to be collected and evaluated by the District.

In response to state revisions to AB 2588 Air Toxics Hots Spots program guidelines, your Board established a process for reassessing facilities under the new guidelines under an expedited multi-year timeframe. This reassessment of facilities will continue to drive a significant workload for the District in the coming year and for several years to come. In 2022, additional amendments were made to the CARB's Emission Inventory Criteria and Guidelines Regulation (EICGR) and approved by the Office of Administrative Law on March 21, 2022. CARB amended the EICGR to collect more comprehensive emission data across the state. In implementing these new state requirements, many additional facilities will require an AB 2588 assessment.

In June 2021, you Board adopted and CARB approved the final phase-out strategy for the remaining agricultural open burning in the San Joaquin Valley. This strategy includes the near-complete phase-out of open burning by January 1, 2025 and includes phase-out schedules that maximize the reduction of tonnage of material burned as early as possible, taking into account feasibility of alternatives for different crop types. The Strategy includes the maximum amount of flexibility and the longest time to adjust to the phase-outs for the smallest agricultural operations. Due to the high cost and limited availability of alternatives to agricultural open burning, significant incentives will be required to assist growers with transition in the coming years. As such, significant

District work will be required to coordinate with CARB, interested public, and agricultural community to implement and enforce the final phase-out strategy. This includes extensive outreach to Valley growers regarding phase-out requirements 2021 through 2024 and available resources for alternative practices as well as the implementation of the District's Alternatives to Agricultural Open Burning Incentive Program. As such, open burning of agricultural material is expected to continue to decrease in 2023 and in coming years as the final phase-out continues to be implemented.

Air Monitoring:

The District operates a comprehensive ambient air monitoring network for criteria air pollutants in each of the eight counties of the Valley. This federally-approved network is operated in collaboration with CARB, and is utilized to meet federal Clean Air Act requirements, provide timely air quality information to the public, and to support a number of District programs. The equipment operates continuously and must be maintained to meet very strict state and federal criteria. Significant workload will be required in 2023-24 to maintain and calibrate this equipment at air monitoring sites throughout the Valley.

An extensive increase in workload for the District's air monitoring program is expected during the 2023-24 year as the community air monitoring networks in Shafter, South Central Fresno, and Stockton continue to be operated, and as the District implements and maintains the Arvin/Lamont community air monitoring network. This expanded program area will include the development and deployment of new air monitoring platforms for community monitoring. These various platforms will be designed and deployed for air monitoring campaigns for the Valley communities selected under AB 617, providing critical and timely information to the District for trends analysis and emission reduction plan development, and to residents within each community for their reference. The work to operate, maintain, and repair the deployed air monitoring equipment, and the review and validation of the collected data, will result in a substantial workload increase in the District's air monitoring operations.

To comply with the requirements under the recently state enacted Assembly Bill 1647 (Refinery Monitoring), the District has developed rules to govern the establishment of fence-line air monitoring systems at affected petroleum refineries in the Valley, as well as the installation and operation of community air monitoring systems in communities near the affected refineries. While the petroleum refinery facilities will be responsible for the installation and operation of the fence-line systems, during the 2023-24 fiscal year, District staff will continue to operate the community air monitoring systems, as well as maintain tools for the public to view the collected data in real-time. With recent amendments to the District's petroleum refinery fenceline air monitoring rules, the District is planning to expand the community air monitoring systems to support this growing program area.

Assembly Bill 617

In September 2017, the State Legislature and Governor agreed to extend the Cap and Trade program as part of a legislative package that also included the passage of

AB 617 and new associated emission reduction incentive funding. This legislation established new mandates for the California Air Resources Board (CARB) and air districts to develop and implement additional emissions reporting, monitoring, and community emission reduction programs and measures in an effort to reduce air pollution exposure in disadvantaged communities. Since 2018, CARB has selected nineteen (19) communities for AB 617 implementation statewide, including the four San Joaquin Valley communities of South Central Fresno, Shafter, Stockton, and Arvin/Lamont. Upon selection of each community, the District immediately began working to convene steering committees made up of residents, businesses, non-governmental organizations, and public agencies for each of these selected communities to serve in an advisory capacity to the District in the development of community air monitoring plans (CAMP) and community emission reduction programs (CERPs).

After extensive, meaningful community engagement, the District's Governing Board adopted the South Central Fresno and Shafter Community Emission Reduction Programs (CERPs) in September 2019, the Stockton CERP in 2020, and the Arvin/Lamont CERP in 2022. Since adoption, the District has been working closely with the Community Steering Committees (CSC), local partners, and state agencies to implement CERP measures designed to reduce air pollution and exposure in the selected communities. The District has worked diligently to implement the CAMPs in consultation with the CSCs across all four selected communities, with extensive air monitoring conducted, with regular updates with data analysis shared with the public at CSC meetings and on the District's community-specific air monitoring webpages.

To implement AB 617 and integrate best practices in community engagement across all District programs throughout 2023-24, work continues to grow across many departments. This work includes work in the Community Strategies and Resources department to coordinate all AB 617 meetings while supporting the Outreach and Communications department to conduct targeted air quality-related outreach Valley-wide to promote available clean air programs in historically disadvantaged and low-income communities. Extensive work continues with the Grants and Incentives department, providing oversight in the development of incentive project plans with Community Air Protection incentive guidelines, and on the Air Quality Science and Planning team, who will continue to enhance participation and access to air monitoring data in AB 617 communities. In addition, the Permits Services department continues to oversee the coordination and reporting of ongoing mandates under AB 617 such as Best Available Retrofit Control Technology (BARCT) analysis and Criteria Air Pollutants and Toxic Air Contaminants (CTR) reporting requirements.

In the coming year, the District will continue to look for innovative ways to connect community members to needed resources and share best practices regarding community engagement across the Valley. The District plans to hold a convening of Valley AB 617 communities and engaged partners, with the goal of providing a platform and pace to highlight and share successes, discuss opportunities for growth, and connect residents to clean air solutions. This convening, or AB 617 Summit, will not only

allow for inter-community collaboration, but also allow the District and other agency and community partners to highlight community engagement efforts across the Valley.

New Workload Absorbed through Efficiency and Streamlining

Historically, the District has absorbed increased workload associated with new state and federal mandates primarily through efficiency and streamlining efforts. This has been accomplished through investment in automation, strict adherence to the District's zero-based budgeting approach, prudent management of resources, and application of efficient work practices and procedures. Some of the efficiency and streamlining measures employed by the District are highlighted below.

Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The continued implementation of the District's automation and updating of air quality data/monitoring equipment will continue to assist in keeping the District's air monitoring activities efficient and effective, ensuring a high-level of quality assurance/control of air quality data being collected throughout the Valley while reducing the time and resources needed to monitor and maintain the system. Recent examples include replacing aging equipment with new equipment that has the capability of connecting remotely to conduct necessary evaluations of the system and transitioning from filter-based particulate matter monitors to real-time data, benefitting both the public by accessing real-time data and District staff for air quality forecasting and analysis. As staff continue to work with and build upon the air quality data management system and its capabilities, even more efficiencies with this system are expected this next year. Additionally, the District is continuing to work with the state and federal land management agencies to improve and facilitate communications to improve customer service and maximize efficiency when coordinating on proposed prescribed fire projects.

In 2023-24, additional air quality forecasting tools will continue to be developed to improve the processes involved in the program area. As an example, over this last year, the District developed a program that fetches and consolidates meteorology and air quality data into one centralized location, streamlining the process for evaluating key data when making air quality forecasts.

The District's Grant Management System database is the primary tool utilized in the administration of the District's voluntary incentive programs. Current improvements to the system include an interface with the Compliance Department to increase the efficiency of grant project inspection assignments, as well as additional features to allow for improved project management, data collection, mapping, and reporting.

The District's Grant Management System is also connected to multiple online grant application portals which have been successfully developed and launched by District staff. The online portals provide grant program participants the ability to submit applications and supporting documents online as well as receive notification of the status of their application without the need to contact District staff. The District has continued to successfully design and launch multiple online grant portals which include

the following programs: Alternatives to Ag Burning, Fireplace and Woodstove Change-out, Tractor Replacement, Drive Clean in the San Joaquin, Zero-Emission Commercial and Residential Lawn and Garden, and Low-Dust Nut Harvester Programs. The District continues to develop and enhance online application portals to improve the customer service experience for grant program participants, while automating data validation processes and eliminating the need for manual data entry by District staff.

The District has also been developing several new online applications and services aimed at improving stakeholder access to District resources, while also streamlining labor intensive internal processes, including new software for seamless distribution of District information regarding District workshops, meetings, and compliance assistance advisories via email and text and for handling, processing, and tracking public records requests by the public. The District has also developed online payment portal for businesses and residents, which allows users to see outstanding invoices and to make online payments in a variety of methods.

The District relies heavily on information technology (IT) solutions to provide essential services to Valley stakeholders and District staff, some of the efficiency measures instituted include upgrading the District's IT infrastructure reducing the amount of hardware needed to be maintained and increasing reliability of all IT systems, enhanced the backup systems for District network into smaller systems to reduce time needed for backing up data and chance of backup failure; expanded geographic information system tools to view and understand data, and manage various programs related to permits, compliance grants and incentives; and upgraded firewalls and routers in the District data centers to provide greater security, and reducing the risk of downtime and impacts to operations.

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

2023-24 Staffing Changes

After careful review of projected workload and efficiency measures, the following staffing changes are included in the 2023-24 Recommended Budget to ensure that the District is equipped to address new mandates and continue providing exceptional service to businesses and residents. The proposed adjustments reflect efficiency enhancements and streamlining opportunities identified through the District's zero-based budgeting process.

- Reclassification of:
 - (1) Air Quality Education Web Specialist to (1) Senior Web Specialist (ITS, enhanced web development)
 - (1) Programmer/Analyst to (1) Senior Programmer/Analyst (ITS, support increased software application development needs)
 - (1) Senior Air Quality Specialist to (1) Program Manager (Community Strategies and Resources, support for growing environmental justice and community-focused efforts)
 - (1) Custodial Worker to (1) Facilities Maintenance Specialist (ADM, increased facility maintenance needs)
- Add (1) new Air Quality Specialist (Air Quality Analysis, increased Clean Air Act and other mandates)

Research and Technology Advancement

The District continues its tradition of relying on sound science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes funding specifically designated for supporting health and scientific studies. Through these funds, the District anticipates leveraging university and other available research resources to support research studies in a number of important areas, including: short-term and long-term public health changes and public health impacts associated with continued air quality improvement efforts, changing PM2.5 source apportionment through the implementation of air quality strategies; local emissions inventories and sources contributing to local air quality issues to assist in building effective air quality improvement strategies in the Valley's AB 617 and other communities; feasibility of potential measures to reduce dust from fallowed land due to implementation of SGMA and enhanced conservation management practices; impacts to local air quality and health of Valley residents during wildfire events; technology development and demonstration programs to advance deployment of new options and methods to dispose of agricultural woody waste in methods different from open burning; spatial and temporal nature of mobile source emissions, particularly heavy-duty vehicles to refine understanding of Valley's pass-through truck traffic emissions and aid in the development of state and federal mobile source control measures; and the nexus between air quality and climate change to identify co-beneficial opportunities to reduce both criteria air pollutants and greenhouse gases

The Recommended Budget contains adequate staffing and financial resources to administer the District's Technology Advancement Program. Under this program, the District will provide funding and support to promote the development and advancement of new low-emissions technologies through Valley-based demonstrations. The Technology Advancement Program will enable the District to create public-private partnerships to advance low-emissions technologies and build and expand local capacity for research and development in the San Joaquin Valley.

Effective Public Outreach and Communications

To assist in implementing the District's clean air mission, the District's Governing Board has placed a high priority on a robust public education and outreach strategy designed to enlist the support of residents, businesses, public agencies, local organizations, and other Valley partners. The District has developed and continually enhances its multilingual public education and outreach strategy by utilizing sound science, best industry practices, expert consulting services, ongoing analytical review of campaign reach and community feedback. The District has completed multiple public opinion surveys over the past several years and consistently relies on those survey results to guide strategy development.

Based on Governing Board direction, the following objectives have served to guide the District's public education and outreach efforts over the past several years:

- Encourage and enlist the public to support clean air efforts and take actions to improve air quality and public health for Valley residents.
- Empower and inform the public to protect themselves during episodes of poor air quality by providing them timely air quality information as well as scientific and comprehensible information on health effects of air pollution.
- Provide accurate and objective information about Valley efforts to reduce air pollution, measurable results and achievements, and challenges that remain.

In 2023-24, the District's key messages will continue to be promoted through enhanced public outreach and communication. As always, the key focus will be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without significant additional District resources. To effectively reach specifically targeted groups, generate public interest in and support of air quality improvement programs, and effect meaningful changes in public behavior, the District will continue to invest in multilingual, multi-media public awareness and educational campaigns on an ongoing basis. The District will continue to work in collaboration with a local advertising agency to research, develop and implement multilingual public outreach campaigns for programs such as Healthy Air Living, Residential Wood Smoke Reduction Strategy, AB 617 Community Clean Air Program, grant programs, and various other initiatives. These campaigns include paid media and in-kind advertising on TV, radio, print, outdoor billboards, online advertising such as Google Ads, digital advertising on streaming platforms such as Hulu or Peacock, and social media.

Providing accurate and up-to-date air quality information to Valley residents is another top priority in 2023-24 for the District, especially when circumstances, such as wildfires, overwhelm all clean air measures and lead to high pollution concentrations that may be unhealthy for Valley residents. Under these circumstances, the best course of action is

to provide notifications to Valley residents so that sensitive individuals, in particular, can take precautions to minimize exposure. The District has expended significant resources on public notification and risk prevention measures such as the Real-time Air Advisory Network and the Real-time Outdoor Activity Risk guidelines. In the coming year, consistent with the District's core value of continuous improvement, the District will work to further understand the growing availability of public-facing air quality information and potential opportunities for enhancing air quality communication tools and strategies. The District will further develop our collaborative partnership with Valley public health directors and officers and the various County Offices of Emergency Services, including participation in the San Joaquin Valley Public Health Consortium. The District will leverage this relationship to convey health messaging more broadly to Valley residents.

The requirements of AB 617 necessitate a robust public engagement and outreach program to ensure participation from a wide variety of sectors including the business community, community representatives, municipalities, community-based organizations and others. In 2023-24, the District will continue to host multiple multi-lingual community meetings monthly within the selected AB 617 Valley Communities, and oversee both the agenda, content and logistics of these meetings. This includes providing guidance, technical information, and other resources, not only to the committee members, but also to the public at-large in multiple languages via the AB 617 webpages on the District's website. In addition, the District is expanding outreach strategies to ensure residents are aware of the various grant programs developed under AB 617. The Recommended Budget includes funding to continue to support the community steering committee logistical and outreach activities for the AB 617 communities of Arvin/Lamont, Shafter, South Central Fresno and Stockton.

Youth and school outreach is yet another top priority for the District through the Healthy Air Living program. This effort currently focuses on working with schools, principals, teachers and administrators to protect students and keep them inside during episodes of poor air quality. In addition, the Healthy Air Living Schools Program engages teachers and students through the K-6 kids kit, annual kids calendar; and efforts to urge action by students and parents to reduce air pollution such as the "Turn the Key, Be Idle Free" no-idling program. With strong direction from the Governing Board, the District will continue to expand outreach to youth and schools to increase the level of engagement and overall program utilization by Valley schools with current staffing resources.

The District will continue to expand its in-house production of previously outsourced key projects such as the Annual Report to the Community (now available in English and Spanish), the multi-lingual Healthy Air Living Kids' calendar, videos that highlight stakeholder successes in air-quality management, internal training videos and other high-level projects. Additionally, the District will leverage these tools to support our presence on social media sites.

Funding for Emission Reductions Incentive Grants

In 2023-24, the District anticipates \$650 million in available funding from a variety of local, state, and federal sources for incentive-based clean air grants for residents,

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

District employees are not allowed to participate in any of the above incentive grant programs. However, in 2013, your Board approved a limited employee emission reduction incentive program. Under this program, employees are eligible to apply for incentive funding under select programs (e.g. electric lawn mower rebates). This program is proposed to be funded once again at \$76,500 from additional salary savings.

Reserves and Contingencies

Section 12.15 of the District's Board adopted Administrative Code 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 20% of the District's operating expenditures. For 2023-24, in accordance with Section 12.15, the General Reserve is established at \$14,600,000. The Recommended Budget also includes \$850,000 in Appropriation for Contingencies, \$1,200,000 in Building Maintenance Reserve, \$200,000 in Monitoring Equipment Reserve, \$500,000 Modeling Center Reserve, \$6,380,000 in Pension Stabilization Reserve Fund, and \$200,000 in VTC and Telephone Reserve.

Upcoming Strategic Challenges

Through decades of investment by Valley businesses and residents, the pollution from industries, businesses, farms, and vehicles is at historically low levels, and Valley air quality continues to improve. However, the District continues to face ever-tightening health-based federal standards under the Clean Air Act. Additionally, increasingly severe wildfire smoke impacts threaten public health of Valley residents and ongoing air quality progress. The District will continue to work with Valley stakeholders to implement clean air measures and commitments, such as new incentive programs, regulatory measures, and community-level efforts in Valley disadvantaged communities.

In recent years, the District Board has adopted a number of emission control strategies committed to under the 2018 PM2.5 Plan that will achieve significant emissions reductions in the coming years. These strategies have included rule amendments affecting a variety of sources, including boilers, steam generators, industrial flares, engines, glass melting furnaces, and open agricultural burning. Building on these efforts, the District will continue to work in the coming year on designing, adopting, and implementing strong measures to reduce air pollution. Key areas of focus in the coming year include working with agricultural operations to evaluate the feasibility and effectiveness of applying Conservation Management Practices (CMP) on fallowed lands to reduce windblown PM2.5 emissions from disturbed fallowed acreage, evaluate opportunities to enhance the conservation management practice program, enhanced

requirements for reducing leak-related emissions from oil and gas operations, and emission reduction opportunities from crude oil production sumps. Development of regulatory amendments will involve extensive public engagement to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion.

In addition, the District Board recently adopted the 2022 Ozone Plan focused on bringing the Valley into attainment of the latest federal 8-hour ozone standard of 70 ppb. This plan includes strategies for significant emission reductions through the year 2037, from mobile, area, and stationary sources of NO_x and VOC emissions, both key precursors to the formation of ozone. The implementation of the strategy within this Plan will require a concerted effort by the District, CARB, EPA, Valley residents, businesses, and other stakeholders to continue implementing effective and efficient air quality strategies.

Due to recent EPA actions, the District and CARB are also developing a revised attainment plan to address the federal 2012 PM_{2.5} Standard. The public process is already underway for this updated attainment plan, including public workshops and the development of various planning elements of this revised plan, including precursor modeling, control measure evaluation, and strategy development. Ongoing work for this revised plan will continue this next year and is anticipated to be submitted to EPA in late 2023 to early 2024.

As the air quality in the Valley continues to improve, the region will continue to reach milestones in attaining the federal air quality standards. Through this progress, the region has already demonstrated attainment of the federal PM₁₀ and 1-hour ozone standards, and due to this, the District needs to develop maintenance plans for these standards to demonstrate the Valley's ongoing compliance with these standards. In addition, with the Valley now meeting the 1997 24-hour PM_{2.5} standard, a maintenance plan for this standard will also need to be developed in the coming year, supporting the Valley's formal redesignation to attainment for this standard. The development of these maintenance plans are underway and will be completed soon. The San Joaquin Valley is also on the verge of attaining the 1997 annual PM_{2.5} standard and 1997 8-hour ozone standard and will be working closely with CARB and EPA to submit clean data determinations demonstrating attainment of these standards. Given the ongoing and significant work required to address Clean Air Act requirements for ozone and PM_{2.5} standards, the District and CARB will continue working closely with EPA to ensure expedited action on the District's plans and measures, and developing administrative solutions to assist the Valley in addressing Clean Air Act attainment planning requirements.

In support of all of these goals, ongoing investment and support of policy-relevant research will be needed to continue to ensure that the Valley's air quality planning and public health improvement strategies are founded upon sound science. As directed by the District Board, areas for research focus will include understanding the impacts of the implementation of Sustainable Groundwater Management Act (SGMA) and potential measures to reduce dust from fallowed lands, understanding changing PM_{2.5} source

apportionment through the implementation of air quality strategies, evaluating the effectiveness of the Valley's criteria pollutant and air toxics reduction strategies, evaluating the effectiveness of the Valley's community-level air quality improvement strategies, assessing public health benefits from the air quality strategies implemented in the Valley, developing new alternatives to agricultural open burning, evaluating heavy-duty truck emissions impacts to Valley air quality, studying the nexus between climate change and air quality, and evaluating the air quality and public health impacts from wildfires in the region.

Finally, a key planning area of focus over this next year will be the ongoing development and implementation of the District's contingency plan for the PM_{2.5} and ozone standards. The federal Clean Air Act requires that nonattainment areas develop contingency measures within their attainment plans that are to be enacted only if the area fails to meet an attainment date or other plan milestones. EPA has recently disapproved a number of contingency measures due to recent court rulings, and the District and CARB are now obligated to develop new contingency measures for submission to EPA to meet these evolving requirements. To respond to this, the District has already conducted an extensive amount of work to develop contingency measures that follow recently developed EPA national guidance on how to satisfy CAA requirements for contingency. The District will be submitting its contingency SIP revision to EPA soon for the PM_{2.5} standards, followed by ongoing work with CARB and EPA to develop contingency measures for the federal ozone standards. The ongoing development and implementation of Valley contingency requirements will require significant analysis, innovative approaches, stakeholder outreach, and public process in coordination with CARB and EPA to develop both statewide and local measures.

Significant new incentive funding is required from the state and federal government to secure emissions reductions from mobile sources as needed to help bring the Valley into attainment of health-based federal standards. With state and federal funding available, the District will continue to work closely with stakeholders to ensure that the Valley receives its fair share of funding in order to further reduce emissions in the San Joaquin Valley and meet our air quality attainment goals achieving cost-effective air quality and economic benefits. Additionally, the District will continue to place a significant focus on its other key incentives programs, including replacing passenger vehicles with cleaner models, offering rebates for electric lawn care equipment, working with Valley businesses and public agencies in supporting the expansion of new clean vehicle fueling infrastructure, and other important programs. Ensuring that Valley residents, businesses, and public agencies are aware of available incentive programs and that project funds are obligated as expeditiously as possible will continue to be a key priority in the 2023/2024 fiscal year.

Through strong collaboration with state agencies and residents, businesses, public agencies, community-based organizations, and other stakeholders, the San Joaquin Valley has served as a center of innovation for many of the state's recent transformative clean air, low carbon strategies. Partnering with other Valley Agencies the District plans

on working collectively on climate and air quality initiatives through funding available through the Inflation Reduction Act, Bipartisan Infrastructure Law, and other state and federal climate funds. Consistent with your Board's adopted climate positions, in the coming year, the District will work closely with interested Valley stakeholders to explore opportunities for leveraging existing and new programs and policies to maximize benefits in reducing air pollution and supporting the District's public health mission.

In the coming year, consistent with your Board's adopted Environmental Justice Strategy, the District will also continue to work closely with Valley communities to forge new partnerships, and identify and leverage clean air opportunities. As an important component of this effort, the District will continue to work closely with the District's Environmental Justice Advisory Group to identify additional opportunities for advancing the District's Environmental Justice Mission. In implementing the AB 617 program, the District will continue to work to ensure that residents and other community stakeholders are afforded ample opportunity to provide input and that the program is implemented effectively based on sound science.

The District strives to serve as an example to other businesses and government agencies in everything that we do including the establishment of the District's STAR work culture which celebrates and encourages diversity and equity principles, implementing enhanced telecommuting, as well as considering environmental impacts in procurement and operational functions to assure that sustainability is appropriately integrated into all District operations. Towards that end, the District continues in transitioning the District's fleet to zero-emissions over the next several years and will work to understand and overcome any challenges to realize this goal.

Through all of these efforts, the District will also communicate to the public the progress the Valley has made in reducing emissions and improving public health through all outreach efforts while working to ensure residents understand what actions and strategies are needed to continue the positive trend of air quality improvement. As part of this outreach effort, it will be critical that the District support local efforts to transition to the cleanest technologies, particularly with respect to small businesses and agencies that often face the most difficult challenges. The District will continue to look for way to enhance its outreach and communications to ensure that residents understand key air quality issues and know how to protect themselves during periods of poor air quality. During increasingly severe wildfire seasons, the District will continue to work closely with schools, public health officers, community organizations, Valley media, and other partners to ensure that timely health-protective information is provided to Valley residents.

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.

*SJVUAPCD Governing Board
Transmittal Letter for the 2023-24 Recommended Budget
June 15, 2023*

I look forward to continuing and increasing our progress toward cleaner air for all Valley residents in 2023-24.

Respectfully submitted,



Samir Sheikh
Executive Director/Air Pollution Control Officer

BUDGET FINANCIAL SUMMARY

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

	Adjusted* FY 22-23	Estimated Actuals FY 22-23	Recommended FY 23-24	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$60,983,976	\$60,983,976	\$62,540,318	\$1,556,342	3%	\$1,556,342	3%	
Projected Salary Savings	(\$3,138,161)	(\$3,460,569)	(\$3,584,512)	(\$446,351)	14%	(\$123,943)	4%	
Salaries & Benefits (net of Salary Savings)	\$57,845,815	\$57,523,407	\$58,955,806	\$1,109,991	2%	\$1,432,399	2%	
Services & Supplies	\$9,805,598	\$9,561,034	\$9,970,050	\$164,452	2%	\$409,016	4%	
Fixed Assets	\$4,505,591	\$4,415,979	\$3,936,801	(\$568,790)	(13%)	(\$479,178)	(11%)	
OPERATING APPROPRIATIONS	\$72,157,004	\$71,500,420	\$72,862,657	\$705,653	1%	\$1,362,237	2%	
Other Charges	\$189,000	\$189,000	\$232,400	\$43,400	23%	\$43,400	23%	
Incentive Programs	\$899,242,192	\$574,899,842	\$649,187,503	(\$250,054,689)	(28%)	\$74,287,661	13%	
Appropriation for Contingencies	\$451,104	\$451,104	\$850,000	\$398,896	88%	\$398,896	88%	
NON-OPERATING APPROPRIATIONS	\$899,882,296	\$575,539,946	\$650,269,903	(\$249,612,393)	(28%)	\$74,729,957	13%	
TOTAL APPROPRIATIONS	\$972,039,300	\$647,040,366	\$723,132,560	(\$248,906,740)	(26%)	\$76,092,194	12%	
REVENUES								
Stationary Revenue	\$29,925,427	\$30,001,854	\$28,895,391	(\$1,030,036)	(3%)	(\$1,106,463)	(4%)	
Grant Revenue	\$16,020,000	\$16,020,000	\$16,020,000	-	-	-	-	
DMV Surcharge Fees - District Portion	\$13,060,000	\$13,060,000	\$13,622,345	\$562,345	4%	\$562,345	4%	
Administrative Revenues Earned	\$9,500,000	\$9,500,000	\$10,000,000	\$500,000	5%	\$500,000	5%	
Transferred to Non-Operating Revenue	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	-	-	-	-	
Fund Balance Used	\$17,401,577	\$18,168,566	\$11,074,921	(\$6,326,656)	(36%)	(\$7,093,645)	(39%)	
Reserves Released / (Increased)	(\$8,750,000)	(\$8,750,000)	(\$1,750,000)	\$7,000,000	(80%)	\$7,000,000	(80%)	
OPERATING REVENUE/FUNDING SOURCES	\$72,157,004	\$73,000,420	\$72,862,657	\$705,653	1%	(\$137,763)	-	
Non-Operating Revenue	\$601,853,887	\$386,290,601	\$314,291,816	(\$287,562,071)	(48%)	(\$71,998,785)	(19%)	
Reimbursement for Administrative Revenues Earned	(\$9,500,000)	(\$9,500,000)	(\$10,000,000)	(\$500,000)	5%	(\$500,000)	5%	
Fund Balance / Reserves Released / (Increased)	\$307,528,409	\$198,749,345	\$345,978,087	\$38,449,678	13%	\$147,228,742	74%	
NON-OPERATING REVENUE/FUNDING SOURCES	\$899,882,296	\$575,539,946	\$650,269,903	(\$249,612,393)	(28%)	\$74,729,957	13%	
TOTAL REVENUE/FUNDING SOURCES	\$972,039,300	\$648,540,366	\$723,132,560	(\$248,906,740)	(26%)	\$74,592,194	12%	

RECOMMENDED POSITIONS 384.5 385.5 1

RESERVES								
General Reserve	\$14,200,000	-	\$14,600,000	\$400,000	3%	\$14,600,000	-	
Computer- VTC Equipment Reserve	-	-	\$200,000	\$200,000	-	\$200,000	-	
Long Term- Building Maintenance	\$1,000,000	-	\$1,200,000	\$200,000	20%	\$1,200,000	-	
Modeling Center Reserve	\$500,000	-	\$500,000	-	-	\$500,000	-	
Monitoring Equipment Reserve	\$150,000	-	\$200,000	\$50,000	33%	\$200,000	-	
Pension Stabilization Reserve Fund	\$5,480,000	-	\$6,380,000	\$900,000	16%	\$6,380,000	-	

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

	Adjusted* FY 22-23	Estimated Actuals FY 22-23	Recommended FY 23-24	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
OPERATING REVENUE								
STATIONARY SOURCE								
Permit Fees	\$20,742,677	\$20,739,738	\$20,742,641	(\$36)	-	\$2,903	-	
Section 185- Non Attainment Fees -Rule 3170	\$300,000	\$320,285	\$300,000	-	-	(\$20,285)	(6%)	
Advanced Emission Reduction Options (AERO) Fees	\$4,680,000	\$4,641,816	\$2,600,000	(\$2,080,000)	(44%)	(\$2,041,816)	(44%)	
Settlements	\$2,500,000	\$2,500,000	\$3,000,000	\$500,000	20%	\$500,000	20%	
Interest	\$1,500,000	\$1,500,000	\$2,000,000	\$500,000	33%	\$500,000	33%	
Miscellaneous	\$52,750	\$15	\$52,750	-	-	\$52,735	1567%	
Residential Furnaces - Rule 4905	\$150,000	\$300,000	\$200,000	\$50,000	33%	(\$100,000)	(33%)	
Total Stationary Non-Grant Operating Revenue	\$29,925,427	\$30,001,854	\$28,895,391	(\$1,030,036)	(3%)	(\$1,106,463)	(4%)	
GRANT REVENUE								
State Subvention	\$900,000	\$900,000	\$900,000	-	-	-	-	
EPA 105 Grant	\$2,000,000	\$2,000,000	\$2,000,000	-	-	-	-	
EPA 103 Grant	\$65,000	\$65,000	\$65,000	-	-	-	-	
State AB 617 Implementation Fund	\$12,700,000	\$12,700,000	\$12,700,000	-	-	-	-	
State Grant-Oil and Gas Regulations	\$355,000	\$355,000	\$355,000	-	-	-	-	
Total Grant Revenue	\$16,020,000	\$16,020,000	\$16,020,000	-	-	-	-	
Total Stationary Operating Revenue	\$45,945,427	\$46,021,854	\$44,915,391	(\$1,030,036)	(2%)	(\$1,106,463)	(2%)	
DMV Surcharge Fees - District	\$13,060,000	\$13,060,000	\$13,622,345	\$562,345	4%	\$562,345	4%	
Administrative Revenues Earned	\$9,500,000	\$9,500,000	\$10,000,000	\$500,000	5%	\$500,000	5%	
Total Operating Revenue	\$68,505,427	\$68,581,854	\$68,537,736	\$32,309	-	(\$44,118)	-	
Transfer to Non-Operating Revenue for Incentive Grants	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	-	-	-	-	
Fund Balance Used	\$17,401,577	\$18,168,566	\$11,074,921	(\$6,326,656)	(36%)	(\$7,093,645)	(39%)	
Reserves Released / (Increased)	(\$8,750,000)	(\$8,750,000)	(\$1,750,000)	\$7,000,000	(80%)	\$7,000,000	(80%)	
Estimated Funding Sources - Operating	\$72,157,004	\$73,000,420	\$72,862,657	\$705,653	1%	(\$137,763)	-	
NON-OPERATING REVENUE								
Air Toxics - Pass Through	\$189,000	\$114,080	\$232,362	\$43,362	23%	\$118,282	104%	
DMV Surcharge Fees - Pass Through	\$47,694,000	\$49,597,100	\$49,414,388	\$1,720,388	4%	(\$182,712)	-	
Carl Moyer Funds	\$34,342,500	\$31,093,750	\$19,000,000	(\$15,342,500)	(45%)	(\$12,093,750)	(39%)	
VERA/ISR Mitigation Program	\$13,350,982	\$12,829,794	\$20,891,448	\$7,540,466	56%	\$8,061,654	63%	
Federal Diesel Emission Reduction Funding Program	\$59,425,497	\$15,823,967	\$43,620,453	(\$15,805,044)	(27%)	\$27,796,486	176%	
Miscellaneous Incentive Grant Funding	\$20,000	\$20,000	\$20,000	-	-	-	-	
Non-Operating Interest	\$9,801,710	\$5,105,594	\$12,036,293	\$2,234,583	23%	\$6,930,699	136%	
Operating Revenues Funding Community & Other Incentives	\$5,000,000	\$5,000,000	\$5,000,000	-	-	-	-	
CEC Grants	\$4,187,000	-	\$13,985,873	\$9,798,873	234%	\$13,985,873	-	
Reimburse Operating for Administrative Revenues Earned	(\$9,500,000)	(\$9,500,000)	(\$10,000,000)	(\$500,000)	5%	(\$500,000)	5%	
Administrative Fees - Incentive Programs	\$32,520,913	\$22,666,122	\$11,330,230	(\$21,190,683)	(65%)	(\$11,335,892)	(50%)	
State Cap & Trade Funding	\$354,389,768	\$207,320,194	\$110,480,769	(\$243,908,999)	(69%)	(\$96,839,425)	(47%)	
Volkswagen Mitigation Funding	\$65,000,000	\$36,720,000	\$28,280,000	(\$36,720,000)	(56%)	(\$8,440,000)	(23%)	
Total Non-Operating Revenue	\$616,421,370	\$376,790,601	\$304,291,816	(\$312,129,554)	(51%)	(\$72,498,785)	(19%)	
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$307,528,409	\$198,749,345	\$345,978,087	\$38,449,678	13%	\$147,228,742	74%	
Adm Reserves Released / (Increased)	(\$24,067,483)	-	-	\$24,067,483	(100%)	-	-	
Estimated Funding Sources - Non-Operating	\$899,882,296	\$575,539,946	\$650,269,903	(\$249,612,393)	(28%)	-	13%	
TOTAL REVENUE								
Estimated Financing Sources - Total	\$972,039,300	\$648,540,366	\$723,132,560	(\$248,906,740)	(26%)	\$74,592,194	12%	

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

	Adjusted* FY 22-23	Estimated Actuals FY 22-23	Recommended FY 23-24	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$33,796,548	\$33,736,440	\$34,787,299	\$990,751	3%	\$1,050,859	3%
Temporary Help	\$2,072,274	\$2,061,913	\$2,017,740	(\$54,534)	(3%)	(\$44,173)	(2%)
On Call Pay	\$119,083	\$118,785	\$119,083	-	-	\$298	-
Overtime	\$424,280	\$350,520	\$361,548	(\$62,732)	(15%)	\$11,028	3%
Unemployment	\$75,174	\$60,962	\$69,185	(\$5,989)	(8%)	\$8,223	13%
Retirement	\$15,927,457	\$15,911,530	\$16,137,442	\$209,985	1%	\$225,912	1%
OASDI	\$675,452	\$672,076	\$663,657	(\$11,795)	(2%)	(\$8,419)	(1%)
Workers Compensation	\$353,780	\$352,014	\$362,240	\$8,460	2%	\$10,226	3%
Cafeteria Plan Benefits	\$4,019,757	\$3,879,065	\$4,043,009	\$23,252	1%	\$163,944	4%
Long-Term Disability Insurance	\$90,290	\$89,839	\$95,863	\$5,573	6%	\$6,024	7%
Alternate Transportation Incentive	\$291,720	\$290,263	\$298,740	\$7,020	2%	\$8,477	3%
TOTAL SALARIES AND BENEFITS	\$57,845,815	\$57,523,407	\$58,955,806	\$1,109,991	2%	\$1,432,399	2%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$42,759	\$41,905	\$51,594	\$8,835	21%	\$9,689	23%
Mobile Communications	\$213,420	\$193,381	\$207,780	(\$5,640)	(3%)	\$14,399	7%
Telephone Charges	\$157,893	\$134,209	\$178,050	\$20,157	13%	\$43,841	33%
Insurance	\$770,400	\$754,994	\$868,400	\$98,000	13%	\$113,406	15%
Equipment Maintenance	\$266,603	\$261,273	\$301,270	\$34,667	13%	\$39,997	15%
Vehicle Maintenance & Operations	\$228,415	\$223,845	\$306,400	\$77,985	34%	\$82,555	37%
Computer Maintenance	\$939,165	\$920,381	\$1,084,475	\$145,310	15%	\$164,094	18%
Video Conferencing Maintenance & Operations	\$131,340	\$128,713	\$132,940	\$1,600	1%	\$4,227	3%
Building Maintenance & Operations	\$319,200	\$311,034	\$367,600	\$48,400	15%	\$56,566	18%
Office Supplies	\$43,000	\$42,139	\$42,734	(\$266)	(1%)	\$595	1%
Computer Software & Supplies	\$242,755	\$237,903	\$238,266	(\$4,489)	(2%)	\$363	-
Monitoring Station Supplies & Equipment	\$1,491,863	\$1,462,026	\$1,529,728	\$37,865	3%	\$67,702	5%
Postage	\$71,200	\$62,223	\$87,100	\$15,900	22%	\$24,877	40%
Printing	\$144,775	\$136,051	\$167,500	\$22,725	16%	\$31,449	23%
Professional & Specialized Services	\$3,079,668	\$3,018,076	\$2,796,682	(\$282,986)	(9%)	(\$221,394)	(7%)
Publications & Legal Notices	\$70,420	\$69,012	\$81,785	\$11,365	16%	\$12,773	19%
Rents & Leases	\$184,006	\$180,324	\$187,850	\$3,844	2%	\$7,526	4%
Small Tools & Equipment	\$69,221	\$67,838	\$68,641	(\$580)	(1%)	\$803	1%
Special District Expense	\$576,118	\$564,598	\$192,683	(\$383,435)	(67%)	(\$371,915)	(66%)
Travel & Training	\$249,131	\$247,147	\$266,886	\$17,755	7%	\$19,739	8%
Travel & Training - Boards	\$67,686	\$66,332	\$67,686	-	-	\$1,354	2%
Utilities	\$379,160	\$371,578	\$448,600	\$69,440	18%	\$77,022	21%
Audit Services	\$25,000	\$24,500	\$25,000	-	-	\$500	2%
Legal Services	\$42,400	\$41,552	\$270,400	\$228,000	538%	\$228,848	551%
TOTAL SERVICES AND SUPPLIES	\$9,805,598	\$9,561,034	\$9,970,050	\$164,452	2%	\$409,016	4%
FIXED ASSETS							
Office Improvements	\$100,000	\$98,001	\$115,000	\$15,000	15%	\$16,999	17%
Facilities & Equipment	\$79,000	\$77,420	\$260,000	\$181,000	229%	\$182,580	236%
Computer Equipment	\$860,781	\$843,565	\$1,164,131	\$303,350	35%	\$320,566	38%
Office Furniture / Equipment	\$32,600	\$32,448	\$32,600	-	-	\$152	-
Office Machines	\$29,040	\$28,459	\$31,120	\$2,080	7%	\$2,661	9%
Telephone Systems	\$33,060	\$32,399	\$23,450	(\$9,610)	(29%)	(\$8,949)	(28%)
Detection Equipment	\$58,000	\$56,840	\$40,000	(\$18,000)	(31%)	(\$16,840)	(30%)
Automobiles	\$875,000	\$857,499	\$706,100	(\$168,900)	(19%)	(\$151,399)	(18%)
Video Conferencing System	\$1,070,000	\$1,048,600	\$70,000	(\$1,000,000)	(93%)	(\$978,600)	(93%)
Air Monitoring Station Equipment	\$1,342,110	\$1,315,268	\$1,483,400	\$141,290	11%	\$168,132	13%
Air Monitoring Near Roadway Stations	\$20,000	\$19,600	-	(\$20,000)	(100%)	(\$19,600)	(100%)
Air Monitoring Automation/Remote Control Project	\$6,000	\$5,880	\$11,000	\$5,000	83%	\$5,120	87%
TOTAL FIXED ASSETS	\$4,505,591	\$4,415,979	\$3,936,801	(\$568,790)	(13%)	(\$479,178)	(11%)
TOTAL OPERATING APPROPRIATIONS	\$72,157,004	\$71,500,420	\$72,862,657	\$705,653	1%	\$1,362,237	2%

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

	Adjusted* FY 22-23	Estimated Actuals FY 22-23	Recommended FY 23-24	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$189,000	\$189,000	\$232,400	\$43,400	23%	\$43,400	23%	
TOTAL OTHER CHARGES	\$189,000	\$189,000	\$232,400	\$43,400	23%	\$43,400	23%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$65,736,400	\$62,114,948	\$76,312,600	\$10,576,200	16%	\$14,197,652	23%	
Carl Moyer Program	\$51,313,900	\$47,563,620	\$45,063,500	(\$6,250,400)	(12%)	(\$2,500,120)	(5%)	
ISR and VERA'S	\$32,453,700	\$16,620,378	\$40,618,000	\$8,164,300	25%	\$23,997,622	144%	
Proposition 1B Funding Program	\$4,465,300	\$1,235,944	\$6,486,500	\$2,021,200	45%	\$5,250,556	425%	
Federal DERA/Designated Funding Program	\$24,795,800	\$24,480,414	\$15,964,003	(\$8,831,797)	(36%)	(\$8,516,411)	(35%)	
Community & Other Incentives Funded by Operating Reven	\$6,835,900	\$6,716,994	\$17,864,900	\$11,029,000	161%	\$11,147,906	166%	
Miscellaneous Incentive Programs	\$111,800	\$56,036	\$64,400	(\$47,400)	(42%)	\$8,364	15%	
CEC Grants	\$4,187,000	-	\$9,798,900	\$5,611,900	134%	\$9,798,900	-	
State Cap & Trade Funding	\$623,483,892	\$367,953,075	\$371,062,100	(\$252,421,792)	(40%)	\$3,109,025	1%	
Volkswagen Mitigation Funding	\$85,858,500	\$48,158,433	\$65,952,600	(\$19,905,900)	(23%)	\$17,794,167	37%	
TOTAL INCENTIVE PROGRAMS	\$899,242,192	\$574,899,842	\$649,187,503	(\$250,054,689)	(28%)	\$74,287,661	13%	
Appropriation for Contingencies	\$451,104	\$451,104	\$850,000	\$398,896	88%	\$398,896	88%	
TOTAL NON-OPERATING APPROPRIATIONS	\$899,882,296	\$575,539,946	\$650,269,903	(\$249,612,393)	(28%)	\$74,729,957	13%	

OPERATING BUDGET

ADMINISTRATION

FISCAL SUMMARY

	<u>Budgeted 2022-23</u>	<u>Recommended 2023-24</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	14,517,936	14,881,625	363,689	3%
Services and Supplies	4,371,132	4,146,393	(224,739)	-5%
Fixed Assets	<u>1,524,654</u>	<u>506,889</u>	<u>(1,017,765)</u>	<u>-67%</u>
 Total	 <u>20,413,722</u>	 <u>19,534,907</u>	 <u>(878,815)</u>	 <u>-4%</u>

<u>Position Summary</u>	93	93
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FUNCTIONS

The District’s Administration Department 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 and Operations Support, Administrative Services, Information Technology Services, Outreach and Communications, and Community Strategies and Resources.

General Administration

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

District Counsel

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

Personnel and Operations Support

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

The District's Operations and Program Support Division provides essential customer service to stakeholders and clerical support for District departments and operations. This group continues to assume and coordinate increased responsibilities from the operating departments ensuring that support type activities are handled in the most efficient and cost effective manner. Operations and Program Support staff is integrated into various departments and provides front-desk reception services to the public. Additional department support functions include electronic document management, meeting scheduling and coordination of Public Records Requests processing.

Administrative Services

The District's Administrative Services Division is responsible for all fiscal and general services-related functions of the District. The fiscal functions include preparation and control of the District's budget; responsibility for accounting and auditing all District revenues and expenditures; preparation of financial statements and related reports; and incentive and other grant financial management, including state and federal grant reporting. The general service functions include responsibility for facilities management, fleet management, purchasing, and risk management.

Information Technology Services

The District's Information Technology Services Division administers all computer-related functions of the District. These functions include strategic and tactical technology implementation and planning; policy and procedure formulation; budget preparation and administration for the District's information technology needs and services; project prioritization and resource management; hardware and software standards, specifications, training, support, maintenance, repair, and inventory; technology analysis and recommendations; and the processes related to technology procurement.

The Information Technology Services Division 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., printers and copiers).

Outreach and Communications

The District's Outreach and Communications Division plans and implements strategies and tactics to meet the District's public outreach and communication goals. As methods for disseminating messaging expand and become more sophisticated, the District embraces these changes and incorporates them into successful, innovative outreach efforts. These strategies and tactics include designing and implementing comprehensive, multilingual, multimedia outreach campaigns that incorporate workshops and public events; coordinating

an effective media relations program; responding to public inquiries via phone, email and social media messaging; writing and distributing newsletters, brochures and other outreach materials in both hard copy and electronic versions; promoting the District's many grant programs across different target audiences; 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 Schools program goals and messages; collaborating with other District departments to develop and implement public education efforts about rules, such as wood-burning regulations; deploying public-facing air quality tools that give stakeholders air-quality information; and working with other District departments to ensure their communications and public affairs needs are met.

Community Strategies and Resources

The division of Community Strategies and Resources was formed in 2021 to assist in leading the District's efforts to support the District's environmental justice efforts and advance community-driven strategies through implementation of the state's AB 617 Community Air Protection Program. The Community Strategies and Resources department provides leadership, guidance, and support in the internal development and implementation of policies, practices and programs regarding community-level strategies, resources, and work standards, including with respect to AB 617 implementation. The department also provides lead direction and coordination of the District's other community-level work including coordination between District departments, partner agencies, and community stakeholders (residents, regulated entities, non-profit organizations) to ensure strong engagement and that mandates are satisfied as effectively and efficiently as possible. Under AB 617 mandates, the District is required to implement a number of requirements across the Valley and in each of the communities selected by CARB under strict criteria and timeframes. This new workload is discussed in more detail in the program descriptions for each District department.

SIGNIFICANT IMPACTS TO 2023-24 BUDGET

New Workload

Personnel and Operations Support

The overall workload in the District's Personnel division will slightly increase and remain consistent. We will be able support the workload without adding additional staff to the program. This will be made possible by working to maximize efficiency by leveraging new technology and by absorbing new functions into existing similar functions. This year, District's Personnel Division will continue to search for opportunities to refine, streamline, and enhance the effectiveness of their work in all areas.

In support of the District's recruitment efforts, the Personnel team will focus on transitioning back to pre-pandemic in-person recruitment processes for exams and interviews. In addition, enhancing recruitment efforts through outreach with an increased presence at various community and university career fairs will be a focus for 2023-24.

In support of the District's STAR (Service, Teamwork, Attitude, Respect) work culture, the District continues to support and enhance diversity, equity and inclusion awareness and practices that will include review of current District policies and practices and additional training provided to District staff that will focus on and promote continuous improvement in our training and development programs. The District will continue to develop and offer training programs to staff that will contribute to a positive environment, increase morale, and provide additional tools and resources that may allow staff to effectively complete their duties more efficiently.

The District continues to see an increase in the volume of Public Records Requests received. Although this increase will impact the overall workload, this will be supported by existing staff as more streamlined processing of these requests have allowed them to be fulfilled more efficiently. In addition, once the District fully implements the new Public Records Request software and training has been completed, additional efficiencies will likely be gained and we expect the increase to be less impactful to the workload.

As the District continues the transition to complete electronic document storage and management, the support provided by the District's Operations and Program Support Division to other District departments continues to grow. During 2023-24, the workload in the District's electronic document management system (EDMS) is expected to remain consistent as programs continue to fully utilize electronic document storage and management. These projects include the back file conversion and day forward processing of Finance, Compliance and Permits documents.

In addition to the routine duties of the District's Operations and Program Support Division, continued support will be provided to the District's Incentives program, Compliance department, as well as support for permit application processing. The on-going support is expected to continue into the next fiscal year due to the continued success of the District's Incentive program and the resources needed for application processing, public records requests as well as support provided as a result of continued AB 617 implementation.

Administrative Services

The District's Administrative Services provides support for implementation of mandates, including but not limited to public workshops, grant reporting and tracking, and supporting all departments involved. The Administrative Services Division will continue to implement ever-changing state and federal rules and regulations while taking the steps necessary to ensure that District accounting and related reporting complies with accounting and financial management best practices. Administrative Services will continue to support the implementation of AB 617 mandates and increased funding for the various emission reduction programs the District manages.

The District's successful state and federal advocacy has resulted in bringing additional financial resources for the implementation of various District emission reduction programs. Support and implementation of these emission reduction programs are the District's main priority and will significantly affect workload. During 2023-24, the District will be working closely with partner agencies to administer over \$650 million in the Incentives Spending

Plan, including processing incentive applications, contracts, claims, and project reporting and implementation.

Information Technology Services

The District as an extensive user of technology continues to leverage software and hardware technology to provide exceptional business value, seeks to implement the latest and best technologies to increase productivity by District staff while instituting customer service enhancements for the District's stakeholders. Over the next year, the District will initiate and continue implementing several key technology projects including enhancing the security of its IT infrastructure. In recent years, the frequency and severity of cybersecurity threats have increased significantly and District is focusing on solidifying even further its already strong security posture by bringing in latest technologies and measures for the security of its IT infrastructure.

To advance the District's mission the District's ITS division continually searches out electronic solutions in an effort to meet the expectations for the highest level of customer service and staff efficiency. New workload and streamlining projects scheduled to be completed or commenced in the upcoming year are as follows:

Air Monitoring Sites Network Security Controls Enhancements

Implementing a comprehensive cybersecurity strategy for the District's unmanned remote networks, such as Air Monitoring sites, is crucial to protect both the District's systems and the public's data. These sites can be vulnerable to attacks and by transporting Air Monitoring sites under the security controls, the District can apply foundation baseline security standards and secure network operations with intrusion prevention devices, secure workstations and servers with hardening configurations and updated antimalware programs, and secure all third-party access by following basic U.S. government agency required procedures. Implementing effective network security controls can help reduce the risk of cybersecurity incidents, protect sensitive data, and improve overall network performance. Working with Air Monitoring staff to maintain as much SOP convenience as possible without compromising security standards and providing them with a quarantined internal network that can be used for development purposes will allow the District to secure these remote sites in a way that does not impede on their operational capabilities. This will not only improve the security of the district but also provide cost savings by reducing the need for reactive measures such as incident response and recovery, ultimately improving overall business continuity and protecting the public's data.

Enhancements to District Network Security

In recent years, the frequency and severity of cybersecurity threats have increased significantly, with hackers and cybercriminals constantly evolving their tactics to target organizations of all sizes. Government agencies are especially targeted to be attacked due to the amount of data and many services provided by the agencies to businesses and citizens. While the District has instituted numerous security policies and protocols to protect the organization, it is crucial that the District continually evaluates network security and

identify and implement best practices for cybersecurity to protect our network and data from the ever-evolving security threats.

One such strategy is to enhance the network security through network segmentation, which involves using multiple layers of security controls to protect against different types of attacks. By segmenting the network, the District can limit the potential damage that an attacker can cause if they were able to gain access to a specific segment by preventing lateral movement across the District's network. Network security segmentation is part of the defense-in-depth approach to cybersecurity, which is recommended by the US National Security Agency, that the District has been implementing. By segmenting the network, we can reduce the attack surface by limiting the number of devices and systems that are exposed to potential attacks. This makes it more difficult for attackers to gain access to sensitive data and systems, and can reduce the impact of any successful attacks. Additionally, by separating backend systems from other systems, it minimizes the risk of a compromise on one system from spreading to other systems on the same network.

An additional measure is to add network controls, which is another layer of security to prevent any unauthorized data access and provides an audit trail of who is accessing data. A component of network controls is to upgrade the firewall systems by separating critical backend systems from employee workstations, sensors, software, and other technologies that connect and exchange data with other devices and systems. This approach improves the overall security posture of the District by reducing the attack surface and allowing for more granular control over traffic flows. This implementation not only improves the overall security of the district but also provides cost savings by reducing the need for reactive measures such as incident response and recovery, ultimately improving overall business continuity.

Advanced threats to the IT infrastructure have also become increasingly common and sophisticated. At times, traditional signature-based antivirus solutions are not sufficient to protect against these threats. The District will be deploying the latest next-gen antivirus programs with the capability to detect and respond to advanced threats in real-time, preventing the potential for significant damage to the network and data. Investing in such modern antivirus software will provide the District with the ability to proactively detect and respond to security threats. This will give the IT staff the necessary visibility and insight to take preventative actions against both silent threats and active attacks. This will also help prevent a security incident from escalating into a full-scale data breach. This proactive approach not only improves the overall security of the District but also provides cost savings by reducing the need for reactive measures such as incident response and recovery. This ultimately leads to a more secure and stable business continuity.

Application whitelisting helps protect against unauthorized software installations, malware, and other cybersecurity threats which can be significant security risks by introducing malware, spyware, and other cybersecurity threats to the network, which can lead to data breaches and other security incidents. Application whitelisting provides increased protection by preventing these unauthorized installations by restricting software installation to approved applications only. The District's current antivirus software reacts to activity that is already taking place on workstations and servers. By incorporating application whitelisting

and application control software it will only allow explicitly approved applications to run on the systems. This eliminates the ability of malware to infect computers or the network system, creating a more secure network environment. This not only provides cost savings by reducing the need for reactive measures, but also allows the District's ITS team to focus on other security objectives and improve overall business continuity.

Multi-Site Redundancy of District Public Services

As part of the District's Continuity of Operations Policy, finding ways to ensure the District can continue to perform the District mission and essential functions, the District identified the need to establish a multi-site redundancy between District offices. Multi-site redundancy for business continuity will consist of maintaining District data in geographically dispersed areas, which reduces or potentially eliminates system downtime and failures and involves the addition of hardware, software, network connectivity, and security. In order to prevent service interruption when one of District office experiences an outage and to ensure that the District's critical IT systems such as public facing website, Air Quality Data Management System, application submittal portals, mobile app, are always available a redundant system is critical. A system failure without redundancy can have a severe impact on District's ability to provide essential services to the public, such as providing real-time air quality information as well as meet its regulatory compliance requirements for public facing systems. The investment in multi-site redundancy will ensure that our critical systems are always available, and that we can quickly recover from any downtime or system failure.

Geographic Information System Implementation

Geographic information system (GIS) software and technology will provide the District with the opportunity to better understand patterns, relationships, and geographic context. The benefits include the ability to improve our ability to relay and communicate more effectively with the District's stakeholders as well as providing opportunities for better management and decision making. The District currently has a GIS implementation which is local to the District's network and by upgrading the level of service will provide needed functionality which will enhance our GIS capabilities. Implementing the GIS upgrade will provide additions that will provide access to advanced GIS capabilities that enable the District to better analyze and visualize spatial data. These capabilities include geocoding; network analysis, spatial statistics, and 3D visualization that will help District collaborate cross-departmentally and cross-agency and can integrate the GIS data with other business applications in real-time, allowing the District to provide dynamic data in more real-time while also reducing staffing resources that are currently required to provide static data. These capabilities can help us manage and share large volumes of spatial data more efficiently and effectively, resulting in the aforementioned cost savings through staffing resource needs and reducing maintenance costs.

Computer Software Upgrade

The District has been using Microsoft Windows platform for decades to carry out all daily business tasks. The District has been using the current version of the Microsoft products for over 6 years and is looking to transition to the latest version of Microsoft Office which provides numerous new and beneficial features. Upgrading Microsoft will provide the District with access to the latest features and tools that will allow staff to work more efficiently and several improvements to its basic popular applications such as Word, Excel, PowerPoint, and Outlook. These improvements include new templates, enhanced collaboration tools, improved data analysis to name a few. With these features, District staff will be able to create more professional-looking documents, analyze data more accurately, and collaborate more effectively with their teams. In addition, upgrading to Microsoft Office 2021 will ensure that District's software is up to date with the latest security patches and bug fixes. Cybersecurity threats ever evolving, and it is essential to keep software up-to-date to ensure that District systems are secure. The new version of Microsoft Office has improved security features that will help protect District's data from potential security breaches.

In addition to the Microsoft upgrade, the District is also looking to update the Adobe Acrobat which is a powerful tool that allows users to create, edit, and share PDF documents in a secure and efficient manner. District plans to migrate from a local version of Adobe Acrobat Software to a Cloud-based Adobe Acrobat which provides flexibility and accessibility, allowing users to access and edit PDF documents from anywhere, at any time, and on any device with an internet connection. This flexibility and accessibility can improve collaboration and productivity while reducing the need for physical storage and transportation of documents. Cloud-based Adobe Acrobat offers advanced security features, including encryption, digital signatures, and multi-factor authentication. These security features ensure that documents remain secure and prevent unauthorized access, modification, or sharing. Implementing cloud-based Adobe Acrobat can provide cost savings and opportunities for streamlining document management.

Outreach and Communications

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

In 2023-24, the District's core values, goals and mission will continue to be shared through enhanced multi-lingual public outreach and education. As always, the key focus will be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without significant additional District resources.

The requirements of AB 617 necessitate a robust public engagement and outreach program to ensure participation from a wide variety of sectors including the business

community, community representatives, municipalities, community-based organizations and others. The District will continue to host multiple multi-lingual community meetings monthly within the selected AB 617 Valley Communities, and oversee both the agenda, content and logistics of these meetings. This includes providing guidance, technical information, and other resources, not only to the committee members, but also to the public at-large in multiple languages via the AB 617 webpages on the District's website. The Recommended Budget includes funding to continue to support the outreach activities related to the community steering committees for the AB 617 communities of Arvin/Lamont, Shafter, South Central Fresno and Stockton.

The Real-time Air Advisory Network (RAAN) program continues to enjoy strong participation by the Valley's school districts and pairs naturally with the Healthy Air Living Schools program. The District will continue outreach on building or expanding the District's relationship with Valley schools. The District will also work with stakeholders to explore enhancements to the District's public-facing air quality tools and the recommendations the District gives to schools, parents, and the general public of steps to protect themselves during periods of poor air quality.

The District will further develop a collaborative partnership with Valley public health directors and officers, including participation in the San Joaquin Valley Public Health Consortium. The District will leverage this relationship to convey health messaging more broadly to Valley residents.

In the coming year, the District is planning to host an air quality symposium to focus on the current issues and challenges facing the Valley, and to help plan a strategic path forward. The last PM_{2.5} focused symposium was held in 2010, which focused specifically on particulate matter pollution in the Valley, sources that contribute to PM, and public health impacts. Given the significant progress in reducing emissions across the Valley since 2010, and in light of a potential new federal PM_{2.5} standard being finalized soon, holding another symposium on current and remaining sources of PM_{2.5} and their impact on public health will assist in planning for future air quality strategies for the region. The symposium would feature air quality researchers and public health experts, as well as agency and stakeholder perspectives.

The District will continue to work with our advertising agency partner to promote key programs and messages through our comprehensive multi-lingual public education and outreach program. The agency will implement the summer Healthy Air Living campaign and the winter residential "No Burn" strategy, as well as promote grant programs, conferences and other outreach programs.

Wildfires have the potential to generate tremendous emissions, causing elevated PM_{2.5} concentrations and ozone precursors. Air pollution generated from wildfires can be enormous and can well exceed total industrial and mobile source emissions in the San Joaquin Valley, overwhelming all control measures, resulting in periods of excessively high particulate matter and ozone concentrations. In 2023-24, the District will continue to work with land management agencies as we pursue a variety of strategies aimed at reducing wildfire emissions. As a part of this effort, the District has developed a targeted public

education campaign to increase public awareness of the damage to public health due to wildfires and build public support for increased prescribed burning that may help reduce the number and severity of future wildfires.

The District will continue to expand its in-house production of previously outsourced key projects such as the Annual Report to the Community, Healthy Air Living kid's calendar, videos that showcase individuals taking advantage of the District's many grant programs, internal training videos and other high-level projects. Additionally, the District will leverage these tools to support our presence on social media sites.

Community Strategies and Resources

In 2018, the State legislature passed Assembly Bill (AB) 617, the Community Air Protection Program that requires the California Air Resources Board (CARB) and air districts to develop and implement additional plans and measures in an effort to reduce air pollution exposure in CARB-selected disadvantaged communities. Since 2018, CARB has selected nineteen (19) communities for AB 617 implementation statewide, including the four San Joaquin Valley communities of South Central Fresno, Shafter, Stockton, and Arvin/Lamont.

As required under AB 617, the District's Governing Board adopted the South Central Fresno and Shafter Community Emission Reduction Programs (CERPs) in September 2019, the Stockton CERP in 2020, and the Arvin/Lamont CERP in 2022. Since adoption, the District has been working closely with the Community Steering Committees (CSC), local partners, and state agencies to implement CERP measures designed to reduce air pollution and exposure in the selected communities. In addition to the CERP implementation work, each community was also selected to develop and implement a Community Air Monitoring Plan (CAMP). The District has worked diligently to implement the CAMPs in consultation with the CSCs across all four selected communities, with extensive air monitoring conducted, with regular updates with data analysis shared with the public at CSC meetings and on the District's community-specific air monitoring webpages.

The strategies in the CERPs include incentive funding measures, regulatory strategies, public engagement strategies, enforcement strategies, and a number of additional strategies to be implemented in partnership with CARB, DPR, cities, counties, other agencies, community-based organizations, and other local partners. Many of the measures in the CERPs are incentive-based and require CARB's approval prior to being able to fund these measures. As the implementation of approved CERPs progresses, District staff will need to continue to engage with the CSCs in a number of areas.

The Community Strategies and Resources workload is expected to grow as the department continues to enhance other community engagement efforts along with increased AB 617 implementation efforts. This work includes working with the Outreach and Communications department to conduct targeted air quality-related outreach Valley-wide to promote available clean air programs in historically disadvantaged and low-income communities, oversight in the development of incentive project plans with Community Air Protection incentive guidelines, and continuing to enhance participation and access to air monitoring data in AB 617 communities. In addition, the Community Strategies and Resources department will continue to oversee the coordination and reporting of ongoing mandates

under AB 617 such as Best Available Retrofit Control Technology (BARCT) analysis and Criteria Air Pollutants and Toxic Air Contaminants (CTR) reporting requirements. In 2022, the District Governing Board added positions to the Community Strategies and Resources team in recognition of the need to continue to support community-level work beyond AB 617 by exploring opportunities for additional community partnerships, and leveraging community organizations' capacities and expertise to expand engagement across the Valley.

In the coming year, the District will continue to look for innovative ways to connect community members to needed resources and share best practices regarding community engagement across the Valley. In this upcoming year, the District plans to hold a convening of Valley AB 617 communities and engaged partners, with the goal of providing a platform and pace to highlight and share successes, discuss opportunities for growth, and connect residents to clean air solutions. This convening, or AB 617 Summit, will not only allow for inter-community collaboration, but also allow the District and other agency and community partners to highlight community engagement efforts across the Valley.

As the District looks to continue to identify and address opportunities to support impacted communities, the Community Strategies and Resources team will continue enhancing the District's community-focused engagement efforts by developing deeper relationships and intentional partnerships with more community residents, community organizations, and government agencies at all levels. Towards that end, the Community Strategies and Resources department will continue to provide leadership, guidance, and support in the internal development and implementation of policies, practices and programs regarding community-level strategies, resources, and work standards.

Efficiency and Streamlining

Personnel and Operations Support

District's Personnel Division is consistently seeking out new ways to improve processes in order to create more efficiencies. The internally designed and created Human Resource Management System (HRMS) program continues to streamline District Personnel functions. The program is compatible with current District standards and contains two modules beneficial to District-wide operations. The main module provides the necessary data management tools, reports and automation features to conduct the full suite of District Personnel functions. The second module is designed for use by District supervisors and managers and provides human resources information such as performance evaluation tracking, recruitment support with exam scoring, time sheet review and LIS reports to assist in preparation for zero-based budgeting analyses.

The continued enhancements to the HRMS program have improved District efficiency by reducing labor hours, streamlining processes, automating report generation, and offering multi-user capabilities. Furthermore, enhanced internal controls ensure accurate data entry and adherence to applicable District rules. The HRMS program will continue to streamline current District Personnel processes in 2023-24, allowing staff to divert resources to continue to improve existing policies and standard operating procedures, staff training and

development, fulfilling recruitment needs, enhancing efficiency and consistency. This will ensuring the District's Personnel staff are able to provide the highest level of customer service to District staff and to the public.

In addition, with the changes to the Cal/OSHA Non-Emergency COVID regulations and the safety and risk management workload transitioning back to pre-COVID, hours will decrease allowing for additional focus in other areas such as DE&I, Personnel policy review and updates, and training and development.

The District's Operations and Program Support Division continues to find significant efficiencies in processing District business and communications. The centralized nature of the District's Operations and Program Support functions makes it possible to streamline operations through leveraging economies of scale and by allowing the shifting of resources between functions to cover cyclical workload changes. During 2023-24, the District will continue to cross-train and shift the workload between staff to absorb any additional workload without additional staffing. In addition, we will continue to streamline processes, increase the efficiency in EDMS processes using the streamlining capabilities of the OnBase Client Portal. OnBase continues to allow a significant decrease in the time necessary to prepare, scan and verify documents into the EDMS system. Additionally, there continues to be increased efficiency with the continued improvement strategies implemented with OnBase. In addition to the routine duties of the OPS Division, support for the District's robust incentive grant programs, Public Records Request processing, and Executive Office support is expected to continue into the next fiscal year.

The District's Operations and Program Support Division continues to increase efficiencies by streamlining and enhancing features and information in the District created E-Directory system in order to provide a more streamlined approach when assisting incoming callers and walk in customers. The District will begin transitioning to a new Public Records Processing software in 2023-24. Although training will be necessary during this transition we expect to see more efficiencies once fully implemented. Looking for and identifying additional opportunities to streamline and improve efficiencies will remain a priority this coming year. The Operations and Program Support Division has transitioned to electronic processing of requisitions, travel requests and claims, Permit applications, Hearing Board agenda, Public Notice Packages, and Compliance applications for more streamlined and efficient handling. The District's Operations and Program Support staff will continue cross training efforts between departments allowing for efficient and flexible workload distribution as well as increased support to the District as a whole while continuing to provide excellent customer service.

Administrative Services

As in past years, new technology and process improvements continue to support a growing financial and administrative workload. The District's budget continues to be compiled using internally developed software. District monthly budget reports are generated completely electronically, saving significant staff time each month. The District continues to streamline processes and improve efficiency through the enhancements and improved utilization of internally developed financial software and through zero-based budget and workload analysis each year.

The District has been able to transition many of its processes to fully electronic, allowing for enhanced customer service and remotely completing work. The Administrative Services Division processes accounts payable, grant contracts and payments, payroll, and many other financial related transactions electronically, creating effective streamlining and fiscal responsibility.

The District's new Grants Management System has provided many new opportunities to improve District grant application and payment processing including data entries, project review, and reporting aspects. The Grant Management System has been key in the transition for many of the processes to go online and paperless. The systems new features focused on improving internal controls, project monitoring, and streamlining application, payment processing, as well as improving customer service experience.

Since 2020, the District transferred payroll processing to ADP, providing more opportunities for system customization and automation of processing that has led to increased staff efficiency and data integrity. The new payroll administrator also provides an enhanced employee portal with resources, options, and reporting that were not available previously, providing better services to employees. Other enhancements included integration with the District's financial system that automated the tracking and recording of payroll costs.

The District has fully implemented the option to receive online electronic funds via e-checks, debit, and credit cards. The enhanced District online portal allows permitted facilities to view their current outstanding invoices, submit a payment, and receive their payment confirmation instantly. The District continued to benefit from the redesigned Fresno office exterior landscape to a more environmentally friendly and drought tolerant design, which reduced landscaping maintenance costs by \$17,000 annually, as well as reduced water usage.

In 2022, through utilization of the green procurement policy the District has continued to transition to an electric fleet by purchasing an additional 31 electric vehicles bringing the District total count to 37. The District has been able to support this transition to an electric fleet by installing an additional 26 level 2 charging stations in all three of the District offices that was funded through state grants and will continue to focus on reducing the carbon footprint of the District by installing additional charging infrastructure.

Information Technology Services

Legacy Business Application Code Improvements:

Modern technology changes at a fast pace, providing new opportunities for improvements to the District's core business applications. Several of these are older, legacy business applications and are in need of an upgrade due to the technology they use becoming outdated and becoming increasingly challenging to provide the needed technical support. The District is using a scaled software development and implementation approach to achieve this multi-year goal. Each software program has hundreds of business rules and millions of lines of code that need to be analyzed and converted to the new code base. Typically, this is an extremely long and tedious process, which could take multiple years

and several programming staff to accomplish. District staff performed research on tools to assist in this endeavor and selected an external tool to help compare and analyze the program code that expedited the conversion process. Under this initiative, some key District software programs such as Permit Application System (PAS and Finance are targeted for conversion to new technologies. The District has completed the conversion of the Indirect Source Review (ISR) program and is in its last phase of testing and deployment. The District's PAS program was developed with old software and is no longer supported by the manufacturer, is being converted. The conversion process provides workflow efficiencies, reduced time and significant cost savings by freeing programming staff to do development work for other projects.

Centralized Systems Management

Under this initiative, the District pursued a deployment of a centralized software deployment for systems and workstation management tool that allows the District technology team to manage all the user workstations from a central place. This includes deployment of software, operating systems and security patches to ensure staff's workstations are up-to-date with the latest software and are secure from vulnerabilities, saving time for the District's technology staff to address and support the myriad of other system needs.

Network Security Measures & Enhancements

IT Network security is becoming an increasing challenge throughout the IT world and it is imperative for the District to continue improving its existing technology for the betterment of customer service and minimize the potential impact to the maximum extent feasible to the public and its stakeholders as IT security matters. District has taken several key steps to enhance and improve the network security. Upgraded firewalls and routers in Districts datacenters, which provided better protection against cyber threats such as malware, viruses, and hackers. Patched vulnerabilities that prevents cybercriminals from exploiting known weaknesses in the IT infrastructure. It also improved network performance by reducing network congestion, ensuring that network resources are used efficiently and improved overall network speed. Upgrading firewalls and routers and patching vulnerabilities also ensured that critical business systems are available and operational. This can reduce the risk of downtime, which can impact business operations, revenue, and customer satisfaction

Phone System Upgrade and Improvements

District upgraded its over 20 year old analog phone system to an advanced Internet Protocol-based phone system which uses internet protocols to transmit voice data, which can significantly reduce the cost of long-distance and international calls, as well as eliminating the need for expensive replacement hardware and maintenance costs associated with traditional phone systems. This phone system can also easily scale up or down to meet changing business needs, making it easier to add or remove phone lines, features, and functionality as required. The new phone system provides features such as audio conferencing, built in phone directory, remote voice mail access, and advanced features such as call routing, call forwarding, and call recording, which enhanced customer service, these features can also help the District to track and analyze call data to identify trends and opportunities for improvement. This upgrade enhanced collaboration and communication between staff, customers, and our stakeholders. These features also helps

to improve productivity by allowing employees to work from anywhere, at any time, and on any device.

VM Production System Hardware Upgrade

District upgraded its data center server system to add new VM (Virtual Machines) which offer numerous benefits, including increased scalability, better performance, and simplified management. The new system is designed to scale seamlessly as the District business needs grow, allowing the District to easily add new resources to the IT infrastructure. It also delivers faster performance than traditional infrastructure, enabling District to run more applications and workloads with lower latency. This also streamlined management by providing a single point of control for all hardware and software components, reducing complexity and improving operational efficiency.

Outreach and Communications

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

The District will continue to utilize third party subcontractors to assist with other outreach needs, when such subcontracts provide a high level of customer service, project efficiency, and economic sense. For example, the District works with a third party Hmong and Punjabi translators to assist with school notices. Since the District does not have certified Hmong or Punjabi translators on staff, this service is an inexpensive way to provide the public documents in Punjabi without hiring new staff. Additionally, the District's Spanish Translation team has developed a variety of tools to assist with the ever-increasing need for Spanish translation and interpretation. These tools include joint email and database resources to assist with the translation of more technical documents.

Community Strategies and Resources

The Community Strategies and Resources (CSR) division has put into place a variety of streamlining measures to ensure successful oversight in implementing the emissions reduction programs, track community air monitoring progress in the four Valley-based AB 617 communities, and meaningfully engage with other communities in need of additional resources across the Valley. The continued expansion and integration of a project management tools, has allowed the CSR team to efficiently assign, track, analyze, and follow up on project progress across all District departments. When working with the District internal translation team within the Outreach and Communications department, the CSR team uses technology to track smaller tasks and better collaborate with the District's creative team. The CSR team also works with the Air Quality Science department to use a global information systems (GIS) platform to effectively analyze and communicate complicated community-level emissions information and air quality progress.

The CSR team also helps direct and streamline the efficient use of Community Air Protection Program funding through coordination and collaboration with CARB and community stakeholders to develop community identified incentives project plans, which are the road maps for expending funds. Significant efforts are committed to find opportunities to streamline processes with the focus of expeditious implementation which results in emission and exposure reductions occurring quicker to the benefit of people who live and work in these communities.

To ensure successful and meaningful community engagement in all aspects of District programs, including incentives project development, it is vital that the District actively seeks input from stakeholders from all sectors within the Valley's priority communities to ensure program benefits are actualized as quickly as possible. To spur conversation and illicit important feedback from community members, the District contracts with an impartial, third-party facilitator to help plan, prepare, manage, and facilitate productive community meetings and hear all stakeholder views. This support has helped the CSR team expand and enhanced the District's community engagement by running effective community engagement program, which has been recognized as being the best process anywhere in the state.

Proposed Staffing Enhancement

After careful review of projected workload and efficiency measures, the following staffing changes are included in the 2023-24 Recommended Budget to ensure that the District is equipped to address new mandates and continue providing exceptional service to businesses and residents. The proposed adjustments reflect efficiency enhancements and streamlining opportunities identified through the District's zero-based budgeting process.

Administrative Services

Reclassification of one Custodial Worker to Facility Maintenance Specialist

To address increased workload associated with the District facilities and equipment, this position reclassification will fulfil the increased need for additional preventative maintenance to the District offices, fleet and Air Monitoring Stations. The Facility Maintenance Specialist will provide the necessary professional workmanship for in house facility projects saving the District money.

Community Strategies and Resources

Reclassification of one Senior Air Quality Specialist to Program Manager

This reclassification is needed support to oversee and administer the District's AB 617 program, support the District's growing environmental justice and community-focused efforts, and expand the benefit of community-driven clean air strategies across the Valley. This position is supported by dedicated state grant funds to implement the program.

Information Technology Services

Reclassification of one Air Quality Web Specialist I/II to a Senior Web Specialist

This reclassifications will address increased workload associated with the rollout of the District's new website and going need to provide the public with additional online resources from a variety of different District departments.

Reclassification of one Programmer/Analyst to Senior Programmer Analyst

The District is also looking to reclassify a Programmer/Analyst position to a Senior Programmer Analyst position to support the significant District programming needs and to provide guidance and mentorship to the rest of the ITS division.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2022/2023</u>	<u>2023/2024 Recommended</u>	<u>Increase/ Decrease</u>
Accountant I/II	6.0	6.0	0
Accounting Assistant I/II	5.0	5.0	0
Accounting Technician I/II	4.0	4.0	0
Air Quality Education Rep Bilingual I/II	3.0	3.0	0
Air Quality Education Rep I/II	2.5	2.5	0
Air Quality Education Web Specialist I/II	1.0	0	-1.0
Air Quality Specialist I/II	2.0	2.0	0
Assistant Counsel I/II	1.0	1.0	0
Audio Video Specialist I/II	.5	.5	0
Chief Communications Officer	1.0	1.0	0
Controller	1.0	1.0	0
Custodial Worker	1.0	0	-1.0
Deputy APCO	3.0	3.0	0
Deputy Clerk to the Board	1.0	1.0	0
Director of Administrative Services	1.0	1.0	0
Director of Community Strategies & Resources	1.0	1.0	0
Director of Information Systems	1.0	1.0	0
Director of Personnel	1.0	1.0	0
District Counsel	1.0	1.0	0
Executive Assistant	1.0	1.0	0
Executive Director/APCO	1.0	1.0	0
Facilities Maintenance Specialist	1.0	2.0	1.0
General Services Foreman	1.0	1.0	0
Information Systems Manager	1.0	1.0	0
Legal Technician (Conf)	1.0	1.0	0
Network Systems Analyst I/II	8.0	8.0	0
Office Assistant (Conf) I/II	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Office Services Manager I/II	2.0	2.0	0
Operations Support Supervisor	1.0	1.0	0
Personnel Administrator	1.0	1.0	0
Personnel Technician (Conf) I/II	2.0	2.0	0
Program Manager	1.0	2.0	1.0
Programmer/Analyst I/II	9.0	8.0	-1.0
Senior Accountant	3.0	3.0	0
Senior Air Quality Education Rep Bilingual	1.0	1.0	0
Senior Air Quality Specialist	2.0	1.0	-1.0
Senior Network Systems Analyst	2.0	2.0	0
Senior Network Systems Security Analyst (Conf)	1.0	1.0	0
Senior Office Assistant	2.0	2.0	0
Senior Personnel Analyst	2.0	2.0	0
Senior Policy Advisor	1.0	1.0	0

<u>Title</u>	<u>2022/2023</u>	<u>2023/2024 Recommended</u>	<u>Increase/ Decrease</u>
Senior Programmer Analyst	2.0	3.0	1.0
Senior Web Specialist	0	1.0	1.0
Supervising Accountant	3.0	3.0	0
Supervising Air Quality Education Rep Bilingual	1.0	1.0	0
Supervising Network Systems Analyst	1.0	1.0	0
Supervising Programmer/Analyst	1.0	1.0	0
TOTAL	<u>93.0</u>	<u>93.0</u>	<u>0</u>

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

	Adjusted* FY 22-23	Recommended FY 23-24	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$8,685,884	\$8,972,307	\$286,423	3%
Temporary Help	\$265,522	\$272,197	\$6,675	3%
On Call Pay	-	-	-	-
Overtime	\$130,156	\$110,962	(\$19,194)	(15%)
Unemployment	\$18,335	\$16,878	(\$1,457)	(8%)
Retirement	\$4,094,151	\$4,169,753	\$75,602	2%
OASDI	\$148,536	\$153,217	\$4,681	3%
Workers Compensation	\$76,006	\$77,678	\$1,672	2%
Cafeteria Plan Benefits	\$1,006,304	\$1,015,384	\$9,080	1%
Long-Term Disability Insurance	\$22,062	\$23,829	\$1,767	8%
Alternate Transportation Incentive	\$70,980	\$69,420	(\$1,560)	(2%)
TOTAL SALARIES AND BENEFITS	\$14,517,936	\$14,881,625	\$363,689	3%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$13,270	\$22,400	\$9,130	69%
Mobile Communications	\$46,063	\$37,526	(\$8,537)	(19%)
Telephone Charges	\$34,861	\$41,785	\$6,924	20%
Insurance	\$187,648	\$209,498	\$21,850	12%
Equipment Maintenance	\$59,239	\$64,433	\$5,194	9%
Vehicle Maintenance & Operations	\$8,030	\$26,200	\$18,170	226%
Computer Maintenance	\$292,785	\$326,443	\$33,658	11%
Video Conferencing Maintenance & Operations	\$131,340	\$132,940	\$1,600	1%
Building Maintenance & Operations	\$77,745	\$88,681	\$10,936	14%
Office Supplies	\$11,229	\$12,384	\$1,155	10%
Computer Software & Supplies	\$70,203	\$69,379	(\$824)	(1%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$18,100	\$16,000	(\$2,100)	(12%)
Printing	\$100,511	\$110,274	\$9,763	10%
Professional & Specialized Services	\$2,373,666	\$2,167,596	(\$206,070)	(9%)
Publications & Legal Notices	\$10,000	\$21,365	\$11,365	114%
Rents & Leases	\$8,141	\$7,459	(\$682)	(8%)
Small Tools & Equipment	\$38,225	\$34,668	(\$3,557)	(9%)
Special District Expense	\$549,590	\$164,955	(\$384,635)	(70%)
Travel & Training	\$161,625	\$172,820	\$11,195	7%
Travel & Training - Boards	\$39,550	\$39,550	-	-
Utilities	\$71,911	\$84,637	\$12,726	18%
Audit Services	\$25,000	\$25,000	-	-
Legal Services	\$42,400	\$270,400	\$228,000	538%
TOTAL SERVICES AND SUPPLIES	\$4,371,132	\$4,146,393	(\$224,739)	(5%)
FIXED ASSETS				
Office Improvements	\$24,357	\$29,257	\$4,900	20%
Facilities & Equipment	\$40,421	\$51,237	\$10,816	27%
Computer Equipment	\$212,159	\$273,019	\$60,860	29%
Office Furniture / Equipment	\$7,941	\$7,865	(\$76)	(1%)
Office Machines	\$29,040	\$8,454	(\$20,586)	(71%)
Telephone Systems	\$33,060	\$5,657	(\$27,403)	(83%)
Automobiles	\$107,676	\$61,400	(\$46,276)	(43%)
Video Conferencing System	\$1,070,000	\$70,000	(\$1,000,000)	(93%)
TOTAL FIXED ASSETS	\$1,524,654	\$506,889	(\$1,017,765)	(67%)
TOTAL OPERATING APPROPRIATIONS	\$20,413,722	\$19,534,907	(\$878,815)	(4%)

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2022-23</u>	<u>Recommended 2023-24</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	14,339,767	13,182,890	(1,156,877)	-8%
Services and Supplies	1,337,233	1,396,334	59,101	4%
Fixed Assets	<u>848,185</u>	<u>859,221</u>	<u>11,036</u>	<u>1%</u>
 Total	 <u>16,525,185</u>	 <u>15,438,445</u>	 <u>(1,086,740)</u>	 <u>-7%</u>

<u>Position Summary</u>	99.5	99.5
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FUNCTIONS

The District's Compliance Department performs a full suite of enforcement and compliance assistance related activities to ensure compliance with District, state, and federal rules and regulations. 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 annually perform inspections at nearly 14,700 permitted facilities, which include over 6,100 agricultural operations, respond to approximately 2,800 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 play a key role in helping to meet clean air requirements and are required by the United States Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) as part of Federal Title V, EPA 105 Grant, and State Subvention requirements.

Under the District's variable inspection frequency policy, inspection frequencies are assigned considering various factors, including a source's compliance and complaint history, potential for air quality impact, frequency of equipment use, presence of toxic air contaminants, and potential for violations. Initial inspections of new and modified operations are performed as well, and they allow the District to ascertain whether the associated equipment complies with District rules. This District service can alert the source to any discrepancy and prevent significant non-compliance periods.

Complaint Investigations

The District receives thousands of complaints each year for which timely responses and investigations of alleged sources of non-compliance are top priorities. Inspectors are on-call 24 hours per day and use automated voicemail and computer systems to facilitate the timely response to complaints in order to abate potential public nuisances. Along these same lines, the District added the ability to easily submit complaints, including video and photographs, online via the District's website and through the District's mobile smartphone application. 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 residents and businesses comply with a variety of air pollution regulations. Residents and businesses throughout the Valley are provided with:

- **Individualized Assistance**
Personalized, one-on-one help is provided to thousands of residents and businesses to ensure they understand the District's requirements.
- **Compliance Assistance Bulletins**
Active evaluation of upcoming rule compliance dates and analyzing compliance rates for various requirements and developing assistance bulletins that are sent out and provided online for affected groups including, but not limited to, Valley residents, realtors, building departments, contractors, industrial and commercial facilities, and farmers.
- **Compliance School**
Training classes provide information on the topics of open burning, gasoline vapor recovery, and wood burning fireplaces and heaters.
- **Gasoline Station Tester Training**
Ongoing training for contractors is provided for those wishing to perform vapor recovery testing 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, in addition to group trainings, to the regulated community.
- **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 assistance to explain the rule requirements and steps to be taken to comply.
- **Regulation VIII (Fugitive Dust) Education**
Staff organizes and conducts 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 other agencies and land managers including the USDA Forest Service, National Park Service, US Fish and Wildlife Service, Bureau of Land Management, and the California Department of Forestry and Fire Protection in order to minimize impacts of smoke from prescribed burns and wildfires. Compliance staff participate on the daily “1 O’clock Call” during fire season to keep abreast of wildfire and prescribed burn activities and smoke impacts throughout the Valley air basin.

- **Access to Compliance Policies**

Compliance policies are available on the District’s website for stakeholders to review, comment on, and use to assist them with complying with District requirements. The District website is updated regularly with new or modified policies to ensure availability of current information.

- **Permit Stakeholder Meetings**

The District’s Compliance Department continues to attend and give updates at these meetings as another way of providing compliance assistance. The District identifies upcoming rule requirements, provides clarification on rule and policy requirements, 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 guideline adherence of grant recipients. Thousands of field inspections are conducted to verify that equipment is appropriately controlled or replaced, that it is adequately maintained, and verification that older equipment has been properly disposed of. Incentive projects requiring compliance inspections include the replacement of older, higher polluting equipment and vehicles with cleaner options, including heavy-duty diesel trucks, school buses, agricultural pump engines, emissions controls on trucks, and other related control strategies. Each funded project requires a minimum of two initial inspections and several types of projects require ongoing inspections to assure emission reductions are realized for the life of the project.

Emissions Testing

District inspectors directly oversee hundreds of source tests conducted at stationary sources for the purpose of measuring air pollutants. District staff has three main tasks when overseeing source tests at stationary source sites. First, District staff reviews the protocol to ensure proper testing procedures and methods will be performed and that the source test contractor has the proper equipment and certifications to conduct the testing. This service is beneficial to the source as it ensures the proper test is performed and eliminates the chance for additional testing due to improper testing methods or lack of proper tester certification. The second task is to witness the test to ensure the source test contractor follows the correct test methods and 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

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

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 require inspection every year.

Examples of the types of portable equipment inspected include portable concrete batch plants, oil well service equipment, engines that power electrical generators, 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 Inspection and Testing Program

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

District staff continues to inspect gasoline station vapor recovery systems on a routine basis looking for torn hoses, damaged nozzles, and missing parts. Over the years there have been numerous 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 the District's oversight of certified third-party performance tests that ensure the effectiveness of gasoline station emission control equipment. 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.

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 manage permitted projects and track their status. Air quality and meteorological conditions determine if burning is allowed. The SMS divides the Valley into over 97 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 obtain 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 continues to lead state-wide efforts to establish communication protocols between air districts and the land management agencies to ensure the smoke is well managed and its impact upon air quality and public health is reduced to the maximum extent feasible. Additionally, District Staff coordinates with Land Management Agencies to deploy portable PM_{2.5} monitors to inundated areas and ensure communities had online access to the evolving smoke impacts. These communication protocols are vital due to changes in federal policy on wildfire 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 continue to conduct inspections and coordinate closely with land managers.

Wood Burning Heater and Fireplace Device Registration and Enforcement

Further reducing residential wood smoke emissions is a high priority under the District's Residential Woodsmoke Reduction Strategy given the significant localized health impacts associated with residential wood smoke. Scientific studies show that prolonged inhalation of wood smoke contributes to lung disease, pulmonary arterial hypertension, and pulmonary heart disease, which can eventually lead to heart failure. The rule is designed to improve public health by reducing toxic wood smoke emissions in Valley neighborhoods during the peak PM_{2.5} winter season (November through February).

The rule allows EPA certified wood burning devices to burn on days when burning is prohibited for conventional wood burning devices which would be nearly impossible to enforce without a mechanism to readily identify and verify qualifying devices. To provide the District with an enforceable mechanism for allowing certified devices to burn on days designated by the District as "No Burning Unless Registered", the District instituted a registration program for these cleaner wood burning devices.

The rule allows Valley residents seeking to voluntarily register their EPA certified wood burning device to do so in one of two ways. If the resident has purchased an EPA certified wood burning device through the District's Burn Cleaner incentive program, they can pay a nominal fee and provide needed information to register the device on line. The other option for Valley residents is for them to contact a Registered Wood Burning Heater Professional (RWBHP) to verify that the wood burning device is in good operating condition, including ensuring that the device has been cleaned, maintained, and operated in accordance with manufacturer specifications. To ensure RWBHPs are qualified individuals to perform these inspections and verifications, the District instituted a registration program for RWBHPs. All parties requesting to be RWBHPs must go through an application process that includes the requirement for the individual to provide necessary certifications or related job experience that qualifies them to be a RWBHP. In addition to the application, the applicant must undergo District provided training and enter into a contract with the District that outlines the expectations of all RWBHPs. Contract requirements include the need to be able to connect remotely to the internet and the ability to print out and issue wood burning device registrations during their inspections. After completing the required training and signing the contract, the individual is added to the District's list of registered RWBHP, which is available to the public on the District's website.

Since 2004, the District has had a robust enforcement program for designated wood burning curtailment days to ensure the District is achieving the expected emission reductions as a result of the requirements of the rule. This includes having a significant portion of field staff mandatorily assigned to conduct several hours of surveillance in counties with declared wood burning curtailments. The District also conducts surveillance in counties with curtailments on days that District offices are closed and performs periodic night-time surveillance throughout the peak PM2.5 winter season.

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 to provide for independent review and Valley-wide consistency in the settlement of thousands of violations every year. The program settles the majority of the cases through this mutual settlement process, with only a small percentage of cases requiring the need for referral to the District's legal department, greatly reducing 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 systems to automatically gather emissions data from the various companies' CEMS. Internal systems have been designed to evaluate received CEMS data and immediately notify inspectors of potential excess emissions or polling problems. Considerable resources have been spent transitioning to this easier to use, more stable data acquisition system.

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 or if more than 2,500 cubic yards of earth will be moved on at least 3 days. 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.

Permit-Exempt Equipment Registration

The District has developed and implemented an innovative Permit-Exempt Equipment Registration (PEER) rule, designed to minimize the overall workload required to achieve the emissions reductions expected of permit-exempt equipment through streamlined registration processes that fit well with the typically smaller and lower-emitting equipment to which it applies. District staff routinely inspects hundreds of permit-exempt equipment registrations each year, typically alongside other permitted or regulated processes, to efficiently ensure compliance with the emissions standards stipulated by registration conditions.

Conservation Management Practices Plans

The District, with strong coordination and cooperation with the Valley's agricultural representatives, implemented its innovative and nation-leading Conservation Management Practices (CMP) plan program in 2004-05, and are now responsible for regulating and updating thousands of CMP plans, which are designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. Along with issuing and modifying the plans, the District performs inspections of agricultural facilities with CMPs and verifies that they are complying with the management practices that the operator selected and that they are recording and maintaining the necessary documentation.

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 approved variances and other Hearing Board orders.

SIGNIFICANT CHANGES TO 2023-24 BUDGET

The increasing workload associated with the duties performed by the District's Compliance Department, as discussed below, are expected to be accommodated by continuing to implement streamlining and efficiency improvements in all areas.

New Workload

The District will need to ensure facilities are complying with District rules and state regulations that have compliance dates in Fiscal Year 2023-24, including: Rule 4354 –

Glass Melting Furnaces; Rule 4352 – Solid Fuel Fired Boilers, Steam Generators, and Process Heaters; Rule 4702 – Internal Combustion Engines; Rule 4320 – Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters; Rule 4306 – Boilers, Steam Generators, and Process Heaters; Rule 4311 – Flares; as well as an updated phase-out schedule for agricultural burning. The new requirements will require additional inspections, record review, oversight, and compliance assistance.

Increased Grant Funded Equipment Replacement Inspections

As a direct result of the District's advocacy efforts at the state and federal levels and working closely with Valley stakeholders, significant new funding for the Valley has been secured and will be used to greatly assist in achieving the enormous emissions reductions necessary for our upcoming State Implementation Plans aimed at attaining the federal health-based standards. In 2023-24, the District expects to receive an additional \$290.5 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 2023-24 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2023-24 to \$655 million.

The significant increase in funding for voluntary incentive-based programs and the community engagement, monitoring, and protection mandates will lead to a significant increase in the District's workload. To ensure each equipment replacement project is realizing the expected benefits, the District inspects both old and new equipment multiple times throughout the process. Each vehicle or piece of equipment is inspected as soon as possible after the initial application is submitted to capture and document, with photographs, the condition of the vehicle. It is estimated that this additional funding may result in thousands of additional inspections being required. However, consistent with the District Governing Board's direction, the District will phase-in hiring of new staff commensurate with available funding and actual workload.

Implementation of AB 617

In 2023-24 the District will continue to work on implementation of AB 617, Community Air Protection Program, in the Shafter, South Central Fresno, Stockton, and Arvin-Lamont Communities. As part of the adopted CERPs for Arvin-Lamont, Stockton, South Central Fresno, and Shafter, the District committed to implement a number of new enforcement efforts focused on enhanced enforcement and compliance assistance measures aimed at increasing compliance with District rules and state law and thereby limiting the potential for localized air quality impacts. Each community selected enhanced enforcement and compliance assistance measures based on the needs of the community. Enhanced enforcement and compliance assistance selected by the communities includes:

- Enhanced enforcement at stationary sources with a recent history of emissions violations
- Enhanced enforcement of Rule 4901 (Wood Burning Fireplace and Wood Burning Heaters) mandatory wood burning curtailments via increased and focused surveillance
- Enhanced enforcement of District Rule 4103 (Open Burning) to reduce the illegal open burning of residential waste via increased surveillance

- Increased inspection frequency of permitted sources with a history of emission violations
- A pilot training program for gas station owners and workers who conduct self-inspections of the vapor recovery equipment
- Enhanced enforcement of the state's heavy-duty vehicle anti-idling regulation via increased surveillance
- Enhanced enforcement of fugitive dust requirements through increased inspections and surveillance of projects potentially subject to the requirements

The implementation of these measures will require significant staffing resources as ongoing, targeted compliance efforts in these communities are maintained to ensure emission reductions are achieved.

Prescribed Burning

As directed by the District's Governing Board in November 2015, District staff has continued to work to facilitate effective use of prescribed burning as a means to reduce the number and severity of future wildfires. California's national forests are still recovering from the devastating consequences of the tree mortality epidemic as a result of unprecedented drought, bark beetle infestation, and high tree densities, from which an estimated 149 million trees have died according to the US Forest Service. This issue is still very relevant as the Sierra Nevada region has experienced a number of the largest wildfires in state history in recent years. Towards that end, the District will continue collaborative efforts with the local, state, and federal land managers and fire suppression agencies in an effort to identify gaps in land management and fire suppression policies and practices, while developing solutions to provide increased opportunities to reduce the high hazard waste from the tree mortality in a manner that limits the air quality impacts to Valley residents and localized impacts to nearby receptors. Furthermore, recent state laws, policies, plans, and Executive Orders require that public land management agencies increase the scale and scope of their fuel reduction efforts, including increasing the use of prescribed burning. These laws, policies, plans, and orders also task CARB and local air districts with facilitating this increase in prescribed burning and increasing the monitoring of emission impacts from such projects. These efforts to collaborate with land management agencies to facilitate and monitor increased levels of prescribed burning have resulted in significant new workload. To aid in this effort, the District entered into a Memorandum of Understanding with the California Air Pollution Control Officers Association, which provides more resources to air districts who perform these tasks.

Advancing Alternatives to Open Burning of Agricultural Waste

In November 2017, the District hosted the Central Valley Summit on Alternatives to Open Burning of Agricultural Waste that brought together Valley grower, researcher/experts, representatives from the biomass power industry, and representatives from new and developing technology vendors, and Valley stakeholders. Even with air quality impacts from agricultural burning in the Valley being well managed under the District's comprehensive Smoke Management System, a key lesson learned from the Summit was the importance of identifying and implementing of cost-effective alternatives to open burning. Towards that end, District staff has been working with agricultural operators and entrepreneurs to expand and support emerging practices and technologies which provide cleaner alternatives to

open burning of agricultural waste, with top priority being given to on-the-farm deployable (minimal or no transportation related emissions) and scalable practices and technologies. The District's Governing Board and CARB approved the 2020 Staff Report and Recommendations on Agricultural Burning, and subsequently the Supplemental Report and Recommendations on Agricultural Burning, which focuses on phasing out almost all agricultural burning over the next several years. To support this transition, significant incentive funding for the District's alternatives to agricultural burning incentive program will continue to be needed. Collecting additional data from growers related to the efficacy of the program and the benefits to air quality, crop yields, and overall soil health will be vital to the overall success of the program. The program requires pre-and post-inspections of each of the projects to ensure the integrity of the projects and resulting emission reductions are achieved. Completing this work will result in a significant workload in this area over the next several years.

The District has also allocated additional enforcement resources to ensure compliance with the phase out. Field staff routinely perform spot checks of District authorized burns and investigate smoke plumes in areas where burning has not been authorized.

Amendments to the State's Portable Diesel Engine Airborne Toxic Control Measure (ATCM)

The amended ATCM, which took effect on November 30, 2018, contains phased-in regulatory deadlines for certain older diesel-fired portable engines through January 1, 2029. Many of the engines affected by these new state requirements are currently registered with the District. In 2019, the District published and mailed copies of Compliance Assistance Bulletin to facilities with portable registrations with the District to ensure that they were aware of and understand the upcoming deadlines. During this fiscal year, District staff will devote additional field-based resources toward assuring compliance with these state requirements.

State-wide Methane Task Force

The State-wide Methane Task Force (Task Force) is a joint effort led by the Department of Conservation California Geologic Energy Management Division (CalGEM) and CARB, which seeks to identify and respond to methane leaks from oil infrastructure near communities.

Called for by Governor Newsom in [a July 2022 letter to the CARB Chair](#), the Task Force will convene on a regular basis to share with the public updates on efforts underway at CalGEM and CARB aimed at addressing methane leaks from oil and gas infrastructure, and to elevate opportunities for deeper public and local agency engagement across these programs and efforts.

Air districts play a key role as they have stationary source regulations and have been delegated the responsibility for enforcing the state's COGR regulation. The District has been engaged with the lead agencies throughout the development of the State-wide Task Force, offering expert insight related to state and local oil and gas regulation and enforcement. Significant coordination between the District and the Task Force is expected throughout the 2023-24 fiscal year as joint-inspections within the District's jurisdiction are planned and executed. Through this coordination, the District aims to maximize the efficiency of the Task Force's joint-inspections within the San Joaquin Valley by participating

in planning and pre-inspection activities, and to facilitate the Task Force's targeted dialogues with local communities such as the Shafter and Arvin-Lamont AB617 Community Steering Committees.

Assembly Bill 2588 Reporting Requirements

As a result of changes by the state Office of Environmental Health Hazard Assessment (OEHHA) to its Risk Assessment Guidelines, and the corresponding potential increases in calculated health risk, all facilities that emit air toxics must now be re-evaluated under the AB 2588 Air Toxics "Hot Spots" Program. In an effort to reduce the impact on the industry, the District has taken numerous steps toward streamlining the reassessment process. The District's efforts include using existing emissions inventory reporting processes and developing facility-specific Toxic Emission Inventory Plan and Toxic Emission Inventory Report templates geared towards providing facilities with pertinent information needed to drastically expedite the reporting process and to reduce the cost of compliance with this state law. The District's Compliance Department will devote significant resources to conducting compliance assistance with respect to the ongoing AB 2588 reporting requirements, including making field visits to affected facilities and offering individualized assistance to stakeholders.

Efficiency and Streamlining Measures

Meeting new mandates without increasing staffing levels will require further streamlining of functions and continued improvements in efficiency. The District's Compliance Department has continued to develop new policies/procedures and amend existing policies/procedures to enhance consistency and efficiency. Providing detailed policies and standardizing operating procedures assists staff by answering common questions and providing guidance on common situations that may arise while they are performing their duties. Detailed policies also help to ensure consistency among staff in all three regions. Furthermore, well-trained staff ensures the highest level of customer service to stakeholders. For this reason, the District is in the process of revamping its Compliance training program and will continue to provide staff with training opportunities that will improve their technical skills and customer service.

As part of inspection efficiency improvement, the District embarked on an effort aimed at reducing unnecessary redundancies with inspection paperwork. Inspection forms continue to be streamlined and refined to ensure important, relevant information is captured while limiting overall time spent on report writing. 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. The process which Supervisory staff assign grant inspections to their field team will be further streamlined following work flow upgrades to the District's state of the art Grant Management System that are currently being developed and is expected to be fully implemented in the 2023-2024 fiscal year.

Optimizing Enforcement Resources

District enforcement staff inspect tens of thousands of emissions generating equipment or processes each year, ensuring air quality improvements through compliance with permit conditions, District Rules, as well as state and federal regulations. To optimize the responsiveness and quality of the services enforcement staff provide, the District has implemented effective and robust methods for supervising staff to utilize when assigning work to their teams. One method recently implemented is an Inspection Prioritization Tool, which prioritizes the most critical inspections weighted in part by a facility's compliance history, their potential emissions, and their proximity to communities. This tool aligns enforcement staff toward the common goal of targeting compliance assistance and education efforts to regulated facilities and communities that would benefit the most, while ensuring those services equitably reach all valley stakeholders.

An key underpinning of the District's enforcement programs is the in-person accessibility of air quality field assistants and inspectors to their stakeholders. The dialogue that enforcement staff build with community members, and the professionalism established with regulated businesses support a strong, well-communicated regulatory framework. Toward this end, the District built an Office-to-Field Work Report to monitor the deployment of enforcement staff in their assigned communities, and ensure accessibility to their stakeholders is optimized. This optimization translates into faster response times to public complaints, improved efficiency for inspection routes, and increases the likelihood to observe, and if possible correct, short-lived causes of deteriorating local air quality.

Fleet Management and GPS Optimization

The Compliance department had an opportunity to equip fleet vehicles with the latest advancements in communication technology and ensure state-of-the-art mobile data connection speeds, supporting infrastructure, and software interfaces are leveraged to maximize the quality of services provided to Valley stakeholders. In 2022, the District proactively upgraded fleet GPS devices from the existing 3G standard to the faster and more reliable 4G system. Alongside this hardware upgrade, the vehicle tracking solution employed by the District was also upgraded to a new platform which allows additional geofencing, fleet reporting, trip playback, and tracking functionality. The District will continue to utilize this new platform and pass the benefit of its capabilities onto stakeholders in the form of more efficient route planning for compliance inspections, and further accelerated complaint response times.

Online Submittal of Dust Control Plans

The District is finalizing the completion of an online portal for businesses to submit required dust control plans (DCPs) and construction notifications electronically. The system has been designed with business rules such that a plan or notification cannot be submitted unless it includes all the necessary information. Currently, all DCPs are received as hard copies or via email. Prior to developing this process, District staff would review the submitted material and often times key pieces of information needed to deem a plan complete are missing, requiring follow up with the submitting party and waiting to receive the necessary information. Many of these projects are time sensitive and any delays could be costly to the businesses. The design of the new system limits these occurrences. In addition to reducing time by having completed plans, the system is also designed in a

manner that it will automatically generate responses and required reports. Report review will also be done electronically and the required response letters will be generated automatically based on staff's review. An additional benefit is that all dust control plans will be easily available to staff in the field, for when they are performing site inspections or complaint investigations. When conducting complaint investigations tied directly to excess dust emissions, having the dust control plan and the contact information readily available can significantly reduce the time of non-compliance. Until this online process is completed, we have created email folders for businesses to submit their DCPs electronically, additionally; there is an existing process through which electronic payments can be made. This is an effective interim measure that eliminates the need to scan paper copies. The electronic copies are able to be quickly uploaded for storage and available for all District staff. We have received positive feedback from businesses, construction project managers, and consultants who appreciate using the new interim system and have expressed a strong desire to use the new system once completed.

The District also provides the ability for stakeholders paperless processing of DCPs as another way to submit their projects paperwork. All records that are received via fax and e-mail are processed and stored electronically from start to finish; hard-copy records are scanned into PDF format and further processed electronically. This process improvement has resulted in increased efficiency by eliminating the time-intensive step of creating and archiving paper files.

Online and Smart Phone Complaint Submittals

The District prides itself for being at the forefront of advanced technology utilization. One such example is the incorporation of online and mobile application complaint submittals. Development of this process allows for timelier reporting of complaints by the public and provides the ability to upload pictures and video of the source of the complaint. Having pictures and video give compliance staff a better understanding of the cause and location of the complaint, which significantly increases the likelihood that District staff will be able to locate the source of the complaint and to take appropriate action to abate the situation. During normal business hours, once a complaint is submitted, it is automatically forwarded to District supervisory staff, who use GPS in the vehicles to identify the field staff nearest in proximity to the complaint location, ensuring a prompt response. During non-business hours, complaints received are directly forwarded to on-call staff who respond 24 hours a day, seven days a week. When complaints are submitted online and through mobile applications, the data is automatically uploaded into District programs for tracking and once the investigation has been completed, the reporting party is automatically sent a completed copy of the report.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2022/2023</u>	<u>2023/2024 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Assistant	6.0	6.0	0
Air Quality Compliance Manager	3.0	3.0	0
Air Quality Field Assistant	12.5	12.5	0
Air Quality Inspector I/II	44.0	44.0	0
Air Quality Specialist I/II	3.0	3.0	0
Director of Compliance	1.0	1.0	0
Office Assistant I/II	2.0	2.0	0
Senior Air Quality Inspector	10.0	10.0	0
Senior Air Quality Specialist	1.0	1.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Inspector	8.0	8.0	0
Supervising Air Quality Specialist	1.0	1.0	0
TOTAL	<u>92.5</u>	<u>92.5</u>	<u>0</u>

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

	Adjusted* FY 22-23	Recommended FY 23-24	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$8,263,221	\$7,602,693	(\$660,528)	(8%)
Temporary Help	\$473,798	\$485,711	\$11,913	3%
On Call Pay	\$119,083	\$119,083	-	-
Overtime	\$99,531	\$84,746	(\$14,785)	(15%)
Unemployment	\$19,598	\$16,644	(\$2,954)	(15%)
Retirement	\$3,940,912	\$3,549,046	(\$391,866)	(10%)
OASDI	\$158,856	\$149,672	(\$9,184)	(6%)
Workers Compensation	\$143,768	\$139,177	(\$4,591)	(3%)
Cafeteria Plan Benefits	\$1,019,371	\$941,335	(\$78,036)	(8%)
Long-Term Disability Insurance	\$22,069	\$21,463	(\$606)	(3%)
Alternate Transportation Incentive	\$79,560	\$73,320	(\$6,240)	(8%)
TOTAL SALARIES AND BENEFITS	\$14,339,767	\$13,182,890	(\$1,156,877)	(8%)
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$19,665	\$18,470	(\$1,195)	(6%)
Mobile Communications	\$89,004	\$91,647	\$2,643	3%
Telephone Charges	\$53,314	\$46,410	(\$6,904)	(13%)
Insurance	\$207,456	\$208,371	\$915	-
Equipment Maintenance	\$94,590	\$98,072	\$3,482	4%
Vehicle Maintenance & Operations	\$172,194	\$212,100	\$39,906	23%
Computer Maintenance	\$211,762	\$256,917	\$45,155	21%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$85,956	\$88,204	\$2,248	3%
Office Supplies	\$11,310	\$9,598	(\$1,712)	(15%)
Computer Software & Supplies	\$64,164	\$54,089	(\$10,075)	(16%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$19,100	\$15,100	(\$4,000)	(21%)
Printing	\$21,647	\$31,411	\$9,764	45%
Professional & Specialized Services	\$105,749	\$75,862	(\$29,887)	(28%)
Publications & Legal Notices	\$5,000	\$5,000	-	-
Rents & Leases	\$4,468	\$3,335	(\$1,133)	(25%)
Small Tools & Equipment	\$12,946	\$13,259	\$313	2%
Special District Expense	\$16,578	\$17,607	\$1,029	6%
Travel & Training	\$26,930	\$27,590	\$660	2%
Travel & Training - Boards	\$28,136	\$28,136	-	-
Utilities	\$87,264	\$95,156	\$7,892	9%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,337,233	\$1,396,334	\$59,101	4%
FIXED ASSETS				
Office Improvements	\$26,927	\$24,160	(\$2,767)	(10%)
Facilities & Equipment	\$13,733	\$89,387	\$75,654	551%
Computer Equipment	\$200,568	\$255,257	\$54,689	27%
Office Furniture / Equipment	\$8,778	\$7,822	(\$956)	(11%)
Office Machines	-	\$7,167	\$7,167	-
Telephone Systems	-	\$5,628	\$5,628	-
Detection Equipment	\$58,000	\$40,000	(\$18,000)	(31%)
Automobiles	\$540,179	\$429,800	(\$110,379)	(20%)
TOTAL FIXED ASSETS	\$848,185	\$859,221	\$11,036	1%
TOTAL OPERATING APPROPRIATIONS	\$16,525,185	\$15,438,445	(\$1,086,740)	(7%)

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2022-23</u>	<u>Recommended 2023-24</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	13,495,097	14,668,408	1,173,311	9%
Services and Supplies	772,916	901,044	128,128	17%
Fixed Assets	<u>217,928</u>	<u>380,398</u>	<u>162,470</u>	<u>75%</u>
Total	<u><u>14,485,941</u></u>	<u><u>15,949,850</u></u>	<u><u>1,463,909</u></u>	<u><u>10%</u></u>

<u>Position Summary</u>	96	96	
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FUNCTIONS

As mandated by state and federal law, the District is charged with the primary responsibility for the permitting of stationary sources of air contaminants. To fulfill this responsibility and other related duties, the District's 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 is critical because construction of new facilities or equipment, or modifications of existing equipment, may not legally commence until the ATC is issued by the District. District, state, and federal regulations require the best possible pollution controls and mitigation for new and modified sources of air pollution. The second step, issuing the Permit to Operate, occurs after the applicant has installed the equipment as specified in the ATC and has demonstrated that the equipment complies with District rules and regulations.

Applicants are aided in these steps through the following measures and resources:

- 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 to city and county building and planning agencies throughout the Valley,
- Continuous efforts by District staff and management to implement efficiency gains, and

- On-going cooperative permit streamlining efforts with regulated industries.

In 2022, the Permit Services Department processed 1,228 ATC permitting projects, representing 1,851 ATC permits for new and modified equipment and operations. In 2023-24, the District expects to complete approximately 1,425 ATC projects, which represents the baseline amount of applications received and finalized, backlog reduction, and increased activity due to prohibitory rule compliance projects, such as for Rule 4702 (Internal Combustion Engines).

Federally Mandated Operating Permits (Title V)

Per the 2022 EPA TOPS report, 252 of the largest sources of air pollution are operating under federal Title V operating permits issued by the District. Title V does not impose any new emission standards or any new controls on emissions. However, Title V permits prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits, and require significantly increased administrative steps that must be met when issuing, renewing, or revising permits. In general, these latter requirements expand public and Environmental Protection Agency (EPA) participation in the permitting process for the largest emitters of air contaminants in the District. The District's workload in this area continues to be significant. In 2022, the District issued 1,809 initial and renewal Title V permits for 35 facilities, and processed 124 Title V permit modifications. In 2023-24, the District expects to process 88 TV renewal projects.

Emission Reduction Credits

The District administers an Emission Reduction Credit (ERC) banking program, the purpose 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. When processing ERC banking applications, the District ensures reductions are real, permanent, quantifiable, surplus, and enforceable as mandated by local, state, and federal regulations. In 2022, the District processed 106 ERC-related projects, including ERC banking, transfers, withdrawals, and surplus reviews. This level of activity is expected to increase to 154 ERC-related projects due to an expected increase in ERC transaction application activity.

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

The BACT Clearinghouse helps to expedite 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. The District has initiated an effort to update and improve this valuable permit-expediting tool. In 2023-24, Permit staff plans on updating 70 BACT guidelines in the District's BACT Clearinghouse, and will submit these determinations to the state and federal BACT databases,

as well.

Air Toxics Program

State and federal laws mandate a number of requirements aimed at reducing emissions of, and the risk associated with, hazardous and/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, called Maximum Achievable Control Technology (MACT) standards, for controlling toxic air contaminants. The District must implement all point-source MACT standards that apply to facilities within its jurisdiction.

The District's air toxics program integrates state and federal air toxics mandates and is designed to provide for cost effective implementation without duplication. As a result of these integrated efforts, there are currently no significant risk facilities identified under the Air Toxics Hot Spots program in the San Joaquin Valley.

As an additional part of its integrated air toxics program, to avoid the creation of new health risks, the District assesses the health risk associated with proposed increases in air toxic emissions through a Risk Management Review (RMR) process during permit processing. The District only approves permitting proposals that do not constitute a significant health risk. In 2022, the District processed 720 RMRs.

The District's risk evaluation processes were revised in 2015 as staff implemented the state Office of Environmental Health Hazard Assessment's (OEHHA's) revised Guidance on Preparation of Health Risk Assessments that was adopted by OEHHA in early March 2015. The District's health risk assessment processes and policies were updated accordingly and implemented July 1, 2015. This revised guidance was designed to incorporate the Governing Board's guidance to implement all of the OEHHA's revisions to provide enhanced protection of children, and the public overall, while preventing unreasonable restrictions on permitting actions. In addition to the RMRs performed under our new and modified source permitting program, the OEHHA revisions also affect how we analyze risk due to air toxics from existing sources under the AB 2588 Air Toxic Hot Spots program. Under this latter program, the District has finalized the AB 2588 assessments for approximately 7,000 facilities. In the coming year, the District will continue efforts to implement the revised guidelines for performing Health Risk Assessments in both the permitting and AB 2588 programs.

Emissions Inventory

The District maintains an annual criteria and air toxics 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 type 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 data from facilities and other information sources, calculating emissions, reporting the emissions to the California Air Resources Board (CARB), and associated quality assurance work.

In 2022, the District processed approximately 6,000 emissions inventory statements and survey responses. The District continues to combine the emissions inventory program with other emissions information gathering efforts, such as those required under the state's Criteria and Toxics Reporting (CTR) regulation, and District Rules 3170, 4320, and 4702. This combined effort contributes to significantly reduce and streamline the workload and paperwork requested from regulated sources. In the coming year, the District will continue to prepare and update facility criteria and toxics inventories, including the additional 3,171 facilities that are now required to provide inventory under the state's CTR.

California Environmental Quality Act (CEQA)

The California Environmental Quality Act requires environmental impacts of a proposed project be identified, assessed, and avoided or mitigated as feasible, if these impacts are significant. The District analyzes its own permitting and rule development actions, as well as developer and Lead Agency project proposals for compliance with CEQA. In 2022, District staff reviewed 1,545 CEQA documents and sent approximately 660 comment letters to other CEQA lead agencies, and processed 215 CEQA projects related to Authority to Construct permitting. In the coming year, the District will continue to review and comment on project proposals received under CEQA.

Senate Bill 4 (Oil and Gas Well Stimulation)

The District will continue implementation of the Senate Bill 4 (SB4) program associated with the reviewing and commenting of California Geologic Energy Management Division (CalGEM) permits for well drilling and stimulation activities, such as hydraulic fracturing, otherwise known as fracking. The bill requires CalGEM to promulgate regulations that require permits and reporting by companies that perform fracking or other types of oil and gas well stimulation techniques and required CalGEM to enter into agreements regarding regulatory responsibilities with other involved agencies, including local air districts. For 2023-24, it is estimated that the District will receive and process about the same number of well drilling and stimulation applications compared to the previous year.

Voluntary Emission Reduction Agreements (VERAs)

VERAs provide a mechanism under which project proponents can voluntarily enter into a contractual agreement with the District to mitigate their project's impacts on air quality. Once entered into, VERAs become legally enforceable mechanisms for achieving air quality mitigation.

Dollars provided by the project proponent are reinvested in the Valley economy in emission reduction projects. Utilizing the District's highly successful incentive grant programs, the funds provided through the VERA are awarded to Valley businesses, residents, and municipalities to generate real and quantifiable reductions in emissions. The emission reductions secured through VERAs are "surplus" to existing regulations, achieving reductions earlier or beyond those required by regulations. Over the years, the District has built a reputation for excellence in the implementation of these programs, as highlighted in multiple audits by state agencies that lauded the District's incentive programs for their efficiency and effectiveness.

Indirect Source Review (ISR)

District Rule 9510 (Indirect Source Review), was adopted by the District's Governing Board in 2005, and strengthened in 2017, to reduce the impacts of growth in emissions resulting from new land development projects in the San Joaquin Valley. The objective of the rule is to reduce emissions associated with construction and operational activities of development projects, particularly from vehicle miles traveled and other mobile-source related activities.

In 2022, the District received 348 ISR applications. Under the ISR rule, a project application review consists of assessing a project's potential emissions, quantifying mitigations proposed by the applicant, and assessing any required additional project mitigations under the rule, and associated fees, if applicable. An report of ISR activity and the emissions reductions generated by the program is published by the District in its annual ISR report each year.

Portable Equipment Registration

The District implements a portable equipment registration program that allows operators within the Valley to register equipment whose primary functions require it to be moved on a routine basis. Operators submit registration applications that are closely reviewed and discussed with the operator to ensure that the manner in which they equipment will be used is appropriate for portable equipment registration. In 2022, Permit staff processed 167 portable-equipment registration projects.

Permit-Exempt Equipment Registration

The District has developed and implemented an innovative Permit-Exempt Equipment Registration (PEER) rule, designed to minimize the overall workload required to achieve the emission reductions expected of permit-exempt equipment through streamlined registration processes that fit well with the typically smaller and lower-emitting equipment to which it applies. In 2022, Permit staff processed 53 PEER projects and nearly 1,000 PEER renewals. PEER projects are expected to increase in the new year due to Rule 4702 compliance projects.

Wood Burning Heater and Fireplace Device Registration

Further reducing residential wood smoke emissions is a high priority under the District's Health Risk Reduction Strategy given the significant localized health impacts associated with residential wood smoke. Scientific studies show that prolonged inhalation of wood smoke contributes to lung disease, pulmonary arterial hypertension, and pulmonary heart disease, which can eventually lead to heart failure. Rule 4901 is designed to improve public health by reducing toxic wood smoke emissions in the Valley neighborhoods during the peak PM2.5 winter season (November through February).

Rule 4901 allows Valley residents seeking to voluntarily register their EPA certified wood burning device through the District's Burn Cleaner incentive program, they can pay a nominal fee and provide needed information to register the device online. The other option for Valley residents is for them to contact a Registered Wood Burning Heater Professional (RWBHP) to verify that wood burning device is in good operating condition, including ensuring that the device has been cleaned, maintained, and operated in accordance with manufacturer specifications. To ensure RWBHPs are qualified individuals to perform these inspections and verifications, the District instituted a registration program for RWBHPs. All parties requesting to be RWBHPs are required to go through an application process that includes the requirement for the individual to provide necessary certifications or related job experience that qualifies them to be a RWBHP. Contract

requirements include the need to be able to connect remotely to the internet and the ability to print out and issue wood burning device registrations during their inspections. After completing the required training and signing the contract, the individual is added to the District's list of registered RWBHP, which is available to the public on the District's website. Permit staff are responsible for reviewing registrations, reviewing RWBHP applications, providing training to RWBHPs, and drafting related contracts. In 2022, Permit staff assisted with the registration of 748 devices.

Conservation Management Practice Plans

The District, with strong coordination and cooperation with the Valley's agricultural representatives, implemented an innovative and nation-leading Conservation Management Practices (CMP) plan program. CMP plans are designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. In 2022, Permit staff processed 492 CMP plans.

Employer Based Trip Reduction

District Rule 9410 (Employer Based Trip Reduction), was adopted by the District's Governing board in December 2009. The purpose of Rule 9410 is to reduce vehicle miles traveled from private vehicles used by employees to commute to and from their worksites in order to reduce NOx, VOC and PM10 emissions. Permit staff assists employers with the registration process, including providing training to employers in the implementation of successful Employer Based Trip Reduction measures. In addition to this, Permit staff provides customer service to employers subject to rule requirements. Permit staff also receives and reviews annual reports submitted that are required to be performed and submitted by subject employers.

Small Business Assistance (SBA)

The District operates an effective Small Business Assistance program to provide assistance to businesses that lack the resources or expertise needed to complete the process to obtain air permits. District SBA engineers and Technical Services air quality specialists are available in each of the District's regional offices or by calling District's toll-free SBA hotline telephone number. District SBA staff provide expert advice on technology options, application processes, and other air issues. The District's three SBA offices have responded to more than 14,500 requests for assistance in a single year.

SIGNIFICANT IMPACTS TO 2023-24 BUDGET

The increasing workload associated with the duties performed by the District's Permit Services Department, as discussed below, is expected to be accommodated by available staff resources due to the District's continual focus on streamlining and efficiency improvements in all areas.

Consistent with the District Core Values of ingenuity and innovation and continuous improvement, additional streamlining measures will continue to further enhance the already excellent District level of performance in term of efficiency and customer service.

New Workload

Rule Compliance Authority to Construct (ATC) Projects

In 2023-24, the District will continue to process the additional permitting workload from rule compliance projects for District Rules 4306, 4311, 4320, 4352, 4354, and 4702, which are under multi-year phase in schedules. So far, the District has processed 54% of the rule compliance projects received, but a significant number of projects still need to be processed to meet the rule compliance time frames. In order to continued processing this new workload as efficiently as possible, the District has developed specific supplemental application forms, emission control plan forms, and streamlined engineering evaluation templates so these permits can be issued in a timely manner.

Indirect Source Review (ISR)

The District's Indirect Source Review program implemented the first-of-its-kind Rule 9510, which is designed to mitigate increases in emissions from development projects. The District received 348 ISR applications in 2022. In the new fiscal year it is expected Permit staff will experience an increase in ISR applications due to a robust outreach and coordination plan with public agencies and project proponents for development projects in the Valley. This plan is to ensure rule applicability, verification of mitigation measures and overall ensure compliance with Rule 9510 requirements. Additionally, the District is enhancing its review of mitigation measures as well as evaluating the rule for stringency and other amendment potential, as it aligns with the District's emission reduction commitments in its attainment plans and as the District does on an ongoing basis for District rules and regulations.

Updates to the District's Best Available Control Technology (BACT) Clearinghouse

The District maintains a clearinghouse of BACT guidelines to streamline BACT determinations associated with issuing ATCs for new and modified equipment. Many of the District's BACT guidelines are currently being updated to reflect the most current BACT requirements and to further streamline the ATC application processing time. The Permit staff is also currently working on new guidelines for organic, biosolids, and manure-only composting operations, which require significant staff time to evaluate emission test data, testing protocols, emission factor development, and further evaluation of emission control technologies. The Permit staff plans on continuing this effort and on updating 70 BACT guidelines in the new fiscal year, a two-fold increase from last year. This effort will also compliment the District's work under AB 617 to submit BACT determinations to the statewide control technology clearinghouse discussed above.

Emissions Inventory under the State's CTR Regulation

An emission inventory is an estimation of the amount of pollutants discharged into the atmosphere that can be broken down by specified source categories in a certain geographical area and within a specified time span (e.g., in a calendar year). The District's point source inventory is required each year for certain facilities pursuant to:

- District Rule 1160: Emissions statements
- The State's Criteria Pollutant and Toxics Emissions Reporting (CTR) Regulation
- District Rule 3170: Federally Mandated Ozone Nonattainment Fee
- District Rule 4320: Advanced Emission Reduction Options for Boilers
- District Rule 4702: Internal Combustion Engines

The significant increase in workload for the point source industry for 23-24 is due to the phase-in schedule in the CTR. For data year 2022, 3,171 permitted facilities are now required to report their criteria and toxic emissions under the CTR, that under state regulation, were previously exempt from reporting. Along with the increase in facilities required to submit inventory, the CTR requires additional data to be collected and evaluated by the District. In order process, track, and report this new information, the District continues to enhance the District's emission inventory program (HEARTs).

Area-Wide Emissions Inventory

Area-wide inventory, which cover non-point source and non-mobile sources, is an important part of the State Implementation Plan, and therefore necessary to update on an ongoing basis. The area-wide emissions inventory program is requiring additional work as well. Area-wide emissions can take up to several months to develop the methodologies to collect and review the information, all while working with cities, counties, or other public entities as necessary. For fiscal year 23-24, the area-wide categories to update include: residential wood combustion, residential and industrial natural gas combustion, commercial char broiling, commercial deep-frying, commercial mobile cooking, agricultural burning, gasoline dispensing, urban fires, and several other categories.

Permit-Exempt Equipment Registration (PEER)

The increase in workload under the PEER program is related to District Rule 4702 (Internal Combustion Engines), which is designed to limit the emissions of NOx, CO, VOC, PM, SOx and applies to any internal combustion engine rated at 25 brake horsepower or greater. Rule 4702 was amended in August 2021 and includes a compliance schedule requirement for agricultural operation spark-ignited engines. As a result, in the new fiscal year it is expected Permit staff will experience an increase in PEER applications due to this compliance requirement for agricultural operation spark-ignited engines.

Rule Development and Control Measure Evaluations

Over the years, the Permits staff has continued to provide support for maintaining and updating valley-wide emissions inventories used in the State Implementation Planning (SIP) processes used to identify areas of potential future emissions reductions. The District's efforts in this area are also designed to assure that the District's planning strategies are focused on the most critical sources of air pollution. Permits staff led the effort of assessing several rules regarding BARCT as required under AB 617 and assisted to further evaluate control measures in support of ozone and particulate matter planning efforts.

In the new fiscal year, the District plans on amending several rules associated with adopted attainment plans and the ongoing expedited review of BARCT rules. As part of this process, the Permit Services Department will continue to provide resources and its extensive knowledge of control technologies and emissions inventory.

Overall, the workload necessary to support the rule development and control measure evaluations in the upcoming fiscal year is projected to increase by approximately 2,500 hours.

Implementing AB 617

In 2023-24 the District will be continuing the implementation of state law AB 617, Community Air Protection Program. As part of this effort, the District's Permit Services Department will:

- Develop specialized emissions emission inventories and emission reporting systems for facilities in AB 617 communities and those subject to the state's Criteria and Toxics Reporting (CTR) regulation;
- Provide significant support to the District Strategies and Incentives department to amend several District rules pursuant to AB 617 BARCT rule review requirements and to implement stationary source control measures contained in the 2018 PM2.5 plan;
- Evaluate air quality impacts and issue project-specific CEQA Commenting letters to public agencies for development projects located in AB 617 communities;
- Actively participate in the state's compilation of the required emissions control technology clearinghouse for criteria and toxic emissions; and
- Actively participate in the associated public process (public outreach, meetings, workgroups, local community meetings, etc.).

Providing Support to Other Agencies and Stakeholders

District staff will continue to provide support and information to the California Department of Resource Recycling and Recovery, and to the California Department of Food and Agriculture, to addresses issues related to diverting organic waste from landfills to new composting operations and increasing the use of waste digesters at dairies. These types of projects have the potential to significantly increase emissions in the District, and the District must assure that the resulting emission increases are avoided to the extent possible, or otherwise minimized and mitigated.

District staff will continue to provide assistance to other air districts, as well as various California Air Pollution Control Officer Association (CAPCOA) subcommittees that address statewide issues in permitting and air toxics. The efforts include providing input on the implementation of CARB's Criteria Pollutant and Toxics Emissions Reporting (CTR) regulation and revised Air Toxics Hot Spots Guidelines, leading the state's uniform emissions inventory workgroups for electric generation facilities and oil and gas facilities, leading the state's workgroup on establishing industry-wide guidelines for diesel internal combustion engines, and participating in the auto-body shop air toxics guidelines, and participating in the state's efforts regarding metal shredding, compost, biomass and other biomass-related alternatives.

Emission Reduction Credit Banking Program/Offset Equivalency Demonstration

Permits staff will continue to evaluate, enhance and implement updates to District Rule 2201

(New Source Review) and Rule 2301 (Emission Reduction Credit) to maintain an effective permitting system that protects public health and allows for strong economic growth in the Valley.

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

OEHHA’s revised guidance has also been incorporated into the District’s implementation of the AB 2588 Hot Spots Program. Since the calculated health risk under the new methodologies is higher than previous estimates for the same level of exposure to toxic air contaminant emissions, facilities that were subject to the AB 2588 Air Toxics “Hot Spots” program are being reassessed, along with newly permitted facilities that are subject to AB 2588. Under this act, facilities are required to prepare Toxic Emission Inventory Plans and Reports to develop site-specific inventories of air emissions from toxic substances. Plans provide an outline and methodology for calculating toxic emissions for all permitted and non-permitted stationary sources operated at the facility. This is reviewed and approved by the District prior to emission quantification. Reports include calculations of facility’s toxic emissions using site-specific process rates and emission factors in order to perform a “Prioritization” of the facility’s air toxic emissions.

In 2022, amendments were made to the CARB’s Emission Inventory Criteria and Guidelines Regulation (EICGR) and approved by the Office of Administrative Law on March 21, 2022. CARB amended the EICGR to collect more comprehensive emission data across the state. The primary amendments to the EICGR include:

- Updated reporting requirements for diesel engines
- Added factors in determining facility exemptions, reinstatements, and update reporting provisions
- Increased the number of reportable substances in Appendix A from approximately 700 to over 1,700 substances
- Established a phase-in schedule for evaluating newly added substances, consistent with the CTR Regulation’s emissions inventory schedule
- Added new source test requirements for certain source types

The District has reassessed more than 6,900 facilities under AB 2588, and the assessment of facilities under this Right-to-Know Act will continue to drive a steady workload for Technical Services in the coming year and for several years to come. The District will continue to: 1) evaluate facilities due to the aforementioned changes to the state’s regulations and guidelines, 2) evaluate facilities remaining in the program that are required to provide updates on an ongoing basis, and 3) evaluate new sectors of source that have not been re-assessed to date, such as auto body shops, dairies, and other agricultural facilities. In implementing these new state requirements, many additional facilities will require an AB 2588 assessment. Meanwhile, the District is following the quadrennial emissions update process and performing refined health risk assessments for a smaller subset of facilities as prescribed in AB 2588. The District will continue to benefit from previously implemented streamlining and efficiency measures that were put into place in previous years.

California Environmental Quality Act (CEQA) for ATC Projects

CEQA requires environmental impacts of a proposed project be identified, assessed, and avoided or mitigated as feasible if these impacts are significant. It is expected that the CEQA

workload of ensuring the environmental impacts have been evaluated for ATC projects will increase in the new fiscal year. In addition, the District is also engaged in an effort to cross-train additional staff to perform CEQA duties to handle peak loads and maximize potential distribution of projects across District staff.

California Environmental Quality Act (CEQA) Commenting for Development Projects

CEQA requires environmental impacts of a proposed project to be identified, assessed, and avoided or mitigated as feasible, if these impacts are significant. Under this CEQA process the District serves as a commenting agency and reviews, comments on CEQA documents submitted by public agencies. Based on the recent year trends, Permit Services is expecting a workload increase in the number of CEQA documents submitted by public agencies in the next fiscal year for review and comment.

Voluntary Emission Reduction Agreements (VERAs)

For the coming year, the overall time to process VERA contracts is projected to remain stable. Under District CEQA review, the District continues to encourage the use of the VERAs to allow project proponents to mitigate air quality impacts of future projects. The District expects several additional contracts processed in the new fiscal year. In addition, previously approved VERAs under which developers have begun construction, require accurate tracking to ensure compliance with the terms of the contract and verify that the targeted emission reductions are achieved. With new VERA contracts being approved and the tracking of previously approved contracts, the District will experience a sustained workload associated with the VERA program.

Conservation Management Practices Plans

The District's Rule 4550 (Conservation Management Practices) is designed to limit fugitive dust emissions from agricultural operation sites within the Valley. As the District does on an ongoing basis evaluating the rule for stringency, the rule is expected to be amended and in the upcoming year potentially resulting in additional workload in future years.

Employer Based Trip Reduction

The District's Rule 9410 (Employer Based Trip Reduction) is designed to reduce vehicle miles traveled from private vehicles used by employees to commute to and from their worksites. In the new fiscal year it is expected Permit staff will experience an increase in the submittal of annual reports, due to enhanced outreach and web-based tools.

Efficiency and Streamlining

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

The District's efforts to implement streamlined methodologies have significantly reduced the workload associated with all permitting activities, but the District has demonstrated the ability to continue to identify and implement new and innovative ways to improve efficiency. As a result, the District processes more permits per person than any other air district in California, without sacrificing the quality or health-protective nature of the permit evaluation process. In

addition to continuing efforts in this area, the following specific streamlining efforts are to be undertaken in the new fiscal year.

ATC Processing

Furthermore, over the years, the District has implemented many permit application streamlining measures designed to increase efficiency mostly through the development of templates, guidance documents, and various forms of automation. In the new fiscal year, Permit Services will continue to find new and innovative ways to improve efficiency, such as developing and modifying supplemental application forms and application review templates for upcoming rule compliance projects and to address amendments to the District's NSR rule. This will result in consistency and efficiency gains when processing ATC projects.

These streamlined supplemental application forms, emission control plan forms, and engineering evaluation templates are specifically tailored to the equipment covered by each rule. Many of these rule compliance projects are complex, with additional complications at major sources. As a result of the continued implementation of these streamlining measures, the District will continue to see reduced staff processing time.

Emissions Inventory

The District has implemented several streamlining and quality assurance measures to improve the emission inventory program and will continue to do so in the coming fiscal year. In the new fiscal year, Technical Services will experience an increased workload due to the State's CTR that was amended in 2022. To prepare for this challenge, Technical Services worked with the IT department to add new programming changes to PAS, which ensures accurate and efficient tracking of CTR applicability and reporting year by facility. To categorize each facility, Technical Services built a CTR database that analyzed thousands of records of data to label every facility in PAS according to their CTR applicability and phase-in schedule. In addition to this enhancement, required fields under the CTR were added to the District's emission inventory database (HEARTs), and the facility surveys were updated to request relevant information from CTR facilities. To accommodate the information, new staff-interface forms have been created to streamline the data inputs. The new interface will enhance accuracy and quality due to the automation. The HEARTs update also included additional programming quality assurance measures, such as locking forms until required fields have been updated, linking more data to PAS to streamline review, and new sub-forms to enter processes in a more streamlined manner.

AB 2588 Air Toxics "Hot Spots" Information and Assessment Act

The District has already implemented numerous measures intended to streamline air toxics-related risk assessment processes. Additional efforts in the new fiscal year will further streamline the assessment of District permitted facilities under the Air Toxics Hot Spots program. Previous efforts to be fully realized in the coming year, and new efforts, are as follows:

- Develop additional improvements in the District's Permit Administration System (PAS) for processing of facility plans, reports, and prioritizations, and ensuring that a facility's Hot Spots status will be readily available,
- Continue utilization of an online survey for AB 2588 applicability determinations as the state's regulations and guidelines change,

- Develop a facility-specific questionnaire that automatically pulls facility data from the District's PAS program to identify required information when working with applicants
- Implement improved tracking of toxic fee code changes to streamline invoicing and coordination with CARB on pass-through fees,
- Continue utilization of a streamlining tool for "diesel engine only" facilities to automatically prioritize and calculate screening health risk with minimal staff time spent,
- Further develop the District's PAS program to include the AB 2588 letters for streamlined access by staff,
- Create additional facility-specific Toxic Emission Inventory Plan (TEIP) templates to ensure consistency amongst similar facility types and to streamline staff time on TEIPs for similar facility types,
- Implementation of a new CARB-approved prioritization tool to be used for gasoline dispensing facilities to automatically prioritize and calculate screening health risk with minimal staff time spent.

After factoring these efficiency measures, the workload due to the implementation of the Toxics Hot Spots program plan is expected to be stable compared to last year. In the future, as the District processes and reassesses permitted facilities, District staff will look to continue to identify and develop new streamlining measures necessary to minimize the significant impact of the workload associated with the Hot Spots program.

Web-Based Annual Emissions Inventory

The District will continue to implement improvements to the District's web-based annual emissions inventory surveys and submittals allowing for a greater number of facilities reporting annual emissions inventory data via the web. The District recognizes that not all permit holders are interested in using this web-based and streamlined process, but this electronic submittal system not only enhances facilities' own efficiencies, but also the District's overall performance, for those facilities that chose to use it.

SB 4 (Oil and Gas Well Stimulation) Processing Templates

Fiscal year 2016-17 was the first year of implementing this new program. The initial efficiency measures included CEQA commenting templates that expedited processing of these permit reviews. As a result of our streamlined process, the projected workload is expected to remain unchanged compared to the previous year.

Indirect Source Review (ISR)

As construction activity continues in the Valley, the District continues to receive ISR projects nearing all-time highs of approximately 350 projects per year over the past few years, and this application rate is expected to increase through the next fiscal year. As a result in improvements to the ISR database, the District has realized a significant decrease in the time necessary to process ISR applications. In 2023, the District will launch a new ISR web portal that will allow developers to check the status of their pending projects at any time. In turn, this will reduce the amount of staff time spent on phone calls and responding to emails regarding status updates. The streamlining and efficiency processes will continue to be implemented moving forward resulting and further gains in efficiency will be realized through the use of new tools and resources that are designed to reduce the amount of staff time in determining ISR applicability. One such feature to enhance the ISR process will be the

inclusion of an applications submittal feature within the ISR portal. This will provide additional flexibility for developers to submit applications, but will also reduce District staff time logging in projects, as this will be automated.

PASPort Web-based Facility Portal

The District continues to develop the PASPort web-based facility portal. In 2014, the District released PASPort, and made it available to all regulated facilities with the goal of providing quick, easy, “around the clock” access to a facility’s own permit information and related documents. Through PASPort, approved users from each facility can track the progress of permit applications, and view and download the facility’s permits, applications, and related correspondence at any time. New features continue to be added to expand PASPort’s capabilities, such as the ability to submit ATC applications and several types of compliance reports electronically, view billing information, view PEER registrations and Conservation Management Plans, and allow user management features to allow a facility PASPort administrator to manage the access of other users.

The industry response to PASPort continues to be overwhelmingly positive, with over 2,500 facilities participating, to date. The PASPort system has been updated to allow facilities to pay bills online, directly from the PASPort system. In the future, PASPort will continue to be updated to include interactive online application forms and other features identified and proposed by stakeholders and staff.

Title V Permit Processing

Similar to the efforts put forth in ATC permit processing, the District has implemented many Title V streamlining measures over the years to increase efficiency. Most recently, the District has further streamlined the processing of Title V Minor Modification applications by leveraging the ATC application review that precedes most Title V minor modification applications. This streamlining effort, which removes unnecessary steps, has already shown a great reduction in Title V minor modification application processing time since implemented, and is expected to continue to streamline this process. The District has also developed a template application review document for initial Title V permits for air curtain incinerators, which is expected to streamline the initial permitting process.

Over the years, District staff has also developed new tools and templates designed to streamline the Title V permit renewal process. These efforts have resulted in significant productivity gains by decreasing the time necessary to process Title V permit renewals in the past. The efficiency gains in this area will greatly contribute to minimizing additional hours needed to process significantly more Title V renewal applications projected for the new fiscal year, without sacrificing the quality and effectiveness of the final products.

The District has also developed and continues to enhance a clearinghouse for previously-approved Compliance Assurance Monitoring (CAM) plans similar to that used for BACT determinations. This tool provides permitting staff with a detailed template outline and permit conditions for various CAM plan options, which can significantly reduce processing time for all Title V Initial, Title V Renewal, and Title V Modification applications. These measures have resulted in significant efficiency improvements for all types of Title V application processing. Furthermore, the District is also developing templates for addressing compliance with new and newly amended District and Federal air quality regulations (such as multiple, new

overlapping Federal regulations for landfills), which will increase consistency, quality, and expediency for future Title V renewal projects.

Other Streamlining and Efficiency Actions

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

In addition, the following are just a few other streamlining measures that Permit Services has implemented and some that are currently under development:

- Developed paperless workflow systems to maximize efficiency in processing permit applications,
- Continued to work cooperatively with the Compliance Department to identify ways to improve service to permit holders,
- Trained staff to more accurately record time spent on various activities to allow management to better track staff time, with the goal of finding additional streamlining opportunities,
- Continued effort to further cross-train staff thus further improve staff knowledge and the District capacity to better respond to new workload,
- Develop new tools and guidance designed to help staff quickly provide final plan and rule development products,
- Revise CEQA templates to further increase overall efficiency,
- Completed the roll-out of the ISR web portal, which allows developers direct access to their project-related documents online, reducing staff hours needed to satisfy simple requests,
- Developed an advisory and supplemental application forms for cannabis growing and processing operations,
- Developed supplemental application forms and application review templates for upcoming rule compliance projects,
- Developed enhancements to the application review format to assist staff in evaluating the proper emission offset requirements for major source projects,
- Developing new and enhanced database features related offset equivalency tracking,
- Developing enhancements to PAS to facilitate robust AB 2588 project tracking and streamlined reporting to CARB.

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>2022/2023</u>	<u>2023/2024 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Assistant	1.0	1.0	0
Air Quality Engineer I/II	36.0	36.0	0
Air Quality Specialist I/II	21.0	22.0	1.0
Air Quality Technician I/II	1.0	0	-1.0
Director of Permit Services	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Permit Services Manager	3.0	3.0	0
Program Manager	2.0	2.0	0
Senior Air Quality Engineer	12.0	12.0	0
Senior Air Quality Specialist	5.0	5.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Engineer	6.0	6.0	0
Supervising Air Quality Specialist	4.0	4.0	0
TOTAL	<u>96.0</u>	<u>96.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted* FY 22-23	Recommended FY 23-24	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$8,330,555	\$9,119,092	\$788,537	9%
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$100,911	\$85,923	(\$14,988)	(15%)
Unemployment	\$15,344	\$15,272	(\$72)	-
Retirement	\$3,915,261	\$4,217,767	\$302,506	8%
OASDI	\$123,731	\$135,219	\$11,488	9%
Workers Compensation	\$53,625	\$58,553	\$4,928	9%
Cafeteria Plan Benefits	\$866,263	\$937,989	\$71,726	8%
Long-Term Disability Insurance	\$20,767	\$23,713	\$2,946	14%
Alternate Transportation Incentive	\$68,640	\$74,880	\$6,240	9%
TOTAL SALARIES AND BENEFITS	\$13,495,097	\$14,668,408	\$1,173,311	9%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$5,593	\$5,680	\$87	2%
Telephone Charges	\$34,084	\$43,132	\$9,048	27%
Insurance	\$183,478	\$216,256	\$32,778	18%
Equipment Maintenance	\$55,136	\$66,841	\$11,705	21%
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$162,096	\$210,123	\$48,027	30%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$76,022	\$91,543	\$15,521	20%
Office Supplies	\$10,003	\$9,961	(\$42)	-
Computer Software & Supplies	\$52,993	\$55,100	\$2,107	4%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$7,200	\$18,800	\$11,600	161%
Printing	\$10,765	\$12,103	\$1,338	12%
Professional & Specialized Services	\$56,051	\$32,241	(\$23,810)	(42%)
Publications & Legal Notices	\$12,220	\$12,220	-	-
Rents & Leases	\$5,858	\$5,879	\$21	-
Small Tools & Equipment	\$8,336	\$9,463	\$1,127	14%
Special District Expense	\$4,304	\$4,536	\$232	5%
Travel & Training	\$14,876	\$14,876	-	-
Travel & Training - Boards	-	-	-	-
Utilities	\$73,901	\$92,290	\$18,389	25%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$772,916	\$901,044	\$128,128	17%
FIXED ASSETS				
Office Improvements	\$23,816	\$27,973	\$4,157	17%
Facilities & Equipment	\$12,146	\$69,849	\$57,703	475%
Computer Equipment	\$174,202	\$261,181	\$86,979	50%
Office Furniture / Equipment	\$7,764	\$8,119	\$355	5%
Office Machines	-	\$7,438	\$7,438	-
Telephone Systems	-	\$5,838	\$5,838	-
TOTAL FIXED ASSETS	\$217,928	\$380,398	\$162,470	75%
TOTAL OPERATING APPROPRIATIONS	\$14,485,941	\$15,949,850	\$1,463,909	10%

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2023-24</u>	<u>Recommended 2023-24</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	15,493,015	16,222,883	729,868	5%
Services and Supplies	3,324,317	3,526,279	201,962	6%
Fixed Assets	<u>1,914,824</u>	<u>2,190,293</u>	<u>275,469</u>	<u>14%</u>
 Total	 <u>20,732,156</u>	 <u>21,939,455</u>	 <u>1,207,299</u>	 <u>6%</u>

<u>Position Summary</u>	103	104	1
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FUNCTIONS

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's Governing Board has adopted policy direction that prioritizes employing air quality strategies that maximize health benefits, in addition to meeting federal air quality standards.

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

Air Quality Science and Planning Programs

District staff within the Air Quality Science and Planning programs conduct a number of key and foundational tasks within the District. The foundation of this program is air monitoring data, which is collected through the expansive air monitoring network in the Valley, requiring ongoing equipment maintenance, calibration, repair, and data validation. Close analysis of this data is used in various public facing programs, including air quality forecasting, agricultural burning, prescribed burning, and the Real-time Air Advisory Network (RAAN) system. This analysis leads to air quality modeling and planning tasks, which are focused on preparing attainment plans to meet various federal air quality standards, often leading to the need to develop and implement rules and regulations to achieve additional emissions reductions, leading the Valley to improved air quality and public health.

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

Even after attainment plans are adopted by the Governing Board, District staff allocates the resources needed to fully implement the adopted strategies, responding to requests from CARB 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 Clean Data Determinations that

demonstrate attainment, and Maintenance Plans designed to assure the area continues to stay 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, the District has also drafted rules addressing indirect sources (mobile sources from new development), wood-burning fireplaces and heating devices, 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 CARB 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. As appropriate, 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. In 2017, as a supplement to the District's attainment strategy, the Governing Board adopted the Community-Level Targeted Strategy to pursue regulatory or incentive-based control measures focused on pollution sources that do not necessarily advance attainment of the federal standards but improve localized air quality by reducing emissions from source categories that can cause periodic short-term localized concern.

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 mathematically simulate pollutant concentrations and atmospheric conditions in the San Joaquin Valley. Many of the inputs

and algorithms in these models were derived from the ground-breaking and cutting-edge research performed through the San Joaquin Valleywide Air Pollution Study Agency.

In a general context, air quality modeling activities are fundamental to understanding the San Joaquin Valley's complex air quality problems. The District collaborates extensively with modelers from CARB, industry, academia, and other air districts on air quality research and modeling projects. In particular, the District has worked extensively with CARB on air quality analysis and modeling in support of attainment planning efforts. This collaboration will continue as the District continues to implement its various emissions control strategies and future air quality plans over the next several years.

In the context of the District's air quality plans, modeling is necessary to provide estimates for the quantities of emission reductions necessary to attain the federal air quality standards. These models are also highly valuable for estimating the contribution of ozone and PM precursor emissions from outside the District. Until recently, CARB conducted all SIP-related modeling for the District's air quality plans which required the District to rely solely on CARB for all modeling needs including acceptance of the results of the model runs. The continued utilization of the District's Air Quality Modeling Center will allow the District to conduct air quality modeling in addition to what is being conducted by CARB and evaluate potential strategies as the District continues to prepare the next ozone attainment plan.

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

Air Quality Forecasting and Analysis

District staff provides a variety of air quality forecasting services, including providing daily Air Quality Index (AQI) forecasts, daily reporting of observed air quality levels, health advisory notifications, declarations for the episodic curtailment provisions of Rule 4901 (Wood Burning Fireplaces and Wood Burning Heaters), and allowances 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 and District-customized meso-scale weather and statistical air quality prediction 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 the forecasting tools used to support 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 have raised the importance of accurate and timely air quality forecasts.

District staff also works closely with Land Management Agencies who wish to perform prescribed burning projects, by evaluating smoke management plans and issuing smoke dispersion forecasts along with declarations of when LMAs will be allowed to conduct their fuel reduction projects. The District places a strong emphasis on finding windows of time with good dispersion so that a maximum amount of prescribed burning can happen each year, in an effort to reduce fuel and minimize the probability and strength of wildfires in the future. When wildfires do occur, District staff also closely monitor the progress and impact of these incidents on the Valley's air quality, and work hard to provide timely public notifications of when wildfire smoke may impact the health of Valley residents.

In addition to forecasts, District staff also conducts extensive analysis of air quality data generated from the District's network of air quality monitoring stations in support of planning efforts and to provide timely, accurate information to the public regarding air quality progress. Staff dedicates significant effort towards forecasting, measuring, and analyzing the weather conditions and emissions sources that cause sporadic, high concentrations of particulate matter and ozone concentrations. With adequate meteorological justification, pollution exceedances that can be attributed to unusual or overwhelming weather or wildfires can be classified as Exceptional Events, and be excluded from consideration as violations of a national ambient air quality standard. When this occurs, District staff prepares thorough examinations of the causes of these Exceptional Events, solicits public review, and submits the documentation to EPA. Under these circumstances, the District provides notifications to Valley residents so that sensitive individuals, in particular, can take precautions to minimize exposure.

Air Monitoring

The District operates a comprehensive ambient air monitoring network for criteria air pollutants in each of the eight counties of the Valley. This federally-approved network is operated in collaboration with CARB, and is utilized to meet federal Clean Air Act requirements, provide timely air quality information to the public, and to support a number of District programs. The equipment operates continuously and must be maintained to meet very strict state and federal criteria.

The data gathered from the District's air 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, which is used 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, PM2.5 and PM10, nitrogen oxides, hydrocarbons, and carbon monoxide. In addition to routine monitoring, the District operates a network of five Photochemical Assessment Monitoring Stations (PAMS) focused on capturing volatile organic compounds (VOCs), which is an important precursor to the formation of ozone. Lastly, the majority of these stations include meteorology equipment that measure a number of important atmospheric parameters.

The District currently has equipment at 24 stations located throughout each of the eight counties, comprised of numerous gas analyzers, particulate samplers, meteorological sensors, and PAMS sampling units. Most of this equipment runs continuously, must be calibrated, and must be maintained to meet strict requirements. Many of the stations have been in place for a significant amount of time, and ongoing repairs are necessary to support new instruments and to assure a proper environment for the sensitive equipment.

Incentive Grant Programs

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, Burn Cleaner Program, Drive Clean in the San Joaquin Program, Public Benefit Grants Program, FARMER Program, AB 617 Community Air Protection Program, and other incentive programs. District staff is serving as the statewide administrator of the school and transit portion of the Volkswagen Mitigation Trust Settlement fund. Additionally, staff is responsible for ongoing administration of the District's Cap and Trade Action Plan, 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.

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 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 2022-23, the District obligated over \$190 million in incentive funds through its various heavy-duty programs for over 2,400 engines/vehicles, and paid out over \$105 million in grant claims.

Fireplace and Woodstove Change-Out Program

The Fireplace and Woodstove Change-Out Program is a critical part of the strategy to address the effects of residential wood burning. The Fireplace and Woodstove Change-Out Program provides Valley residents with incentives to replace their old high-polluting devices, or modify their existing open hearths, with new, cleaner burning devices, electric, or gas burning alternatives. Recent enhancements to the program, including increased incentive amounts, have resulted in steady participation by Valley residents during the most recent winter season. During the first eight months of 2022-23, the District has issued over 2,100 vouchers for more than \$7.7 million.

Truck Replacement Program

The Governing Board authorized the creation of the District's Truck Voucher Program in 2012. This program was created to ensure that Valley truck fleets had opportunities to replace their older, high-polluting trucks well in advance of the Statewide Truck and Bus Regulation deadlines. The program is primarily focused on providing funding for truck replacements for small businesses that do not generally qualify for funding under the Proposition 1B or other programs. 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. In March of 2018, the Governing Board approved enhancements to the Truck Voucher Program to incorporate requirements of new state funding and ensure cost-effectiveness and SIP creditability of the resulting emission reductions. In addition, the District added new funding options to encourage Valley fleets to adopt zero and near-zero emission truck technology. The enhancements approved by the Board included rebranding the program under one name, simply the Truck Replacement Program, in order to be more intuitive and inclusive of all District truck programs. During the first eight months of 2022-23, the District obligated over \$10.5 million in incentive funds through its heavy-duty truck replacement programs for over 100 engines/vehicles, and paid out over \$5.1 million in grant claims.

Drive Clean in the San Joaquin

Through a variety of programs, the District encourages Valley residents to choose advanced, clean vehicles such as plug-in electric, plug-in hybrids and conventional hybrids. By providing rebates for the purchase or lease of these cleaner options, the District can assist Valley residents in making a direct positive impact on air quality and public health. The rebate provided by the District can be combined with the rebate provided through the state's Clean Vehicle Rebate Project which results in the most attractive savings statewide. During the first eight months of 2022-23, the District has provided more than 3,800 rebates for over \$11.2 million. In addition to this rebate program for new vehicles, the District offers 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. 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. Funding from the Air Resources Board through the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus Up has allowed the Drive Clean in the San Joaquin program to provide incentives for the replacement of old high polluting vehicles with newer, cleaner, and more fuel efficient models. The vehicles repaired and replaced through Drive Clean in the San Joaquin program provide direct emissions benefits in low-income disadvantaged communities located throughout the Valley.

Agricultural Equipment Replacement Program

The Agricultural Equipment Replacement Program funds the replacement of various types of older agricultural equipment with the latest generation certified equipment. District staff evaluates all applications for eligibility and emissions benefits and performs extensive monitoring to verify emissions reductions. This program has seen extensive interest and is one of the primary incentive programs operated by the District. During the first eight months of 2022-23, the District obligated over \$99.7 million in incentive funds through its heavy-duty agricultural equipment replacement programs for over 1,000 engines/vehicles, and paid out over \$53.8 million in grant claims.

Low Dust Nut Harvesters Replacement Program

The District developed and implemented an incentive program to deploy and further evaluate low-dust harvesting technology on a broad scale in the San Joaquin Valley. The new program replaces older nut harvesting equipment with newer, low-dust nut harvesting equipment in a variety of applications throughout the Valley and will monitor its effectiveness in reducing particulate matter. During the first eight months of 2022-23, the District obligated over \$1.7 million in incentive funds through its heavy-duty Low Dust Nut Harvester Replacement programs for over 22 vehicles, and paid out over \$5 million in grant claims.

Alternative to Ag Burn Program

The District's rules restricting agricultural burning along with a comprehensive Smoke Management System have significantly reduced the amount of burning that is permissible as well as limiting the number of days when burning may be allowed. In an effort to provide Valley growers with viable alternatives to open burning, the District launched the Alternatives to Open Burning of Agricultural Materials Program. The program provides incentives to farmers to chip, shred, or mulch woody agricultural waste materials from orchard and vineyard removals as an alternative to the open burning of these materials. In the first eight months of 2022-23, the District has issued 980 vouchers for more than \$43.2 million in incentive funds.

Dairy Feed Mixer Electrification Program

The District implemented an incentive program to provide funding for the purchase of electric dairy feed mixer equipment. This technology was successfully demonstrated under our Technology Advancement Program and is now commercially available. This program provides incentives for the purchase of electric feed mixing technology that replaces diesel-powered equipment used in dairy operations with significant associated

emission reductions. Each application is evaluated against the specific criteria developed as a part of this program. To date, 12 projects have been implemented and 6 more are under contract for a total of \$23.8 million.

Zero Emission Agricultural Utility Terrain Vehicle Program

The District developed a Zero Emission Agricultural Utility Terrain Vehicle (Ag UTV) Program. This program, funded through the state's Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) program provides incentives to replace older, higher polluting gasoline or diesel powered Utility Terrain Vehicles (UTVs) used in agriculture operations with new, zero-emission UTVs. This program was launched by the District in October 2018 and was immediately well-received by the agricultural community. For the first 8 months of FY 2022-23 the District has provided more than \$3.8 million, to replace more than 280 units and paid out more than 160 claims for over \$2 million.

Charge-Up Program

The District launched the Charge Up Program on June 1, 2015 to not only support the investment made by many Valley residents who have already purchased advanced clean vehicles, but to also ensure the growth and ongoing viability of the technology in the region by looking to continuously expand the infrastructure. The program provides funding for Valley public agencies and businesses to purchase and install publically accessible electric vehicle chargers. During the first eight months of 2022-23, the District issued vouchers for over \$2.1 million for 77 separate charging sites and paid out 41 claims for more than \$1.5 million.

Proposition 1B – Goods Movement Emission Reduction Program

An important component of the Heavy-Duty Engine Program is the Goods Movement Emission Reduction Program, funded through Proposition 1B. This funding is allocated for reducing emissions from heavy duty diesel trucks operating in the Valley, locomotives and transport refrigeration units. 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. At this time, a new solicitation is being processed and contracts offered for truck replacements.

Public Benefit Grants Program

The Public Benefit Grant Program provides funding to Valley cities, counties and other public agencies for a wide variety of clean-air public-benefit projects that provide benefits to Valley residents. Eligible applicants are cities, counties, special districts (i.e. water districts, irrigation districts, etc.) and public educational institutions (i.e. school districts, community colleges, state universities, etc.) located within the geographic area of the District. During the first eight months of 2022-23, the District contracted over \$2.0 million in incentive funds through the Public Benefit Grants program.

Residential Lawn Mower Replacement Program

The District has run a highly successful residential lawn mower replacement program for a number of years. The program is designed to operate as a rebate program and provides incentives for the replacement of old, high polluting gas powered lawnmowers with electric mowers. As a condition of receiving a rebate, this program requires verification that an old lawn mower has been destroyed. During the 2019-2020 fiscal year, additional options for purchasing new equipment without destroying old equipment have been implemented, as well as expanded equipment options. During the first eight months of 2022-23, the District has provided more than 1,300 vouchers for over \$263,000.

Commercial Lawn Mower Replacement Program

The District's Clean Green Yard Machine Commercial Voucher Incentive Program provides incentives for the replacement of landscape maintenance equipment to lawn care providers, such as public agencies and private entities in the San Joaquin Valley. The program operates as a voucher program and requires the applicant to destroy an older, high-polluting piece of equipment and purchase a zero-emission unit. During the first 8 months of 2022-23, the District has funded 175 vouchers for more than \$303,000.

Zero-Emissions Technology Demonstration Projects

Supporting the advancement of clean technology is a necessary strategy in improving the air quality for the San Joaquin Valley. For years, the District has provided funding through its incentive programs to help Valley residents and businesses make long-term investments in such technology. In addition to these efforts, the District has developed partnerships with regional stakeholders and technology manufacturers to actively compete for state and federal funds that further the deployment and demonstrate the viability of clean, zero- and near-zero emissions technology in a variety of applications throughout the Valley. The District is currently implementing several innovative projects and anticipates that they will help the Valley move towards advanced clean technology. These projects include transit electrification, commercial and parcel electric delivery vehicles, car sharing, ride sourcing, and electric vanpool options. These projects provide a real world demonstration of advanced technology with the ultimate goal of widespread adoption of zero and near-zero emission technologies where feasible.

Vehicle Miles Travelled (VMT) Reduction Program

The VMT Reduction Program provides incentives for projects that reduce vehicle miles travelled and 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 includes high-polluting vehicle scrappage, E-mobility (video telecommunications), bicycle infrastructure, alternative fuel vehicle mechanics training, and public transportation subsidies.

Technology Advancement Program

The District created the Technology Advancement Program (TAP) in late 2010 to encourage the development of advanced new emission reduction technologies in the Valley. The program provides funding for clean air technology advancement projects in

several focus areas. In total, the District's Governing Board has approved 35 of the proposed projects for total funding of over \$12 million, with successful demonstrations of zero emissions yard trucks, electric composting, ultra-low NOx biogas engines, and other technologies.

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 CHANGES TO 2023-24 BUDGET

As detailed in the next section, the District anticipates significant workload in the planning, air monitoring, and incentive program functions, including the need to develop and adopt rules to fulfill federal mandates and District commitments, and administration of additional incentive grant funding projects. This workload is expected to be mostly accommodated with existing staff by continuing to implement streamlining and efficiency improvements in all areas.

New Workload

Rulemaking, Emission Control Strategy Development and Air Quality Analysis

In 2023-24, a significant amount of work will be required to continue to implement the District's 2018 PM_{2.5} Plan and 2022 Ozone Plan, and develop the new emission control measures laid out in these plans. Key areas of focus for rule development include conservation management practices, leak detection and repair rules, crude oil production sumps, and contingency measure strategies. In addition, the District may undergo additional rule development processes for the BARCT process under AB 617. Development of new rules will involve extensive public engagement and working closely with affected entities to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion. Additionally, in 2023-24, the District will continue its work to design and implement the SIP-creditable incentive-based measures included in the 2018 PM_{2.5} Plan.

The District will also be working on the *2023 Plan for the 2012 PM_{2.5} Standard*, addressing the requirements for the federal annual PM_{2.5} standard of 12 µg/m³. The preparation and development of this attainment plan requires significant work by the District to identify, assess, and craft new feasible and cost-effective measures to reduce air pollution from already well-regulated stationary sources, as well as interfacing with CARB and U.S. EPA to adequately address mobile source emissions under their jurisdiction.

In addition, as the Valley has already demonstrated attainment of the federal PM10 and 1-hour ozone standards, the District needs to develop maintenance plans for these standards (updated maintenance plan for PM10), demonstrating the Valley's ongoing compliance with these standards. In addition, with the Valley now meeting the 1997 24-hour PM2.5 standard and likely meeting the 1997 annual PM2.5 and ozone standards, a maintenance plan for this standard will also need to be developed in the coming year, supporting the Valley's formal redesignation to attainment for this standard.

To assist in the preparation of attainment plans for ever-tightening federal standards, the District will continue to focus on full utilization of the state of the art Air Quality Modeling Center at the District. The expanded capabilities of the modeling center will continue to provide extensive computer resources that will allow the District to conduct complex air quality modeling. These models are critical to understanding the Valley's complex air quality and evaluating potential strategies as the District implements its various emissions control strategies and prepares additional attainment plans in the coming years. Significant staff resources will be required to continue the in-house capacity necessary to fully utilize the resources available through the modeling center as the District prepares the next ozone attainment plan.

Modeling staff will continue to focus their efforts in the coming year in ensuring the current modeling center hardware and software is optimized in its performance and fully operational. Staff will also continue to complete ongoing training to increase modeling skills and capabilities, and will conduct modeling of various potential scenarios to assist with the development of control strategies for the upcoming attainment plans.

The District continues its tradition of relying on sound science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes funding specifically designated for supporting health and scientific studies. Through these funds, the District anticipates leveraging university and other available research resources to support research studies in a number of important areas, including: understanding the impacts of the implementation of SMGA and potential measures to reduce dust from fallowed lands, understanding changing PM2.5 source apportionment through the implementation of air quality strategies, evaluating the effectiveness of the Valley's criteria pollutant and air toxics reduction strategies, evaluating the effectiveness of the Valley's community-level air quality improvement strategies, assessing public health benefits from the air quality strategies implemented in the Valley, developing new alternatives to agricultural open burning, evaluating heavy-duty truck emissions impacts to Valley air quality, studying the nexus between climate change and air quality, and evaluating the air quality and public health impacts from wildfires in the region..

The Recommended Budget contains adequate staffing and financial resources to administer the District's Technology Advancement Program. Under this program the District provides funding and support for projects that promote the development and

advancement of new low-emissions technologies through Valley-based demonstrations. Using existing and new incentive funding sources, this program provides opportunities for new technology developers and entrepreneurs to work with the District to secure funding to demonstrate low-emissions technologies that work effectively in the San Joaquin Valley. The Technology Advancement Program also enables the District to create public-private partnerships to advance low-emissions technologies to build and expand local capacity for research and development in the San Joaquin Valley.

The District anticipates completing several Exceptional Events documents in 2023-24 as wildfire impacts on the Valley's air quality conditions continue to grow. 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 completion of these documents will support the District as it prepares Clean Data Determination demonstrations for ozone and PM2.5 standards that have federal deadlines in the coming years.

In 2023-24, District staff will also assess the status of the current air monitoring network to ensure that it meets federal air monitoring requirements, and identify if any changes to the network are needed based on county population and air quality changes. This work will culminate in the EPA-required 2024 Air Monitoring Network Plan.

District staff will also conduct ongoing air quality analysis and forecasting duties, and support smoke management programs such as agricultural burning, hazard reduction burning, prescribed burning, and wildfire tracking. Staff regularly compare and analyze air quality trends among locations across the Valley to observe improvements and other changes. District staff are also responsible for coordinating the contracts with the laboratories that analyze the samples collected for the Photochemical Air Monitoring System (PAMS) program.

In addition, with the implementation of AB 617 for the Valley, there will be an extensive amount of new air monitoring data to validate and analyze as community air monitoring campaigns are deployed. The Air Quality Analysis team will be conducting ongoing analysis of this data and preparing technical reports as these campaigns unfold, including source apportionment, support for research projects, and modeling analysis.

New State Mandates under Assembly Bill 617

In 2023-24, extensive work will be required to implement the Community Air Monitoring Plans (CAMPs) and Community Emissions Reduction Programs (CERPs) for South Central Fresno, Shafter, Stockton, and Arvin/Lamont in consultation with the community steering committees, resulting in emissions reductions and health benefits to the residents of these Valley communities. This will take an extensive amount of additional staff time to manage this engagement process and develop successful strategies with the community members.

Additional AB 617 mandates requires air districts that are in nonattainment for one or more air pollutants to adopt expedited schedules by January 2019 for the implementation of Best Available Retrofit Control Technology (BARCT) for facilities subject to market-based compliance mechanisms under the state Cap and Trade program. To satisfy the applicable mandates, significant ongoing work will continue through the next fiscal year to either demonstrate that existing rules meet BARCT requirements or identify potential gaps.

As an essential component of implementing new mandates under AB 617, the District has successfully advocated for resources from the state to cover the District's associated costs discussed above.

Air Monitoring

An extensive increase in workload for the District's air monitoring program is expected during the 2023-24 year as the community air monitoring networks in Shafter, South Central Fresno, and Stockton continue to be operated, and as the District implements and maintains the Arvin/Lamont community air monitoring network. This expanded program area will include the development and deployment of new air monitoring platforms for community monitoring. These various platforms will be designed and deployed for air monitoring campaigns for the Valley communities selected under AB 617, providing critical and timely information to the District for trends analysis and emission reduction plan development, and to residents within each community for their reference. The work to operate, maintain, and repair the deployed air monitoring equipment, and the review and validation of the collected data, will result in a substantial workload increase in the District's air monitoring operations.

To comply with the requirements under the recently state enacted Assembly Bill 1647 (Refinery Monitoring), the District has developed rules to govern the establishment of fence-line air monitoring systems at affected petroleum refineries in the Valley, as well as the installation and operation of community air monitoring systems in communities near the affected refineries. While the petroleum refinery facilities will be responsible for the installation and operation of the fence-line systems, during the 2023-24 fiscal year, District staff will continue to operate the community air monitoring systems, as well as maintain tools for the public to view the collected data in real-time. With recent amendments to the District's petroleum refinery fenceline air monitoring rules, the District is planning to expand the number of community air monitoring systems to support this growing program area.

In addition, the District's air monitoring staff manage an in-house equipment cache in coordination with CARB to provide mobile and rapidly deployable air monitoring equipment for prescribed burning projects. This effort supports the implementation of SB 901 and SB 1260, which focus on increasing the pace and scale of fuel reduction in the forests, and providing resources to support the goal of increasing these projects. The District's air monitoring team works closely with land management agencies (LMA) conducting prescribed burning projects to provide air monitoring equipment for their use

during fuel reduction projects in the region. District staff also provide technical support to the LMAs for the use of the equipment as needed.

Recent changes implemented by EPA and CARB are resulting in significant increased workload associated with the requirement to update and create numerous policies and procedures relating to the operation and maintenance of the District's air monitoring network. These new and updated policies are intended to ensure greater consistency in the operation of monitoring networks by local districts under CARB's air monitoring umbrella. The District has made progress in developing the required policies and procedures, but will need to continue to develop more documentation as new equipment and processes are implemented in the air monitoring network.

The use of new technologies and efficiencies, such as the expansion of remote connection and automation capabilities, will enable more efficient operation of the air monitoring stations. The number of potential trips that staff will need to make to maintain a station and diagnose small problems with equipment will be significantly reduced. Additionally, the continued use of the new air quality data management system will also save significant staff time as the current labor intensive manual review and validation of air monitoring data will be greatly automated and streamlined, achieving more time savings for the program. These efforts to automate air monitoring tasks and allow remote connection to air monitoring stations are essential to absorb the new workload without corresponding significant increases in program staffing.

The District will also evaluate other network modifications, including potential consolidation of sites. Potential changes will require extensive documentation and staff time.

Incentive Grant Program

In 2023-24, the District expects to receive an additional \$290.5 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 2023-24 carried forward as a reserved fund balance. These two sources will bring the total incentive funds available to the District in 2023-24 to over \$650 million.

One of the largest components of the District Heavy-Duty Engine Program is the agricultural equipment replacement program. This program is targeted at reducing emissions from off-road equipment and provides funding for equipment replacement, engine repowers, and engine retrofits that are cost-effective in reducing emissions. The District has seen a high level of interest from the agricultural sector in this program, and plans on providing significant funds towards these cost-effective projects in 2022-23. These funds will come from a variety of sources, including the state Carl Moyer Program, FARMER Program, AB 617 Community Air Protection Program, federal DERA and Targeted Air Shed programs as well as a variety of locally-generated funding sources. Additionally, there will be significant additional workload associated with numerous opportunities resulting from the Inflation Reduction Act, Bipartisan Infrastructure Law and other new Federal and State actions. This work will include tracking, and participating in the development of these new opportunities, building

regional and statewide coalitions and applying for and administering new funding available through these actions. 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 June 2021, you Board adopted and CARB approved the final phase-out strategy for the remaining agricultural open burning in the San Joaquin Valley. This strategy includes the near-complete phase-out of open burning by January 1, 2025 and includes phase-out schedules that maximize the reduction of tonnage of material burned as early as possible, taking into account feasibility of alternatives for different crop types. The Strategy includes the maximum amount of flexibility and the longest time to adjust to the phase-outs for the smallest agricultural operations. Due to the high cost and limited availability of alternatives to agricultural open burning, significant incentives will be required to assist growers with transition in the coming years. As such, significant District work will be required to coordinate with CARB, interested public, and agricultural community to implement and enforce the final phase-out strategy. This includes extensive outreach to Valley growers regarding phase-out requirements through 2024 and available resources for alternative practices as well as the implementation of the District's Alternatives to Agricultural Open Burning Incentive Program. As such, open burning of agricultural material is expected to continue to rapidly decrease in 2023 and in coming years as the final phase-out continues to be implemented

In August 2021, your Board accepted \$178,200,000 in funding for the District's Alternatives to Agricultural Open Burning Incentive Program and approved several enhancements to the program that included funding to enhance chipping capacity in the Valley. This program has been extremely popular and significant workload is expected into the 2023-24 fiscal year, with the final \$33.2 million of this program appropriated in the 2023-24 Recommended Budget.

In October 2018, your Board authorized the District to take a statewide lead role in administering \$130,000,000 in incentive funding from the Volkswagen Mitigation Trust. The District is administering the Transit, School, and Shuttle Bus component that provides funding throughout California. This program requires staff time to develop applications, guidelines and solicitation materials, conduct statewide outreach and administer the \$130,000,000 in incentive funding over the next 10 years. The District began implementation of this program in 2019 with a coordinated statewide outreach effort and development of application materials, guidelines and associated solicitation materials. The District launched this statewide program solicitation in 2019. Administration of this program includes review and processing of grant applications, contracting, contract management and review and processing of claims for payment. This work is ongoing.

The District will be continuing to implement its robust truck replacement program in 2023-24. Given the substantial funding and increased demand for this program,

significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

The Recommended Budget includes \$16.9 million for the Burn Cleaner/woodsmoke reduction program in 2023-24 with demand from Valley residents and corresponding workload remaining extremely high. Additionally, in 2019-20 the District incorporated changes to the program necessitated by implementation of the recently adopted Wood Burning Fireplaces and Wood Burning Heaters rule (Rule 4901). Additional work will continue to be required to administer these new requirements and significantly expand the program outreach and participation.

With continued implementation of the AB 617 program, the District will see a significant increase in workload related to the implementation of adopted CERPs in South Central Fresno, Shafter, Stockton and Arvin/Lamont. This will include the development and implementation of a variety of new, community-identified voluntary incentive programs, which will require significant coordination by District staff with CARB and the community steering committees as well as ongoing progress tracking and reporting.

In addition to the District's award-winning Tune In, Tune Up repair program, the District implemented a vehicle replacement component program with Valley local funds. Based on the success of the District's vehicle replacement program, the proposed District Budget includes \$17.7 million in funding for the continued implementation of the Drive Clean in the San Joaquin Program. The program provides higher incentives for residents of disadvantaged communities to purchase advanced technology vehicles including hybrids, plug in hybrids, and battery electric. In 2018, the District launched an online portal that provides Valley residents the opportunity to apply online to retire and replace their old high emitting vehicle with a newer, cleaner vehicle. In combination with the weekend event process, the direct application method has resulted in a significant increase in the number of vehicles replaced in the District.

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. This program is now part of the District's Drive Clean in the San Joaquin Program. More recently, the District has engaged in a planning effort to ensure that the Valley is well positioned and ready to respond to increasing availability of electric vehicles in the coming years. In addition, to encourage electric vehicle deployment, the District provides incentives for workplace and publically accessible charging stations through its Charge-Up Program. The expected increase in workload from this program will come from increased participation from the public, a strong outreach component and program implementation activities.

The District continues to enter into Voluntary Emission Reduction Agreements (VERAs) to mitigate the increased emissions from development projects in the Valley. In addition to entering into VERAs aimed at reducing criteria emissions increases, the District has also entered into mitigation agreements with project proponents to mitigate greenhouse gas emissions through incentive programs. Funding from these various agreements will

be utilized in the District's incentive programs to fund qualifying emission reduction projects. Additionally, with increased construction in the Valley, the District forecasts receiving additional Indirect Source Review (ISR) revenue. These mitigation programs will impact the District workload with increased application processing, contract administration, grant tracking requirements, and grant payments.

The District's Technology Advancement Program will continue in 2023-24, with over \$475,000 in funding for Valley-based technology demonstration projects. Substantial staff time will be required to administer ongoing demonstration projects, solicit and evaluate new project proposals, and execute agreements for new Board-approved demonstration projects.

In addition to the work to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2023-24. Of particular importance will be the need to secure new funding made available through the various funding opportunities available through new Federal sources such as the Inflation Reduction Act, Bipartisan Infrastructure Law and others. This will include a significant amount of time tracking these opportunities through the Federal budget process, building coalitions regionally and statewide and aggressively pursuing funding opportunities with strong applications and proposals. Additionally, the District will spend a significant amount of staff time securing additional funding through the state Cap and Trade program as well as federal DERA and Targeted Air Shed programs. As directed by your Board, the District will continue to implement the multi-faceted action plan to ensure that the Valley is well positioned to take full advantage of, and effectively compete for, the numerous funding opportunities created under the Cap and Trade Program.

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

Efficiency and Streamlining

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

In 2023-24, several streamlining initiatives will leverage computer automation and technology improvements to replace tasks currently or previously performed by staff. Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The continued implementation of the new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality

assurance/control of air quality data. As staff continue to explore and leverage the capabilities of the new air quality data management system for air monitoring operations, even more efficiencies with this system will be achieved this next year.

Forecasting staff have developed and implemented several automated modules in the daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks. In 2023-24, additional forecasting tools will continue to be developed, including the integration of various forecasting processes into one system, improving functionality and efficiency.

During 2023-24, the District's air quality forecasting and compliance staff continued to work with CARB to improve the system that has been developed to issue weather forecasts and approvals for prescribed burn projects in the same system where smoke management plans for burn projects are submitted and approved. Combining these processes into one centralized system has simplified the process for the District and land managers to submit plans and approvals to each other for proposed prescribed burn projects. Additionally, it has streamlined the resources needed to organize and retain the necessary information to operate the prescribed burn program. This new system will continue to be used in 2023-24 to continue the gained efficiency in this program for the air quality forecasting and compliance staff. District staff will also continue to work with CARB staff to make improvements to the system to make it even more efficient for the processes of both the District and land managers.

The District's robust air quality modeling system, which was approved by your Board several years ago, has been an invaluable resource for the District's modeling analysis efforts. Specifically, the modeling system was heavily utilized during the development of the *2018 PM2.5 Plan* and support of the 2022 Ozone Plan, as a significant number of emissions control scenarios were processed and analyzed to assist the District and CARB in forming an effective attainment strategy for the Valley. In this work, having this state-of-the-art modeling system available allowed the District to process a high number of attainment strategies efficiently, while reducing our dependence on CARB for modeling support. Overall, having this resource available was key to the success of this comprehensive effort. In 2023-24, the District will continue to improve and upgrade the modeling system, as needed, to ensure that this resource will be used to its full potential over this next year, as it will be used directly to support the development of the *2023 Plan for the 2012 PM2.5 Standard*. These improvements will be valuable as the District uses this system to conduct analyses of local air quality for AB 617 communities, and continues its modeling analysis for other upcoming planning and regulatory projects.

To streamline the training of newer staff members, staff will continue utilizing web training seminars (webinars) where more than one person can participate, in order to save time, reduce travel, and maximize the number of people trained. Staff also attend in-office trainings on specific air quality issues and technologies, hosted by CARB. To better respond to an increasing and dynamic workload, significant cross-training of newer staff across a variety of job functions is being conducted. This cross-training assists in succession planning for key staff, and helps to better provide consistent

customer service to our stakeholders, since there will be more staff able to assist in answering questions.

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

Air Monitoring

The ongoing introduction of new ambient regulatory 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 remote connection to air monitoring stations are essential to allow for mandates and monitoring data needs to be met without corresponding significant increases in program staffing. Without these efforts, meeting future regulatory monitoring mandates and demands will not be sustainable with existing staffing levels. In 2023-24, the District is proposing to continue its aggressive efforts in the areas of streamlining, automation, remote connection and modernization by undertaking the following projects. Note that these initiatives and projects will benefit both the operation of the regulatory air monitoring network, as well as the community air monitoring networks for AB 617:

- Continued 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,
- Continued 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,

- Implement new flow rate standards for calibrating particulate matter analyzers that allow for remote connections, streamlining the calibration process for PM instruments,
- Transition filter-based particulate matter monitors to real-time units, which require less staff time to operate and provide access to real-time data, beneficial to both the District for air quality forecasting/analysis, and the public for available tools such as RAAN,
- If needed, continue use of remote connection to filter-based only air monitoring sites, allowing for better communication with the samples being taken, allowing staff to know when a sample was not taken successfully in order to take actions to schedule another sample run, resulting in better data completeness
- Use of the newer Data Management System (DMS) for the network which allows for automation of quality assurance/quality control (QA/QC) data analysis using data validation protocols with suspect data warnings,
- Use of the newer Data Acquisition System and Remote Control setup at stations which will allow for increased control and automation of station tasks (filter changes, calibrations, etc.) and will allow for the acquisition and uploading of analyzer operating parameters for use by the newer 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 ,
- Purchase a variety of fixed assets that will streamline calibration processes and reduce staff time that are conducted on a routine basis throughout the year,
- Continue to enhance task management tools and processes to allow for improved organization of tasks, and quicker processes for reassigning tasks to other staff when needed, improving the overall operations of the air monitoring team,
- Continue to implement software to catalog and track warehouse parts inventory, fixed assets at air monitoring stations, and regular maintenance and calibration tasks needing to be completed to properly maintain the network; this software will allow staff to catalogue and organize all spare parts being housed in storage, and be able to track when part inventory is low so that replacements can be ordered in a timely manner; this software will assist in streamlining repair and maintenance tasks, and reduce potential data loss by ensuring that parts will not run out when they are needed most; this system could also have to potential to track where parts are being used,
- Complete the deployment of ultrasonic anemometers to replace standard wind speed/direction equipment, which will significantly reduce meteorological calibration time at sites as well as needed repairs due to ultrasonic anemometers having no moving parts,
- Continue the deployment of security cameras as key air monitoring sites to enhance the protection of key assets, and provide valuable imagery of surrounding conditions during periods of suspicious data which could be contributed to exceptional events or localized sources of pollution.

In 2023-24, the District will also be continuing an effort to evaluate the current Air Monitoring Network to ensure that it is correctly suited to provide the information necessary to meet federal requirements and District and stakeholder objectives while avoiding duplicative monitoring. This effort to “right-size” the monitoring network will allow the District to efficiently and effectively meet air monitoring requirements and needs while controlling costs in the face of new ambient air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data.

Incentive Grant Program

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 timeframes may result in the loss and return of unused funds.

The most critical tool utilized in the administration of the District’s voluntary incentive programs is the Grants Management System (GMS) database. This system tracks all activities related to the administration of all of our programs. The District’s new and redesigned Grants Management System (GMS) has provided many new opportunities to improve District grant application and payment processing including data entries, project review, and reporting. Recent enhancements include improved internal controls and project monitoring, and streamlined claim processing. The District has also implemented remote grant project inspections to reduce travel time.

The District has continued to successfully design and launch multiple online grant portals to provide applicants access to submit their applications and supporting documents online, receive notification, and check status of their application without the need to contact District staff. These portals are available for the Alternatives to Agricultural Open Burning, Tractor Replacement, Fireplace and Woodstove Change-Out Program, Drive Clean in the San Joaquin Program and Lawn and Garden Programs. The District is in the process of developing portals for other incentive programs.

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.

Historically, the District has managed one of the most efficient grant processing programs in the state, as recognized by numerous independent audits. CARB and DOF audits found the District’s incentive programs as fiscally sound and “efficiently and effectively achieving their emission reduction objectives.” District staff has implemented

numerous operational efficiencies to expedite the application and contract process and will continually look for opportunities for streamlining.

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

- Expanded automation of grant process through the implementation of new technology, including the ability to receive online applications, and continued improvement of the District's custom grant management database,
- Expansion of electronic workflow and electronic and digital signature processes,
- Continually revamping programs, where applicable to eliminate unnecessary information and steps. This includes switching from a contract-based process to a voucher process and rebate process wherever applicable,
- Continued enhancement and development of new grant program guidelines and materials to provide diverse grant programs through which to expend existing and new funding sources, while streamlining the process for applicants,
- Continue to work closely with CARB to reduce administrative requirements under the FARMER, Carl Moyer and Community Air Protection Program,
- Refine templates and boilerplate contracts and supporting documentation to increase efficiency and consistency,
- Continued 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,
- Testing and implementation of new grant program reporting tools for public and internal use.

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

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 CARB and EPA workshops, public meetings, board meetings, working groups, and committee meetings that directly affect operations.

Proposed Staffing Enhancement

After careful review of projected workload and efficiency measures, the following staffing changes are included in the 2023-24 Recommended Budget to ensure that the District is equipped to address new mandates and continue providing exceptional service to businesses and residents. The proposed adjustments reflect efficiency enhancements and streamlining opportunities identified through the District's zero-based budgeting process.

Addition of one Air Quality Specialist position

Due to the growing importance and increasing workload in the area of exceptional events and data analysis in support of attaining the federal air quality standards, the FY 2023-24 Budget recommends adding one (1) Air Quality Specialist position, to provide expanded and added focus on this key program area.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2022/2023</u>	<u>2023/2024 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Analysis and Research Supervisor	1.0	1.0	0
Air Quality Assistant	4.0	4.0	0
Air Quality Instrument Specialist I/II	7.0	7.0	0
Air Quality Instrument Tech I/II	6.0	6.0	0
Air Quality Specialist I/II	39.0	40.0	1.0
Director of Air Quality Planning	1.0	1.0	0
Director of Strategy & Incentives	2.0	2.0	0
Office Assistant I/II	3.0	3.0	0
Operations Support Supervisor	1.0	1.0	0
Program Manager	5.0	5.0	0
Senior Air Quality Instrument Specialist	1.0	1.0	0
Senior Air Quality Instrument Tech	2.0	2.0	0
Senior Air Quality Specialist	19.0	19.0	0
Staff Technician I/II	3.0	3.0	0
Supervising Air Quality Instrument Specialist	1.0	1.0	0
Supervising Air Quality Instrument Tech	1.0	1.0	0
Supervising Air Quality Specialist	6.0	6.0	0
Supervising Atmospheric Modeler	1.0	1.0	0
TOTAL	<u>103.0</u>	<u>104.0</u>	<u>1.0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 22-23	Recommended FY 23-24	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$8,516,888	\$9,093,207	\$576,319	7%
Temporary Help	\$1,332,954	\$1,259,832	(\$73,122)	(5%)
On Call Pay	-	-	-	-
Overtime	\$93,682	\$79,917	(\$13,765)	(15%)
Unemployment	\$21,897	\$20,391	(\$1,506)	(7%)
Retirement	\$3,977,133	\$4,200,876	\$223,743	6%
OASDI	\$244,329	\$225,549	(\$18,780)	(8%)
Workers Compensation	\$80,381	\$86,832	\$6,451	8%
Cafeteria Plan Benefits	\$1,127,819	\$1,148,301	\$20,482	2%
Long-Term Disability Insurance	\$25,392	\$26,858	\$1,466	6%
Alternate Transportation Incentive	\$72,540	\$81,120	\$8,580	12%
TOTAL SALARIES AND BENEFITS	\$15,493,015	\$16,222,883	\$729,868	5%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$9,824	\$10,724	\$900	9%
Mobile Communications	\$72,760	\$72,927	\$167	-
Telephone Charges	\$35,634	\$46,723	\$11,089	31%
Insurance	\$191,818	\$234,275	\$42,457	22%
Equipment Maintenance	\$57,638	\$71,924	\$14,286	25%
Vehicle Maintenance & Operations	\$48,191	\$68,100	\$19,909	41%
Computer Maintenance	\$272,522	\$290,992	\$18,470	7%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$79,477	\$99,172	\$19,695	25%
Office Supplies	\$10,458	\$10,791	\$333	3%
Computer Software & Supplies	\$55,395	\$59,698	\$4,303	8%
Monitoring Station Supplies & Equipment	\$1,491,863	\$1,529,728	\$37,865	3%
Postage	\$26,800	\$37,200	\$10,400	39%
Printing	\$11,852	\$13,712	\$1,860	16%
Professional & Specialized Services	\$544,202	\$520,983	(\$23,219)	(4%)
Publications & Legal Notices	\$43,200	\$43,200	-	-
Rents & Leases	\$165,539	\$171,177	\$5,638	3%
Small Tools & Equipment	\$9,714	\$11,251	\$1,537	16%
Special District Expense	\$5,646	\$5,585	(\$61)	(1%)
Travel & Training	\$45,700	\$51,600	\$5,900	13%
Travel & Training - Boards	-	-	-	-
Utilities	\$146,084	\$176,517	\$30,433	21%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$3,324,317	\$3,526,279	\$201,962	6%
FIXED ASSETS				
Office Improvements	\$24,900	\$33,610	\$8,710	35%
Facilities & Equipment	\$12,700	\$49,527	\$36,827	290%
Computer Equipment	\$273,852	\$374,674	\$100,822	37%
Office Furniture / Equipment	\$8,117	\$8,794	\$677	8%
Office Machines	-	\$8,061	\$8,061	-
Telephone Systems	-	\$6,327	\$6,327	-
Automobiles	\$227,145	\$214,900	(\$12,245)	(5%)
Air Monitoring Station Equipment	\$1,342,110	\$1,483,400	\$141,290	11%
Air Monitoring Near Roadway Stations	\$20,000	-	(\$20,000)	(100%)
Air Monitoring Automation/Remote Control Project	\$6,000	\$11,000	\$5,000	83%
TOTAL FIXED ASSETS	\$1,914,824	\$2,190,293	\$275,469	14%
TOTAL OPERATING APPROPRIATIONS	\$20,732,156	\$21,939,455	\$1,207,299	6%

NON-OPERATING BUDGET

NON-OPERATING BUDGET

FISCAL SUMMARY

	<u>Budgeted 2022-23</u>	<u>Recommended 2023-24</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<u>Appropriations</u>				
Other Charges	189,000	232,400	43,400	23%
Incentive Programs	563,398,600	649,187,503	85,788,903	15%
Approp. for Contingencies	<u>850,000</u>	<u>850,000</u>	-	
 Total	<u><u>564,437,600</u></u>	<u><u>650,269,903</u></u>	<u><u>85,832,303</u></u>	<u><u>15%</u></u>

FUNCTION

This budget unit has been established for those expenditures that are not related to the internal operations of the District 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 as compared to 2023-24 budget, 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 appropriations for Fiscal Year 2023-24 is \$232,400.

INCENTIVE PROGRAMS

The 2023-24 Recommended Budget includes \$650,269,903 of appropriations for emission reduction incentive grants. These appropriations represent revenues anticipated to be received in 2023-24 and unused funds that carry over from the prior year. The District expects that additional incentive funds will be added to the 2023-24 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 2023-24 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 76,312,600
• Carl Moyer Program	45,063,500
• ISR & VERA	40,618,000
• Proposition 1B Funding Program	6,486,500
• Federal Funding	15,964,003
• Cap and Trade Funding – Advanced Transportation	22,872,300
• Community Incentives	17,864,900
• Enhanced Fleet Modernization	17,743,000
• Community Air Protection	188,323,100
• FARMER	118,437,200
• Alternatives to Ag Burning	33,117,600
• Volkswagen Mitigation Funding	65,952,600
• Miscellaneous Incentive Grants	664,600
• Contingencies	850,000
Total Incentive Grants	<u>\$650,269,903</u>

DMV Surcharge Fees

This appropriation is funded by DMV Surcharge Fee revenue. The District’s DMV Surcharge sources available to the District for appropriation include those authorized under AB 2766, AB 923, SB 709, and AB 2522. 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 funded through state allocations of Carl Moyer Program funding to the District. These funds are used predominantly in the Heavy-Duty Program and are granted in strict accordance with guidelines adopted by the Air Resources Board.

Indirect Source Review and Voluntary Emission Reduction Agreements

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, such as the District’s Burn Cleaner Program, use these funds for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM.

Proposition 1B Funding

This appropriation includes Proposition 1B Goods Movement Reduction Program funding anticipated to be liquidated in 2023-24. Funding from Proposition 1B will be used for specific advanced technology heavy-duty on-road vehicle projects providing funding for truck replacements, transport refrigeration units (TRUs), and locomotive replacements.

Federal Funding

This appropriation represents funding from the EPA Air Shed funds for Agricultural Tractor Replacement Program, Heavy-Duty Truck Replacement, Locomotive Replacement Program, Electric Yard Truck Replacement Program and the Fireplace and Woodstove Change-Out Program. In addition, the District will receive federal funding for the Technology Advancement Program.

Cap and Trade Funding – Advanced Transportation

This appropriation represents state funding allocated through the Cap and Trade program for the purpose of demonstrating and deploying various advanced transportation strategies, including large-scale deployment of zero-emission heavy-duty trucks and installation of associated charging and fueling infrastructure in specific applications throughout the Valley.

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 \$17,864,900 in resources from the Operating Budget to the Non-Operating Budget for incentive programs, including the District's Fireplace and Woodstove Change-Out Program and Low Dust Nut Harvester Equipment Replacement Program. The District may create new program components to complement those already existing.

Enhanced Fleet Modernization

Funding is for projects that generate reductions in greenhouse gas emissions with potential co-benefits of criteria pollutant reductions. Per state legislation and guidelines, funding must provide significant benefit to disadvantaged communities. This appropriation represents incentive funding for light duty vehicle replacement through the District's Drive Clean in the San Joaquin Replacement program utilizing state Enhanced Fleet Modernization Program (EFMP)/EFMP Plus-Up and Clean Cars for All funding.

Community Air Protection

These funds are intended to reduce emissions in low-income and disadvantaged communities throughout the region, including funds allocated to communities selected through the AB 617 process and included in Board-approved Community Emission Reduction Programs. Funds from this category can be used on existing programs such as Carl Moyer and Proposition 1B, new stationary source categories developed by CARB, and projects identified through the Community Emission Reduction Program.

FARMER

These funds are utilized to reduce emissions from the agricultural sector by providing grants, rebates, and other financial incentives for agricultural tractors, zero-emission agricultural utility terrain vehicles (UTVs), harvesting equipment, agricultural pump engines, and other equipment used in agricultural operations.

Alternatives to Agricultural Open Burning

This program provides financial incentives to commercial agricultural operations located within the District boundaries to chip agricultural material. The chipped material is then used for soil incorporation, land application on agricultural land or other approved off-site beneficial reuse as an alternative to the open burning of the agricultural materials.

Volkswagen Mitigation Funding

The District is administering \$130 million of the Volkswagen Mitigation Trust funding program on behalf of the California Air Resources Board. The District is administering funding to replace transit, school and shuttle buses with zero-emission buses through a statewide solicitation. The funding is allocated in two phases of \$65 million each. The District is currently administering the second phase of this program.

Miscellaneous Incentive Programs

This appropriation includes Hearing Board funds, Clean Air Center funds and other qualified funds designated to various incentive projects.

Appropriation for Contingencies

The purpose of the Appropriation for Contingencies Account is to provide a prudent safety net should the District encounter a reduction in revenue or an increase in expenditures caused by state or federal actions, or other unforeseen circumstances. The recommended appropriation for this account for 2023-24 is \$850,000, the same as recommended and adopted for 2022-23.

INCENTIVES SPENDING PLAN

BACKGROUND

The District operates one of the largest and most well-respected voluntary incentive programs in the state. With strong advocacy efforts at the state and federal levels, the District has seen a significant increase in incentive funding levels over the past several years. Incentive program appropriation rose from \$25 million in the 2005-06 Budget, to the proposed incentive program appropriations of \$650.2 million in the 2023-24 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 highly successful due to the fact that participation is voluntary and the emission reductions are both highly cost-effective and go beyond the reductions required by regulations.

Since the District’s inception in 1992, considerable funding has been expended in support of clean-air projects in the Valley, as summarized in the following table. These projects have achieved significant emissions reductions and corresponding air quality and health benefits. The District typically requires match funding of 30% – 70% from grant recipients. To date, grant recipients have provided over \$2.9 billion in match funding, with a combined District and grant recipient funding investment of more than \$5 billion.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost-effectiveness (\$/ton)
\$2,156,277,000	\$2,922,368,700	240,780	\$8,955

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

- 910 agricultural irrigation pump engines (~\$7,400/ton)
- 9,500 agricultural equipment replacements (~\$7,900/ton)
- 1,750 Alternatives to agricultural burning projects (~\$3,300/ton)
- 129 off-road equipment repowers (~\$12,300/ton)
- 3,600 heavy-duty trucks (~\$106,300/ton)
- 77 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 190 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 5,800 lawnmower replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)

- 22,960 fireplace change-outs (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 143,120 commuter subsidies (~\$52,700/ton)
- 36 locomotive replacements/retrofits (~\$6,000/ton)
- 25,100 new alt fuel light duty vehicles Public & Private (~\$50,000 - \$150,000/ton)
- 5,072 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 75,336 vehicle emissions repairs (~\$20,000/ton)
- 7 bicycle infrastructure projects (bike paths) (~\$32,500/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 for 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 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 a 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 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. In addition, upon passage of AB 617 and new associated emission reduction incentive funding, the District has been working closely with Community Steering Committees to develop and implement additional emissions reporting, monitoring, and community emission reduction programs and measures in an effort to reduce air pollution exposure in disadvantaged communities.

Distribution of Funds – It is important that the distribution of funds closely follows population and location of key sources in the Valley

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 Drive Clean in the San Joaquin 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.

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

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

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

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

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

Community Air Protection Funds – These funds are intended to reduce emissions in low-income and disadvantaged communities throughout the region, including funds allocated to communities selected through the AB 617 process and included in Board-approved Community Emission Reduction Programs. Funds from this category can be used on existing programs such as Carl Moyer and Proposition 1B, new stationary source categories developed by ARB, and projects identified through the Community Emission Reduction Program.

Volkswagen Mitigation Trust Funding – The District is administering \$130 million of the Volkswagen Mitigation Trust funding program on behalf of the California Air Resources Board. The District is administering funding to replace transit, school and shuttle buses with zero-emission buses through a statewide solicitation. The funding is allocated in two phases of \$65 million each, with the first phase available now and the second phase following at least two years later.

FARMER Program Funding – These funds are utilized to reduce emissions from the agricultural sector by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.

Alternatives to Agricultural Open Burning Funding – These funds provide financial incentives to commercial agricultural operations located within the District boundaries to chip agricultural material. The chipped material is then used for soil incorporation or land application on agricultural land as an alternative to the open burning of the agricultural materials.

PROPOSED INCENTIVE SPENDING PLAN

Based on the above factors, the District proposes the below incentive program spending plan for the 2023-24 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.

Fiscal Year 2023-24 Spending Plan

Heavy-Duty Programs

Ag Equipment Replacement	\$179,454,963
Ag Pump Replacement	\$3,128,300
Alternative Fuel Infrastructure	\$41,054,648
Dairy Feed Mixer Electrification Program	\$5,000,000
Electric Ag UTV	\$10,000,000
Electric Yard Trucks	\$5,276,008
Emergency Vehicle Replacement	\$1,000,000
Low-Dust Nut Harvester Replacement	\$15,000,000
Locomotives	\$15,000,000
Off-Road Engine Repower	\$3,000,000
School Bus Replacement and Retrofit	\$20,617,349
Truck Replacement Program	\$19,420,730
Truck Replacement Program (Prop 1B)	\$6,486,500

Community Incentives

Commercial Lawn and Garden	\$5,748,750
Drive Clean Rebate Program	\$17,249,900
Drive Clean Repair Program (Tune-In Tune-Up)	\$12,000,000
Drive Clean Replacement Program	\$17,743,000
Fireplace and Woodstove Change Out	\$16,692,800
Miscellaneous Incentives	\$64,400
Residential Lawn and Garden	\$500,000
VMT Reduction Program	\$1,000,000

Community Air Protection Funds

Ag Equipment Replacement	\$4,772,276
Ag Pump Replacement	\$188,000
Air Filtration In Schools	\$4,190,000
Alternative Fuel Infrastructure	\$1,516,404
Bicycle Lane Infrastructure	\$1,500,000
Car Sharing Program	\$500,000
Charbroilers	\$1,350,000
Charge Plugs for Electric TRUs	\$200,000
Charge Up Program	\$931,262
Commercial Lawn and Garden	\$361,542
Drive Clean Repair Program (Tune-In Tune-Up)	\$2,060,000
Drive Clean Replacement Program	\$12,400,000
DRP Notification System	\$125,000
Educational Training for EV Mechanics	\$255,000
Electric Yard Trucks	\$5,000,000
Fireplace and Woodstove Change Out	\$2,122,550
Locomotives (Railcar Movers and Switchers)	\$14,641,009
On-field Alternatives to Open Burning	\$1,897,160
Public Benefits	\$8,500,000
Residential Air Filtration	\$1,000,000
Residential Lawn and Garden	\$263,791
Road Dust Paving and Sidewalk Installations	\$12,275,000
School Bus Replacement and Retrofit	\$10,415,861
Solar Match	\$1,500,000
Truck Replacement Program	\$26,500,000
Truck Rerouting Study	\$500,000
Urban Greening	\$500,000
Vegetative Barriers	\$500,000

Advanced Transportation/Vehicles

ARB - OK Produce/Volvo	\$13,073,400
CEC - OK Produce/Volvo	\$9,798,900
Charge Up Program	\$5,000,000
Public Benefits	\$10,000,000
Volkswagen Mitigation Trust	\$65,952,600

Non-Mobile Programs

Alternatives to Agricultural Open Burning	\$33,117,600
Clean Air Centers Program	\$367,800

Technology Advancement

Technology Advancement Program	\$475,000
Contingencies	\$850,000
Air Toxics	\$232,400
Grand Total	\$650,269,903

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

	Adjusted* FY 22-23	Estimated Actuals FY 22-23	Recommended FY 23-24	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$189,000	\$189,000	\$232,400	\$43,400	23%	\$43,400	23%	
TOTAL OTHER CHARGES	\$189,000	\$189,000	\$232,400	\$43,400	23%	\$43,400	23%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$65,736,400	\$62,114,948	\$76,312,600	\$10,576,200	16%	\$14,197,652	23%	
Carl Moyer Program	\$51,313,900	\$47,563,620	\$45,063,500	(\$6,250,400)	(12%)	(\$2,500,120)	(5%)	
ISR and VERA'S	\$32,453,700	\$16,620,378	\$40,618,000	\$8,164,300	25%	\$23,997,622	144%	
Proposition 1B Funding Program	\$4,465,300	\$1,235,944	\$6,486,500	\$2,021,200	45%	\$5,250,556	425%	
Federal DERA/Designated Funding Program	\$24,795,800	\$24,480,414	\$15,964,003	(\$8,831,797)	(36%)	(\$8,516,411)	(35%)	
Community & Other Incentives Funded by Operating Reven	\$6,835,900	\$6,716,994	\$17,864,900	\$11,029,000	161%	\$11,147,906	166%	
Miscellaneous Incentive Programs	\$111,800	\$56,036	\$64,400	(\$47,400)	(42%)	\$8,364	15%	
CEC Grants	\$4,187,000	-	\$9,798,900	\$5,611,900	134%	\$9,798,900	-	
State Cap & Trade Funding	\$623,483,892	\$367,953,075	\$371,062,100	(\$252,421,792)	(40%)	\$3,109,025	1%	
Volkswagen Mitigation Funding	\$85,858,500	\$48,158,433	\$65,952,600	(\$19,905,900)	(23%)	\$17,794,167	37%	
TOTAL INCENTIVE PROGRAMS	\$899,242,192	\$574,899,842	\$649,187,503	(\$250,054,689)	(28%)	\$74,287,661	13%	
Appropriation for Contingencies	\$451,104	\$451,104	\$850,000	\$398,896	88%	\$398,896	88%	
TOTAL NON-OPERATING APPROPRIATIONS	\$899,882,296	\$575,539,946	\$650,269,903	(\$249,612,393)	(28%)	\$74,729,957	13%	

PRIOR YEARS BUDGET COMPARISON

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

Prior 3 Years and 2023-24 Recommended

	Adjusted 2020-21 @ 6/30/21	Adjusted 2021-22 @ 6/30/22	Adjusted 2022-23 @ 4/30/23	Recommended 2023-24
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 50,220,501	\$ 54,762,185	\$ 57,845,815	\$ 58,955,806
Services & Supplies	7,347,679	7,910,936	9,805,598	9,970,050
Fixed Assets	3,889,464	3,517,712	4,505,591	3,936,801
OPERATING APPROPRIATIONS	<u>61,457,644</u>	<u>66,190,833</u>	<u>72,157,004</u>	<u>72,862,657</u>
Other Charges	667,700	323,900	189,000	232,400
Incentive Contracts	480,676,069	710,691,218	899,242,192	649,187,503
Appropriation for Contingencies	850,000	850,000	451,104	850,000
NON-OPERATING APPROPRIATIONS	<u>482,193,769</u>	<u>711,865,118</u>	<u>899,882,296</u>	<u>650,269,903</u>
TOTAL APPROPRIATIONS	<u>\$ 543,651,413</u>	<u>\$ 778,055,951</u>	<u>\$ 972,039,300</u>	<u>\$ 723,132,560</u>
REVENUE				
Stationary Revenue	\$ 31,963,278	\$ 34,574,266	\$ 29,925,427	\$ 28,895,391
Grant Revenue	16,020,000	16,320,000	16,020,000	16,020,000
DMV Surcharge Fees - District Portion	12,860,000	12,960,000	13,060,000	13,622,345
Administrative Fees - Incentive Programs	7,300,000	9,500,000	9,500,000	10,000,000
Transfer to Non-Operating Revenue for Incentive Grants	(16,000,000)	(12,000,000)	(5,000,000)	(5,000,000)
Fund Balance Used	10,474,366	6,486,567	17,401,577	11,074,921
Reserves Released / (Increased)	(1,160,000)	(1,650,000)	(8,750,000)	(1,750,000)
OPERATING REVENUE/FUNDING SOURCES	<u>61,457,644</u>	<u>66,190,833</u>	<u>72,157,004</u>	<u>72,862,657</u>
Non-Operating Revenue	296,712,138	572,129,062	616,421,370	304,291,816
Fund Balance/Reserves Released	185,481,631	139,736,056	283,460,926	345,978,087
NON-OPERATING REVENUE/FUNDING SOURCES	<u>482,193,769</u>	<u>711,865,118</u>	<u>899,882,296</u>	<u>650,269,903</u>
TOTAL REVENUE/FUNDING SOURCES	<u>\$ 543,651,413</u>	<u>\$ 778,055,951</u>	<u>\$ 972,039,300</u>	<u>\$ 723,132,560</u>
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RECOMMENDED POSITIONS	359.5	367.5	384.5	385.5
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RESERVES				
General Reserve	\$ 6,100,000	\$ 6,400,000	\$ 14,200,000	\$ 14,600,000
Long-Term Building Maintenance	500,000	500,000	1,000,000	1,200,000
Computer-VTC Equipment Reserve	300,000	500,000	-	200,000
Pension Stabilization Reserve Fund	3,630,000	4,580,000	5,480,000	6,380,000
Modeling Equipment Reserve	350,000	500,000	500,000	500,000
Monitoring Equipment Reserve	50,000	100,000	150,000	200,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2023-24 Recommended

<u>ACCOUNT TITLE</u>	<u>2020-21</u> <u>Adjusted</u> <u>Revenues</u> <u>@ 6/30/21</u>	<u>2021-22</u> <u>Adjusted</u> <u>Revenues</u> <u>@ 6/30/22</u>	<u>2022-23</u> <u>Adjusted</u> <u>Revenues</u> <u>@ 4/30/23</u>	<u>2023-24</u> <u>Estimated</u> <u>Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 19,046,845	\$ 19,385,016	\$ 20,742,677	\$ 20,742,641
Section 185 - Non Attainment Fees - Rule 3170	641,136	681,000	300,000	300,000
Advanced Emission Reduction Options (AERO) Fees	4,157,571	5,408,000	4,680,000	2,600,000
Settlements	2,500,000	2,500,000	2,500,000	3,000,000
Interest	1,500,000	1,500,000	1,500,000	2,000,000
Miscellaneous	117,726	100,250	52,750	52,750
Residential Furnaces - Rule 4905	4,000,000	5,000,000	150,000	200,000
Total Stationary Non-Grant Operating Revenue	<u>31,963,278</u>	<u>34,574,266</u>	<u>29,925,427</u>	<u>28,895,391</u>
GRANT REVENUE				
State Subvention	900,000	900,000	900,000	900,000
EPA 105 Grant	2,000,000	2,000,000	2,000,000	2,000,000
EPA 103 Grant	65,000	65,000	65,000	65,000
State AB 617 Implementation Fund	12,700,000	13,000,000	12,700,000	12,700,000
State Grant - Oil and Gas Regulations	355,000	355,000	355,000	355,000
Total Grant Revenue	<u>16,020,000</u>	<u>16,320,000</u>	<u>16,020,000</u>	<u>16,020,000</u>
Total Stationary Operating Revenue	\$ 47,983,278	\$ 50,894,266	\$ 45,945,427	\$ 44,915,391
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 12,860,000	\$ 12,960,000	\$ 13,060,000	\$ 13,622,345
Administrative Fees - Incentive Programs	7,300,000	9,500,000	9,500,000	10,000,000
Total Operating Revenue	\$ 68,143,278	\$ 73,354,266	\$ 68,505,427	\$ 68,537,736
Transfer to Non-Operating Revenue for Incentive Grants	\$ (16,000,000)	\$ (12,000,000)	\$ (5,000,000)	\$ (5,000,000)
Fund Balance Used	10,474,366	6,486,567	17,401,577	11,074,921
Reserves Released / (Increased)	(1,160,000)	(1,650,000)	(8,750,000)	(1,750,000)
Estimated Funding Sources - Operating	\$ 61,457,644	\$ 66,190,833	\$ 72,157,004	\$ 72,862,657
NON-OPERATING REVENUE				
Air Toxics	\$ 667,638	\$ 323,898	\$ 189,000	\$ 232,362
DMV Surcharge Fees - Pass Through	45,611,000	47,078,000	47,694,000	49,414,388
Carl Moyer Funds	18,000,000	36,000,000	34,342,500	19,000,000
VERA/ISR Mitigation Program	7,900,177	29,682,906	13,350,982	20,891,448
DERA Program	-	-	-	-
Operating Revenues Funding Community Incentives	16,000,000	12,000,000	5,000,000	5,000,000
Proposition 1B Funding Program	2,218,558	2,218,558	-	-
School Bus Program	-	-	-	-
Federal Grants	58,189,225	57,538,868	59,425,497	43,620,453
Miscellaneous Incentive Grant Funding	20,000	20,000	20,000	20,000
Interest - Non-Operating	6,134,800	8,506,410	9,801,710	12,036,293
CEC - Energy Efficiency Block Grant	900,000	-	4,187,000	13,985,873
Reimburse Operating for Administrative Revenues Earned	(7,300,000)	(9,500,000)	(9,500,000)	(10,000,000)
Administrative Fees - Incentive Programs	9,883,701	19,772,907	32,520,913	11,330,230
State Cap & Trade Funding	138,487,039	360,607,515	354,389,768	110,480,769
Volkswagen Mitigation Funding	-	7,880,000	65,000,000	28,280,000
Total Non-Operating Revenue	\$ 296,712,138	\$ 572,129,062	\$ 616,421,370	\$ 304,291,816
Fund Balance/Reserves Released	\$ 185,481,631	\$ 139,736,056	\$ 283,460,926	\$ 345,978,087
Estimated Funding Sources - Non-Operating	\$ 482,193,769	\$ 711,865,118	\$ 899,882,296	\$ 650,269,903
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 543,651,413	\$ 778,055,951	\$ 972,039,300	\$ 723,132,560

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

Budget Comparison

Total District

Prior 3 Years and 2023-24 Recommended

DESCRIPTION	2020-21 Adjusted @ 6/30/21	2021-22 Adjusted @ 6/30/22	2022-23 Adjusted @ 4/30/23	2022-23 Recommended Appropriations
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OPERATING APPROPRIATIONS

SALARIES AND BENEFITS

Regular Salaries	\$ 29,487,709	\$ 32,290,622	\$ 33,796,548	\$ 34,787,299
Temporary Help	1,159,064	2,026,039	2,072,274	2,017,740
On Call Pay	116,748	119,148	119,083	119,083
Overtime	393,369	344,236	424,280	361,548
Unemployment	59,445	57,562	75,174	69,185
Retirement	14,220,846	14,877,912	15,927,457	16,137,442
OASDI	525,108	586,317	675,452	663,657
Workers Compensation	375,860	334,174	353,780	362,240
Cafeteria Plan Benefits	3,571,897	3,804,193	4,019,757	4,043,009
Long-Term Disability Insurance	75,759	83,374	90,290	95,863
Alternate Transportation Incentive	234,696	238,608	291,720	298,740
TOTAL SALARIES AND BENEFITS	\$ 50,220,501	\$ 54,762,185	\$ 57,845,815	\$ 58,955,806

SERVICES AND SUPPLIES

Safety Supplies & Equipment	\$ 24,889	\$ 46,089	\$ 42,759	\$ 51,594
Mobile Communications	206,508	189,780	213,420	207,780
Telephone Charges	113,100	119,525	157,893	178,050
Insurance	462,000	630,000	770,400	868,400
Equipment Maintenance	210,810	266,800	266,603	301,270
Vehicle Maintenance & Operations	248,500	207,650	228,415	306,400
Computer Maintenance	620,201	574,645	939,165	1,084,475
Video Conferencing Maintenance & Operations	115,580	124,500	131,340	132,940
Building Maintenance & Operations	282,105	297,300	319,200	367,600
Office Supplies	53,900	50,988	43,000	42,734
Computer Software & Supplies	94,417	172,347	242,755	238,266
Monitoring Station Supplies & Equipment	1,166,923	1,333,463	1,491,863	1,529,728
Postage	91,900	68,000	71,200	87,100
Printing	138,350	138,900	144,775	167,500
Professional & Specialized Services	2,338,418	2,462,693	3,079,668	2,796,682
Publications & Legal Notices	68,520	73,820	70,420	81,785
Rents & Leases	194,911	177,282	184,006	187,850
Small Tools & Equipment	48,160	61,160	69,221	68,641
Special District Expense	163,762	172,097	576,118	192,683
Travel & Training	208,439	244,911	249,131	266,886
Travel & Training - Boards	67,686	67,686	67,686	67,686
Utilities	362,700	363,900	379,160	448,600
Audit Services	23,500	25,000	25,000	25,000
Legal Services	42,400	42,400	42,400	270,400
TOTAL SERVICES AND SUPPLIES	\$ 7,347,679	\$ 7,910,936	\$ 9,805,598	\$ 9,970,050

FIXED ASSETS

Office Improvements	\$ 336,000	\$ 210,000	\$ 100,000	\$ 115,000
Facilities & Equipment	125,000	207,000	79,000	260,000
Computer Equipment	784,854	729,749	860,781	1,164,131
Office Furniture & Equipment	30,000	30,000	32,600	32,600
Office Machines	26,250	59,750	29,040	31,120
Telephone Systems	39,770	42,810	33,060	23,450
Detection Equipment	188,000	75,003	58,000	40,000
Automobiles	432,000	655,000	875,000	706,100
Audio / Visual Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	5,000	5,000	6,000	11,000
Video Conferencing System	70,000	70,000	1,070,000	70,000
Air Monitoring Station Equipment	1,852,590	1,433,400	1,342,110	1,483,400
Air Monitoring Near Roadway Stations	-	-	20,000	-
Purchase of Southern Region Office Building	-	-	-	-
Community Monitoring - Hardware	-	-	-	-
Community Monitoring - Equipment	-	-	-	-
Central Office Expansion	-	-	-	-
TOTAL FIXED ASSETS	\$ 3,889,464	\$ 3,517,712	\$ 4,505,591	\$ 3,936,801

TOTAL OPERATING APPROPRIATIONS

	\$ 61,457,644	\$ 66,190,833	\$ 72,157,004	\$ 72,862,657
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2023-24 Recommended

DESCRIPTION	2020-21 Adjusted @ 6/30/21	2021-22 Adjusted @ 6/30/22	2022-23 Adjusted @ 4/30/23	2022-23 Recommended Appropriations
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NON-OPERATING APPROPRIATIONS

OTHER CHARGES

Air Toxic Pass Through	\$ 667,700	\$ 323,900	\$ 189,000	\$ 232,400
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 667,700	\$ 323,900	\$ 189,000	\$ 232,400

INCENTIVE PROGRAMS

DMV Surcharge Fees - Incentives	\$ 54,775,500	\$ 62,325,300	\$ 65,736,400	\$ 76,312,600
Carl Moyer Heavy Duty Program	18,161,300	40,958,100	51,313,900	45,063,500
ISR and VERA's	37,756,500	40,132,200	32,453,700	40,618,000
Proposition 1B Funding Program	6,091,958	5,459,000	4,465,300	6,486,500
School Bus Program	1,248,500	-	-	-
Federal DERA/ Designated Funding Programs	58,189,143	57,538,868	24,795,800	15,964,003
Community Incentives	16,280,900	13,028,400	6,835,900	17,864,900
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	-	-	-	-
Miscellaneous/Interest - Incentive Programs	20,400	210,500	111,800	64,400
Energy Efficiency Grant	6,000,000	-	4,187,000	9,798,900
Drought Relief Program	-	-	-	-
State Cap & Trade Funding	240,527,568	472,896,250	623,483,892	371,062,100
Volkswagen Mitigation Funding	41,624,300	18,142,600	85,858,500	65,952,600
TOTAL INCENTIVE PROGRAMS	\$ 480,676,069	\$ 710,691,218	\$ 899,242,192	\$ 649,187,503
Appropriation for Contingencies	\$ 850,000	\$ 850,000	\$ 451,104	\$ 850,000
TOTAL NON-OPERATING APPROPRIATIONS	\$ 482,193,769	\$ 711,865,118	\$ 899,882,296	\$ 650,269,903

TOTAL APPROPRIATIONS

TOTAL DISTRICT APPROPRIATIONS	\$ 543,651,413	\$ 778,055,951	\$ 972,039,300	\$ 723,132,560
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San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

NORTHERN REGION

4800 Enterprise Way, Modesto, CA 95356-8718
Tel (209) 557-6400 | Fax (209) 557-6475

CENTRAL REGION (MAIN OFFICE)

1990 East Gettysburg, Fresno, CA 93726-0244
Tel (559) 230-6000 | Fax (559) 230-6061

SOUTHERN REGION

34946 Flyover Court, Bakersfield, CA 93308-9725
Tel (661) 392-5500 | Fax (661) 392-5585