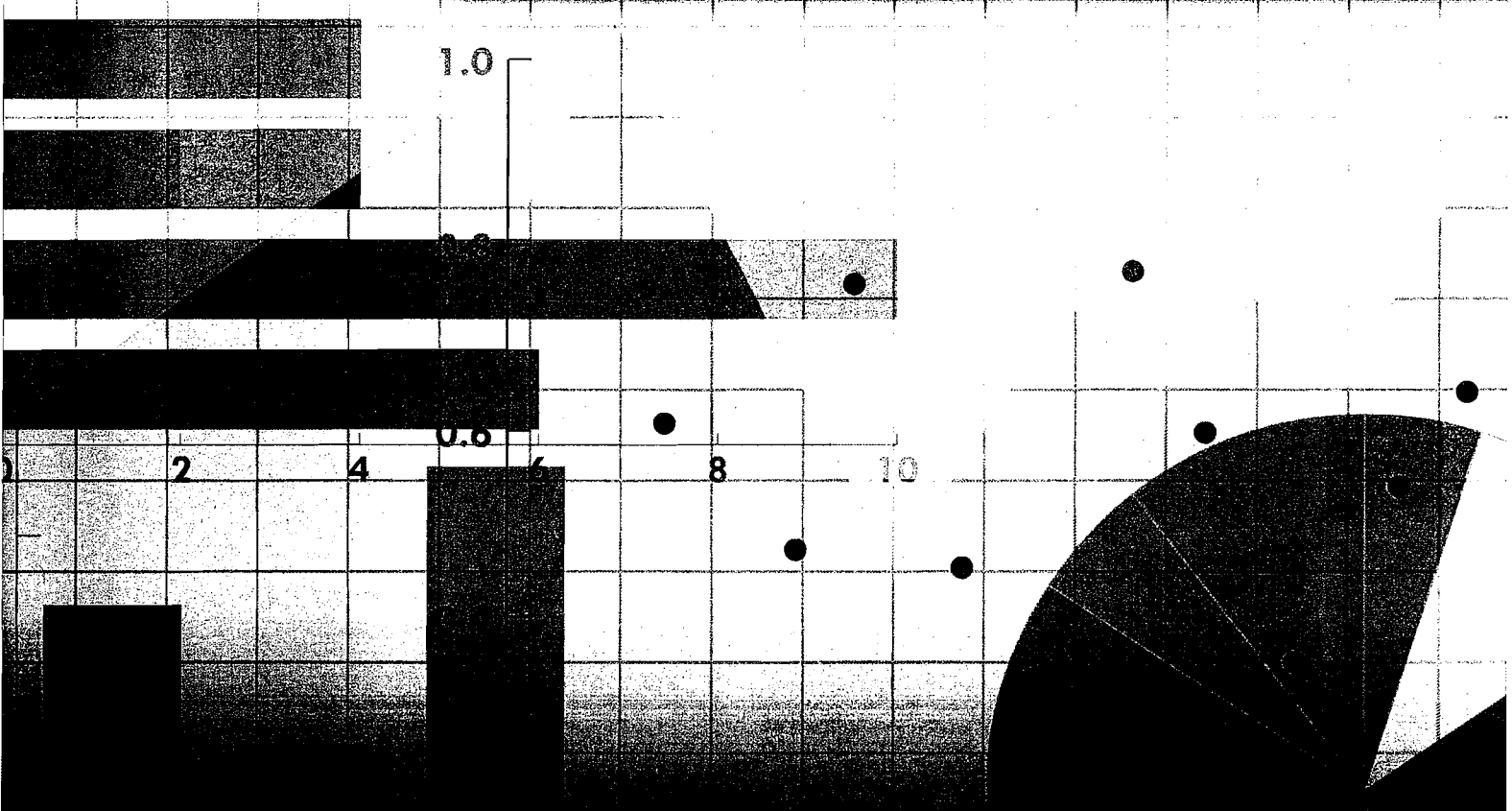


2008-2009 Recommended Budget



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

2008 Governing Board Members

Supervisor Leroy Ornellas, Chair
San Joaquin County

Councilmember Chris Vierra, Vice Chair
City of Ceres

Supervisor William O' Brien
Stanislaus County

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Councilmember Henry T. Perea
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Supervisor Ronn Dominici
Madera County

Supervisor J. Steven Worthley
Tulare County

Supervisor Michael G. Nelson
Merced County

Seyed Sadredin
Executive Director / Air Pollution Control Officer

June 19, 2008



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

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

2008-09 Recommended Budget

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San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

GOVERNING BOARD

Leroy Ornellas, Chair
Supervisor, San Joaquin County

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Supervisor, Kern County

J. Steven Worthley
Supervisor, Tulare County

Vacant
Appointed by Governor

Vacant
Large City

Vacant
Small City, Central Region

Seyed Sadredin
Executive Director
Air Pollution Control Officer

Northern Region Office
4800 Enterprise Way
Modesto, CA 95356-8718
(209) 557-6400 • FAX (209) 557-6475

Central Region Office
1990 East Gettysburg Avenue
Fresno, CA 93726-0244
(559) 230-6000 • FAX (559) 230-6061

Southern Region Office
2700 M Street, Suite 275
Bakersfield, CA 93301-2373
(661) 326-6900 • FAX (661) 326-6985

www.valleyair.org

May 15, 2008

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

Dear Board Members:

Attached is the Recommended Budget for the San Joaquin Valley Air Pollution Control District for July 1, 2008 to June 30, 2009. Policy guidance for the 2008-09 Budget was provided by your Board's Ad Hoc Subcommittee for Budget and Finance.

The 2008-09 Recommended Budget contains adequate resources to support the District's current and future workload, continue providing exemplary customer service to our stakeholders, and address new initiatives aimed at advancing our public health mission.

In 2007-08, the District maintained an active and effective permitting and enforcement program for over 13,350 facilities including industrial, commercial, and agricultural operations; began the implementation phase of the 2007 Ozone Plan; successfully advocated for and secured a major increase in incentive funding; developed and advanced "Fast Track" measures to expedite attainment; introduced the Healthy Air Living™ initiative; developed and adopted the 2008 PM2.5 plan; successfully administered approximately \$40 million in incentive grants; created internal infrastructure for administering a much larger incentive program in the coming year; and initiated a number of Valley-specific health and scientific studies.

In 2008-09, the District will face a significant increase in workload as we continue to fulfill our commitments outlined in the 2007 Ozone Plan and the 2008 PM2.5 Plan. This will include the work to develop, adopt, and apply new rules; perform complex technical feasibility studies; process permits and conduct engineering evaluation of retrofits and upgrades necessary to comply with new rules and regulations; and field inspections and enforcement activities to assure compliance with the new requirements. With new efficiency and streamlining measures, most of this new workload will be absorbed without adding new staffing.

The most significant impact to our 2008-09 Budget, however, is attributed to the major increase in workload associated with the administration of our much expanded incentives program. In the coming fiscal year, the District's Emissions Reductions Incentive Program will grow from approximately \$40 million in 2007-08 to over \$100 million in 2008-09. Most of this increase is associated with the new Proposition 1B funding that also comes with well-prescribed and labor-intensive mandates imposed by the California Air Resources Board.

BUDGET HIGHLIGHTS

The narratives included as a part of the attached budget document describe the specifics of each department's functions, workload impacts, efficiencies and streamlining measures, and any requests for additional resources. The following are some of the more significant highlights of the 2008-09 Recommended Budget:

- Significantly expanded incentive grant program
- Several unique/one-time projects
 - Replacement/upgrade of the VTC system
 - Relocation of the Bakersfield regional office
 - Expansion of the District's air monitoring network
- Enhanced scientific and research capabilities
- Expansion of public education, outreach, and "Community Incentive Grants"
- Significant reduction of retirement costs
- Addition of 4 permanent positions and reclassification/realignment of 5 positions
- Absorption of new workload through efficiencies, streamlining and new technology
- A 10% budget reserve to provide an adequate safety net

Significantly Expanded Incentive Grant Program

The 2008-09 Recommended Budget includes approximately \$101.5 million of appropriations for Emission Reduction Incentive Program grants, which is approximately \$58.5 million more than 2007-08. The majority of this increase is due to Proposition 1B funding and Lower Emission School Bus funding. The following are brief descriptions of these two programs:

Proposition 1B Program

The \$1 billion Proposition 1B: Goods Movement Emission Reduction Program (Program) is a partnership between the California Air Resources Board (ARB) and local agencies (like air districts and ports) to quickly reduce air pollution emissions and health risk from freight movement along California's trade corridors. Local agencies will provide financial incentives to owners of equipment used in freight movement to upgrade to cleaner technologies. Projects funded under this Program must achieve emission reductions not required by law or regulation, reduce existing emissions and health risk as quickly as possible, and a focus on communities heavily impacted by goods movement. The 2007-08 State budget includes the first installment of \$250 million, of which the District has been allocated \$40.53 million.

Lower Emission School Bus Program

This program was created to reduce school children's exposure to cancer-causing and smog-forming pollution. By reducing exhaust emissions from old diesel school buses, the risk to our most sensitive groups (children and elderly) will be greatly reduced. Any California public school district that owns and operates school buses in the San Joaquin Valley Air Basin, or any Joint Powers Authority that directly provides transportation services to public school districts, is eligible to apply for funds. The School Bus Replacement Program offers incentive funding for the replacement of specific old, high-emitting diesel school buses with new emission certified buses. The District will be administering the Lower Emission School Bus Program funds for several adjacent mountain and desert air districts in addition to our own program. Approximately \$40 million will be made available over a two-year period through this Program for new school bus purchases and retrofits in the District and other neighboring air districts. The 2008-09 Recommended Budget includes \$19.2 million for this Program.

The following is a recap of all the incentive grant funds included in the 2007-08 Budget:

• Proposition 1B	\$ 38,503,500
• Lower Emission School Bus	\$ 19,208,000
• Indirect Source Review Program	\$ 16,648,000
• DMV Surcharge Fees	\$ 10,750,600
• Carl Moyer Program	\$ 10,405,800
• Federal Diesel Emission Reduction	\$ 5,000,000
• Community Incentive Grants	\$ 310,000
• Other	\$ 666,400
Total Incentive Grants	<u>\$101,492,300</u>

On December 20, 2007, the District Governing Board authorized additional staffing resources to accommodate the expanded workload related to this significant expansion of the incentive grant programs, in particular, the Proposition 1B funds. These staffing resources consisted of a combination of permanent and temporary positions configured to allow for scaling staffing resources up or down based on the actual incentive funding received by the District. Because these positions were funded for only 3 to 6 months of the 2007-08 fiscal year, the full-year cost associated with these positions is adding approximately \$863,100 to the salaries and benefits accounts of the 2008-09 Recommended Budget.

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

Several Unique/One-time Projects

The Operating Budget portion of the 2008-09 Recommended Budget is increasing by approximately \$2.9 million, or 9%, over the prior year. A significant portion of this

increase can be attributed to the following unique and/or one-time projects that are all occurring in 2008-09:

Full-funding of incentive grant staff added in 2007-08

As described in the previous section, staffing resources to accommodate the workload associated with the expanded incentive grant programs were approved by your Board in December of 2007. The 2007-08 Budget only included appropriations for these positions for 3 to 6 months. The 2008-09 Budget includes appropriations for a full year for these positions, which increases the salaries and benefits accounts by approximately \$863,100 without any change to the staffing contingent.

Replacement/upgrade of the VTC system

The District relies on its video teleconferencing (VTC) system for efficient and effective communication between regional offices, curtailment of air pollution through reduced vehicle miles driven, and an improved ability to get its message out by making it easier for the public to participate in air quality improvement processes. The District was informed during fiscal year 2007-08 that its VTC system was not eligible for a maintenance contract because of its age. Most of the District's VTC system equipment was installed in January 1999, and some of it dates back to October 1996. The District will be conducting a project to update the District's obsolete VTC equipment with current technology during 2008-09. The total cost of the upgrade project, approximately \$1.2 million, will be spread over five years through a lease/purchase agreement. The 2008-09 Recommended Budget includes appropriations in the amount of approximately \$371,000 for the first year lease payment and related maintenance support costs.

Relocation of the Bakersfield regional office

Since unification of the District in 1992, the Southern Region office has been located in leased office space owned by Kern County. Because Kern now needs this space for County staff, the District was asked to vacate this space when the current lease expired on May 31, 2008. However, Kern has agreed to a lease extension until January 31, 2009 to accommodate the construction of new office space as part of a lease agreement approved by your Board on September 20, 2007. It is anticipated that the relocation of the Southern Region office will occur during January of 2009. The 2008-09 Recommended Budget includes approximately \$494,000 in appropriations to address the costs of relocating the Southern Region office and the additional lease and maintenance costs for the six months after the move.

Expansion of the District's air monitoring network

The District's 2007 Air Monitoring Network Plan identified the need for several new monitoring instruments and stations to be added to the District's network. As a result, the District is in the final construction stage of a new monitoring station near Tranquillity in western Fresno County, and is beginning work on a new station in Porterville in Tulare County. In 2008-09, the District will also be identifying the most appropriate locations for additional monitoring stations in San

Joaquin, Stanislaus, and Madera counties, as well as a new location for the Bakersfield Golden State Avenue station. The 2008-09 Recommended Budget includes approximately \$492,000 of appropriations specifically designated for the expansion of the District's air monitoring network and for safety improvements for several of the existing stations.

Enhanced Scientific and Research Capabilities

The District has a long tradition of relying on good sound science in formulating effective air quality management strategies. To further enhance the District's capability to address complex health-related issues on a scientific basis, the 2008-09 Recommended Budget includes appropriations for a new Health Science Advisor position. Under executive direction, the Health Science Advisor will play a lead role in the following areas:

- Conducting in-house research and analysis on health and science related matters
- Design and execution of Valley-specific health and scientific research projects
- Public education relating to health effects of air pollution
- Providing expert advice to staff and the Board in formulating and implementing the District's air quality management programs, including rules, regulations, and plans
- Close coordination with the District's Air Quality Analyses staff to analyze, enhance, and interpret scientific data

Expansion of Public Education, Outreach, and Community Incentive Grants

As air-quality continues to be a key issue for Valley residents, comprehensive multi-lingual outreach serves to not only educate Valley residents and stakeholders on the activities of the District, but it also enables residents to take a proactive role in improving air quality. As the 8-hour ozone and PM2.5 planning efforts have demonstrated, every Valley resident must take a level of ownership and make personal decisions to address the challenges presented by new federal mandates and health study information.

Comprehensive and strategic public interaction and outreach will play an ever increasing role in the activities of the District. Although outreach has historically been a key activity of the District, enhancements to the public outreach strategy will increase the public's understanding of the air quality challenges in the Valley; the roles and responsibilities of the Air District; and the need for strategic air-friendly choices to be made by individuals, communities, organizations and stakeholder groups. Key to the strategy is the new Healthy Air Living™ initiative. The ultimate goal of this culture changing initiative is to make air quality a priority in the day-to-day decision making by businesses, municipalities, and individuals. This initiative will allow the District to provide tools and strategies to businesses, municipalities and individuals which will produce tangible reductions in emissions. By enriching successful initiatives such as multilingual outreach; community-based education which include symposiums, town hall meetings and civic presentations; increased presence on radio, print, web and TV media outlets; multi-generational outreach programs such as the curriculums, CSUF class, and flag program; Environmental Justice strategy development; and collaborative partnerships which leverage resources; the District will be able to substantially increase its presence in the community and build an understanding of the public role in improving air quality. Additionally, initiatives such as the consolidation of advertising needs and the analysis of outreach activities and health-based

results will target our messages to have the most direct impact on air quality and public health.

In an effort to increase community ownership and direct involvement in District activities, the 2008-09 Recommended Budget includes appropriations for three Community Incentive Grants that will be coordinated by the District, as follows:

Clean Green Yard Machines Program

The Clean Green Yard Machines (CGYM) annual lawnmower trade-in program is one of the District's most-recognizable and anticipated consumer-oriented program. Not only is this program responsible for a significant reduction in particularly noxious emissions contributed by two-stroke engines, but it reaps an additional, priceless benefit of engaging the public in not only a specific program, but in larger District goals, as well. This program has evolved from an on-site, labor-intensive program conducted through multiple events at several locations within the 25,000-square-mile air basin, to a streamlined, easy-to-access program done through phone and e-mail. Monetary resources are regularly exhausted within two weeks of the program's kick-off, a solid testament to the program's ever-growing popularity. The 2008-09 Recommended Budget includes \$115,000 of appropriations for this program, which will be leveraged by contributions from cities and counties in the Valley. The CGYM is expected to again be a highlight of the District's community incentive programs.

Burn Cleaner Program

A newer entry among the growing menu of District-run incentive programs targeted to the general public, the Burn Cleaner stove and insert discount program debuted with outstanding response and, in its second year, continues to grow in popularity. In its third year, the program will no longer be funded by Operation Clean Air, but will be funded entirely by the District. Through the Burn Cleaner program, Valley residents who may be contemplating the purchase of a cleaner alternative to their wood-burning fireplace, but who have not yet made the sizeable monetary commitment it requires, are frequently motivated into making their purchase through the discount offered by Burn Cleaner. As wood combustion is the single largest contributor of wintertime particulate matter emissions, even a small percentage of residential wood-burners who trade up to gas, as provided through this program, make a big difference in winter air quality. The 2008-09 Recommended Budget includes \$95,000 of appropriations for this program.

Residential Water Heater Program

In 2008-09, the District will develop a program to provide incentives for Valley residents to replace older, high-emitting, inefficient water heaters with new, lower-emitting, efficient units. This program may also provide incentives to upgrade existing water heaters to improve efficiency and lower emissions. The 2008-09 Recommended Budget includes \$100,000 of appropriations for this program.

Significant Reduction of Retirement Costs

The District participates in the Kern County Employees Retirement Association (KCERA). For the second consecutive year, the KCERA's actuary is recommending a decrease in the employer contribution rates paid by the District. If these rates are approved by the KCERA and Kern County Boards, the District's retirement costs will be reduced by approximately \$710,000 for 2008-09.

Addition of 4 Permanent Positions and Reclassification/Realignment of 5 Positions

The 2008-09 Recommended Budget includes the addition of four (4) permanent positions. The following are specifics about the recommended positions:

Two (2) Air Quality Assistant Positions

The District's workload will continue to increase dramatically, with a significantly greater number of incentive grant inspections, 6,400 regulated agricultural sources requiring continued inspection, increases in reporting and monitoring associated with Title V permitting, and continued inspections with fugitive dust requirements related to construction projects. As in past years, much of this additional workload will be handled by existing staff using new technologies and efficiencies. However, there has been a tremendous increase in reporting and record keeping requirements that has increased field staff's workload. In response to this workload, the 2008-09 Recommended Budget includes appropriations for two additional permanent Air Quality Assistant positions to assist field staff with office paperwork, including maintaining databases and preliminary review of Title V reports. These positions will enable inspectors to spend more time in the field to better manage the increased inspection workload.

Addition of One (1) Network Systems Analyst Position

The 2008-09 Recommended Budget includes appropriations for one additional permanent Network Systems Analyst I/II position to handle the growing demands for remote computing (field inspectors, management laptop users, and the proposed telecommuting staff). Remote laptop computers have grown from a few pilot project test units, to comprising nearly one-half of the District's installed user base. The additional Network Systems Analyst position will enable the District to deal with the current load of demands created by the remote computing initiative. This will result in sufficient support and training of remote computing users, eliminate the loss of productivity in the field, and enhance our ability to take advantage of new technologies that can enable field staff to be more productive and offer better customer support.

Addition of One (1) Health Science Advisor Position

Detailed information regarding the addition of this position was discussed earlier in this letter under the Enhanced Scientific and Research Capabilities section.

The 2008-09 Recommended Budget also includes the reclassification/realignment of five (5) positions, as follows:

Reclassification of Accountant to Senior Accountant

Similar to the District as a whole, the workload of the Administrative Services Division (ADS) has increased significantly as a result of the expansion of the incentive grant programs. Additional staffing resources were added during 2007-08 to address the additional grant-related workload and no additional staffing resources are being requested this year. The 2008-09 Recommended Budget does however include a request to reclassify an Accountant position to a Senior Accountant position to provide much needed lead direction to the Accountants, Accounting Technicians, and Accounting Assistants. Currently there is one Supervising Accountant position providing direction to over 10 positions without the benefit of any senior positions. This reclassification will provide better lead direction, provide needed assistance with the more complicated ADS responsibilities, and provide for better succession planning within ADS.

Reclassification of Two (2) Senior Air Quality Inspectors

The Compliance Department staff in the Central Region office provide administrative support to other regions and execute a number of District-wide programs. The major administrative programs in the Central Region include mutual settlements, variance, and smoke management system duties. Historically, these tasks were overseen by supervisors who also supervised field staff. This combination of field and office duties proved to be difficult due to the high supervisor to inspector ratio and the inherent difficulty of overseeing field and office activities. Under the existing organizational structure, it is difficult to provide adequate supervisory oversight for both office and field staff. To rectify this situation, the 2008-09 Recommended Budget reclassifies two existing Senior Air Quality Specialist positions. One position is downgraded to an Air Quality Specialist position and the other is upgraded to a Supervising Air Quality Inspector position. The supervisor position will oversee the mutual settlements, variance, training, and office duties of the smoke management system. Under the recommended organizational structure, office staff will be provided with adequate supervision and the existing supervisors will be able to fully concentrate on field staff. The Air Quality Specialist position will work in the mutual settlement program.

Realignment of Two (2) Manager Level Positions to Director Level

In 2008-09, the scope and the range of functions assigned to the Information Technology and Outreach & Communications Divisions will be expanded to include further executive level responsibilities in the development and fulfillment of the District's overall strategic plan, mission, and goals. These Divisions will also take on major new responsibilities in the execution of the District's expanded grant programs and the Healthy Air Living initiative. To ensure equity and address the expansion of duties assigned to these two Divisions, the 2008-09 Recommended Budget realigns the manger positions of these Divisions to the director level. The title of the Information Systems Manager position will be changed to Director of Information Systems and the salary for this position and the Chief Communications Officer will be adjusted to the director level, which is consistent with the duties, responsibilities, and expectations associated with other District director level positions.

Absorption of New Workload Through Efficiencies, Streamlining and New Technology

As in past years, the District's overall workload is expected to increase throughout the 2008-09 fiscal year. The 2008-09 Recommended Budget includes a number of initiatives aimed at streamlining and improving the efficiency of District operations. The following are just some of those initiatives:

- Improved automation for the incentive grants program
- Expansion of the electronic document management system
- Continued work with stakeholders to streamline permitting
- Continued efforts to reduce compliance paperwork
- Expanded use of internet/intranet
- Improvements to remote computer access for field staff
- Streamlined permit-exempt equipment registration program
- Enhanced staff training and guidance materials
- Staffing changes consistent with streamlined workload
- Use of some temporary staffing
- More automation for air monitoring and forecasting systems

Budget Reserves to Provide Adequate Safety Net

As a part of the 2007-08 Budget adoption process, your Board approved the addition of Section 12.15 of the District Administrative Code which establishes guidance for the funding level of the District's General Reserve. Section 12.15 requires the annual recommended budget to include a General Reserve of no less than 10% of the District's operating reserves. For 2008-09, the General Reserve has been increased from \$3,000,000 to \$3,500,000 in accordance with Section 12.15.

I would like to express my gratitude to your Board's ad-hoc sub-committee consisting of your Chair, Supervisor Ornellas, your Vice-Chair Councilmember Vieras, and Supervisors Barba, Dominici and Worthley for their time in providing valuable guidance in the development of the Recommended Budget. I am also grateful for your Board's continued support for resources needed to sustain an active and effective air quality program.

I look forward to continuing and increasing our progress toward cleaner air for all Valley residents in 2008-09.

Respectfully submitted,



Seyed Sadredin
Executive Director/Air Pollution Control Officer

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

	Adjusted FY 07-08	Recommended FY 08-09	Increase (Decrease)
APPROPRIATIONS			
Salaries & Benefits (before Salary Savings)	27,184,800	27,515,200	330,400
Projected Salary Savings	(1,934,400)	(497,300)	1,437,100
Salaries & Benefits (net of Salary Savings)	25,250,400	27,017,900	1,767,500
Services & Supplies	4,840,400	5,115,000	274,600
Fixed Assets	1,531,100	2,410,700	879,600
OPERATING APPROPRIATIONS	31,621,900	34,543,600	2,921,700
Other Charges	536,000	152,000	(384,000)
Incentive Programs	42,980,071	101,492,300	58,512,229
Appropriation for Contingencies	637,000	850,000	213,000
NON-OPERATING APPROPRIATIONS	44,153,071	102,494,300	58,341,229
TOTAL APPROPRIATIONS	75,774,971	137,037,900	61,262,929
REVENUE			
Stationary Revenue	13,553,100	16,533,500	2,980,400
Grant Revenue	2,722,000	3,410,500	688,500
DMV Surcharge Fees - District Portion	9,800,000	10,094,000	294,000
Administrative Fees - Incentive Programs	2,259,900	3,988,700	1,728,800
Fund Balance Used	3,686,900	2,074,900	(1,612,000)
Reserves Released / (Increased)	-	(1,558,000)	(1,558,000)
OPERATING REVENUE/FUNDING SOURCES	32,021,900	34,543,600	2,521,700
Non-Operating Revenue	39,889,771	101,110,300	61,220,529
Fund Balance/Reserves Released	3,863,300	1,384,000	(2,479,300)
NON-OPERATING REVENUE/FUNDING SOURCES	43,753,071	102,494,300	58,741,229
TOTAL REVENUE/FUNDING SOURCES	75,774,971	137,037,900	61,262,929

RECOMMENDED POSITIONS	306	310	4
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RESERVES			
General Reserve	3,000,000	3,500,000	500,000
Long-Term Building Maintenance	289,000	343,000	54,000

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

<u>ACCOUNT TITLE</u>	<u>2007-08 ESTIMATED REVENUES</u>	<u>2008-09 ESTIMATED REVENUES</u>	<u>INCREASE / (DECREASE)</u>	
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OPERATING REVENUE

STATIONARY SOURCE

Permit Fees	10,363,700	13,523,000	3,159,300	30%
Settlements	2,770,000	2,500,000	(270,000)	-10%
Interest	360,000	465,000	105,000	29%
Miscellaneous	59,400	45,500	(13,900)	-23%
Total Stationary Non-grant Operating Revenue	13,553,100	16,533,500	2,980,400	22%

GRANT REVENUE

State Subvention	882,000	882,000	-	
EPA 105 Grant	1,800,000	2,378,000	578,000	32%
EPA 103 Grant	40,000	150,500	110,500	276%
Total Grant Revenue	2,722,000	3,410,500	688,500	25%

Total Stationary Operating Revenue	16,275,100	19,944,000	3,668,900	23%
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DMV Surcharge Fees - District	9,800,000	10,094,000	294,000	3%
Administrative Fees - Incentive Programs	2,259,900	3,988,700	1,728,800	76%

Total Operating Revenue	28,335,000	34,026,700	5,691,700	20%
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Fund Balance Used	3,686,900	2,074,900		
Reserves Released / (Increased)	-	(1,558,000)		

Estimated Funding Sources - Operating	32,021,900	34,543,600		
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NON-OPERATING REVENUE

Air Toxics	36,000	32,000	(4,000)	-11%
EPA 103 Grant - Non Operating	200,000	-	(200,000)	-100%
DMV Surcharge Fees - Pass Through	9,829,500	9,717,400	(112,100)	-1%
Carl Moyer Funds	11,356,300	10,100,000	(1,256,300)	-11%
Dairy CEQA - Pass Through	200,000	120,000	(80,000)	-40%
ISR Mitigation Program & Development Mitigation Contracts	17,462,700	16,648,000	(814,700)	-5%
School Bus Retrofit Program	163,871	-	(163,871)	-100%
Proposition 1B Funding Program	-	38,503,500	38,503,500	
Great Basin APCD Program	-	201,400	201,400	
Lower Emission School Bus Program	-	19,208,000	19,208,000	
Federal Diesel Emission Reduction Funding Program	-	5,000,000	5,000,000	
Miscellaneous Incentive Grant Funding	50,000	50,000	-	
Non-Operating Interest	591,400	1,530,000	938,600	159%

Total Non-Operating Revenue	39,889,771	101,110,300	61,220,529	153%
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Fund Balance Used / Reserves Released	3,863,300	1,384,000		
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Estimated Funding Sources - Non-Operating	43,753,071	102,494,300		
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TOTAL REVENUE

Estimated Financing Sources - Total	75,774,971	137,037,900		
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008- 09 Recommended Budget
Total District

ACCOUNT NUMBER	DESCRIPTION	2007-08 ADJUSTED APPROPRIATIONS	2008-09 RECOMMENDED	INCREASE (DECREASE)	
OPERATING APPROPRIATIONS					
SALARIES AND BENEFITS					
6100	Regular Salaries	\$ 16,166,800	\$ 17,848,700	1,681,900	10%
6200	Temporary Help	507,900	590,700	82,800	16%
6270	On Call Pay	77,900	77,900	-	0%
6300	Overtime	249,700	260,100	10,400	4%
6350	Unemployment	70,700	75,800	5,100	7%
6400	Retirement	5,330,200	5,114,700	(215,500)	-4%
6500	QASDI	277,300	328,200	50,900	18%
6550	Workers Compensation	210,100	186,800	(23,300)	-11%
6600	Cafeteria Plan Benefits	2,166,500	2,321,300	154,800	7%
6700	Long-Term Disability Insurance	57,700	65,100	7,400	13%
6800	Alternate Transportation Incentive	135,600	148,600	13,000	10%
TOTAL SALARIES AND BENEFITS		\$ 25,250,400	\$ 27,017,900	1,767,500	7%
SERVICES AND SUPPLIES					
7020	Safety Supplies & Equipment	\$ 22,500	\$ 16,400	(6,100)	-27%
7039	Mobile Communications	108,300	119,000	10,700	10%
7040	Telephone Charges	116,800	127,300	10,500	9%
7100	Insurance	173,200	189,100	15,900	9%
7205	Equipment Maintenance	136,400	180,900	44,500	33%
7210	Vehicle Maintenance & Operations	191,500	238,700	47,200	25%
7215	Computer Maintenance	128,400	168,000	39,600	31%
7220	Video Conferencing Maintenance & Operations	157,000	246,200	89,200	57%
7225	Building Maintenance & Operations	152,000	181,000	29,000	19%
7260	Office Supplies	98,500	98,500	-	0%
7264	Computer Software & Supplies	71,900	71,900	-	0%
7266	Monitoring Station Supplies & Equipment	88,200	138,300	50,100	57%
7268	Postage	146,200	169,200	23,000	16%
7270	Printing	153,700	147,400	(6,300)	-4%
7295	Professional & Specialized Services	1,961,100	1,801,600	(159,500)	-8%
7325	Publications & Legal Notices	153,100	176,000	22,900	15%
7340	Rents & Leases	249,800	329,600	79,800	32%
7385	Small Tools & Equipment	57,800	57,800	-	0%
7400	Special District Expense	251,200	249,500	(1,700)	-1%
7415	Travel & Training	134,700	139,800	5,100	4%
7417	Travel & Training - Boards	50,600	53,300	2,700	5%
7431	Utilities	201,900	198,300	(3,600)	-2%
7431	Audit Services	15,600	17,200	1,600	10%
7490	Legal Services	20,000	-	(20,000)	-100%
TOTAL SERVICES AND SUPPLIES		\$ 4,840,400	\$ 5,115,000	274,600	6%
FIXED ASSETS					
8202	Office Improvements	\$ 51,300	\$ 51,300	-	0%
8301	Computer Equipment	449,900	545,300	95,400	21%
8302	Office Furniture & Equipment	92,700	43,400	(49,300)	-53%
8303	Office Machines	65,100	47,900	(17,200)	-26%
8305	Telephone Systems	146,600	146,600	-	0%
8307	Detection Equipment	20,200	24,000	3,800	19%
8308	Automobiles	321,700	324,500	2,800	1%
8310	Bakersfield Office Relocation	-	302,700	302,700	0%
8316	Video Conferencing System	156,100	380,000	223,900	143%
8325	Air Monitoring Station Equipment	227,500	545,000	317,500	140%
TOTAL FIXED ASSETS		\$ 1,531,100	\$ 2,410,700	879,600	57%
TOTAL OPERATING APPROPRIATIONS		\$ 31,621,900	\$ 34,543,600	\$ 2,921,700	9%

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008- 09 Recommended Budget
Total District**

ACCOUNT NUMBER	DESCRIPTION	2007-08 ADJUSTED APPROPRIATIONS	2008-09 RECOMMENDED	INCREASE (DECREASE)
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NON-OPERATING APPROPRIATIONS				
OTHER CHARGES				
9100-01	Air Toxic Pass Through	\$ 36,000	\$ 32,000	(4,000) -11%
9100-10	Dairy CEQA - Pass Through	200,000	120,000	(80,000) -40%
9101-01	EPA 103 Grant - Operation Clean Air	200,000	-	(200,000) -100%
9120-01	DMV Surcharge Fees - Study Agency	100,000	-	(100,000) -100%
TOTAL OTHER CHARGES		536,000	152,000	(384,000) -72%
INCENTIVE PROGRAMS				
9130-00	DMV Surcharge Fees - Incentives	11,902,300	10,750,600	(1,151,700) -10%
9400-00	Carl Moyer Heavy Duty Program	12,517,300	10,405,800	(2,111,500) -17%
9440-04	School Bus Retrofit Program	163,871	-	(163,871) -100%
9500-00	ISR and Development Contract Mitigation Programs	17,462,700	16,648,000	(814,700) -5%
9510-01	San Joaquin Valley Blueprint Project	250,000	-	(250,000) -100%
#N/A	Proposition 1B Funding Program	-	38,503,500	38,503,500 0%
9513-01	Lower Emission School Bus Program	-	19,208,000	19,208,000 0%
9515-01	Great Basin APCD Program	-	201,400	201,400 0%
9517-01	Federal Diesel Emission Reduction Funding Program	-	5,000,000	5,000,000 0%
9880-00	Community Incentives	-	310,000	310,000 0%
	Miscellaneous / Interest - Incentive Programs	683,900	465,000	(218,900) -32%
TOTAL INCENTIVE PROGRAMS		\$ 42,980,071	\$ 101,492,300	58,512,229 136%
9991-00	Appropriation for Contingencies	\$ 637,000	\$ 850,000	213,000 33%
TOTAL NON-OPERATING APPROPRIATIONS		\$ 44,153,071	\$ 102,494,300	58,341,229 132%

TOTAL APPROPRIATIONS				
TOTAL DISTRICT APPROPRIATIONS		\$ 75,774,971	\$ 137,037,900	\$ 61,262,929 81%

Operating Budget

Category	Item	Q1	Q2	Q3	Q4	Annual Total
Revenue

Expenses

Total

ADMINISTRATION

FISCAL SUMMARY

	<u>Budgeted 2007-08</u>	<u>Recommended 2008-09</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	5,607,400	6,011,400	404,000	7%
Services and Supplies	2,461,500	2,358,400	(103,100)	-4%
Fixed Assets	<u>430,400</u>	<u>828,600</u>	<u>398,200</u>	<u>93%</u>
 Total	 <u>8,499,300</u>	 <u>9,198,400</u>	 <u>699,100</u>	 <u>8%</u>

<u>Position Summary</u>	67	69	2
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FUNCTION

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

General Administration

The General Administration Division has responsibility for the overall management of the District. Under policy direction of the Governing Board, the Executive Director/APCO and the Deputy APCO represent the Board's interests and oversee the development and implementation of policies and procedures, formulation of policy alternatives and recommendations, overall management of personnel and resources, and development and implementation of air quality-related programs.

District Counsel

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

Personnel

The Personnel Division performs the full range of personnel support activities for all operating departments and programs. Specific program activities include: recruitment, classification and pay, records management, legal compliance, labor relations, training, and management/supervisory support. In addition, the Division is responsible for minimizing risk to the District through the employee benefits, workers' compensation, wellness, and centralized safety programs. The Personnel Division has also taken on a lead role in the program development and implementation of the STAR (service, teamwork, attitude, respect) work culture program.

Administrative Services

The Administrative Services Division is responsible for all fiscal and general services related functions of the District, oversight of the District clerical staff, records management, and oversight of the Clerk to the Board function. The fiscal functions include preparation and control of the District's budget; responsibility for accounting and auditing all District revenues and expenditures; and preparation of financial statements and all related reports. The general service functions include responsibility for facilities management, fleet maintenance, purchasing, and risk management.

Information Technology Services

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

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

Outreach and Communications

The Outreach and Communications (OC) Division, plans and implements strategies to meet the District's outreach and communication goals. The OC Division will continue to expand District outreach activities and communication strategies. These strategies include designing and implementing comprehensive, multi-lingual, multi-media outreach campaigns; coordinating an effective media relations program; responding to public inquiries; writing and distributing newsletters, brochures and other outreach materials; conducting public presentations to promote clean air; collaborating with local, state and federal agencies and stakeholders to further the District's mission; and working with other divisions to ensure they meet their communications and public affairs needs

SIGNIFICANT IMPACTS TO 2008-09 BUDGET

General Administration

The District has a long tradition of relying on good sound science in formulating effective air quality management strategies. To further enhance the District's capability to address complex health-related issues on a scientific basis, the 2008-09 Recommended Budget includes appropriations for a new Health Science Advisor position. Under executive direction, the Health Science Advisor will play a lead role in the following areas:

- Conducting in-house research and analysis on health and science related matters
- Design and execution of Valley-specific health and scientific research projects
- Public education relating to health effects of air pollution
- Providing expert advice to staff and the Board in formulating and implementing the District's air quality management programs, including rules, regulations, and plans
- Close coordination with the District's Air Quality Analyses staff to analyze, enhance, and interpret scientific data

Administrative Services

Similar to the District as a whole, the workload of the Administrative Services Division (ADS) has increased significantly as a result of the expansion of the incentive grant programs. Additional staffing resources were added during 2007-08 to address the additional grant-related workload and no additional staffing resources are being requested this year. The 2008-09 Recommended Budget does however include a request to reclassify an Accountant position to a Senior Accountant position to provide much needed lead direction to the Accountants, Accounting Technicians, and Accounting Assistants. Currently there is one Supervising Accountant position providing direction to over 10 positions without the benefit of any senior positions. This reclassification will provide better lead direction, provide needed assistance with the more complicated ADS responsibilities, and provide for better succession planning within ADS.

It is anticipated that the relocation of the Southern Region office will occur during January or February of 2009. ADS will be responsible for the coordination of all logistics associated with this relocation project. This project will have a major impact on the staffing resources of ADS, Information Technology Services, and those employees working in the Southern Region office prior to, during, and after the relocation. The 2008-09 Recommended Budget includes approximately \$494,000 in appropriations to address the costs of relocating the Southern Region office and the additional lease and maintenance costs for the six months after the move.

Also included in the 2008-09 Recommended Budget are appropriations in the amount of \$74,000 for the replacement of the District's financial accounting software program. The

District's current fund accounting system has been in use since 1994. In addition to ongoing operational and support issues, the District has been notified by the manufacturer that they will no longer support the software in the near future. The District has identified a fund accounting software package that better meets its ongoing needs and will be transitioning to the new software in 2008-09.

Information Technology Services

ITS will be conducting several key projects in support of District operational objectives. These projects include: Healthy Air Living website; telecommuting infrastructure install; Bakersfield office relocation; accounting system upgrade; and video teleconferencing system upgrade.

The District's Healthy Air Living program aims to encourage air friendly behavior by all individuals in the Valley. To do this, significant effort is spent on outreach to various focus groups. A Healthy Air Living web site will be developed to help the outreach efforts and to serve as a clearinghouse for Healthy Air Living-related information.

Telecommuting is seen as an effective way of reducing vehicle trips and the air pollution associated with those trips. Proper technology is key to making telecommuting efficient and effective. ITS will be installing the technology infrastructure necessary to support the District's telecommuting plan.

The District will be relocating its Bakersfield office during fiscal year 2008-09. One of the tasks associated with a move like this is the relocation of voice, video, and data equipment. ITS will be relocating this equipment with the goal of minimizing any disruption to ongoing District operations.

The District will be transitioning to a new fund accounting software package during 2008-09. ITS will be installing the infrastructure required for this new software and will be assisting the Administrative Services Division with legacy data migration.

The District relies on its video teleconferencing (VTC) system for efficient and effective communication between regional offices, curtailment of air pollution through reduced vehicle miles driven, and an improved ability to get its message out by making it easier for the public to participate in air quality improvement processes. The District was informed during fiscal year 2007-08 that its VTC system was not eligible for a maintenance contract because of its age. Most of the District's VTC system equipment was installed in January 1999, and some of it dates back to October 1996. ITS will be conducting a project to update the District's obsolete VTC equipment with current technology during 2008-09. The total cost of the upgrade project, approximately \$1.2 million, will be spread over five years through a lease/purchase agreement. The 2008-09 Recommended Budget includes appropriations in the amount of approximately \$371,000 for the first year lease payment and related maintenance support costs.

The 2008-09 Recommended Budget also includes appropriations for one additional permanent Network Systems Analyst I/II position to handle the growing demands for

remote computing (field inspectors, management laptop users, and the proposed telecommuting staff). Remote laptop computers have grown from a few pilot project test units, to comprising nearly one-half of the District's installed user base. The additional Network Systems Analyst position will enable ITS to deal with the current load of demands created by the remote computing initiative. This will result in sufficient support and training of remote computing users, eliminate the loss of productivity in the field, and enhance our ability to take advantage of new technologies that can enable field staff to be more productive and offer better customer support (e.g., PDA's to support facility inspections, new cellular-based communication equipment, etc.).

In 2008-09, the scope and the range of functions assigned to the ITS Division will be expanded to include further executive level responsibilities in the development and fulfillment of the District's overall strategic plan, mission, and goals. The ITS Division will also take on major new responsibilities in the execution of the District's expanded grant programs and the Healthy Air Living initiative. To ensure consistency and address the expansion of duties assigned to the Information Systems Manager, the 2008-09 Recommended Budget realigns this position by changing the title to Director of Information Systems and adjusting the salary for this position to the director level which is consistent with the duties, responsibilities, and expectations associated with other District director level positions.

Outreach and Communications

In 2008-09, the Outreach and Communications (OC) Division will continue to play a major role in furthering the District's goals and mission through enhanced public outreach and education.

As air-quality continues to be a key issue for Valley residents, comprehensive multi-lingual outreach serves to not only educate Valley residents and stakeholders on the activities of the District, but it also enables residents to take a proactive role in improving air quality. As the 8-hour ozone planning process has demonstrated, every Valley resident must take a level of ownership and make personal decisions to address the challenges presented by new federal mandates and health study information. In an effort to increase this level of community ownership, the 2008-09 Recommended Budget includes appropriations for three community incentive programs that will be coordinated by the OC, as follows:

Clean Green Yard Machines Program

The Clean Green Yard Machines (CGYM) annual lawnmower trade-in program is one of the District's most-recognizable and anticipated consumer-oriented programs. Not only is this program responsible for a significant reduction in particularly noxious emissions contributed by two-stroke engines, but it reaps an additional, priceless benefit of engaging the public in not only a specific program, but in larger District goals, as well. This program has evolved from an on-site, labor-intensive program conducted through multiple events at several locations within the 25,000-square-mile air basin, to a streamlined, easy-to-access program done through phone and e-mail. We regularly exhaust program monetary resources within two weeks of the program's kick-off, a solid testament to the ever-growing popularity of CGYM. The 2008-09 Recommended Budget includes \$115,000 of appropriations, which will be leveraged by contributions from cities and counties in

the Valley, for this program. The CGYM is expected to again be a highlight of the District's community incentive programs.

Burn Cleaner Program

A newer entry among the growing menu of District-run incentive programs targeted to the general public, the Burn Cleaner stove and insert discount program debuted with outstanding response and, in its second year, continues to grow in popularity. In its third year, the program will no longer be funded by Operation Clean Air, but will be funded entirely by the District. Through the Burn Cleaner program, Valley residents who may be contemplating the purchase of a cleaner alternative to their wood-burning fireplace, but who have not yet made the sizeable monetary commitment it requires, are frequently motivated into making their purchase through the discount offered by Burn Cleaner. As wood combustion is the single largest contributor of wintertime particulate matter emissions, even a small percentage of residential wood-burners who trade up to gas, as provided through this program, make a big difference in winter air quality. The 2008-09 Recommended Budget includes \$95,000 of appropriations for this program.

Residential Water Heater Program

In 2008-09, the District will develop a program to provide incentives for Valley residents to replace older, high-emitting, inefficient water heaters with new, lower-emitting, efficient units. This program may also provide incentives to upgrade existing water heaters to improve efficiency and lower emissions. The 2008-09 Recommended Budget includes \$100,000 of appropriations for this program.

Comprehensive and strategic public interaction and outreach will play an ever increasing role in the activities of the District. Although outreach has historically been a key activity of this Division, enhancements to the District's public outreach strategy will increase the public's understanding of the air quality challenges in the Valley; the roles and responsibilities of the Air District; and the need for strategic air-friendly choices to be made by individuals, communities, organizations and stakeholder groups. Key to the strategy is the new Healthy Air Living initiative. This initiative will allow the District to provide tools and strategies to businesses, municipalities and individuals which will produce tangible reductions in emissions. By enriching successful initiatives such as multilingual outreach; community-based education which include symposiums, town hall meetings and civic presentations; increased presence on radio, print, web and TV media outlets; multi-generational outreach programs such as the curriculums, CSUF class, and flag program; Environmental Justice strategy development; and collaborative partnerships which leverage resources; OC will be able to substantially increase the presence of the Air District in the community and build understanding of the public role in improving air quality. Additionally, initiatives such as the consolidation of advertising needs and the analysis of outreach activities and health-based results will target our messages to have the most direct impact on air quality and public health.

Furthermore, the OC Division will build additional efficiencies into its successful, comprehensive, trilingual marketing campaign for the English-, Spanish- and Hmong-speaking communities through a consolidation of messages under the various campaigns. This will

allow the District to further unify key messages related to trip reduction; reductions in residential wood smoke; Air Quality Index awareness; Indirect Source Review, land-use and CEQA; lawn-care; and educational events and outreach. Through strategic analysis, the Division will be able to better assess the relationship between key programs, air-quality and public health. This information will guide OC in developing outreach strategies which maximize District resources throughout the Valley.

The OC Division also plays a key role in support the District's outreach with key policymakers and stakeholders. In 2008-09, the District will be garnering support for state and federal funding initiatives in the San Joaquin Valley to reduce the impact of mobile sources. In order for the Valley to achieve attainment of the new standards, it will be essential for all agencies to contribute their fair share of the necessary reductions. This support will rely on public knowledge and understanding developed through strategic outreach and media management.

In 2008-09, the scope and the range of functions assigned to the OC Division will be expanded to include further executive level responsibilities in the development and fulfillment of the District's overall strategic plan, mission, and goals. The OC Division will also play a lead role in the design and execution of the District's Healthy Air Living initiative. To ensure consistency and address expansion of duties assigned to the Chief Communication Officer, the 2008-09 Recommended Budget realigns this position by adjusting the salary for this position to the director level which is consistent with the duties, responsibilities, and expectations associated with other District director level positions.

SUMMARY OF POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Executive Director/APCO	1	1	0
Deputy APCO	1	1	0
District Counsel	1	1	0
Chief Communication Officer	1	1	0
Director of Administrative Services	1	1	0
Director of Information Systems	0	1	+1
Director of Personnel	1	1	0
Senior Policy Advisor	1	1	0
Assistant Counsel I/II	1	1	0
Information Systems Manager	1	0	-1
Controller	1	1	0
Supervising Programmer/Analyst	1	1	0
Health Science Advisor	0	1	+1
Personnel Administrator	1	1	0
Senior Programmer Analyst	2	2	0
Supervising Network Systems Analyst	1	1	0
Supervising Accountant	1	1	0
Senior Personnel Analyst	1	1	0
Senior Network System Analyst	3	3	0
Senior Accountant	0	1	+1
Senior Air Quality Ed Representative	1	1	0
Deputy Clerk to the Boards	1	1	0
Administrative Analyst I/II	4	4	0
Communication Systems Analyst I/II	2	2	0
Network Systems Analyst I/II	3	4	+1
Programmer Analyst I/II	7	7	0
Air Quality Ed Representative I/II	4	4	0
Accountant I/II	3	2	-1
Operations Support Supervisor	1	1	0
Legal Technician	1	1	0
Administrative Secretary	1	1	0
Accounting Technician	2	2	0
Personnel Technician I/II	1	1	0
General Services Technician I/II	1	1	0
Maintenance Worker	1	1	0
Senior Office Assistant	4	4	0
Word Processing Specialist I/II	1	1	0
Accounting Assistant I/II	5	5	0
Office Assistant I/II	<u>4</u>	<u>4</u>	<u>0</u>
TOTAL	<u>67</u>	<u>69</u>	<u>+2</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008- 09 Recommended Budget
Administration

ACCOUNT NUMBER	DESCRIPTION	2007-08 ADJUSTED APPROPRIATIONS	2008-09 RECOMMENDED	INCREASE (DECREASE)	
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SALARIES AND BENEFITS					
6100	Regular Salaries	\$ 3,669,400	\$ 4,045,600	376,200	10%
6200	Temporary Help	67,700	64,300	(3,400)	-5%
6270	On Call Pay	-	-	-	0%
6300	Overtime	32,600	34,300	1,700	5%
6350	Unemployment	15,200	16,600	1,400	9%
6400	Retirement	1,195,500	1,159,200	(36,300)	-3%
6500	OASDI	58,700	67,100	8,400	14%
6550	Workers Compensation	39,500	33,800	(5,700)	-14%
6600	Cafeteria Plan Benefits	485,800	543,700	57,900	12%
6700	Long-Term Disability Insurance	13,100	14,100	1,000	8%
6800	Alternate Transportation Incentive	29,900	32,700	2,800	9%
TOTAL SALARIES AND BENEFITS		\$ 5,607,400	\$ 6,011,400	404,000	7%

SERVICES AND SUPPLIES					
7020	Safety Supplies & Equipment	\$ 12,100	\$ 5,800	(6,300)	-52%
7039	Mobile Communications	15,500	22,600	7,100	46%
7040	Telephone Charges	29,000	37,100	8,100	28%
7100	Insurance	173,200	188,800	15,600	9%
7205	Equipment Maintenance	26,800	36,300	9,500	35%
7210	Vehicle Maintenance & Operations	36,500	36,900	400	1%
7215	Computer Maintenance	33,800	64,400	30,600	91%
7220	Video Conferencing Maintenance & Operations	157,000	246,200	89,200	57%
7225	Building Maintenance & Operations	36,800	46,800	10,000	27%
7260	Office Supplies	23,000	26,500	3,500	15%
7264	Computer Software & Supplies	14,700	16,400	1,700	12%
7266	Monitoring Station Supplies & Equipment	-	-	-	0%
7268	Postage	24,400	43,700	19,300	79%
7270	Printing	120,600	114,900	(5,700)	-5%
7295	Professional & Specialized Services	1,291,500	1,019,600	(271,900)	-21%
7325	Publications & Legal Notices	37,500	36,000	(1,500)	-4%
7340	Rents & Leases	23,300	32,100	8,800	38%
7385	Small Tools & Equipment	12,500	14,600	2,100	17%
7400	Special District Expense	218,900	208,100	(10,800)	-5%
7415	Travel & Training	66,300	67,500	1,200	2%
7417	Travel & Training - Boards	32,900	35,600	2,700	8%
7431	Utilities	39,600	41,300	1,700	4%
7480	Audit Services	15,600	17,200	1,600	10%
7490	Legal Services	20,000	-	(20,000)	-100%
TOTAL SERVICES AND SUPPLIES		\$ 2,461,500	\$ 2,358,400	(103,100)	-4%

FIXED ASSETS					
8202	Office Improvements	\$ 51,300	\$ 51,300	-	0%
8301	Computer Equipment	80,900	172,500	91,600	113%
8302	Office Furniture & Equipment	15,100	13,400	(1,700)	-11%
8303	Office Machines	13,400	10,400	(3,000)	-22%
8305	Telephone Systems	29,600	33,100	3,500	12%
8307	Detection Equipment	-	-	-	0%
8308	Automobiles	84,000	135,000	51,000	61%
8309	Audio/Visual Equipment	-	-	-	0%
8310	Bakersfield Office Move	-	32,900	32,900	0%
8314	Vehicle Radio Equipment	-	-	-	0%
8316	Video Conferencing System	156,100	380,000	223,900	143%
8325	Air Monitoring Station Equipment	-	-	-	0%
8404	Electronic Document Management Project	-	-	-	0%
8405	Central Region Parking Lot Project	-	-	-	0%
8406	Central Region Office Modification	-	-	-	0%
TOTAL FIXED ASSETS		\$ 430,400	\$ 828,600	398,200	93%

TOTAL CURRENT YEAR APPROPRIATIONS		\$ 8,499,300	\$ 9,198,400	699,100	8%
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COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2007-08</u>	<u>Recommended 2008-09</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	6,914,700	7,280,000	365,300	5%
Services and Supplies	826,700	881,100	54,400	7%
Fixed Assets	<u>391,400</u>	<u>532,800</u>	<u>141,400</u>	<u>36%</u>
 Total	 <u>8,132,800</u>	 <u>8,693,900</u>	 <u>561,100</u>	 <u>7%</u>
 <u>Position Summary</u>	 85	 87	 2	

FUNCTION

The District's Compliance Department ensures that sources of air pollution subject to the District rules and regulations comply with applicable requirements. The program objectives for the Compliance Department are set forth in federal and state law and the District's Air Quality Attainment Plans. In order to meet these program objectives, District staff perform inspections at approximately 8,000 industrial and commercial facilities, over 6,400 agricultural operations, and hundreds of locations where emission reduction incentive projects have been implemented. The major functions of the Compliance Department are as follows:

Inspections of Stationary Sources

The stationary source inspections performed by the District are required by the United States Environmental Protection Agency (EPA) and the California Air Resources Board (ARB) as part of Federal Title V, EPA 105 Grant, and State Subvention requirements. ARB recommends that the District maintain inspection frequencies of once per year for minor sources and quarterly for major stationary sources. Under the District's variable inspection frequency policy, inspection frequencies are assigned considering various factors, including sources' compliance and complaint histories, potential for air quality impact, frequency of equipment use, the presence of toxic air contaminants, and potential for violations occurring.

Emission Reduction Incentive Program (ERIP) Inspections

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

Starting in 2008-09, the District is expected to receive 250 million dollars of Proposition 1B funds over a four year period. This money will be utilized as incentive money to reduce vehicle miles traveled in two main Valley corridors (Highway 99 and Interstate 5). As a result, hundreds of additional grant-related inspections will be conducted by Compliance staff.

Source Testing

Hundreds of stationary sources must be tested each year for emissions of air pollutants, and ARB recommends all tests be observed and evaluated by District staff. In addition, the District utilizes its monitoring vans 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. With new rule requirements, source testing has increased over the last few years. To meet the increased demand, changes to District policy were made, including the allowance of third party source testing contractors to test over longer periods. This program has been streamlined through policy and procedural changes such that staff traditionally working entirely in this program now assists with other program duties where the workload has increased.

Portable Equipment Inspections

In addition to inspecting portable equipment registered in the District portable equipment registration program, the District also inspects portable equipment registered in the State of California registration program. Recently, ARB updated their portable equipment regulation, which included an amnesty period for unregistered equipment to apply for registration. The revisions to the ARB regulation is expected to increase the District's inspection workload related to portable equipment.

Gasoline Station Inspecting and Testing Program

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

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

The centralized organizational structure for vapor recovery inspection staff, which was initiated in 2005, continues to help us achieve our goals in this program. In conjunction with the tester certification program, staff who traditionally worked in this program has been re-assigned to assist with other programs where the workload has increased.

An analysis has been conducted on time spent in the gasoline dispensing facility program and its aggregate contribution to the formation of ozone. It has been determined that 15-25% of staff time should be spent in other areas to further reduce oxides of nitrogen (NO_x) emissions. Starting in July 2008, staff that traditionally worked entirely in this program will assist with other program duties where the workload has increased and to allow for more timely NO_x reductions. As a result, combustion equipment will be given a greater inspection priority.

Fugitive Dust Regulations

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

Agricultural and Prescribed Burning

Under State Senate Bill 705, which became law in 2003, open burning for crops in the Valley will be phased out over the next several years as more alternatives to open burning are developed. Although the prohibition of burning of some materials has already taken effect, the District still issues approximately 11,000 annual burn permits and authorizes burning on a daily basis using the District's Smoke Management Program. In addition to the issuance of burn permits, staff receives over 25,000 calls requesting authorization to burn.

Prescribed burning by land management agencies is another activity regulated by the District. In accordance with Title 17, the District reviews burn plans, provides burn authorizations, and monitors the fires. Compliance staff also has an ongoing dialogue with land management agencies and other air districts to improve communication and cooperation among all parties. These activities help to ensure the smoke is well managed and its impact upon air quality and public health is reduced to the extent feasible.

Complaint Investigations

The District received 3,114 complaints in 2007 for which timely responses and investigations of alleged sources of complaints were top priorities. Inspectors are on-call 24 hours per day and use an automated answering/paging system and cellular telephones to respond to complaints quickly in order to abate potential public nuisances. Although the District has been providing a bilingual (Spanish-English) telephone complaint line for over two years, we now have the capability of translating any language into English by utilizing Language Line Services based in Monterey, California. This service is funded by ARB.

Compliance Assistance

Since its inception in 1992, the Compliance Assistance program has emphasized an educational approach to help Valley businesses comply with a variety of air pollution regulations. In 2007, businesses and individuals throughout the Valley were provided with:

- **Individualized Assistance**
Personal, one-on-one help was provided to hundreds of businesses and individuals to ensure they understood the District's requirements.
- **Compliance Assistance Bulletins**
Bulletins on various topics were sent to realtors, building departments, vapor recovery facilities, contractors, owners of boilers and internal combustion engines, and farmers.
- **Compliance School**
This two-hour training was provided on the topics of open burning, vapor recovery, and fireplace burning.
- **Gasoline Station Tester Training**
We provided ongoing training for contractors who wished to perform vapor recovery tests within the District. A rule was passed that requires testers be certified and will insure an adequate pool of qualified contractors.
- **Asbestos Training**
Training on asbestos regulations was provided to the building industry, building departments, fire departments, and realtors. Staff continues to spend considerable time providing one-on-one assistance to the regulated community with asbestos inquiries.
- **Rule 4901 (Fireplace and Wood Burning Heater) Education**
Staff responded to public inquiries concerning the program, including providing compliance assistance brochures.
- **Regulation VIII (Fugitive Dust) Education**
Staff has organized classroom training for all groups required to submit dust control plans for construction activities and will provide ongoing training as needed.
- **Prescribed Burning Outreach**
The District met repeatedly with the land managers of the USDA Forest Service, National Park Service, US Fish and Wildlife Service, Bureau of Land Management, California Department of Forestry and Fire Protection, and Southern California Edison Company in order to insure minimal transport of smoke into the District.
- **Access To Compliance Policies**
In 2007, additional compliance policies were placed on the Web for sources to review, comment, and to assist them with complying with District requirements.
- **Permit Streamlining Meetings**
Compliance continues to attend these meetings as another way of providing compliance assistance. In 2007, Compliance responded to industry inquiries and provided updates in the meetings.

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 Fresno in order to provide for independent review and Valleywide consistency in the settlement of over 3,000 Notices of Violation per year. The program settles over 95 percent of the cases without the need for referral to our legal department.

Continuous Emission Monitoring System Polling

Many stationary sources of air pollutants throughout the District are required by law to monitor their emissions with instruments known as Continuous Emissions Monitoring Systems (CEMS). While these instruments are invaluable in ensuring the facilities operate properly, it is very time consuming for Inspectors to travel to each facility to review the records of the emissions. In an effort to better utilize existing resources, the District implemented an electronic CEMS Polling System in 2001-02. The District utilizes its computer system to automatically gather emissions data from the various companies' CEMS and to notify Inspectors of potential emissions problems. Approximately 70 facilities are currently being polled in this highly successful program.

Hearing Board Activities

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

SIGNIFICANT IMPACTS TO 2008-09 BUDGET

The Compliance Department will also play a major role in the execution of the District's Healthy Air Living initiative. Compliance conducts inspections of thousands of stationary sources each year which creates a great opportunity to educate many people about Healthy Air Living. As part of each inspection, staff will discuss Healthy Air Living, hand out brochures, and mention the Healthy Air Living website. Staff will ask each source if they would like a more detailed presentation of Healthy Air Living from the District. When requested, a Compliance manager or supervisor will meet with the source to discuss the program in more detail and assist with setting up a Healthy Air Living program that fits their operation. In addition, throughout the year Compliance will contact and offer to make Healthy Air Living presentations to those companies that are unregulated by the District, but have a significant number of employees commuting significant miles and/or utilize equipment that produces emissions.

The District's Compliance Department workload will continue to increase dramatically, with a significantly greater number of incentive grant inspections, 6,400 regulated agricultural sources requiring continued inspection, increases in reporting and monitoring associated with Title V permitting, and continued inspections with fugitive dust requirements related to construction projects. This trend will continue in 2008-09. As in past years, the bulk of this additional

workload will be handled by existing staff using new technologies and efficiencies. Over time, there has been a tremendous increase in reporting and record keeping requirements that has increased field staff's workload. In response to this workload, the 2008-09 Recommended Budget includes appropriations for two additional permanent Air Quality Assistant positions to assist field staff with office paperwork, including maintaining databases and preliminary review of Title V reports. These positions will enable inspectors to spend more time in the field to better manage the increased inspection workload.

The Compliance Department staff in the Central Region office provide administrative support to other regions and execute a number of District-wide programs. The major administrative programs in the Central Region include mutual settlements, variance, and smoke management system duties. Historically, these tasks were overseen by supervisors who also supervised field staff. This combination of field and office duties proved to be difficult due to the high supervisor to inspector ratio and the inherent difficulty of overseeing field and office activities. Under the existing organizational structure, it is difficult to provide adequate supervisory oversight for both office and field staff. To rectify this situation, the 2008-09 Recommended Budget reclassifies two existing Senior Air Quality Specialist positions. One position is downgraded to an Air Quality Specialist position and the other is upgraded to a Supervising Air Quality Inspector position. The supervisor position will oversee the mutual settlements, variance, training, and office duties of the smoke management system. Under the recommended organizational structure, office staff will be provided with adequate supervision and the existing supervisors will be able to fully concentrate on field staff. The Air Quality Specialist position will work in the mutual settlement program.

New Workload

As previously stated, Proposition 1B will significantly increase the number of incentive grant related inspections for 2008-09. With approximately 40 million dollars expected in 2008-09, several hundred additional inspections will be performed. In order to conduct timely inspections, the workload will need to be spread out to more of the existing staff.

The increase in Compliance workload from new rule requirements is expected to be significant. For example, Rule 4570, Confined Animal Facility Operations, will significantly increase the time needed to inspect several hundred dairies. There will be a significant increase in Title V facilities in addition to 4,000 winery tanks, 450 fumigation sources, and 6,400 farms that have been permitted over the last few years. Lastly, late in the next fiscal year, Portable Exempt Equipment Registration Equipment (PEER) inspections will commence.

Portable equipment (District and ARB-registered) will continue to be a significant workload in 2008-09. A state amnesty process will allow previously unregistered equipment to be registered, which will result in additional work.

Efficiency and Streamlining Measures

Meeting new mandates with existing staffing will require further streamlining of Compliance functions and continued improvements in efficiency. As part of our efforts to improve our inspection efficiency, the District embarked on an effort aimed at reducing unnecessary

redundancies with inspection paperwork. For the last three years, forms were redesigned in anticipation of the long-term goal of implementing a computer-aided inspection system, with the new forms serving as the templates for the computerized forms. These efforts continue to reduce paperwork and have resulted in a significant reduction in the number of hours spent on inspection paperwork.

One of the other keys to meeting the new and existing mandates with a minimal increase in staffing levels will be the implementation and improvement of new technologies. New technologies being developed for the Compliance Department include:

1. A Field Activity Reporting system designed and implemented in 2006 will be improved with the implementation of PDAs
2. A new assignment program designed to track assignment deadlines is expected to be implemented in late 2007
3. Enhancements to the Compliance Department Intranet have given field staff better access to rules, policies, and forms
4. An automated reporting and report handling system that will reduce paperwork for both the regulated sources and District staff

The Department has continued to improve existing policies and added several new policies as needed to improve consistency and efficiency. Having more detailed policies give staff answers to most questions that arise and allow them to proceed quickly with tasks at hand. Detailed policies will also insure consistency among staff in all three regions. Better-trained inspectors will allow for improved inspections and better service to regulated sources. For this reason, the District will continue to provide staff with training that will improve their technical skills and customer service.

By implementing an improved training and certification program for non-District testing contractors, District staff will be able to spend less time observing tests at gasoline dispensing facilities. The time saved will enable staff to provide better training for facility owners and operators and to assist with other program inspections. This program was implemented in February of 2008.

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Compliance	1	1	0
Air Quality Compliance Manager	3	3	0
Supervising Air Quality Inspector	8	9	+1
Senior Air Quality Inspector	13	12	-1
Senior Air Quality Specialist	1	0	-1
Air Quality Inspector I/II	42	42	0
Air Quality Specialist I/II	2	3	+1
Air Quality Field Assistant	8	8	0
Air Quality Assistant	3	5	+2
Senior Office Assistant	2	2	0
Office Assistant I/II	<u>2</u>	<u>2</u>	<u>0</u>
TOTAL	<u>85</u>	<u>87</u>	<u>+2</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008- 09 Recomend Budget
Compliance

ACCOUNT NUMBER	DESCRIPTION	2007-08 ADJUSTED APPROPRIATIONS	2008-09 RECOMMENDED	INCREASE (DECREASE)	
SALARIES AND BENEFITS					
6100	Regular Salaries	\$ 4,212,000	\$ 4,616,400	404,400	10%
6200	Temporary Help	283,300	281,500	(1,800)	-1%
6270	On Call Pay	77,900	77,900	-	0%
6300	Overtime	49,000	48,500	(500)	-1%
6350	Unemployment	19,200	23,000	3,800	20%
6400	Retirement	1,437,900	1,347,200	(90,700)	-6%
6500	OASDI	84,600	94,400	9,800	12%
6550	Workers Compensation	105,000	92,000	(13,000)	-12%
6600	Cafeteria Plan Benefits	592,800	639,100	46,300	8%
6700	Long-Term Disability Insurance	14,900	16,200	1,300	9%
6800	Alternate Transportation Incentive	38,100	43,800	5,700	15%
TOTAL SALARIES AND BENEFITS		\$ 6,914,700	\$ 7,280,000	365,300	5%
SERVICES AND SUPPLIES					
7020	Safety Supplies & Equipment	\$ 7,300	\$ 7,400	100	1%
7039	Mobile Communications	80,800	85,800	5,000	6%
7040	Telephone Charges	56,900	53,300	(3,600)	-6%
7100	Insurance	-	-	-	0%
7205	Equipment Maintenance	44,300	62,800	18,500	42%
7210	Vehicle Maintenance & Operations	129,900	172,700	42,800	33%
7215	Computer Maintenance	20,500	22,600	2,100	10%
7220	Video Conferencing Maintenance & Operations	-	-	-	0%
7225	Building Maintenance & Operations	27,100	32,400	5,300	20%
7260	Office Supplies	32,400	31,800	(600)	-2%
7264	Computer Software & Supplies	18,400	18,800	400	2%
7266	Monitoring Station Supplies & Equipment	-	-	-	0%
7268	Postage	24,700	25,000	300	1%
7270	Printing	11,300	11,100	(200)	-2%
7295	Professional & Specialized Services	122,400	40,200	(82,200)	-67%
7325	Publications & Legal Notices	-	5,000	5,000	0%
7340	Rents & Leases	120,300	170,700	50,400	42%
7385	Small Tools & Equipment	16,700	23,400	6,700	40%
7400	Special District Expense	23,500	31,400	7,900	34%
7415	Travel & Training	34,800	33,000	(1,800)	-5%
7417	Travel & Training - Boards	17,700	17,700	-	0%
7431	Utilities	37,700	36,000	(1,700)	-5%
TOTAL SERVICES AND SUPPLIES		\$ 826,700	\$ 881,100	54,400	7%
FIXED ASSETS					
8202	Office Improvements	\$ -	\$ -	-	0%
8301	Computer Equipment	108,000	110,300	2,300	2%
8302	Office Furniture & Equipment	15,400	10,600	(4,800)	-31%
8303	Office Machines	18,600	13,300	(5,300)	-28%
8305	Telephone Systems	41,500	40,000	(1,500)	-4%
8307	Detection Equipment	20,200	24,000	3,800	19%
8308	Automobiles	187,700	171,000	(16,700)	-9%
8309	Audio/Visual Equipment	-	-	-	0%
8310	Bakersfield Office Move	-	163,600	163,600	0%
8314	Vehicle Radio Equipment	-	-	-	0%
8399	Smoke Management Program	-	-	-	0%
TOTAL FIXED ASSETS		\$ 391,400	\$ 532,800	141,400	36%
TOTAL CURRENT YEAR APPROPRIATIONS		\$ 8,132,800	\$ 8,693,900	\$ 561,100	7%

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2007-08</u>	<u>Recommended 2008-09</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	8,380,800	8,727,600	346,800	4%
Services and Supplies	495,400	556,500	61,100	12%
Fixed Assets	<u>202,800</u>	<u>310,200</u>	<u>107,400</u>	<u>53%</u>
 Total	 <u>9,079,000</u>	 <u>9,594,300</u>	 <u>515,300</u>	 <u>6%</u>
 <u>Position Summary</u>	 95	 95		

FUNCTION

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

Authorities to Construct and Permits to Operate

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

During the calendar year 2007, the District issued nearly 6,000 Authorities to Construct. This represents a 70% increase in ATC applications processed compared to the prior year. We also held the average time it takes to issue ATCs to about 45 days and we are making progress towards our goal of 30-to-35-day average ATC processing times.

During this year, the District continued processing new permit applications from farm and dairy operations. We issued an additional 1,142 Permits to Operate to over 255 existing large farms and dairies that emit in excess of one-half of the District's major source thresholds. In addition, we processed over 2,500 new applications early in the year from dairies and other confined animal feeding operations that must comply with the emission reduction requirements of Rule 4570, Confined Animal Facilities.

Federally Mandated Operating Permits (Title V)

In 1996, the District began full implementation of the Title V operating permits program, and the District has now issued Title V permits to 200 major sources of air pollution. Title V does not impose any new emission standards or any new controls on emissions. It does, however, prescribe numerous detailed administrative, monitoring, and reporting requirements that must be met when issuing, renewing, or revising permits. In general, these requirements expand public and EPA participation in the permitting process for the largest emitters of air contaminants in the District.

In 2007, we issued 630 new Title V permits to 3 major sources, and processed 363 Title V permit modification projects.

Conservation Management Practices Plans

The District implemented its Conservation Management Practices (CMP) plan program in 2004-05, and is now responsible for regulating and updating over 6,000 CMP plans designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. This year we processed 572 projects proposing modifications to existing Conservation Management Practices Plans on farms and dairies, an increase of about 100%.

Emission Reduction Banking

Permit Services is responsible for administering the District's Emission Reduction Credit (ERC) bank. The purpose of this bank is to allow sources to store emission reduction credits for later use as offsets where allowed by District, state, and federal rules and regulations. This mechanism also allows sources to transfer emission reduction credits to other sources for use as offsets. The administration of deposits, transfers, and withdrawals from the bank is accomplished through the filing of a banking application. The District reviews banking applications to ensure reductions are real, permanent, quantifiable, surplus, and enforceable as mandated by state and federal regulations. The District issued or transferred ownership of 411 ERCs in 2007.

Air Toxics Program

State and federal law mandate a number of requirements aimed at reducing the quantity and risk associated with hazardous (or toxic) air contaminants. Under state mandates, the District is required to enforce emission standards established by Air Toxics Control Measures (ATCMs). Additionally, the state's Air Toxics Hot Spots Act requires the District to systematically inventory emissions of toxic air contaminants, assess the potential health risks to the public caused by toxic air emissions, notify the public of these potential health risks, and reduce the facility's risk to a level below significant. In 1990, amendments to the Federal

Clean Air Act, Title III, required EPA to promulgate regulations for controlling toxic air contaminants, called Maximum Achievable Control Technology (MACT) standards. The District then must implement all MACT standards that apply to facilities within our jurisdiction.

The District's air toxics program, to the extent possible, integrates state and federal air toxics mandates and is designed to provide for cost effective implementation without duplication. The District publishes an annual report summarizing and informing the public of the year's integrated air toxics activities in April of each year.

As a part of this integrated program, the District assesses the health risk associated with proposed increases in air toxic emissions through a Risk Management Review (RMR) process, and denies proposals that constitute a significant health risk. The District processed 892 RMRs in 2007.

Small Business Assistance

The District operates an effective Small Business Assistance (SBA) program to provide assistance to businesses that lack the resources or expertise needed to efficiently obtain air permits. District SBA engineers, who can be contacted by calling a District SBA hotline telephone number, provide expert advice on technology options, application processes, and other air issues.

District's BACT Clearinghouse

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

The BACT Clearinghouse expedites the permitting process by minimizing the need for lengthy project-specific BACT determinations. It also aids new project proponents in designing new or expanding facilities by outlining air pollution control requirements early in the process.

Criteria Pollutants Emissions Inventory

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

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

The District's CEQA group analyzes District actions and project developers' proposals for compliance with the California Environmental Quality Act (CEQA). The results of these efforts for 2007 include the review of nearly 2,500 CEQA documents, 708 comment letters, and the preparation of 42 CEQA documents.

191 Indirect Source Review (ISR) applications were reviewed in 2007. This review includes assessing a project's potential emissions, quantifying mitigations proposed by the applicant, and assessing development mitigation fees. An annual report of ISR activity, and the emissions reductions generated by the program, is published by the District in April of each year.

SIGNIFICANT IMPACTS TO 2008-09 BUDGET

Permit Services eliminated four positions in the 2007-08 budget year. For 2008-09, no additional changes in numbers of positions is proposed in this Recommended Budget. If significant additional load is realized as a result of the new workload discussed below, it is expected that temporary help will be utilized to address the needs.

The Permit Services Department will play a major role in the execution of the District's Healthy Air Initiative. Permit Services staff come in contact with many regulated sources in the course of fulfilling their day-to-day responsibilities, and we will use those opportunities to educate many people about Healthy Air Living. As a part of these contacts, staff will be able to discuss Healthy Air Living, hand out brochures, and mention the Healthy Air Living website. Staff will ask each source if they would like a more detailed presentation of Healthy Air Living from District Management. If a more detailed meeting is requested, a Permit Services manager or supervisor will meet with the source to discuss the program in more detail and assist with setting up a Healthy Air Living program that fits their operation.

We are also expecting significant workload increases stemming from our efforts to address new concerns about greenhouse gases (GHG), particularly as they relate to CEQA. The state Attorney General's office has initiated a significant effort to encourage local permitting agencies to address GHG impacts of their permitting actions in related CEQA documentation. This impact will manifest itself in two ways. First, projects on which we are assuming a "lead agency" CEQA role will involve significant additional research and effort to address GHG impacts and potential mitigations. Second, other agencies acting in their CEQA roles will be looking to us as the experts in air emissions to identify ways for them to address and mitigate GHG impacts. We will be investigating various methods to streamline these responsibilities, perhaps including a potential voluntary GHG mitigation contract process, the results of which would be funds made available to finance local and contemporary GHG reductions.

New Workload

In addition to the normal permitting workload associated with new and modifying sources of air pollution, several District rules were recently adopted or amended. The impacts from these rules on Permit Services workload will continue to be felt in 2008-09, as equipment operators file applications to meet compliance deadlines.

In addition, the District developed the Permit-Exempt Equipment Registration (PEER) rule, Rule 2250, during 2006, and will be implementing this new program in 2008-09. While the PEER rule is designed to minimize the overall workload required to achieve the emission reductions expected of permit-exempt equipment, there will be some start-up workload demands associated with the initial implementation. These start-up demands will impact the District in the 2008-09 budget year.

We expect to issue about 50 new Title V permits to existing agricultural operations that have emissions exceeding our major source emissions thresholds, increasing the total number of Title V facilities by as much as 20%. These labor intensive projects will be streamlined to the extent possible, but are expected to add significantly to the Department's workload for 2008-09.

The Indirect Source Review program has had a very slow start as a result of an extreme slowdown in the building industry and hesitancy in the industry to address the rule while lawsuits brought against the District were pending. The District's recent court victory and an intensive outreach and compliance effort, as well as an expected turn-around in the construction industry, should result in large increases in numbers of applications submitted in the 2008-09 budget year.

Efficiency and Streamlining Measures

In order to effectively and efficiently handle the anticipated increase in workload without increasing staffing resources, Permit Services will continue our streamlining efforts. We will work closely with District stakeholders in our effort to find further gains in efficiency and productivity, and we anticipate implementing several additional streamlining initiatives from this process in the coming year. In addition, we will continue to develop and implement continued permit streamlining procedures for the agricultural community and the sand and gravel industry this year. Finally, through a comprehensive department-wide implementation of the District's Service Teamwork Attitude Respect (STAR) program, we are continuously improving and streamlining our programs' effectiveness and efficiencies. We will vigorously pursue a continuation of the streamlining benefits realized through STAR.

As a result of these efficiency and streamlining efforts, we believe we will be able to handle our increased workload without adding positions in Permit Services.

SUMMARY OF POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Permit Services	1	1	0
Permit Services Manager	4	4	0
Supervising Air Quality Engineer	6	6	0
Senior Air Quality Engineer	12	12	0
Supervising Air Quality Specialist	3	3	0
Senior Air Quality Specialist	5	5	0
Air Quality Engineer I/II	38	38	0
Air Quality Specialist I/II	19	19	0
Air Quality Technician I/II	2	2	0
Air Quality Assistant	1	1	0
Senior Office Assistant	1	1	0
Office Assistant I/II	<u>3</u>	<u>3</u>	<u>0</u>
TOTAL	<u>95</u>	<u>95</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008- 09 Recommended Budget
Permit Services

ACCOUNT NUMBER	DESCRIPTION	2007-08		2008-09	
		ADJUSTED APPROPRIATIONS	RECOMMENDED	INCREASE (DECREASE)	
SALARIES AND BENEFITS					
6100	Regular Salaries	\$ 5,506,300	\$ 5,996,500	490,200	9%
6200	Temporary Help	44,500	-	(44,500)	-100%
6270	On Call Pay	-	-	-	0%
6300	Overtime	113,300	114,300	1,000	1%
6350	Unemployment	21,600	21,700	100	0%
6400	Retirement	1,790,900	1,692,400	(98,500)	-6%
6500	OASDI	84,600	96,400	11,800	14%
6550	Workers Compensation	38,500	36,100	(2,400)	-6%
6600	Cafeteria Plan Benefits	718,300	703,200	(15,100)	-2%
6700	Long-Term Disability Insurance	19,500	22,800	3,300	17%
6800	Alternate Transportation Incentive	43,300	44,200	900	2%
TOTAL SALARIES AND BENEFITS		\$ 8,380,800	\$ 8,727,600	346,800	4%
SERVICES AND SUPPLIES					
7020	Safety Supplies & Equipment	\$ -	\$ -	-	0%
7039	Mobile Communications	3,100	3,300	200	6%
7040	Telephone Charges	15,900	20,400	4,500	28%
7100	Insurance	-	-	-	0%
7205	Equipment Maintenance	40,500	49,000	8,500	21%
7210	Vehicle Maintenance & Operations	-	-	-	0%
7215	Computer Maintenance	24,300	25,200	900	4%
7220	Video Conferencing Maintenance & Operations	-	-	-	0%
7225	Building Maintenance & Operations	51,500	56,000	4,500	9%
7260	Office Supplies	23,200	23,200	-	0%
7264	Computer Software & Supplies	23,100	22,000	(1,100)	-5%
7266	Monitoring Station Supplies & Equipment	-	-	-	0%
7268	Postage	40,300	56,500	16,200	40%
7270	Printing	11,100	10,300	(800)	-7%
7295	Professional & Specialized Services	30,900	37,400	6,500	21%
7325	Publications & Legal Notices	54,200	63,200	9,000	17%
7340	Rents & Leases	79,600	102,400	22,800	29%
7385	Small Tools & Equipment	16,900	10,800	(6,100)	-36%
7400	Special District Expense	4,700	4,900	200	4%
7415	Travel & Training	18,800	20,100	1,300	7%
7417	Travel & Training - Boards	-	-	-	0%
7431	Utilities	57,300	51,800	(5,500)	-10%
7480	Audit Services	-	-	-	0%
TOTAL SERVICES AND SUPPLIES		\$ 495,400	\$ 556,500	61,100	12%
FIXED ASSETS					
8202	Office Improvements	\$ -	\$ -	-	0%
8301	Computer Equipment	119,200	137,700	18,500	16%
8302	Office Furniture & Equipment	12,400	11,900	(500)	-4%
8303	Office Machines	22,100	14,900	(7,200)	-33%
8305	Telephone Systems	49,100	44,700	(4,400)	-9%
8307	Detection Equipment	-	-	-	0%
8308	Automobiles	-	-	-	0%
8309	Audio/Visual Equipment	-	-	-	0%
8310	Bakersfield Office Move	-	101,000	101,000	0%
8314	Vehicle Radio Equipment	-	-	-	0%
8316	Video Conferencing System	-	-	-	0%
8325	Air Monitoring Station Equipment	-	-	-	0%
TOTAL FIXED ASSETS		\$ 202,800	\$ 310,200	107,400	53%
TOTAL CURRENT YEAR APPROPRIATIONS		\$ 9,079,000	\$ 9,594,300	\$ 515,300	6%

PLANNING

FISCAL SUMMARY

	<u>Budgeted 2007-08</u>	<u>Recommended 2008-09</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	2,881,000	2,985,000	104,000	4%
Services and Supplies	910,200	1,148,700	238,500	26%
Fixed Assets	<u>400,000</u>	<u>692,300</u>	<u>292,300</u>	<u>73%</u>
Total	<u>4,191,200</u>	<u>4,826,000</u>	<u>634,800</u>	<u>15%</u>

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FUNCTION

The San Joaquin Valley Air Basin is designated nonattainment for state and federal air quality standards for ozone and particulate matter. 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, to adopt rules and regulations, and to 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.

To satisfy the longer-term air quality objectives of state and federal law, the Planning Department measures and analyzes pollutants in the San Joaquin Valley air, prepares long-range plans for improving Valley air quality, coordinates research to develop policy-relevant information supporting air quality plans, and develops regulations and coordinates programs needed to reduce pollution. The Planning Department also provides daily pollution and smoke management forecasts using state-of-the-science tools and techniques. The major functions of the Planning Department are described below.

Air Quality Plans

The District prepares long-range plans to attain and maintain state and federal air quality standards for ozone and particulate matter. In developing air quality plans, District staff members work closely with staff of the California Air Resources Board (ARB), the agency responsible for the control of mobile source emissions. These plans and the associated progress reports and supporting documents must meet all legal requirements, and must account for the needs of Valley citizens and industry. Developing air quality plans requires analyzing measured air quality and emission inventories, conducting atmospheric

modeling, developing emission control strategies, and coordinating efforts with Valley transportation planning agencies, stakeholders, ARB, and the U.S. Environmental Protection Agency (EPA). The District develops its air quality plans in an open public process, and air quality plans are presented to the Governing Board for adoption. After Governing Board adoption, the District submits its air quality plans to ARB, who in turn approves and transmits the plans to EPA for incorporation in the State Implementation Plan. Federal planning requirements also include "Rate of Progress" and "Reasonable Further Progress" plans (and Milestone Compliance Demonstration Reports for ozone) to assure that the District and partnering agencies continue to reduce emissions as specified in the federal Clean Air Act.

Even after attainment plans are adopted by the Governing Board, District staff expends significant effort responding to requests from ARB and EPA for supporting plan information. 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 or the EPA rules implementing the standards typically triggers plan revisions to meet new or evolving requirements. Finally, when an area attains a federal air quality standard, the area must prepare, submit, and, at times, defend a maintenance plan designed to assure the area stays in attainment.

Air Quality Modeling and Analysis

Air quality modeling uses sophisticated computer applications, supercomputer hardware, and extremely large databases, to predict ambient pollution concentrations given various emission inventory scenarios and meteorological conditions. These models bring together the science of emissions generation, meteorological transport, and atmospheric photochemistry into a computer package that can be applied in the San Joaquin Valley and more broadly in Central California. Many of the inputs and formulations in these models have been derived from data collected for the San Joaquin Valleywide Air Pollution Study Agency.

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

In the context of the District's air quality plans, modeling is necessary to provide estimates for the quantities of emission reductions necessary to attain the federal air quality standards. These models are also highly valuable for estimating the contribution of ozone and PM precursor emissions from outside the District. District modelers work closely with ARB staff to prepare the required modeling for the District's air quality plans. While ARB has considerably more modeling resources, the District does have the in-house capability to conduct detailed reviews of ARB's modeling results and to simulate gross cuts in the emissions inventory to provide rough approximations of reductions needed for ozone attainment using the same modeling systems as ARB and other air districts. Regarding particulate

matter, the District currently has the ability to conduct “receptor” modeling. For District particulate matter plans, ARB has conducted “regional photochemical” modeling, which requires very robust, dedicated computing resources, and highly experienced operators and analysts.

Rulemaking

The District develops rules and rule amendments to achieve emission reductions pursuant to its air quality attainment plans. In developing new and amended rules, District staff implements the Governing Board-approved Rule Development Procedures, as well as state laws regarding public hearings and economic analysis. During the development of each rule, staff works closely with ARB and EPA to satisfy state and federal requirements, and solicits stakeholder comments at public workshops. On rulemaking projects that implement Best Available Retrofit Control Technology (BARCT) as required in ozone plans and Best Available Control Measures (BACM) as required in particulate matter plans, staff collaborates closely with industry focus groups to gain a better understanding of regulatory economic impacts. Staff develops industry-wide cost estimates and provides this data to an economic consultant, who in turn prepares a regional economic impact analysis. As a result of the time needed for the public review process and the mandatory economic analysis, major rule development projects may take as long as two years to complete in order to produce rules that meet the District’s air quality goals and provide cost-effective compliance options for affected businesses.

Air Quality Forecasting

The Planning Department supports other District programs by providing daily Air Quality Index (AQI) forecasts, health advisory forecasts, forecasts for the episodic curtailment provisions of Rule 4901 (Wood Burning Fireplaces and Wood Burning Heaters), and smoke management decisions for agricultural and prescribed burns. AQI reporting and forecasting is required by EPA. Each day, District staff analyzes forecasted weather conditions using state of the art tools, such as the National Weather Service models, District-owned radar profilers, and District-customized small-scale weather and statistical models. These tools are then used to provide the public with AQI, agricultural, and prescribed burn forecasts. The District’s Smoke Management Program is designed to minimize impacts of smoke on public health while addressing the open burn needs of agricultural operators and land managers. Staff continuously works on improvements of its forecasting tools supporting the burn allocation program and other forecast-dependent programs. Implementation of the mandatory burn curtailment provisions in Rule 4901 and the Smoke Management Program has raised the importance of accurate and timely air quality forecasts.

Air Monitoring

The District and ARB share joint responsibility for ambient air monitoring of criteria air pollutants in the San Joaquin Valley. The Planning Department’s air quality instrument technicians maintain and operate 21 ambient air monitoring stations. Two of these stations are jointly operated with ARB. Pollutants monitored include ozone, PM10 and PM2.5, nitrogen oxides, hydrocarbons, and carbon monoxide. In addition to routine monitoring, the District operates a network of six Photochemical Air Monitoring System (PAMS) stations and two

atmospheric wind and temperature profilers that provide for enhanced forecasting and modeling.

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

SIGNIFICANT IMPACTS TO 2008-09 BUDGET

Evolving and compounding federal mandates for air quality plans, the need for new air monitoring stations, the need to maintain the forecasting system, the need to fulfill rulemaking and research commitments in District plans, and the District's Fast Track and Healthy Air Living programs, will result in a significant workload increase for the District's Planning Department in 2008-09. Streamlining current processes and increasing the capacity of current staff, along with a decrease in attainment demonstration planning demands, will allow the Planning Department to meet the 2008-09 workload without an increase in staffing.

New Workload

Following the typical cycle of air quality plan development and then implementation, during 2008-09, the Planning Department will temporarily shift away from developing new attainment strategies to implementation of recent Board-adopted strategies. Staff will also be actively working on follow-up activities related to the *2008 PM2.5 Attainment Demonstration Plan*, the *2007 PM10 Maintenance Plan and Request for Redesignation*, and the District's *2004 Extreme Ozone Attainment Demonstration Plan* (for the revoked federal 1-hour ozone standard). In late fall 2008, litigation against EPA over implementation of the 1997 8-hour ozone standard is expected to be resolved, which could trigger revisions to the *2007 Ozone Plan*. Similar litigation directed at EPA over the PM2.5 standard implementation (also targeted for hearing in fall 2008) could trigger the need to revise the *2008 PM2.5 Plan* in early 2009.

As indicated above, the Planning staff members who have been dedicated to developing attainment plans will begin working on projects to implement those plans. These projects include the preparation of rule amendments and feasibility studies committed to in the *2007 Ozone Plan* and the *2008 PM2.5 Plan*. As such, these staff will transition from the development phase of the planning cycle to the implementation phase. The Department will also prepare a California Clean Air Act Annual Progress Report and will coordinate the preparation of a new Annual Report on measured air quality, control measure implementation, and grant funding for the period of 2006 through 2008. The District will also need to prepare a Rate of Progress milestone compliance demonstration report for the federal 1-hour ozone standard and submit the report to EPA in early spring 2009. On March 12, 2008 EPA promulgated a new federal 8-hour ozone ambient air quality

standard. During the 2008-2009 budget year, Planning Department staff will be analyzing the implications of this new standard for the San Joaquin Valley from several perspectives, including plan development, air quality monitoring, and air quality analysis and forecasting.

District staff will also need to provide significant technical support for the final phases of the Central California Ozone Study (CCOS), the California Regional Particulate Air Quality Study (CRPAQS), and the workgroups developing the data analyses and modeling for the various State Implementation Plans. The District continues to conduct analyses directed toward improving the air quality forecasting tools to reflect the ongoing improvements in Valley air quality. During the 2008-09 budget year, the Planning Department will also continue the effort to upgrade the District's modeling capabilities. There are several possibilities under review by the District to address the expansion of modeling capabilities. One option would be to partner with a Valley university to help operate the modeling computers. Another option would be to increase the in-house modeling capabilities of the Planning Department. Both options have positive aspects from the policy and fiscal perspectives. Once the District staff has evaluated all of the possible options, we will report to the Governing Board and request further direction.

Planning staff resources are committed to present eight new or amended rules, six feasibility studies, and special reports to the Governing Board in 2008-09, as listed in the 2007 Ozone Plan and the 2008 PM2.5 Plan. During this budget year, staff will begin work on another four rulemaking projects, and will need to accommodate other unforeseen regulatory projects that may be mandated by new state laws, required by changes to federal standards, or requested by stakeholders. The rules required to be adopted in Budget Year 2008-09 by the District attainment plans include emission controls for industrial boilers, commercial boilers, organic waste composting operations, flares, glass melting furnaces, residential water heaters, commercial charbroiling, and graphic arts operations. Staff will also conduct six major feasibility studies that could lead to emission inventory improvements, future rule development projects, or incentive programs. These studies will address prescribed and hazard reduction burns, open burning, solid fuel-fired boilers, cotton gins and heavy crude oil components and sumps.

The District's 2007 Air Monitoring Network Plan identified the need for several new monitoring instruments and stations to be added to the District's network. As a result, the District is in the final construction stage of a new monitoring station near Tranquillity in western Fresno County, and is beginning work on a new station in Porterville in Tulare County. In 2008-09, Planning Department staff will be identifying the most appropriate locations for additional monitoring stations in San Joaquin, Stanislaus, and Madera counties, as well as a new location for the Bakersfield Golden State Avenue station. Regarding construction of the new monitoring stations, funds are appropriated in the Recommended Budget to engage qualified contractors to carry-out the work. Additionally, funding is appropriated for enhancements on several monitoring stations to increase technician safety. It should be noted that ozone monitoring at the Hanford-Irwin station has been temporarily shut down, but is set to resume in the fall of 2008 when a new shelter for the station is completed.

During 2008-09, the Planning Department will continue its coordination of the District's Fast Track program. Activities will include fulfilling commitments in the Board's Dual-Path Ozone Strategy for measures such as energy conservation, green contracting, green fleets, and a variety of concepts related to reducing emissions from goods movement (e.g., short sea shipping, Proposition 1B, and green fleets). The Planning Department also expects to continue its substantial contributions to the District's new Healthy Air Living program in areas such as developing and refining strategies that reduce emissions, and outreach to businesses and organizations.

Efficiency and Streamlining Measures

Planning will continue to refine its procedures for rule and plan workshops while still providing ample opportunity for public review. Streamlining measures will involve more utilization of video-teleconferencing technology to avoid time-consuming travel to sparsely attended workshops. Staff will continue to present major topics in-person and utilize the District's current VTC facilities for meetings of lesser consequence. Additionally, staff will continue to prudently limit the number of identical workshops presented in each phase of the public review process. In order to better reach stakeholders in the Valley's environmental and community groups, Department staff provides plan workshop sessions at regularly scheduled meetings of the environmental/community groups. This has reduced, but not totally eliminated, the need to hold separate community workshops at night, while offering the potential for enhanced communication with stakeholders.

The Planning Department is also continuing its process of reviewing and updating all departmental procedures with the objective of having them all critically reviewed, and updated if necessary, every two years. This ongoing effort also identifies any procedures that need to be newly documented and will help enhance ongoing staff training.

The Department is also planning for the succession of key staff members through cross training and expanded training of additional staff for those job functions. In addition to providing continuity, succession planning will help better provide customer service to our stakeholders, since there will be more staff able to assist in answering specialized questions which may arise. In addition, staff is currently archiving the Department's file cabinets and creating a master on-line index of the documents contained within the archive. This effort will allow the staff to efficiently find older documentation as needed for internal use or requested by the general public. Another streamlining function being implemented is the improvement of the Department's internal website. All critical departmental procedures or forms which can be placed electronically on the Intranet site will be identified. This will ensure consistency from staff when engaged in critical functions, since all the procedures/forms located on the Intranet site will be the most current, and old outdated forms will not be mistakenly utilized.

As Internet connections improve and reach more sectors of the community, the District has observed the need for printing and mailing large documents, such as rules and plans, has decreased over time. The Planning Department continues to strengthen its practice of using the District website as the primary means of publishing large documents such as plans, rules, and air quality data. This means of obtaining the documents has become

widely accepted by stakeholders and reduces the up-front printing, postage and administrative staff time costs for the District. In addition, the District now notifies many stakeholders of workshops, hearings, and other advisories, via e-mail. The e-mail notifications contain a hyperlink to the District web page for that event or project, and users are encouraged to download documents from the web page. The e-mail notifications have the potential for significantly reducing mailing and printing costs and staff processing time.

Several current and future streamlining initiatives in the Planning Department leverage computer automation and technology improvements to replace tasks currently or previously performed by staff. Forecasting staff has developed and implemented several automated modules in their daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks. Air monitoring staff is in the process of replacing filter-based particulate matter monitors, which are labor-intensive, with real-time, automated monitors, where appropriate. Air monitoring staff continues their effort of modernizing the air monitoring network to allow remote calibration and diagnostics, and utilizing equipment with longer maintenance intervals, significantly decreasing the number of trips to the outlying monitoring stations. Air monitoring staff is also being equipped with laptop computers that will allow them to perform needed diagnostics and maintenance from wherever they happen to be in the field, thus significantly eliminating trips and reducing their travel time.

SUMMARY OF POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Planning	1	1	0
Air Quality Planning Manager	2	2	0
Supervising Air Quality Engineer	1	1	0
Supervising Air Quality Planner	1	1	0
Supervising Air Quality Specialist	1	1	0
Supervising Air Quality Instrument Technician	1	1	0
Senior Air Quality Engineer	1	1	0
Senior Air Quality Specialist	1	1	0
Senior Air Quality Instrument Technician	1	1	0
Air Quality Project Planner	4	4	0
Air Quality Engineer I/II	3	3	0
Air Quality Specialist I/II	10	10	0
Air Quality Instrument Technician I/II	6	6	0
Senior Office Assistant	1	1	0
Office Assistant I/II	2	2	0
TOTAL	<u>36</u>	<u>36</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008-09 Recommended Budget
Planning

ACCOUNT NUMBER	DESCRIPTION	2007-08 ADJUSTED APPROPRIATIONS	2008-09 RECOMMENDED	INCREASE (DECREASE)	
SALARIES AND BENEFITS					
6100	Regular Salaries	\$ 1,892,100	\$ 2,009,800	117,700	6%
6200	Temporary Help	11,200	4,300	(6,900)	-62%
6270	On Call Pay	-	-	-	0%
6300	Overtime	37,800	44,700	6,900	18%
6350	Unemployment	8,300	8,000	(300)	-4%
6400	Retirement	614,700	575,400	(39,300)	-6%
6500	OASDI	28,600	33,200	4,600	16%
6550	Workers Compensation	20,200	17,600	(2,600)	-13%
6600	Cafeteria Plan Benefits	244,300	267,800	23,500	10%
6700	Long-Term Disability Insurance	7,100	7,800	700	10%
6800	Alternate Transportation Incentive	16,700	16,400	(300)	-2%
TOTAL SALARIES AND BENEFITS		\$ 2,881,000	\$ 2,985,000	104,000	4%
SERVICES AND SUPPLIES					
7020	Safety Supplies & Equipment	\$ 3,100	\$ 3,200	100	3%
7039	Mobile Communications	8,000	6,900	(1,100)	-14%
7040	Telephone Charges	11,400	13,000	1,600	14%
7100	Insurance	-	300	300	0%
7205	Equipment Maintenance	16,600	20,400	3,800	23%
7210	Vehicle Maintenance & Operations	25,100	29,100	4,000	16%
7215	Computer Maintenance	45,500	49,700	4,200	9%
7220	Video Conferencing Maintenance & Operations	-	-	-	0%
7225	Building Maintenance & Operations	24,300	27,400	3,100	13%
7260	Office Supplies	11,200	10,600	(600)	-5%
7264	Computer Software & Supplies	11,700	9,600	(2,100)	-18%
7266	Monitoring Station Supplies & Equipment	88,200	138,300	50,100	57%
7268	Postage	47,700	36,800	(10,900)	-23%
7270	Printing	9,100	9,100	-	0%
7295	Professional & Specialized Services	442,900	618,800	175,900	40%
7325	Publications & Legal Notices	61,400	71,800	10,400	17%
7340	Rents & Leases	26,600	24,400	(2,200)	-8%
7385	Small Tools & Equipment	8,200	6,000	(2,200)	-27%
7400	Special District Expense	3,100	3,300	200	6%
7415	Travel & Training	11,800	16,400	4,600	39%
7417	Travel & Training - Boards	-	-	-	0%
7431	Utilities	54,300	53,600	(700)	-1%
7480	Audit Services	-	-	-	0%
TOTAL SERVICES AND SUPPLIES		\$ 910,200	\$ 1,148,700	238,500	26%
FIXED ASSETS					
8202	Office Improvements	\$ -	\$ -	-	0%
8301	Computer Equipment	90,200	96,300	6,100	7%
8302	Office Furniture & Equipment	7,000	4,600	(2,400)	-34%
8303	Office Machines	7,900	5,700	(2,200)	-28%
8305	Telephone Systems	17,400	17,000	(400)	-2%
8307	Detection Equipment	-	-	-	0%
8308	Automobiles	50,000	18,500	(31,500)	-63%
8309	Audio/Visual Equipment	-	-	-	0%
8310	Bakersfield Office Move	-	5,200	5,200	0%
8313	Safety Equipment	-	-	-	0%
8314	Vehicle Radio Equipment	-	-	-	0%
8316	Video Conferencing System	-	-	-	0%
8325	Air Monitoring Station Equipment	227,500	545,000	317,500	140%
TOTAL FIXED ASSETS		\$ 400,000	\$ 692,300	292,300	73%
TOTAL CURRENT YEAR APPROPRIATIONS		\$ 4,191,200	\$ 4,826,000	\$ 634,800	15%

EMISSION REDUCTION INCENTIVE PROGRAM

FISCAL SUMMARY

	<u>Budgeted 2007-08</u>	<u>Recommended 2008-09</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	1,466,500	2,013,900	547,400	37%
Services and Supplies	146,600	170,300	23,700	16%
Fixed Assets	106,500	46,800	(59,700)	-56%
 Total	 <u>1,719,600</u>	 <u>2,231,000</u>	 <u>511,400</u>	 <u>30%</u>

<u>Position Summary</u>	23	23
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FUNCTION

The Emission Reduction Incentive Program (ERIP) is responsible for the development, implementation, and on-going administration of all District incentive programs, including the Heavy-Duty Engine Emission Reduction Incentive Program (Heavy-Duty Engine Program) and the **RE**duce **MO**tor **V**ehicle **E**missions II (REMOVE II) Program. These programs provide a positive impact on air quality and are highly successful due to the fact that participation is voluntary and emission reductions are surplus.

Heavy-Duty Engine Program

The Heavy-Duty Engine Program is by far the District's largest and most successful incentive program. The Heavy-Duty Engine Program accepts applications for a wide variety of engines that power vehicles or equipment. Heavy-duty trucks, buses, and heavy-duty off-road engines are significant sources of nitrogen oxides (NOx), particulate matter (PM) and reactive organic gases (ROG) emissions within the San Joaquin Valley. Although the District does not have the authority to regulate vehicle tailpipe emissions, it can provide monetary incentives to reduce emissions from these sources. The program provides funding for certain new purchases, engine repowers, or retrofits. Emission reductions are obtained when the project applicant purchases vehicles and engines that are cleaner than required by current emission standards or installs an emission certified retrofit device on an existing engine. Project types funded in the past include, but are not limited to: on-road vehicles; locomotives, off-road vehicles and equipment (construction, etc.), agricultural irrigation pump engines, forklifts, and engine idle reduction technology.

During the first seven months of 2007-08, the District obligated over \$14 million in incentive funds for over 700 engines/vehicles and paid out over \$31 million in grant payments. While

continuing with the traditional projects, the District will also focus on funding large-scale projects, such as school bus replacements and retrofits, locomotives, and large off-road and on-road fleets (repowers, retrofits and replacements) during 2008-09.

Lower Emission School Bus Program: Another component of the Heavy-Duty Engine Program is the Lower Emission School Bus Program. The program was created to reduce school children's exposure to cancer-causing and smog-forming pollution. By reducing exhaust emissions from old diesel school buses, the risk to our most sensitive groups (children and elderly) will be greatly reduced. Any California public school district that owns and operates school buses in the San Joaquin Valley Air Basin, or any Joint Powers Authority (JPA) that directly provides transportation services to public school districts, is eligible to apply for funds. The School Bus Replacement Program offers incentive funding for the replacement of specific old, high-emitting diesel school buses with new emission certified buses. The District will also be administering the Lower Emission School Bus Program funds for several adjacent mountain and desert air districts. Approximately \$25 million will be available for new school bus purchases and retrofits in the District and other neighboring air districts during this fiscal year.

Proposition 1B: The District will be receiving funding from the State Goods Emission Reduction Program, established by Proposition 1B. The guidelines prepared by ARB for this program will require the District to conduct a request for proposal process, which is different from the way grants are currently processed on a first-come, first-served basis. Every piece of equipment that is submitted to the District for funding must be calculated and ranked by cost-effectiveness. Each eligible piece of equipment will then be funded in order of cost-effectiveness until the program funds are exhausted. There are also substantial monitoring, auditing and reporting requirements associated with these funds.

Off-Road SOON Program: The Surplus Off-Road Opt-in for NO_x (SOON) Program gives air districts the option of requiring older, larger fleets to meet a higher level of control, when incentive funds are available to help offset the cost of control. The SOON program is a result of the regulation adopted by ARB in July 2007. Final promulgation by the state Air Resources Board is expected in May 2008. The regulation includes a program designed to achieve additional oxides of nitrogen (NO_x) emission reductions through the application of more enhanced clean-up of the affected fleets through the use of incentive grants. Reductions achieved through the SOON program must be surplus, over the entire contract period, to those required by the off-road regulation. If the Valley opts into the SOON program it is estimated that approximately 4 tons per day of additional NO_x reductions could be realized in the Valley by 2014.

REMOVE II Program

The REMOVE II Program provides incentives for specific projects that will reduce motor vehicle emissions within the District. The purpose of the REMOVE II Program is to assist the District in satisfying the requirements of the California Clean Air Act. This is accomplished by allocating funds to cost-effective projects that have the greatest motor vehicle emission reductions resulting in long-term impacts on air pollution problems in the Valley. All projects must have a direct air quality benefit to the District. Eligible project

types include E-mobility (video-telecommunications), light- and medium-duty vehicle purchase, bicycle infrastructure, alternative fuel vehicle mechanics training, public transportation and commuter vanpool subsidies. During the first seven months of 2007-08, the District awarded over \$250,000 for 17 grant projects and paid out over \$713,000 in grant funds.

Gross Polluting Vehicle Replacement Program: During 2007-08, a new component of the REMOVE II Program, the Gross Polluting Vehicle Replacement Program, became fully operational. This new and innovative program provides \$2 million of incentive funds to encourage the early retirement of the highest polluting light-duty vehicles on the Valley's roads. It is estimated that this program will permanently remove 600 high polluting vehicles from the road. The State Bureau of Automotive Repair currently has a statewide program that encourages the early retirement of vehicles that fail their smog check.

Smoking Vehicle Program

The ERIP Department also administers the District's Smoking Vehicle Program; a voluntary compliance program intended to inform drivers that their vehicle had 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. During the first seven months of 2007-08, 336 smoking vehicle reports were received and processed by the District.

SIGNIFICANT IMPACTS TO 2008-09 BUDGET

The workload involved with the incentive programs has increased considerably over the past few years, with a significant increase in funding and new program requirements. This unprecedented increase in public funding for emission reduction projects, calls for a high degree of public accountability to ensure effective, efficient, and judicious expenditure of public funds. Towards that end, the District devotes significant resources to ensure that emission reductions are real, surplus, and quantifiable. The following highlights some of the best practices that the District employs in processing grant applications:

- Processes for evaluating claims for payment to ensure that only allowable costs are being submitted
- Pre-inspection procedures that verify the functionality and emission level of the existing engine
- Post-inspection procedures, including verification that the old engine was permanently rendered inoperable
- Internal project auditing to ensure adherence to state guidelines
- Expedited application process allowing District staff to approve individual projects
- Funding caps by project type to ensure low cost-effectiveness
- Automated emission reduction/cost-effectiveness calculation sheets
- Public reporting of funds expended and emission reductions achieved

With extensive advocacy at the state and federal level over the last two years, the amount of funds available for incentive programs has increased considerably. The number of projects that must be administered over the life of their contract term has drastically increased as well. During the first seven months of this fiscal year, the ERIP Department has processed a total of 733 incentive program applications, contracted 198 projects, and paid out almost \$32 million dollars in grant funds. Currently, the ERIP staff is processing and evaluating 944 project applications with over 4,234 individual pieces of equipment for grant eligibility. Additionally, ERIP staff is administering 1,923 active projects consisting of over 2,973 individual units that have not yet completed their contract term.

New Workload

The most significant workload increase in the incentive programs involves the inclusion of Proposition 1B funding. This new funding source will result in a substantial increase in the number of projects being processed. The guidelines adopted by ARB will require the District to evaluate each piece of equipment that is submitted during a request for proposal process before contracts are awarded. Significant monitoring, auditing, and reporting requirements will also be increased as a result of this new funding source. The District will be conducting a comprehensive outreach campaign for potential grant recipients to allow widespread participation for all interested parties.

ARB recently completed significant updates to the Carl Moyer Program Guidelines. The updates will necessitate revisions to the District's existing incentive program and will require substantial staff resources to accomplish. The new and more stringent guidelines and reporting requirements have been put into place by the District and ARB to ensure that public funds are being spent appropriately on projects that reduce quantifiable emission reductions. The new and enhanced accountability in the incentive programs will ensure that the benefits of these emission reductions are realized. Due to these new requirements, District staff will be conducting additional project audits with applicants currently under contract. In fiscal year 2007-08, this will result in the audit of approximately 100 projects (over 130 individual pieces of equipment) that are nearing the end of their contract term.

The ERIP Department, in conjunction with the Compliance Department, will also conduct audits of projects that fail to meet the requirements of their contract. Specific requirements that will be evaluated include, but are not limited to, usage requirements (higher and lower) and failing to report. For example, it is estimated that approximately 70 projects consisting of 139 individual pieces of equipment will need to be audited for failing to report. District staff works closely with projects that are identified as failing to meet their contract requirements. In certain cases where the usage requirements were not met, contract terms have been extended to allow additional time for the grantee to complete the contract. There have also been cases when the District has recovered all or a portion of the funds for reallocation to additional projects.

The District continues to enter into Voluntary Air Quality Mitigation Agreements to mitigate the increased emissions from development projects in the Valley. Funding from these

agreements is utilized in the District's incentive programs to fund qualifying emission reduction projects. These agreements have resulted in an increase in project submissions that have added substantially to the workload of the ERIP Department. A significant amount of Indirect Source Review (ISR) revenue may also become available during 2008-09. The addition of ISR revenue will impact the ERIP workload with increased application processing, contract administration, grant tracking requirements, grant payments, and program development for new and modified components that may need to be expanded as this new revenue source becomes available.

In addition to managing the Lower Emission School Bus Program funds for several adjacent mountain and desert air districts, Moyer Program funding from the Great Basin Unified Air Pollution Control District will also be administered by the District.

The District will also be administering a new and innovative incentive program called the Community Clean Air Fund for the San Joaquin Valley. This program will allow members of the public and industry to partner with the District by providing tax-deductible donations to fund a variety of emission reductions projects.

On December 20, 2007, the District Governing Board authorized additional staffing resources to accommodate the existing workload of the incentive grant programs and the projected additional workload associated with the Proposition 1B funds. These staffing resources consisted of a combination of permanent and temporary positions configured to allow for scaling staffing resources up or down based on the actual incentive funding received by the District. Because these positions were funded for only 3 to 6 months of the 2007-08 fiscal year, the full-year cost associated with these positions is adding approximately \$863,100 to the salaries and benefits accounts of the 2008-09 Recommended Budget.

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

Efficiency and Streamlining Measures

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

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

The District is also in the process of finalizing a comprehensive database that will link the Finance, Planning, Compliance, Permits and ERIP Departments to increase the coordination and speed in processing incentive program applications.

Historically, the District has conducted one of the most efficient grant processing programs with minimal administrative costs. District staff has implemented several operational efficiencies to expedite the application and contract process and will continually look for opportunities to streamline this process. The following highlights some of the streamlining and efficiency measures that the District employs in processing grant applications that have been identified as a result of several recent audits of the District's incentive programs:

- Face-to-face interaction with potential applicants aimed at guiding applicants through the process
- Process automation, online applications, improved guidance documents, and emission calculation methodology will be accomplished on an on-going basis
- District staff is in the process of creating a comprehensive database that will link the Finance, Compliance, Permits and ERIP departments to increase the coordination and speed in processing grant program applications
- Streamlined application materials that reduce the amount of time necessary to complete the process
- Governing Board has granted Executive Director/APCO authority to make administrative changes to the incentive programs, approve projects, and sign contracts over \$20,000 with Governing Board chair signature
- New policies and procedures are being developed to improve consistency and efficiency with the grant programs to address the new funding sources and their associated guidelines requirements
- Conducting public workshops and informational meetings to allow public input and provide information to stakeholders
- New documents are being placed on the District's website to assist applicants
- The District's website will remain a focal point for providing this information, but staff will continue to provide outstanding individual customer service to stakeholders
- The continued utilization of temporary employees will assist the District to process applications in a timely manner during periods of increased activity
- Development of templates and boilerplate contracts and supporting documentation

In addition to processing applications and administering grant projects, the ERIP Department is heavily involved in public outreach and education, including: incentive program education, equipment dealer and third party training, public consultation meetings, community informational meetings and public workshops. Almost a dozen of these meetings and workshops have been conducted already this past year with several more already scheduled to occur within the next few months.

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 effect the implementation, distribution, and efficiency of these funds. For that reason, ERIP staff actively participates in ARB and EPA

workshops, public meetings, board meetings, working groups, and committee meetings that directly effect its operations.

SUMMARY OF PERMANENT POSITIONS

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of ERIP	1	1	0
Program Manager	1	1	0
Supervising Air Quality Specialist	2	2	0
Senior Air Quality Specialist	4	4	0
Air Quality Specialist I/II	12	12	0
Staff Technician I/II	2	2	0
Air Quality Assistant	1	1	0
TOTAL	<u>23</u>	<u>23</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008- 09 Recommended Budget
Emission Reduction Incentive Program

ACCOUNT NUMBER	DESCRIPTION	2007-08 ADJUSTED APPROPRIATIONS	2008-09 RECOMMENDED	INCREASE (DECREASE)	
SALARIES AND BENEFITS					
6100	Regular Salaries	\$ 887,000	\$ 1,180,400	293,400	33%
6200	Temporary Help	101,200	240,600	139,400	138%
6270	On Call Pay	-	-	-	0%
6300	Overtime	17,000	18,300	1,300	8%
6350	Unemployment	6,400	6,500	100	2%
6400	Retirement	291,200	340,500	49,300	17%
6500	OASDI	20,800	37,100	16,300	78%
6550	Workers Compensation	6,900	7,300	400	6%
6600	Cafeteria Plan Benefits	125,300	167,500	42,200	34%
6700	Long-Term Disability Insurance	3,100	4,200	1,100	35%
6800	Alternate Transportation Incentive	7,600	11,500	3,900	51%
TOTAL SALARIES AND BENEFITS		\$ 1,466,500	\$ 2,013,900	547,400	37%
SERVICES AND SUPPLIES					
7020	Safety Supplies & Equipment	\$ -	\$ -	-	0%
7039	Mobile Communications	900	400	(500)	-56%
7040	Telephone Charges	3,600	3,500	(100)	-3%
7100	Insurance	-	-	-	0%
7205	Equipment Maintenance	8,200	12,400	4,200	51%
7210	Vehicle Maintenance & Operations	-	-	-	0%
7215	Computer Maintenance	4,300	6,100	1,800	42%
7220	Video Conferencing Maintenance & Operations	-	-	-	0%
7225	Building Maintenance & Operations	12,300	18,400	6,100	50%
7260	Office Supplies	8,700	6,400	(2,300)	-26%
7264	Computer Software & Supplies	4,000	5,100	1,100	28%
7266	Monitoring Station Supplies & Equipment	-	-	-	0%
7268	Postage	9,100	7,200	(1,900)	-21%
7270	Printing	1,600	2,000	400	25%
7295	Professional & Specialized Services	73,400	85,600	12,200	17%
7325	Publications & Legal Notices	-	-	-	0%
7340	Rents & Leases	-	-	-	0%
7385	Small Tools & Equipment	3,500	3,000	(500)	-14%
7400	Special District Expense	1,000	1,800	800	80%
7415	Travel & Training	3,000	2,800	(200)	-7%
7417	Travel & Training - Boards	-	-	-	0%
7431	Utilities	13,000	15,600	2,600	20%
7480	Audit Services	-	-	-	0%
TOTAL SERVICES AND SUPPLIES		\$ 146,600	\$ 170,300	23,700	16%
FIXED ASSETS					
8202	Office Improvements	\$ -	\$ -	-	0%
8301	Computer Equipment	51,600	28,500	(23,100)	-45%
8302	Office Furniture & Equipment	42,800	2,900	(39,900)	-93%
8303	Office Machines	3,100	3,600	500	16%
8305	Telephone Systems	9,000	11,800	2,800	31%
8307	Detection Equipment	-	-	-	0%
8308	Automobiles	-	-	-	0%
8309	Audio/Visual Equipment	-	-	-	0%
8316	Video Conferencing System	-	-	-	0%
8325	Air Monitoring Station Equipment	-	-	-	0%
TOTAL FIXED ASSETS		\$ 106,500	\$ 46,800	(59,700)	-56%
TOTAL CURRENT YEAR APPROPRIATIONS		\$ 1,719,600	\$ 2,231,000	\$ 511,400	30%

NON-OPERATING BUDGET

FISCAL SUMMARY

	<u>Budgeted 2007-08</u>	<u>Recommended 2008-09</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<u>Appropriations</u>				
Other Charges	536,000	152,000	(384,000)	-72%
Incentive Programs	42,980,071	110,488,800	67,508,729	157%
Approp. for Contingencies	<u>637,000</u>	<u>850,000</u>	<u>213,000</u>	<u>33%</u>
 Total	 <u>44,153,071</u>	 <u>111,490,800</u>	 <u>67,337,729</u>	 <u>153%</u>

FUNCTION

This budget unit has been established for those expenditures that are not related to the internal operations of the District and/or are not attributable to any specific program. The large majority of the appropriations in this budget unit are for the District's incentive grant programs. For 2008-09, the incentive grant program appropriations have been segregated into their own line item titled "Incentive Programs". This budget unit also contains the Appropriation for Contingencies account. Descriptions for each account, along with explanations for any significant changes for 2008-09, 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 and is intended to reimburse the California Air Resources Board (ARB) and the Office of Environmental Health & Hazard Assessment (OEHHA) for their share of the costs associated with this program. These fees are forwarded to the state only after the cost of the District's program has been recovered. The recommended appropriation of \$32,000 is based on an estimate provided by OEHHA.

Dairy CEQA – Pass Through

For new dairies in counties without a project-level environmental review process, the District requires proposed dairy owners to pay consultant costs for preparation of all required California Environmental Quality Act (CEQA) documents. The District collects

monies from the dairy owners and disburses them to the consultant after the CEQA documents have been reviewed by District staff. The recommended appropriation of \$120,000 is based on the District's best estimate for 2008-09.

INCENTIVE PROGRAMS

The 2008-09 Recommended Budget includes \$101,492,300 of appropriations for Emission Reduction Incentive Program grants. This is An Increase of approximately \$58.5 million dollars from 2007-08, which can be primarily attributed to the first year of Proposition 1B funds of \$38.5 million and \$19.2 million of Lower Emission School Bus Program funds. The following is a breakdown of the 2008-09 incentive program appropriations:

• Proposition 1B Funding	\$ 38,503,500
• Lower Emission School Bus Program	\$ 19,208,000
• Indirect Source Review Program	\$ 16,648,000
• DMV Surcharge Fees	\$ 10,750,600
• Carl Moyer Program	\$ 10,405,800
• Federal Diesel Emission Reduction	\$ 5,000,000
• Community Incentives	\$ 310,000
• Great Basin APCD Moyer	\$ 201,400
• Miscellaneous/ Interest	\$ 465,000
Total Incentive Programs	<u>\$101,492,300</u>

Proposition 1B Funding

This appropriation represents the estimate for the first year incentive funding available from Proposition 1B: Goods Emission Reduction Program. Funding from Proposition 1B will be used for specific heavy-duty on-road vehicle projects providing funding for engine repowers, engine retrofits, truck replacements and tiered truck replacement projects.

Lower Emission School Bus Program

This appropriation represents the estimate for incentive funding for the replacement of specific old, high-emitting diesel school buses with new emission-certified buses. This program was created to reduce school children's exposure to cancer-causing and smog-forming pollution. Any school district that owns and operates school busses in the San Joaquin Valley Air Basin, or any Joint Powers Authority that directly provides transportation services to public schools districts, is eligible to apply for these funds.

Indirect Source Review (ISR) Program

This appropriation represents the estimate for incentive grant revenue generated in 2008-09 as the result of the District's ISR Rule and voluntary development mitigation agreements. These funds will be provided by residential and commercial development projects to offset emissions associated with these projects. ISR Program funds will be utilized for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM. The estimate for 2008-09 has been slightly reduced to reflect the current economic forecasts for development projects in the Valley.

DMV Surcharge Fees

This appropriation represents the total estimate for DMV Surcharge Fee revenue available in 2008-09 for incentive grants. There are three distinct sources of DMV Surcharge Fees as follows:

• AB2766	\$4 per vehicle	\$ 1,667,400
• AB923	\$2 per vehicle	\$ 5,925,800
• SB709	\$1 per vehicle	\$ 3,157,400
	Total DMV Surcharge Fees	<u>\$10,750,600</u>

Depending on the source of the DMV Surcharge Fee revenue, the restrictions included with the enabling legislation, and the types of grant applications received by the District, these funds can be used in either the Heavy-Duty or REMOVE II programs.

Carl Moyer Program

This appropriation is based on the annual state allocation of Carl Moyer Program funds and these funds are used predominantly in the Heavy-Duty Program and the Voluntary Accelerated Vehicle Retirement program (car crushing program). These funds must be granted in strict accordance with guidelines adopted by the Air Resources Board.

Federal Diesel Emission Reduction Funding Program

This appropriation represents funding provided by the EPA for emission reduction grants for cost-effective retrofits, engine replacements, equipment replacements and technology development in the transportation, agriculture, and port sectors. These funds must be matched by the District on a 1 to 1 basis, and are available to fund emission reduction activities deemed necessary for compliance with a national ambient air quality standard and included in the State Implementation Plan submitted to EPA.

Community Incentives

This appropriation represents appropriations included in the 2008-09 Recommended Budget for community incentive programs such as the Clean Green Yard Machine lawnmower trade-in program, fireplace change-out program, and a planned water heater change-out program.

Great Basin APCD Carl Moyer Program Funds

This appropriation represents funding that will be provided to the District through the Carl Moyer Program. The Great Basin APCD requested that the District assist with the allocation of funding in their region. Any funds not used in the Great Basin APCD will revert to the District for use under the Carl Moyer Program Guidelines.

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 2008-09 is \$850,000, the same as recommended and adopted for 2007-08. The difference of \$554,800 between the 2007-08 Adjusted Budget and the 2008-09 Recommended Budget is the result of transfers from the Appropriation for Contingencies account approved by the Governing Board during 2007-08.

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
2008-09 Recommended Budget
Non-Operating

ACCOUNT NUMBER	DESCRIPTION	2007-08 ADJUSTED APPROPRIATIONS	2008-09 RECOMMENDED	INCREASE (DECREASE)	
NON-OPERATING APPROPRIATIONS					
OTHER CHARGES					
9100-01	Air Toxic Pass Through	36,000	32,000	(4,000)	-11%
9100-10	Dairy CEQA - Pass Through	200,000	120,000	(80,000)	-40%
9101-01	EPA 103 Grant - Operation Clean Air	200,000	-	(200,000)	-100%
9120-01	DMV Surcharge Fees - Study Agency	100,000	-	(100,000)	-100%
TOTAL OTHER CHARGES		536,000	152,000	(384,000)	-72%
INCENTIVE PROGRAMS					
9130-00	DMV Surcharge Fees - Incentives	11,902,300	10,750,600	(1,151,700)	-10%
9400-00	Carl Moyer Heavy Duty Program	12,517,300	10,405,800	(2,111,500)	-17%
9440-04	School Bus Retrofit Program	163,871	-	(163,871)	-100%
9500-00	ISR and Development Contract Mitigation Programs	17,462,700	16,648,000	(814,700)	-5%
9510-01	San Joaquin Valley Blueprint Project	250,000	-	(250,000)	-100%
9511-01	Proposition 1B Funding Program	-	38,503,500	38,503,500	
9513-01	Lower Emission School Bus Program	-	19,208,000	19,208,000	
9515-01	Great Basin APCD Program	-	201,400	201,400	
9517-01	Federal Diesel Emission Reduction Funding Program	-	5,000,000	5,000,000	
9880-00	Community Incentives	-	310,000	310,000	
	Miscellaneous / Interest - Incentive Programs	683,900	465,000	(218,900)	-32%
TOTAL INCENTIVE PROGRAMS		42,980,071	101,492,300	58,512,229	136%
9991	Appropriation for Contingencies	637,000	850,000	213,000	33%
TOTAL NON-OPERATING APPROPRIATIONS		44,153,071	102,494,300	58,341,229	132%

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

Prior 3 Years and 2008-09 Recommended

	Adjusted 2005-06 @ 6/30/06	Adjusted 2006-07 @ 6/30/07	Adjusted 2007-08 @ 2/28/08	Recommended 2008-09
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	22,642,000	24,870,700	25,250,400	27,017,900
Services & Supplies	4,630,100	4,851,400	4,840,400	5,115,000
Fixed Assets	4,897,300	1,435,200	1,531,100	2,410,700
OPERATING APPROPRIATIONS	<u>32,169,400</u>	<u>31,157,300</u>	<u>31,621,900</u>	<u>34,543,600</u>
Other Charges	733,000	934,400	536,000	152,000
Incentive Contracts	45,422,900	57,516,800	42,980,071	101,492,300
Appropriation for Contingencies	750,000	295,200	637,000	850,000
NON-OPERATING APPROPRIATIONS	<u>46,905,900</u>	<u>58,746,400</u>	<u>44,153,071</u>	<u>102,494,300</u>
TOTAL APPROPRIATIONS	<u>79,075,300</u>	<u>89,903,700</u>	<u>75,774,971</u>	<u>137,037,900</u>
REVENUE				
Stationary Revenue	12,972,246	13,061,000	13,553,100	16,533,500
Grant Revenue	2,827,000	2,642,400	2,722,000	3,410,500
DMV Surcharge Fees - District Portion	8,446,000	9,134,600	9,800,000	10,094,000
Administrative Fees - Incentive Programs	588,300	2,548,800	2,259,900	3,988,700
Fund Balance Used	7,335,854	3,700,500	3,686,900	2,074,900
Reserves Released / (Increased)	-	-	-	(1,558,000)
OPERATING REVENUE/FUNDING SOURCES	<u>32,169,400</u>	<u>31,087,300</u>	<u>32,021,900</u>	<u>34,543,600</u>
Non-Operating Revenue	43,489,705	56,493,500	39,889,771	101,110,300
Fund Balance/Reserves Released	3,416,195	2,322,900	3,863,300	1,384,000
NON-OPERATING REVENUE/FUNDING SOURCES	<u>46,905,900</u>	<u>58,816,400</u>	<u>43,753,071</u>	<u>102,494,300</u>
TOTAL REVENUE/FUNDING SOURCES	<u>79,075,300</u>	<u>89,903,700</u>	<u>75,774,971</u>	<u>137,037,900</u>
RECOMMENDED POSITIONS	271	291	306	310
RESERVES				
General Reserve	1,500,000	3,000,000	3,000,000	3,500,000
Long-Term Building Maintenance	205,000	195,000	235,000	343,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
 Prior 3 Years and 2008-09 Recommended

ACCOUNT TITLE	2005-06 Adjusted Revenues @ 6/30/06	2006-07 Adjusted Revenues @ 6/30/07	2007-08 Adjusted Revenues @ 2/28/08	2008-09 Estimated Revenues
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	10,830,700	10,678,000	10,363,700	13,523,000
Settlements	1,600,000	1,993,000	2,770,000	2,500,000
Interest	360,000	360,000	360,000	465,000
Miscellaneous	181,546	30,000	59,400	45,500
Total Stationary Non-grant Operating Revenue	12,972,246	13,061,000	13,553,100	16,533,500
GRANT REVENUE				
State Subvention	882,000	882,000	882,000	882,000
EPA 105 Grant	1,900,000	1,700,000	1,800,000	2,378,000
EPA 103 Grant	45,000	60,400	40,000	150,500
Total Grant Revenue	2,827,000	2,642,400	2,722,000	3,410,500
Total Stationary Operating Revenue	15,799,246	15,703,400	16,275,100	19,944,000
MOBILE SOURCE				
DMV Surcharge Fees - District	8,446,000	9,134,600	9,800,000	10,094,000
Administrative Fees - Incentive Programs	588,300	2,548,800	2,259,900	3,988,700
Total Operating Revenue	24,833,546	27,386,800	28,335,000	34,026,700
Fund Balance Used	7,335,854	3,700,500	3,686,900	2,074,900
Reserves Released / (Increased)	-	-	-	(1,558,000)
Estimated Funding Sources - Operating	32,169,400	31,087,300	32,021,900	34,543,600
NON-OPERATING REVENUE				
Air Toxics	33,000	36,000	36,000	32,000
EPA 103 Grant Revenue	-	198,400	200,000	-
DMV Surcharge Fees - Pass Through	8,974,000	10,112,000	9,829,500	9,717,400
Carl Moyer Funds	10,780,000	11,459,100	11,356,300	10,100,000
Dairy CEQA - Pass Through	450,000	450,000	200,000	120,000
ISR And Development Mitigation Contracts	7,594,095	25,004,000	17,462,700	16,648,000
School Bus Retrofit Program	1,223,000	-	163,871	-
School Bus Replacement Program	4,340,000	-	-	-
Traffic Congestion Relief Program	9,538,510	-	-	-
Lawnmower Trade-in Program	-	70,000	-	-
Proposition 1B Funding Program	-	-	-	38,503,500
Great Basin APCD Program	-	-	-	201,400
Lower Emission School Bus Program	-	-	-	19,208,000
Federal Diesel Emission Reduction Funding Program	-	-	-	5,000,000
Miscellaneous Incentive Grant Funding	-	-	50,000	50,000
Winery Rule Mitigation Funds	-	8,650,000	-	-
Interest - Non-Operating	557,100	514,000	591,400	1,530,000
Total Non-Operating Revenue	43,489,705	56,493,500	39,889,771	101,110,300
Fund Balance/Reserves Released	3,416,195	2,322,900	3,863,300	1,384,000
Estimated Funding Sources - Non-Operating	46,905,900	58,816,400	43,753,071	102,494,300
TOTAL REVENUE				
Estimated Financing Sources - Total	79,075,300	89,903,700	75,774,971	137,037,900

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2008-09 Recommended

ACCOUNT	2005-06	2006-07	2007-08	2008-09
NUMBE	Adjusted	Adjusted	Adjusted	Recommended
DESCRIPTION	@ 6/30/06	@ 6/30/07	@ 2/28/08	Appropriations

OPERATING APPROPRIATIONS

SALARIES AND BENEFITS

Regular Salaries	\$ 14,778,800	\$ 15,725,800	\$ 16,166,800	\$ 17,848,700
Temporary Help	605,700	539,500	507,900	590,700
On Call Pay	39,000	60,900	77,900	77,900
Overtime	260,500	249,700	249,700	260,100
Unemployment	86,300	66,000	70,700	75,800
Retirement	4,158,700	5,424,900	5,330,200	5,114,700
OASDI	270,000	273,900	277,300	328,200
Workers Compensation	480,400	350,100	210,100	186,800
Cafeteria Plan Benefits	1,861,100	2,053,400	2,166,500	2,321,300
Long-Term Disability Insurance	54,900	54,900	57,700	65,100
Alternate Transportation Incentive	46,600	71,600	135,600	148,600
TOTAL SALARIES AND BENEFITS	\$ 22,642,000	\$ 24,870,700	\$ 25,250,400	\$ 27,017,900

SERVICES AND SUPPLIES

Safety Supplies & Equipment	\$ 14,100	\$ 19,300	\$ 22,500	\$ 16,400
Mobile Communications	130,000	109,900	108,300	119,000
Telephone Charges	126,800	126,300	116,800	127,300
Insurance	150,600	173,100	173,200	189,100
Equipment Maintenance	133,100	127,200	136,400	180,900
Vehicle Maintenance & Operations	199,600	182,200	191,500	238,700
Computer Maintenance	91,300	102,200	128,400	168,000
Video Conferencing Maintenance & Operations	168,700	173,900	157,000	246,200
Building Maintenance & Operations	136,700	142,100	152,000	181,000
Office Supplies	110,600	101,000	98,500	98,500
Computer Software & Supplies	55,100	70,600	71,900	71,900
Monitoring Station Supplies & Equipment	83,200	80,200	88,200	138,300
Postage	137,600	143,800	146,200	169,200
Printing	172,200	151,800	153,700	147,400
Professional & Specialized Services	1,619,700	1,885,700	1,961,100	1,801,600
Publications & Legal Notices	135,200	171,100	153,100	176,000
Rents & Leases	401,000	305,300	249,800	329,600
Small Tools & Equipment	74,300	60,800	57,800	57,800
Special District Expense	296,800	351,200	251,200	249,500
Travel & Training	126,200	126,200	134,700	139,800
Travel & Training - Boards	50,600	50,600	50,600	53,300
Utilities	162,500	181,300	201,900	198,300
Audit Services	17,000	15,600	15,600	17,200
Legal Services	37,200	-	20,000	-
TOTAL SERVICES AND SUPPLIES	\$ 4,630,100	\$ 4,851,400	\$ 4,840,400	\$ 5,115,000

FIXED ASSETS

Office Improvements	\$ 71,300	\$ 51,300	\$ 51,300	\$ 51,300
Computer Equipment	402,500	377,200	449,900	545,300
Office Furniture & Equipment	98,900	51,400	92,700	43,400
Office Machines	64,800	64,800	65,100	47,900
Telephone Systems	22,500	19,000	146,600	146,600
Detection Equipment	30,700	22,600	20,200	24,000
Automobiles	386,500	288,500	321,700	324,500
Safety Equipemnt	-	7,800	-	-
Video Conferencing System	156,100	156,100	156,100	380,000
Air Monitoring Station Equipment	94,000	396,500	227,500	545,000
Electronic Document Management Project	200,000	-	-	-
Bakersfield Office Relocation	-	-	-	302,700
Northern Region Office	3,370,000	-	-	-
TOTAL FIXED ASSETS	\$ 4,897,300	\$ 1,435,200	\$ 1,531,100	\$ 2,410,700

TOTAL OPERATING APPROPRIATIONS

\$ 32,169,400	\$ 31,157,300	\$ 31,621,900	\$ 34,543,600
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2008-09 Recommended

ACCOUNT NUMBE	DESCRIPTION	2005-06 Adjusted @ 6/30/06	2006-07 Adjusted @ 6/30/07	2007-08 Adjusted @ 2/28/08	2008-09 Recommended Appropriations
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NON-OPERATING APPROPRIATIONS					
OTHER CHARGES					
Air Toxic Pass Through	\$ 33,000	\$ 36,000	\$ 36,000	\$ 32,000	
Dairy CEQA Pass Through	450,000	450,000	200,000	120,000	
EPA 103 Grants	-	198,400	200,000	-	
DMV Surcharge Fees - Study Agency	250,000	250,000	100,000	-	
TOTAL OTHER CHARGES	\$ 733,000	\$ 934,400	\$ 536,000	\$ 152,000	
INCENTIVE PROGRAMS					
DMV Surcharge Fees - Incentives -	10,966,300	11,602,300	11,902,300	10,750,600	
Carl Moyer Heavy Duty Program	11,261,000	11,544,900	12,517,300	10,405,800	
Traffic Congestion Relief Program	9,538,500	-	-	-	
School Bus Retrofit Program	-	-	163,871	-	
ISR and Development Mitigation Contracts	7,594,100	25,005,300	17,462,700	16,648,000	
Proposition 1B Funding Program	-	-	-	38,503,500	
Lower Emission School Bus Program	-	-	-	19,208,000	
Great Basin APCD Program	-	-	-	201,400	
Federal Diesel Emission Reduction Funding Program	-	-	-	5,000,000	
Community Incentives	-	-	-	310,000	
SJV Blueprint Project	500,000	-	250,000	-	
Winery Rule Mitigation Program	-	8,650,000	-	-	
Miscellaneous/Interest - Incentive Programs	5,563,000	714,300	683,900	465,000	
TOTAL INCENTIVE PROGRAMS	\$ 45,422,900	\$ 57,516,800	\$ 42,980,071	\$ 101,492,300	
Appropriation for Contingencies	\$ 750,000	\$ 295,200	\$ 637,000	\$ 850,000	
TOTAL NON-OPERATING APPROPRIATIONS	\$ 46,905,900	\$ 58,746,400	\$ 44,153,071	\$ 102,494,300	

TOTAL APPROPRIATIONS					
TOTAL DISTRICT APPROPRIATIONS					
	\$ 79,075,300	\$ 89,903,700	\$ 75,774,971	\$ 137,037,900	

