

RECOMMENDED BUDGET

2018-2019



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



Supervisor Buddy Mendes, Chair

Fresno County

Supervisor J. Steven Worthley, Vice Chair

Tulare County

Mayor David Ayers

City of Hanford

John A. Capitman, Ph.D.

Appointed by the Governor

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San Joaquin County

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Councilmember Drew M. Bessinger

City of Clovis

Supervisor David Couch

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City of Stockton

Supervisor Lloyd Pareira

Merced County

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City of Poterville

Supervisor Tom Wheeler

Madera County

Seyed Sadredin

Executive Director / Air Pollution Control Officer

June 21, 2018

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

2018-19 Recommended Budget

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June 21, 2018

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

Dear Board Members:

Attached is the Recommended Budget for the San Joaquin Valley Air Pollution Control District for July 1, 2018 to June 30, 2019. Policy guidance for the 2018-19 Budget was provided by your Board's Ad Hoc Subcommittee for Budget and Finance, which consisted of Board Chair Supervisor Mendes, Supervisor Wheeler, Supervisor Pederson, Mayor Vierra, Councilmember Reyes, and Councilmember Fugazi.

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

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

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

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

Budget Highlights

- Total operating budget down by 12%
- Full-year funding of new positions added last year with revenues provided by the state
- Significant increase in mandated workload absorbed through efficiency and streamlining
- No increase in total number of positions
- 4% salary savings through position control
- Strong public education and outreach
- Significant increase in funding for voluntary incentive-based clean air grants for Valley residents, businesses, and municipalities (\$350 million)
- Expedient administration and effective distribution of emission reduction incentive funds in a wide range of applications
- \$300,000 for Valley-specific scientific studies and air quality modeling
- Continued assistance to local municipalities in meeting clean-air and climate change mandates
- Balanced budget, with adequate reserves and contingencies

Workload and Staffing

In 2018-19, the District will experience significant workload increases in a number of areas which are summarized below:

New Cap and Trade Funding and New Mandates under Assembly Bill 617:

In September 2017, the State Legislature and Governor agreed to extend Cap and Trade as part of a legislative package that included the appropriation of \$1.5 billion in Cap and Trade funding. The Cap and Trade deal also included the passage of AB 617 that requires the state Air Resources Board and air districts to develop and implement additional emissions reporting, monitoring, and reduction plans and measures in an effort to reduce air pollution exposure in impacted communities.

The significant increase in funding for voluntary incentive-based programs and the community engagement, monitoring, and protection mandates lead to a significant increase in the District's workload. As the District contemplates effective use of the new funds towards fulfillment of the applicable state and federal mandates, the District faces fast approaching deadlines and timing is of the essence. The state's enabling funding legislation imposes ambitious deadlines for the encumbrance and liquidation of AB617 funds, to be encumbered (under executed contract) by June 30, 2019 and liquidated (paid out) by June 30, 2021.

Aside from workload associated with expenditure of the new incentive grant dollars, AB617 mandates also require significant additional work by the District. The District will implement AB 617 requirements that will include development and implementation of additional emissions reporting, community air monitoring, Best Available Retrofit Control

Technology (BARCT), and emission reduction plan requirements and measures. These requirements include strict implementation deadlines that will require significant amounts of work and resources.

Significant work will be required to analyze and amend, if necessary, District rules affecting sources that are subject to Cap and Trade limits to ensure that those rules meet BARCT requirements. AB 617 requires that CARB develop a monitoring plan for the state, and then select, based on the plan, the highest priority locations for community air monitoring systems. By July 1, 2019, air districts must put monitoring systems in place, and have a mechanism to send data to the CARB website. Additional communities will be added every year. AB 617 also requires community emissions reduction programs based on monitoring and other data. Within one year, air districts must adopt a community emissions reduction program.

Extensive resources, including monitoring and support equipment, will be needed to fully implement AB 617 mandates for community air quality monitoring. Various air monitoring platforms will be needed to address the upcoming air monitoring requirements for community monitoring, fence line monitoring for stationary sources, and small sensor networks.

Effective and Expedient Administration of Incentive Grants:

As a direct result of the District's advocacy efforts working closely with Valley stakeholders, the Cap and Trade legislative package includes significant new funding for the Valley that will greatly assist in achieving the enormous emissions reductions necessary for our upcoming State Implementation Plans aimed at attaining the federal health-based standards. The 2018-19 Recommended Budget includes \$350 million for incentive-based programs with funding from various local, state, and federal sources. Through the Incentive Spending Plan in the Recommended Budget, this funding is allocated to a comprehensive portfolio of District incentive programs that provide funding to Valley residents, businesses, schools and municipalities for projects that reduce air pollution throughout the Valley. A great deal of staff time is allocated to these programs to develop grant program guidelines, conduct extensive outreach and assistance activities, review grant applications, conduct emissions reductions calculations, conduct on-site verification, and review grant claims to ensure timely payment. These programs are central to the District's efforts to attain the ever-tightening federal ambient air quality standards as expeditiously as possible.

The Recommended Budget includes more than \$280 million in incentive funding for programs aimed at accelerating the turnover of older, high-polluting heavy-duty diesel equipment with new, much cleaner technology including the agricultural irrigation pump, dairy feed mixer electrification, agricultural equipment, heavy duty truck, locomotive, and school bus replacement programs. Additionally, the Recommended Budget includes funding for an expanded agricultural equipment trade-up program that achieves even further reductions beyond the existing replacement program.

Additionally, the Recommended Budget includes more than \$46 million for community incentive programs including the Burn Cleaner woodstove replacement program, the REMOVE, Vanpool Voucher Incentive program, the Drive Clean program and the award-winning Tune In Tune Up Vehicle repair and replacement programs. These community-level programs generate critical, cost-effective emission reductions while also providing ways for the general public to contribute to cleaning the air for all Valley residents. A significant amount of staff time is spent in assisting Valley residents with these important programs and ensuring that these programs remain responsive to the needs of the public.

The Recommended Budget also includes more than \$24 million in funding for the demonstration and deployment of advanced technology projects, new zero and near-zero emissions technologies and related infrastructure. These programs are implemented in partnership with Valley public agencies through the District's Technology Advancement Program, Public Benefit Grants program or in partnership with other Valley entities through other programs including the Charge Up Program and Commercial Lawn and Garden Equipment Replacement Program.

In addition to the work necessary to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and many key state and federal grant opportunities will likely become available in 2018-19.

Air Quality Planning and Rule Development:

Due to the Valley's geography, topography, and meteorological conditions that trap air pollutants in our region, the Valley continues to exceed the latest federal ambient air quality standards for ozone and PM2.5 even after imposing the toughest air regulations in the nation and having reduced emissions by over 80% from Valley businesses. The District is mandated under the Clean Air Act to develop and adopt several new attainment plans for particulate matter and ozone in the next few years. The preparation and development of these attainment plans requires significant work by the District to identify, assess, and craft new feasible and cost-effective measures to reduce air pollution from already well-regulated stationary sources. Furthermore, the District has to do the same for mobile sources under state and federal legal jurisdiction combined with advocacy to compel the state and federal governments to do their fair share.

A significant amount of work was required in 2017-18 to prepare attainment plans to address the 1997 PM2.5 standard, 2006 PM2.5 standard, and 2012 PM2.5 standard. In developing these plans, the District conducted extensive research in close cooperation with Valley stakeholders to explore potential innovative control strategies. Development of these plans involved extensive public engagement, including working closely with the Public Advisory Workgroup (PAW) meeting on a regular basis to review and provide feedback on various components of the plans. The District prioritized strategies that provide for maximum health benefits under its

Health Risk Reduction Strategy. District staff collaborated extensively with ARB on refining the emission inventory and atmospheric modeling for these plans through use of the District's Air Quality Modeling Center.

In 2018-19, the District will also continue to assess opportunities for additional emissions reductions from charbroiling operations through the installation of emissions control technologies at restaurants utilizing under-fired grills. Under-fired charbroiler technologies need further evaluation and demonstration at Valley restaurants before these technologies can be considered in potential amendments to Rule 4692. Technological feasibility issues and logistical issues such as the need to modify hoods and exhaust systems and reinforce roof supports in addition to the purchase, installation, maintenance, and labor costs must all be evaluated. Therefore, an important component of this ongoing evaluation is the on-site demonstration of emission control technologies at Valley restaurants to better understand the cost and feasibility of applying such technologies.

Enforcement and Permitting:

The District is expecting continued growth in enforcement and permitting workload due to ongoing economic growth and implementation of new and amended federal, state, and local regulations. ARB developed a new regulation this past year targeting GHG emissions from the oil and gas industry (state regulation). The state regulation imposes new requirements aimed at reducing methane emissions from certain equipment used in oil and gas production operation. The state regulation allows for District's throughout the state to enter into memorandums of agreement to enforce the regulation. Through the state's rule development process, it became a widely held consensus that the state lacked the necessary resources and expertise to effectively implement this new regulation. By contrast, all parties recognized the District's expertise in this area and its extensive permitting and enforcement infrastructure that has been in place for decades. All parties, including CARB and the Valley's oil and gas industry, agree that administration of the program by the District will provide for more effective and expeditious implementation at lower cost.

Much of the oil production for the state comes from the Valley, as demonstrated by the thousands of pieces of equipment currently under permit with the District. The new regulation will require routine laboratory testing, third-party leak detection and repair at facilities not currently required to do so under existing District regulations, and emission controls on equipment not currently subject to any District rules (such as natural gas gathering and boosting stations, natural gas processing plants and natural gas transmission compressor stations). Implementation of this regulation is expected to result in a significant increase in initial and ongoing enforcement hours associated with the new facilities and equipment requiring inspection.

The District's innovative eTRIP Rule (Rule 9410, Employer Based Trip Reduction) was designed to reduce single occupancy vehicle work commutes at the Valley's larger employers. The final phases of the rule took effect recently and significant efforts have been made to date to ensure compliance. The initial focus was on providing

compliance assistance and outreach to the affected work places. During fiscal year 2018-19, the District will expand its outreach, compliance assistance, and enforcement efforts necessary to implement and ensure compliance with the rule. The District is continuing to work with the facilities subject to the requirements by providing guidance and direction as well as assistance tools, such as new recordkeeping forms and compliance assistance bulletins. In addition, the District will devote additional resources to conducting on-site inspections to ensure compliance with the requirements of the rule.

Due to the inability for the majority of manufacturers of natural gas-fired, fan-type furnaces regulated under District Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces), the rule is being amended. These amendments include additional recordkeeping requirements that will increase the enforceability of the regulation. To ensure that all manufacturers, distributors and installers are complying with the rule, the District will be committing additional staff resources. These efforts will include additional compliance assistance, inspections, investigations, and reporting reviews associated with changes to the rule.

Air Monitoring:

The new federal nitrogen dioxide standard requires new near-roadway nitrogen dioxide monitors to be installed in counties with populations above one million. The District only has two counties that are nearing the one million population threshold, Fresno and Kern. The Fresno near-road site came online in early 2016, and the Bakersfield near-road site is expected be online later this year. The new stations require considerable staff time to operate and maintain. In addition, an extensive increase in workload for the District's air monitoring program is expected during the 2018-19 year due to the initial development and implementation of AB 617. This expanded program area will include the development of new air monitoring platforms to respond to community monitoring needs, including transportable full scale air monitoring trailers, transportable small scale air monitoring systems, mobile air monitoring vans, and low cost sensor technology. These various platforms will be used to design and deploy air monitoring campaigns for the Valley communities selected under AB 617, providing critical and timely information to the District for trends analysis and emission reduction plan development, and to residents within each community for their reference. The work to operate, maintain, repair the deployed instruments for AB 617, and the review and validation of the collected data will be a substantial workload increase in the District's air monitoring operations.

New Workload Absorbed through Efficiency and Streamlining

Historically, the District has absorbed the increased workload associated with unfunded state and federal mandates primarily through efficiency and streamlining efforts. This has been accomplished through investment in automation, strict adherence to the District's zero-based budgeting approach, prudent management of resources, and

application of efficient work practices and procedures. Some of the efficiency and streamlining measures employed by the District are highlighted below.

Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The continued implementation of the new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. As staff become more familiar with the new air quality data management system and its capabilities, even more efficiencies with this system are expected this next year. Forecasting staff have developed and implemented several automated modules in the daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks. Staff will continue to improve these routines in order to reduce time spent on forecasting.

In addition, the District is working with state and federal land management agencies to improve communications and facilitate communications to increase customer service and reduce time spent dealing with prescribed fires. The District will also be developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. Examples of such online applications include air pollution complaint submittals and asbestos notification submittals for demolition projects, as well as portals that provide permitted stationary sources access to a variety of District records and billing information and provide grant applicants with a centralized location to submit and track their grant applications for air pollution reduction projects.

The internally designed and created Human Resource Management System (HRMS) program continues to streamline District Personnel functions. The program provides the necessary data management tools, reports and automation features to conduct the full suite of District Personnel functions.

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

The District continues to implement new computer programs which leverage tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. In conjunction with the tablet computers, inspection staff has been equipped with smart phones which allowed the District to reduce the amount of equipment to maintain and support field staff. The smart phones effectively replaced turn-by-turn navigation devices and digital cameras. Use of the phone's digital cameras has resulted in significant time savings by utilizing the ability to send pictures directly from the phone via email. This feature has been utilized extensively for fireplace surveillance and compliance response where

response time is critical. In addition to the streamlining of equipment needs, the new phones have enhanced efficiency by allowing ready access to email and streamlining the dispatch process for complaints and breakdowns.

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

In 2018-19, additional forecasting tools will be created which will allow for the full automated retrieval of several different metrics, i.e., temperature, wind speed, wind direction, humidity, and other meteorology, with the click of one button, instead of the extensive time spent on retrieving this meteorological data from various websites.

New state and federal air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data results in dramatic increases in the workload within the District's air monitoring program each year. Aggressive efforts to automate air monitoring tasks and allow remote connection to air monitoring stations are essential to allow for mandates and monitoring data needs to be met.

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

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

Research and Technology Advancement

The District continues its tradition of relying on sound science in formulating effective air quality management strategies. Consistent with this and in support of the District's strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes \$300,000 specifically designated for health and scientific studies. Through these funds, the District anticipates designing and overseeing research studies in a number of important areas, including: emissions inventory for key area and mobile sources; studies in support of the Health Risk Reduction Strategy; localized ozone and PM2.5 monitoring field studies in support of the WAAQ system and neighborhood-by-neighborhood level air quality reporting systems; field studies to measure the impact of transboundary pollution to Valley floor ozone concentrations; and studies in support of rule and strategy development with focus on identifying effective strategies to reduce directly emitted PM2.5.

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

Strong Public Education and Outreach

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

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

education and outreach program is composed of numerous elements that are designed to allow the District to leverage opportunities to advance the following strategic objectives:

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

The Recommended Budget includes resources to continue implementation of the District's successful comprehensive, multilingual outreach strategy that serves to motivate and enable Valley residents to take an active role in attaining the health-based air-quality standards, and provide information to help Valley residents take measures to avoid exposure to poor air quality. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without additional District resources.

Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. This highly successful, well-publicized program enjoys huge participation by the Valley's school districts and pairs naturally with the Healthy Air Living Schools program. The Recommended Budget includes funding to continue expanding outreach to Valley schools. The District will also continue to roll out the Real-time Electronic Air-quality Display (READ) and promote the newly redesigned Valley Air smart phone app and the new www.myraan.com website to make participation in the program even easier.

The District will build its presence on social media by continuing to provide quality content and developing additional forums for the District to engage stakeholders on more technical topics. Continuing to build upon the success of the District's residential wood burning emission reduction strategy, the District will implement a comprehensive multilingual outreach campaign to promote Check Before You Burn, Burn Cleaner incentives, and Healthy Air Living. Additionally, the District will work with community stakeholders, wood burning retailers, media partners and the public to reemphasize the health hazards of wood smoke and the importance of individuals registering their devices prior to the start of the wood burning season.

Major Funding for Emission Reductions Incentive Grants

In 2018-19, the District anticipates \$349 million in available funding from a variety of local, state, and federal sources for incentive-based clean air grants for residents, businesses, and municipalities. It is important to note that many incentive funding sources include provisions for a portion of the funds to be used for their administration. Administrative funds are included in the District's Recommended Budget and are

adequate to support the District's incentive grant programs without impacting stationary source fees.

District employees are not allowed to participate in any of the above incentive grant programs. However, in 2013, your Board approved a limited employee emission reduction incentive program. Under this program, employees are eligible to apply for incentive funding for electric lawnmowers, clean wood burning stoves and electric vehicles. In the Recommended Budget, it is proposed that this program be funded once again at \$76,500 from additional salary savings.

Reserves and Contingencies

Section 12.15 of the District Administrative Code, adopted by your Board, establishes guidance for the funding level of the District's General Reserve. This section requires the annual Recommended Budget to include a General Reserve of no less than 10% of the District's operating revenues. For 2018-19, in accordance with Section 12.15, the General Reserve is established at \$5,000,000. The Recommended Budget also includes \$850,000 in Appropriation for Contingencies, \$523,000 in Building Maintenance Reserve, \$1,990,000 in Pension Stabilization Reserve Fund, \$750,000 in VTC and Telephone Reserve, and \$100,000 in a new reserve for replacement of District Modeling Center hardware and equipment.

Upcoming Strategic Challenges

Through decades of investment and sacrifice by Valley businesses and residents, the pollution from industries, businesses, farms and vehicles continues to be at historically low levels, and today Valley residents are experiencing the cleanest air on record.

However, the District continues to face ever-tightening federal standards under the Clean Air Act which must be met. For the last two years, the District conducted a lengthy public process to develop a plan to bring our region into attainment of the latest PM 2.5 standards. Once the plan is adopted, the District will quickly shift to the implementation phase which will include engaging all stakeholders on the development of a number of new air quality initiatives that build on the successful measures already in place. These initiatives will include ambitious regulatory and incentive-based strategies that aim to bring about additional reductions from a broad range of stationary and mobile sources including non-traditional sources such as residential wood burning and commercial charbroiling. As this plan takes shape, the District will continue to seek commitments from the state and federal government for those pollution sources under their authority, and advocate to bring additional dollars to the Valley to assist in securing emissions reduction as early as possible.

In addition, tough mandates are coming to the District through the state's implementation of AB 617 (Cristina Garcia, 2017). The District's Community-Level

Targeted Strategy that was adopted by the District prior to AB 617 gives the Valley a head start in this process. This strategy and a host of other initiatives have now been incorporated in the District's new San Joaquin Valley Community Engagement and Protection Program enabling the District to fulfill these mandates. As the state Air Resources Board finalizes the necessary guidelines and regulations for AB 617 implementation, the District will be actively engaged to ensure all Valley residents and businesses are afforded ample opportunity to provide input and to ensure that AB 617 is implemented appropriately based on sound science, is packaged with necessary funding resources to the Valley's disadvantaged communities, fully considers socioeconomic impacts, and ensures that the state addresses mobile source emissions that are beyond the District's regulatory authority.

The District will continue to advocate for the Valley in the upcoming state and federal legislative sessions to ensure that significant resources are directed to the Valley to support the District's clean air strategies. Finally, given the new EPA Administration's commitment to cooperative federalism, the District will be focused on working with EPA to bring about common sense administrative solutions to help us meet the federal health-based standards under the Clean Air Act. I would like to express my gratitude to your Board's Ad-Hoc Subcommittee for their time in providing valuable guidance in the development of the Recommended Budget. I am also grateful for your Board's continued support for resources needed to sustain an active and effective air quality program.

I look forward to continuing and increasing our progress toward cleaner air for all Valley residents in 2018-19.

Respectfully submitted,



Seyed Sadredin
Executive Director/Air Pollution Control Officer

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

	Adjusted* FY 17-18	Estimated Actuals FY 17-18	Recommended FY 18-19	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$43,804,317	\$43,804,317	\$47,735,786	\$3,931,469	9%	\$3,931,469	9%	
Projected Salary Savings	(\$2,858,540)	(\$3,139,195)	(\$1,844,442)	\$1,014,098	(35%)	\$1,294,753	(41%)	
Salaries & Benefits (net of Salary Savings)	\$40,945,777	\$40,665,122	\$45,891,344	\$4,945,567	12%	\$5,226,222	13%	
Services & Supplies	\$7,046,508	\$6,868,566	\$5,537,685	(\$1,508,823)	(21%)	(\$1,330,881)	(19%)	
Fixed Assets	\$9,996,623	\$9,843,643	\$2,119,166	(\$7,877,457)	(79%)	(\$7,724,477)	(78%)	
OPERATING APPROPRIATIONS	\$57,988,908	\$57,377,331	\$53,548,195	(\$4,440,713)	(8%)	(\$3,829,136)	(7%)	
Other Charges	\$247,700	\$200,000	\$372,600	\$124,900	50%	\$172,600	86%	
Incentive Programs	\$464,460,801	\$220,829,808	\$349,449,900	(\$115,010,901)	(25%)	\$128,620,092	58%	
Appropriation for Contingencies	\$658,720	-	\$850,000	\$191,280	29%	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$465,367,221	\$221,029,808	\$350,672,500	(\$114,694,721)	(25%)	\$129,642,692	59%	
TOTAL APPROPRIATIONS	\$523,356,129	\$278,407,139	\$404,220,695	(\$119,135,434)	(23%)	\$125,813,556	45%	
REVENUES								
Stationary Revenue	\$32,211,657	\$37,257,647	\$33,731,441	\$1,519,784	5%	(\$3,526,206)	(9%)	
Grant Revenue	\$12,365,000	\$12,360,000	\$3,315,000	(\$9,050,000)	(73%)	(\$9,045,000)	(73%)	
DMV Surcharge Fees - District Portion	\$12,420,000	\$12,430,000	\$12,650,000	\$230,000	2%	\$220,000	2%	
Administrative Revenues Earned	\$1,500,000	\$1,700,700	\$4,737,000	\$3,237,000	216%	\$3,036,300	179%	
Transferred to Non-Operating Revenue	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	-	-	-	-	
Fund Balance Used	\$2,842,251	(\$3,021,016)	\$2,254,754	(\$587,497)	(21%)	\$5,275,770	(175%)	
Reserves Released / (Increased)	(\$1,550,000)	(\$1,550,000)	(\$1,340,000)	\$210,000	(14%)	\$210,000	(14%)	
OPERATING REVENUE/FUNDING SOURCES	\$57,988,908	\$57,377,331	\$53,548,195	(\$4,440,713)	(8%)	(\$3,829,136)	(7%)	
Non-Operating Revenue	\$380,219,702	\$311,443,306	\$167,472,506	(\$212,747,196)	(56%)	(\$143,970,800)	(46%)	
Reimbursement for Administrative Revenues Earned	(\$1,500,000)	(\$1,500,000)	(\$4,737,000)	(\$3,237,000)	216%	(\$3,237,000)	216%	
Fund Balance / Reserves Released / (Increased)	\$86,647,519	(\$88,913,498)	\$187,936,994	\$101,289,475	117%	\$276,850,492	(311%)	
NON-OPERATING REVENUE/FUNDING SOURCES	\$465,367,221	\$221,029,808	\$350,672,500	(\$114,694,721)	(25%)	\$129,642,692	59%	
TOTAL REVENUE/FUNDING SOURCES	\$523,356,129	\$278,407,139	\$404,220,695	(\$119,135,434)	(23%)	\$125,813,556	45%	

RECOMMENDED POSITIONS	349.5	349.5	0
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RESERVES

General Reserve	\$4,700,000	-	\$5,000,000	\$300,000	6%	\$5,000,000	-
Computer- VTC Equipment Reserve	\$550,000	-	\$750,000	\$200,000	36%	\$750,000	-
Long Term- Building Maintenance	\$523,000	-	\$523,000	-	-	\$523,000	-
Pension Stabilization Reserve Fund	\$1,250,000	-	\$1,990,000	\$740,000	59%	\$1,990,000	-
Modeling Center Reserve	-	-	\$100,000	\$100,000	-	\$100,000	-

* Adjusted Budget as of 04/19/2018

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

	Adjusted* FY 17-18	Estimated Actuals FY 17-18	Recommended FY 18-19	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
OPERATING REVENUE								
STATIONARY SOURCE								
Permit Fees	\$17,968,298	\$18,151,928	\$19,648,612	\$1,680,314	9%	\$1,496,684	8%	
Section 185- Non Attainment Fees -Rule 3170	\$847,280	\$904,040	\$876,919	\$29,639	3%	(\$27,121)	(3%)	
Advanced Emission Reduction Options (AERO) Fees	\$6,862,529	\$6,030,779	\$6,153,160	(\$709,369)	(10%)	\$122,381	2%	
Settlements	\$2,500,000	\$3,830,000	\$2,500,000	-	-	(\$1,330,000)	(35%)	
Interest	\$1,480,800	\$1,490,000	\$1,500,000	\$19,200	1%	\$10,000	1%	
Miscellaneous	\$52,750	\$51,600	\$52,750	-	-	\$1,150	2%	
Residential Furnaces - Rule 4905	\$2,500,000	\$6,800,000	\$3,000,000	\$500,000	20%	(\$3,800,000)	(56%)	
Total Stationary Non-Grant Operating Revenue	\$32,211,657	\$37,258,347	\$33,731,441	\$1,519,784	5%	(\$3,526,906)	(9%)	
GRANT REVENUE								
State Subvention	\$900,000	\$900,000	\$900,000	-	-	-	-	
EPA 105 Grant	\$2,000,000	\$2,000,000	\$2,000,000	-	-	-	-	
EPA 103 Grant	\$65,000	\$60,000	\$65,000	-	-	\$5,000	8%	
State Operating AB 109 Grant	\$8,400,000	\$8,400,000	-	(\$8,400,000)	(100%)	(\$8,400,000)	(100%)	
State Grant-Oil and Gas Regulations	\$1,000,000	\$1,000,000	\$350,000	(\$650,000)	(65%)	(\$650,000)	(65%)	
Total Grant Revenue	\$12,365,000	\$12,360,000	\$3,315,000	(\$9,050,000)	(73%)	(\$9,045,000)	(73%)	
Total Stationary Operating Revenue	\$44,576,657	\$49,618,347	\$37,046,441	(\$7,530,216)	(17%)	(\$12,571,906)	(25%)	
DMV Surcharge Fees - District	\$12,420,000	\$12,430,000	\$12,650,000	\$230,000	2%	\$220,000	2%	
Administrative Revenues Earned	\$1,500,000	\$1,700,000	\$4,737,000	\$3,237,000	216%	\$3,037,000	179%	
Total Operating Revenue	\$58,496,657	\$63,748,347	\$54,433,441	(\$4,063,216)	(7%)	(\$9,314,906)	(15%)	
Transfer to Non-Operating Revenue for Incentive Grants	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	-	-	-	-	
Fund Balance Used	\$2,842,251	(\$3,021,016)	\$2,254,754	(\$587,497)	(21%)	\$5,275,770	(175%)	
Reserves Released / (Increased)	(\$1,550,000)	(\$1,550,000)	(\$1,340,000)	\$210,000	(14%)	\$210,000	(14%)	
Estimated Funding Sources - Operating	\$57,988,908	\$57,377,331	\$53,548,195	(\$4,440,713)	(8%)	(\$3,829,136)	(7%)	
NON-OPERATING REVENUE								
Air Toxics - Pass Through	\$247,737	\$200,000	\$372,551	\$124,814	50%	\$172,551	86%	
DMV Surcharge Fees - Pass Through	\$43,300,000	\$43,300,000	\$44,142,760	\$842,760	2%	\$842,760	2%	
Carl Moyer Funds	\$10,573,141	\$9,298,888	\$18,750,000	\$8,176,859	77%	\$9,451,112	102%	
VERA/ISR Mitigation Program	\$19,895,605	\$24,229,397	\$22,541,801	\$2,646,196	13%	(\$1,687,596)	(7%)	
Proposition 1B Funding Program	\$32,100,215	\$32,206,775	-	(\$32,100,215)	(100%)	(\$32,206,775)	(100%)	
DERA Program	\$1,408,873	\$591,805	-	(\$1,408,873)	(100%)	(\$591,805)	(100%)	
School Bus Program	\$2,750,000	\$889,832	\$997,604	(\$1,752,396)	(64%)	\$107,772	12%	
Federal Diesel Emission Reduction Funding Program	\$16,692,748	\$4,013,560	\$15,891,224	(\$801,524)	(5%)	\$11,877,664	296%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
Miscellaneous Incentive Grant Funding	\$870,000	\$870,000	-	(\$870,000)	(100%)	(\$870,000)	(100%)	
Non-Operating Interest	\$601,100	\$721,700	\$2,134,550	\$1,533,450	255%	\$1,412,850	196%	
Operating Revenues Funding Community & Other Incentives	\$1,800,000	\$1,800,000	\$1,800,000	-	-	-	-	
CEC - Energy Efficiency Grant	\$8,230,900	\$62,659	\$8,168,263	(\$62,637)	(1%)	\$8,105,604	12936%	
Reimburse Operating for Administrative Revenues Earned	(\$1,500,000)	(\$1,500,000)	(\$4,737,000)	(\$3,237,000)	216%	(\$3,237,000)	216%	
Administrative Fees - Incentive Programs	\$21,048,720	\$8,257,735	\$14,381,020	(\$6,667,700)	(32%)	\$6,123,285	74%	
State Cap & Trade Funding	\$220,700,663	\$185,000,955	\$38,292,733	(\$182,407,930)	(83%)	(\$146,708,222)	(79%)	
Total Non-Operating Revenue	\$378,719,702	\$309,943,306	\$162,735,506	(\$215,984,196)	(57%)	(\$147,207,800)	(47%)	
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$86,647,519	(\$88,913,498)	\$187,936,994	\$101,289,475	117%	\$276,850,492	(311%)	
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-	
Estimated Funding Sources - Non-Operating	\$465,367,221	\$221,029,808	\$350,672,500	(\$114,694,721)	(25%)	-	59%	
TOTAL REVENUE								
Estimated Financing Sources - Total	\$523,356,129	\$278,407,139	\$404,220,695	(\$119,135,434)	(23%)	\$125,813,556	45%	

* Adjusted Budget as of 04/19/2018

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

	Adjusted* FY 17-18	Estimated Actuals FY 17-18	Recommended FY 18-19	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$24,995,911	\$24,794,814	\$27,152,718	\$2,156,807	9%	\$2,357,904	10%
Temporary Help	\$911,795	\$971,910	\$1,010,726	\$98,931	11%	\$38,816	4%
On Call Pay	\$77,832	\$77,637	\$77,832	-	-	\$195	-
Overtime	\$364,561	\$298,062	\$302,912	(\$61,649)	(17%)	\$4,850	2%
Unemployment	\$85,057	\$84,631	\$85,281	\$224	-	\$650	1%
Retirement	\$10,289,930	\$10,238,479	\$12,595,829	\$2,305,899	22%	\$2,357,350	23%
OASDI	\$437,611	\$435,422	\$482,811	\$45,200	10%	\$47,389	11%
Workers Compensation	\$260,096	\$258,797	\$284,221	\$24,125	9%	\$25,424	10%
Cafeteria Plan Benefits	\$3,252,420	\$3,236,158	\$3,596,078	\$343,658	11%	\$359,920	11%
Long-Term Disability Insurance	\$64,296	\$63,974	\$70,184	\$5,888	9%	\$6,210	10%
Alternate Transportation Incentive	\$206,268	\$205,238	\$232,752	\$26,484	13%	\$27,514	13%
TOTAL SALARIES AND BENEFITS	\$40,945,777	\$40,665,122	\$45,891,344	\$4,945,567	12%	\$5,226,222	13%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$18,000	\$17,640	\$18,500	\$500	3%	\$860	5%
Mobile Communications	\$133,552	\$118,559	\$153,720	\$20,168	15%	\$35,161	30%
Telephone Charges	\$100,600	\$80,479	\$103,000	\$2,400	2%	\$22,521	28%
Insurance	\$206,500	\$202,370	\$252,300	\$45,800	22%	\$49,930	25%
Equipment Maintenance	\$203,550	\$199,475	\$187,380	(\$16,170)	(8%)	(\$12,095)	(6%)
Vehicle Maintenance & Operations	\$217,300	\$201,454	\$194,200	(\$23,100)	(11%)	(\$7,254)	(4%)
Computer Maintenance	\$406,843	\$398,705	\$441,571	\$34,728	9%	\$42,866	11%
Video Conferencing Maintenance & Operations	\$99,030	\$97,049	\$99,030	-	-	\$1,981	2%
Building Maintenance & Operations	\$249,300	\$241,143	\$263,300	\$14,000	6%	\$22,157	9%
Office Supplies	\$48,450	\$47,479	\$52,350	\$3,900	8%	\$4,871	10%
Computer Software & Supplies	\$82,028	\$80,386	\$81,063	(\$965)	(1%)	\$677	1%
Monitoring Station Supplies & Equipment	\$1,133,123	\$1,128,461	\$227,723	(\$905,400)	(80%)	(\$900,738)	(80%)
Postage	\$83,500	\$72,678	\$88,700	\$5,200	6%	\$16,022	22%
Printing	\$126,000	\$123,480	\$117,950	(\$8,050)	(6%)	(\$5,530)	(4%)
Professional & Specialized Services	\$2,400,255	\$2,352,250	\$2,211,745	(\$188,510)	(8%)	(\$140,505)	(6%)
Publications & Legal Notices	\$146,475	\$143,545	\$124,047	(\$22,428)	(15%)	(\$19,498)	(14%)
Rents & Leases	\$567,961	\$556,601	\$79,161	(\$488,800)	(86%)	(\$477,440)	(86%)
Small Tools & Equipment	\$49,155	\$48,230	\$33,900	(\$15,255)	(31%)	(\$14,330)	(30%)
Special District Expense	\$145,125	\$142,224	\$161,326	\$16,201	11%	\$19,102	13%
Travel & Training	\$188,680	\$184,906	\$188,485	(\$195)	-	\$3,579	2%
Travel & Training - Boards	\$66,881	\$64,734	\$67,434	\$553	1%	\$2,700	4%
Utilities	\$311,800	\$305,566	\$328,400	\$16,600	5%	\$22,834	7%
Audit Services	\$20,000	\$19,600	\$20,000	-	-	\$400	2%
Legal Services	\$42,400	\$41,552	\$42,400	-	-	\$848	2%
TOTAL SERVICES AND SUPPLIES	\$7,046,508	\$6,868,566	\$5,537,685	(\$1,508,823)	(21%)	(\$1,330,881)	(19%)
FIXED ASSETS							
Office Improvements	\$40,000	\$39,200	\$40,000	-	-	\$800	2%
Facilities & Equipment	\$200,000	\$184,260	\$105,000	(\$95,000)	(48%)	(\$79,260)	(43%)
Computer Equipment	\$872,923	\$782,530	\$860,396	(\$12,527)	(1%)	\$77,866	10%
Office Furniture / Equipment	\$25,000	\$24,501	\$25,000	-	-	\$499	2%
Office Machines	\$61,750	\$34,055	\$27,250	(\$34,500)	(56%)	(\$6,805)	(20%)
Telephone Systems	\$36,720	\$35,986	\$38,520	\$1,800	5%	\$2,534	7%
Detection Equipment	\$13,600	\$13,600	\$77,000	\$63,400	466%	\$63,400	466%
Automobiles	\$580,000	\$573,400	\$322,000	(\$258,000)	(44%)	(\$251,400)	(44%)
Audio / Visual Equipment	-	-	-	-	-	-	-
Safety Equipment	-	-	-	-	-	-	-
Video Conferencing System	\$25,950	\$25,431	\$26,000	\$50	-	\$569	2%
Air Monitoring Station Equipment	\$232,000	\$229,500	\$223,000	(\$9,000)	(4%)	(\$6,500)	(3%)
Air Monitoring Near Roadway Stations	-	-	-	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$375,000	\$367,500	\$375,000	-	-	\$7,500	2%
Purchase of Southern Region Office Building	\$3,610,680	\$3,610,680	-	(\$3,610,680)	(100%)	(\$3,610,680)	(100%)
Community Monitoring - Hardware	\$63,000	\$63,000	-	(\$63,000)	(100%)	(\$63,000)	(100%)
Community Monitoring - Equipment	\$3,860,000	\$3,860,000	-	(\$3,860,000)	(100%)	(\$3,860,000)	(100%)
TOTAL FIXED ASSETS	\$9,996,623	\$9,843,643	\$2,119,166	(\$7,877,457)	(79%)	(\$7,724,477)	(78%)
TOTAL OPERATING APPROPRIATIONS	\$57,988,908	\$57,377,331	\$53,548,195	(\$4,440,713)	(8%)	(\$3,829,136)	(7%)

* Adjusted Budget as of 04/19/2018

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

	Adjusted* FY 17-18	Estimated Actuals FY 17-18	Recommended FY 18-19	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$247,700	\$200,000	\$372,600	\$124,900	50%	\$172,600	86%	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$247,700	\$200,000	\$372,600	\$124,900	50%	\$172,600	86%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$97,299,800	\$90,735,266	\$62,089,200	(\$35,210,600)	(36%)	(\$28,646,066)	(32%)	
Carl Moyer Program	\$17,977,941	\$10,786,327	\$20,429,000	\$2,451,059	14%	\$9,642,673	89%	
ISR and VERA'S	\$39,740,505	\$19,839,030	\$48,143,900	\$8,403,395	21%	\$28,304,870	143%	
Proposition 1B Funding Program	\$42,752,800	\$25,125,000	\$17,852,800	(\$24,900,000)	(58%)	(\$7,272,200)	(29%)	
School Bus Program	\$7,056,300	\$4,300,377	\$2,297,400	(\$4,758,900)	(67%)	(\$2,002,977)	(47%)	
Federal DERA/Designated Funding Program	\$18,101,627	\$6,105,366	\$15,891,400	(\$2,210,227)	(12%)	\$9,786,034	160%	
Community & Other Incentives Funded by Operating Reven	\$8,063,700	\$2,070,791	\$5,992,900	(\$2,070,800)	(26%)	\$3,922,109	189%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$250,000	-	-	(\$250,000)	(100%)	-	-	
Miscellaneous Incentive Programs	\$1,140,200	\$248,221	\$921,700	(\$218,500)	(19%)	\$673,479	271%	
Energy Efficiency Grant	\$8,230,900	\$62,659	\$8,168,300	(\$62,600)	(1%)	\$8,105,641	2936%	
Drought Relief Program	\$113,500	\$113,500	-	(\$113,500)	(100%)	(\$113,500)	(100%)	
State Cap & Trade Funding	\$223,733,528	\$61,443,271	\$167,663,300	(\$56,070,228)	(25%)	\$106,220,029	173%	
TOTAL INCENTIVE PROGRAMS	\$464,460,801	\$220,829,808	\$349,449,900	(\$115,010,901)	(25%)	\$128,620,092	58%	
Appropriation for Contingencies	\$658,720	-	\$850,000	\$191,280	29%	\$191,280	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$465,367,221	\$221,029,808	\$350,672,500	(\$114,694,721)	(25%)	\$129,642,692	59%	

* Adjusted Budget as of 04/19/2018

ADMINISTRATION

FISCAL SUMMARY

	<u>Budgeted 2017-18</u>	<u>Recommended 2018-19</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	10,248,138	11,309,197	1,061,059	10%
Services and Supplies	2,653,725	2,448,398	(205,327)	-8%
Fixed Assets	<u>4,045,183</u>	<u>330,336</u>	<u>(3,714,847)</u>	<u>-92%</u>
 Total	 <u><u>16,947,046</u></u>	 <u><u>14,087,931</u></u>	 <u><u>(2,859,115)</u></u>	 <u><u>-17%</u></u>
 <u>Position Summary</u>	 80	 80		

FUNCTION

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

General Administration

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

District Counsel

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

Personnel and Operations Support

The District's Personnel staff perform a full range of employee support activities for all departments. Specific program activities include recruitment, classification and pay, records management, legal compliance, labor relations, training, and

management/supervisory support. In addition, the Personnel department is responsible for minimizing risk to the District through employee benefits, workers' compensation, safety and wellness programs.

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

Administrative Services and Incentives

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

Information Technology Services

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

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

Outreach and Communications

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

promote clean air; collaborating with local, state and federal agencies and stakeholders to further the District's mission; enhancing and strengthening the Healthy Air Living goals and messages; collaborating with other District departments to develop and implement public education efforts about rules, such as tightened wood-burning regulations; deploying state-of-the-art technological innovations such as the Real-time Air Advisory Network (RAAN) and Web-based Archived Air Quality (WAAQ) systems that give stakeholders air-quality information; and working with other District departments to ensure their communications and public affairs needs are met.

SIGNIFICANT IMPACTS TO 2018-19 BUDGET

New Workload

Personnel and Operations Support

The overall workload in the District's Personnel Division will be impacted significantly during the 2018-19 budget year due to AB 617 mandates. Adding an additional 37.5 staff will be necessary for effective and timely implementation of the new mandates. In support of the staff increase forecasted for 2018-19, a significant increase in the number of recruitments is necessary in order to fill the approved AB 617 vacancies. This in turn will increase the number of new hires processed and overall managing of District Personnel.

The District's Personnel staff is responsible for recruitment of new District staff. This critical step contributes to the District's success and maintaining the integrity of the District's STAR (Service, Teamwork, Attitude, Respect) work culture. Due to the increase in recruitments, and to ensure optimal opportunities to hire the best applicants, the District will incorporate a more streamlined approach, reducing the number of days between steps through the recruitment process in order to fill vacancies more promptly.

In support of the District's STAR (Service, Teamwork, Attitude, Respect) work culture, the District will continue to develop and offer additional training programs to staff that will contribute to a positive environment, increase morale, and provide additional tools and resources that may allow staff to complete their duties more efficiently.

The District's OPS Division continues to take on increases in workload due to the support provided to all District departments, but will do so without adding staff to the program in this budget year. This will be made possible by working to maximize efficiency through leveraging new technology and absorbing new functions into existing similar functions. This year, OPS will continue to search for opportunities to refine, streamline, and enhance the effectiveness of their work in all areas.

As the District continues the transition to complete electronic document storage and management, the support provided by the District's OPS division to other District departments continues to grow. During 2018-19, the workload in the District's electronic document management system (EDMS) is expected to increase as programs continue to transition from paper to electronic document storage and management. These projects

include the back file conversion and day forward processing of Finance and Legal documents.

In addition to the routine duties of the OPS division, increased support for the District's robust incentive grant programs and the District's Compliance department, as well as increased permit application processing, was necessary this past year. This trend is expected to continue into the next fiscal year due to AB 617 as well as a significant increase in support for internal and external public meetings and workshops as a result of AB 617.

Administrative Services

The financial workload of the District remains high, in part due to the District's successful incentive grant programs. In conjunction with the expansion of these programs, the workload of the Administrative Services Division (ADS) Finance section (Finance) has both increased and changed. Sustained emphasis is placed on both developing workflow efficiencies and improving various elements of the District's financial infrastructure.

The Administrative Services department will continue to implement ever-changing state and federal rules and regulations and will take steps to ensure District accounting and reporting comply with accounting and financial management best practices. In addition, with changes and expansion of many state and federal mandates in regards to employment regulations and required IRS reporting, the District will utilize appropriate resources to research, evaluate and execute these changes.

In 2017-18, the District successfully secured nearly \$200 million in additional state and federal grant funding for voluntary emission reduction incentive programs, nearly doubling the available grant funding. The District is working extensively with public and private stakeholders to develop the projects and submit the grant applications. In addition to the applications directly submitted by the District, the District also assists other Valley jurisdictions with their applications, utilizing our expertise and experience in administering similar successful projects. The Administrative Services Department will continue to work with the Incentives team and partnering agencies to administer and implement these projects. In addition, the Administrative Services Department will provide the support for implementation of AB 617 mandates, including but not limited to public workshops, grant reporting and tracking, and supporting all departments involved in implementation of such mandates.

Information Technology Services

The District is planning to update its e-mail infrastructure, which is quite old and currently running on Windows Server 2008R2 (OS) and Microsoft Exchange Server 2010. By bringing the District's e-mail infrastructure to the Windows 2016 level, the District will not only benefit from the enhanced functions and features of the new MS-Exchange, it will also receive the continuous support and security updates moving into the future. In addition, the District will upgrade the associated firewall to accommodate for an Exchange 2016 architecture change, Client Access Licenses (CALs) to cover staff use of the system, and upgrade a seven-year-old email gateway (EDGE) server.

The District's compliance and air monitoring field staff uses Microsoft Windows-based smart phones as a mobile platform to perform their daily tasks; these mobile phones have passed their lifecycle and are requiring excessive maintenance in order to keep them operational. In addition, Microsoft stopped supporting these phones. The District is planning to address these issues by upgrading the phones to a different hardware and with a supported software.

AB 617 requires the development of community monitoring and emissions reduction plans for criteria air pollutants and toxic air contaminants. Implementation brings a significant amount of work to the District staff in all different departments. The District's Information Technology team will be supporting the additional staff, associated programming workload, the development of necessary programs, web portals, and other related technology tools.

Self-reliance in the technology arena is critical to the District's business operations and has served the District well. Currently, the District relies on a third party software to acquire and manage the air quality data, which at times does not serve the District's needs well due to an inability to make changes as the business processes change and lack of priority support from vendors. The District is embarking on the early phases of the in-house development of a data acquisition and management software package. This should provide District a tool that can adopt to the changing world of air quality management where new and changed laws, rules, and processes must be accommodated swiftly.

Last fiscal year, the Board had requested that staff investigate the feasibility of schools installing and utilizing some type of visual indicator, such as an electronic billboard to communicate the RAAN levels as they change throughout the day. The District staff has developed a prototype display device in-house. This device, the Real-time Electronic Air-quality Display (READ) can be used to replace flags at schools that represent a static state of air quality, based on a prediction from the prior day. This prototype READ provides real time air quality information specific to a school or an address which in turn will help school administrators, public and the alike in making better health-based decisions on related activities. This self-contained device can be deployed to public schools and other public/private institutions and will receive real-time air quality information from the District's "Real Time Air Advisory Network (RAAN)". Initially as part of this pilot program, twenty schools will be chosen throughout the Valley. The District has since enhanced and improved the design of the READ, and to date has installed them in 10 school locations. The District is expecting during this fiscal year to complete the deployment of the pilot program, collect the feedback and then move, under the Board's guidance, to develop and deploy READ to larger numbers of schools.

The District's regular phone system has an Interactive Voice Response System, which is integrated with the Smoke Management System (SMS). This system is business critical and allows Valley residents to interact and do business with the District on 24x7 basis in an efficient manner. Components of this integrated system were built on 10-year-old telephone exchange technology. During the coming year, the District is planning to undertake the full review of the current system, with a goal of upgrading the system to bring in new cost-effective telephonic technologies, improve efficiency, and provide reliability for many years to come.

This year District will continue its effort to upgrade the Permit Application System (PAS) with newer technologies. The District's main software used for permitting and associated processes was developed with Microsoft Visual Basic 6. Microsoft plans to stop supporting this technology platform and force the switch to a new technology platform, Microsoft .Net. In order to maintain support and needed functionalities to its permit related business processes the District is planning to convert the PAS application to the new .Net platform. This update will also provide opportunities to leverage the new platform for streamlining the existing PAS application.

Outreach and Communications

In 2018-19, the District's core values, goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without additional District resources.

Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. This highly successful, well-publicized program enjoys huge participation by the Valley's school districts and pairs naturally with the Healthy Air Living Schools program. The Recommended Budget includes funding to continue outreach to Valley schools through the use of two part-time temporary employees who are focused on building or expanding the District's relationship with Valley schools. The District will also continue to roll out the Real-time Electronic Air-quality Display and promote the newly redesigned Valley Air smart phone app and the new www.myraan.com website to make participation in the program even easier.

The District will continue to work collaboratively with our local media partners to ensure that messaging surrounding the efforts to address new particulate matter challenges and the opportunities found in AB617. This effort includes ensuring that the public understands the potential new grants and regulations that could possibly come from both these efforts.

A key focus of 2018-19 outreach will be to continue building upon the success of the winter Check Before You Burn and Burn Cleaner grant program. With the amendments to Rule 4901 (Residential Wood-burning Fireplaces and Wood-Burning Heaters) fully implemented, the District will continue to work to ensure that proper public education occurs to ensure understanding of the three burn status levels, proper registration of clean burning devices and public access to grant funding to upgrade older devices. Additionally, the District will work with community stakeholders, wood burning retailers, media partners and the public to reemphasize during the summer months the health hazards of wood smoke and the importance of individuals registering their devices prior to the start of the wood burning season.

Wildfires have the potential to generate tremendous emissions, causing elevated PM2.5 concentrations and ozone precursors. Air pollution generated from wildfires is enormous and well exceeds total industrial and mobile source emissions in San Joaquin Valley overwhelming all control measures resulting in periods of excessively high particulate

matter and ozone concentrations. In 2018-19, the District will continue to work with land management agencies as we pursue a variety of strategies aimed at reducing wildfire emissions. As a part of this effort, the District has developed a targeted public education campaign to increase public awareness of the enormous damage to public health due to wildfires and build public support for increased prescribed burning that may help reduce the number and severity of future wildfires.

The District will continue to heavily promote RAAN beyond schools as the preeminent real-time air quality information tool in the Valley. With the launch of the latest version of RAAN, which allows resident to search for air quality information on a neighborhood by neighborhood basis, the tool has become even easier for resident to use. Through the continued promotion of the real-time neighborhood by neighborhood air quality project, the growth of mobile device options, video RAAN education tools and a revamped website portal, the RAAN system will expand to provide even more important air quality information to the public.

The District will continue to work with our advertising agency partner to promote key programs and messages through our comprehensive multi-lingual public education and outreach program, without an increase to contract funding over the previous year. The successful “Go Big” campaign will continue to be utilized to build understanding of personal behavior and demonstrate the ease of voluntary public involvement. The agency will implement the summer Healthy Air Living campaign and the winter Check Before You Burn campaign, as well as promote grant programs, conferences and other outreach programs.

The District will be working with our advertising agency to improve the Health Air Living Partner program and how it relates to the eTRIP regulation. The District will be asking the public and business community how to make the program stronger and more valuable to the Partners.

The District will leverage media placement funds to increase outreach dollars for programs such as the “Clean Green Yard Machines” lawn mower exchange program, “Burn Cleaner” wood-burning device change-out program, “Tune In Tune Up” vehicle repair program, “Drive Clean” electric vehicle rebate program and other grant programs.

The District recently redeveloped our children’s curriculum to be the more accessible Healthy Air Heroes kids’ kit. This free kit is available to parents and teachers and will be more integrated into our Healthy Air Living Schools program in the year ahead. The new kit is easier to use and less expensive to produce. The District redeveloped the materials in-house and will continue to work with our community partners to relaunch the tool Valley-wide in the next year and offer a Spanish version for those interested.

The District will continue to expand its in-house production of previously outsourced key projects such as the Annual Report to the Community, Healthy Air Living kid’s calendar, videos that showcase stakeholder successes in air-quality management, internal training videos and other high-level, sophisticated projects. Additionally, the District will leverage these tools to support our presence on social media sites.

Efficiency and Streamlining

Personnel and Operations Support

With the increase in workload, Personnel is consistently seeking out new ways to improve processes in order to create more efficiencies. The internally designed and created Human Resource Management System (HRMS) program continues to streamline District Personnel functions. The program is compatible with current District standards and contains two modules beneficial to District-wide operations. The main module provides the necessary data management tools, reports and automation features to conduct the full suite of District Personnel functions. The second module is designed for use by District supervisors and managers and provides human resources information such as performance evaluation due dates, recruitment support with exam scoring, time sheet review and LIS reports to assist in preparation for zero-based budgeting analyses. This past year, we were able to make additions and changes that allowed for better tracking and reporting of the following: CPR certification tracking, Employment Authorization tracking, telecommute contract tracking, and managing insurance premium invoices with changes that occur not only during Open Enrollment, but also with adjustments that are needed throughout the year. Because we are able to do this as needed, we can quickly respond to any new idea or adjustment to current practice immediately. This continues to be a significant improvement over the previous programs utilized to manage Personnel functions.

The continued enhancements to the HRMS program have improved District efficiency by reducing labor hours, streamlining processes, automating report generation, and offering multi-user capabilities. Furthermore, enhanced internal controls ensure accurate data entry and adherence to applicable District rules. The HRMS program will continue to streamline current District Personnel processes in 2018-19. Allowing staff to divert resources to continue to improve existing policies and standard operating procedures, enhancing efficiency and consistency. Ensuring staff is able to provide the highest level of customer service to District staff and to the public.

The District's OPS Division continues to find significant efficiencies in processing District business and communications. The centralized nature of the District's OPS functions and staff makes it possible to streamline operations through leveraging economies of scale and by allowing the shifting of resources between functions to cover cyclical workload changes. During 2018-19, the District will absorb the additional EDMS workload discussed above without additional staffing by continuing to increase the efficiency in EDMS processes using the streamlining capabilities of the OnBase Client Portal. OnBase will allow a significant decrease for time necessary to prepare, scan and verify documents into the EDMS system, allowing OPS staffing resources to conduct other activities. In addition, the OPS Division continues to increase efficiencies by streamlining the routing system when processing permits, adding additional scanning capabilities in Compliance for more efficient transfer of documents into District databases, and more enhanced features and information in the District created E-Directory system in order to provide a more streamlined approach when assisting incoming callers and walk in customers. OPS staff will continue to cross train between departments. This will allow for increased support to the District as a whole while continuing to provide excellent customer service.

Administrative Services

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

During 2016-17, the District began the design and development of a new Grants Management System, which will launch in 2018 and continue to be enhanced during 2018-19. While the burden of development and testing will be significant, the new software will improve internal controls and significantly streamline incentive application and payment processing, allowing Finance and Incentives staff to focus efforts on other important project review, accounting and reporting functions.

The Finance department has fully implemented the option to receive online electronic funds via e-checks, debit, and credit cards. The enhanced District online portal allows permitted facilities to view their current outstanding invoices, submit a payment, and receive their payment confirmation instantly.

In response to new requirements under the Affordable Care Act, the District transferred payroll processing to CompuPay, providing more opportunities for system customization and automation of processing that has led to increased staff efficiency and data integrity. The new payroll administrator also provides an enhanced employee portal with resources, options, and reporting that were not available previously, providing better services to employees. Future enhancements will include integration with District's financial system that will automate tracking and recording of payroll costs.

During this fiscal year, the District continued to benefit from redesigned Fresno office exterior landscape to a more environmentally friendly and drought tolerant design, which reduced landscaping maintenance costs by \$17,000 annually, as well as reduced water usage.

Information Technology Services

Consistent with the District's effort in continuously seeking opportunities to be more efficient, two years ago the ITS department created efficiency groups for the network and programming staff. The efficiency groups have reviewed existing processes, explored new technologies, and implemented ideas that have provided time savings, process improvements, and boosted the morale of the team. They have created training curriculums, requirement-gathering standards, team code reviews and much more. Recently, the programming team has embarked upon creating the new programming standards based upon Microsoft application framework Model-View-Controller (MVC). The team is committed to learning, applying and standardizing all their programming practices to this industry standard. Following these standards is going to result in much faster delivery of programming projects and will allow easy understanding of programs written by others and enable the ability to change these programs quickly.

The District is continuing to streamline the recently created modeling center with increased capacity that will provide District modeling staff with quicker modeling runs as they seek solutions to improving air quality in the Valley

The District internally develops and supports several software applications in order to provide the needed functionality for the District's business operations. These software applications provide public the ability to do business with the District efficiently and effectively. One such program, the Grant Management System (GMS), has become outdated and cumbersome to use. The District is in the process of revamping the GMS to a new version that provides streamlined handling of the District's business processes and is sufficiently flexible to accommodate future business needs. The first version of GMS is now in the test phase and is expected to be released before the beginning of this fiscal year. Implementation of this system will help the District process emission reduction incentive grants much more efficiently. Additional functionalities are being included by adding online portals for the public and businesses to provide easier access to grant programs, applications, and information, as well as annual reporting capabilities.

The District is in the process of creating a web portal for the developers subject to the Indirect Source Review (ISR) rule. This portal will allow developers to file applications and the ability to check the status of their applications, at any time of day, seven days a week. The phase two of this project will allow the applicant to interact and communicate with the District staff electronically.

The District has developed and released to the public its first in-house mobile app for the iPhone and Android phones. This app provides valley residents the real time air quality information from the RAAN system for their current location, as well as for other locations that they choose. It also serves as a mobile platform for submitting air pollution complaints that District compliance team members investigate and respond to.

The District is in the process of developing an electronic process to accept data from oil and gas production facilities in the valley and automating this data entry into the District's permitting application system (PAS) for processing. As a second phase of this project, District will provide a portal to the facilities to be able to view their information and interact with the District electronically.

The District is in the process of developing a School Tracker Software Program that will help the District's outreach and communications team to keep track of educational and program implementation at hundreds of valley schools, as well as keeping records of important contacts and communications, eliminating the need and time requirements of maintaining such data in less reliable spreadsheet format.

Outreach and Communications

The Outreach and Communication Department will continue to work to cross train staff with regard to the support of the Environmental Justice Advisory Group to find streamlining opportunities related to the allocation of staff resources.

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>2017/2018</u>	<u>2018/2019 Recommended</u>	<u>Increase/ Decrease</u>
Accountant I/II	5.0	5.0	0
Accounting Assistant I/II	5.0	5.0	0
Accounting Technician I/II	4.0	4.0	0
Air Quality Education Rep Bilingual I/II	2.0	2.0	0
Air Quality Education Rep I/II	2.5	2.5	0
Air Quality Education Web Specialist I/II	1.0	1.0	0
Assistant Counsel I/II	1.0	1.0	0
Audio Video Specialist I/II	.5	.5	0
Chief Communications Officer	1.0	1.0	0
Controller	1.0	1.0	0
Custodial Worker	1.0	1.0	0
Deputy APCO	3.0	3.0	0
Deputy Clerk to the Board	1.0	1.0	0
Director of Administrative Services	1.0	1.0	0
Director of Information Systems	1.0	1.0	0
Director of Personnel	1.0	1.0	0
District Counsel	1.0	1.0	0
Executive Director/APCO	1.0	1.0	0
Facilities Maintenance Specialist	1.0	1.0	0
General Services Foreman	1.0	1.0	0
Legal Technician (Conf)	1.0	1.0	0
Network Systems Analyst I/II	7.0	7.0	0
Office Assistant I/II	4.0	4.0	0
Office Services Manager I/II	2.0	2.0	0
Operations Support Supervisor	1.0	1.0	0
Personnel Administrator	1.0	1.0	0
Personnel Technician (Conf) I/II	1.0	1.0	0
Programmer/Analyst I/II	8.0	8.0	0
Public Education Administrator	1.0	1.0	0
Senior Accountant	2.0	2.0	0
Senior Air Quality Education Rep	1.0	1.0	0
Senior Network Systems Analyst	2.0	2.0	0

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ADMINISTRATION

Senior Network Systems Analyst Conf)	1.0	1.0	0
Senior Office Assistant	3.0	3.0	0
Senior Office Assistant (Conf)	1.0	1.0	0
Senior Personnel Analyst	1.0	1.0	0
Senior Policy Advisor	1.0	1.0	0
Senior Programmer Analyst	2.0	2.0	0
Supervising Accountant	2.0	2.0	0
Supervising Network Systems Analyst	1.0	1.0	0
Supervising Programmer/Analyst	2.0	2.0	0
TOTAL	<u>80.0</u>	<u>80.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Administration

	Adjusted* FY 17-18	Recommended FY 18-19	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,259,779	\$6,698,516	\$438,737	7%
Temporary Help	\$278,631	\$301,177	\$22,546	8%
On Call Pay	-	-	-	-
Overtime	\$112,335	\$92,128	(\$20,207)	(18%)
Unemployment	\$21,120	\$20,924	(\$196)	(1%)
Retirement	\$2,548,948	\$3,073,257	\$524,309	21%
OASDI	\$106,887	\$122,652	\$15,765	15%
Workers Compensation	\$57,565	\$61,113	\$3,548	6%
Cafeteria Plan Benefits	\$797,293	\$868,877	\$71,584	9%
Long-Term Disability Insurance	\$15,804	\$17,237	\$1,433	9%
Alternate Transportation Incentive	\$49,776	\$53,316	\$3,540	7%
TOTAL SALARIES AND BENEFITS	\$10,248,138	\$11,309,197	\$1,061,059	10%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,350	\$2,500	\$150	6%
Mobile Communications	\$20,572	\$22,003	\$1,431	7%
Telephone Charges	\$21,697	\$21,341	(\$356)	(2%)
Insurance	\$49,294	\$57,748	\$8,454	17%
Equipment Maintenance	\$40,859	\$38,690	(\$2,169)	(5%)
Vehicle Maintenance & Operations	\$23,500	\$29,100	\$5,600	24%
Computer Maintenance	\$131,944	\$138,055	\$6,111	5%
Video Conferencing Maintenance & Operations	\$99,030	\$99,030	-	-
Building Maintenance & Operations	\$59,512	\$60,250	\$738	1%
Office Supplies	\$11,679	\$13,638	\$1,959	17%
Computer Software & Supplies	\$27,523	\$26,084	(\$1,439)	(5%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$14,700	\$16,400	\$1,700	12%
Printing	\$100,502	\$84,326	(\$16,176)	(16%)
Professional & Specialized Services	\$1,593,946	\$1,405,059	(\$188,887)	(12%)
Publications & Legal Notices	\$1,700	\$1,500	(\$200)	(12%)
Rents & Leases	\$45,741	\$6,847	(\$38,894)	(85%)
Small Tools & Equipment	\$9,614	\$8,697	(\$917)	(10%)
Special District Expense	\$118,906	\$136,128	\$17,222	14%
Travel & Training	\$118,730	\$118,660	(\$70)	-
Travel & Training - Boards	\$39,550	\$39,550	-	-
Utilities	\$59,976	\$60,392	\$416	1%
Audit Services	\$20,000	\$20,000	-	-
Legal Services	\$42,400	\$42,400	-	-
TOTAL SERVICES AND SUPPLIES	\$2,653,725	\$2,448,398	(\$205,327)	(8%)
FIXED ASSETS				
Office Improvements	\$40,000	\$40,000	-	-
Facilities & Equipment	\$41,101	\$23,230	(\$17,871)	(43%)
Computer Equipment	\$191,150	\$167,403	(\$23,747)	(12%)
Office Furniture / Equipment	\$5,967	\$5,719	(\$248)	(4%)
Office Machines	\$13,567	\$7,198	(\$6,369)	(47%)
Telephone Systems	\$8,768	\$8,786	\$18	-
Detection Equipment	-	-	-	-
Automobiles	\$108,000	\$52,000	(\$56,000)	(52%)
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Video Conferencing System	\$25,950	\$26,000	\$50	-
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Purchase of Southern Region Office Building	\$3,610,680	-	(\$3,610,680)	(100%)
Community Monitoring - Hardware	-	-	-	-
Community Monitoring - Equipment	-	-	-	-
TOTAL FIXED ASSETS	\$4,045,183	\$330,336	(\$3,714,847)	(92%)
TOTAL OPERATING APPROPRIATIONS	\$16,947,046	\$14,087,931	(\$2,859,115)	(17%)

* Adjusted Budget as of 04/19/2018

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2017-18</u>	<u>Recommended 2018-19</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	11,046,014	12,071,494	1,025,480	9%
Services and Supplies	1,205,795	923,436	(282,359)	-23%
Fixed Assets	<u>608,028</u>	<u>600,827</u>	<u>(7,201)</u>	<u>-1%</u>
Total	<u><u>12,859,837</u></u>	<u><u>13,595,757</u></u>	<u><u>735,920</u></u>	<u><u>6%</u></u>

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

The District's Compliance Department performs a full suite of enforcement and compliance assistance related activities to ensure compliance with District, state and federal rules and regulations. In addition, the Compliance Department processes applications, permits, registrations, and plans for gasoline dispensing facilities, wood burning heaters, permit exempt equipment, portable equipment, Conservation Management Practices plans, facility transfers of ownership and name changes, and renewals of Permits to Operate. 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 each year perform inspections at approximately 9,200 permitted facilities and 6,400 agricultural operations, respond to approximately 3,000 public complaints, and verify emissions reductions at thousands of locations where emission reduction incentive projects have been implemented.

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

Inspections of Stationary Sources

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

Under the District's variable inspection frequency policy, inspection frequencies are assigned considering various factors, including a source's compliance and complaint

history, potential for air quality impact, frequency of equipment use, presence of toxic air contaminants, and potential for violations. Initial inspections of new and modified operations are performed as well, allowing the District to ascertain whether the associated equipment complies with District rules, and potentially alerting the source early to any discrepancy and preventing significant non-compliance periods.

Complaint Investigations

The District receives thousands of complaints each year for which timely responses and investigations of alleged sources of non-compliance are top priorities. Inspectors are on-call 24 hours per day and use automated voicemail and computer systems to facilitate the timely response to complaints in order to abate potential public nuisances. Along these same lines, the District added the ability to easily submit complaints, including video and photographs, online and through the District's mobile smartphone applications. The District provides a bilingual (Spanish-English) telephone complaint line and also has the capability to utilize translation services to ensure that all communities and groups within the Valley are properly served.

Compliance Assistance

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

- **Individualized Assistance**
Personal, one-on-one help is provided to thousands of businesses and individuals to ensure they understand the District's requirements.
- **Compliance Assistance Bulletins**
The District actively evaluates upcoming rule compliance dates, analyzes compliance rates for various requirements, and develops appropriate compliance assistance bulletins that are sent to affected groups including, but not limited to, realtors, building departments, contractors, industrial and commercial facilities, and farmers.
- **Compliance School**
Training classes provide information on the topics of open burning, gasoline vapor recovery and wood burning fireplaces and wood burning heaters.
- **Gasoline Station Tester Training**
Ongoing training for contractors is provided for those wishing to perform vapor recovery tests within the District. District rules require testers to be certified and ensures an adequate pool of qualified contractors from which stakeholders can select.
- **Asbestos Training**
Comprehensive assistance on asbestos regulations is provided to the public, building industry, building departments, fire departments, and realtors. Staff continues to spend considerable time providing one-on-one assistance, in addition to group trainings, to this regulated community.
- **Residential Wood Burning Heater Professional Training**
One-time training for individuals who either have a certification from the

- Fireplace Investigation Research and Education, Chimney Safety Institute of America or the National Fireplace Institute (NFI), or have documentation demonstrating qualifications to perform inspections, maintenance and cleaning activities on wood burning heaters.
- **Rule 4901 (Fireplace and Wood Burning Heater) Education**
Staff responds to public inquiries concerning the program, including providing compliance assistance brochures and one-on-one help to explain rule requirements and exemptions.
 - **Rule 9410 (eTRIP)**
Staff assists in providing training to employers to be used in the implementation of successful eTRIP measures. In addition to this, staff provides customer service to employers subject to rule requirements and conducts onsite inspections to ensure compliance with the rule requirements. Staff also receives and reviews annual reports submitted that are required to be performed and submitted by subject employers.
 - **Regulation VIII (Fugitive Dust) Education**
Staff organizes and conducts classroom training for all groups required to submit dust control plans for construction activities and provides ongoing training as needed.
 - **Prescribed Burning Outreach**
The District meets periodically with the land managers of the USDA Forest Service, National Park Service, US Fish and Wildlife Service, Bureau of Land Management, California Department of Forestry and Fire Protection, and Southern California Edison Company in order to minimize impacts of smoke from prescribed burns and wildfires. Compliance staff participates on a daily call with these land managers during fire season to keep abreast of wildfire and prescribed burn activities throughout the area.
 - **Access to Compliance Policies**
Compliance policies are available on the internet for stakeholders to review, comment on, and use to assist them with complying with District requirements. The internet is updated regularly with new or modified policies to ensure availability of current information.
 - **Permit Stakeholder Meetings**
The District's Compliance Department continues to attend and give updates at these meetings as another way of providing compliance assistance. The District identifies upcoming rule requirements, provides clarification on rule and policy requirements, responds to industry inquiries, and provides updates in the meetings.

Emission Reduction Incentive Program Inspections

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

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

Emissions Testing

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

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

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

Portable Equipment Registration and Inspections

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

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

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

Gasoline Station Permitting, Inspecting and Testing Program

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

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

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

Agricultural and Prescribed Burning

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

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

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

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

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

Wood Burning Fireplace and Wood Burning Device Registration and Enforcement

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

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

The rule allows Valley residents seeking to voluntarily register their wood burning device to do so in one of two ways. If the resident has purchased a wood burning device through the District's Burn Cleaner incentive program, they can pay a nominal fee and provide needed information to register the device on line. The other option for Valley residents is for them to contact a Registered Wood Burning Heater Professional (RWBHP) to verify that the wood burning device is in good operating condition, including ensuring that the device has been cleaned, maintained, and operated in accordance with manufacturer specifications. To ensure RWBHPs are qualified individuals to perform these inspections and verifications, the District instituted a registration program for RWBHPs. This requires potential RWBHPs to provide District with an application to be designated as an RWBHP that includes a requirement for the individual to provide necessary certifications or related job experience that qualifies them to be a RWBHP. In addition to the application, the applicant must undergo District provided training and enter into a contract with the District that they have the ability to connect remotely to the internet and the ability to print out and issue registrations during their inspections. After completing the required training and signing the contract, the individual is added to the District's list of registered RWBHP. Compliance staff are responsible for reviewing registrations, reviewing potential RWBHP applications, providing training to RWBHPs and drafting contracts for them.

Since 2004, the District has had a robust enforcement program for designated wood burning curtailment days to ensure the District is getting the expected emission reductions from the requirements of the rule. This includes having a significant portion of field staff mandatorily assigned to conduct several hours of surveillance in counties with declared curtailments. The District also conducts surveillance in counties with curtailments on days that District

offices are closed and performs periodic night-time surveillance throughout the Check Before You Burn season.

Mutual Settlement Program

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

Continuous Emission Monitoring System Polling

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

Fugitive Dust Regulations

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

Permit-Exempt Equipment Registration

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

Conservation Management Practices Plans

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

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

Hearing Board Activities

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

SIGNIFICANT IMPACTS TO 2018-19 BUDGET

New Workload

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

Compliance with District Rules

The District will need to ensure facilities are complying with existing District rules that have compliance dates in Fiscal Year 2018-19, including: Rule 4702 – Internal Combustion Engines (Phase 2), Rule 4905 – Natural Gas-Fired Fan Type Central Furnaces, and Rule 7070 – Perchloroethylene From Dry Cleaning Operations. These amended rules will require additional inspections, record review, and emission testing oversight.

Air Resources Board's Refrigeration Management Program

The District is also finding it necessary to continue to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts at the request of regulated stakeholders and California Air Resources Board, the District has been asked to continue assisting valley facilities, subject to ARB's Refrigerant Management Program, register in the RMP program. The District's efforts during the last fiscal year resulted in a request to extend the contract into the next fiscal year due to the District's unparalleled level of customer service, streamlining and efficiency that ARB and local businesses are accustomed to when working with the District. Moving forward, ARB has indicated that they would like to enter into a Memorandum of Understanding to enforce the requirement on a permanent basis. However, the Refrigeration Management measure has the potential to be very labor intensive, so additional resources will have to be made available by the state before the District commits to a longer term agreement.

Air Resources Board Oil and Gas Greenhouse Gas Regulation

ARB developed a new regulation targeting GHG emissions from the oil and gas industry. The state regulation imposes new requirements aimed at reducing methane emissions from certain equipment used in oil and gas production operation. The state regulation allows for

Districts throughout the state to enter into memorandums of agreement to enforce the regulation. Through the state's rule development process, it became a widely held consensus that the state lacked the necessary resources and expertise to effectively implement this new regulation. By contrast, all parties recognized the District's expertise in this area and its extensive permitting and enforcement infrastructure that has been in place for decades. All parties, including CARB and the Valley's oil and gas industry, agree that administration of the program by the District will provide for more effective and expeditious implementation at lower cost. The District's involvement in these activities is an opportunity to streamline duplicative regulatory requirements and provide a common-sense approach to implementing these new regulations that will provide a valuable service to Valley businesses.

Much of the oil production for the state comes from the Valley, as demonstrated by the thousands of pieces of equipment currently under permit with the District. The new regulation will require routine laboratory testing, routine third-party leak detection and repair at facilities not currently required to do so under existing District regulations, and emission controls on equipment not currently subject to any District rules (such as natural gas gathering and boosting stations, natural gas processing plants and natural gas transmission compressor stations). Implementation of this regulation is expected to result in a significant increase in initial and ongoing enforcement hours associated with the new facilities and equipment requiring inspection.

Employer Based Trip Reduction Rule

The District's innovative eTRIP Rule (Rule 9410, Employer Based Trip Reduction) was designed to reduce single occupancy vehicle work commutes at the Valley's larger employers. The final stages of rule requirements took effect recently and significant efforts have been made to date to ensure compliance with the rule. The initial focus was on providing compliance assistance and outreach to the affected work places. Ensuring compliance with this innovative rule continues to be paramount in the District's ongoing mission to protect public health and improve the Valley's air. During fiscal year 2018-19, the District will expand its outreach, compliance assistance, and enforcement efforts necessary to implement and ensure compliance with the rule. The District is continuing to work with the facilities subject to the requirements by providing guidance and direction as well as assistance tools, such as new recordkeeping forms and compliance assistance bulletins. In addition, the District will devote additional resources to conducting on-site inspections to ensure compliance with the requirements of the rule.

Natural Gas-Fired, Fan-Type Central Furnaces Rule

Due to the inability for the majority of manufacturers of natural gas-fired, fan-type furnaces, regulated under District Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces), the rule is being amended. The proposed amendments include additional recordkeeping requirements that will increase the enforceability of the regulation. To ensure that all manufacturers, distributors and installers are complying the rule, the District will be committing additional staff resources if the rule is adopted. These efforts will include additional compliance assistance, inspections, investigations, and reporting reviews associated with changes to the rule. Sales of non-compliant products can have a significant impact on the Valley's ability to attain federal air quality standards.

Increased Grant Funded Equipment Replacement Inspections

As a direct result of the District's advocacy efforts working closely with Valley stakeholders, the Cap and Trade legislative package includes significant new funding for the Valley that will greatly assist in achieving the enormous emissions reductions necessary for our upcoming State Implementation Plans aimed at attaining the federal health-based standards. Assembly Bills 134 and 109 (AB 134 and AB 109) appropriated \$135 million statewide to reduce emissions from the agricultural sector. The San Joaquin Valley as the top agricultural producing region in the state will receive 80% of the total funding. The funding distribution as proposed by ARB is commensurate with the agricultural equipment inventory as well as the commitment for large reductions in emissions in the State Implementation Plan for the San Joaquin Valley. Additionally, given our success in securing commitments for state funding for other incentive-based measures, with the District Governing Board's approval, the San Joaquin Valley is expected to receive another \$200,000,000 in state funding this year, doubling available grant funding.

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

Efficiency and Streamlining Measures

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

As part of the department's inspection efficiency improvement efforts, the District embarked on an endeavor aimed at reducing unnecessary redundancies with inspection paperwork. Inspection forms continue to be streamlined and refined to reduce time spent on paperwork. Furthermore, the District continues to expand the use of clerical and office-based support staff to process paperwork and perform other

office-based duties to allow field-based inspection staff to remain in the field conducting inspections.

Tablet Computers and Smart Phones

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

In conjunction with the tablet computers, inspection staff has been equipped with smart phones which allowed the District to reduce the amount of equipment to maintain and support field staff. The smart phones effectively replaced turn-by-turn navigation devices and digital cameras. The use of digital cameras has resulted in significant time savings by utilizing the ability to send pictures directly from the phone via email. This feature has been utilized extensively for fireplace surveillance and compliance response where response time is critical. The ability to send pictures from the field has also made grant inspections go more quickly, resulting in timely processing of the grant applications. It also allows field staff the ability to access and respond to work emails more quickly, increasing efficiency and customer service. Moving forward, the District is exploring avenues to develop applications on the phone that will further streamline field staff work, which has the potential to result in time savings.

In prior years, the District embarked on a multi-year, phased-in approach to implement new computer programs that will leverage the tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. Phase 1 of this project has been completed and provides field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program significantly streamlines the time necessary to prepare for inspections. Phase 2, the Consolidated Activity Tracking System, has also been completed and allows field staff's work to now be assigned through the dashboard, significantly reducing the supervisory staff's time spent on assignment preparation and tracking. The supervisors also use the system to assign work based on locations, further reducing field staff travel time. A new feature in the supervisor task assignment program called the geo-assignment tracking tool utilizes geocoding, which allows them to quickly add and adjust field staff assignments when necessary based on the exact location of the person at the time. This new feature allows supervisors to select assignments based on closest proximity and highest priority with minimal time on their part. As we continue to improve utilization of this tool, we will continue to increase efficiency by decreasing travel time and increasing the number of inspections. In accordance with the District's STAR work culture, supervisors and their staff continue to develop ideas and suggestions that have been implemented and are making this an even greater time efficiency tool. Phase 3 is currently in development and is focused on allowing the data captured during an inspection to be directly input into the various electronic databases used to track inspection activities. Currently the process requires numerous people to handle

the electronic documents before they are actually entered in the District's electronic databases.

Global Positioning System in Field Staff Vehicles

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

Forward Looking Infrared Cameras

The District is also utilizing advanced emission detection equipment such as Forward Looking Infrared (FLIR) cameras to aid in conducting inspections at oil and gas production, processing and refining operations. The District continually looks for the opportunity to leverage new technologies such as FLIR to improve the overall quality and efficiency of inspections and investigations. The FLIR camera is able to capture optical imaging of volatile organic compound (VOC) leaks. Oil and gas production, processing, and refining operations have thousands of components that could potentially have fugitive VOC leaks. By using the FLIR camera, District staff will be able to quickly scan large areas, including inaccessible components, to prioritize leak detection efforts. If VOC leaks are observed with the FLIR camera, District staff is continuing to use VOC detection devices capable of taking quantitative measurements to determine whether a violation of District rules has occurred. The FLIR camera has enhanced the overall quality of the inspections and investigations by increasing the likelihood of detecting VOC leaks that may otherwise not have been found. Further, this technology is used to save time on routine follow-up inspections to verify compliance following equipment breakdowns. By finding and fixing the VOC leaks, this reduces overall exposure to potentially toxic compounds and explosive environments, which is a benefit to both public health and inspector safety.

Registration of Clean Burning Wood Burning Devices

The District was the first agency to develop a registration process for clean burning, EPA certified, wood burning fireplaces and wood burning heaters. The challenge was in finding a way to register thousands of devices in a manner that the District would be confident that the devices were in fact EPA certified and that they were being properly maintained to minimize emissions. The District developed an additional training process for professionals in the industry that, upon completion, allows them to be certified to conduct inspections of the equipment and to register clean burning wood burning devices with the District. To reduce data entry time for District staff, the registered professionals are required to use an online portal to register all wood burning devices. This information is automatically uploaded into District databases and the registered professional provides the home owner a copy of their registration. This

streamlined approach has allowed the District to limit its expenses to administer the registration process so it is possible to offer this registration at minimal cost to the homeowner.

Electronic Submittal of Title V Reports

Recently, the EPA approved the District's first-of-its-kind electronic signature process for federal Title V facilities, which allows facilities to submit both Annual Compliance Certifications as well as Reports of Required Monitoring electronically. Use of the new system will streamline the required reporting for both stakeholders and the District. The system will perform an automated initial review of the electronically submitted reports, which will save a significant amount of District time currently spent on this review.

Electronic Upload of Information Required by EPA

The District was informed by EPA that they would be modernizing their Air Facility Subsystem (AFS), a system that state and local air pollution agencies are required to submit compliance and permit data for federally regulated stationary sources. The District's Information and Technology Services and Compliance Departments worked with EPA and their contractors to develop an innovative and efficient mechanism to transfer the required data electronically to the new system. The District leveraged its existing systems used to automate AFS reporting and worked out a new mechanism to exchange the data with the ICIS-Air system. The system saves the District thousands of hours of manual data entry and has been so successful that the EPA is using it as a model for other agencies looking to transfer data electronically into ICIS-Air. The District was the very first agency in the nation that was able to complete the electronic transfer of data successfully into the ICIS-Air system and was recognized by the EPA for this historic achievement.

Online Program for Regulated Facilities (PASPort)

The District has been devoting significant resources toward creating an information portal system for permitted facilities. The system, called PASPort, is a tool to allow the facilities to access all documents submitted for their facility as well as documents produced by the District for the facility. Looking for additional utility, the District has been focusing on ways to allow the user to submit documents directly through the portal. Currently, the facilities can submit 19 different types of required compliance reports through PASPort including but not limited to source testing, organic liquids storage tank cleaning notification, and continues emissions monitoring reports. In each case, the facility benefits in numerous ways, such as reduced postage and immediate confirmation that the documents were received by the District via email notification. This benefits the District because having these files electronically allows us to simply review and upload the document directly into District databases for management. When receiving paper copies, it requires going through an arduous and time consuming process necessitating the document being indexed and converted it into an electronic file to be uploaded.

In addition to this, the source is also able to submit initial equipment breakdowns report and/or deviations from permit requirements through the PASPort system as well. Once the equipment has been repaired or is again operating in compliance, the facility can complete the breakdown/deviation report in PASPort and submit it. Timely submittal is

verified via email, an important service because of the requirement for this report to be submitted to the District within 10 days of repairing the equipment or within 10 days of discovering the deviation. District staff benefit from breakdowns and deviations being submitted through PASPort because the initial notification is normally handled by office staff and requires manual data entry and once the final breakdown/deviation report is submitted, it would require compliance staff to manually enter report contents into the District's database. Field staff and their supervisor are also notified via email that a breakdown has been received, allowing staff to quickly and efficiently respond depending on the type of breakdown or deviation. Use of the PASPort eliminates the need for any manual data entry because data entered by the source is automatically uploaded into the District's tracking program. Considering the District receives approximately 900 breakdown and deviation reports on an annual basis there is a significant time savings because when handled without the PASPort system, each manual entry can take between 15-30 minutes (or longer for more complicated scenarios).

Online Submittal of Dust Control Plans and Asbestos Notifications

The District is also completing development of an online system for submitting dust control plans and will be using the same development processes to allow for the submittal of asbestos notifications electronically. The system has been designed so all required information must be completed before the submittal can be processed, which is the single biggest issue with the current process and requires time consuming follow up and tracking by compliance staff. In addition to reducing time by having completed plans, the system is also being designed that it will automatically generate the reports required. Report review will also be done electronically and the required response letters generated automatically based on the review results. An additional benefit is that all dust control plans will be easily available to staff in the field, for when they are performing site inspections or complaint investigations. When conducting complaint investigations tied directly to excess dust emissions, having the dust control plan and the contact information readily available can significantly reduce the time of non-compliance. Until this online process is completed, we have created email folders that for plan submittal. Additionally, there is an existing process through which electronic payment can be made. This is an effective interim measure that eliminates the need to scan document copies that are able to quickly be uploaded for storage. We have received positive feedback from asbestos contractors, construction project managers, and consultants who appreciate using the new interim system and have expressed a strong desire to use the new system once completed.

Paperwork Streamlining

While it has always been a priority to turn around paperwork associated with grant inspection projects for customer service reasons, we continue to look for ways to make this process more efficient. One such step was by generating and routing all inspection paperwork electronically to the grants staff for their processing and review. This has resulted in decreased staff time and ensuring applicants receive the grant money as expeditiously as possible.

We have continued to identify paperless methods of processing permit renewals, gasoline dispensing permit applications, permit exempt equipment registrations, conservation management practices plans, and portable equipment registrations. We are seeing streamlining in the form of quicker review of work by supervising and senior staff, because the review is done electronically and any changes are tracked and minor changes corrected immediately. Once the evaluations are complete, staff is able to immediately upload the documents, which are then immediately available to everyone at the District. Previously, the documents would be printed out, and indexed into a filing system for manual scanning and uploading.

Gasoline Dispensing Facilities

The District has thousands of gasoline dispensing facilities within the Valley and each requires numerous tests on an annual basis. To streamline the scheduling process for testing contractors, the District developed an online tool that identifies the specific tests required for the individual sites. The date, time, tests to be performed, and testing company information are then automatically updated in the District's tracking program. This eliminated the manual entry requirements, in addition, to necessary follow-up with the testing contractor when not all of the required tests were identified as going to be performed.

Another improvement requires testing contractors to submit required test result information online. Prior to this change, the contractors were calling the District and leaving verbal confirmation that the tests had been completed and the results of the testing. This was an extremely inefficient process and the new process has been well received by the testing contractors for its simplicity of use and because they receive an email confirming that their information has been received. Much in the same way as the source testing scheduling, this new process eliminates the need to enter the information in the District's database manually, saving considerable time.

Complaint Program

Improvements have been made to the District's complaint program that allow complainants to submit complaints online and through the District's smart phone applications. This process eliminates office staff from having to enter this information into the database manually. In addition, pictures and video of the violations can be downloaded and submitted with the complaint. District staff are then able to see exactly what the complainant is seeing, which can significantly reduce the amount of time necessary locating the source of the complaint. Staff also have the capability of easily adding additional electronic documentation associated with complaints, eliminating the need for office staff to have to upload this information into the District's electronic file management system. Another new feature has the ability to map the complaint location within the Complaint program. This feature eliminates the need to search for the location online.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2017/2018</u>	<u>2018/2019 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Assistant	7.0	7.0	0
Air Quality Compliance Manager	3.0	3.0	0
Air Quality Field Assistant	11.5	11.5	0
Air Quality Inspector I/II	44.0	44.0	0
Air Quality Specialist I/II	8.0	8.0	0
Director of Compliance	1.0	1.0	0
Office Assistant I/II	2.0	2.0	0
Senior Air Quality Inspector	10.0	10.0	0
Senior Air Quality Specialist	2.0	2.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Inspector	8.0	8.0	0
Supervising Air Quality Specialist	2.0	2.0	0
TOTAL	<u>99.5</u>	<u>99.5</u>	<u>0</u>

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

	Adjusted* FY 17-18	Recommended FY 18-19	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,660,818	\$7,055,994	\$395,176	6%
Temporary Help	\$172,282	\$192,831	\$20,549	12%
On Call Pay	\$77,832	\$77,832	-	-
Overtime	\$84,739	\$72,126	(\$12,613)	(15%)
Unemployment	\$24,120	\$23,492	(\$628)	(3%)
Retirement	\$2,791,501	\$3,330,272	\$538,771	19%
OASDI	\$114,372	\$121,315	\$6,943	6%
Workers Compensation	\$114,889	\$122,614	\$7,725	7%
Cafeteria Plan Benefits	\$925,978	\$990,367	\$64,389	7%
Long-Term Disability Insurance	\$17,287	\$18,351	\$1,064	6%
Alternate Transportation Incentive	\$62,196	\$66,300	\$4,104	7%
TOTAL SALARIES AND BENEFITS	\$11,046,014	\$12,071,494	\$1,025,480	9%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$13,335	\$13,385	\$50	-
Mobile Communications	\$68,640	\$75,975	\$7,335	11%
Telephone Charges	\$36,970	\$36,257	(\$713)	(2%)
Insurance	\$61,950	\$71,827	\$9,877	16%
Equipment Maintenance	\$72,592	\$66,490	(\$6,102)	(8%)
Vehicle Maintenance & Operations	\$154,800	\$134,600	(\$20,200)	(13%)
Computer Maintenance	\$78,629	\$87,216	\$8,587	11%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$74,790	\$74,954	\$164	-
Office Supplies	\$14,490	\$14,290	(\$200)	(1%)
Computer Software & Supplies	\$23,386	\$22,254	(\$1,132)	(5%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$25,900	\$34,200	\$8,300	32%
Printing	\$12,720	\$16,386	\$3,666	29%
Professional & Specialized Services	\$102,729	\$103,155	\$426	-
Publications & Legal Notices	\$7,500	\$7,500	-	-
Rents & Leases	\$299,165	\$4,341	(\$294,824)	(99%)
Small Tools & Equipment	\$11,561	\$12,088	\$527	5%
Special District Expense	\$15,801	\$16,077	\$276	2%
Travel & Training	\$27,450	\$26,350	(\$1,100)	(4%)
Travel & Training - Boards	\$27,331	\$27,884	\$553	2%
Utilities	\$76,056	\$78,207	\$2,151	3%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,205,795	\$923,436	(\$282,359)	(23%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$42,205	\$31,069	(\$11,136)	(26%)
Computer Equipment	\$229,417	\$247,284	\$17,867	8%
Office Furniture / Equipment	\$7,500	\$7,117	(\$383)	(5%)
Office Machines	\$13,290	\$7,401	(\$5,889)	(44%)
Telephone Systems	\$11,016	\$10,956	(\$60)	(1%)
Detection Equipment	\$13,600	\$77,000	\$63,400	466%
Automobiles	\$291,000	\$220,000	(\$71,000)	(24%)
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Purchase of Southern Region Office Building	-	-	-	-
Community Monitoring - Hardware	-	-	-	-
Community Monitoring - Equipment	-	-	-	-
TOTAL FIXED ASSETS	\$608,028	\$600,827	(\$7,201)	(1%)
TOTAL OPERATING APPROPRIATIONS	\$12,859,837	\$13,595,757	\$735,920	6%

* Adjusted Budget as of 04/19/2018

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2017-18</u>	<u>Recommended 2018-19</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	11,223,343	11,991,955	768,612	7%
Services and Supplies	757,874	563,005	(194,869)	-26%
Fixed Assets	<u>258,564</u>	<u>210,363</u>	<u>(48,201)</u>	<u>-19%</u>
 Total	 <u><u>12,239,781</u></u>	 <u><u>12,765,323</u></u>	 <u><u>525,542</u></u>	 <u><u>4%</u></u>
 <u>Position Summary</u>	 87	 87		

FUNCTIONS

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

Authorities to Construct and Permits to Operate

Before stationary sources of air pollution may construct or operate in the San Joaquin Valley, the appropriate air quality permits must be obtained. The permitting process involves two steps. The first step requires the applicant to submit project-specific information for evaluation in order for an Authority to Construct (ATC) permit to be issued. This process is critical because construction of new facilities or equipment, or modifications of existing equipment, may not legally commence until the ATC is issued by the District. District, state and federal regulations require the best possible pollution controls and mitigation for new and modified sources of air pollution. The second step, issuing the Permit to Operate, occurs after the applicant has installed the equipment as specified in the ATC and has demonstrated that the equipment complies with District rules and regulations.

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

In 2017, the District processed applications for and issued about 2,900 ATC permits for new

and modified equipment and operations. It is expected that, in 2018-19, the number of ATC applications received will increase by about 5% due to the economy continuing to expand and due to increased activities in some specific sectors (oil and gas operations, internal combustion engines compliance deadlines, biomass and pyrolysis new operations, etc.).

Federally Mandated Operating Permits (Title V)

About 250 of the largest sources of air pollution are operating under federal Title V operating permits issued by the District. Title V does not impose any new emission standards or any new controls on emissions. It does, however, prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits, and requires significantly increased administrative steps that must be met when issuing, renewing, or revising permits. In general, these latter requirements expand public and Environmental Protection Agency (EPA) participation in the permitting process for the largest emitters of air contaminants in the District. The District's workload in this area continues to be significant. In 2017, the District issued 3,039 initial and renewal Title V permits for 60 facilities and processed 1,197 Title V permit modifications.

Emission Reduction Banking

The District administers an Emission Reduction Credit (ERC) banking program, the purpose of which is to allow sources to store credit for voluntary emission reductions for later use as offsets where allowed by District, state, and federal rules and regulations. This mechanism also allows sources to transfer emission reduction credits to other sources for use as offsets. The administration of deposits, transfers, and withdrawals from the bank is accomplished through the filing of a banking application. The District reviews banking applications to ensure reductions are real, permanent, quantifiable, surplus, and enforceable as mandated by state and federal regulations. In 2017, the District processed 255 ERCs transaction applications. This level is expected to increase slightly in 2018-19, following the projected trend of activity in the Oil and Gas sector.

District's BACT Clearinghouse

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

The BACT Clearinghouse helps to expedite the permitting process by minimizing the need for lengthy project-specific BACT determinations. It also aids new project proponents in designing new or expanding facilities by outlining air pollution control requirements early in the process. In 2016, the District started an effort to update and improve this valuable permit-expediting tool. In 2018-19, Permit staff will continue to update approximately 70 BACT guidelines in the District's BACT Clearinghouse as well as state and federal BACT databases.

Air Toxics Program

State and federal laws mandate a number of requirements aimed at reducing emissions of, and the risk associated with, hazardous (or toxic) air contaminants. Under state mandates, the District is required to enforce emissions standards established by Air Toxics Control Measures

(ATCMs). Additionally, the state's Air Toxics Hot Spots Act requires the District to systematically inventory emissions of toxic air contaminants, assess the potential health risks to the public caused by toxic air emissions, notify the public of these potential health risks, and reduce the facility's risk to a level below significant. In 1990, amendments to the Federal Clean Air Act Title III, required EPA to promulgate regulations, called Maximum Achievable Control Technology (MACT) standards, for controlling toxic air contaminants. The District must implement all point-source MACT standards that apply to facilities within its jurisdiction.

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

As an additional part of its integrated air toxics program, to avoid the creation of new health risks, the District assesses the health risk associated with proposed increases in air toxic emissions through a Risk Management Review (RMR) process during permit processing. The District only approves permitting proposals that do not constitute a significant health risk. The District processed 740 RMRs in 2017.

In 2017, the District continued to implement the revised guidelines for performing Health Risk Assessments. These risk evaluation processes were revised in 2015 as the District implemented the state Office of Environmental Health Hazard Assessment's (OEHHA's) revised Guidance on Preparation of Health Risk Assessments that was adopted by OEHHA in early March 2015. The District's health risk assessment processes and policies were updated accordingly and implemented July 1, 2015. This revised guidance was designed to incorporate the Governing Board's guidance to implement all of the OEHHAs revisions to provide enhanced protection of children, and the public overall, while preventing unreasonable restrictions on permitting actions.

Criteria Pollutant Emissions Inventory

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

In 2017, the District processed 5,376 emissions inventory statements and survey responses. The District continues to combine emissions inventory efforts with other emissions information gathering efforts, such as those required under Rules 3170, 4320, and 4702, thus significantly reducing and streamlining the workload and paperwork requested from regulated sources.

In 2018-19, the District will continue to assist the state and District modelling staff by preparing and updating planning inventories that will be used in upcoming attainment plans. While this task will likely require continued devotion of District resources, the payoff in the

longer term comes in the form of assurance that the District's planning efforts will be focused on the most critical sources of air pollution.

California Environmental Quality Act (CEQA)

The California Environmental Quality Act requires environmental impacts of a proposed project be identified, assessed, and avoided or mitigated as feasible, if these impacts are significant. The District analyzes its own permitting and rule development actions, as well as project developers' and Lead Agencies' proposals, for compliance with CEQA. In 2017, District staff reviewed 2,544 CEQA documents, sent 669 comment letters to other CEQA lead agencies, and prepared 182 CEQA project specific documents related to District's rule adoption and permit processing. With the projected increase in ATC processing and the continued positive trend in the economy, it is expected that the CEQA workload will increase proportionally in 2018-19.

Senate Bill 4 (Oil and Gas Well Stimulation)

In 2018-19, the District will continue implementation of the Senate Bill 4 (SB4) program associated with the reviewing and commenting of state Department of Conservation – Division of Oil, Gas and Geothermal Resources (DOGGR) permits for well drilling and stimulation activities, such as hydraulic fracturing, otherwise known as fracking. The bill requires DOGGR to promulgate regulations that require permits and reporting by companies that perform fracking or other types of oil and gas well stimulation techniques and requires DOGGR to enter into agreements regarding regulatory responsibilities with other involved agencies, including local air Districts. For 2018-19, it is estimated that the District will receive and process 250 well drilling and stimulation applications, a stable number compared to the previous year.

Voluntary Emission Reduction Agreements (VERAs)

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

Dollars provided by the project proponent are reinvested in the Valley economy in emission reduction projects. Utilizing the District's highly successful incentive grant programs, the funds provided through the VERA are awarded to Valley businesses, residents, and municipalities to generate real and quantifiable reductions in emissions. The emission reductions secured through VERAs are "surplus" to existing regulations, achieving reductions earlier or beyond those required by regulations. Over the years, the District has built a reputation for excellence in the implementation of these programs, as highlighted in multiple audits by state agencies that lauded the District's incentive programs for their efficiency and effectiveness. The District's incentive programs have invested over \$1.9 billion in public and private funding for clean air projects reducing more than 136,000 tons of emissions.

Indirect Source Review (ISR)

District Rule 9510 (Indirect Source Review), was adopted by the District's Governing Board in 2005 to reduce the impacts of growth in emissions resulting from new land development in the San Joaquin Valley. The objective of the rule is to reduce emissions associated with

construction and operational activities of development projects occurring within the San Joaquin Valley.

In 2017, the District received 329 ISR applications, which 56% higher than the prior year, indicating that the housing development sector is continuing to recover from the 2007-2010 industry recession. Under the ISR rule, a project application review consists of assessing a project's potential emissions, quantifying mitigations proposed by the applicant, and assessing any required development mitigations and associated fees, if applicable. An annual report of ISR activity, and the emissions reductions generated by the program, is published by the District in the 4th quarter of each year.

Affordable Housing and Sustainable Communities Program

The Strategic Growth Council's (SGC) Affordable Housing and Sustainable Communities (AHSC) Program provides grants and affordable housing loans for compact transit-oriented development and related infrastructure and programs that reduce greenhouse gas (GHG) emissions. These projects increase the accessibility of housing, employment centers, and key destinations via low-carbon transportation options (walking, biking, transit), resulting in fewer vehicle miles traveled (VMT). The AHSC Program is funded by the Greenhouse Gas Reduction Fund (GGRF), which is part of the State's overall climate investment efforts to reduce GHGs as required by Assembly Bill 32.

The District is committed to providing technical assistance to any Valley stakeholder as necessary to complete AHSC applications. The District's service entails consultation regarding GHG emissions and associated mitigation measures, as well as well as quantification of GHGs according to the accepted methodologies. In 2017-18, the District provided comprehensive service to all stakeholders that requested assistance on these project assessments and submittals to the Strategic Growth Council for funding consideration in 2018. The projected workload for 2018-19 represents approximately 100 hours of staff time, consistent with the workload experienced in 2017-18.

Small Business Assistance (SBA)

The District operates an effective Small Business Assistance program to provide assistance to businesses that lack the resources or expertise needed to efficiently obtain air permits. District SBA engineers and Technical Services air quality specialists, who can be contacted in each office or by calling a District SBA hotline telephone number and can provide expert advice on technology options, application processes, and other air issues. The District's three SBA offices have responded to as many as 10,000 requests for assistance in a single year.

SIGNIFICANT IMPACTS TO 2018-19 BUDGET

The increasing workload associated with the duties performed by Permit Services, as discussed below, is expected to be accommodated by continuing to implement streamlining and efficiency improvements in all areas.

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

New Workload

Implementing AB 617

In 2018-19 the District will be working on implementation of a new state law AB 617, Community Air Protection Program. As part of this effort, the Permit Services Department will:

- Develop specialized emissions emission inventories and emission reporting systems for facilities subject to AB617,
- Assist in evaluating District rules to determine conformance with Best Available Retrofit Control Technology requirements,
- Contribute in the preparation of Community Air Monitoring Plans,
- Contribute in the preparation of Community Emission Reduction Plans,
- Actively participate in the state's compilation of the required emissions control technology clearinghouse for criteria and toxic emissions
- Actively participate in the public process (Public outreach, meetings, workgroups, local community meeting, etc.).

These extensive efforts represent an additional 5,690 hours of new workload. As discussed in the next section of this narrative, several identified gains in efficiency are expected to free up additional resources that will be allocated to supporting other District departments

Providing Support to Other Departments of the District

In 2017, the Permit Services Department continued to provide support to the Strategies and Incentives Department for maintaining and updating valley-wide emissions inventories used in the State Implementation Planning (SIP) processes used to identify areas of potential future emissions reductions. The District's effort is also designed to assist the state Air Resources Board in preparing and updating these SIP inventories to assure that the District's planning strategies are focused on the most critical sources of air pollution.

In 2018-19, the District will continue working on three PM2.5 attainment plans that are being integrated into a single planning document. As part of this process, the Permit Services Department will bring its extensive emissions inventory experience to this increasingly important task, as the need for accuracy and finer detail grows in identifying emissions associated with source categories identified in this plan and for which emission reductions can be achieved. The Permit Services Department will also provide resources and extensive knowledge of control technologies to assist in the assessment of existing PM2.5 and NOx control measures and in the development of new PM2.5 and NOx control measures to be included in the plan.

Overall, the support provided to the Strategies and Incentives Department in the upcoming fiscal year is projected to increase by approximately 1,900 hours of Permit staff time compared to the actual time expended in 17 to reach a total projected 3,390 hours in support to the Strategies and Incentives Department. As discussed in the next section of this narrative, several identified gains in efficiency are expected to free up additional resources that will be allocated to supporting other District departments.

In 2018-19, the Permit Services/Technical Services Division will also be providing continued

assistance to the Compliance Department regarding ISR. The coordination efforts will be focused on the following:

- Improving consistency of submittals of required Air Impact Assessment (AIA) by applicants prior to applying for final discretionary approval with the public agency,
- Improving consistency of payment of any required offsite mitigation fees within 60 days of invoicing, to assure emissions reductions can be generated contemporaneously with the emissions increases caused by the development, and
- Providing more detailed and complete project information to Compliance staff allowing for more efficient resolution of compliance cases.

Overall, the support to the Compliance department is expected to reach 1,860 hours compared to 1,700 hours in 2017, which represents a 160 hour increase in this area.

Providing Support to Other Agencies and Stakeholders

District staff will continue to provide support and information to the California Department of Resource Recycling and Recovery and the California Department of Food and Agriculture to ensure their efforts to divert organic waste from landfills to new composting operations, and to increase the use of waste digesters at dairies. Both of these efforts have the potential to significantly increase emissions in the District, and as such the District must assure that the resulting emission increases are minimized to the extent possible. This effort is expected to require 200 staff hours.

Authority to Construct Permitting

In 2018-19, the Permit Services Department is expecting to process 1,006 ATC projects, not counting gasoline dispensing applications, a 4.6% increase compared to the 962 ATC projects processed in 2017. While the number of projects to be processed is expected to increase, the Permit Services department is expecting an approximately 1,600 hour decrease in staff time required. This reduction in staff hours expended on ATC permitting is attributed to ongoing streamlining efforts, as discussed in the Efficiency and Streamlining section below.

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

The District maintains a clearinghouse of BACT guidelines to streamline BACT determinations associated with issuing ATCs for new and modified equipment. Many of the District's BACT guidelines were last updated several years ago and must be updated to reflect the most current BACT requirements. The District expects to update approximately 60 to 80 BACT guidelines in 2018-19 representing a 2,400 hours increase in staff time. This effort is also part of a larger effort to assist CARB with the creation of a control technology clearing house under AB 617 as discussed above and will have an additional benefit of reducing ATC application processing time.

Permit Services Rule Development

In 2018-19 the District is expected to develop two rule amendment packages. One rule amendment package will be to revise Rules 2201, 2520, and 2301 to eliminate the need for publication of public notices in local newspapers, and instead utilize electronic notification. This effort will result in a reduction in expenses related to publication of notices in newspapers and will reduce the time it takes to issue such permits. Another rule

development effort will be to amend rules 4001 (NSPS) and 4002 (NESHAP) to obtain delegation to implement the latest applicable federal regulations. These rule making efforts are expected to require approximately 400 hours of staff time.

ERC Transaction Processing (ERC Withdrawals and Transfers of Ownership)

In 2018-19, the District expect to see a slight increase in the number of ERC transaction applications, +4.0%. While the ERC transaction processing activity does not represent a large amount of hours (approximately 700 hours budgeted for 2018-19), as discussed in the Efficiency and Streamlining section below, a significant effort to streamline and improve the ERC transaction process will take place in 2018-19 resulting in a decrease in the individual application processing time with an overall no net increase for this activity.

Risk Management Review (RMR)

In July of 2015, the District began the implementation of a significant change in RMR methodologies. The changes were based on updated health risk assessment procedures from the state's Office of Environmental Health Hazard Assessment (OEHHA). The result of using these conservative and health protective modeling methodology decisions is that calculated risk has increased by about 2.4 times compared to the risk calculated for the same emissions by the District's prior methodologies. Therefore, more projects triggered Best Available Control Technologies for toxic air pollutants (T-BACT), and a greater number of projects required a refined Risk Management Review to better characterize the risk associated with the proposed new or modified equipment.

The increase in workload experienced as a result of the changes to the OEHHA guidance is expected to continue in 2018-19. However, as discussed in the Efficiency and Streamlining section below, the District has developed streamlined techniques to minimize the additional processing time that is required under the revised RMR methodology.

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

OEHHA's revised guidance is also being incorporated into the District's implementation of the AB 2588 Hot Spots Program. Since the calculated health risk under the new methodologies is higher than previous estimates, air toxics facilities subject to the AB 2588 Air Toxics "Hot Spots" program are being reassessed. Under this health risk reassessment process, each facility is required to prepare a revised Toxic Emission Inventory Plan (TEIP) and a Toxic Emission Inventory Report (TEIR) in order to provide site-specific inventories of air emissions of toxic substances, which will introduce significant new workload to Technical Services this year and for several years to come. In implementing these new requirements, the District will follow the quadrennial emissions update process prescribed in AB2588. It is estimated that thousands of additional facilities will require reassessment through a new prioritization process, of which a smaller subset will be required to perform risk assessments. In 2018-19, District staff will continue to review facility-specific TEIPs and TEIRs, and will proceed with the health risk reassessment process for these facilities.

Without implementing streamlining measures, the significant workload increase due to the implementation of the Toxics Hot Spots program plan would require approximately 15,000 staff hours in 2018-19. However, as described in the Efficiency and Streamlining section below, due to the intense District effort to develop tools and procedures, the expected workload is approximately 11,000 hours for the up-coming year, representing only a 4,600

hours increase compared to 2017 staff time spent in this area prior to the full implementation of the Toxics Hot Spots reassessment plan.

California Environmental Quality Act (CEQA)

CEQA requires environmental impacts of a proposed project be identified, assessed, and avoided or mitigated as feasible if these impacts are significant. Technical Services is likely to experience sustained workload requirements in 2018-19. With the projected 4.6% increase in ATC processing and the continued positive trend in the economy, it is expected that the CEQA workload will increase proportionally. In addition, the District is also engaged in an effort to further cross-train staff to perform CEQA duties.

Voluntary Emission Reduction Agreements (VERAs)

For the year 2018-19, the overall time to process VERAs is projected to increase with growth in the number of expected new contracts and the growing complexity of new agreements. Under CEQA review, the District is encouraging the use of the VERAs to allow project proponents to mitigate air quality impacts of future projects.

In addition, previously approved VERAs require accurate tracking to ensure compliance with the terms of the contract and verify that the targeted emission reductions are achieved. Due to the increased workload associated with the VERA program, the District expects staff hours to increase from 577 hours utilized in 2017, to approximately 616 hours in 2018-19.

Indirect Source Review (ISR)

The District's Indirect Source Review program, implemented under the first-of-its-kind Rule 9510 and designed to mitigate increases in emissions from development projects, is likely to see sustained or increased workload requirements in 2018-19 due to an increase in construction activity in the Valley. The District received 329 ISR applications in 2017 and, with the economy continuing to recover and stabilize, 344 ISR project applications are expected during the fiscal year 2018-19, representing a 5% increase in ISR processing activity.

Implementation of Air Resources Board's Oil and Gas Methane Control Regulation

In March 2017, the state Air Resources Board adopted a new greenhouse gas regulation targeting methane emissions from the oil and gas industry. This regulation imposes new requirements aimed at reducing methane emissions from certain equipment used in oil and gas production operation. Consistent with the District's core values of efficiency, good government, and elimination of duplicative regulation, the Governing Board has directed District staff to develop a program to implement and enforce this regulation locally. In December 2017, the Governing Board authorized the District to enter into a memorandum of agreement with ARB to implement the new regulation and adopted a new District rule requiring affected Oil and Gas affected facilities to apply to receive a registration from the District for equipment subject to the regulation. The District's implementation of this new state regulation will eliminate duplicative regulatory requirements and provide a common-sense and streamlined approach maintained at the local level.

Staff hours required for initial implementation of this new program will mainly occur in 2017-18. Ongoing staff hours to implement this new program, beginning in 2018-19, are estimated to be 300 hours/year.

Efficiency and Streamlining

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

The District's efforts to implement streamlined methodologies have significantly reduced the workload associated with all permitting activities, but the District has demonstrated the ability to continue to identify and implement new and innovative ways to improve efficiency. As a result, the District processes more permits per person than any other air district in California, without sacrificing the quality or health-protective nature of the permit evaluation process. In addition to continuing efforts in this area, the following specific streamlining efforts are to be undertaken in 2018-19:

ATC Processing

As mentioned above, while the District is expecting a 4.6% increase in the number of ATC projects to be processed in 2018-19 compared to 2017-18, the number of hours associated with this major function is expected to decrease by approximately 1,600 hours compared to 2017-18. Over the years, the District has implemented many permit application streamlining measures designed to increase efficiency mostly through the development of templates, guidance documents, and various forms of automation. In 2018-19, Permit Services will continue to find new and innovative ways to improve efficiency by encouraging and taking advantage of staff-driven suggestions for improvement and efficiency. A major effort to proactively update the District's BACT clearinghouse will also contribute towards streamlining the processing of ATC applications. The District will also develop additional guidance and training materials to further reduce staff time to process permit applications.

Title V Permit Processing

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

Over the years, District staff has also developed new tools and new templates designed to streamline the Title V permit renewal process. These efforts have resulted in significant productivity gains: while an average of 70 hours was spent to process a Title V permit renewal in 2012-13, this processing time has been reduced to 59 hours per project in 2017. Further improvements are expected to occur in 2018-19, and it is expected that an average of approximately 56 hours will be necessary to process a Title V permit renewal project. The District is expected to process 36 Title V permit renewal projects in 2018-19 compared to 54 Title V renewal applications in 2017. Between the efficiency gain in this area and the reduced number of Title V renewal applications projected for 2018-19, it is expected that

Permit Services will be able to redirect approximately 500 hours of staff time to perform other tasks.

Permit Services has also developed and continues to enhance a clearinghouse for previously-approved Compliance Assurance Monitoring (CAM) plans similar to that used for BACT determinations. This tool provides permitting staff with a detailed template outline and permit conditions for various CAM plan options, which can significantly reduce processing time for all Title V Initial, Title V Renewal, and Title V Modification applications. These measures have resulted in significant efficiency improvements for all types of Title V application processing.

ERC Transaction Processing (ERC Withdrawals and Transfers of Ownership)

The District is developing additional streamlining tools and video training tools to reduce the staff time necessary to process applications for ERC withdrawals and transfers of ownership. This effort is expected to result in a 30% reduction in the staff time to process such applications.

Risk Management Review (RMR)

As discussed above, the implementation of the changes to the District's Health Risk Assessment guidelines has resulted in increased facility calculated risks, requiring Technical Services to re-process and refine existing units' risk calculations.

The increase in workload experienced as a result of the changes to the OEHHA guidance is expected to continue in 2018-19. However, the District has developed streamlined techniques to minimize the additional processing time that is required under the revised RMR methodology. Software, policy, and other processing tools have contributed to tremendously reduce RMR processing time. These streamlining efforts results in an estimated saving of approximately 500 hours for 2018-19. Therefore, despite the anticipated workload increase, no additional staffing is expected to be necessary to process RMRs. To date, the additional RMR activities discussed here have been implemented without discernable impact on Valley businesses' ability to receive timely permits.

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

With the need to reassess many of the District's permitted facilities under the Air Toxics Hot Spots program in fiscal year 2018-19, the District will continue with the following streamlining measures:

- Further develop the District's PAS program for processing of facility plans, reports, and prioritizations, ensuring that a facility's Hot Spots status will be readily available,
- Further develop the District's PAS and Finance programs for automated invoicing of associated air toxics fees mandated by the state,
- Create additional facility-specific Toxic Emission Inventory Plan (TEIP) templates,
- Further develop electronic Toxic Emission Inventory Report (TEIR) submittal processes, and
- Align facility toxic IDs with District permitting facility IDs for consistency purposes. This will eliminate confusion and processing time for Technical Services staff, as well as when coordinating with and submitting toxics reports to the ARB.

In order to process the very significant workload increase discussed above, the District has already implemented numerous measures intended to streamline the risk reassessment process. The implementation of the efficiency measures described above has resulted in an estimated savings of 4,000 hours for the up-coming year. After factoring these efficiency measures, the workload increase due to the implementation of the Toxics Hot Spots program plan is projected to require approximately 11,000 staff hours for 2017-18, representing only a 4,600-hour increase compared to 2017-18.

In the future, as the District processes and reassesses permitted facilities, District staff will continue to develop new streamlining measures necessary to minimize the significant impact of the workload associated with the Hot Spots program. The possible need for additional staff to perform future required risk assessments under AB 2588 for a larger number of facilities will be re-evaluated in the future and, if necessary, budget adjustments will be brought to the Governing Board for approval.

Web-Based Annual Emissions Inventory

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

Web-Based CEQA Streamlining System, "CEQA Connected"

The District receives approximately 2,500 California Environmental Quality Act (CEQA) requests for comment per year from Valley lead agencies. In 2014, the Board directed staff to assess interest in, develop, and execute a programmatic approach to increase the efficiency and effectiveness of the District's current processes used in fulfilling its obligation as a commenting agency under the CEQA. The District reached out extensively through three workshops to Lead Agencies throughout the valley in 2014 to propose the use of a programmatic approach with a web-based system. Based on responses from the attendees of the workshops and District surveys, significant interest in such a system was expressed.

The District began development of the web-based streamlining system, CEQA Connected, in 2015-16 and is expected to complete the development of this website functionality in 2018-19. Currently, the CEQA streamlining web-based system is operational for residential development projects, and serves as an instantaneous electronic alternative for Lead Agencies to easily request and receive comments from the District under the CEQA. The District CEQA comment letters identify pertinent requirements, including applicable District rules and regulations, and provide project design elements that would reduce a project's impact on air quality. The new District CEQA website allows users to enter project-specific data online and immediately receive a detailed CEQA comment letter from the District.

This new web-based system results in the following improvements:

- Immediate project comment turnaround
- Incorporation of project design elements that reduce project's impact on air quality

- Improved customer service to the entire development community

As a result of the use of new tools and implementation of efficiency measures, the overall staff processing time budgeted for CEQA commenting for 2018-19 is approximately 2,500 hours, which is stable compared to 2017 despite a projected increase in CEQA commenting activity and also including additional staff time for cross-training purposes.

SB4 (Oil and Gas Well Stimulation) Processing Templates

As discussed above, the District committed to reducing permitting and business bottlenecks with a guaranteed 14-day commenting turnaround time in the Memorandum of Agreement with DOGGR, while other Districts required a 45-day commenting period in their MOAs. Fiscal year 2016-17 was the first year of implementing this new program. The initial efficiency measures included CEQA commenting templates that expedited processing of these permit reviews. As a result, there was significant resource savings for SB4 applications processing. Due to the streamlined process, the projected staff hours for 2018-19 are not expected to exceed 100 hours, approximately the same as expended in 2017.

Voluntary Emission Reduction Agreements (VERAs)

Due to the increase in VERA workload, the District will implement the following measures in 2018-19:

- Continue to develop VERA software for project processing and tracking
- Create VERA contract templates with pre-approved language, another streamlining measure designed to reduce staff hours crafting custom contract language

These efficiency improvement measures will offset the workload increase expected in this area. Overall, despite the workload increase, the budgeted hours to process VERAs will be 600 hours, similar to the time expended in 2017.

Indirect Source Review (ISR)

As the economy continues to recover, the increase in projected hours to process a significant increase in the number of ISR applications received benefits from the District's ISR software that was updated in 2015, which resulted in significant increase in processing efficiency. The estimated savings per project is approximately 2 hours, which reduces the average ISR project time from 10.5 to now 8.5 hours per project projected for 2018-19.

PASPort Web-based Facility Portal

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

The industry response to PASPort has been overwhelmingly positive, with more than 1,300

facilities participating, to date. In 2018-19, PASPort will continue to be updated to include interactive online application forms, and the ability to pay bills online as part of PASPort.

Non-Permitting Staff Duties

In addition to the processing of Authority to Construct applications and Title V projects, Permit Services staff spends multiple hours performing other duties not associated with permitting actions, such as attending staff meetings, preparing project files, and responding to questions. The District will continue its efforts to apply a similar focus and attention to the streamlining of these non-permitting staff duties as the department has traditionally applied to streamlining the permitting process. Every non-permitting hour freed up through this process becomes another hour to apply to processing permit applications, resulting in a double benefit.

Other Streamlining and Efficiency Actions

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

In addition, the following are just a few other streamlining measures the District is pursuing:

- Develop paperless workflow systems to maximize efficiency in processing permit applications.
- Continue to work cooperatively with the Compliance Department to identify ways to improve service to permit holders.
- Train staff to more accurately record time spent on various activities to allow management to better track staff time spent on specific activities, with the goal of finding additional streamlining opportunities.

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>2017/2018</u>	<u>2018/2019 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Engineer I/II	36.0	36.0	0
Air Quality Specialist VII	16.0	16.0	0
Air Quality Technician VII	1.0	1.0	0
Director of Permit Services	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Permit Services Manager	3.0	3.0	0
Program Manager	1.0	1.0	0
Senior Air Quality Engineer	12.0	12.0	0
Senior Air Quality Specialist	4.0	4.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Engineer	6.0	6.0	0
Supervising Air Quality Specialist	3.0	3.0	0
TOTAL	<u>87.0</u>	<u>87.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted* FY 17-18	Recommended FY 18-19	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,158,463	\$7,406,079	\$247,616	3%
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$85,937	\$73,100	(\$12,837)	(15%)
Unemployment	\$20,108	\$19,321	(\$787)	(4%)
Retirement	\$2,912,027	\$3,397,262	\$485,235	17%
OASDI	\$107,099	\$110,794	\$3,695	3%
Workers Compensation	\$45,143	\$48,590	\$3,447	8%
Cafeteria Plan Benefits	\$821,876	\$860,658	\$38,782	5%
Long-Term Disability Insurance	\$17,694	\$18,287	\$593	3%
Alternate Transportation Incentive	\$54,996	\$57,864	\$2,868	5%
TOTAL SALARIES AND BENEFITS	\$11,223,343	\$11,991,955	\$768,612	7%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$5,813	\$5,029	(\$784)	(13%)
Telephone Charges	\$24,923	\$23,219	(\$1,704)	(7%)
Insurance	\$56,621	\$62,802	\$6,181	11%
Equipment Maintenance	\$47,629	\$42,034	(\$5,595)	(12%)
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$52,560	\$57,752	\$5,192	10%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$68,356	\$65,533	(\$2,823)	(4%)
Office Supplies	\$13,244	\$12,495	(\$749)	(6%)
Computer Software & Supplies	\$18,519	\$16,663	(\$1,856)	(10%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$22,300	\$16,500	(\$5,800)	(26%)
Printing	\$7,239	\$8,512	\$1,273	18%
Professional & Specialized Services	\$64,502	\$65,956	\$1,454	2%
Publications & Legal Notices	\$115,279	\$86,867	(\$28,412)	(25%)
Rents & Leases	\$162,986	\$5,595	(\$157,391)	(97%)
Small Tools & Equipment	\$7,495	\$6,197	(\$1,298)	(17%)
Special District Expense	\$5,874	\$4,547	(\$1,327)	(23%)
Travel & Training	\$15,350	\$16,325	\$975	6%
Travel & Training - Boards	-	-	-	-
Utilities	\$69,184	\$66,979	(\$2,205)	(3%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$757,874	\$563,005	(\$194,869)	(26%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$33,718	\$26,463	(\$7,255)	(22%)
Computer Equipment	\$197,298	\$161,634	(\$35,664)	(18%)
Office Furniture / Equipment	\$6,855	\$6,221	(\$634)	(9%)
Office Machines	\$10,625	\$6,471	(\$4,154)	(39%)
Telephone Systems	\$10,068	\$9,574	(\$494)	(5%)
Detection Equipment	-	-	-	-
Automobiles	-	-	-	-
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Purchase of Southern Region Office Building	-	-	-	-
Community Monitoring - Hardware	-	-	-	-
Community Monitoring - Equipment	-	-	-	-
TOTAL FIXED ASSETS	\$258,564	\$210,363	(\$48,201)	(19%)
TOTAL OPERATING APPROPRIATIONS	\$12,239,781	\$12,765,323	\$525,542	4%

* Adjusted Budget as of 04/19/2018

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2017-18</u>	<u>Recommended 2018-19</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	8,428,282	10,518,698	2,090,416	25%
Services and Supplies	2,429,114	1,602,846	(826,268)	-34%
Fixed Assets	<u>5,084,848</u>	<u>977,640</u>	<u>(4,107,208)</u>	<u>-81%</u>
 Total	 <u>15,942,244</u>	 <u>13,099,184</u>	 <u>(2,843,060)</u>	 <u>-18%</u>

<u>Position Summary</u>	83	83
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FUNCTION

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

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

Air Quality Plan Development

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

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

Rulemaking and Emission Control Strategy Development

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

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

District staff is also responsible for the implementation of other innovative strategies adopted by the Governing Board, such as the Fast Track program and Health Risk Reduction Strategy. The Fast Track program established a non-regulatory approach to reducing emissions and expediting attainment of federal standards through a variety of innovative pollution control measures, such as the establishment of green contracting/procurement guidance, public funding for incentive grant programs, energy efficiency/conservation, and Healthy Air Living. In light of the latest air quality science and health research, the District's Health Risk Reduction Strategy established a policy position emphasizing the prioritization of strategies providing for maximum health benefits. In 2017, as a supplement to the District's attainment strategy, the Governing Board adopted the Community-Level Targeted Strategy to pursue regulatory or incentive-based control measures focused on pollution sources that do not advance attainment of the federal standards but improves localized air quality by reducing emissions from source categories that can cause periodic short-term localized nuisance or aggravation.

Air Quality Modeling and Monitoring Data Analysis

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

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

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

utilization of the District's Air Quality Modeling Center will allow the District to conduct air quality modeling in addition to what is being conducted by ARB and evaluate potential strategies as the District prepares numerous attainment plans.

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

Air Quality Forecasting and Analysis

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

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

Air Monitoring

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

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

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

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

Incentive Grant Program

District staff is responsible for the development, implementation, and on-going administration of a variety of incentive grant programs, including the Heavy-Duty Engine Program, Burn Cleaner Program, Drive Clean in the San Joaquin Program, Public Benefit Grants Program, FARMER Program, AB 617 Community Air Protection Program, and other incentive programs. Additionally, staff is responsible for ongoing administration of the District's Technology Advancement Program (TAP), implementation of the District's Cap and Trade Action Plan, the Smoking Vehicle Program, and other non-regulatory control strategies. Timeliness in the evaluation of grant applications and payment of claims is imperative to allow the District to obtain much needed emission reductions. Applicants expect quick turnaround times on their completed applications in order to install the new reduced-emission technologies in a timely manner. Failure to expend funds within specified time frames may result in the loss and return of unused funds.

Heavy-Duty Engine Program:

The Heavy-Duty Engine Program is the District's largest and most successful incentive program. The Heavy-Duty Engine Program accepts applications for a wide variety of engines that power vehicles or equipment. Heavy-duty trucks, buses, and off-road engines are significant sources of nitrogen oxides (NOx), particulate matter (PM) and reactive organic gases (ROG) emissions within the San Joaquin Valley. Although the District does not have the authority to regulate vehicle tailpipe emissions, it can provide monetary incentives to reduce emissions from these sources. The program provides funding for equipment replacements, engine repowers, or retrofits that are cost-effective in reducing emissions. Emission reductions are obtained when the project applicant purchases vehicles and engines that are cleaner than required by regulatory emission standards or installs an emission certified retrofit device on an existing engine. Project types funded include, but are not limited to, on-road vehicles (heavy duty trucks, school buses, etc.), locomotives, off-road vehicles and equipment (construction, agricultural tractors, etc.), agricultural irrigation pump engines, forklifts, and engine idle reduction technology. During the first ten months of 2017-18, the District obligated over \$79 million in incentive funds through its various heavy-duty programs for over 1,100 engines/vehicles, and paid out over \$57 million in grant claims.

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

Truck Replacement Program (Formerly Truck Voucher Program): The Governing Board authorized the creation of the District's Truck Voucher Program in 2012. This program was created to ensure that Valley truck fleets had opportunities to replace their older, high-polluting trucks well in advance of the Statewide Truck and Bus Regulation deadlines. The program is primarily focused on providing funding for truck replacements for small businesses that do not generally qualify for funding under the Proposition 1B or other programs. District verification of all information submitted, as well as physical inspections of new and old vehicles, help ensure that the integrity of the program is maintained throughout the process. In March of 2018, the Governing Board approved enhancements to the Truck Voucher Program to incorporate requirements of new state funding and ensure cost-effectiveness and SIP creditability of the resulting emission reductions. In addition, the District is added new funding options to encourage Valley fleets to adopt zero and near-zero emission truck technology. The enhancements approved by the Board included rebranding the program under one name, simply the Truck Replacement Program, in order to be more intuitive and inclusive of all District truck programs.

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

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

Burn Cleaner Program: The Burn Cleaner wood stove change-out incentive is a critical part of the strategy to address the effects of residential wood burning. The Burn Cleaner Program provides Valley residents with incentives to replace their old high-polluting devices, or modify their existing open hearths, with new, cleaner burning devices. Recent enhancements to the program, including increased incentive amounts, have resulted in steady participation by Valley residents during the most recent Check Before You Burn Season. During the first ten months of 2017-18, the District has issued over 20,000 vouchers for more than \$600,000.

Vanpool Voucher Incentive Program: The Vanpool Voucher Incentive Program provides subsidies to Valley residents to encourage participation in vanpools in lieu of single-occupancy vehicle commutes. The program targets residents who travel more than 20 miles one way for work. The Valley is a very expansive region and many residents commute long distances on a daily basis to their places of employment. For this reason, the program continues to see a steady rate of participation as many riders benefit from the cost-savings of participating in a vanpool. During the first eight months of 2017-18, the District has issued over 16,900 vouchers for over \$500 thousand.

Drive Clean in the San Joaquin (Formerly Drive Clean and EFMP/EFMP-Plus Up): Through a variety of programs, the District encourages Valley residents to choose advanced, clean vehicles such as plug-in electric, plug-in hybrids and conventional hybrids. By providing rebates for the purchase or lease of these cleaner options, the District can assist Valley residents in making a direct positive impact on air quality and public health. The rebate provided by the District can be combined with the rebate provided through the state's Clean Vehicle Rebate Project which results in the most attractive savings statewide. During the first ten months of 2017-18, the District has

provided more than 1,300 rebates for over \$3.6 million. In addition to this rebate program for new vehicles, the District offers a variety of incentives to encourage the early retirement of the highest polluting light-duty vehicles by encouraging the scrapping or repair of these vehicles. The State Bureau of Automotive Repair (BAR) currently has a statewide program that encourages the early retirement of vehicles that fail their smog check. The District's Tune In Tune Up program, run in partnership with Valley Clean Air Now, has reached out to Valley residents in environmental justice communities who otherwise may not be able to afford costly emissions-related vehicle repairs. Through weekend events, participating residents could have their vehicles screened to determine if they qualified for emissions-related repairs at little to no cost to them. Funding from the Air Resources Board through the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus Up has allowed the Tune In Tune Up program to provide incentives for the replacement of old high polluting vehicles with newer, cleaner, and more fuel efficient models. The vehicles repaired and replaced through Tune In Tune Up provide direct emissions benefits in low-income disadvantaged communities located throughout the Valley. In the first ten months of 2017-18 the District sponsored 16 weekend events that provided funding for over 2,300 vehicle repairs and 150 vehicle replacements. In 2017, the District Governing Board approved changes to the program that brought all of these complementary efforts under one umbrella program, the Drive Clean in the San Joaquin Program.

Charge Up Program:

The District launched the Charge Up Program on June 1, 2015 to not only support the investment made by many Valley residents who have already purchased advanced clean vehicles, but to also ensure the growth and viability of the technology in the region with necessary infrastructure. The program provides funding for Valley public agencies and businesses to purchase and install publically accessible electric vehicle chargers.

Public Benefit Grants Program:

The Public Benefit Grant Program provides funding to Valley cities, counties and other public agencies for a wide variety of clean-air public-benefit projects that provide benefits to Valley residents. Eligible applicants are cities, counties, special districts (i.e. water districts, irrigation districts, etc.) and public educational institutions (i.e. school districts, community colleges, state universities, etc.) located within the geographic area of the District. During the first ten months of 2017-18, the District approved over \$4.4 million in incentive funds through the Public Benefit Grants program.

Lawn Mower Replacement Program:

The District has run a highly successful residential lawn mower replacement program for a number of years. The program is designed to operate as a rebate program and provides incentives for the replacement of old, high polluting gas powered lawnmowers with electric mowers. As a condition of receiving a rebate, this program requires verification that an old lawn mower has been destroyed.

REMOVE Program:

The REMOVE Program provides incentives for projects that reduce motor vehicle emissions within the District, one of the largest sources of emissions not under the direct regulatory authority of the District. All projects must have a direct air quality benefit to the District, and include high-polluting vehicle scrappage, E-mobility (video-telecommunications), bicycle infrastructure, alternative fuel vehicle mechanics training, and public transportation subsidies. During the first ten months of 2017-18, the District obligated over \$35,000 in incentive funds through its various REMOVE programs for two projects.

Dairy Feed Mixer Electrification Program:

The District implemented a new incentive program to provide funding for the purchase of electric dairy feed mixer equipment. This technology was successfully demonstrated under our Technology Advancement Program and is now commercially available. This program provides incentives for the purchase of electric feed mixing technology that replaces diesel-powered equipment used in dairy operations with significant associated emission reductions. Each application is evaluated against the specific criteria developed as a part of this program. At this time, District staff are evaluating and contracting the first several applications under this new program.

Technology Advancement Program:

The District created the Technology Advancement Program (TAP) in late 2010 to encourage the development of advanced new emission reduction technologies in the Valley. The program provides funding for clean air technology advancement projects in several focus areas. In total, the District's Governing Board has approved 35 of the proposed projects for total funding of over \$12 million, with successful demonstrations of zero emissions yard trucks, electric composting, ultra-low NOx biogas engines, and other technologies.

Smoking Vehicle Program:

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

SIGNIFICANT IMPACTS TO 2018-19 BUDGET

As detailed in the next section, the District anticipates an increase in workload in the planning, air monitoring, and incentive program functions, including the need to develop and adopt rules to fulfill federal mandates and District commitments, and administration of additional incentive grant funding projects. The increased workload is expected to be

accommodated with existing staff by continuing to implement streamlining and efficiency improvements in all areas.

New Workload

Rulemaking, Emission Control Strategy Development and Air Quality Analysis

A significant amount of work was required in 2017-18 to prepare attainment plans to address the 1997 PM2.5 standard, 2006 PM2.5 standard, and 2012 PM2.5 standard. In developing these plans, the District conducted extensive research in close cooperation with Valley stakeholders to explore potential innovative control strategies. Development of these plans involved extensive public engagement, including working closely with the Public Advisory Workgroup (PAW) meeting on a regular basis to review and provide feedback on various components of the plans. The District prioritized strategies that provide for maximum health benefits under its Health Risk Reduction Strategy. District staff collaborated extensively with ARB on refining the emission inventory and atmospheric modeling for these plans through use of the District's Air Quality Modeling Center.

In 2018-19, a significant amount of work will be required to develop the new emission control measures in the PM2.5 attainment plans. Key areas of focus for rule development include boilers and steam generators, internal combustion engines, flares, glass manufacturing furnaces, conservation management practices, residential wood burning, and underfired charbroilers. Development of new rules will involve extensive public engagement and working closely with affected entities to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion.

In 2018-19, the District will also continue to assess additional emissions reductions from charbroiling operations through the installation of emissions control technologies at restaurants utilizing under-fired grills. Under-fired charbroiler technologies need further evaluation and demonstration at Valley restaurants before these technologies can be considered in potential amendments to Rule 4692. Technological feasibility issues and logistical issues such as the need to modify hoods and exhaust systems and reinforce roof supports in addition to the purchase, installation, maintenance, and labor costs must all be evaluated. Therefore, an important component of this ongoing evaluation is the on-site demonstration of emission control technologies at Valley restaurants to better understand the cost and feasibility of applying such technologies.

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

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

In 2018-19, the District will also be utilizing the Air Quality Modeling Center to provide and update the new online resource for Valley residents that provides air quality information on a neighborhood by neighborhood level. The District has already released the Web-based Archived Air Quality (WAAQ) system, which now provides the public access to historical air quality information at the neighborhood level. The Air Quality Modeling Center will also be used to develop and update the analytical tools and algorithms needed to provide real time air quality information to Valley residents on a neighborhood by neighborhood level basis. Providing air quality information on a real-time basis for such a large geographical area poses a number of challenges that must be met before launch. Furthermore, such a real-time reporting system must be able to take into account and make adjustments for unforeseen events that may affect air quality in a particular neighborhood. Given the Valley's size, it will take considerable staff resources, computing power and internal quality assurance checks to guarantee the information's accuracy for the approximately 3,600 neighborhoods.

The District continues its tradition of relying on sound science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes \$300,000 specifically designated for health and scientific studies. Through these funds, the District anticipates designing and overseeing research studies in a number of important areas, including: developing a fuller understanding of the impact of various sources on Valley PM_{2.5} concentrations, making improvements to the emissions inventory for key area and mobile sources, and projects to develop more appropriate Valley specific modeling assumptions used in attainment strategy development.

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

The District anticipates completing several Exceptional Events documents in 2018-19. These projects require a significant amount of data gathering, analysis, and modeling of meteorological and emissions parameters during recent wildfire and windblown dust pollution episodes, in order to demonstrate conclusively that the events were beyond the scope of the District's comprehensive, stringent control strategies. District staff is also responsible for coordinating the contracts with the laboratories that analyze the samples collected for the Photochemical Air Monitoring System (PAMS) program.

In addition, with the implementation of AB 617 for the Valley, there will be an extensive amount of new air monitoring data to validate and analyze as community air monitoring campaigns are deployed. The Air Quality Analysis team will need to conduct ongoing analysis of this data and prepare technical reports as these campaigns unfold. With this increase in workload, staffing increases will be needed for this team to properly perform these added tasks.

Air Monitoring

The new federal nitrogen dioxide standard requires new near-roadway nitrogen dioxide monitors to be installed in counties with populations above one million. The District only has two counties that are nearing the one million population threshold, Fresno and Kern. The Fresno near-road site came online in early 2016, and the Bakersfield near-road site is expected to be online later this year. The new stations require considerable staff time to operate and maintain. By having both of these near-road stations operational soon, the District is being proactive in having near-road pollution data collected and reported in advance of the regulatory timeframe.

In addition to the new stations discussed above, the District will also evaluate other network modifications, including potential consolidation of sites. Potential changes will require extensive documentation and staff time.

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

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

To provide expanded monitoring capability in support of special needs, the District is in the process of developing and testing a unit that will automate the exchange of filters used in gas analyzers throughout the air monitoring network. If successful, this unit will have the ability to adjust the sample line flowing through a dirty filter to a clean filter through an automated process, saving staff time currently used to travel to a site and complete this task manually. Additionally, the District is also planning to enhance its mobile monitoring capabilities through purchasing and constructing more compact equipment used to measure ozone and particulate matter. When developed, these mobile units can be used to measure air quality for emergency situations (e.g. wildfires, industrial fires), and can also be used to collect air monitoring data in areas of the Valley that have historically never been monitored. Data collected from these mobile units can also be used to augment neighborhood level data in support of the continued development of the WAAQ system and the neighborhood-by-neighborhood level Real-time Air Advisory Network (RAAN), and assist in parallel monitoring needed for making changes to the air monitoring network.

In addition, an extensive increase in workload for the District's air monitoring program is expected during the 2018-19 year due to the initial development and implementation of AB 617. This expanded program area will include the development of new air monitoring platforms to respond to community monitoring needs. These new platforms will include transportable full scale air monitoring trailers, transportable small scale air monitoring systems, mobile air monitoring vans, and low cost sensor technology. These various platforms will be used to design and deploy air monitoring campaigns for the Valley communities selected under AB 617, providing critical and timely information to the District for trends analysis and emission reduction plan development, and to residents within each community for their reference. The work to operate, maintain, repair the deployed instruments for AB 617, and the review and validation of the collected data will be a substantial workload increase in the District's air monitoring operations.

Assembly Bill 617 and Additional Cap and Trade Funding

In September 2017, the State Legislature and Governor agreed to extend Cap and Trade as part of a legislative package that included the appropriation of \$1.5 billion in Cap and Trade funding. The Cap and Trade deal also included the passage of AB 617 that requires the state Air Resources Board and air districts to develop and implement additional emissions reporting, monitoring, and reduction plans and measures in an effort to reduce air pollution exposure in impacted communities.

The significant increase in funding for voluntary incentive-based programs and the community engagement, monitoring, and protection mandates lead to a significant increase in the District's workload. As the District contemplates effective use of the new funds towards fulfillment of the applicable state and federal mandates, the District faces fast approaching deadlines and timing is of the essence. First, the state's enabling funding legislation imposes ambitious deadlines for the encumbrance and liquidation of AB617 funds, as follows:

- All funding must be encumbered (under executed contract) by June 30, 2019
- All funding must be liquidated (paid out) by June 30, 2021

Aside from workload associated with expenditure of the new incentive grant dollars, AB 617 mandates also require significant additional work by the District. The District will implement AB 617 requirements that will include development and implementation of additional emissions reporting, community air monitoring, Best Available Retrofit Control Technology (BARCT), and emission reduction plan requirements and measures. These requirements include strict implementation deadlines that will require significant amounts of work and resources.

Significant work will be required to analyze and amend, if necessary, District rules affecting sources that are subject to Cap and Trade limits to ensure that those rules meet BARCT requirements. AB 617 requires that CARB develop a monitoring plan for the state, and then select, based on the plan, the highest priority locations for community air monitoring systems. By July 1, 2019, air districts must put monitoring systems in place, and have a mechanism to send data to the CARB website. Additional communities will be added every year. AB 617 also requires community emissions reduction programs based on monitoring and other data. Within one year, air districts must adopt a community emissions reduction program.

Extensive resources, including monitoring and support equipment, will be needed to fully implement AB 617 mandates for community air quality monitoring. Various air monitoring platforms will be needed to address the upcoming air monitoring requirements for community monitoring, fence line monitoring for stationary sources, and small sensor networks. Given the large number of communities in the San Joaquin Valley that may be candidates for monitoring under AB 617 mandates, the monitoring systems will be designed to provide the following:

- *Expanded capacity at lower cost:* Will provide the District with a broad range of monitoring capabilities for multiple air pollutants without having to spend large sums of dollars in building traditional stationary air monitoring stations and platforms.
- *Scalable:* The proposed systems provide flexibility to customize the air monitoring instrumentation based on the community monitoring needs identified for the selected location. This includes flexibility in the number of pollutants being monitored, monitoring duration and methods. Due to the cost-effectiveness of the proposed design, the recommended assets provide capabilities for multiple platforms to be utilized when needed.
- *Portable:* The proposed systems will provide mobility ranging from allowing movements from one community to another or movements within a community as needed.
- *Rapid deployment:* The proposed systems can be assembled rapidly and will require less support infrastructure than traditional stationary air monitoring stations.

Transportable Full Scale Monitoring Platform: This platform will have the capacity to measure a wide variety of pollutants and atmospheric parameters. The instruments will be mounted on trailers serving as a fully functioning air monitoring station, and will provide the added benefit of increased mobility, as they can be easily transported to other locations in the community or to another community in the future. These air monitoring trailers would be placed in a secure stationary location with access to power for a period of time in the community, and will have the ability to measure pollutants in real-time and through filter-based methods. These platforms will have the capability to measure a wide range of pollutants including ozone, PM, NO, NO₂, NO_x, CO, NH₃, SO₂, methane, H₂S, black carbon, VOCs, and toxics, as well as meteorology.

Transportable Small Scale Monitoring Platform: This platform requires a smaller footprint and less support infrastructure as compared to the transportable full scale monitoring platform. This platform will be used when the added capabilities of the full scale monitoring platforms are not needed, such as filter-based sample speciation for particulate matter, laboratory analysis to identify specific toxics, and laboratory analysis for VOC speciation. Despite a relatively lower cost, this platform will have the capability to measure pollutants in real-time, including ozone, PM, NO, NO₂, NO_x, CO, CO₂, some VOCs, and some toxics, as well as meteorology.

Mobile Monitoring Platform: This platform can be deployed quickly and will provide the ability to measure a number of pollutants with fast response monitors, for applications such as measuring roadway emissions, and capturing improved spatial differences in air quality throughout a community. The instruments will be installed in custom-designed transit vans. The air monitoring vans will have the ability to measure emissions continuously while driving or connected to power, and may also run continuously in a remote setting with no source of power for multiple days. Pollutants to be measured could include ozone, PM, NO, NO₂, NO_x, CO, NH₃, SO₂, methane, H₂S, black carbon, VOCs, toxics, meteorology, and more. The air monitoring vans can also be deployed to measure emissions from specific sources of concern in a quick manner in air quality situations like wildfires and large structure fires.

Low Cost Monitoring Sensors: These sensors are more limited in what they can measure and may not be as accurate as the more state-of-the-art monitors described above. However, the District anticipates to use such monitors on a more limited scale to measure air quality trends and spatial and temporal variation with these monitors for ozone, PM, other gases, and meteorology within a community. To support this need, the District is also planning to purchase and test a number of small sensors currently available for use to determine their accuracy and reliability for use in the Valley. The District is also planning to purchase and deploy a large number of these sensors, when warranted, in selected communities to help address the air quality issues in the area.

In addition, to support this significant expansion in its air monitoring operations, the District will need to contract with laboratories for analysis of various field samples, and partner with other contractors for field support in conducting complex and high level measurements in specific situations.

Incentive Grant Program

In 2018-19, the District expects to receive an additional \$153 million from a variety of local, state, and federal sources for use in funding voluntary incentive-based emission reduction projects. Additionally, the District will have access to funds received prior to 2018-19 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2018-19 to \$350 million.

One of the largest components of the District Heavy-Duty Engine Program is the agricultural equipment replacement program. This program is targeted at reducing emissions from off-road equipment and provides funding for equipment replacement, engine repowers, and engine retrofits that are cost-effective in reducing emissions. The District has seen a high level of interest from the agricultural sector in this program, and plans on providing significant funds towards these cost-effective projects in 2018-19. In addition to the significant workload associated with increased outreach and processing of new applications, significant workload is also expected for the review and processing of grant claims and payments associated with the extensive funding provided.

The District has developed and is currently implementing the first-of-its-kind tractor reuse program with the goal of gaining additional emission reductions from replacing old, high-polluting tractors with newer tractors that have been replaced through the District's agricultural equipment replacement program. The design of the program is substantially complete; however, program implementation on a large scale will result in a significant additional workload in the upcoming year.

The District will be continuing to implement its robust truck replacement program in 2018-19. Given the substantial funding and increased demand for this program, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

The Recommended Budget includes another \$12.8 million for the Burn Cleaner program, with demand from Valley residents and corresponding workload remaining extremely high. Additionally, as we continue to refine the program, additional work will be required to update the program guidelines and associated materials, provide training to Valley retailers, amend agreements, and engage in a strong outreach campaign to continue to promote the Check Before You Burn program.

In addition to the District's award-winning Tune In, Tune Up repair program, the District implemented a vehicle replacement component program with Valley local funds. Based on the success of the District's vehicle replacement program, ARB provided the District an additional \$15 million in funding for the continued implementation of the Drive Clean in the San Joaquin Program. The program provides higher incentives for residents of disadvantaged communities to purchase advanced technology vehicles including hybrids, plug in hybrids, and battery electric. To date, participation in the program has been exclusively through attending a weekend event. In 2018, the District will be offering Valley residents the opportunity to apply online to retire and replace their old high emitting vehicle with a newer, cleaner vehicle. In combination with the weekend

event process, the direct application method should result in a significant increase in the number of vehicles replaced in the District.

For the past several years, the District has operated the Drive Clean Rebate Program to provide incentives for the purchase of advanced technology clean light-duty vehicles. This program has been brought to be part of the District Drive Clean in the San Joaquin Program. More recently, the District has engaged in a planning effort to ensure that the Valley is well positioned and ready to respond to increasing availability of electric vehicles in the coming years. In addition, to encourage electric vehicle deployment, the District provides incentives for workplace and publically accessible charging stations through its Charge-Up Program. The expected increase in workload from this program will come from the research and development of this new funding component as well as a strong outreach component and program implementation activities.

The District continues to enter into Voluntary Emission Reduction Agreements (VERAs) to mitigate the increased emissions from development projects in the Valley. In addition to entering into VERAs aimed at reducing criteria emissions increases, the District has also entered into mitigation agreements with project proponents to mitigate greenhouse gas emissions through incentive programs. Funding from these various agreements will be utilized in the District's incentive programs to fund qualifying emission reduction projects. Additionally, with increased construction in the Valley, the District forecasts receiving additional Indirect Source Review (ISR) revenue. The District anticipates receiving nearly \$22.5 million of incentive funding through these programs. These mitigation programs will impact the District workload with increased application processing, contract administration, grant tracking requirements, and grant payments.

The District's Technology Advancement Program will continue to see significant activity in 2018-19, with over \$2.3 million funding for Valley-based technology demonstration projects. Substantial staff time will be required to administer ongoing demonstration projects, solicit and evaluate new project proposals, and execute agreements for new Board-approved demonstration projects.

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

In addition to the work to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2018-19. Of particular importance will be the need to secure new funding made available through the state Cap and Trade program. As directed by the District Governing Board in May of 2015, the District will continue to implement the District's multi-faceted Cap and Trade action plan to ensure that the Valley is well

positioned to take full advantage of, and effectively compete for, the numerous funding opportunities created under the Cap and Trade Program. Through these efforts during 2017-18, the District and its partners have secured about \$200 million in funding for various projects throughout the Valley. Staff will work with all participating project partners to implement and process these Cap and Trade funded projects.

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

Efficiency and Streamlining Measures

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

In 2018-19, several streamlining initiatives will leverage computer automation and technology improvements to replace tasks currently or previously performed by staff. Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The continued implementation of the new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. As staff continue to explore and leverage the capabilities of the new air quality data management system for air monitoring operations, even more efficiencies with this system will be achieved this next year. Forecasting staff have developed and implemented several automated modules in the daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks.

In 2018-19, additional forecasting tools will continue to be developed which will allow for the full automated retrieval of several important parameters needed to formulate air quality levels, i.e., temperature, pressure, wind speed, humidity, and other meteorology, with the click of one button, instead of the extensive time spent on retrieving this meteorological data from various websites. This automation tool, when completed, will result in a significant decrease in the time it takes to formulate the daily forecast. In addition, the program used by staff to disseminate the air quality forecast products is planned to be transitioned to a new desktop application to allow for a more efficient daily process, and also bring more ease in analyzing past forecasting decisions and burn declarations. The transition is already underway and is expected to be completed during this next year.

During 2017-18, the District's air quality forecasting and compliance staff continued to work with the California Air Resources Board (ARB) to improve the system that has been developed to issue weather forecasts and approvals for prescribed burn projects in the same system where smoke management plans for burn projects are submitted and approved. Combining these processes into one centralized system has simplified

the process for the District and land managers to submit plans and approvals to each other for proposed prescribed burn projects. Additionally, it has streamlined the resources needed to organize and retain the necessary information to operate the prescribed burn program. This new system will continue to be used in 2018-19 to continue the gained efficiency in this program for the air quality forecasting and compliance staff. District staff will also continue to work with ARB staff to make improvements to the system to make it even more efficient for the processes of both the District and land managers.

In 2018-19, the District will continue to refine its procedures for public workshops while still providing ample opportunity for public review. Streamlining measures will involve more utilization of video-teleconferencing (VTC) to reduce travel-time to workshops. In accordance with the District's core value of open and transparent public processes, webcasting meetings allows an additional means of public participation, while reducing emissions from mobile sources. The District will continue to present major topics in-person throughout the Valley, and utilize the District's VTC facilities for all public meetings. In order to better reach stakeholders in the Valley's environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Governing Board, Citizen's Advisory Committee, and Environmental Justice Advisory Group.

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

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

As the use of the internet has spread throughout the Valley's communities, the demand for paper documents, such as rules and plans, has dramatically decreased. The practice of using the District's website as the primary means of publishing large documents such as plans, rules, and air quality data continues to expand. This means of obtaining the documents has become widely accepted by stakeholders and reduces the up-front printing, postage, and administrative staff time costs to the District. In addition, the District now notifies many stakeholders of workshops, hearings, and other advisories via e-mail. The e-mail notifications contain a hyperlink to the District web page for that project, and users are encouraged to download documents from the web

page. The e-mail notifications have significantly reduced mailing and printing costs and staff processing time. To maintain effective communication with stakeholders who desire paper documents, the District has retained its hardcopy mailing function, and has developed programs to manage mailing list databases to avoid mailing duplicate copies to recipients.

Air Monitoring

The ongoing introduction of new ambient regulatory air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data results in dramatic increases in the workload within the District's air monitoring program each year. Aggressive efforts to automate air monitoring tasks and allow remote connection to air monitoring stations are essential to allow for mandates and monitoring data needs to be met without corresponding significant increases in program staffing. Without these efforts, meeting future regulatory monitoring mandates and demands will not be sustainable with existing staffing levels. In 2018-19, the District is proposing to continue its aggressive efforts in the areas of automation, remote connection and modernization by undertaking the following projects:

- Replacement of manual, labor intensive filter-based monitoring methods with continuous real-time methods, where appropriate, which do not require the frequent replacement and analysis of filters and the corresponding trips to the air monitoring stations; this also has a co-benefit as it provides timely data which can be used for forecasting and for public outreach through avenues such as the Real-Time Air Advisory Network (RAAN)
- Replacement of aging analyzers with newer "intelligent" models which incorporate remote connection capabilities to run diagnostic checks, to update/change configurations, and to evaluate operating parameters; this reduces trips to stations by allowing weekly and biweekly maintenance checks to be performed remotely, and facilitates timely completion of analyzer repairs by allowing the problem to be diagnosed remotely prior to visiting the station to affect the repair
- Replacement of aging support equipment such as calibrators and zero air generators with new models which enhance remote connection capabilities and which will decrease analyzer downtime and maintenance costs associated with operating older equipment
- Implement new flow rate standards for calibrating particulate matter analyzers that allow for remote connections, streamlining the calibration process for PM instruments
- Develop remote connection to filter-based only air monitoring sites, allowing for better communication with these samples being taken, allowing staff to know when a sample was not taken successfully in order to take actions to schedule another sample run, resulting in better data completeness
- Use of the new Data Management System (DMS) for the network which allows for automation of quality assurance/quality control (QA/QC) data analysis using data validation protocols with suspect data warnings

- Use of the new Data Acquisition System and Remote Control setup at stations which will allow for increased control and automation of station tasks (filter changes, calibrations, etc.) and will allow for the acquisition and uploading of analyzer operating parameters for use by the new DMS in automated QA/QC data analysis; the acquisition and uploading of analyzer operating parameters also allows for pro-active maintenance work to ensure data completion and instrument availability mandates are met
- Complete the development and testing phase of an automated filter exchange mechanism for use at air monitoring sites measuring gaseous parameters; if proven to be successful, this unit will dramatically reduce the number of trips currently needed to handle this required task
- Purchase a variety of fixed assets that will streamline calibration processes and reduce staff time that are conducted on a routine basis throughout the year
- Reorganize equipment at all sites to allow for easier movement through the shelter and improved access to the equipment for repairs and maintenance
- Continue to implement software to catalog and track warehouse parts inventory, fixed assets at air monitoring stations, and regular maintenance and calibration tasks needing to be completed to properly maintain the network; this software will allow staff to catalogue and organize all spare parts being housed in storage, and be able to track when part inventory is low so that replacements can be ordered in a timely manner; this software will assist in streamlining repair and maintenance tasks, and reduce potential data loss by ensuring that parts will not run out when they are needed most; this system could also have the potential to track where parts are being used

In 2018-19, the District will also be continuing an effort to evaluate the current Air Monitoring Network to ensure that it is correctly suited to provide the information necessary to meet federal requirements and District and stakeholder objectives while avoiding duplicative monitoring. This effort to “right-size” the monitoring network will allow the District to efficiently and effectively meet air monitoring requirements and needs while controlling costs in the face of new ambient air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data.

Incentive Grant Program

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

The most critical tool utilized in the administration of the District’s voluntary incentive programs is the Grants Management System (GMS) database. This system tracks all activities related to the administration of all of our programs. During the upcoming year, a huge focus will be on completely revamping this system to allow District staff to more

efficiently administer our programs through more effective use of technology. This includes moving towards a paperless electronic workflow, and enhanced reporting and tracking. Updating GMS will provide significant streamlining in all areas of grant program administration.

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

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

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

- Automation of grant process through the implementation of new technology, including the ability to receive online applications, and continued improvement of the District's custom grant management database
- Expansion of the District's Tune In Tune Up program to include online direct applications for the vehicle replacement program into the existing structure
- Continued enhancement and development of new grant program guidelines and materials to provide diverse grant programs through which to expend existing and new funding sources, while streamlining the process for applicants
- Continue to work closely with ARB to reduce administrative requirements under the Carl Moyer Program
- Development of templates and boilerplate contracts and supporting documentation to increase efficiency and consistency
- Consolidation of inspection procedures to provide enhanced customer service while reducing inspection staff time
- Expand use of various outreach options, including continued input from the Environmental Justice Advisory Group, and use of the District's website to make available program information and resources

Since all of the funds currently used for incentive programs and subsequent projects come from public funding sources, it is imperative that the District remains closely

involved with guideline and parameter changes that may affect the implementation, distribution, and efficiency of these grants. For that reason, staff actively participates in ARB and EPA workshops, public meetings, board meetings, working groups, and committee meetings that directly affect operations.

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>2017/2018</u>	<u>2018/2019 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Analysis and Research Supervisor	1.0	1.0	0
Air Quality Assistant	5.0	5.0	0
Air Quality Instrument Specialist I/II	7.0	7.0	0
Air Quality Instrument Tech VII	6.0	6.0	0
Air Quality Specialist I/II	30.0	30.0	0
Director of Strategy & Incentives	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Operations Support Supervisor	1.0	1.0	0
Program Manager	4.0	4.0	0
Senior Air Quality Instrument Specialist	1.0	1.0	0
Senior Air Quality Instrument Tech	1.0	1.0	0
Senior Air Quality Specialist	13.0	13.0	0
Staff Technician I/II	2.0	2.0	0
Supervising Air Quality Instrument Specialist	1.0	1.0	0
Supervising Air Quality Instrument Tech	1.0	1.0	0
Supervising Air Quality Specialist	5.0	5.0	0
Supervising Atmospheric Modeler	1.0	1.0	0
TOTAL	<u>83.0</u>	<u>83.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 17-18	Recommended FY 18-19	Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$4,916,851	\$5,992,129	\$1,075,278	22%
Temporary Help	\$460,882	\$516,718	\$55,836	12%
On Call Pay	-	-	-	-
Overtime	\$81,550	\$65,558	(\$15,992)	(20%)
Unemployment	\$19,709	\$21,544	\$1,835	9%
Retirement	\$2,037,454	\$2,795,038	\$757,584	37%
OASDI	\$109,253	\$128,050	\$18,797	17%
Workers Compensation	\$42,499	\$51,904	\$9,405	22%
Cafeteria Plan Benefits	\$707,273	\$876,176	\$168,903	24%
Long-Term Disability Insurance	\$13,511	\$16,309	\$2,798	21%
Alternate Transportation Incentive	\$39,300	\$55,272	\$15,972	41%
TOTAL SALARIES AND BENEFITS	\$8,428,282	\$10,518,698	\$2,090,416	25%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,315	\$2,615	\$300	13%
Mobile Communications	\$38,527	\$50,713	\$12,186	32%
Telephone Charges	\$17,010	\$22,183	\$5,173	30%
Insurance	\$38,635	\$59,923	\$21,288	55%
Equipment Maintenance	\$42,470	\$40,166	(\$2,304)	(5%)
Vehicle Maintenance & Operations	\$39,000	\$30,500	(\$8,500)	(22%)
Computer Maintenance	\$143,710	\$158,548	\$14,838	10%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$46,642	\$62,563	\$15,921	34%
Office Supplies	\$9,037	\$11,927	\$2,890	32%
Computer Software & Supplies	\$12,600	\$16,062	\$3,462	27%
Monitoring Station Supplies & Equipment	\$1,133,123	\$227,723	(\$905,400)	(80%)
Postage	\$20,600	\$21,600	\$1,000	5%
Printing	\$5,539	\$8,726	\$3,187	58%
Professional & Specialized Services	\$639,078	\$637,575	(\$1,503)	-
Publications & Legal Notices	\$21,996	\$28,180	\$6,184	28%
Rents & Leases	\$60,069	\$62,378	\$2,309	4%
Small Tools & Equipment	\$20,485	\$6,918	(\$13,567)	(66%)
Special District Expense	\$4,544	\$4,574	\$30	1%
Travel & Training	\$27,150	\$27,150	-	-
Travel & Training - Boards	-	-	-	-
Utilities	\$106,584	\$122,822	\$16,238	15%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$2,429,114	\$1,602,846	(\$826,268)	(34%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$82,976	\$24,238	(\$58,738)	(71%)
Computer Equipment	\$255,058	\$284,075	\$29,017	11%
Office Furniture / Equipment	\$4,678	\$5,943	\$1,265	27%
Office Machines	\$24,268	\$6,180	(\$18,088)	(75%)
Telephone Systems	\$6,868	\$9,204	\$2,336	34%
Detection Equipment	-	-	-	-
Automobiles	\$181,000	\$50,000	(\$131,000)	(72%)
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	\$232,000	\$223,000	(\$9,000)	(4%)
Air Monitoring Near Roadway Stations	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$375,000	\$375,000	-	-
Purchase of Southern Region Office Building	-	-	-	-
Community Monitoring - Hardware	\$63,000	-	(\$63,000)	(100%)
Community Monitoring - Equipment	\$3,860,000	-	(\$3,860,000)	(100%)
TOTAL FIXED ASSETS	\$5,084,848	\$977,640	(\$4,107,208)	(81%)
TOTAL OPERATING APPROPRIATIONS	\$15,942,244	\$13,099,184	(\$2,843,060)	(18%)

* Adjusted Budget as of 04/19/2018

NON-OPERATING BUDGET

FISCAL SUMMARY

	<u>Budgeted 2017-18</u>	<u>Recommended 2018-19</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<u>Appropriations</u>				
Other Charges	247,700	372,600	124,900	50%
Incentive Programs	464,460,801	349,449,900	(115,010,901)	-25%
Approp. for Contingencies	658,720	850,000	191,280	29%
 Total	 <u><u>465,367,221</u></u>	 <u><u>350,672,500</u></u>	 <u><u>(114,694,721)</u></u>	 <u><u>-25%</u></u>

FUNCTION

This budget unit has been established for those expenditures that are not related to the internal operations of the District or are not attributable to any specific program. The large majority of the appropriations in this budget unit are for the District's incentive grant programs. This budget unit also contains the Appropriation for Contingencies account. Descriptions for each account, along with explanations for any significant changes for 2017-18, are included below.

OTHER CHARGES

Air Toxics - Pass Through

This appropriation represents that portion of the Toxic "Hot Spots" fees collected by the District on behalf of the state that is intended to reimburse the California Air Resources Board (ARB) and the Office of Environmental Health & Hazard Assessment (OEHHA) for their share of the costs associated with this program. These fees are forwarded to the state only after the cost of the District's program has been recovered. The recommended appropriation of \$372,600 is significantly higher than the prior year due to the re-evaluation of approximately 300 additional facilities under the schedule identified in state law, which will result in an increase in fees collected.

INCENTIVE PROGRAMS

The 2018-19 Recommended Budget includes \$349,449,900 of appropriations for emission reduction incentive grants. These appropriations represent new revenues anticipated to be

received in 2018-19 and unused funds that carry over from the prior year. The District expects that additional incentive funds will continue to be added to the 2018-19 Non-Operating Budget throughout the year with budget amendments brought to the Governing Board as additional funding is secured.

The following is the detail of the incentive program appropriations currently included in the 2018-19 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 62,089,200
• Carl Moyer Program	20,429,000
• ISR & VERA	48,143,900
• Proposition 1B Funding Program	17,852,800
• School Bus Program	2,297,400
• Federal Funding	15,891,400
• Community & Other Incentives	5,992,900
• State Cap and Trade Funds	167,663,300
• Energy Efficiency Grant	8,168,300
• Miscellaneous Incentive Grants	921,700
Total Incentive Grants	<u>\$349,449,900</u>

DMV Surcharge Fees

This appropriation is funded by DMV Surcharge Fee revenue. The District's DMV Surcharge sources available to the District for appropriation include those authorized under AB 2766, AB 923, SB 709, and AB 2522. Depending on the source of the DMV Surcharge Fee revenue, the restrictions included with the enabling legislation, and the types of grant applications received by the District, these funds can be used in several of the District's programs.

Carl Moyer Program

This appropriation is funded through state allocations of Carl Moyer Program funding to the District. These funds are used predominantly in the Heavy-Duty Program and are granted in strict accordance with guidelines adopted by the Air Resources Board.

Indirect Source Review and Voluntary Emission Reduction Agreements

This appropriation represents the estimate for incentive grant revenue available as the result of the District's ISR Rule and voluntary development mitigation agreements. Residential and commercial development projects provide these funds to offset emissions associated with projects. The Heavy-Duty Program and other programs, such as the District's Burn Cleaner Program, use these funds for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM.

Proposition 1B Funding

This appropriation includes Proposition 1B Goods Movement Reduction Program funding received in 2017-18 and anticipated to be liquidated in 2018-19. Funding from Proposition 1B will be used for specific advanced technology heavy-duty on-road vehicle projects

providing funding for truck replacements, transport refrigeration units (TRUs), and locomotive replacements.

School Bus Program

This appropriation provides incentive funding for the retrofit and replacement of high-emitting diesel school buses. This program was established to reduce schoolchildren's exposure to cancer-causing and smog-forming pollution. Funding for FY 2018-19 appropriations is expected from both the California Air Resources Board and the federal government.

Federal Funding

This appropriation represents funding from the EPA Air Shed funds for Agricultural Tractor Replacement Program, Heavy-Duty Truck Replacement and the Burn Cleaner Program. In addition, the District will receive federal funding for the Technology Advancement Program.

State Cap and Trade Funding

Funding is for projects that generate reductions in greenhouse gas emissions with potential co-benefits of criteria pollutant reductions. Per state legislation and guidelines, funding must provide significant benefit to disadvantaged communities. This appropriation represents incentive funding for the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-Up light-duty vehicle replacement programs, agricultural tractor trade-up pilot program, and several heavy-duty advanced technology vehicle demonstration projects.

Community & Other Incentives funded by Operating Revenues

This appropriation represents funding transferred from Operating Revenues to fund various incentive programs. The District is currently receiving annual revenue through both Rule 4320 (Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr), and through Rule 3170 which implements Section 185 of the federal Clean Air Act. These revenues primarily provide the funding to transfer \$1.8 million in resources from the Operating Budget to the Non-Operating Budget for incentive programs, including the District's Technology Advancement Program and lawn and garden programs. The District may create new program components to complement those already existing.

Miscellaneous Incentive Programs

This appropriation includes Hearing Board funds and other qualified funds designated to various incentive projects.

APPROPRIATION FOR CONTINGENCIES

The purpose of the Appropriation for Contingencies Account is to provide a prudent safety net should the District encounter a reduction in revenue or an increase in expenditures caused by state or federal actions, or other unforeseen circumstances. The recommended appropriation for this account for 2018-19 is \$850,000, the same as recommended and adopted for 2018-19.

INCENTIVE SPENDING PLAN

BACKGROUND

The District operates one of the largest and most well-respected voluntary incentive programs in the state. With strong advocacy efforts at the state and federal levels, the District has seen a significant increase in incentive funding levels over the past several years, with a budgeted incentive program appropriation of \$25 million in the 2005-06 Budget, and a proposed incentive program appropriations of \$350 million in the 2018-19 Recommended Budget. The District’s voluntary incentive programs complement regulatory control measures by providing much needed reductions from source types that the District has little or no direct authority to regulate. District incentive programs have a positive impact on air quality and are also highly successful due to the fact that participation is voluntary and the emission reductions are both highly cost-effective and surplus of the reductions required by regulations.

Since the District’s inception in 1992, considerable funding has been expended in support of clean-air projects in the Valley, as summarized in the following table. These projects have achieved significant emissions reductions and corresponding air quality and health benefits. The District typically requires match funding of 30% – 70% from grant recipients. To date, grant recipients have provided over \$1 billion in match funding, with a combined District and grant recipient funding investment of more than \$2 billion.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost- effectiveness (\$/ton)
\$1,010,000,000	\$1,000,000,000	140,600	\$7,183

Over the past 24 years, the District has provided incentive funding to purchase, replace or retrofit thousands of pieces of equipment, including:

- 7,000 agricultural irrigation pump engines (~\$2,300/ton)
- 4,200 agricultural equipment replacements (~\$6,600/ton)
- 1,277 off-road equipment repowers (~\$5,900/ton)
- 6,500 heavy-duty trucks (~\$11,400/ton)
- 2,300 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 590 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 4,700 lawnmower replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 14,300 fireplace change-outs (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)

- 125,000 commuter subsidies (~\$18,600/ton)
- 43 locomotive replacements/retrofits (~\$10,000/ton)
- 7,800 new alt fuel light duty vehicles Public & Private (~\$50,000 - \$150,000/ton)
- 1,807 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 23,932 vehicle emissions repairs (~\$20,000/ton)
- 28 bicycle infrastructure projects (bike paths) (~\$17,000/ton)

INCENTIVE STRATEGY

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

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

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

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

Upcoming regulatory deadlines – To ensure that the District's incentive programs obtain the maximum SIP creditable emission reductions, a thorough analysis of all local, state and federal regulations relating to our target categories is performed. In addition, the District works proactively with the regulating agencies during the rule development process to

understand the potential impacts of that rule on incentive projects and to ensure that opportunities for early incentive funding are maximized. These analyses determine which types of projects can be funded and for how long and also impacts the potential cost-effectiveness of certain categories.

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

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

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

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

Statutory Constraints

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

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

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

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

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

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

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

State Cap and Trade Funds – Funding is for projects that generate reductions in greenhouse gas emissions with potential co-benefits of criteria pollutant reductions. Funding must provide significant benefit to disadvantaged communities. Cap and Trade funding is distributed to 13 different state agencies and each agency administers funding differently.

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

PROPOSED INCENTIVE SPENDING PLAN

Based on the above factors, the District proposes the below incentive program spending plan for the 2018-19 Budget. The actual spending in different project categories will depend on the cost-effectiveness and number of applications received for each category. Due to the economic circumstances and uncertain timing of several of the funding sources, the expenditure of the below funds may take more than one fiscal year to complete.

FY 18-19 Spending Plan

Community Incentives

Light Duty Vehicle Replacement	\$ 18,507,700
Burn Cleaner (residential woodburning)	12,821,900
Vehicle Scrap and Repair (Tune In Tune Up)	5,000,000
Drive Clean Rebate Program (passenger vehicles)	6,813,100
REMOVE	1,500,000
Vanpool Voucher Incentive Program	1,000,000
Residential Lawn and Garden	500,000
Miscellaneous Incentives	71,700

Goods Movement

Locomotives	17,852,800
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Heavy Duty Equipment Programs

Agricultural Equipment Replacement	114,898,200
Locomotives	11,368,000
Agricultural Irrigation Pumps	15,000,000
Off Road Repower/Replacement	15,429,000
Truck Voucher Program	44,305,400
Dairy Feed Mixer Electrification	5,000,000
ARB Ag Tractor Trade Up	2,292,000
ARB - SJV Transit Electrification Project	12,904,500
ARB - Green On-Road Linen Delivery	2,690,400
ARB - USPS Zero-Emission Delivery Truck	3,037,300
Electric Ag UTV	5,000,000
Heavy-Duty Emergency Vehicle Replacement	5,000,000
Alternative Fuel Infrastructure	7,500,000

Advanced Transportation/Vehicles

Public Benefit Grants	12,000,000
Charge Up	3,000,000
ARB – Ecosystem of Shared Mobility Services	1,802,000
ARB – Valley Air ZEV Mobility	712,300
EV Readiness Plan	168,300

School Bus Replacement and Retrofit

School Bus Replacement and Retrofit	15,434,100
Statewide School Bus Replacement and Retrofit	2,297,400

Technology Advancement

Zero-Emissions Commercial Lawn and Garden	2,492,900
Technology Advancement Program	2,317,000
ARB - SJV Zero-Emission Cargo Handling	733,900

\$ 349,449,900

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

	Adjusted* FY 17-18	Estimated Actuals FY 17-18	Recommended FY 18-19	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$247,700	\$200,000	\$372,600	\$124,900	50%	\$172,600	86%	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$247,700	\$200,000	\$372,600	\$124,900	50%	\$172,600	86%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$97,299,800	\$90,735,266	\$62,089,200	(\$35,210,600)	(36%)	(\$28,646,066)	(32%)	
Carl Moyer Program	\$17,977,941	\$10,786,327	\$20,429,000	\$2,451,059	14%	\$9,642,673	89%	
ISR and VERA'S	\$39,740,505	\$19,839,030	\$48,143,900	\$8,403,395	21%	\$28,304,870	143%	
Proposition 1B Funding Program	\$42,752,800	\$25,125,000	\$17,852,800	(\$24,900,000)	(58%)	(\$7,272,200)	(29%)	
School Bus Program	\$7,056,300	\$4,300,377	\$2,297,400	(\$4,758,900)	(67%)	(\$2,002,977)	(47%)	
Federal DERA/Designated Funding Program	\$18,101,627	\$6,105,366	\$15,891,400	(\$2,210,227)	(12%)	\$9,786,034	160%	
Community & Other Incentives Funded by Operating Reven	\$8,063,700	\$2,070,791	\$5,992,900	(\$2,070,800)	(26%)	\$3,922,109	189%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$250,000	-	-	(\$250,000)	(100%)	-	-	
Miscellaneous Incentive Programs	\$1,140,200	\$248,221	\$921,700	(\$218,500)	(19%)	\$673,479	271%	
Energy Efficiency Grant	\$8,230,900	\$62,659	\$8,168,300	(\$62,600)	(1%)	\$8,105,641	2936%	
Drought Relief Program	\$113,500	\$113,500	-	(\$113,500)	(100%)	(\$113,500)	(100%)	
State Cap & Trade Funding	\$223,733,528	\$61,443,271	\$167,663,300	(\$56,070,228)	(25%)	\$106,220,029	173%	
TOTAL INCENTIVE PROGRAMS	\$464,460,801	\$220,829,808	\$349,449,900	(\$115,010,901)	(25%)	\$128,620,092	58%	
Appropriation for Contingencies	\$658,720	-	\$850,000	\$191,280	29%	\$191,280	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$465,367,221	\$221,029,808	\$350,672,500	(\$114,694,721)	(25%)	\$129,642,692	59%	

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

Prior 3 Years and 2018-19 Recommended

	Adjusted 2015-16 @ 6/30/16	Adjusted 2016-17 @ 6/30/17	Adjusted 2017-18 @ 4/19/18	Recommended 2018-19
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 37,580,672	\$ 38,177,648	\$ 40,945,777	\$ 45,891,344
Services & Supplies	6,080,204	6,260,046	7,046,508	5,537,685
Fixed Assets	2,661,600	1,933,274	9,996,623	2,119,166
OPERATING APPROPRIATIONS	<u>46,322,476</u>	<u>46,370,968</u>	<u>57,988,908</u>	<u>53,548,195</u>
Other Charges	25,000	170,914	247,700	372,600
Incentive Contracts	243,658,678	274,710,011	464,460,801	349,449,900
Appropriation for Contingencies	850,000	850,000	658,720	850,000
NON-OPERATING APPROPRIATIONS	<u>244,533,678</u>	<u>275,730,925</u>	<u>465,367,221</u>	<u>350,672,500</u>
TOTAL APPROPRIATIONS	<u>\$ 290,856,154</u>	<u>\$ 322,101,893</u>	<u>\$ 523,356,129</u>	<u>\$ 404,220,695</u>
REVENUE				
Stationary Revenue	\$ 29,112,647	\$ 30,168,097	\$ 32,211,657	\$ 33,731,441
Grant Revenue	2,965,000	2,965,000	12,365,000	3,315,000
DMV Surcharge Fees - District Portion	10,900,000	12,315,328	12,420,000	12,650,000
Administrative Fees - Incentive Programs	1,800,000	1,800,000	1,500,000	4,737,000
Transfer to Non-Operating Revenue for Incentive Grants	(3,200,000)	(1,800,000)	(1,800,000)	(1,800,000)
Fund Balance Used	4,944,829	922,543	2,842,251	2,254,754
Reserves Released / (Increased)	(200,000)	-	(1,550,000)	(1,340,000)
OPERATING REVENUE/FUNDING SOURCES	<u>46,322,476</u>	<u>46,370,968</u>	<u>57,988,908</u>	<u>53,548,195</u>
Non-Operating Revenue	152,703,068	182,993,973	378,719,702	162,735,506
Fund Balance/Reserves Released	91,830,610	92,736,952	86,647,519	187,936,994
NON-OPERATING REVENUE/FUNDING SOURCES	<u>244,533,678</u>	<u>275,730,925</u>	<u>465,367,221</u>	<u>350,672,500</u>
TOTAL REVENUE/FUNDING SOURCES	<u>\$ 290,856,154</u>	<u>\$ 322,101,893</u>	<u>\$ 523,356,129</u>	<u>\$ 404,220,695</u>
RECOMMENDED POSITIONS	310	310	349.5	349.5
RESERVES				
General Reserve	\$ 4,600,000	\$ 4,600,000	\$ 4,700,000	\$ 5,000,000
Long-Term Building Maintenance	523,000	523,000	523,000	523,000
Computer-VTC Equipment Reserve	350,000	350,000	550,000	750,000
Pension Stabilization Reserve Fund	-	-	1,250,000	1,990,000
Modeling Center Reserve	-	-	-	100,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2018-19 Recommended

<u>ACCOUNT TITLE</u>	<u>2015-16 Adjusted Revenues @ 6/30/16</u>	<u>2016-17 Adjusted Revenues @ 6/30/17</u>	<u>2017-18 Adjusted Revenues @ 4/19/18</u>	<u>2018-19 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 17,588,887	\$ 17,686,972	\$ 17,968,298	\$ 19,648,612
Section 185 - Non Attainment Fees - Rule 3170	1,913,115	955,000	847,280	876,919
Advanced Emission Reduction Options (AERO) Fees	5,989,547	6,718,275	6,862,529	6,153,160
Settlements	2,500,000	2,575,000	2,500,000	2,500,000
Interest	904,000	1,180,100	1,480,800	1,500,000
Miscellaneous	217,098	52,750	52,750	52,750
Residential Furnaces - Rule 4905	-	1,000,000	2,500,000	3,000,000
Total Stationary Non-Grant Operating Revenue	29,112,647	30,168,097	32,211,657	33,731,441
GRANT REVENUE				
State Subvention	900,000	900,000	900,000	900,000
EPA 105 Grant	2,000,000	2,000,000	2,000,000	2,000,000
EPA 103 Grant	65,000	65,000	65,000	65,000
State Operating AB 109 Grant	-	-	8,400,000	-
State Grant - Oil and Gas Regulations	-	-	1,000,000	350,000
Total Grant Revenue	2,965,000	2,965,000	12,365,000	3,315,000
Total Stationary Operating Revenue	\$ 32,077,647	\$ 33,133,097	\$ 44,576,657	\$ 37,046,441
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 10,900,000	\$ 12,315,328	\$ 12,420,000	\$ 12,650,000
Administrative Fees - Incentive Programs	1,800,000	1,800,000	1,500,000	4,737,000
Total Operating Revenue	\$ 44,777,647	\$ 47,248,425	\$ 58,496,657	\$ 54,433,441
Transfer to Non-Operating Revenue for Incentive Grants	\$ (3,200,000)	\$ (1,800,000)	\$ (1,800,000)	\$ (1,800,000)
Fund Balance Used	4,944,829	922,543	2,842,251	2,254,754
Reserves Released / (Increased)	(200,000)	-	(1,550,000)	(1,340,000)
Estimated Funding Sources - Operating	\$ 46,322,476	\$ 46,370,968	\$ 57,988,908	\$ 53,548,195
NON-OPERATING REVENUE				
Air Toxics	\$ 25,000	\$ 170,914	\$ 247,737	\$ 372,551
DMV Surcharge Fees - Pass Through	44,960,000	43,101,872	43,300,000	44,142,760
Carl Moyer Funds	8,300,000	8,300,000	10,573,141	18,750,000
VERA/ISR Mitigation Program	5,179,542	10,109,215	19,895,605	22,541,801
DERA Program	2,393,883	4,422,550	1,408,873	-
Operating Revenues Funding Community Incentives	3,200,000	1,800,000	1,800,000	1,800,000
Proposition 1B Funding Program	46,000,000	41,545,600	32,100,215	-
School Bus Program	2,400,000	2,750,000	2,750,000	997,604
Federal Grants	5,996,205	7,668,179	16,692,748	15,891,224
Miscellaneous Incentive Grant Funding	20,000	375,000	870,000	-
Interest - Non-Operating	1,015,950	516,800	601,100	2,134,550
CEC - Energy Efficiency Block Grant	300,000	300,000	8,230,900	8,168,263
Reimburse Operating for Administrative Revenues Earned	(3,200,000)	(1,800,000)	(1,500,000)	(4,737,000)
Administrative Fees - Incentive Programs	6,112,752	8,649,107	21,048,720	14,381,020
State Cap & Trade Funding	29,999,736	55,084,736	220,700,663	38,292,733
Total Non-Operating Revenue	\$ 152,703,068	\$ 182,993,973	\$ 378,719,702	\$ 162,735,506
Fund Balance/Reserves Released	\$ 91,830,610	\$ 92,736,952	\$ 86,647,519	\$ 187,936,994
Estimated Funding Sources - Non-Operating	\$ 244,533,678	\$ 275,730,925	\$ 465,367,221	\$ 350,672,500
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 290,856,154	\$ 322,101,893	\$ 523,356,129	\$ 404,220,695

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

Budget Comparison

Total District

Prior 3 Years and 2018-19 Recommended

DESCRIPTION	2015-16 Adjusted @ 6/30/16	2016-17 Adjusted @ 6/30/17	2017-18 Adjusted @ 4/19/18	2018-19 Recommended Appropriations
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OPERATING APPROPRIATIONS

SALARIES AND BENEFITS

Regular Salaries	\$ 22,262,609	\$ 23,025,358	\$ 24,995,911	\$ 27,152,718
Temporary Help	801,300	817,842	911,795	1,010,726
On Call Pay	77,832	77,832	77,832	77,832
Overtime	259,102	284,580	364,561	302,912
Unemployment	88,492	81,234	85,057	85,281
Retirement	10,112,280	9,878,978	10,289,930	12,595,829
OASDI	372,473	406,112	437,611	482,811
Workers Compensation	232,718	251,655	260,096	284,221
Cafeteria Plan Benefits	3,111,758	3,088,438	3,252,420	3,596,078
Long-Term Disability Insurance	57,268	59,483	64,296	70,184
Alternate Transportation Incentive	204,840	206,136	206,268	232,752
TOTAL SALARIES AND BENEFITS	\$ 37,580,672	\$ 38,177,648	\$ 40,945,777	\$ 45,891,344

SERVICES AND SUPPLIES

Safety Supplies & Equipment	\$ 19,640	\$ 20,310	\$ 18,000	\$ 18,500
Mobile Communications	125,952	135,132	133,552	153,720
Telephone Charges	122,350	112,400	100,600	103,000
Insurance	203,500	191,200	206,500	252,300
Equipment Maintenance	177,050	178,450	203,550	187,380
Vehicle Maintenance & Operations	236,000	228,900	217,300	194,200
Computer Maintenance	428,953	504,973	406,843	441,571
Video Conferencing Maintenance & Operations	93,500	97,480	99,030	99,030
Building Maintenance & Operations	268,100	269,200	249,300	263,300
Office Supplies	64,550	50,950	48,450	52,350
Computer Software & Supplies	88,456	88,316	82,028	81,063
Monitoring Station Supplies & Equipment	226,264	223,055	1,133,123	227,723
Postage	120,600	118,900	83,500	88,700
Printing	125,650	125,150	126,000	117,950
Professional & Specialized Services	2,256,863	2,368,196	2,400,255	2,211,745
Publications & Legal Notices	141,320	140,845	146,475	124,047
Rents & Leases	549,834	566,072	567,961	79,161
Small Tools & Equipment	28,065	28,625	49,155	33,900
Special District Expense	155,530	162,465	145,125	161,326
Travel & Training	192,120	192,120	188,680	188,485
Travel & Training - Boards	67,007	67,007	66,881	67,434
Utilities	326,500	327,900	311,800	328,400
Audit Services	20,000	20,000	20,000	20,000
Legal Services	42,400	42,400	42,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 6,080,204	\$ 6,260,046	\$ 7,046,508	\$ 5,537,685

FIXED ASSETS

Office Improvements	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Facilities & Equipment	125,000	105,000	200,000	105,000
Computer Equipment	1,061,252	784,104	872,923	860,396
Office Furniture & Equipment	25,000	25,000	25,000	25,000
Office Machines	45,000	47,150	61,750	27,250
Telephone Systems	20,450	20,570	36,720	38,520
Detection Equipment	108,000	100,000	13,600	77,000
Automobiles	243,000	248,000	580,000	322,000
Audio / Visual Equipment	-	20,000	-	-
Air Monitoring Automation/Remote Control Project	35,000	175,000	375,000	375,000
Video Conferencing System	25,500	25,950	25,950	26,000
Air Monitoring Station Equipment	437,398	342,500	232,000	223,000
Air Monitoring Near Roadway Stations	496,000	-	-	-
Purchase of Southern Region Office Building	-	-	3,610,680	-
Community Monitoring - Hardware	-	-	63,000	-
Community Monitoring - Equipment	-	-	3,860,000	-
TOTAL FIXED ASSETS	\$ 2,661,600	\$ 1,933,274	\$ 9,996,623	\$ 2,119,166

TOTAL OPERATING APPROPRIATIONS

	\$ 46,322,476	\$ 46,370,968	\$ 57,988,908	\$ 53,548,195
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2018-19 Recommended

DESCRIPTION	2015-16 Adjusted @ 6/30/16	2016-17 Adjusted @ 6/30/17	2017-18 Adjusted @ 4/19/18	2018-19 Recommended Appropriations
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NON-OPERATING APPROPRIATIONS

OTHER CHARGES

Air Toxic Pass Through	\$ 25,000	\$ 170,914	\$ 247,700	\$ 372,600
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 25,000	\$ 170,914	\$ 247,700	\$ 372,600

INCENTIVE PROGRAMS

DMV Surcharge Fees - Incentives	\$ 101,064,930	\$ 101,926,300	\$ 97,299,800	\$ 62,089,200
Carl Moyer Heavy Duty Program	12,635,392	15,288,800	17,977,941	20,429,000
ISR and VERA's	8,653,332	21,711,800	39,740,505	48,143,900
Proposition 1B Funding Program	61,855,647	45,600,700	42,752,800	17,852,800
School Bus Program	4,907,415	6,310,700	7,056,300	2,297,400
Federal DERA/ Designated Funding Programs	8,064,474	12,090,675	18,101,627	15,891,400
Community Incentives	12,705,556	7,624,700	8,063,700	5,992,900
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	250,000	250,000	250,000	-
Miscellaneous/Interest - Incentive Programs	324,896	1,027,700	1,140,200	921,700
Energy Efficiency Grant	347,300	300,000	8,230,900	8,168,300
Drought Relief Program	500,000	300,000	113,500	-
State Cap & Trade Funding	32,349,736	62,278,636	223,733,528	167,663,300
TOTAL INCENTIVE PROGRAMS	\$ 243,658,678	\$ 274,710,011	\$ 464,460,801	\$ 349,449,900

Appropriation for Contingencies	\$ 850,000	\$ 850,000	\$ 658,720	\$ 850,000
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TOTAL NON-OPERATING APPROPRIATIONS	\$ 244,533,678	\$ 275,730,925	\$ 465,367,221	\$ 350,672,500
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TOTAL APPROPRIATIONS

TOTAL DISTRICT APPROPRIATIONS	\$ 290,856,154	\$ 322,101,893	\$ 523,356,129	\$ 404,220,695
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San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

NORTHERN REGION

Serving San Joaquin, Stanislaus and Merced counties

4800 Enterprise Way, Modesto, CA 95356-8718

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

CENTRAL REGION (Main Office)

Serving Madera, Fresno and Kings counties

1990 East Gettysburg, Fresno, CA 93726-0244

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

SOUTHERN REGION

Serving Tulare and Valley air basin portion of Kern County

34946 Flyover Court, Bakersfield, CA 93308-9725

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

www.valleyair.org