



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

FISCAL YEAR 2020-21

RECOMENDED BUDGET

San Joaquin Valley APCD



2020 GOVERNING BOARD MEMBERS



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

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Samir Sheikh

Executive Director/Air Pollution Control Officer

June 18, 2020

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

2020-21 Recommended Budget

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GOVERNING BOARD

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May 21, 2020

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, 2020, to June 30, 2021. Policy guidance for the 2020-21 Budget was provided by your Board's Ad Hoc Budget Subcommittee, which consisted of Board Chair Supervisor Pedersen, Supervisor Pareira, Supervisor Wheeler, Councilmember Preciado, and Mayor Bessinger.

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

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

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

In recognition of the economic impacts due to the COVID-19 pandemic, this budget reflects an overall decrease in operating expenditures, including decreased projected revenues, no staffing increases despite new mandates and workload, increased salary savings, and reductions in service, supply, and fixed asset expenditures. With your Board's core values of fiscal prudence, efficiency, and innovation firmly in place, I am confident that the District will continue fulfilling its mission in these difficult times.

The Recommended Budget is balanced, with adequate reserves and contingencies. The resources contained in the budget will enable the

District to continue to provide excellent customer service and expedited processing of permit and incentive grant applications, and fulfill all state and federal mandates in a timely fashion.

Budget Highlights

- Total operating budget down, reflects impacts of COVID-19
 - Stationary source revenues down 12% due to COVID-19 (\$2.8 million)
 - Services and Supplies down 4% (\$313,659)
 - Fixed Assets down 34% (\$1,968,540)
 - 8% salary savings through position control
 - Additional savings through position changes
 - Reflects final year of labor agreement
 - No permit fee increases
- Significant workload absorbed through efficiency, program flexibility
- Strong public education and outreach
- Expeditious administration and use of emission reduction incentive funds in wide range of applications (\$437 million in funding)
- Balanced budget, with adequate reserves and contingencies

Workload and Staffing

In 2020-21, the District will experience significant workload in a number of areas which are summarized below:

Effective and Expeditious Administration of Incentive Grants:

The 2020-21 Recommended Budget includes \$437 million for incentive-based programs with funding from various local, state, and federal sources. As a direct result of the District's advocacy efforts, working closely with Valley stakeholders, the District has been allocated significant state Cap and Trade and other emission reduction funding that will greatly assist the Valley in achieving the enormous emissions reductions necessary for meeting the District's air quality mandates and goals. Through the Incentive Spending Plan in the Recommended Budget, this funding is distributed through a comprehensive portfolio of District incentive programs that provide funding to Valley residents, businesses, schools, and municipalities for projects that reduce air pollution throughout the Valley. A great deal of staff time is allocated to these programs to develop grant program guidelines, conduct extensive outreach and assistance activities, review grant applications, conduct emissions reductions calculations, conduct on-site verification, and review grant claims to ensure timely payment. These programs are central to the District's efforts to attain the ever-tightening federal ambient air quality standards as expeditiously as possible.

The Recommended Budget includes more than \$247 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, yard hostler,

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. Together, these programs provide for significant reductions in a variety of criteria and toxic air pollutants, most notably NO_x and diesel particulate emissions.

Additionally, the Recommended Budget includes more than \$118 million for community incentive programs including the Burn Cleaner woodstove replacement program, Vanpool Voucher Incentive program, the Drive Clean program, the award-winning Tune In Tune Up Vehicle repair and replacement programs. Additionally, this funding will be used to provide incentives for new non-mobile emission reduction projects at stationary sources, schools, and other potential opportunities identified through the community engagement process under AB 617. These community-level programs generate critical, cost-effective emission reductions directly in the community, while also providing ways for the general public to contribute to cleaning the air for all Valley residents. A significant amount of staff time is spent assisting Valley residents with these important programs and ensuring that these programs remain responsive to the needs of the public.

The Recommended Budget also includes more than \$66 million in funding for the demonstration and deployment of advanced technology projects, and new zero and near-zero emissions technologies and related infrastructure. These programs are implemented in partnership with Valley public agencies, businesses, and other entities through the District's Technology Advancement Program, Public Benefit Grants program, Charge Up Program, and Commercial Lawn and Garden Equipment Replacement Program.

To continue supporting Valley growers in developing and deploying viable alternatives to open burning, the Recommended Budget includes \$6.2 million in funding for the Alternatives to Open Burning of Agricultural Materials Pilot 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 for additional funding requires significant staff resources, and many key state and federal grant opportunities will likely become available in 2020-21. Additionally, considerable staff resources will be expended in assisting other Valley public agencies and entities seek out funding opportunities that provide for air quality benefits.

New State Mandates under Assembly Bill 617:

In September 2017, the State Legislature and Governor agreed to extend the Cap and Trade program as part of a legislative package that also included the passage of AB 617 and new associated emission reduction incentive funding. This legislation established new mandates for the California Air Resources Board (CARB) and air

districts to develop and implement additional emissions reporting, monitoring, and community emission reduction programs and measures in an effort to reduce air pollution exposure in disadvantaged communities.

Since the enactment of AB 617, the District has initiated the implementation of these new state mandates, including the comprehensive technical evaluation and community engagement called for under the statute. After extensive public engagement, in September 2018, CARB selected ten communities statewide for action in the first year under AB 617, including the City of Shafter and South Central Fresno. The District immediately began working to convene steering committees made up of residents, businesses, non-governmental organizations, and public agencies for each of these selected communities to serve in an advisory capacity to the District in the development of community air monitoring plans and community emission reduction programs (CERPs). Under CARB-established guidance for implementing AB 617, and using funding provided by the state for that purpose, the District has invested considerable effort and resources conducting a range of associated activities in and around the selected communities of Shafter and South Central Fresno. This extensive analysis and public engagement led to the District Governing Board adopting the Shafter and South Central Fresno CERPs in September 2019, following by CARB adoption in February 2020. Following these approvals, the District has begun to implement the measures contained within these CERPs, and will continue to work with the community steering committees to enact their respective programs.

For the second year of implementation of AB 617, in December 2019, CARB selected Stockton as a new community in the Valley to receive resources under the Clean Air Protection Program. The District has already begun the public engagement process for this community through forming a community steering committee, holding initial committee meetings, and strategy development for the CERP and community air monitoring plan for this area of the Valley.

The significant increase in funding for voluntary incentive-based programs, and new mandates for community engagement, monitoring, and community emission reduction program development, have resulted in a significant increase in the District's ongoing workload. As the District works to implement these new mandates, the District faces fast approaching deadlines and timing is of the essence. For instance, by January 1, 2021, air districts must put community air monitoring systems in place for Stockton. In addition, the CERP for Stockton must be developed and approved by the end of 2020.

Continued implementation of AB 617 mandates in 2020-21 will require significant additional work by the District to implement community air monitoring, develop, adopt and implement community emission reduction programs, implement new emissions reporting requirements, and implement Best Available Retrofit Control Technology (BARCT). These requirements also include strict implementation deadlines that will require significant amounts of work and resources.

Extensive resources, including monitoring and support equipment, and staffing to operate and calibrate the 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 air monitoring, with monitoring of air quality in the two originally selected communities of Shafter and South Central Fresno to continue during the 2020-21 fiscal year, and community air monitoring in Stockton to begin by early 2021.

During the 2020-21 fiscal year, the District is required to develop the CERP for Stockton, which will contain strategies aimed at reducing emissions in the area. The tasks involved in preparing community emissions reduction programs in many ways will be similar to those associated with preparing the District's attainment plans and associated rulemaking. These tasks require extensive technical evaluation, and include emissions monitoring, modeling and air quality analysis, source emissions inventory and attribution, and identification of effective measures to reduce emissions from responsible sources of emissions, which may be stationary or mobile. All of this work will be conducted through a robust public engagement process, including working closely with the Stockton Community Steering Committee.

Finally, AB 617 requires significant work to be invested in analyzing and amending, if necessary, District rules affecting sources that are subject to Cap and Trade limits to ensure that those rules meet BARCT requirements. In satisfying the applicable mandates under AB 617, significant new work is necessary to either demonstrate that existing rules meet BARCT requirements or identify and address potential gaps through resource-intensive public rule development processes. The District must also share its findings with the state as CARB compiles the newly required BARCT clearinghouse.

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

Air Quality Planning and Rule Development:

Due to 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 85% from Valley businesses. The District is mandated under the Clean Air Act to develop a new attainment plan for ozone in the upcoming years. The preparation and development of this attainment plan requires significant work by the District to identify, assess, and craft new feasible and cost-effective measures to reduce air pollution from already well-regulated stationary sources.

In 2020-21, a significant amount of work will be required to implement the recently adopted 2018 PM2.5 Plan and develop the new emission control measures laid out in the plan. Key areas of focus for rule development include boilers and steam generators, internal combustion engines, flares, glass manufacturing furnaces,

conservation management practices, 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. Additionally, in 2020-21, the District will continue its work to design and implement the SIP-creditable incentive-based measures included in the 2018 PM2.5 Plan.

Permitting and Enforcement:

In the coming year, the District continues to forecast significant workload with respect to air quality permitting and enforcement. This workload includes issuing permits for new facilities, modifications at existing facilities, and annual renewals. Additionally, the District implements a robust enforcement program that includes regular inspections of facilities with air quality permits and other air quality sources.

In response to state revisions to AB 2588 Air Toxics Hots Spots program guidelines, your Board established a process for reassessing facilities under the new guidelines under an expedited multi-year timeframe. This reassessment of facilities will continue to drive a significant workload for the District in the coming year and for several years to come. In implementing these new requirements, thousands of additional facilities require reassessment through the new prioritization process. Meanwhile, the District is following the quadrennial emissions update process and performing refined health risk assessments for a smaller subset of facilities as prescribed in AB 2588.

In June 2019, your Board adopted amendments to the District residential wood burning regulation to lower curtailment levels in the hot-spot areas of Fresno, Madera, and Kern Counties. The plan commitments have resulted in an overall increase in the number of curtailments, necessitates significant resources to perform enforcement and assistance activities and ensure high compliance rates Valley-wide under the new strategy. Additionally, the rule amendments include new requirements for real property transfers, visible emissions, and significant remodels of fireplaces or chimneys. All of these requirements will continue to require increased compliance assistance, education, and enforcement workload to ensure compliance with the requirements.

Air Monitoring:

An extensive increase in workload for the District's air monitoring program is expected during the 2020-21 year as the community air monitoring networks in Shafter and South Central Fresno continue to expand, and as the District begins to implement and maintain a new community air monitoring network in Stockton. This expanded program area will include the development and deployment of new air monitoring platforms for community monitoring. 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, and repair the

deployed air monitoring equipment, and the review and validation of the collected data, will result in a substantial workload increase in the District's air monitoring operations.

New Workload Absorbed through Efficiency and Streamlining

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

Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The continued implementation of the 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.

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 2019-20 fiscal year, the District continued with several significant enhancements to the GMS system to increase efficiency and tracking and move towards full paperless workflow. This includes incorporating electronic and digital document routing and signatures to reduce paperwork and reduce time to mail documents to and from applicants. The District has also implemented remote grant project inspections to reduce travel time. In response to the COVID-19 pandemic, many District processes were transitioned to electronic processing to allow for remote handling and enhanced customer service. The District currently processes accounts payable, grant contract and payments, payroll, and many major finance related transactions electronically, resulting more streamlined and efficient handling. Further enhancements to GMS during the upcoming fiscal year include more work towards a completely paperless workflow, expanded online application submittal and tracking, compliance module to streamline inspections, enhanced project reporting and tracking and other database enhancements.

The District has also successfully designed and launched multiple online portals to provide applicants access to submit their grant applications and supporting documents online, receive notification, and check status of their application. These portals are available for the Burn Cleaner, Drive Clean in the San Joaquin Program, and Lawn and

Garden Programs. The District has also been 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. In addition, the District is working with state and federal land management agencies to improve and facilitate communications to increase customer service and maximize efficiency when dealing with prescribed fires.

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

The District 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 separate turn-by-turn navigation devices, as well as digital cameras, resulting 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 complaint 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.

In 2020-21, additional air quality 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 is increasing workload within the District's air monitoring program. 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 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 Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes funding specifically designated for health and scientific studies. Through these funds, the District anticipates leveraging university and other available research resources to support research studies in a number of important areas, including: developing an understanding of the air quality impacts and opportunities associated with the Sustainable Groundwater Management Act, developing appropriate Valley-specific modeling assumptions and source apportionment used in emission reduction strategy development, making improvements to the emissions inventory for key area and mobile sources including impacts associated with the COVID-19 pandemic, and evaluating the effectiveness of the Valley's clean air strategies and improvements to public health.

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 work with the District to secure funding to demonstrate 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.

2020-21 Staffing Changes

The Recommended Budget includes a reclassification of one Senior Network Systems Analyst to one Senior Network Systems Security Analyst. Information Technology (IT) and cybersecurity is a critical component in securing the District's business information and IT infrastructure and systems from cybersecurity threats including phishing, malware, information theft and other. This area of concern requires special knowledge, skills and dedication. The District is enhancing its IT security capabilities by converting an existing Senior Network Systems Analysts position to Senior Network Systems Analysts Security position with the required skills that will meet District's current and growing security needs while paving the way to ensure future skills are developed to continue keeping the District protected from growing IT and cybersecurity attacks.

The Recommended Budget also includes elimination of one vacant Temporary Air Quality Education Representative and one vacant Part Time Student Assistant as cost-cutting measures.

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 become a key factor in the Valley's emissions inventory. 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 to encourage those lifestyle changes.

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 understandable information on health effects of air pollution
- Provide accurate and objective information about Valley efforts to reduce air pollution, measurable results and achievements, and the challenges that remain

Therefore, 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 requirements of AB 617 mandate that the District have a robust public engagement and outreach program to ensure participation from a wide variety of sectors including the business community, community representatives, municipalities, community-based organizations and others. The District will continue to host multiple multi-lingual community meetings monthly within the selected AB 617 Valley Communities, and over-

see both the agenda, content and logistics of these meetings. This includes providing guidance, documentation and other resources, not only to the committee members, but also to the public at-large in multiple languages via the AB 617 webpages on the District website. The Recommended Budget includes funding to continue to support the current three AB 617 steering committee, Shafter, South Central Fresno and Stockton and to convene and support additional communities.

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 District will continue outreach on building or expanding the District's relationship with Valley schools. The District will also roll out additional Real-time Electronic Air-quality Display (READ) technology and promote the Valley Air smart phone app and the new www.myraan.com website to make participation in the program even easier.

A key focus of 2020-21 outreach will be to continue building upon the success of the winter Check Before You Burn outreach program and Burn Cleaner grant program in light of upcoming amendments to the District's residential wood burning emission reduction strategy. The District anticipates implementing any Board-approved rule or grant program changes prior to the 2020-21 winter season. Given the importance of this measure in bringing the Valley into attainment with PM2.5 standards, the District will place great focus on educating the public on the health effects associated with wood smoke and the importance of reducing wood burning to assist in the Valley's clean air efforts. Additionally, with new requirements and available grant funding to upgrade older devices, significant outreach efforts will be conducted in partnership with community stakeholders, wood burning retailers, and media partners to ensure Valley residents are aware of available tools and grant program information.

Funding for Emission Reductions Incentive Grants

In 2020-21, the District anticipates \$437 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. This program is proposed to be funded once again at \$76,500 from additional salary savings.

Reserves and Contingencies

Section 12.15 of the District's Board adopted Administrative Code establishes guidance for the funding level of the District's General Reserve. This section requires the annual Recommended Budget to include a General Reserve of no less than 10% of the District's operating revenues. For 2020-21, in accordance with Section 12.15, the General Reserve is established at \$6,100,000. The Recommended Budget also includes \$850,000 in Appropriation for Contingencies, \$500,000 in Building Maintenance Reserve, \$350,000 in Modeling Equipment Reserve, \$3,630,000 in Pension Stabilization Reserve Fund, and \$300,000 in VTC and Telephone Reserve. The Recommended Budget also includes establishing a \$50,000 reserve for the future replacement of Community Air Monitoring Equipment.

Upcoming Strategic Challenges

The COVID-19 pandemic has brought considerable economic impact and uncertainty to the region. While the short term economic impacts are severe, the longer term impacts are not fully understood or predictable, with economic recovery dependent on the continued evolution and nature of the COVID-19 pandemic and response. The economic effects of stay-at-home orders and closure of non-essential businesses, along with reduced consumer demand, will likely impact the District's budget through temporary and permanent facility closures, and reduction in overall economic activity and development. Facility closures negatively impact many of the District's revenue sources, including annual permit renewal fees, permit processing fees, and indirect source review development fees. The revenue impacts from a reduction in economic activity are expected to be limited to emissions fees and permit processing fees (new permits and permit modifications). While these impacts are projected to be significant, it is important to note that the District's overall operating revenues differ considerably, and is relatively more stable, than city and county revenues that rely heavily on property tax, sales tax, tourist fee, and other revenues more directly related to economic indicators.

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 cleaner air than ever. However, the District continues to face ever-tightening health-based federal standards under the Clean Air Act, which must be met. After years of extensive public engagement, your Board adopted the 2018 PM2.5 Plan as the Valley's latest clean air strategy. With this plan now in place, the District will place significant effort in the coming year on designing, adopting, and implementing strong measures to reduce air pollution that build on the District's existing measures. These initiatives 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. 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 light of the COVID-19 pandemic, the District will need to move in a measured manner recognizing stakeholders' resource limitations associated with COVID-19, and the need to ensure full public participation in the development of any new measures. To maintain social distancing while integrating public participation in the rulemaking process, staff will be connecting with stakeholders using tele- and videoconferencing, and ample time will need to be provided to stakeholders to prepare for meetings and enhance participation.

To achieve the goals outlined in the PM2.5 plan, additional incentive funding is required from the state and federal government to fund over \$5 billion of incentive-based measures to supplement the District's stringent regulatory programs. In the coming year, the District will need to continue to play an active role in ensuring that the Valley receives its fair share of state Cap and Trade and other funding for investment in clean air projects in Valley communities and achieving cost-effective clean air and economic benefits. In light of the COVID-19 pandemic, it will be important for the Valley coalition to communicate the critical public health importance associated with air quality funding, as well as the strong economic stimulus associated with clean air investments.

In addition, the District is required to implement a number of new resource-intensive mandates under AB 617. This past year, the District has expended considerable resources to launch this new program consistent with your Board's direction and in a manner, that effectively achieves the new requirements. This coming year, the District will continue to work to ensure that all Valley residents and businesses are afforded ample opportunity to provide input and 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 and other 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 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.

*SJVUAPCD Governing Board
Transmittal Letter for the 2020-21 Recommended Budget
May 21, 2020*

I look forward to continuing and increasing our progress toward cleaner air for all Valley residents in 2020-21.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'S. Sheikh', with a stylized flourish extending to the right.

Samir Sheikh
Executive Director/Air Pollution Control Officer

BUDGET FINANCIAL SUMMARY

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

	Adjusted* FY 19-20	Estimated Actuals FY 19-20	Recommended FY 20-21	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$51,540,836	\$51,540,836	\$54,227,932	\$2,687,096	5%	\$2,687,096	5%	
Projected Salary Savings	(\$3,477,143)	(\$4,520,875)	(\$4,190,671)	(\$713,528)	21%	\$330,204	(7%)	
Salaries & Benefits (net of Salary Savings)	\$48,063,693	\$47,019,961	\$50,037,261	\$1,973,568	4%	\$3,017,300	6%	
Services & Supplies	\$7,661,338	\$7,394,313	\$7,347,679	(\$313,659)	(4%)	(\$46,634)	(1%)	
Fixed Assets	\$5,858,004	\$5,763,862	\$3,889,464	(\$1,968,540)	(34%)	(\$1,874,398)	(33%)	
OPERATING APPROPRIATIONS	\$61,583,035	\$60,178,136	\$61,274,404	(\$308,631)	(1%)	\$1,096,268	2%	
Other Charges	\$749,700	\$749,700	\$667,700	(\$82,000)	(11%)	(\$82,000)	(11%)	
Incentive Programs	\$765,498,347	\$532,359,518	\$435,757,500	(\$329,740,847)	(43%)	(\$96,602,018)	(18%)	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$767,098,047	\$533,109,218	\$437,275,200	(\$329,822,847)	(43%)	(\$95,834,018)	(18%)	
TOTAL APPROPRIATIONS	\$828,681,082	\$593,287,354	\$498,549,604	(\$330,131,478)	(40%)	(\$94,737,750)	(16%)	
REVENUES								
Stationary Revenue	\$35,334,858	\$41,948,781	\$31,898,302	(\$3,436,556)	(10%)	(\$10,050,479)	(24%)	
Grant Revenue	\$15,320,000	\$15,377,168	\$16,025,000	\$705,000	5%	\$647,832	4%	
DMV Surcharge Fees - District Portion	\$12,760,000	\$12,760,000	\$12,860,000	\$100,000	1%	\$100,000	1%	
Administrative Revenues Earned	\$7,000,000	\$6,584,000	\$7,300,000	\$300,000	4%	\$716,000	11%	
Transferred to Non-Operating Revenue	(\$6,000,000)	(\$6,000,000)	(\$9,000,000)	(\$3,000,000)	50%	(\$3,000,000)	50%	
Fund Balance Used	(\$2,478,823)	(\$8,988,813)	\$3,351,102	\$5,829,925	(235%)	\$12,339,915	(137%)	
Reserves Released / (Increased)	(\$1,503,000)	(\$1,503,000)	(\$1,160,000)	\$343,000	(23%)	\$343,000	(23%)	
OPERATING REVENUE/FUNDING SOURCES	\$61,583,035	\$60,178,136	\$61,274,404	(\$308,631)	(1%)	\$1,096,268	2%	
Non-Operating Revenue	\$454,141,003	\$396,504,598	\$256,581,393	(\$197,559,610)	(44%)	(\$139,923,205)	(35%)	
Reimbursement for Administrative Revenues Earned	(\$7,000,000)	(\$6,580,000)	(\$7,300,000)	(\$300,000)	4%	(\$720,000)	11%	
Fund Balance / Reserves Released / (Increased)	\$319,957,044	\$143,184,620	\$187,993,807	(\$131,963,237)	(41%)	\$44,809,187	31%	
NON-OPERATING REVENUE/FUNDING SOURCES	\$767,098,047	\$533,109,218	\$437,275,200	(\$329,822,847)	(43%)	(\$95,834,018)	(18%)	
TOTAL REVENUE/FUNDING SOURCES	\$828,681,082	\$593,287,354	\$498,549,604	(\$330,131,478)	(40%)	(\$94,737,750)	(16%)	

RECOMMENDED POSITIONS	354.5	354.5	0
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RESERVES

General Reserve	\$6,000,000	-	\$6,100,000	\$100,000	2%	\$6,100,000	-
Computer- VTC Equipment Reserve	\$300,000	-	\$300,000	-	-	\$300,000	-
Long Term- Building Maintenance	\$500,000	-	\$500,000	-	-	\$500,000	-
Modeling Center Reserve	\$200,000	-	\$350,000	\$150,000	75%	\$350,000	-
Pension Stabilization Reserve Fund	\$2,770,000	-	\$3,630,000	\$860,000	31%	\$3,630,000	-
Monitoring Equipment Reserve	-	-	\$50,000	\$50,000	-	\$50,000	-

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

	Adjusted* FY 19-20	Estimated Actuals FY 19-20	Recommended FY 20-21	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
OPERATING REVENUE								
STATIONARY SOURCE								
Permit Fees	\$20,922,660	\$19,935,068	\$19,046,845	(\$1,875,815)	(9%)	(\$888,223)	(4%)	
Section 185- Non Attainment Fees -Rule 3170	\$655,785	\$1,048,931	\$641,136	(\$14,649)	(2%)	(\$407,795)	(39%)	
Advanced Emission Reduction Options (AERO) Fees	\$5,191,187	\$5,344,756	\$4,157,571	(\$1,033,616)	(20%)	(\$1,187,185)	(22%)	
Settlements	\$2,500,000	\$4,500,000	\$2,500,000	-	-	(\$2,000,000)	(44%)	
Interest	\$900,000	\$1,500,000	\$1,500,000	\$600,000	67%	-	-	
Miscellaneous	\$165,226	\$59,829	\$57,750	(\$107,476)	(65%)	(\$2,079)	(3%)	
Residential Furnaces - Rule 4905	\$5,000,000	\$9,564,197	\$4,000,000	(\$1,000,000)	(20%)	(\$5,564,197)	(58%)	
Total Stationary Non-Grant Operating Revenue	\$35,334,858	\$41,952,781	\$31,903,302	(\$3,431,556)	(10%)	(\$10,049,479)	(24%)	
GRANT REVENUE								
State Subvention	\$900,000	\$957,168	\$900,000	-	-	(\$57,168)	(6%)	
EPA 105 Grant	\$2,000,000	\$2,000,000	\$2,000,000	-	-	-	-	
EPA 103 Grant	\$65,000	\$65,000	\$65,000	-	-	-	-	
State AB 617 Implementation Fund	\$12,000,000	\$12,000,000	\$12,700,000	\$700,000	6%	\$700,000	6%	
State Grant-Oil and Gas Regulations	\$355,000	\$355,000	\$355,000	-	-	-	-	
Total Grant Revenue	\$15,320,000	\$15,377,168	\$16,020,000	\$700,000	5%	\$642,832	4%	
Total Stationary Operating Revenue	\$50,654,858	\$57,329,949	\$47,923,302	(\$2,731,556)	(5%)	(\$9,406,647)	(16%)	
DMV Surcharge Fees - District	\$12,760,000	\$12,760,000	\$12,860,000	\$100,000	1%	\$100,000	1%	
Administrative Revenues Earned	\$7,000,000	\$6,580,000	\$7,300,000	\$300,000	4%	\$720,000	11%	
Total Operating Revenue	\$70,414,858	\$76,669,949	\$68,083,302	(\$2,331,556)	(3%)	(\$8,586,647)	(11%)	
Transfer to Non-Operating Revenue for Incentive Grants	(\$6,000,000)	(\$6,000,000)	(\$9,000,000)	(\$3,000,000)	50%	(\$3,000,000)	50%	
Fund Balance Used	(\$2,478,823)	(\$8,988,813)	\$3,351,102	\$5,829,925	(235%)	\$12,339,915	(137%)	
Reserves Released / (Increased)	(\$353,000)	(\$1,503,000)	(\$1,160,000)	(\$807,000)	229%	\$343,000	(23%)	
Estimated Funding Sources - Operating	\$61,583,035	\$60,178,136	\$61,274,404	(\$308,631)	(1%)	\$1,096,268	2%	
NON-OPERATING REVENUE								
Air Toxics - Pass Through	\$749,615	\$933,269	\$667,638	(\$81,977)	(11%)	(\$265,631)	(28%)	
DMV Surcharge Fees - Pass Through	\$44,788,680	\$48,167,593	\$45,611,000	\$822,320	2%	(\$2,556,593)	(5%)	
Carl Moyer Funds	\$18,750,000	\$14,000,000	\$18,000,000	(\$750,000)	(4%)	\$4,000,000	29%	
VERA/ISR Mitigation Program	\$48,723,562	\$39,421,372	\$7,900,177	(\$40,823,385)	(84%)	(\$31,521,195)	(80%)	
Proposition 1B Funding Program	-	\$124,674	-	-	-	(\$124,674)	(100%)	
School Bus Program	\$880,689	\$376,485	-	(\$880,689)	(100%)	(\$376,485)	(100%)	
Federal Diesel Emission Reduction Funding Program	\$29,634,468	\$6,140,349	\$23,283,982	(\$6,350,486)	(21%)	\$17,143,633	279%	
Miscellaneous Incentive Grant Funding	\$870,000	\$870,000	\$20,000	(\$850,000)	(98%)	(\$850,000)	(98%)	
Non-Operating Interest	\$5,088,000	\$5,732,200	\$6,134,800	\$1,046,800	21%	\$402,600	7%	
Operating Revenues Funding Community & Other Incentives	\$6,000,000	\$6,000,000	\$9,000,000	\$3,000,000	50%	\$3,000,000	50%	
CEC Grants	\$7,999,979	\$7,100,000	\$900,000	(\$7,099,979)	(89%)	(\$6,200,000)	(87%)	
Reimburse Operating for Administrative Revenues Earned	(\$7,000,000)	(\$6,580,000)	(\$7,300,000)	(\$300,000)	4%	(\$720,000)	11%	
Administrative Fees - Incentive Programs	\$22,175,191	\$13,890,584	\$7,371,525	(\$14,803,666)	(67%)	(\$6,519,059)	(47%)	
State Cap & Trade Funding	\$219,730,819	\$204,998,072	\$137,692,271	(\$82,038,548)	(37%)	(\$67,305,801)	(33%)	
Volkswagen Mitigation Funding	\$48,750,000	\$48,750,000	-	(\$48,750,000)	(100%)	(\$48,750,000)	(100%)	
Total Non-Operating Revenue	\$447,141,003	\$389,924,598	\$249,281,393	(\$197,859,610)	(44%)	(\$140,643,205)	(36%)	
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$319,957,044	\$143,184,620	\$187,993,807	(\$131,963,237)	(41%)	\$44,809,187	31%	
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-	
Estimated Funding Sources - Non-Operating	\$767,098,047	\$533,109,218	\$437,275,200	(\$329,822,847)	(43%)	-	(18%)	
TOTAL REVENUE								
Estimated Financing Sources - Total	\$828,681,082	\$593,287,354	\$498,549,604	(\$330,131,478)	(40%)	(\$94,737,750)	(16%)	

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

	Adjusted* FY 19-20	Estimated Actuals FY 19-20	Recommended FY 20-21	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$28,389,372	\$27,446,313	\$29,375,757	\$986,385	3%	\$1,929,444	7%
Temporary Help	\$1,083,345	\$1,192,354	\$1,159,064	\$75,719	7%	(\$33,290)	(3%)
On Call Pay	\$116,748	\$116,456	\$116,748	-	-	\$292	-
Overtime	\$435,252	\$318,650	\$333,369	(\$101,883)	(23%)	\$14,719	5%
Unemployment	\$79,020	\$78,626	\$59,270	(\$19,750)	(25%)	(\$19,356)	(25%)
Retirement	\$13,221,627	\$13,155,518	\$14,226,291	\$1,004,664	8%	\$1,070,773	8%
OASDI	\$512,738	\$507,575	\$523,414	\$10,676	2%	\$15,839	3%
Workers Compensation	\$321,397	\$319,792	\$375,154	\$53,757	17%	\$55,362	17%
Cafeteria Plan Benefits	\$3,598,796	\$3,580,803	\$3,558,022	(\$40,774)	(1%)	(\$22,781)	(1%)
Long-Term Disability Insurance	\$73,954	\$73,587	\$75,476	\$1,522	2%	\$1,889	3%
Alternate Transportation Incentive	\$231,444	\$230,287	\$234,696	\$3,252	1%	\$4,409	2%
TOTAL SALARIES AND BENEFITS	\$48,063,693	\$47,019,961	\$50,037,261	\$1,973,568	4%	\$3,017,300	6%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$23,570	\$19,499	\$24,889	\$1,319	6%	\$5,390	28%
Mobile Communications	\$188,280	\$162,573	\$206,508	\$18,228	10%	\$43,935	27%
Telephone Charges	\$104,500	\$83,600	\$113,100	\$8,600	8%	\$29,500	35%
Insurance	\$316,400	\$264,519	\$412,000	\$95,600	30%	\$147,481	56%
Equipment Maintenance	\$198,110	\$194,151	\$210,810	\$12,700	6%	\$16,659	9%
Vehicle Maintenance & Operations	\$230,640	\$212,319	\$248,500	\$17,860	8%	\$36,181	17%
Computer Maintenance	\$452,852	\$443,794	\$620,201	\$167,349	37%	\$176,407	40%
Video Conferencing Maintenance & Operations	\$115,930	\$113,611	\$115,580	(\$350)	-	\$1,969	2%
Building Maintenance & Operations	\$269,700	\$261,035	\$282,105	\$12,405	5%	\$21,070	8%
Office Supplies	\$53,100	\$52,036	\$53,900	\$800	2%	\$1,864	4%
Computer Software & Supplies	\$95,472	\$93,561	\$94,417	(\$1,055)	(1%)	\$856	1%
Monitoring Station Supplies & Equipment	\$1,198,200	\$1,174,236	\$1,166,923	(\$31,277)	(3%)	(\$7,313)	(1%)
Postage	\$87,200	\$75,914	\$91,900	\$4,700	5%	\$15,986	21%
Printing	\$132,250	\$129,603	\$138,350	\$6,100	5%	\$8,747	7%
Professional & Specialized Services	\$3,082,928	\$3,023,618	\$2,391,918	(\$691,010)	(22%)	(\$631,700)	(21%)
Publications & Legal Notices	\$116,018	\$113,698	\$68,520	(\$47,498)	(41%)	(\$45,178)	(40%)
Rents & Leases	\$142,861	\$140,005	\$194,911	\$52,050	36%	\$54,906	39%
Small Tools & Equipment	\$32,015	\$31,376	\$48,160	\$16,145	50%	\$16,784	53%
Special District Expense	\$150,686	\$147,672	\$163,762	\$13,076	9%	\$16,090	11%
Travel & Training	\$194,440	\$190,549	\$208,439	\$13,999	7%	\$17,890	9%
Travel & Training - Boards	\$67,686	\$66,613	\$67,686	-	-	\$1,073	2%
Utilities	\$346,100	\$339,179	\$362,700	\$16,600	5%	\$23,521	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	\$7,661,338	\$7,394,313	\$7,347,679	(\$313,659)	(4%)	(\$46,634)	(1%)
FIXED ASSETS							
Office Improvements	\$50,000	\$49,000	\$336,000	\$286,000	572%	\$287,000	586%
Facilities & Equipment	\$130,000	\$127,401	\$125,000	(\$5,000)	(4%)	(\$2,401)	(2%)
Computer Equipment	\$2,108,554	\$2,066,382	\$784,854	(\$1,323,700)	(63%)	(\$1,281,528)	(62%)
Office Furniture / Equipment	\$31,200	\$30,575	\$30,000	(\$1,200)	(4%)	(\$575)	(2%)
Office Machines	\$27,250	\$26,706	\$26,250	(\$1,000)	(4%)	(\$456)	(2%)
Telephone Systems	\$37,750	\$37,013	\$39,770	\$2,020	5%	\$2,757	7%
Detection Equipment	\$160,000	\$156,800	\$188,000	\$28,000	18%	\$31,200	20%
Automobiles	\$574,000	\$562,520	\$432,000	(\$142,000)	(25%)	(\$130,520)	(23%)
Video Conferencing System	\$26,000	\$25,480	\$70,000	\$44,000	169%	\$44,520	175%
Air Monitoring Station Equipment	\$1,388,250	\$1,360,485	\$1,852,590	\$464,340	33%	\$492,105	36%
Air Monitoring Automation/Remote Control Project	\$175,000	\$171,500	\$5,000	(\$170,000)	(97%)	(\$166,500)	(97%)
Central Office Expansion	\$1,150,000	\$1,150,000	-	(\$1,150,000)	(100%)	(\$1,150,000)	(100%)
TOTAL FIXED ASSETS	\$5,858,004	\$5,763,862	\$3,889,464	(\$1,968,540)	(34%)	(\$1,874,398)	(33%)
TOTAL OPERATING APPROPRIATIONS	\$61,583,035	\$60,178,136	\$61,274,404	(\$308,631)	(1%)	\$1,096,268	2%

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

	Adjusted* FY 19-20	Estimated Actuals FY 19-20	Recommended FY 20-21	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$749,700	\$749,700	\$667,700	(\$82,000)	(11%)	(\$82,000)	(11%)	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$749,700	\$749,700	\$667,700	(\$82,000)	(11%)	(\$82,000)	(11%)	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$103,506,200	\$108,782,119	\$54,775,500	(\$48,730,700)	(47%)	(\$54,006,619)	(50%)	
Carl Moyer Program	\$25,717,000	\$20,387,063	\$18,161,300	(\$7,555,700)	(29%)	(\$2,225,763)	(11%)	
ISR and VERA'S	\$115,310,300	\$69,610,389	\$37,756,500	(\$77,553,800)	(67%)	(\$31,853,889)	(46%)	
Proposition 1B Funding Program	\$18,620,100	\$14,780,000	\$3,873,400	(\$14,746,700)	(79%)	(\$10,906,600)	(74%)	
School Bus Program	\$3,213,400	\$1,540,884	\$1,248,500	(\$1,964,900)	(61%)	(\$292,384)	(19%)	
Federal DERA/Designated Funding Program	\$30,214,647	\$6,140,349	\$23,283,900	(\$6,930,747)	(23%)	\$17,143,551	279%	
Community & Other Incentives Funded by Operating Reven	\$12,488,400	\$12,203,412	\$9,280,900	(\$3,207,500)	(26%)	(\$2,922,512)	(24%)	
Miscellaneous Incentive Programs	\$907,400	\$906,930	\$20,400	(\$887,000)	(98%)	(\$886,530)	(98%)	
CEC Grants	\$8,000,000	\$2,000,000	\$6,000,000	(\$2,000,000)	(25%)	\$4,000,000	200%	
State Cap & Trade Funding	\$382,465,000	\$270,008,372	\$239,732,800	(\$142,732,200)	(37%)	(\$30,275,572)	(11%)	
Volkswagen Mitigation Funding	\$65,055,900	\$26,000,000	\$41,624,300	(\$23,431,600)	(36%)	\$15,624,300	60%	
TOTAL INCENTIVE PROGRAMS	\$765,498,347	\$532,359,518	\$435,757,500	(\$329,740,847)	(43%)	(\$96,602,018)	(18%)	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$767,098,047	\$533,109,218	\$437,275,200	(\$329,822,847)	(43%)	(\$95,834,018)	(18%)	

OPERATING BUDGET

ADMINISTRATION

FISCAL SUMMARY

	<u>Budgeted 2019-20</u>	<u>Recommended 2020-21</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	11,773,198	12,221,351	448,153	4%
Services and Supplies	3,265,477	2,926,910	(338,567)	-10%
Fixed Assets	1,060,556	681,325	(379,231)	-36%
 Total	 <u>16,099,231</u>	 <u>15,829,586</u>	 <u>(269,645)</u>	 <u>-2%</u>

<u>Position Summary</u>	82	82
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FUNCTIONS

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 and general services-related functions of the District. The fiscal functions include preparation and control of the District's budget; responsibility for accounting and auditing all District revenues and expenditures; preparation of financial statements and related reports; and incentive and other grant financial management, including state and federal grant reporting. The general service functions 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 and planning; policy and procedure 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 conferencing), and facsimile technology (e.g., printers, copiers and fax machines).

Outreach and Communications

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

clean air; collaborating with local, state and federal agencies and stakeholders to further the District's mission; enhancing and strengthening the Healthy Air Living 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) system 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 2020-21 BUDGET

New Workload

Personnel and Operations Support

The overall workload in the District's Personnel division will continue to be impacted during the 2020-21 budget year due to implications of new laws and safety regulations associated with COVID-19. The adoption of the Families First Coronavirus Response Act (FFCRA or ACT) will impose new responsibilities on employers with regard to leave administration and legal compliance. The District anticipates additional changes over the next year and staff must actively monitor the federal rules and regulations and will take steps to ensure District leave programs comply with each approved component of the FFCRA. Additionally, the District will take steps necessary to update District health, safety and Personnel policies and procedures in accordance with all local, state and federal regulations. With the expanding and changing mandates in regards to these regulations, the District must expect to utilize significant resources to research, evaluate and execute any changes.

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. To ensure optimal opportunities to hire the best applicants, the District will incorporate a more streamlined approach, combining steps in the recruitment process for various positions and 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. This year, the District established several performance-management goals and objectives that will focus on and promote continuous improvement in our training and development programs.

The District's OPS Division workload will remain consistent and continue to provide support to all District departments and 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 2020-21, the workload in the District's electronic document management system (EDMS) is expected to remain consistent as programs continue to fully utilize electronic document storage and management. These projects include the back file conversion and day forward processing of Finance and Legal documents.

In addition to the routine duties of the District's OPS division, will continue to provide support the District's robust incentive grant programs and the District's Compliance department, as well as support for permit application processing. The on-going support is expected to continue into the next fiscal year due to, continued grant application processing, in addition to the District's access to carry over grant funding, as well as support provided as a result of continued AB 617 implementation.

Administrative Services

The Administrative Services department continues to be significantly impacted by implementation of AB 617 mandates and increased funding for various emission reduction projects. The Department will continue to provide support for implementation of these mandates, including but not limited to public workshops, grant reporting and tracking, and supporting all departments involved. The Administrative Services department will continue to implement ever-changing state and federal rules and regulations as well as take steps to ensure that District accounting and related reporting complies with accounting and financial management best practices.

The District's successful state and federal advocacy has resulted in bringing additional financial resources for implementation of various District emission reduction programs. Support and implementation of these emission reduction programs are the District's main priority and will significantly impact the Administrative Services workload. During 2020-21, the Administrative Services Department will be working closely with the Incentives team and partner agencies to administer over \$437 million in Incentives Spending Plan, including processing incentive applications, contracts, claims, and project reporting and implementation.

Information Technology Services

The District continues to leverage software and hardware technologies to provide exceptional business value, seeks to implement the best and latest technologies for increased levels of productivity with added functions and efficiency gains to the public and other District stakeholders. During the upcoming year, the District will continue to research and implement new technology projects while ensuring that existing projects meet and exceed the Board's expectations. The District's Information Technology Services department is also committed to continuous improvement and providing highest level of customer service, both to the members of the public in addition to internal stakeholders.

New workload and streamlining projects scheduled to be completed or commenced in the upcoming year are as follows:

Geographic Information Systems (GIS) is a fast and growing field in modern technology that provides numerous opportunities to help the District with implementing air quality regulations. GIS technology will be particularly helpful in the implementation of the District's new AB617 community program. By further developing and scaling up the District's GIS infrastructure, using ESRI's ArcGIS platform and GIS cloud tools, the District will be able to utilize and take advantage of GIS data mapping and tracking, real-time data sensing, visual data presentation, and reporting, to accurately evaluate the Valley's unique air quality challenges and to make better and sound decisions to ensure the health and safety of its valley residents and public.

Last year the District enhanced the first set of its key grant program application submittals from manual to electronic via online portals, facilitating the process for Valley residents by making this process faster and easier. The District is planning to bring a large number of additional grants program applications on-line during this coming year. Software programming standards are established to streamline the development of these portals by building repeatable and reusable software modules during the development of different online portals thus reducing the development time by hundreds of hours for each portal.

Modern technology changes at a fast pace and it is imperative for the District's ITS to identify and provide new opportunities for improvement and streamlining its business functions, as well as to better protect IT assets and improve IT security. The District still relies on older or legacy business applications. The technologies these business applications and systems rely on is outdated and becoming more difficult to technically support and less secure. The District will continue to look to improve its existing technologies for the betterment of customer service and minimal impact to the public and its stakeholders. The District is using a scaled software development and implementation approach to achieve the goal of converting its legacy applications such as VB-6 code to more advance software development technologies such as MS-Visual Studio as a multi-year goal.

Key projects on video, phone, equipment, and power infrastructure upgrades:

- VTC maintenance
- Uninterruptible power supply upgrades
- Operating system (OS) server upgrades
- Regional ESX chassis upgrade
- Exchange hardware upgrade
- Private Wi-Fi controller upgrade
- Replacing additional workstations with improved hardware and telecommuting capabilities
- Infrastructure hardware replacement
- Server OS and firmware to ensure Districts technical infrastructure is stable

The District has a number of network printers which help facilitate printing of necessary work documents to serve the public on daily basis. Several of these printers have been in service past their useful service life and the District is experiencing increased maintenance and repair costs to keep them operating. The District is planning to replace these printers with the new models, which will provide improved efficiency for printing services due to newer features available with newer printers, in addition to reduced ongoing maintenance costs. District is also expanding its network capacity by adding new network connections to accommodate new users and their needs.

Outreach and Communications

In 2020-21, 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.

The requirements of AB 617 mandate that the District have a robust public engagement and outreach program to ensure participation from a wide variety of sectors including the business community, community representatives, municipalities, community-based organizations and others. The District will continue to host multiple multi-lingual community meetings monthly within the selected AB 617 Valley Communities, and over-see both the agenda, content and logistics of these meetings. This includes providing guidance, documentation and other resources, not only to the committee members, but also to the public at-large in multiple languages via the AB 617 webpages on the District website. The Recommended budget includes funding to continue to support the current three AB 617 steering committee, Shafter, South Central Fresno and Stockton and to convene and support additional communities.

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 District will continue outreach on building or expanding the District's relationship with Valley schools. The District will also roll out additional Real-time Electronic Air-quality Display (READ) technology and promote the 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.

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 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. To ensure a science-based approach to the District's outreach

strategy, the 2020-21 Recommended Budget includes funding to complete a public opinion survey assessing potential opportunities within the outreach strategy based on the growth of digital marketing.

A key focus of 2020-21 outreach will be to continue building upon the success of the winter Check Before You Burn outreach program and Burn Cleaner grant program. Given the importance of this measure in bringing the Valley into attainment with PM2.5 standards, the District will place great focus on educating the public on the health effects associated with wood smoke and the importance of reducing wood burning to assist in the Valley's clean air efforts. Additionally, with new requirements and available grant funding to upgrade older devices, significant outreach efforts will be conducted in partnership with community stakeholders, wood burning retailers, and media partners to ensure Valley residents are aware of available tools and grant program information. In addition, 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.

Wildfires have the potential to generate tremendous emissions, causing elevated PM2.5 concentrations and ozone precursors. Air pollution generated from wildfires can be enormous and can well exceed 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 2020-21, the District will continue to work with land management agencies as we pursue a variety of strategies aimed at reducing wildfire emissions. As a part of this effort, the District has developed a targeted public education campaign to increase public awareness of the damage to public health due to wildfires and build public support for increased prescribed burning that may help reduce the number and severity of future wildfires.

The District will leverage media placement funds to increase outreach dollars for grant 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 in the San Joaquin" vehicle rebate and replacement program and other grant programs.

The District will build upon the success of our free children's curriculum, the elementary-school level "Healthy Air Heroes" kids' kit, by working to develop a curriculum/activity kit that can be used by middle and high school teachers to engage older students in air quality issues. This new kit will be available to parents and teachers and will be integrated into our Healthy Air Living Schools program.

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 projects. Additionally, the District will leverage these tools to support our presence on social media sites.

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

Efficiency and Streamlining

Personnel and Operations Support

With the increase in workload, District's Personnel division is consistently seeking out new ways to improve processes in order to create more efficiencies. The internally designed and created Human Resource Management System (HRMS) program continues to streamline District Personnel functions. The program is compatible with current District standards and contains two modules beneficial to District-wide operations. The main module provides the necessary data management tools, reports and automation features to conduct the full suite of District Personnel functions. The second module is designed for use by District supervisors and managers and provides human resources information such as performance evaluation tracking, recruitment support with exam scoring, time sheet review and LIS reports to assist in preparation for zero-based budgeting analyses. This past year, we were able to make additions and changes that allowed for better tracking and reporting of the following: Training certification tracking, CPR certification tracking, Annual Physical tracking, telecommute contract tracking, employee leave 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 2020-21. Allowing staff to divert resources to continue to improve existing policies and standard operating procedures, staff training and development, fulfilling recruitment needs, enhancing efficiency and consistency. Ensuring the District's Personnel staff are 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 2020-21, the District will absorb any additional workload discussed above without additional staffing by continuing streamline processes, increase the efficiency in EDMS processes using the streamlining capabilities of the OnBase Client Portal. OnBase continues to allow a significant decrease for time necessary to prepare, scan and verify documents into the EDMS system. Although the number of documents processed by OPS staff in EDMS will remain consistent, there continues to be increased efficiency with the

continued improvement strategies implemented with OnBase. Data continues to show a significant improvement in scanning and document verification efficiency with OnBase Client portal improvements and will continue to decrease the amount of time necessary to scan and verify documents. In addition to the routine duties of the OPS Division, support for the District's robust incentive grant programs is expected to continue into the next fiscal year. In addition, the District's OPS Division continues to increase efficiencies by streamlining and enhancing features and information in the District created E-Directory system in order to provide a more streamlined approach when assisting incoming callers and walk in customers. The OPS Division has transitioned to electronic processing of requisitions, travel requests and claims, Permit applications, Hearing Board agenda, Public Notice Packages, and Compliance applications for more streamlined and efficient handling. The District's OPS staff will continue cross training efforts between departments allowing for efficient and flexible workload distribution as well as increased support to the District as a whole while continuing to provide excellent customer service.

Administrative Services

As in past years, new technology and process improvements continue to support a growing financial and administrative workload. The District's budget 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.

In 2018, the District launched its new and redesigned Grants Management System (GMS). During 2019, the GMS program was further enhanced to allow for more automation of data entries and project review. The Administrative Services team continues to work with the Information Technology Department to develop and add new features, focused on improving internal controls, project monitoring, and streamlining application and payment processing.

In response to COVID-19 Pandemic, many of District processes were transitioned to electronic processing to allow for enhanced customer service and remote handling. Administrative Services currently processes accounts payable, grant contract and payments, payroll, and many major finance related transactions electronically, resulting more streamlined and efficient handling.

In response to 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 the District's financial system that will automate the tracking and recording of payroll costs.

The District has fully implemented the option to receive online electronic funds via e-checks, debit, and credit cards. The enhanced District online portal allows permitted

facilities to view their current outstanding invoices, submit a payment, and receive their payment confirmation instantly.

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

Recently, the District has completely revamped its Grant Management System (GMS) software to improve workflows and lay the foundation for web based grant applications. Moving forward, the District is going to integrate its compliance processes and workflows into GMS which will eliminate many manual processes and introduced efficient workflows where Compliance Inspector can process customer requests while in the field and without the need to come back to office and finish their work. This changes is expected to save hundreds if not thousands of hours.

Power outages are very common and can severely impact an organization's operations and costs if alternative power is not available. For this reason, it is important for the District to ensure that its alternative power source, such as its uninterruptible power supply (UPS) systems, across all of its offices, is well supported and maintained. The District's UPS systems have reached their product life cycle and pose a significant risk to the District's daily operations and function should they fail. The District plans to upgrade each of its UPS systems in all three offices to ensure the reliability and availability of its electricity to power its offices, infrastructure and services during events of power outages.

The District is upgrading its main database server to a new innovative licensing model that provides high performance and is cost effective. In addition this will provide enterprise level functionality, allowing the District to continue to grow its IT resources without the need to acquire additional licenses, saving the District time and resources.

Due to the District's fast changing core business functions that rely on information technology, it is important to constantly evaluate the ITS infrastructure and to upgrade the system infrastructure regularly. Towards that end, the District upgraded many of the workstations to accommodate increased telecommuting needs and is planning to replace additional workstations with improved hardware, including desktop OS for the enhancements and support that provides. The District is also upgrading its regional email exchange chassis as well as controllers for Private Wi-Fi Systems to provide increased capacity and faster connectivity speed.

Currently, the District uses several tools to provide necessary project management capabilities. ITS is developing a new centralized software tool that will provide needed project management efficiencies and enhancements to better manage workload.

In the complex world of technology, security challenges are a constant source of concern, requiring increasing levels of support to keep the District's IT infrastructure safe from intruders and hackers. This support requires special knowledge, skills and dedication to

address the District's IT security needs. Cybersecurity threats including phishing, malware, information theft and others are significant areas of concern. The District is enhancing its IT security capabilities by converting an existing Network Systems Analysts Senior position to Network Systems Analysts Senior Security position with the required skills that will meet District's current and growing security needs while paving the way to ensure future skills are developed to continue keeping District protected from growing IT and cybersecurity attacks.

In response to the COVID-19 pandemic, the District needed to significantly increase its Wi-Fi capacity for all three offices to allow for increased telecommuting of staff. The District was successful in obtaining increased capacity and during was able to do so with no additional costs to the District. In addition to this, the District is also moving its interoffice connection to a high speed state of the art connection to provide faster and more efficient connectivity between the three offices.

Due to increased copying demands associated with implementation of AB 617, the District discussed and was successful in renegotiated the service contract with the District's copy machine service providers to significantly reduce service and repair costs.

Outreach and Communications

The District will continue to utilize third party subcontractors to assist with AB 617 and other outreach needs, when such subcontracts provide a high level of customer service, project efficiency, and economic sense. For example, the District recently worked with a third party Hmong and Punjabi translators to assist with school notices. Since the District does not have certified Hmong or Punjabi translators on staff, this service is an inexpensive way to provide the public documents in Punjabi without hiring new staff.

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>2019/2020</u>	<u>2020/2021 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	3.5	3.5	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
Information Systems Manager	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 Analyst I/II	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
Senior Network Systems Analyst (Conf)	1.0	0	-1.0
Senior Network Systems Security Analyst (Conf)	0	1.0	1.0

SUMMARY OF POSITIONS

<u>Title</u>	<u>2019/2020</u>	<u>2020/2021 Recommended</u>	<u>Increase/ Decrease</u>
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 Programmer/Analyst	2.0	2.0	0
TOTAL	<u>82.0</u>	<u>82.0</u>	<u>0</u>

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

	Adjusted* FY 19-20	Recommended FY 20-21	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,003,648	\$7,274,485	\$270,837	4%
Temporary Help	\$228,713	\$184,361	(\$44,352)	(19%)
On Call Pay	-	-	-	-
Overtime	\$133,668	\$102,773	(\$30,895)	(23%)
Unemployment	\$19,438	\$14,266	(\$5,172)	(27%)
Retirement	\$3,236,949	\$3,497,319	\$260,370	8%
OASDI	\$123,140	\$122,091	(\$1,049)	(1%)
Workers Compensation	\$74,207	\$86,835	\$12,628	17%
Cafeteria Plan Benefits	\$881,531	\$866,980	(\$14,551)	(2%)
Long-Term Disability Insurance	\$17,940	\$18,265	\$325	2%
Alternate Transportation Incentive	\$53,964	\$53,976	\$12	-
TOTAL SALARIES AND BENEFITS	\$11,773,198	\$12,221,351	\$448,153	4%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$4,900	\$4,700	(\$200)	(4%)
Mobile Communications	\$22,024	\$33,124	\$11,100	50%
Telephone Charges	\$21,929	\$23,918	\$1,989	9%
Insurance	\$73,186	\$95,301	\$22,115	30%
Equipment Maintenance	\$41,254	\$42,157	\$903	2%
Vehicle Maintenance & Operations	\$34,000	\$22,900	(\$11,100)	(33%)
Computer Maintenance	\$137,202	\$166,028	\$28,826	21%
Video Conferencing Maintenance & Operations	\$115,930	\$115,580	(\$350)	-
Building Maintenance & Operations	\$62,382	\$65,254	\$2,872	5%
Office Supplies	\$12,743	\$13,083	\$340	3%
Computer Software & Supplies	\$30,573	\$30,605	\$32	-
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$17,700	\$19,200	\$1,500	8%
Printing	\$95,152	\$98,684	\$3,532	4%
Professional & Specialized Services	\$2,168,948	\$1,733,838	(\$435,110)	(20%)
Publications & Legal Notices	\$1,500	\$1,500	-	-
Rents & Leases	\$6,510	\$6,754	\$244	4%
Small Tools & Equipment	\$8,784	\$20,439	\$11,655	133%
Special District Expense	\$125,544	\$143,026	\$17,482	14%
Travel & Training	\$118,925	\$121,560	\$2,635	2%
Travel & Training - Boards	\$39,550	\$39,550	-	-
Utilities	\$64,341	\$67,309	\$2,968	5%
Audit Services	\$20,000	\$20,000	-	-
Legal Services	\$42,400	\$42,400	-	-
TOTAL SERVICES AND SUPPLIES	\$3,265,477	\$2,926,910	(\$338,567)	(10%)
FIXED ASSETS				
Office Improvements	\$50,000	\$336,000	\$286,000	572%
Facilities & Equipment	\$25,954	\$20,581	(\$5,373)	(21%)
Computer Equipment	\$492,183	\$163,570	(\$328,613)	(67%)
Office Furniture / Equipment	\$7,216	\$6,939	(\$277)	(4%)
Office Machines	\$7,264	\$7,034	(\$230)	(3%)
Telephone Systems	\$8,700	\$9,201	\$501	6%
Automobiles	\$126,000	\$68,000	(\$58,000)	(46%)
Video Conferencing System	\$26,000	\$70,000	\$44,000	169%
Central Office Expansion	\$317,239	-	(\$317,239)	(100%)
TOTAL FIXED ASSETS	\$1,060,556	\$681,325	(\$379,231)	(36%)
TOTAL OPERATING APPROPRIATIONS	\$16,099,231	\$15,829,586	(\$269,645)	(2%)

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2019-20</u>	<u>Recommended 2020-21</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	12,493,881	12,847,025	353,144	3%
Services and Supplies	945,365	1,144,928	199,563	21%
Fixed Assets	<u>1,386,072</u>	<u>677,781</u>	<u>(708,291)</u>	<u>-51%</u>
 Total	 <u><u>14,825,318</u></u>	 <u><u>14,669,734</u></u>	 <u><u>(155,584)</u></u>	 <u><u>-1%</u></u>
 <u>Position Summary</u>	 99.5	 99.5		

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 perform inspections at approximately 9,200 permitted facilities and at approximately 5,600 agricultural operations, responds to approximately 3,000 public complaints, and verifies emissions reductions at thousands of locations where emission reduction incentive projects have been implemented.

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

Inspections of Stationary Sources

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

that the District maintain inspection frequencies of once per year for minor sources and quarterly for major stationary sources.

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

Complaint Investigations

The District receives thousands of complaints each year for which timely responses and investigations of alleged sources of non-compliance are top priorities. Inspectors are on-call 24 hours per day and use 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 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**
Actively evaluate upcoming rule compliance dates and analyze compliance rates for various requirements and develop 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. A District rule requires testers be certified and ensures an adequate pool of qualified contractors from which stakeholders can select.
- **Asbestos Training**
Comprehensive assistance on asbestos regulations is provided to the public, building industry, building departments, fire departments, and realtors. Staff continues to spend considerable time providing one-on-one assistance, in addition to group trainings, to the regulated community.

- **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 has documentation demonstrating they are qualified 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 the rule and how to comply with the requirements.
- **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. COM staff participate on the daily "1 O'clock Call" 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 and verification that older equipment has been properly disposed of.

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. District staff reviews the protocol to ensure proper testing is conducted and that the source test contractor has the proper equipment and certification to conduct the test. This service is beneficial to the source as it ensures the proper test is performed and eliminates any chance for additional testing due to improper methods. The second task is to witness the test to ensure the source test contractor follows the correct test procedures. Lastly, District staff reviews the source test results to ensure the data is properly reported and to act promptly on any compliance issues related to the testing.

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

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

Portable Equipment Registration and Inspections

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

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

Examples of the types of portable equipment inspected include engines that power electrical generators, portable concrete batch plants, oil well service equipment, and engines that power sandblasting/painting operations. This equipment can move many

times during the course of the year. Inspections are conducted at large storage yards or in the field when the equipment is in operation.

Gasoline Station Permitting, Inspecting and Testing Program

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

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

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

Agricultural and Prescribed Burning

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

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

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

Prescribed burning by land management agencies is another activity regulated by the District. In accordance with Title 17 of the California Code of Regulations, the District reviews burn plans, provides burn authorizations, and monitors the fires. District staff also has an ongoing dialogue with land management agencies and other air districts to improve communication and cooperation among all parties. To this end, the District has been leading an effort at the state level to establish communication protocols between air

districts and the land management agencies to ensure the smoke is well managed and its impact upon air quality and public health is reduced to the maximum extent feasible. These communication protocols are vital due to changes in federal policy on wildfires management. The District is concerned that wildfires managed under the new federal policy may have greater impacts on Valley residents. To address the concern over this potential, the District will have a greater presence during the fire season to help minimize smoke impacts. Staff will conduct additional inspections and coordinate more closely with land managers.

Wood Burning Heater and Fireplace 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 PM_{2.5} 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" (greater than 20 µg/m³ but less than 65 µg/m³), 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. All parties requesting to be RWBHPs must go through an application process that includes the requirement for the individual to provide necessary certifications or related job experience that qualifies them to be a RWBHP. In addition to the application, the applicant must undergo District provided training and enter into a contract, with the District that outlines the expectations of all RWBHPs. Contract requirements include the need to be able to connect remotely to the internet and the ability to print out and issue wood burning device registrations during their inspections. After completing the required training and signing the contract, the individual is added to the District's list of registered RWBHP, which is available to the public on the District's internet site. Compliance staff are responsible for reviewing registrations, reviewing 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 achieving the expected emission reductions as a

result of the requirements of the rule. This includes having a significant portion of field staff mandatorily assigned to conduct several hours of surveillance in counties with declared wood burning curtailments. The District also conducts surveillance in counties with curtailments on days that District offices are closed and performs periodic night-time surveillance throughout the 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 the majority of the cases through the mutual settlement process and only a small percentage requiring 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, which has been designed to immediately notify inspectors of potential emissions problems as the information is received. Considerable resources have been spent transitioning to a newer, easier to use, more stable data acquisition system named Agilaire for CEMS data. This was done with the added benefit of having no impact on the stationary sources end.

Fugitive Dust Regulations

District fugitive dust rules require the submittal of dust control plans on residential developments when there will be ten acres or more of disturbed surface area and on non-residential developments when there will be five acres or more of disturbed surface area or if more than 2,500 tons of earth will be moved on any 3 days. To ensure that construction operators are able to comply with dust control requirements, District staff provides training classes for those required to submit dust control plans, and reviews each plan prior to the start of construction. A minimum of one field inspection is also required for each site. For smaller projects greater than one acre but less than the threshold amounts requiring a dust control plan,

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 4,600 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 2020-21 BUDGET

The increasing workload associated with the duties performed by the District's Compliance Department, as discussed below, are expected to be accommodated by continuing to implement streamlining and efficiency improvements in all areas and takes into consideration impacts from the COVID-19.

New Workload

The District will need to ensure facilities are complying with District rules and state regulations that have compliance dates in Fiscal Year 2020-21, including: Rule 4901 – Wood Burning Fireplaces and Wood Burning Heaters, Rule 4905 – Natural Gas-Fired Fan Type Central Furnaces, and the state's portable diesel engine Airborne Toxic Control Measure. These amended rules will require additional inspections, record review, and oversight.

Increased Grant Funded Equipment Replacement Inspections

As a direct result of the District's advocacy efforts at the state and federal levels and working closely with Valley stakeholders significant new funding for the Valley has been secured and will be used to greatly assist in achieving the enormous emissions reductions necessary for our upcoming State Implementation Plans aimed at attaining the federal health-based standards. In 2020-21, the District will have \$481 million in incentive funds available to support the District's suite of voluntary incentive programs. These incentive funds consist of a variety of local, state, and federal sources for use in funding voluntary incentive-based emission reduction projects.

The increase in funding for voluntary incentive-based programs and the community engagement, monitoring, and protection mandates will lead to an increase in the District's

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

Implementation of AB 617

In 2020-21 the District will continue to work on implementation of AB 617, Community Air Protection Program. As part of the Shafter and South Central Fresno Community Emission Reduction Programs (CERPs), the District committed to implement a number of new enforcement efforts focused on enhanced enforcement and compliance assistance measures aimed at increasing compliance with District rules and state law and thereby limiting the potential for localized air quality impacts. Specifically, in accordance with the timeframes prescribed in each CERP, the District will implement the following enforcement-related measures:

- Enhanced enforcement of Rule 4901 (Wood Burning Fireplace and Wood Burning Heaters) mandatory wood burning curtailments via increased surveillance
- Enhanced enforcement of District Rule 4103 (Open Burning) to reduce the illegal open burning of residential waste via increased surveillance
- Increased inspection frequency of permitted sources with a history of emission violations
- A pilot training program for gas station owners and workers who conduct self-inspections of the vapor recovery equipment
- Enhanced enforcement of the state's heavy-duty vehicle anti-idling regulation via increased surveillance
- Enhanced enforcement of fugitive dust requirements through increased inspections and surveillance of projects potentially subject to the requirements

The implementation of these measures will require significant staffing resources. Furthermore, the District's Compliance Department will have a significant role in accumulating and providing necessary data needed for the development of the enforcement component of the forthcoming Stockton CERP, and once this CERP has been adopted, it will require specified actions to meet the targets contained therein within five years, along with an implementation schedule. These commitments will require enforcement strategies to ensure that the emissions reductions are achieved, which will require significant new workload in this community. It is also likely that there will be opportunities for early implementation of potential CERP measures in the Stockton community based on the feedback and guidance from the community steering committee.

New Requirements for Wood Burning Fireplaces and Wood Burning Heaters

As part of the 2018 PM2.5 Plan, the District committed to a strategy for further reducing emissions from wood burning fireplaces and wood burning heaters subject to Rule 4901, which was amended in June 2019, to reflect these more stringent requirements. The strategy includes lower curtailment levels in the hot-spot areas of Fresno, Madera, and Kern Counties by lowering the no burn restriction levels for non-registered units and the no burning unless registered restriction levels for registered devices. The plan commitments have resulted in an overall increase in the number of curtailments as a result of enhanced curtailment forecasting through use of new models and tools, which has and will continue to necessitate additional resources to perform enforcement activities and ensure high compliance rates Valley-wide under the new strategy.

Additionally, the rule amendments has new requirements for real property transfers, visible emissions, and significant remodels of fireplaces or chimneys. All of these requirements will continue to require increased compliance assistance, education, and enforcement workload to ensure compliance with the requirements.

Prescribed Burning

As directed by the District's Governing Board in November 2015, District staff has continued to work to facilitate effective use of prescribed burning as a means to reduce the number and severity of future wildfires. With the Sierra Nevada still experiencing the consequences of California's tree mortality epidemic, which has most recently been estimated to be more than 120 million dead or dying trees. This issue is still very relevant as the region has experienced a number of the largest wildfires in state history in recent years. Towards that end, the District will need to ramp up collaborative efforts with the local, state, and federal land managers and fire suppression agencies in an effort to identify gaps in land management and fire suppression policies and practices, while developing solutions to provide increased opportunities to reduce the high hazard waste from the tree mortality in a manner that limits the air quality impacts to Valley residents and localized impacts to nearby receptors. Furthermore, recent state laws, policies, plans, and Executive Orders require that public land management agencies increase the scale and scope of their fuel reduction efforts, including increasing the use of prescribed fire. These laws, policies, plans, and orders also task the California Air Resources Board and local air districts with facilitating this increase in prescribed burning and increasing the monitoring of emission impacts from such projects. These efforts to collaborate with land management agencies to facilitate and monitor increased levels of prescribed burning will result in additional new workload.

Advancing Alternatives to Open Burning of Agricultural Waste

In November 2017, the District hosted the Central Valley Summit on Alternatives to Open Burning of Agricultural Waste that brought together Valley grower, researcher/experts, representatives from the biomass power industry, representatives from new and developing technology vendors, and Valley stakeholders. Even with air quality impacts from agricultural burning in the Valley being well managed under the District's comprehensive Smoke Management System, a key lesson learned from the Summit was the importance of identifying and implementing of cost-effective alternatives to open burning. Towards that end, District staff will look to expand support of emerging practices and technologies which provide cleaner alternatives to open burning of agricultural waste, with priority given to on-the-farm deployable (minimum or no transportation related emissions) and scalable

practices and technologies. A recent example of the District's efforts to identify and support alternatives to open burning of agricultural waste, the District's Governing Board approved a pilot incentive program in November 2018 to assist growers in demonstrating the feasibility of utilizing woody agricultural material for soil incorporation or as a surface application in lieu of burning. To date, \$8,000,000 has been allocated to the pilot program, with \$3,000,000 being added in February 2020. Similar to other grant programs, the District conducts pre and post inspection of the projects to ensure the integrity of the projects and resulting emission reductions.

Air Resources Board Oil and Gas Greenhouse Gas Regulation

The District has been working closely with ARB and the oil and gas industry on the implementation of the new regulation 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. Operating under a Memorandums of Agreement that air districts throughout the state entered into with ARB to enforce the requirements due to the 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 has been developing policies to ensure that implementing the state regulation will be streamlined and will eliminate duplicative regulatory requirements and provides for a common-sense approach to implementing these new regulations that provides 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 state regulation requires 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).

The District has conducted significant compliance assistance and education to the affected businesses through workshops, one-on-one discussions, teleconferences, and providing explanatory literature. District staff have also been conducting inspections of sources subject to the state regulation.

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 2020-21, 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 was amended. These amendments include additional recordkeeping requirements that will increase the enforceability of the regulation. To ensure that all manufacturers, distributors and installers are paying the required emission fees, 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. Sales of non-compliant products can have a significant impact on the Valley's ability to attain federal air quality standards.

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

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

Assembly Bill 2588 Reporting Requirements

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

Efficiency and Streamlining Measures

Meeting new mandates without increasing staffing levels will require further streamlining of functions and continued improvements in efficiency. The District's Compliance Department has continued to develop new policies/procedures and amend

existing policies/procedures to enhance consistency and efficiency. Providing detailed policies and SOPs assists staff by answering common questions and providing guidance on common situations that may arise while they are performing their duties. Detailed policies also help to ensure consistency among staff in all three regions. Furthermore, well-trained staff ensures the highest level of customer service to stakeholders. For this reason, the District is in the process of revamping its Compliance training program and will continue to provide staff with training opportunities that will improve their technical skills and customer service.

As part of inspection efficiency improvement, the District embarked on an effort aimed at reducing unnecessary redundancies with inspection paperwork. Inspection forms continue to be streamlined and refined to 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 has ready access to District systems and has the ability to provide facilities with information from the field.

In conjunction with the tablet computers, inspection staff has been equipped with smart phones which allowed the District to reduce the amount of equipment to maintain and support field staff. The smart phones effectively replaced turn-by-turn navigation devices and digital cameras. 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 fireplac 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. The system provides field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection and the Consolidated Activity Tracking System allows the ability to efficiently oversee field staff's work assignments through an easy-to-use 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. One time saving feature along these lines in the geo-assignment

tracking tool which utilizes geocoding, which allows supervisors the ability to quickly add and adjust field staff assignments when necessary based on the exact location of the field staff. This feature allows supervisors to select assignments based on closest proximity and highest priority with minimal effort. 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. The last phase is currently in development and is focused on allowing the data captured during an inspection to be directly input into the various electronic databases that are 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, gasoline dispensing facilities, landfills and other sources of volatile organic compound (VOC) emissions. 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 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 is 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. Furthermore, 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.

As staff have become more familiar with the device and due to the desire to maximize the usefulness of this device, the department has begun and will continue to use the FLIR camera at additional VOC sources, including gasoline bulk plants, wineries, and landfills. Compliance staff are seeing the same benefits with its use at these sources as well.

Ultra-Low Light Cameras

In the District's ongoing efforts to utilize the latest forms of technology to improve efficiency and effectiveness, the District tested several technologies for nighttime fireplace and wood burning heater enforcement. The District concluded that the most effective, in terms of quality of product and cost were ultra-low light cameras. The use of the cameras were able to clearly document smoke coming from chimneys in extremely low-light conditions in a way that the previous technology used was not able to.

Streamlined Registration of EPA Certified Wood Stoves and Inserts

District Rule 4901 – Wood Burning Fireplaces and Wood Burning Heaters allows owners of EPA certified wood burning fireplaces and wood burning heaters to voluntarily register their device if they wish to take advantage of the ability to burn on Level One episodic wood burning curtailment days, days when the potential for a PM_{2.5} concentration is forecast to equal or exceed 20 µg/m³ but not exceed 65 µg/m³ for the geographic region. To ensure the wood burning fireplaces and heaters are EPA certified, capable of operating with no visible smoke under normal operating conditions, and that it is in good operating condition (ensuring that the device has been cleaned and maintained in accordance with manufacturer specifications), the rule requires a District-registered wood burning heater professional (RWBHP) be the one registering the device. To streamline this process, the District developed an online portal that allows the RWBHP to quickly and easily register EPA certified devices and allows them to provide a copy of the registration at the time of inspection. This data is then automatically uploaded into District databases, eliminating duplicative data entry by District staff.

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

In 2012, 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 will save 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. As is often the case, 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 breakdown reports 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 breakdowns and deviations 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).

Another customer service enhancement was the addition of the ability for facilities to request start-up inspections for new or modified equipment through PASport. Once the request has been submitted, District staff automatically receive an email notification

of the request. Once notified, staff promptly contact and schedule the inspection of equipment with the facility representative.

Online Submittal of Dust Control Plans

The District is in the final stages of completing development of an online portal for businesses to submit required dust control plans (DCPs) electronically. The system has been designed with business rules such that a plan cannot be submitted unless it includes all information necessary. Currently, all DCPs are received as hard copies or via email. In all cases, District staff has to review the submitted material and often times key pieces of information needed to deem a plan complete are lacking. District staff then works with the submitting company to obtain the necessary information. Many of these projects are time sensitive and any delays could be costly to the business 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 for businesses to submit their DCPs electronically, 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 paper copies. The electronic copies are able to be quickly uploaded for storage and available for all District staff. We have received positive feedback from businesses, construction project managers, and consultants who appreciate using the new interim system and have expressed a strong desire to use the new system once completed.

Online Complaint Submittals

The District prides itself for being at the forefront of utilizing advancing technology. One such example is the incorporation of online and mobile application complaint submittals. Development of this process allows quicker and more timely reporting of complaints by the public and provides the ability to upload pictures and video of the source complaint source. Having pictures and video give compliance staff a better understanding of the cause and location of the complaint, which is key when looking to address the situation as quickly as possible. Once submitted, the complaints are automatically sent to District supervisory staff, who use GPS in the vehicles to identify the staff closest to the complaint location, ensuring a prompt response. When complaints are submitted online and through mobile applications, the data is automatically uploaded into District programs for tracking and once the investigation has been completed, the reporting party is automatically sent a completed copy of the report.

Improved Complaint Program Processes

The District has inspection staff available for complaint response 24 hours a day, seven days a week. The transition of these responsibilities during unplanned changes was often complicated and created the potential for delayed response as a result. To eliminate this possibility, the District incorporated on-call Inspector assignments into the Complaint program, which automatically updates who the on-call inspector is and their cell phone number. Previously this required manual updating, which has the potential for user error. The improved process eliminates the need for inspection staff to have to manually update the system and is updated on a periodic basis by supervisory and management staff. In the District's ongoing effort to improve customer service, complaint assignment procedures were re-evaluated and dispatching improvements were made resulting in reduced complaint response times. Assisted in updating the Operations staff's complaint notification handling procedure, adding additional accountability and streamlining measures.

Paperwork Streamlining

The District performs thousands of inspections every year, each with a written report to surmise the findings. Identifying opportunities to streamline the report writing process was critical. The District developed a compliance dashboard, on tablet computers, that has inspection reports available and that can be filled out as part of the compliance inspection. The goal is for the majority or the possibly the entirety of the reports to be completed once the inspection is completed. The reports are then submitted and reviewed electronically and then uploaded in an electronic database management system, resulting in a completely paperless processing, which also reduces the staffing needs.

While it has always been a priority to turnaround 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 recently piloted paperless processing for grant inspections paperwork and photos by directly uploading the documents into the newest version of the District's Grant Management System (GMS). This eliminated duplicative work, whereby Grant staff would upload the documents after being notified by Compliance staff that the inspections were completed and reports uploaded. Field staff have begun to use a phone app that allows for the merging of the inspection report and photos directly from their phone, significantly reducing the amount of time necessary to process grant paperwork. Prior to this, Compliance staff would need to convert photos into PDF documents and then merged the inspection report before it would be ready to be uploaded into GMS. Due to the success seen utilizing this app, the department also used this process for processing photographic evidence of woodburning device non-compliance during the winter season, saving staff significant paperwork time, which allows field staff to spend more time in the field performing air pollution prevention activities.

DCPs and construction notifications were submitted on separate and distinct forms. As we are transitioning to the electronic submittal through the DCP portal, it was found that consolidating the forms into a singular form improved customer service due to businesses having a better understanding of whether a construction notification or DCP is required

The District developed a procedure that was approved by the District's Legal Department to email notices of violations to stationary sources. This was first tested at only the largest facilities that the District had a long-term working relationship with. The process decreased staff time since the email takes less staff time to generate than a cover letter and operations staff do not have to send the document certified mail with the added benefit that the sources prefer to receive them via email. Ordinary mail requires it to go through several hands and can take days after receipt before the people responsible for the violation actually get the letter. With email, they are receiving it almost instantaneously. In addition to staff savings and customer service improvements, this process has the potential to reduce District mail costs by several thousand dollars every year.

The District also developed a procedure by which all enforcement case files are handled electronically, eliminating the labor-intensive process of printing records and making paper files. Inspectors are now able to upload all pertinent records into an electronic database. Supervisors then review these records electronically within the database, and once the supervisor has completed his/her review, the case is transferred electronically to Mutual Settlements Program staff for further handling.

The District has implemented paperless processing of asbestos records – such as asbestos surveys, demolition/renovation notifications, and permit releases – that are required to be submitted under the federal asbestos regulation. All records that are received via fax and e-mail are processed and stored electronically from start to finish; hard-copy records are scanned into PDF format and further processed electronically. This fully electronic process has resulted in efficiency improvements by eliminating the time-intensive step of creating and archiving paper files.

Paperless Processing of Certain Permit and Registration Applications

The Compliance Department has transitioned to 100% paperless processing and review of Authority to Construct, Permit-Exempt Equipment Registration, Portable Equipment Registration, and Conservation Management Practices Plan applications, and permit renewals. Transitioning to paperless processing has significantly reduced the time necessary to process and review these documents, which was essential due to a significant workload increases in other areas. By incorporating these processes, the department was able to absorb the new workload with no increased staffing, while continuing to turnaround product within the established timeframes.

Virtual Grant Monitoring Inspections

As part of the District's commitment to implement social distancing and other precautions recommended by local, state, and federal public health authorities in response to the COVID-19 pandemic, District staff began conducting grant inspections remotely utilizing video-teleconferencing technology whenever technologically feasible. Remote inspections

are currently being offered for all required grant monitoring activity, including inspections of old (destroyed) and new (incentivized) equipment alike. The virtual inspection process, which was approved by the California Air Resources Board, has allowed District staff to continue processing grants and providing funding even amid the COVID-19 pandemic, preventing any undue delays and thereby contributing to the economic vitality of the Valley. Furthermore, the virtual inspection process will allow the District to uphold the integrity and stellar reputation of its incentive programs. Finally, the virtual inspection process will result in increased efficiency in the inspection process by eliminating staff travel time.

Virtual Inspection of Registered Portable Engines and Permitted Emergency and Low-Use Engines

As part of the District's commitment to implement social distancing and other precautions recommended by local, state, and federal public health authorities as a result of the COVID-19 pandemic, District staff began utilizing videoconferencing technology to conduct remote inspections of engines enrolled in the state's Portable Equipment Registration Program and the District's Portable Equipment Registration Program as well as District-permitted emergency and low-use engine inspections at facilities with only emergency engine and/or low-use engine permits. The virtual inspection process will allow the District to continue auditing these important emission sources while upholding the integrity of the associated enforcement programs and continuing to maintain social distancing. Furthermore, virtual inspections will result in increased efficiency in the inspection process by eliminating staff travel time.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2019/2020</u>	<u>2020/2021 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 19-20	Recommended FY 20-21	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,300,976	\$7,436,496	\$135,520	2%
Temporary Help	\$182,495	\$208,210	\$25,715	14%
On Call Pay	\$116,748	\$116,748	-	-
Overtime	\$101,907	\$77,525	(\$24,382)	(24%)
Unemployment	\$21,300	\$16,065	(\$5,235)	(25%)
Retirement	\$3,460,307	\$3,670,357	\$210,050	6%
OASDI	\$125,632	\$127,864	\$2,232	2%
Workers Compensation	\$135,021	\$154,099	\$19,078	14%
Cafeteria Plan Benefits	\$964,087	\$954,119	(\$9,968)	(1%)
Long-Term Disability Insurance	\$19,108	\$19,242	\$134	1%
Alternate Transportation Incentive	\$66,300	\$66,300	-	-
TOTAL SALARIES AND BENEFITS	\$12,493,881	\$12,847,025	\$353,144	3%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$15,350	\$16,525	\$1,175	8%
Mobile Communications	\$76,903	\$79,495	\$2,592	3%
Telephone Charges	\$36,310	\$38,725	\$2,415	7%
Insurance	\$88,806	\$115,639	\$26,833	30%
Equipment Maintenance	\$69,769	\$79,579	\$9,810	14%
Vehicle Maintenance & Operations	\$158,150	\$189,100	\$30,950	20%
Computer Maintenance	\$86,155	\$166,461	\$80,306	93%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$75,699	\$79,180	\$3,481	5%
Office Supplies	\$14,736	\$14,904	\$168	1%
Computer Software & Supplies	\$25,718	\$25,319	(\$399)	(2%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$26,500	\$34,700	\$8,200	31%
Printing	\$18,247	\$19,693	\$1,446	8%
Professional & Specialized Services	\$83,584	\$114,688	\$31,104	37%
Publications & Legal Notices	\$5,000	\$5,000	-	-
Rents & Leases	\$4,069	\$4,106	\$37	1%
Small Tools & Equipment	\$10,032	\$12,081	\$2,049	20%
Special District Expense	\$16,091	\$11,109	(\$4,982)	(31%)
Travel & Training	\$26,140	\$26,853	\$713	3%
Travel & Training - Boards	\$28,136	\$28,136	-	-
Utilities	\$79,970	\$83,635	\$3,665	5%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$945,365	\$1,144,928	\$199,563	21%
FIXED ASSETS				
Facilities & Equipment	\$45,411	\$53,257	\$7,846	17%
Computer Equipment	\$535,766	\$185,920	(\$349,846)	(65%)
Office Furniture / Equipment	\$8,757	\$8,421	(\$336)	(4%)
Office Machines	\$7,298	\$7,017	(\$281)	(4%)
Telephone Systems	\$10,557	\$11,166	\$609	6%
Detection Equipment	\$160,000	\$188,000	\$28,000	18%
Automobiles	\$420,000	\$224,000	(\$196,000)	(47%)
Central Office Expansion	\$198,283	-	(\$198,283)	(100%)
TOTAL FIXED ASSETS	\$1,386,072	\$677,781	(\$708,291)	(51%)
TOTAL OPERATING APPROPRIATIONS	\$14,825,318	\$14,669,734	(\$155,584)	(1%)

PERMIT SERVICES

FISCAL SUMMARY

	Budgeted 2019-20	Recommended 2020-21	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	12,386,616	12,886,696	500,080	4%
Services and Supplies	516,156	553,484	37,328	7%
Fixed Assets	788,730	210,402	(578,328)	-73%
 Total	 <u>13,691,502</u>	 <u>13,650,582</u>	 <u>(40,920)</u>	 <u>0%</u>

<u>Position Summary</u>	87	87
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FUNCTIONS

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

Authorities to Construct and Permits to Operate

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

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

- The District's Certification of Air Permitting Professionals (CAPP) program,

- Close coordination with various economic development organizations throughout the Valley,
- Outreach to city and county building and planning agencies throughout the Valley,
- Continuous efforts by District staff and management to implement efficiency gains, and
- On-going cooperative permit streamlining efforts with regulated industries.

In 2019, the District processed and issued about 2,000 ATC permits for new and modified equipment and operations. In 2020-21, the permitting related activity is anticipated to be significantly affected by the Covid-19 pandemic. As a result, while an increased activity is expected in some specific sectors (i.e. composting and cannabis operations), it is assumed that the overall number of ATC permit application projects received by the District will decrease by 20% compared to 2019.

Federally Mandated Operating Permits (Title V)

As of 2019, 232 of the largest sources of air pollution are operating under federal Title V operating permits issued by the District. Title V does not impose any new emission standards or any new controls on emissions. However, Title V permits prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits, and require significantly increased administrative steps that must be met when issuing, renewing, or revising permits. In general, these latter requirements expand public and Environmental Protection Agency (EPA) participation in the permitting process for the largest emitters of air contaminants in the District. The District's workload in this area continues to be significant. In 2019, the District issued 1,522 initial and renewal Title V permits for 15 facilities and processed 642 Title V permit modifications. In 2020-21, a significant workload increase in issuing Title V permit renewals is expected, due to a large number of Title V permits facing their 5-year permit renewal schedule. No impact from the Covid-19 pandemic on this permit activity is expected.

Emission Reduction Banking and Transfer

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. When processing ERC banking applications, the District ensures reductions are real, permanent, quantifiable, surplus, and enforceable as mandated by local, state, and federal regulations. In 2019, the District processed 94 ERCs applications for new banking actions and ERC transactions. As mentioned above, due to the Covid-19 pandemic, it is assumed that the overall number of ATC permit application projects received by the District will decrease by 20% compared to 2019, which will result in a similar decrease in ERC transfer activity.

District's BACT Clearinghouse

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

analysis, the District maintains and updates a comprehensive BACT Clearinghouse.

The BACT Clearinghouse helps to expedite the permitting process by minimizing the need for lengthy project-specific BACT determinations. It also aids new project proponents in designing new or expanding facilities by outlining air pollution control requirements early in the process. The District has initiated an effort to update and improve this valuable permit-expediting tool. In 2020-21, Permit staff plan on updating approximately 100 BACT guidelines in the District's BACT Clearinghouse, three times more compared to 2019, and will submit these determinations to the state and federal BACT databases, as well.

Air Toxics Program

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

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

As an additional part of its integrated air toxics program, to avoid the creation of new health risks, the District assesses the health risk associated with proposed increases in air toxic emissions through a Risk Management Review (RMR) process during permit processing. The District only approves permitting proposals that do not constitute a significant health risk. In 2019, the District processed 720 RMRs.

The District's risk evaluation processes were revised in 2015 as staff implemented the state Office of Environmental Health Hazard Assessment's (OEHHA's) revised Guidance on Preparation of Health Risk Assessments that was adopted by OEHHA in early March 2015. The District's health risk assessment processes and policies were updated accordingly and implemented July 1, 2015. This revised guidance was designed to incorporate the Governing Board's guidance to implement all of the OEHHA's revisions to provide enhanced protection of children, and the public overall, while preventing unreasonable restrictions on permitting actions. In addition to the RMRs performed under our new and modified source permitting program, the OEHHA revisions also affect how we analyze risk due to air toxics from existing sources under the AB 2588 Air Toxic Hot Spots program. Under this latter program, the District is entering into its fourth year of a labor-intensive multiyear reassessment of risk from existing facilities in the San Joaquin Valley. Thus far, the District has finalized the risk reassessments for 3,200 facilities, none of which are creating a significant risk in the San Joaquin Valley. In the coming year, the District will continue efforts to implement the revised guidelines for performing Health Risk Assessments in both the permitting and AB 2588

programs.

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 2019, the District processed 6,125 emissions inventory statements and survey responses. The District continues to combine the emissions inventory program with other emissions information gathering efforts, such as those required under Rules 3170, 4320, and 4702. This contributes to significantly reduce and streamline the workload and paperwork requested from regulated sources.

In 2020-21, 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 a continued high level of District resources, the payoff in the longer term comes in the form of assurance that the District's planning efforts continue to 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 2019, District staff reviewed 2,816 CEQA documents, sent approximately 700 comment letters to other CEQA lead agencies, and prepared over 260 CEQA projects related to District's rule adoption and permit processing. Even though, due to the Covid-19 pandemic, an overall decrease in the number of request for comments is expected, the amount of staff time to address projects, including those in AB 617 communities, will be assumed to remain stable compared to 2019.

Senate Bill 4 (Oil and Gas Well Stimulation)

In 2020-21, 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 2020-21, it is estimated that the District will receive and process 200 well drilling and stimulation applications, a decrease 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 \$2.8 billion in public and private funding for clean air projects reducing more than 165,000 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. Under the ISR rule, a project application review consists of assessing a project's potential emissions, quantifying mitigations proposed by the applicant, and assessing any required additional project mitigations under the rule, and associated fees, if applicable. An 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.

In 2019, the District received 370 ISR applications, which is 8% higher than the prior year, and 43% higher over the past three years. However, similar to the expected significant decrease in the number of ATC permit application projects received by the District in 2020-21, it is assumed that, due to the Covid-19 pandemic, the number of ISR applications received by the District in 2020-21 will decrease by 20% compared to 2019.

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 can be contacted directly in each office or by calling a District SBA hotline telephone number. District SBA staff provide expert advice on technology options, application processes, and other air issues. The District's three SBA offices have responded to more than 10,000 requests for assistance in a single year.

SIGNIFICANT IMPACTS TO 2020-21 BUDGET

The increasing workload associated with the duties performed by Permit Services, as discussed below, is expected to be accommodated by available staff resources due to the

District's continual focus on streamlining and efficiency improvements in all areas.

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

New Workload

Implementing AB 617

In 2020-21 the District will be continuing the implementation of 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 in AB 617 communities,
- In accordance with the District Governing Board approved expedited BARCT implementation schedule, review 6 rules in 2020-21,
- Provide significant support to the District Strategies and Incentives department to amend several District rules pursuant to AB617 BARCT rule review requirements and to implement stationary source control measures contained in the 2018 PM2.5 plan,
- Contribute to the preparation of Community Air Monitoring Plans for the one additional community selected for year-2 implementation of AB 617,
- Contribute to the preparation of the Community Emission Reduction Program (CERP) for the one additional community selected for year-2 implementation of AB 617,
- Assist in the implementation of the CERP specific to each of the three selected communities,
- Provide increased outreach and assistance to land use agencies for CEQA environmental review for projects within the AB 617 communities,
- Actively participate in the state's compilation of the required emissions control technology clearinghouse for criteria and toxic emissions, and
- Actively participate in the associated public process (public outreach, meetings, workgroups, local community meetings, etc.).

These extensive efforts represent an additional 9,000 staff hours of new workload compared to the hours spent in 2019 to reach a total of over 11,500 staff hours in 2020-21 for the Permit Services department (Engineers and Technical Services).

Providing Support to Other Departments of the District

Over the years, the Permits staff has 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 efforts in this area are also designed to assure that the District's planning strategies are focused on the most critical sources of air pollution. Permits staff led the effort of assessing several rules regarding BARCT as required under AB 617 and assisted the Strategies and Incentives Department to further evaluate control measures identified in the 2018 PM2.5 plan.

In 2020-21, the District plans on amending several rules associated with adopted attainment plans and the ongoing expedited review of BARCT rules. As part of this process, the Permit Services Department will continue to provide resources and its extensive knowledge of control technologies and emissions inventory.

Overall, the support provided to the Strategies and Incentives Department in the upcoming fiscal year is projected to increase by approximately 6,000 hours of Permit staff time compared to the actual time expended in 2019 to reach a projected total of 6,700 hours in support to the Strategies and Incentives Department.

In 2020-21, the Permit Services/Technical Services Division will also be providing continued assistance to the Compliance Department regarding permitted facilities, ATC application projects, and ISR program. Overall, the support to the Compliance department is expected to reach 2,500 hours in 2020-21.

Providing Support to Other Agencies and Stakeholders

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

District staff will continue to provide assistance to other air districts, as well as various California Air Pollution Control Officer Association (CAPCOA) subcommittees that address statewide issues in permitting and air toxics, and an ad hoc committee watching and commenting on the development of CARB's Criteria Pollutant and Toxics Emissions Reporting (CTR) regulation. Overall, these efforts are expected to require over 800 staff hours in 2020-21.

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

The District maintains a clearinghouse of BACT guidelines to streamline BACT determinations associated with issuing ATCs for new and modified equipment. Many of the District's BACT guidelines are currently being updated to reflect the most current BACT requirements and to further streamline the ATC application processing time. The Permit staff plans on continuing this effort and on updating approximately 100 BACT guidelines in 2020-21, representing approximately 5,200 hours of staff time. This effort is also part of a plan to assist CARB with the creation of a control technology clearinghouse under AB 617 as discussed above.

Emission Reduction Credit Banking Program/Offset Equivalency Demonstration

In 2019, District staff provided over 700 hours of staff time in support of CARB's audit of the District's ERC program. The effort related to this first phase of the audit is expected to be concluded during the year 2020. However, it is expected that, in 2020-21, Permits staff will expend significant resources enhancing the public transparency of the District's annual offset equivalency demonstration system and report.

Risk Management Review (RMR)

Since July of 2015, consistent with the District Governing Board's direction to implement changes in the state's Office of Environmental Health Hazard Assessment's (OEHHA's) guidance regarding health risk assessment procedures, the District has been implementing a significant change in Risk Management Review (RMR) methodologies compared to previous years.

The use of the updated health-protective modeling methodology has resulted in an increased calculated cancer risk for of approximately 2.4 times for a given exposure to a carcinogen, compared to the District's prior methodologies. Consequently, more projects have triggered Best Available Control Technology requirements for toxic air pollutants (T-BACT) and a greater number of projects have required a refined RMR to better characterize the risk associated with the proposed new or modified equipment.

The increase in workload resulting from the implementation of the changes to the OEHHA guidance has been reduced with effective streamlining measures already put into place. With the projected trend in ATC processing and by further streamlining this process, the RMR workload is expected to be maintained at the same level in 2020-21 compared to the previous year. As mentioned above, due to the Covid-19 pandemic, it is assumed that the overall number of ATC permit application projects received by the District will decrease by 20% compared to 2019, which will result in a similar decrease in RMR processing activity.

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

OEHHA's revised guidance has also been incorporated into the District's implementation of the AB 2588 Hot Spots Program. Since the calculated health risk under the new methodologies is higher than previous estimates for the same level of exposure to toxic air contaminant emissions, facilities 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. The reassessment of facilities under AB 2588 will continue to drive a significant workload for Technical Services in the coming year and for several years to come. In implementing these new requirements, thousands of additional facilities require reassessment through the new prioritization process. Meanwhile, the District is following the quadrennial emissions update process and performing refined health risk assessments for a smaller subset of facilities as prescribed in AB 2588.

In 2020-21, over 6,500 facilities are expected to be included in the reassessment plan. The District will continue to benefit from previously implemented streamlining and efficiency measures that were put into place in previous years. Additional streamlining measures are expected to reduce the expected workload in 2020-21 from approximately 16,000 staff hours to approximately 13,900 hours.

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. With the implementation of the AB 617 CERPs, it is expected that the CEQA workload will increase by 600 hours in 2020-21. In addition, the District is also engaged in an effort to cross-train additional staff to perform CEQA duties to handle peak loads and maximize potential distribution of projects

across District staff.

Voluntary Emission Reduction Agreements (VERAs)

For the coming year, the overall time to process VERA contracts is projected to remain stable. Under District CEQA review, the District continues to encourage the use of the VERAs to allow project proponents to mitigate air quality impacts of future projects. There is no proposed change to the number of contracts processed in 2020-21. 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. With new VERA contracts being approved and the tracking of previously approved contracts, the District will experience in 2020-21 a sustained workload associated with the VERA program with only a slight increase in staff hours to a total of approximately 270 hours.

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 mainly occurred in 2017-18. Ongoing staff time to implement this program in 2020-21 is estimated to be 150 hours.

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 2020-21.

ATC Processing

In 2019, through rule amendments, the District streamlined its procedures to provide electronic public notification for certain permitting and emission reduction banking actions.

In the past, such notifications were required to be published in a newspaper of general circulation. With these changes, these notifications are no longer published in a newspaper and instead are published on the District's website. Interested parties can sign up to receive email notifications when such public notices are posted on the District's website. These changes resulted in more opportunities for public involvement and a cost savings to the District.

Furthermore, over the years, the District has implemented many permit application streamlining measures designed to increase efficiency mostly through the development of templates, guidance documents, and various forms of automation. In 2020-21, 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. Management has put into place new tools to better track the number of hours required to perform ATC related tasks and uses this information to address problem areas and, as a result, reduce overall staff time required to accomplish these tasks. As discussed above, a major effort to proactively update the District's BACT clearinghouse will also contribute to streamlining the processing of ATC applications. District staff will also continue to develop additional guidance and training materials designed to further reduce permit application processing time.

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, Permits staff has also developed new tools and templates designed to streamline the Title V permit renewal process. These efforts have resulted in significant productivity gains: while an average of 91 hours was spent to process a Title V permit renewal in the past, the processing time has steadily decreased over the past several years, and is expected to be further reduced to 28.5 hours in 2020-21. The District is expected to process 63 Title V permit renewal projects in 2020-21 compared to 24 Title V renewal applications in 2019. The efficiency gain in this area will greatly contribute to minimizing additional hours needed to process significantly more Title V renewal applications projected for 2020-21, without sacrificing the quality and effectiveness of the final products.

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 has developed additional streamlining tools to reduce the staff time necessary to process applications for ERC withdrawals and transfers of ownership. Implementation of these tools has resulted in a 33% reduction in the staff time to process such applications since 2018.

Risk Management Review (RMR)

As discussed above, since 2015, the District has been implementing significant changes in Risk Management Review (RMR) methodologies compared to methodologies used in prior years. The result of using these conservative and health-protective modeling methodology decisions is that calculated risk has increased by about 2.4 times for the same level of exposure to toxics air contaminants.

The increase in workload experienced as a result of the changes to the OEHHA guidance was significant, and has been partially offset with effective streamlining measures that were put into place. Software, policy, and other processing tools have contributed to tremendously reduce RMR processing time in recent years. With the projected trend in ATC processing and continuing to utilize the streamlining measures from previous years, the RMR workload is expected to maintain at the same level in 2020-21 compared to the previous year. 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

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. Additional efforts in fiscal year 2020-21 will further streamline the reassessment of District permitted facilities under the Air Toxics Hot Spots program in fiscal year 2020-21 and beyond.

Previous efforts to be fully realized in the coming year, and new efforts, are as follows:

- Develop improvements in the District's Permit Administration System (PAS) for processing of facility plans, reports, and prioritizations, and ensuring that a facility's Hot Spots status will be readily available
- 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
- Develop an online survey for AB 2588 applicability determinations for facilities with less than 10 tons/year of emissions
- Develop a facility-specific questionnaire that automatically pulls facility data from the District's PAS program to identify required information when working with applicants
- Implement improved tracking of toxic fee code changes to streamline invoicing and coordination with CARB on pass-through fees
- Develop a streamlining tool for "diesel engine only" facilities to automatically prioritize and calculate screening health risk with minimal staff time spent
- Further develop the District's PAS program to include the AB 2588 letters for streamlined

- access by staff
- Create additional facility-specific Toxic Emission Inventory Plan (TEIP) templates to ensure consistency amongst similar facility types and to streamline staff time on TEIPs for similar facility types

After factoring these efficiency measures, the workload due to the implementation of the Toxics Hot Spots program plan is projected to require over 13,000 staff hours for 2020-21, stable compared to 2019. 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.

Web-Based Annual Emissions Inventory

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

Web-Based CEQA Streamlining System, "CEQA Connected"

The District received over 2,800 California Environmental Quality Act (CEQA) requests for comment from Valley lead agencies in 2019. 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 its "CEQA Connected" web-based streamlining system in 2015-16. This system is currently available to Land Use Agencies to interact with and to receive automated comment letters. 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 District's CEQA Connected website allows users to enter project-specific data online and immediately receive a detailed CEQA comment letter from the District.

Currently, CEQA Connected is only available for streamlining residential development projects. In the coming year, CEQA Connected will be further enhanced for use by District staff, in addition to external customers, to streamline staff commenting on specific CEQA requests for comments from other agencies. This modification to the electronic system will allow staff to create automated comment letters, thus significantly streamlining the CEQA commenting process. The availability of CEQA Connected for Land Use Agencies will be maintained.

As a result of the use of new tools and implementation of efficiency measures, the overall staff processing time budgeted for CEQA commenting for 2020-21 is approximately 2,500

hours, which is stable compared to 2019 despite a projected increase in CEQA commenting activity and additional staff time for cross-training purposes.

SB 4 (Oil and Gas Well Stimulation) Processing Templates

Fiscal year 2016-17 was the first year of implementing this new program. The initial efficiency measures included CEQA commenting templates that expedited processing of these permit reviews. As a result, there was significant resource savings for SB 4 applications processing. Due to the streamlined process, the projected staff hours for 2020-21 are expected to remain unchanged compared to the previous year.

Voluntary Emission Reduction Agreements (VERAs)

As previously discussed, the expected sustained level of VERA contracts combined with an increased level of tracking for existing VERA contracts will result in a stable workload for 2020-21 compared to 2019. To further streamline the processing of VERA contracts, in the coming year, the District will implement additional templates for VERA project types that have become more common, such as for solar farms.

Indirect Source Review (ISR)

As a result of improvements to the ISR database, the District has realized a significant decrease in ISR applications processing time from 10.5 to 7.2 hours per application. The estimated savings per project will continue into the 2020-21 year. Additionally, the District will realize further gains in efficiency through implementing a revised application form for applicants requesting revised projects and through the use of new tools to reduce the amount of staff time in determining ISR applicability.

PASPort Web-based Facility Portal

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

The industry response to PASPort has been overwhelmingly positive, with almost 1,600 facilities participating, to date. In 2019 the PASPort system was updated to allow facilities to pay bills online, directly from the PASPort system. In the future, PASPort will continue to be updated to include interactive online application forms and other features identified and proposed by stakeholders and staff.

Non-Permitting Staff Duties

In addition to the processing of Authority to Construct applications and Title V projects, Permit Services staff spends numerous hours performing other duties not associated with permitting actions, such as attending staff meetings, processing Public Record Release (PRR) requests, and responding to questions from coworkers and the regulated community.

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 programs. The District's goal is to streamline processes to reduce the resource needs for both the District and the regulated sources to implement air quality mandates, while maintaining the highest levels of quality in the District's work product.

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

- 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,
- Continue effort to further cross-train staff thus further improve staff knowledge and the District capacity to better respond to new workload,
- Develop new tools and guidance designed to help staff quickly provide final plan and rule development products ,
- Revise CEQA templates to further increase overall efficiency,
- Complete roll-out of ISR web portal allowing developers to access their project-related documents online, reducing staff hours needed to satisfy simple requests,
- Implement additional templates for VERA project types, such as solar farms, that have become more common,
- Developed an advisory and supplemental application forms for cannabis growing and processing operations.

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>2019/2020</u>	2020/2021 Recommended	Increase/ Decrease
Air Quality Engineer I/II	36.0	36.0	0
Air Quality Specialist I/II	16.0	16.0	0
Air Quality Technician I/II	1.0	1.0	0
Director of Permit Services	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Permit Services Manager	3.0	3.0	0
Program Manager	1.0	1.0	0
Senior Air Quality Engineer	12.0	12.0	0
Senior Air Quality Specialist	4.0	4.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Engineer	6.0	6.0	0
Supervising Air Quality Specialist	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 19-20	Recommended FY 20-21	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,662,517	\$7,922,384	\$259,867	3%
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$103,328	\$78,620	(\$24,708)	(24%)
Unemployment	\$17,329	\$13,086	(\$4,243)	(24%)
Retirement	\$3,521,785	\$3,787,165	\$265,380	8%
OASDI	\$114,576	\$118,343	\$3,767	3%
Workers Compensation	\$51,533	\$60,128	\$8,595	17%
Cafeteria Plan Benefits	\$839,343	\$830,319	(\$9,024)	(1%)
Long-Term Disability Insurance	\$19,001	\$19,447	\$446	2%
Alternate Transportation Incentive	\$57,204	\$57,204	-	-
TOTAL SALARIES AND BENEFITS	\$12,386,616	\$12,886,696	\$500,080	4%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$5,003	\$5,651	\$648	13%
Telephone Charges	\$23,266	\$25,375	\$2,109	9%
Insurance	\$77,650	\$101,112	\$23,462	30%
Equipment Maintenance	\$43,882	\$44,948	\$1,066	2%
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$52,056	\$96,522	\$44,466	85%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$66,187	\$69,235	\$3,048	5%
Office Supplies	\$12,884	\$13,032	\$148	1%
Computer Software & Supplies	\$19,706	\$19,361	(\$345)	(2%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$21,700	\$15,500	(\$6,200)	(29%)
Printing	\$9,179	\$9,743	\$564	6%
Professional & Specialized Services	\$8,221	\$36,672	\$28,451	346%
Publications & Legal Notices	\$75,918	\$12,220	(\$63,698)	(84%)
Rents & Leases	\$5,244	\$5,293	\$49	1%
Small Tools & Equipment	\$6,136	\$7,363	\$1,227	20%
Special District Expense	\$4,568	\$4,320	(\$248)	(5%)
Travel & Training	\$15,525	\$14,876	(\$649)	(4%)
Travel & Training - Boards	-	-	-	-
Utilities	\$69,031	\$72,261	\$3,230	5%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$516,156	\$553,484	\$37,328	7%
FIXED ASSETS				
Facilities & Equipment	\$33,924	\$34,813	\$889	3%
Computer Equipment	\$475,838	\$152,330	(\$323,508)	(68%)
Office Furniture / Equipment	\$7,657	\$7,363	(\$294)	(4%)
Office Machines	\$6,381	\$6,136	(\$245)	(4%)
Telephone Systems	\$9,377	\$9,760	\$383	4%
Central Office Expansion	\$255,553	-	(\$255,553)	(100%)
TOTAL FIXED ASSETS	\$788,730	\$210,402	(\$578,328)	(73%)
TOTAL OPERATING APPROPRIATIONS	\$13,691,502	\$13,650,582	(\$40,920)	-

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2019-20</u>	<u>Recommended 2020-21</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	11,409,998	12,082,189	672,191	6%
Services and Supplies	2,934,340	2,722,357	(211,983)	-7%
Fixed Assets	2,622,646	2,319,956	(302,690)	-12%
 Total	 <u>16,966,984</u>	 <u>17,124,502</u>	 <u>157,518</u>	 <u>1%</u>

<u>Position Summary</u>	86	86
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FUNCTIONS

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

While the reductions in emissions being achieved through regulatory control measures are 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 (CARB) and Department of Finance (DOF) confirmed that the District's programs are fiscally sound and are "efficiently and effectively achieving their emission reduction objective."

Air Quality Science and Planning Programs

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

Air Quality Plan Development

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

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

attainment, and Maintenance Plans designed to assure the area continues to stay in attainment.

Rulemaking and Emission Control Strategy Development

The District develops new rules and rule amendments to achieve emission reductions pursuant to its air quality attainment plans. For decades, the District has adopted multiple generations of rules reducing emissions from the Valley's stationary sources, such as boilers, internal combustion engines, and turbines. In recent years, the District has also drafted rules addressing indirect sources (mobile sources from new development), wood-burning fireplaces, and employee vehicle trips. In developing new rules, District staff implements the Governing Board-approved Rule Development Procedures, and complies with the California Environmental Quality Act (CEQA) and other state laws regarding public hearings and economic analysis. During the development of each rule, staff works closely with CARB and EPA to satisfy state and federal requirements, and solicits stakeholder comments at public workshops. Additionally, staff collaborates closely with affected businesses to gain a better understanding of regulatory economic impacts. As appropriate, staff develops industry-wide cost estimates and provides this data to an economic consultant, who in turn prepares a regional economic impact analysis. As a result of the time needed for the full public review process and extensive analysis, major rule development projects may take more than one year to complete in order to produce rules that meet the District's air quality goals and provide cost-effective compliance options for affected businesses.

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

Air Quality Modeling and Monitoring Data Analysis

Air quality modeling uses highly complex computer programs, sophisticated computer hardware, and large databases to predict ambient pollution concentrations given future emission inventory and meteorological scenarios. These models bring together the science of emissions generation, meteorological transport, and atmospheric photochemistry in a "computerized laboratory" that can mathematically simulate pollutant concentrations and atmospheric conditions in the San Joaquin Valley. Many of the inputs

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

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

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

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

Air Quality Forecasting and Analysis

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

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

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

Air Monitoring

The District operates a comprehensive ambient air monitoring program for criteria air pollutants in each of the eight counties of the Valley. The sophisticated equipment 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 other 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 25 stations located throughout each of the eight counties, comprised of numerous gas analyzers, particulate samplers, meteorological sensors, and PAMS sampling units. Most of this equipment runs continuously, must be calibrated, and must be maintained to meet strict requirements. Many of the stations have been in place for a significant amount of time, and ongoing repairs are necessary to support new instruments and to assure a proper environment for the sensitive equipment.

Incentive Grant Programs

District staff is responsible for the development, implementation, and on-going administration of a variety of incentive grant programs, including the Heavy-Duty Engine Program, Burn Cleaner Program, Drive Clean in the San Joaquin Program, Public Benefit Grants Program, FARMER Program, AB 617 Community Air Protection Program, and other incentive programs. District staff is serving as the statewide administrator of a portion of the Volkswagen Mitigation Trust Settlement fund. Additionally, staff is responsible for ongoing administration 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 eight months of 2019-20, the District obligated over \$83 million in incentive funds through its various heavy-duty programs for over 1,300 engines/vehicles, and paid out over \$100 million in grant claims.

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 eight months of 2019-20, the District has issued over 2,700 vouchers for more than \$6.6 million.

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 added new funding options to encourage Valley fleets to adopt zero and near-zero emission truck technology. The enhancements approved by the Board included rebranding the program under one name, simply the Truck Replacement Program, in order to be more intuitive and inclusive of all District truck programs. During the first eight months of 2019-20, the District obligated over \$19 million in incentive funds through its heavy-duty truck replacement programs for over 350 engines/vehicles, and paid out over \$9.7 million in grant claims.

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 eight months of 2019-20, the District has provided more than 2,700 rebates for over \$7.4 million. In addition to this rebate program for new vehicles, the District offers a variety of incentives to encourage the early retirement of the highest polluting light-duty vehicles by encouraging the scrapping or repair of these vehicles. The State Bureau of Automotive Repair (BAR) currently has a statewide program that encourages the early retirement of vehicles that fail their smog check. The District's Tune In Tune Up program, run in partnership with Valley Clean Air Now, has reached out to Valley residents in environmental justice communities who otherwise may not be able to afford costly emissions-related vehicle repairs. Through

weekend events, participating residents could have their vehicles screened to determine if they qualified for emissions-related repairs at little to no cost to them. Funding from the Air Resources Board through the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus Up has allowed the Drive Clean in the San Joaquin program to provide incentives for the replacement of old high polluting vehicles with newer, cleaner, and more fuel efficient models. The vehicles repaired and replaced through Drive Clean in the San Joaquin program provide direct emissions benefits in low-income disadvantaged communities located throughout the Valley. In the first eight months of 2019-20 the District sponsored 15 weekend events that provided funding for over 2,500 vehicle repairs and 770 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.

Agricultural Equipment Replacement Program

The Agricultural Equipment Replacement Program funds the replacement of various types of older agricultural equipment with the latest generation certified equipment. District staff evaluates all applications for eligibility and emissions benefits and performs extensive monitoring to verify emissions reductions. This program has seen extensive interest and is one of the primary incentive programs operated by the District. During the first eight months of 2019-20, the District obligated over \$57 million in incentive funds through its heavy-duty agricultural equipment replacement programs for over 800 engines/vehicles, and paid out over \$60 million in grant claims.

Low Dust Nut Harvesters Replacement Program

The District developed and implemented a pilot incentive program to deploy and further evaluate low-dust harvesting technology on a broad scale in the San Joaquin Valley. The new program will deploy low-dust nut harvesting equipment in a variety of applications throughout the Valley and will monitor its effectiveness in reducing particulate matter. The results of this pilot program will be used to further inform research in this area, determine if this model can be used to cost-effectively reduce localized PM emissions in and around Valley communities. The 2020-21 budget includes \$3.9 million for continued expansion of this program.

Alternative to Ag Burn Program

The District's rules restricting agricultural burning along with a comprehensive Smoke Management System have significantly reduced the amount of burning that is permissible as well as limiting the number of days when burning may be allowed. In an effort to provide Valley growers with viable alternatives to open burning, the District has launched the Alternatives to Open Burning of Agricultural Materials Pilot Program. The program provides incentives to chip, shred, or mulch the agricultural materials from orchard removals as an alternative to the open burning of these materials. In the first eight months of 2019-20, the District has obligated over \$4.5 million for Valley Ag stakeholders.

Dairy Feed Mixer Electrification Program

The District implemented a newer incentive program to provide funding for the purchase of electric dairy feed mixer equipment. This technology was successfully demonstrated under our Technology Advancement Program and is now commercially available. This program provides incentives for the purchase of electric feed mixing technology that replaces diesel-powered equipment used in dairy operations with significant associated emission reductions. Each application is evaluated against the specific criteria developed as a part of this program. To date, four projects have been implemented and three more are under contract for a total of \$9.2 million.

Zero emission Agricultural Utility Terrain Vehicle Program

The District recently developed a Zero Emission Agricultural Utility Terrain Vehicle (Ag UTV) Program. This program, funded through the state's Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) program provides incentives to replace older, higher polluting gasoline or diesel powered Utility Terrain Vehicles (UTVs) used in agriculture operations with new, zero-emission UTVs. This program was launched by the District in October 2018 and was immediately well-received by the agricultural community. The District has received more than 146 applications per month, quickly exhausting the initial allocation. Through this program, the District has provided more than 1,500 vouchers for over \$17 million.

Charge-Up Program

The District launched the Charge Up Program on June 1, 2015 to not only support the investment made by many Valley residents who have already purchased advanced clean vehicles, but to also ensure the growth and 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. During the first eight months of 2019-20, the District issued vouchers for more than 400 chargers for over \$3 million.

Proposition 1B – Goods Movement Emission Reduction Program

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

Public Benefit Grants Program

The Public Benefit Grant Program provides funding to Valley cities, counties and other public agencies for a wide variety of clean-air public-benefit projects that provide

benefits to Valley residents. Eligible applicants are cities, counties, special districts (i.e. water districts, irrigation districts, etc.) and public educational institutions (i.e. school districts, community colleges, state universities, etc.) located within the geographic area of the District. During the first eight months of 2019-20, the District contracted over \$5.4 million in incentive funds through the Public Benefit Grants program.

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.

Lawn Mower Replacement Program

The District has run a highly successful residential lawn mower replacement program for a number of years. The program is designed to operate as a rebate program and provides incentives for the replacement of old, high polluting gas powered lawnmowers with electric mowers. As a condition of receiving a rebate, this program requires verification that an old lawn mower has been destroyed. During the 2019-2020 fiscal year, additional options for purchasing new equipment without destroying old equipment have been implemented, as well as expanded equipment options. During the first eight months of 2019-20, the District has provided more than 750 vouchers for over \$500 thousand.

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 2019-20, the District has redeemed over 3,500 vouchers for over \$100 thousand.

Zero Emission Projects

Supporting the advancement of clean technology is a necessary strategy in improving the air quality for the San Joaquin Valley. For years, the District has provided funding through its incentive programs to help Valley residents and businesses make long-term investments in such technology. In addition to these efforts, the District has developed partnerships with regional stakeholders and technology manufacturers to actively

compete for state and federal funds that further the deployment and demonstrate the viability of clean, zero- and near-zero emission technology in a variety of applications throughout the Valley. The District is currently implementing several innovative projects and anticipates that they will help the Valley move towards advanced clean technology. These projects include transit electrification, commercial and parcel electric delivery vehicles, car sharing, ride sourcing, and electric vanpool options. These projects provide a real world demonstration of advanced technology with the ultimate goal of widespread adoption of zero and near-zero emission technologies where feasible.

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.

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 2020-21 BUDGET

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

New Workload

Rulemaking, Emission Control Strategy Development and Air Quality Analysis

In 2020-21, a significant amount of work will be required to implement the recently adopted *2018 PM2.5 Plan* and develop the new emission control measures laid out in the plan. Key areas of focus for rule development include boilers and steam generators, internal combustion engines, flares, glass manufacturing furnaces, conservation management practices, 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. Additionally, in 2020-21, the District will continue its work to design and implement the SIP-creditable incentive-based measures included in the *2018 PM2.5 Plan*.

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

The District continues its tradition of relying on sound science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes funding specifically designated for health and scientific studies. Through these funds, the District anticipates leveraging university and other available research resources to support research studies in a number of important areas, including: developing an understanding of the air quality impacts and opportunities associated with the Sustainable Groundwater Management Act, developing appropriate Valley-specific modeling assumptions and source apportionment used in emission reduction strategy development, making improvements to the emissions inventory for key area and mobile sources including impacts associated with the COVID-19 pandemic, and evaluating the effectiveness of the Valley's clean air strategies and improvements to public health.

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 work with the District to secure funding to demonstrate 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 2020-21 as wildfire impacts on the Valley's air quality conditions continue to grow. These projects require a significant amount of data gathering, analysis, and modeling of meteorological and emissions parameters during recent wildfire and windblown dust pollution episodes, in order to demonstrate conclusively that the events were beyond the scope of the District's comprehensive, stringent control strategies. The completion of these documents will support the District as it prepares Clean Data Determination demonstrations for PM2.5 standards that have federal deadlines in the coming years.

In 2020-21, District staff will also assess the status of the current air monitoring network to ensure that it meets federal air monitoring requirements, and identify if any changes to the network are needed based on county population and air quality changes. This work will culminate in the EPA required 2021 Air Monitoring Network Plan.

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

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

New State Mandates under Assembly Bill 617

In September 2017, the State Legislature and Governor agreed to extend the Cap and Trade program as part of a legislative package that also included the passage of AB 617 and new associated emission reduction incentive funding. This legislation established new mandates for the California Air Resources Board (CARB) and air

districts to develop and implement additional emissions reporting, monitoring, and community emission reduction programs and measures in an effort to reduce air pollution exposure in disadvantaged communities.

Since the enactment of AB 617, the District has initiated the implementation of these new state mandates, including the comprehensive technical evaluation and community engagement called for under the statute. After extensive public engagement, in September 2018, CARB selected ten communities statewide for action in the first year under AB 617, including the City of Shafter and South Central Fresno. The District immediately began working to convene steering committees made up of residents, businesses, non-governmental organizations, and public agencies for each of these selected communities to serve in an advisory capacity to the District in the development of community air monitoring plans and community emission reduction programs (CERPs). Under CARB-established guidance for implementing AB 617, and using funding provided by the state for that purpose, the District has invested considerable effort and resources conducting a range of associated activities in and around the selected communities of Shafter and South Central Fresno. This extensive analysis and public engagement led to the District Governing Board adopting the Shafter and South Central Fresno CERPs in September 2019, following by CARB adoption in February 2020. Following these approvals, the District has begun to implement the measures contained within these CERPs, and will continue to work with the community steering committees to enact their respective programs.

For the second year of implementation of AB 617, in December 2019 CARB selected Stockton as a new community in the Valley to receive resources under the Clean Air Protection Program. The District has already begun the public engagement process for this community through forming a community steering committee, holding initial committee meetings, and strategy development for the CERP and community air monitoring plan for this area of the Valley.

The significant increase in funding for voluntary incentive-based programs, and new mandates for community engagement, monitoring, and community emission reduction program development, have resulted in a significant increase in the District's ongoing workload. As the District works to implement these new mandates, the District faces fast approaching deadlines and timing is of the essence. For instance, by January 1, 2021, air districts must put community air monitoring systems in place for Stockton. In addition, the CERP for Stockton must be developed and approved by the end of 2020.

Continued implementation of AB 617 mandates in 2020-21 will require significant additional work by the District to implement community air monitoring, develop, adopt and implement community emission reduction programs, implement new emissions reporting requirements, and implement Best Available Retrofit Control Technology (BARCT). These requirements also include strict implementation deadlines that will require significant amounts of work and resources.

Extensive resources, including monitoring and support equipment, and staffing to operate and calibrate the 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 air monitoring, with monitoring of air quality in the two originally selected communities of Shafter and South Central Fresno to continue during the 2020-21 fiscal year, and community air monitoring in Stockton to begin by early 2021.

As mentioned previously, during the 2020-21 fiscal year, the District is required to develop the CERP for Stockton, which will contain strategies aimed at reducing emissions in the area. The tasks involved in preparing community emissions reduction programs in many ways will be similar to those associated with preparing the District's attainment plans and associated rulemaking. These tasks require extensive technical evaluation, and include emissions monitoring, modeling and air quality analysis, source emissions inventory and attribution, and identification of effective measures to reduce emissions from responsible sources of emissions which may be stationary or mobile. All of this work will be conducted through a robust public engagement process, including working closely with the Stockton Community Steering Committee.

Finally, AB 617 requires significant work to be invested in analyzing and amending, if necessary, District rules affecting sources that are subject to Cap and Trade limits to ensure that those rules meet BARCT requirements. In satisfying the applicable mandates under AB 617, significant new work is necessary to either demonstrate that existing rules meet BARCT requirements or identify and address potential gaps through resource-intensive public rule development processes. The District must also share its findings with the state as CARB compiles the newly required BARCT clearinghouse.

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

Air Monitoring

An extensive increase in workload for the District's air monitoring program is expected during the 2020-21 year as the community air monitoring networks in Shafter and South Central Fresno continue to expand, and as the District begins to implement and maintain a new community air monitoring network in Stockton. This expanded program area will include the development and deployment of new air monitoring platforms for community monitoring. 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, and repair the deployed air monitoring equipment, and the review and validation of the collected data, will result in a substantial workload increase in the District's air monitoring operations.

To comply with the requirements under the recently state enacted Assembly Bill 1647, the District has developed rules to govern the establishment of fence-line air monitoring systems at affected petroleum refineries in the Valley, as well as the installation and operation of community air monitoring systems in communities near the affected refineries. While the petroleum refinery facilities will be responsible for the installation and operation of the fence-line systems, during the 2020-21 fiscal year, District staff will design, install, and operate the community air monitoring systems, as well as develop tools for the public to view the collected data in real-time.

Recent efforts from the State Legislature and the California Governor, specifically Senate Bills (SB) 1260 and 901, have aimed to streamline the prescribed burning planning process and provide additional funding to conduct fuel reduction projects. These efforts have also called for additional information to be collected on prescribed burning projects in general, including air monitoring data. Through this process, funding has been provided to CARB to establish a statewide air monitoring equipment cache storage program, to provide for a more rapid deployment of equipment when prescribed burning projects are being planned and implemented. In June 2019, the District entered into a grant agreement with CARB to receive funds to support the establishment of a prescribed burning air monitoring equipment cache within its facilities. To manage this new program, District air monitoring staff will administer this equipment cache through communication, organization, and reporting to CARB and other agencies who wish to use this new air monitoring equipment.

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

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

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

Due to this increase in workload for the air monitoring program, the 2020-2021 Budget recommends that the Temporary Air Quality Instrument Technician position within the program be reclassified to a Regular Air Quality Instrument Technician, allowing for additional staff support to ensure the successful operation of this expanding program.

Incentive Grant Program

In 2020-21, the District expects to receive an additional \$280 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 2020-21 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2020-21 to \$437 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 2020-21. These funds will come from a variety of sources, including the state Carl Moyer Program, FARMER Program, AB 617 Community Air Protection Program, federal DERA and Targeted Air Shed programs as well as a variety of locally-generated funding sources. In addition to the significant workload associated with increased outreach and processing of new applications, significant workload is also expected for the review and processing of grant claims and payments associated with the extensive funding provided.

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

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

The District will be continuing to implement its robust truck replacement program in 2020-21. Given the substantial funding and increased demand for this program, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

The Recommended Budget includes \$16.4 million for the Burn Cleaner program in 2020-21 with demand from Valley residents and corresponding workload remaining extremely high. Additionally, in 2019-20 the District incorporated changes to the program necessitated by implementation of the recently adopted Wood Burning Fireplaces and Wood Burning Heaters rule (Rule 4901). Additional work will continue to be required to administer these new requirements and significantly expand the program outreach and participation. This includes ongoing work 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.

With continued implementation of the AB 617 program, the District will see a significant work related to the implementation of adopted Community Emission Reduction Plans (CERPs) in South Central Fresno and the City of Shafter. This will include the development and implementation of a variety of new voluntary incentive programs, significant coordination with CARB and the community steering committees as well as ongoing progress tracking and reporting. Additionally, a significant amount of work will be necessary to develop and implement the CERP for the newly-selected community of Stockton.

In addition to the District's award-winning Tune In, Tune Up repair program, the District implemented a vehicle replacement component program with Valley local funds. Based on the success of the District's vehicle replacement program, the proposed District Budget includes \$21 million in funding for the continued implementation of the Drive Clean in the San Joaquin Program. This is up from \$15.6 million in 2019-20. The program provides higher incentives for residents of disadvantaged communities to purchase advanced technology vehicles including hybrids, plug in hybrids, and battery electric. In 2018, the District launched an online portal that provides Valley residents the opportunity to apply online to retire and replace their old high emitting vehicle with a newer, cleaner vehicle. In combination with the weekend event process, the direct application method has resulted in a significant increase in the number of vehicles replaced in the District.

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

from increased participation from the public, a strong outreach component and program implementation activities.

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

The District's Technology Advancement Program will continue to see significant activity in 2020-21, with over \$1.3 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.

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 2020-21. Of particular importance will be the need to secure new funding made available through the state Cap and Trade program as well as federal DERA and Targeted Air Shed programs. As directed by your Board, the District will continue to implement the multi-faceted action plan to ensure that the Valley is well positioned to take full advantage of, and effectively compete for, the numerous funding opportunities created under the Cap and Trade Program.

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

Efficiency and Streamlining

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

In 2020-21, 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 2020-21, additional forecasting tools will continue to be developed, including projects that will streamline the retrieval and analysis of several important parameters needed to formulate air quality levels, i.e., temperature, pressure, wind speed, humidity, and other meteorology. 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 to 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 2019-20, the District's air quality forecasting and compliance staff continued to work with CARB to improve the system that has been developed to issue weather forecasts and approvals for prescribed burn projects in the same system where smoke management plans for burn projects are submitted and approved. Combining these processes into one centralized system has simplified the process for the District and land managers to submit plans and approvals to each other for proposed prescribed burn projects. Additionally, it has streamlined the resources needed to organize and retain the necessary information to operate the prescribed burn program. This new system will continue to be used in 2020-21 to continue the gained efficiency in this program for the air quality forecasting and compliance staff. District staff will also continue to work with CARB staff to make improvements to the system to make it even more efficient for the processes of both the District and land managers.

The District's robust air quality modeling system, which was approved by your Board several years ago, has been an invaluable resource for the District's modeling analysis efforts. Specifically, the modeling system was heavily utilized during the development of the *2018 PM2.5 Plan*, as a significant number of emissions control scenarios were processed and analyzed to assist the District and CARB in forming an effective attainment strategy for the Valley. In this work, having this state-of-the-art modeling system available allowed the District to process a high number of attainment strategies efficiently, while reducing our dependence on CARB for modeling support. Overall, having this resource available was key to the success of this comprehensive effort. In 2020-21, the District will continue to improve and upgrade the modeling system to allow for expanded data storage capacity and quicker processing times. These improvements will be valuable as the District uses this system to conduct analyses of local air quality for AB 617 communities, and continues its modeling analysis for the upcoming *2022 Ozone Plan* addressing the 70 ppb 8-hour ozone standard.

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

As the use of the internet has spread throughout the Valley's communities, the demand for paper documents, such as rules and plans, has dramatically decreased. The practice of using the District's website as the primary means of publishing large documents such as plans, rules, and air quality data continues to expand. This means of obtaining the documents has become widely accepted by stakeholders and reduces the up-front printing, postage, and administrative staff time costs to the District. In addition, the District 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 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 2020-21, the District is proposing to continue its aggressive efforts in the areas of automation, remote connection and modernization by undertaking the following projects. Note that these initiatives and projects will benefit both the operation of the regulatory air monitoring network, as well as the community air monitoring networks for AB 617:

- 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 the samples being taken, allowing staff to know when a sample was not taken successfully in order to take actions to schedule another sample run, resulting in better data completeness
- Use of the newer Data Management System (DMS) for the network which allows for automation of quality assurance/quality control (QA/QC) data analysis using data validation protocols with suspect data warnings
- Use of the newer Data Acquisition System and Remote Control setup at stations which will allow for increased control and automation of station tasks (filter changes, calibrations, etc.) and will allow for the acquisition and uploading of analyzer operating parameters for use by the newer DMS in automated QA/QC data analysis; the acquisition and uploading of analyzer operating parameters also allows for pro-active maintenance work to ensure data completion and instrument availability mandates are met
- Purchase a variety of fixed assets that will streamline calibration processes and reduce staff time that are conducted on a routine basis throughout the year
- Reorganize equipment at all sites to allow for easier movement through the shelter and improved access to the equipment for repairs and maintenance
- Develop a task management module within the new data management system to allow for improved organization of tasks, and quicker processes for reassigning tasks to other staff when needed, improving the overall operations of the air monitoring team
- Continue to implement software to catalog and track warehouse parts inventory, fixed assets at air monitoring stations, and regular maintenance and calibration tasks needing to be completed to properly maintain the network; this software will allow staff to catalogue and organize all spare parts being housed in storage, and be able to track when part inventory is low so that replacements can be ordered in a timely manner; this software will assist in streamlining repair and maintenance tasks, and reduce potential data loss by ensuring that parts will not run out when they are needed most; this system could also have to potential to track where parts are being used
- Complete the deployment of ultrasonic anemometers to replace standard wind speed/direction equipment, which will significantly reduce meteorological calibration time at sites as well as needed repairs due to ultrasonic anemometers having no moving parts

In 2020-21, 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 2019-20 fiscal year, the District continued with several significant enhancements to the GMS system to increase efficiency and tracking and move towards full paperless workflow. This includes incorporating electronic and digital document routing and signatures to reduce paperwork and reduce time to mail documents to and from applicants. The District has also implemented remote grant project inspections to reduce travel time. In response to the COVID-19 pandemic, many District processes were transitioned to electronic processing to allow for remote handling and enhanced customer service. Further enhancements to GMS during the upcoming fiscal year include more work towards a completely paperless workflow, expanded online application submittal and tracking, compliance module to streamline inspections, enhanced project reporting and tracking and other database enhancements.

The District has successfully designed and launched multiple online portals to provide applicants access to submit their applications and supporting documents online, receive notification, and check status of their application without the need to contact District staff. These portals are available for the Burn Cleaner, Drive Clean in the San Joaquin Program and Lawn and Garden Programs. The District is in the process of developing portals for other incentive programs.

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

Historically, the District has managed one of the most efficient grant processing programs in the state, as recognized by numerous independent audits. 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 to look for opportunities for streamlining.

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

- Expanded automation of grant process through the implementation of new technology, including the ability to receive online applications, and continued improvement of the District's custom grant management database
- Expansion of recently-developed electronic workflow and electronic and digital signature processes, with testing of new technologies.
- Continually revamping programs, where applicable to eliminate unnecessary information and steps. This includes switching from a contract-based process to a voucher process and rebate process wherever applicable.
- Continued enhancement and development of new grant program guidelines and materials to provide diverse grant programs through which to expend existing and new funding sources, while streamlining the process for applicants
- Continue to work closely with ARB to reduce administrative requirements under the FARMER and Carl Moyer Program
- Refine templates and boilerplate contracts and supporting documentation to increase efficiency and consistency
- Continued consolidation of inspection procedures to provide enhanced customer service while reducing inspection staff time
- Expand use of various outreach options, including continued input from the Environmental Justice Advisory Group, and use of the District's website to make available program information and resources

The District will continue developing and enhancing campaigns designed to promote awareness and participation in grant programs such as 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.

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

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>2019/2020</u>	<u>2020/2021 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 I/II	6.0	6.0	0
Air Quality Specialist I/II	31.0	31.0	0
Director of Strategy & Incentives	2.0	2.0	0
Office Assistant I/II	3.0	3.0	0
Operations Support Supervisor	1.0	1.0	0
Program Manager	5.0	5.0	0
Senior Air Quality Instrument Specialist	1.0	1.0	0
Senior Air Quality Instrument Tech	1.0	1.0	0
Senior Air Quality Specialist	14.0	14.0	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	4.0	4.0	0
Supervising Atmospheric Modeler	1.0	1.0	0
TOTAL	<u>86.0</u>	<u>86.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 19-20	Recommended FY 20-21	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,422,231	\$6,742,392	\$320,161	5%
Temporary Help	\$672,137	\$766,493	\$94,356	14%
On Call Pay	-	-	-	-
Overtime	\$96,349	\$74,451	(\$21,898)	(23%)
Unemployment	\$20,953	\$15,853	(\$5,100)	(24%)
Retirement	\$3,002,586	\$3,271,450	\$268,864	9%
OASDI	\$149,390	\$155,116	\$5,726	4%
Workers Compensation	\$60,636	\$74,092	\$13,456	22%
Cafeteria Plan Benefits	\$913,835	\$906,604	(\$7,231)	(1%)
Long-Term Disability Insurance	\$17,905	\$18,522	\$617	3%
Alternate Transportation Incentive	\$53,976	\$57,216	\$3,240	6%
TOTAL SALARIES AND BENEFITS	\$11,409,998	\$12,082,189	\$672,191	6%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$3,320	\$3,664	\$344	10%
Mobile Communications	\$84,350	\$88,238	\$3,888	5%
Telephone Charges	\$22,995	\$25,082	\$2,087	9%
Insurance	\$76,758	\$99,948	\$23,190	30%
Equipment Maintenance	\$43,205	\$44,126	\$921	2%
Vehicle Maintenance & Operations	\$38,490	\$36,500	(\$1,990)	(5%)
Computer Maintenance	\$177,439	\$191,190	\$13,751	8%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$65,432	\$68,436	\$3,004	5%
Office Supplies	\$12,737	\$12,881	\$144	1%
Computer Software & Supplies	\$19,475	\$19,132	(\$343)	(2%)
Monitoring Station Supplies & Equipment	\$1,198,200	\$1,166,923	(\$31,277)	(3%)
Postage	\$21,300	\$22,500	\$1,200	6%
Printing	\$9,672	\$10,230	\$558	6%
Professional & Specialized Services	\$822,175	\$506,720	(\$315,455)	(38%)
Publications & Legal Notices	\$33,600	\$49,800	\$16,200	48%
Rents & Leases	\$127,038	\$178,758	\$51,720	41%
Small Tools & Equipment	\$7,063	\$8,277	\$1,214	17%
Special District Expense	\$4,483	\$5,307	\$824	18%
Travel & Training	\$33,850	\$45,150	\$11,300	33%
Travel & Training - Boards	-	-	-	-
Utilities	\$132,758	\$139,495	\$6,737	5%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$2,934,340	\$2,722,357	(\$211,983)	(7%)
FIXED ASSETS				
Facilities & Equipment	\$24,711	\$16,349	(\$8,362)	(34%)
Computer Equipment	\$604,767	\$283,034	(\$321,733)	(53%)
Office Furniture / Equipment	\$7,570	\$7,277	(\$293)	(4%)
Office Machines	\$6,307	\$6,063	(\$244)	(4%)
Telephone Systems	\$9,116	\$9,643	\$527	6%
Automobiles	\$28,000	\$140,000	\$112,000	400%
Air Monitoring Station Equipment	\$1,388,250	\$1,852,590	\$464,340	33%
Air Monitoring Automation/Remote Control Project	\$175,000	\$5,000	(\$170,000)	(97%)
Central Office Expansion	\$378,925	-	(\$378,925)	(100%)
TOTAL FIXED ASSETS	\$2,622,646	\$2,319,956	(\$302,690)	(12%)
TOTAL OPERATING APPROPRIATIONS	\$16,966,984	\$17,124,502	\$157,518	1%

NON-OPERATING BUDGET

NON-OPERATING BUDGET

FISCAL SUMMARY

	Budgeted 2019-20	Recommended 2020-21	Increase/ (Decrease)	%
<u>Appropriations</u>				
Other Charges	749,700	667,700	(82,000)	-11%
Incentive Programs	765,498,347	435,757,500	(329,740,847)	-43%
Approp. for Contingencies	850,000	850,000	-	
 Total	<u>767,098,047</u>	<u>437,275,200</u>	<u>(329,822,847)</u>	<u>-43%</u>

FUNCTION

This budget unit has been established for those expenditures that are not related to the internal operations of the District or are not attributable to any specific program. The large majority of the appropriations in this budget unit are for the District’s incentive grant programs. This budget unit also contains the Appropriation for Contingencies account. Descriptions for each account, along with explanations for any significant changes as compares to 2020-21 budget, are included below.

OTHER CHARGES

Air Toxics - Pass Through

This appropriation represents that portion of the Toxic “Hot Spots” fees collected by the District on behalf of the state that is intended to reimburse the California Air Resources Board (ARB) and the Office of Environmental Health & Hazard Assessment (OEHHA) for their share of the costs associated with this program. These fees are forwarded to the state only after the cost of the District’s program has been recovered. The recommended appropriations for Fiscal Year 2020-21 is \$667,700.

INCENTIVE PROGRAMS

The 2020-21 Recommended Budget includes \$435,757,500 of appropriations for emission reduction incentive grants. These appropriations represent revenues anticipated to be received in 2020-21 and unused funds that carry over from the prior year. The District expects incentive funds will continue to be added to the 2020-21 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 2020-21 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 54,775,500
• Carl Moyer Program	18,161,300
• ISR & VERA	37,756,500
• Proposition 1B Funding Program	3,873,400
• School Bus Program	1,248,500
• Federal Funding	23,283,900
• Community & Other Incentives	9,280,900
• State Cap and Trade Funds	239,732,800
• Energy Efficiency Grant	6,000,000
• Volkswagen Mitigation Funding	41,624,300
• Miscellaneous Incentive Grants	20,400
Total Incentive Grants	<u>\$435,757,500</u>

DMV Surcharge Fees

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

Carl Moyer Program

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

Indirect Source Review and Voluntary Emission Reduction Agreements

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

Proposition 1B Funding

This appropriation includes Proposition 1B Goods Movement Reduction Program funding anticipated to be liquidated in 2020-21. 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 2020-21 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.

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 \$9.0 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.

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.

Energy Efficiency Grant

These funds are intended to reduce emissions in low-income and disadvantaged communities throughout the region, with a focus on communities selected through the AB617 process. Funds from this category can be used on existing programs such as Carl Moyer and Proposition 1B, new stationary source categories developed by ARB, and projects identified through the Community Emission Reduction Program.

Volkswagen Mitigation Funding

The District is administering \$130 million of the Volkswagen Mitigation Trust funding program on behalf of the California Air Resources Board. The District is administering funding to replace transit, school and shuttle buses with zero-emission buses through a statewide solicitation. The funding will be allocated in two phases of \$65 million each, with the first phase available later in 2019 and the second phase following at least two years later.

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 2020-21 is \$850,000, the same as recommended and adopted for 2019-20.

INCENTIVES SPENDING PLAN

BACKGROUND

The District operates one of the largest and most well-respected voluntary incentive programs in the state. With strong advocacy efforts at the state and federal levels, the District has seen a significant increase in incentive funding levels over the past several years, with a budgeted incentive program appropriation of \$25 million in the 2005-06 Budget, and a proposed incentive program appropriations of \$437 million in the 2020-21 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 \$1.4 billion in match funding, with a combined District and grant recipient funding investment of more than \$2.8 billion.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost-effectiveness (\$/ton)
\$1,330,000,000	\$1,470,000,000	165,000	\$8,060

Over the past 27 years, the District has provided incentive funding to purchase, replace or retrofit thousands of pieces of equipment, including:

- 7,650 agricultural irrigation pump engines (~\$6,700/ton)
- 6,200 agricultural equipment replacements (~\$7,500/ton)
- 1,300 off-road equipment repowers (~\$6,800/ton)
- 6,900 heavy-duty trucks (~\$9,800/ton)
- 2,300 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 680 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 5,900 lawnmower replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 18,500 fireplace change-outs (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)

- 200,000 commuter subsidies (~\$18,600/ton)
- 49 locomotive replacements/retrofits (~\$12,000/ton)
- 13,000 new alt fuel light duty vehicles Public & Private (~\$50,000 - \$150,000/ton)
- 3,500 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 32,000 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 Drive Clean in the San Joaquin Programs.

Statutory Constraints

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

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

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. Currently the District is administering 8 specific projects throughout the Valley from several of Cap and Trade solicitations, totaling more than \$124 million in project costs.

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

Community Air Protection Funds – These funds are intended to reduce emissions in low-income and disadvantaged communities throughout the region, with a focus on communities selected through the AB617 process. Funds from this category can be used on existing programs such as Carl Moyer and Proposition 1B, new stationary source categories developed by ARB, and projects identified through the Community Emission Reduction Program.

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

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

PROPOSED INCENTIVE SPENDING PLAN

Based on the above factors, the District proposes the below incentive program spending plan for the 2020-21 Budget. The actual spending in different project categories will depend on the cost-effectiveness and number of applications received for each category. Due to the economic circumstances and uncertain timing of several of the funding sources, the expenditure of the below funds may take more than one fiscal year to complete.

Fiscal Year 20-21 Spending Plan

Community Incentives

Air Filtration in Schools	\$	2,400,000
Bicycle Lane Infrastructure	\$	1,000,000
Burn Cleaner	\$	16,567,400
Car Sharing Program	\$	500,000
Community Air Protection Fund Programs	\$	56,095,000
Drive Clean Rebate Program	\$	6,400,000
Drive Clean Repair Program (Tune-In Tune-Up)	\$	6,400,000
Drive Clean Replacement Program	\$	21,012,700
Enhanced Vehicle Replacement with EVs	\$	6,000,000
Miscellaneous Incentives	\$	20,400
REMOVE Program	\$	500,000
Residential Lawn and Garden	\$	386,900
Vanpool Voucher Program	\$	1,000,000

Heavy Duty Equipment Programs

Ag Equipment Replacement	\$	130,715,408
Ag Equipment Replacement (Trade Up)	\$	5,000,000
Ag Pump Replacement	\$	10,230,000
Alternative Fuel Infrastructure	\$	11,609,100
Dairy Feed Mixer Electrification Program	\$	5,000,000
Electric Ag UTV	\$	14,000,000
Electric Yard Trucks	\$	11,593,500
Emergency Vehicle Replacement	\$	2,000,000
Locomotives	\$	5,979,100
Locomotives (Railcar Movers and Switchers)	\$	7,300,000
Low-Dust Nut Harvester Replacement	\$	3,970,700
Off Road Repower/Replacement	\$	8,161,300
School Bus Replacement and Retrofit	\$	4,400,000
Truck Replacement Program	\$	27,569,200

Advanced Transportation/Vehicles

ARB/South Coast – Adv. Tech Drayage Trucks	\$	15,600
Charge Up Program	\$	6,350,000
Educational Training for EV Mechanics	\$	355,000
Public Benefit Grant Program	\$	11,737,492
Volkswagen Mitigation Trust	\$	41,624,300

Non-Mobile Programs

On-field Alternatives to Open Burning	\$	6,155,900
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School Bus

Statewide School Bus Program	\$	1,248,500
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Technology Advancement

Commercial Lawn and Garden	\$	1,115,000
Technology Advancement Program	\$	1,345,000

\$ 435,757,500

Contingencies	\$	850,000
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Air Toxics	\$	667,700
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Total: \$ 437,275,200

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

	Adjusted* FY 19-20	Estimated Actuals FY 19-20	Recommended FY 20-21	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$749,700	\$749,700	\$667,700	(\$82,000)	(11%)	(\$82,000)	(11%)	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$749,700	\$749,700	\$667,700	(\$82,000)	(11%)	(\$82,000)	(11%)	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$103,506,200	\$108,782,119	\$54,775,500	(\$48,730,700)	(47%)	(\$54,006,619)	(50%)	
Carl Moyer Program	\$25,717,000	\$20,387,063	\$18,161,300	(\$7,555,700)	(29%)	(\$2,225,763)	(11%)	
ISR and VERA'S	\$115,310,300	\$69,610,389	\$37,756,500	(\$77,553,800)	(67%)	(\$31,853,889)	(46%)	
Proposition 1B Funding Program	\$18,620,100	\$14,780,000	\$3,873,400	(\$14,746,700)	(79%)	(\$10,906,600)	(74%)	
School Bus Program	\$3,213,400	\$1,540,884	\$1,248,500	(\$1,964,900)	(61%)	(\$292,384)	(19%)	
Federal DERA/Designated Funding Program	\$30,214,647	\$6,140,349	\$23,283,900	(\$6,930,747)	(23%)	\$17,143,551	279%	
Community & Other Incentives Funded by Operating Reven	\$12,488,400	\$12,203,412	\$9,280,900	(\$3,207,500)	(26%)	(\$2,922,512)	(24%)	
Miscellaneous Incentive Programs	\$907,400	\$906,930	\$20,400	(\$887,000)	(98%)	(\$886,530)	(98%)	
CEC Grants	\$8,000,000	\$2,000,000	\$6,000,000	(\$2,000,000)	(25%)	\$4,000,000	200%	
State Cap & Trade Funding	\$382,465,000	\$270,008,372	\$239,732,800	(\$142,732,200)	(37%)	(\$30,275,572)	(11%)	
Volkswagen Mitigation Funding	\$65,055,900	\$26,000,000	\$41,624,300	(\$23,431,600)	(36%)	\$15,624,300	60%	
TOTAL INCENTIVE PROGRAMS	\$765,498,347	\$532,359,518	\$435,757,500	(\$329,740,847)	(43%)	(\$96,602,018)	(18%)	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$767,098,047	\$533,109,218	\$437,275,200	(\$329,822,847)	(43%)	(\$95,834,018)	(18%)	

PRIOR YEARS BUDGET COMPARISON

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

Prior 3 Years and 2020-21 Recommended

	Adjusted 2017-18 @ 6/30/18	Adjusted 2018-19 @ 6/30/19	Adjusted 2019-20 @ 3/31/20	Recommended 2020-21
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 40,945,777	\$ 45,891,344	\$ 48,063,693	\$ 50,037,261
Services & Supplies	7,046,508	5,537,685	7,661,338	7,347,679
Fixed Assets	9,996,623	2,215,166	5,858,004	3,889,464
OPERATING APPROPRIATIONS	<u>57,988,908</u>	<u>53,644,195</u>	<u>61,583,035</u>	<u>61,274,404</u>
Other Charges	247,700	372,600	749,700	667,700
Incentive Contracts	464,460,801	635,576,260	765,498,347	435,757,500
Appropriation for Contingencies	658,720	850,000	850,000	850,000
NON-OPERATING APPROPRIATIONS	<u>465,367,221</u>	<u>636,798,860</u>	<u>767,098,047</u>	<u>437,275,200</u>
TOTAL APPROPRIATIONS	<u>\$ 523,356,129</u>	<u>\$ 690,443,055</u>	<u>\$ 828,681,082</u>	<u>\$ 498,549,604</u>
REVENUE				
Stationary Revenue	\$ 32,211,657	\$ 33,831,421	\$ 35,334,858	\$ 31,903,302
Grant Revenue	12,365,000	3,315,000	15,320,000	16,020,000
DMV Surcharge Fees - District Portion	12,420,000	12,650,000	12,760,000	12,860,000
Administrative Fees - Incentive Programs	1,500,000	4,737,000	7,000,000	7,300,000
Transfer to Non-Operating Revenue for Incentive Grants	(1,800,000)	(1,800,000)	(6,000,000)	(9,000,000)
Fund Balance Used	2,842,251	2,154,774	(2,478,823)	3,351,102
Reserves Released / (Increased)	(1,550,000)	(1,244,000)	(353,000)	(1,160,000)
OPERATING REVENUE/FUNDING SOURCES	<u>57,988,908</u>	<u>53,644,195</u>	<u>61,583,035</u>	<u>61,274,404</u>
Non-Operating Revenue	378,719,702	442,108,111	447,141,003	249,281,393
Fund Balance/Reserves Released	86,647,519	194,690,749	319,957,044	187,993,807
NON-OPERATING REVENUE/FUNDING SOURCES	<u>465,367,221</u>	<u>636,798,860</u>	<u>767,098,047</u>	<u>437,275,200</u>
TOTAL REVENUE/FUNDING SOURCES	<u>\$ 523,356,129</u>	<u>\$ 690,443,055</u>	<u>\$ 828,681,082</u>	<u>\$ 498,549,604</u>
RECOMMENDED POSITIONS	349.5	350.5	354.5	354.5
RESERVES				
General Reserve	\$ 4,700,000	\$ 5,000,000	\$ 6,000,000	\$ 6,100,000
Long-Term Building Maintenance	523,000	523,000	500,000	500,000
Computer-VTC Equipment Reserve	550,000	750,000	300,000	300,000
Pension Stabilization Reserve Fund	1,250,000	1,990,000	2,770,000	3,630,000
Modeling Center Reserve	-	100,000	200,000	350,000
Monitoring Equipment Reserve	-	-	-	50,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2020-21 Recommended

<u>ACCOUNT TITLE</u>	<u>2017-18 Adjusted Revenues @ 6/30/18</u>	<u>2018-19 Adjusted Revenues @ 6/30/19</u>	<u>2019-20 Adjusted Revenues @ 3/31/20</u>	<u>2020-21 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 17,968,298	\$ 19,648,612	\$ 20,922,660	\$ 19,046,845
Section 185 - Non Attainment Fees - Rule 3170	847,280	876,919	655,785	641,136
Advanced Emission Reduction Options (AERO) Fees	6,862,529	6,153,160	5,191,187	4,157,571
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	1,480,800	1,500,000	900,000	1,500,000
Miscellaneous	52,750	152,730	165,226	57,750
Residential Furnaces - Rule 4905	2,500,000	3,000,000	5,000,000	4,000,000
Total Stationary Non-Grant Operating Revenue	32,211,657	33,831,421	35,334,858	31,903,302
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	-	12,000,000	12,700,000
State Grant - Oil and Gas Regulations	1,000,000	350,000	355,000	355,000
Total Grant Revenue	12,365,000	3,315,000	15,320,000	16,020,000
Total Stationary Operating Revenue	\$ 44,576,657	\$ 37,146,421	\$ 50,654,858	\$ 47,923,302
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 12,420,000	\$ 12,650,000	\$ 12,760,000	\$ 12,860,000
Administrative Fees - Incentive Programs	1,500,000	4,737,000	7,000,000	7,300,000
Total Operating Revenue	\$ 58,496,657	\$ 54,533,421	\$ 70,414,858	\$ 68,083,302
Transfer to Non-Operating Revenue for Incentive Grants	\$ (1,800,000)	\$ (1,800,000)	\$ (6,000,000)	\$ (9,000,000)
Fund Balance Used	2,842,251	2,154,774	(2,478,823)	3,351,102
Reserves Released / (Increased)	(1,550,000)	(1,244,000)	(353,000)	(1,160,000)
Estimated Funding Sources - Operating	\$ 57,988,908	\$ 53,644,195	\$ 61,583,035	\$ 61,274,404
NON-OPERATING REVENUE				
Air Toxics	\$ 247,737	\$ 372,502	\$ 749,615	\$ 667,638
DMV Surcharge Fees - Pass Through	43,300,000	44,142,760	44,788,680	45,611,000
Carl Moyer Funds	10,573,141	18,750,000	18,750,000	18,000,000
VERA/ISR Mitigation Program	19,895,605	55,080,548	48,723,562	7,900,177
DERA Program	1,408,873	-	-	-
Operating Revenues Funding Community Incentives	1,800,000	1,800,000	6,000,000	9,000,000
Proposition 1B Funding Program	32,100,215	-	-	-
School Bus Program	2,750,000	997,604	880,689	-
Federal Grants	16,692,748	20,953,724	29,634,468	23,283,982
Miscellaneous Incentive Grant Funding	870,000	-	870,000	20,000
Interest - Non-Operating	601,100	2,134,550	5,088,000	6,134,800
CEC - Energy Efficiency Block Grant	8,230,900	8,151,063	7,999,979	900,000
Reimburse Operating for Administrative Revenues Earned	(1,500,000)	(4,737,000)	(7,000,000)	(7,300,000)
Administrative Fees - Incentive Programs	21,048,720	24,128,914	22,175,191	7,371,525
State Cap & Trade Funding	220,700,663	205,333,446	219,730,819	137,692,271
Volkswagen Mitigation Funding	-	65,000,000	48,750,000	-
Total Non-Operating Revenue	\$ 378,719,702	\$ 442,108,111	\$ 447,141,003	\$ 249,281,393
Fund Balance/Reserves Released	\$ 86,647,519	\$ 194,690,749	\$ 319,957,044	\$ 187,993,807
Estimated Funding Sources - Non-Operating	\$ 465,367,221	\$ 636,798,860	\$ 767,098,047	\$ 437,275,200
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 523,356,129	\$ 690,443,055	\$ 828,681,082	\$ 498,549,604

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

Budget Comparison

Total District

Prior 3 Years and 2020-21 Recommended

DESCRIPTION	2017-18 Adjusted @ 6/30/18	2018-19 Adjusted @ 6/30/19	2019-20 Adjusted @ 3/31/20	2020-21 Recommended Appropriations
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OPERATING APPROPRIATIONS

SALARIES AND BENEFITS

Regular Salaries	\$ 24,995,911	\$ 27,162,795	\$ 28,389,372	\$ 29,375,757
Temporary Help	911,795	957,956	1,198,345	1,159,064
On Call Pay	77,832	116,748	116,748	116,748
Overtime	364,561	310,925	320,252	333,369
Unemployment	85,057	82,515	79,020	59,270
Retirement	10,289,930	12,641,977	13,221,627	14,226,291
OASDI	437,611	476,557	512,738	523,414
Workers Compensation	260,096	318,410	321,397	375,154
Cafeteria Plan Benefits	3,252,420	3,518,995	3,598,796	3,558,022
Long-Term Disability Insurance	64,296	73,022	73,954	75,476
Alternate Transportation Incentive	206,268	231,444	231,444	234,696
TOTAL SALARIES AND BENEFITS	\$ 40,945,777	\$ 45,891,344	\$ 48,063,693	\$ 50,037,261

SERVICES AND SUPPLIES

Safety Supplies & Equipment	\$ 18,000	\$ 18,500	\$ 23,570	\$ 24,889
Mobile Communications	133,552	153,720	188,280	206,508
Telephone Charges	100,600	103,000	104,500	113,100
Insurance	206,500	252,300	316,400	412,000
Equipment Maintenance	203,550	187,380	198,110	210,810
Vehicle Maintenance & Operations	217,300	194,200	230,640	248,500
Computer Maintenance	406,843	441,571	452,852	620,201
Video Conferencing Maintenance & Operations	99,030	99,030	115,930	115,580
Building Maintenance & Operations	249,300	263,300	269,700	282,105
Office Supplies	48,450	52,350	53,100	53,900
Computer Software & Supplies	82,028	81,063	95,472	94,417
Monitoring Station Supplies & Equipment	1,133,123	227,723	1,198,200	1,166,923
Postage	83,500	88,700	87,200	91,900
Printing	126,000	117,950	132,250	138,350
Professional & Specialized Services	2,400,255	2,211,745	3,082,928	2,391,918
Publications & Legal Notices	146,475	124,047	116,018	68,520
Rents & Leases	567,961	79,161	142,861	194,911
Small Tools & Equipment	49,155	33,900	32,015	48,160
Special District Expense	145,125	161,326	150,686	163,762
Travel & Training	188,680	188,485	194,440	208,439
Travel & Training - Boards	66,881	67,434	67,686	67,686
Utilities	311,800	328,400	346,100	362,700
Audit Services	20,000	20,000	20,000	20,000
Legal Services	42,400	42,400	42,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 7,046,508	\$ 5,537,685	\$ 7,661,338	\$ 7,347,679

FIXED ASSETS

Office Improvements	\$ 40,000	\$ 136,000	\$ 50,000	\$ 336,000
Facilities & Equipment	200,000	105,000	130,000	125,000
Computer Equipment	872,923	860,396	2,108,554	784,854
Office Furniture & Equipment	25,000	25,000	31,200	30,000
Office Machines	61,750	27,250	27,250	26,250
Telephone Systems	36,720	38,520	37,750	39,770
Detection Equipment	13,600	77,000	160,000	188,000
Automobiles	580,000	322,000	574,000	432,000
Audio / Visual Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	375,000	375,000	175,000	5,000
Video Conferencing System	25,950	26,000	26,000	70,000
Air Monitoring Station Equipment	232,000	223,000	1,388,250	1,852,590
Air Monitoring Near Roadway Stations	-	-	-	-
Purchase of Southern Region Office Building	3,610,680	-	-	-
Community Monitoring - Hardware	63,000	-	-	-
Community Monitoring - Equipment	3,860,000	-	-	-
Central Office Expansion	-	-	1,150,000	-
TOTAL FIXED ASSETS	\$ 9,996,623	\$ 2,215,166	\$ 5,858,004	\$ 3,889,464

TOTAL OPERATING APPROPRIATIONS

	\$ 57,988,908	\$ 53,644,195	\$ 61,583,035	\$ 61,274,404
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2020-21 Recommended

DESCRIPTION	2017-18 Adjusted @ 6/30/18	2018-19 Adjusted @ 6/30/19	2019-20 Adjusted @ 3/31/20	2020-21 Recommended Appropriations
NON-OPERATING APPROPRIATIONS				
OTHER CHARGES				
Air Toxic Pass Through	\$ 247,700	\$ 372,600	\$ 749,700	\$ 667,700
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 247,700	\$ 372,600	\$ 749,700	\$ 667,700
INCENTIVE PROGRAMS				
DMV Surcharge Fees - Incentives	\$ 97,299,800	\$ 115,411,900	\$ 103,506,200	\$ 54,775,500
Carl Moyer Heavy Duty Program	17,977,941	24,953,100	25,717,000	18,161,300
ISR and VERA's	39,740,505	87,006,447	115,310,300	37,756,500
Proposition 1B Funding Program	42,752,800	42,746,500	18,620,100	3,873,400
School Bus Program	7,056,300	2,895,900	3,213,400	1,248,500
Federal DERA/ Designated Funding Programs	18,101,627	20,953,800	30,214,647	23,283,900
Community Incentives	8,063,700	9,041,500	12,488,400	9,280,900
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	250,000	-	-	-
Miscellaneous/Interest - Incentive Programs	1,140,200	897,100	907,400	20,400
Energy Efficiency Grant	8,230,900	8,151,100	8,000,000	6,000,000
Drought Relief Program	113,500	-	-	-
State Cap & Trade Funding	223,733,528	258,518,913	382,465,000	239,732,800
Volkswagen Mitigation Funding	-	65,000,000	65,055,900	41,624,300
TOTAL INCENTIVE PROGRAMS	\$ 464,460,801	\$ 635,576,260	\$ 765,498,347	\$ 435,757,500
Appropriation for Contingencies	\$ 658,720	\$ 850,000	\$ 850,000	\$ 850,000
TOTAL NON-OPERATING APPROPRIATIONS	\$ 465,367,221	\$ 636,798,860	\$ 767,098,047	\$ 437,275,200
TOTAL APPROPRIATIONS				
TOTAL DISTRICT APPROPRIATIONS	\$ 523,356,129	\$ 690,443,055	\$ 828,681,082	\$ 498,549,604



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