

Proposed Modifications To Regulation III (Fees)

San Joaquin Valley Air District
February 6, 2018

Email comments to: webcast@valleyair.org



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District Approach

- Maintaining an active and effective air quality management program at low cost a high priority for the Governing Board
 - Raising fees always a last resort
 - Ongoing efficiency and streamlining measures resulting in highest productivity in all program areas
 - Investment in technology and automation
 - Zero-based budgeting
- Significant increase in workload due to unfunded state and federal mandates have been absorbed with no staffing increase since 2007
- Board has only been asked to vote on a fee increase three times since 1992

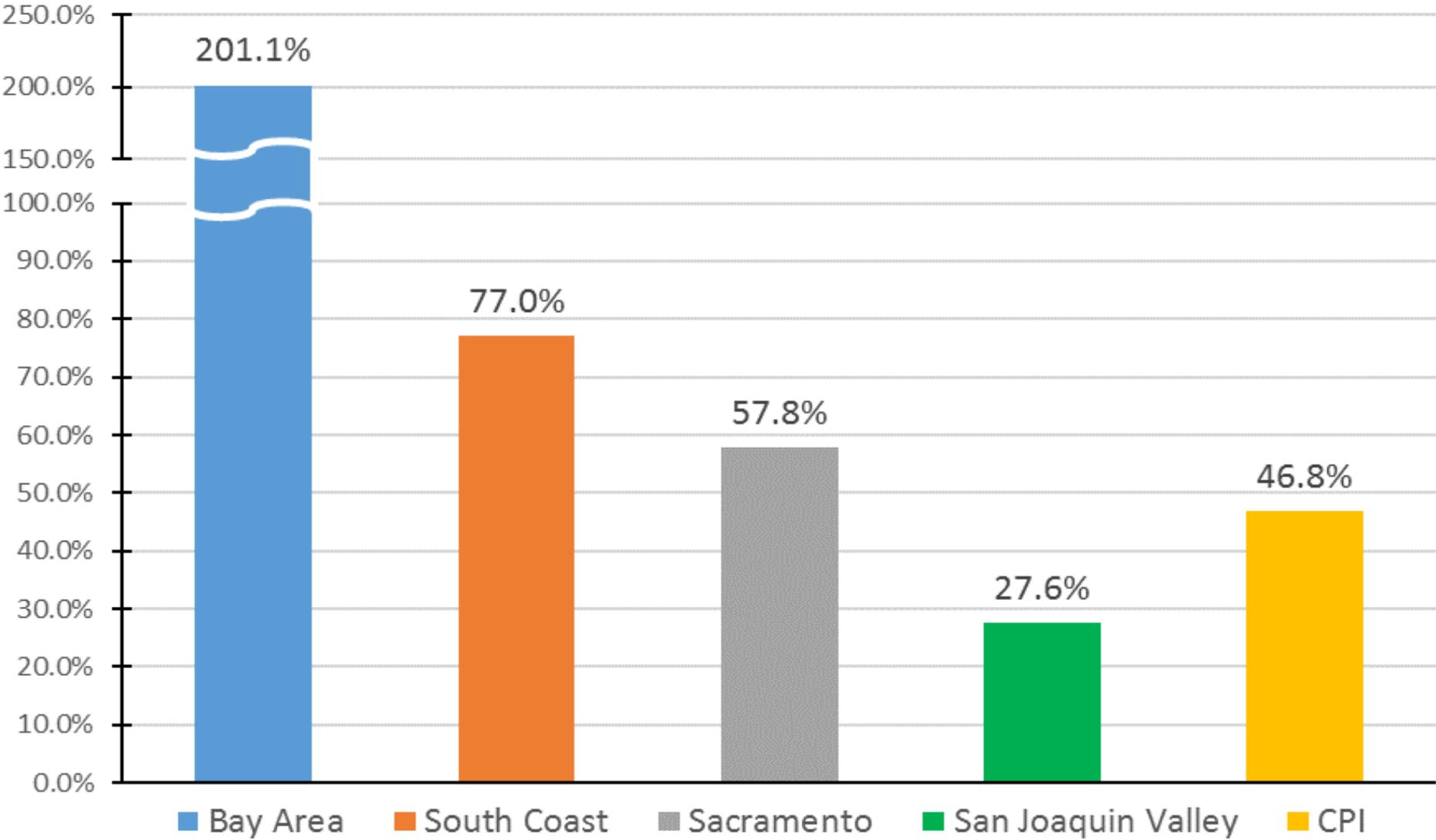


District Efficiency Confirmed by Independent Audits

- Air quality activists' audit conclusions:
 - District spent 76% less than other districts on salaries and benefits per ton of emissions reduced
 - District administrative overhead more than 20% below average
- State Auditor's conclusions:
 - District's fees are low compared to program costs
 - District lawfully uses supplemental sources of revenue to make up the difference
- Multiple other fiscal and programmatic audits with positive results



Comparison of Fee Increases 2000-2017



Assessment Process

- Estimate workload for existing mandates
- Estimate workload for foreseeable new mandates
- Estimate cost savings achievable through streamlining and efficiency
- Prepare services, supplies, and fixed assets costs
- Employ zero-based budgeting to ensure execution of all mandates at the lowest cost possible
- Estimate revenues - existing fees, other sources
- Hold public workshops if fee adjustments are necessary, prior to presentation to governing board



Increased Workload/Mandates

- Address AB 617 requirements (analysis of emissions inventory, selecting communities to receive incentive funding, air monitoring resources, processing grant funding, BARCT rule analysis, etc.)
- Five new ozone and PM attainment plans in next 2 yrs
- Reassess 14,000 facilities under state Air Toxics Hot Spots program
- Implement state Oil and Gas regulation
- Inspections for state Refrigerant Management Program
- Enhanced state vapor recovery requirements for gasoline storage tanks
- Significant increase in grant funding (affects grant and inspections workload)



Increased Workload/Mandates

- Address SB 32 in CEQA, new 2030 GHG target
- SB 4 - Reviewing Oil and Gas well stimulation permits
- **Rule development (Residential Wood Burning, Commercial Charbroiling, Residential Furnaces, New Source Review, Boilers/Steam Generators/Process Heaters, Internal Combustion Engines, etc.)**
- Drive Clean in San Joaquin (EFMP) portal development
- Increased work (+50%) associated with CEQA and ISR
- Update guidance documents for land use agencies (GAMAQI, Air Quality Guidelines for General Plans)
- Additional outreach to Valley schools to encourage participation in Real-time Air Advisory Network (RAAN)
- **Expansion of the RAAN system to provide real-time neighborhood-level air quality information**



Increased Workload/Mandates

- Engage schools and communities to solicit ideas for reducing vehicle emissions at schools
- Implement action plan for deployment of cleaner vehicles throughout the Valley
- Develop ag pump efficiency program/incentives
- **Work with Land Management Agencies to appropriately increase prescribed burning to assist with tree mortality emergency and reduce pollution from wildfires**
- Participate in state Inter-Agency Refinery Task Force
- Implement mandates of Affordable Health Care Act (health care for temporary employees)
- **In-house development of state of the art Real-Time Electronic Air-quality Display (READ) for public schools to display real time air quality information at schools.**



District Streamlining/Efficiency Efforts

- Maintaining active and effective air quality programs at low cost a high priority for the District
 - Raising fees always a last resort
 - Ongoing efficiency and streamlining measures resulting in highest productivity in all program areas
 - Investment in technology and automation
 - Zero-based budgeting
- Employee suggestion program (1000s of efficiency and improvement suggestions)
- Implementing Electronic Document Management Systems (paperless) for all District programs
- Advanced training and cross training throughout District departments allows efficient and flexible workload distribution



District Streamlining/Efficiency Efforts

- On-line complaint portal system, allows photo and video submittal, auto-receives inspection reports
- **Tablet computers and web based inspection forms for streamlined, paperless workflow for field inspectors**
- GPS in field vehicles to improve efficiency, accountability and safety
- Automation for submittal and review of facility reports
- **Electronic handling of public information requests**
- More public information on District web site
- Worked with stakeholders to streamline permitting – quarterly meetings
- **Streamlined registration in lieu of permitting for some equipment**
- Migration to virtual computer servers



District Streamlining/Efficiency Efforts

- Automation for grant management program
- **Grant Application Web Portal to allow applicants to submit and track grant applications**
- Web-based employment application system
- Implemented new labor information system to better track and account for labor hours, streamline payroll processing
- **Strategic use of temporary staffing to reduce costs, minimize overtime, address fluctuating workloads**
- Internally-developed budget program significantly reduces budget development time
- Internally-developed Human Resources Management Program improves speed and accuracy of performance evaluation processes, hiring and promotional processes and tracking, open enrollment, much more



District Streamlining/Efficiency Efforts

- **Implementation of new air quality data management system, remote calibration processes, design of automated gas filter exchange unit, automated data collection and validation for the air monitoring network**
- Implemented vehicle purchase policy to replace only those needed and only when needed
- **New smart phone implementation for inspectors to speed field processes and eliminate other hardware (camera, navigation units, wireless air-cards)**
- New finance electronic document system for viewing and handling invoices and contracts
- New paperless workflow systems (permit and incentive grant processing)



District Streamlining/Efficiency Efforts

- Use of web to collect emission inventory data
- **Streamlining of Title V Minor Modification evaluation procedure to leverage work already done in the engineering evaluation for the ATC permit**
- Template Title V permit evaluation for air curtain incinerators
- **Streamlined implementation of new state methane emission reduction rule for oil and gas facilities through electronic, on-line submittal of applications, electronic issuance of registrations, and by combining new inspections with existing**
- Streamlined implementation of the Air Toxics Hot Spots reassessment processes through multiple new and improved electronic processes and resources, including facility-specific document templates, industry surveys, and support documentation posted on the District website



District Streamlining/Efficiency Efforts

- **Improved online “Facility Permit Portal” to allow facilities to submit applications and compliance reports electronically, and review and retrieve more info related to their permitted facilities, permit applications, equipment registrations, and Conservation Management Practices plans (CMPP), apply for a Variance, arrange for Source Testing, and submit all required reports**
- Will soon add Portal-based Dust Control Plan and Conservation Management Plan application and modification ability
- **Developed web-based CEQA commenting process**
- Improved the Gasoline Dispensing Facility Source Test Portal to allow submittal of 24-hour pass/fail notification, including a report listing facilities that had failed to submit the notification



District Streamlining/Efficiency Efforts

- Improved Continuous Emission Monitoring System Polling software which allows quicker identification of emission problems and Compliance response
- Developed Asbestos NESHAP Database to efficiently track program and to replace aging federal software that is no longer supported
- **Enhanced complaints program to including mapping feature to further decrease response time**
- Improved On-Call Inspector complaint notification to automatically update with inspector rotation
- Developed inspection protocol to enter data directly into the CARB website for District Inspections of State-Registered Portable Equipment



District Streamlining/Efficiency Efforts

- Efforts to identify, acquire, and improve usage of new inspection technology, including FLIR Camera
- Repurposed former GC/MS Laboratory to enhance inspection equipment calibration efficiency
- Local Modeling Center allows an independent verification, modification of ARB air quality modeling for District Plans
- **Enhanced internal District software programs to allow “Drag and Drop” handling of electronic documents**
- Completed the conversion of Electronic Documents Management System to On-Base which improved processes and provided efficiencies



District Streamlining/Efficiency Efforts

- Upgraded Wi-Fi at the Central office providing the faster network service to the public and the District staff
- Developed first in-house iPhone application for local air quality information related to a location
- **Decreased electricity costs by partnering with City of Fresno and PG&E to retrofit over 600 light fixtures with LED lighting, at no cost to the District**
- Decreased water and outdoor maintenance costs through redesign of the Fresno office exterior landscape to a more drought tolerant design
- Implementation of Computerized Maintenance Management System (CMMS) for air monitoring network (smart phone integration, more efficient scheduling, task management, and asset/parts management)



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District Streamlining/Efficiency Efforts

- Development of shared District/ARB ftp site for easier transmittal of very large modeling files, avoiding the need to mail hard drives back and forth, where files can be corrupted
- **Automation and streamlining of processes for issuing daily Air Quality Index forecasts, Agricultural Burning allocations, Hazard Reduction burn declarations, Residential Wood-Burning declarations, and Prescribed Burning allowances**

As a result of cost-cutting efforts like these:

- District operates active and effective air programs with low fees and no staffing increases in over a decade
- Governing Board has only been asked to vote on a fee increase three times since 1992



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Status of Assessment

- In spite of extensive cost-cutting, District budgeted costs may exceed revenues by \$2.9 million in 2018/19
- Zero-based budgeting, cost-cutting expected to decrease shortfall by 50%
- Proposed revenue enhancements:
 - 4.8% increase in 2018/19 (\$732 K increase)
 - 4.6% increase in 2019/20 (\$732 K increase)
- After adjustment, District fees still lowest of major Districts



Comparison of Annual Permit Renewal Fees for Typical Permitted Equipment

Air District	150 hp IC Emergency Engine	550 hp IC Prime Engine	2 Nozzle Gas Station	16 Nozzle Gas Station	Paint Booth w/ 15 hp motor
San Joaquin Valley APCD (current)	\$129	\$525	\$76	\$608	\$97
San Joaquin Valley APCD (effective 7/1/18)	\$135	\$550	\$80	\$640	\$102
San Joaquin Valley APCD (effective 7/1/19)	\$141	\$575	\$84	\$672	\$107
Bay Area AQMD*	\$576	\$1285	\$235	\$1958	\$1468
South Coast AQMD*	\$865	\$865	\$224	\$1789	\$865
Sacramento Metro AQMD*	\$466	\$1864	\$874	\$1984	\$932

**Estimates based on typical installations, depends on whether equipment is located at a major source, how many permitted units at a facility, and other equipment-specific variables. BAAQMD, SCAQMD and SMAQMD also charge additional criteria emissions-based permit renewal fees.*



Fees Rules Affected

- Adjusted fee rules available at:
http://www.valleyair.org/Workshops/public_workshops_idx.htm
- All Reg III rules adjusted except:
 - Rule 3100 (CEQA Fee)
 - Rule 3110 (Air Toxics Fees)
 - Rule 3156 (Fees for Equipment Subject to Rule 2260 Registration Requirements for Equipment Subject to California's Oil and Gas Regulation)
 - Rule 3170 (Federally Mandated Ozone Nonattainment Fee)

Next Steps

- Comment by February 20, 2018, to Arnaud Marjollet, Director of Permit Services:
 - Written: arnaud.marjollet@valleyair.org, or
1990 E. Gettysburg Ave, Fresno, CA 93726
 - Verbal: 559-230-6000
- Final rule package will be published in March, with responses to all comments
- Adoption hearing currently anticipated at April 19, 2018, Board meeting
- Reminder: Can send comments or questions now: webcast@valleyair.org