

Agenda Date: May 18, 2017
Agenda Placement: Regular
Estimated Time: 20 Minutes
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

CONTACT: Kristina Aguilar, CPA, Administrative Manager (961-8813)

SUBJECT: Fiscal Year (FY) 2017-18 Proposed Budget

RECOMMENDATION:

1. Receive the Proposed Budget for FY 2017-18;
2. Hold a public hearing to accept comments and provide direction to staff regarding changes desired by the Board; and
3. Schedule a budget adoption hearing for June 15, 2017.

DISCUSSION:

Public Review and Board Adoption Process

Your Board is requested to hold a public hearing to review the attached proposed APCD budget for FY 2017-18 and to provide the public with the opportunity to comment. A second public hearing must be held to adopt the budget and it is requested to be set for the next regularly scheduled Board meeting on June 15, 2017.

As required, the proposed budget was made available to all fee payers and to the general public at least 30 days in advance of this hearing. The proposed budget was posted on the internet and notices were mailed to all permit holders on April 7, 2017. Notice was also published in local newspapers on April 9, 2017. In addition, staff conducted a public workshop on April 18, 2017 to explain the budget, answer questions, and receive input. It should be noted, on April 17, 2017, the District was notified that a large oil & gas company in Santa Barbara County quitclaimed two state land leases and filed for bankruptcy. In addition, on April 27 the District was notified by the

California Air Resources Board that a one-time grant was awarded for a school bus replacement project. The District's budget has been modified since its original posting on April 7, 2017 to reflect the changes to the budget from these two unforeseen circumstances.

Proposed Budget Overview

➤ *FY 2017-18 District Budget at a Glance*

The Proposed FY 2017-18 budget of \$10,370,127 is \$882,968 higher than the Adopted FY 2016-17 budget of \$9,487,159, which is an increase of 9.3%.

Of the total proposed budget, 23.9% (i.e., \$2,480,290) is pass-through funds, those funds that are received by a recipient government (District) and distributed to a third party such as emission reduction grant projects through our Carl Moyer Program. Pass-through funds are grant funds with specified uses, and are not eligible to cover District operations. To best illustrate the budget that falls within the District's purview to allocate (i.e., \$7,889,837), tables were included in the budget document for revenues and expenses with the exclusion of pass-through funds.

➤ *Budgetary Highlights and Major Factors Affecting the FY 2017-18 Budget*

The reevaluation fee revenue cycle, typically having a high, mid-high, and low budget year has been impacted due to a recently announced unforeseen bankruptcy of a large source. Thus, adversely affecting reevaluation fee revenues projected in the original Proposed FY 2017-18 budget, which would normally be entering the high-year of its 3-year cycle. Historically, during the high-year we would propose to deposit funds into the revenue stabilization designation account for the purposes of smoothing out the peaks and valleys in our operating budget. However, with the bankruptcy announcement declared on April 17, 2017, our adjusted reevaluation fee revenues have been reduced accordingly and a surplus of revenues for deposit into the designation account is unlikely.

The District expects to receive an additional \$619,975 of funds from the State Reserve Project solicitation under the Carl Moyer Program. This one-time solicitation of funds are allocated for school buses that must comply with the Statewide Truck and Bus Regulation. The District worked with CARB and local school districts to identify which buses qualified for funding and was successful in applying for funding to replace six buses during the next year.

Revenues charged by the California Department of Motor Vehicles (DMV) are anticipated to increase \$216,600 as we have seen a rise in the number of vehicles registered in Santa Barbara County over the past few years. Included in the \$6 surcharge is a \$2 allocation to fund grant programs specified in AB 923 legislation. Programs allowed under AB 923 include the Carl Moyer Program eligible projects, the School Bus Replacement/Retrofit Program, the Agricultural Assistance Program, and the Old Car Buyback Program. The additional \$4 per vehicle surcharge is used by the District to implement programs to reduce air pollution from motor vehicles pursuant to provisions of the California Clean Air Act.

No fee increases are proposed for FY 2017-18 other than a 2.2% Consumer Price Index (CPI) adjustment in fees that is authorized by APCD Rule 210.

➤ *Operating Revenues*

The proposed operating revenues of \$7,889,837 represents an increase of \$483,175 compared to the FY 2016-17 total of \$7,406,662. This is primarily attributed to increased DMV and re-evaluation revenues.

➤ *Staffing*

The District is proposing to maintain staffing levels at 43.0 FTE. The District will continue to leave 4.0 FTE positions unfilled, which became vacant in FY 2015-16. The District is continuing to keep its staff levels significantly reduce in order to align expenditures with revenues. With the additional increases in retirement funds, and uncertainty of federal funding, any newly vacated position will be closely analyzed to determine if filling the position is possible.

➤ *Operating Expenditures*

The FY 2017-18 operating budget of \$7,889,837 represents an increase of \$448,520 compared to FY 2016-17 of \$7,441,317, which is primarily attributed to:

- Within Salaries & Benefits, retirement costs increased approximately \$153,000 and can be attributed to the contribution rates increasing noticeably, by 3.855%. This increase is due to the Santa Barbara County Employee Retirement System (SBCERS) lowering the assumed rate of return from 7.50% to 7.0%. The reduction was based on demographic assumptions that SBCERS members are living longer, along with lowering the rate of return to better reflect the investment portfolio of the system. The impacts of the changes on contributions will be phased in gradually over five years, from FY 2017-18 to FY 2021-22.
- The District has included two large one-time projects in next year's budget. The first project is to move the District into a paperless system, by out-sourcing the electronic archiving of our storage facility of approximately 800 boxes at an estimated cost of \$125,000. However, once this project is complete, the District will be vacating the building used for storage and will save approximately \$12,000 per year in rent costs going forward. The second project is listed below, as it is considered a capital expenditure.
- Under Capital Assets, there is an increase of \$139,500 from the prior FY 2015-16 budget. This is largely due to a one-time project to update the accounting software in the Fiscal section for \$135,000. The accounting software is extremely outdated and limits the District's overall efficiency. Also included is the need to purchase air quality monitoring instruments and equipment in for \$122,500 and one new vehicle for the Technology & Environmental Assessment Division for \$35,000. Funds for these purchases come from prior year savings that are earmarked specifically for acquiring these assets.

➤ *Discretionary Designations*

Discretionary designations, not funded by categorical revenues or for specific and presently quantifiable purposes, under new financial reporting guidelines, are lumped together as "Unassigned" fund balance in the APCD's Comprehensive Annual Financial Reports (CAFR). For FY 2017-18 the District is proposing to draw from the Operational Activity fund designation for a few one-time projects: Out-source electronic archival of documents held in storage facility to implement paperless system District wide, wood smoke reduction program, vessel speed reduction

incentive program, and a new exhibit at The Wolf Museum of Exploration and Innovation in Santa Barbara. These projects combined total \$250,000.

➤ *Major Efforts during FY 2017-18:*

- Efficiency improvements and process streamlining: paperless systems across the District, implement new accounting software, upgrade District's in-house Compliance database systems.
- Implement monitoring changes that are identified in the CARB Technical Systems Audit.
- Implement the new State-mandated Oil and Gas Regulations.
- Enhance interagency coordination on compliance programs, and emergency response efforts.
- Secure and implement maximum funding for Clean Air Grants.
- Reopen negotiations with employee organizations to start the collective bargaining process.
- Develop and adopt new and revised rules as required by the Clean Air Plan.
- Seek solutions for local greenhouse gas mitigation measures.
- Monitor and assess fiscal implications related to changes at the federal level or with local sources to ensure resources are best allocated to carry out the District's mission and mandates.

In addition, other important activities will continue. Such activities include efforts to reduce emissions and educating the public through extensive outreach programs. Examples of these efforts include issuing permits, conducting inspections of permitted equipment, publishing newsletters, improving computer automation services, and enhancing our web site.

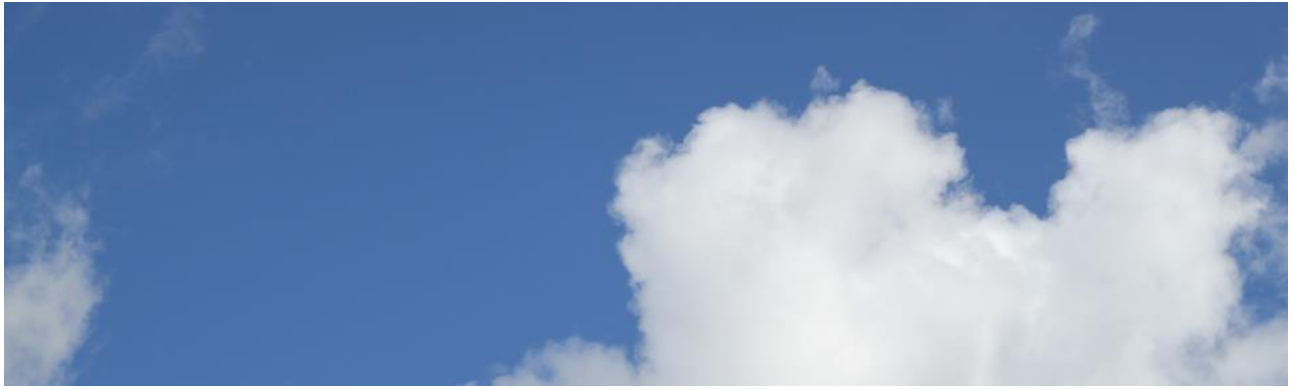
Finally, to ensure that the District is working effectively, we monitor success through impact and performance measures and use the information to improve the District's effectiveness and efficiency. These impact measures are included in the attached budget document.

Anticipated Adjustments to the Proposed Budget for June:

The proposed budget will be modified based on your Board's direction at the May hearing. Once the proposed budget is adopted, an adopted budget document will be published.

ATTACHMENT:

Fiscal Year 2017-18 Proposed Budget



PROPOSED BUDGET FISCAL YEAR 2017-18

Santa Barbara County Air Pollution Control District
260 North San Antonio Road, Suite A, Santa Barbara, CA 93110
805-961-8800 • www.ourair.org

Aeron Arlin Genet
Air Pollution Control Officer

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SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT BOARD OF DIRECTORS

Supervisor Das Williams, Vice-Chair

First District

Santa Barbara County Board of Supervisors

Supervisor Janet Wolf

Second District

Santa Barbara County Board of Supervisors

Supervisor Joan Hartmann

Third District

Santa Barbara County Board of Supervisors

Supervisor Peter Adam

Fourth District

Santa Barbara County Board of Supervisors

Supervisor Steve Lavagnino

Fifth District

Santa Barbara County Board of Supervisors

Mayor Holly Sierra

Alternate – Vice Mayor Ed Andrisek

City of Buellton

Councilmember Al Clark

Alternate – Vice Mayor Wade Nomura

City of Carpinteria

Councilmember Michael T. Bennett

Alternate – Councilmember Roger Aceves

City of Goleta

Mayor John Lizalde

Alternate – Councilmember Ariston Julian

City of Guadalupe

Councilmember James Mosby, Chair

Alternate – Councilmember Jenelle Osborne

City of Lompoc

Mayor Helene Schneider

Alternate – Councilmember Bendy White

City of Santa Barbara

Mayor Alice Patino

Alternate – Councilmember Etta Waterfield

City of Santa Maria

Mayor Jim Richardson

Alternate – Councilmember Joan Jamieson

City of Solvang

AIR POLLUTION CONTROL OFFICER'S BUDGET MEMORANDUM

June 15, 2017

The Governing Board of the Santa Barbara County Air Pollution Control District

Dear Chair Mosby and Board Members:

The Fiscal Year (FY) 2017-18 Proposed Budget was prepared according to the policy framework and direction provided by the Board and the Air Pollution Control District Strategic Plan.

Budget Overview

This budget is planned for FY 2017-18, which runs from July 1, 2017 through June 30, 2018. The budget adoption process is specified in California Health and Safety Code Section 40131 and includes requirements for two public hearings and notification to all fee payers. In addition, the District conforms to the provisions of the County Budget Act of 2010, Revision 1, effective January 1, 2013 and starting with Government Code Section 29000.

Every year our budget process begins with the programming of revenues. The District projects total revenue from the previous years' actual revenues after making any known or anticipated adjustments. After revenues are forecasted, expenses (including salaries and benefits) are programmed to equal revenues, thus making a balanced budget. Therefore, planned revenues cover all operational expenses. Periodic expenses (e.g., capital improvements) are paid through fund balance accounts (i.e., savings) specifically designated for those items.

The majority of the FY 2017-18 revenues will be generated by two sources: 1) funds earned by "operational" employees (predominately engineers, specialists, and technicians) who conduct work products such as permits, inspections, evaluations, planning, and reviews for regulated sources, and 2) federal and state grants with uses prescribed by the agency providing the funds. The work products generated by grant funding are air quality monitoring, data acquisition, clean air plans, environmental planning documents, innovative technology grants and public outreach. Expense line items are thoroughly reviewed each year in an effort to keep costs down.

The District's mission is to protect the people and environment of Santa Barbara County from the effects of air pollution.

The FY 2017-18 budget was built to ensure continued mission success and continued progress toward its vision, Clean Air.

FY 2017-18 Budget at a Glance

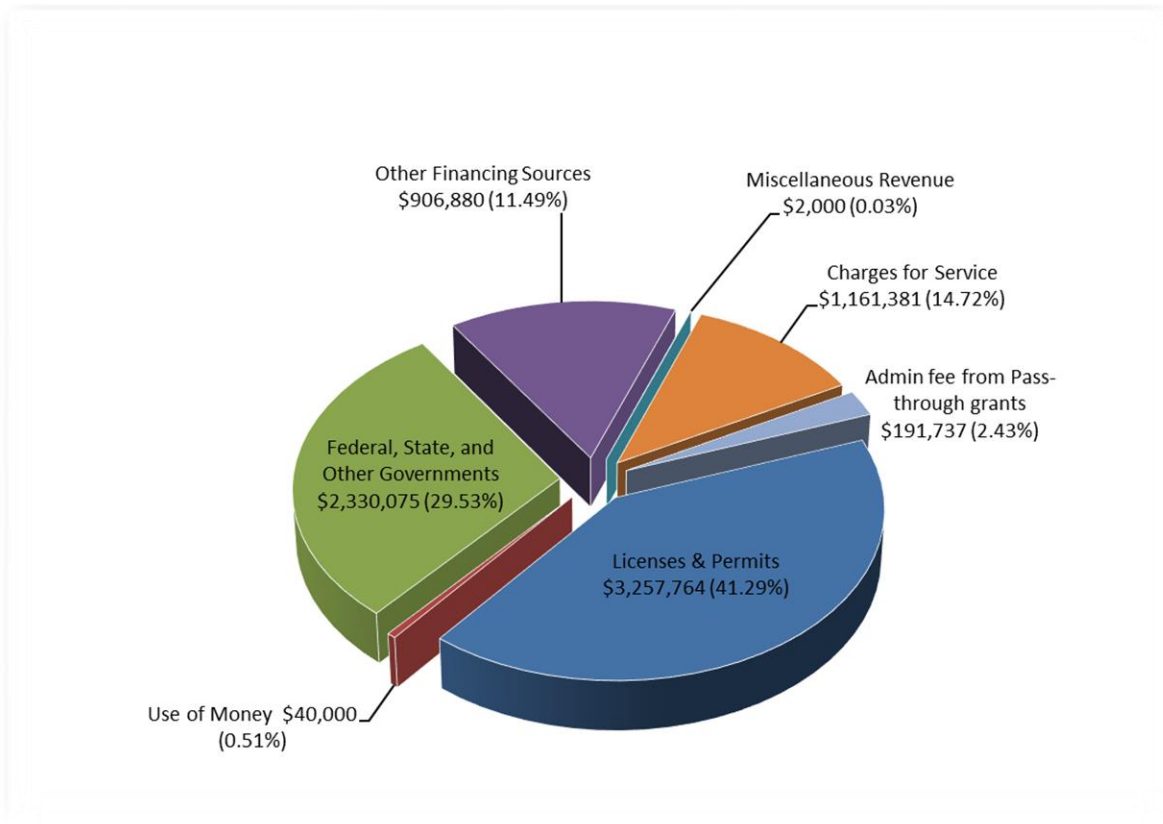
The District's balanced proposed budget for FY 2017-18 totals \$10,370,127, a 9.3% increase from the current year's adopted budget. Of the total proposed budget, 23.9% (i.e., \$2,480,290) is pass-through funds, those funds that are received by a recipient government (District) and distributed to a third party such as emission reduction grant projects through our Carl Moyer program. Pass-through funds are grant funds with specified uses, and are not eligible to cover District operations. To best illustrate the budget that falls within the District's purview to allocate, the summary figures below depict the District Revenues and Expenses with the exclusion of pass-through funds. Expenditures continue to be dominated by salaries and benefits, which total \$5,785,600. The requested funding level will provide the resources needed by the District to maintain core and mandated air quality programs.

The District is well prepared for unforeseen expenses in that our fund balances provides an adequate reserve. Our fund balance total is forecasted to be \$5,367,639 and of that total \$1,500,000 (approximately 15% of total budget) has been set aside by our Board as strategic reserve to be used during a fiscal emergency.

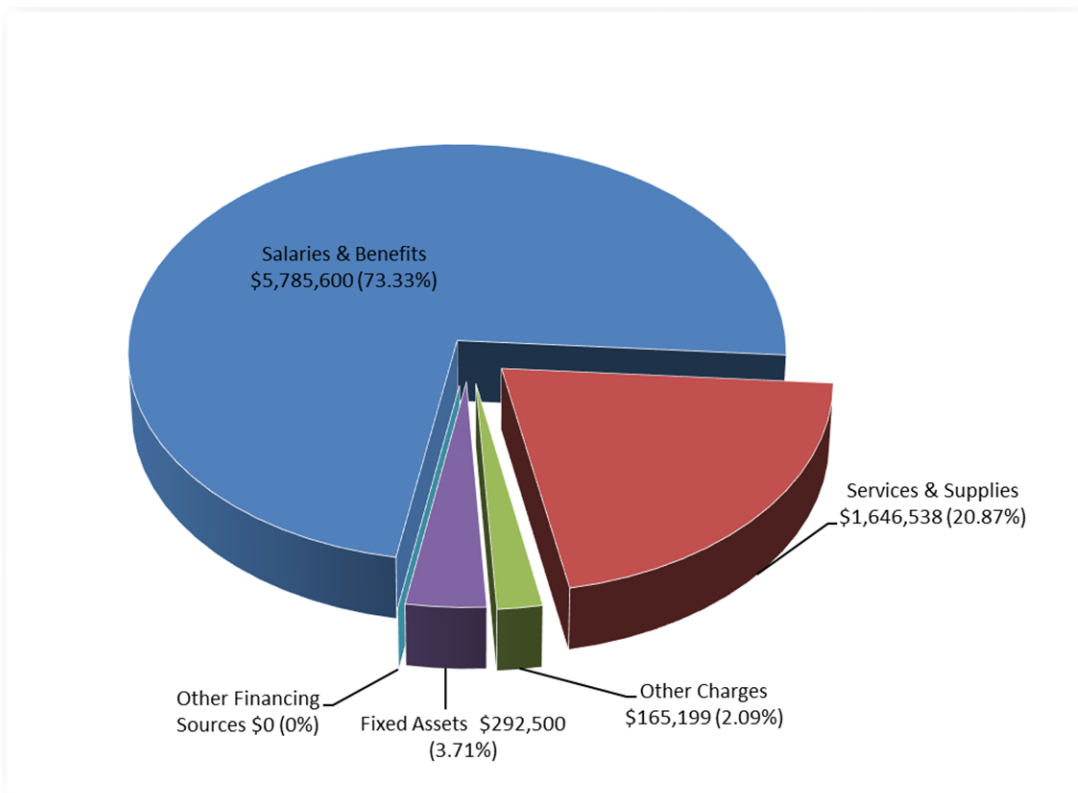


A comparison of the adopted FY 2016-17 budget (\$9,487,159) with the proposed FY 2017-18 budget reveals a year-to-year increase of 9.3% equating to an overall budget increase of \$882,968 from last fiscal year. This positive change is largely due to the one-time pass-through funds from the State Reserve Project for the replacement of school buses.

Total Operating Revenue \$7,889,837



Total Operating Expenditures \$7,889,837



Revenue Changes

Overall revenue is estimated to increase in FY 2017-18 compared to FY 2016-17. The main factor for this increase is the one-time pass-through monies received from the California Air Resources Board (CARB) for the State Reserve Project to offer grants for any school districts that must comply with the Statewide Truck and Bus Regulations. The operating revenue increase is \$483,175. This increase occurs in light of the revenue impacts from the ongoing failed onshore pipeline. The following outlines significant factors influencing FY 2017-18 revenue:

- **Unforeseen Circumstances/Large source files for bankruptcy:**

In mid-April, a large oil and gas source that operated multiple facilities in Santa Barbara County quitclaimed two state land leases to the State Lands Commission and filed bankruptcy to liquidate existing assets. These actions will result in a short-term decommissioning of the sources and a long-term permanent shutdown. This unforeseen activity will have significant implications to revenues received, resulting in a projected shortfall of several thousand dollars. In FY 2017-18, to accommodate for the anticipated reduction in revenue from this source, excess revenue typically collected during a high-year reevaluation cycle will be used for District operations versus moved into fund balance. We will continue monitoring the situation to determine if additional budgetary adjustments are needed to ensure sufficient revenue is available to cover all expenditures.

- **One-time Pass-through grant funds for school buses:**

The District expects to receive an additional \$619,975 of funds from the State Reserve Project solicitation under the Year 19 Carl Moyer Program. The solicitation funds are allocated for school buses that must comply with the Statewide Truck and Bus Regulation. The District worked with CARB and local school districts to identify which buses qualified for funding and was successful in applying for funding to replace six buses during the next year. This one-time revenue source will provide an additional \$542,478 in school bus project funds, and \$77,497 in administration funds to implement the grant program.

- **Reevaluation Fees:**

Historically, the cyclical nature of reevaluation fees has been a 3-year cycle: a high, mid-high and low budget year, with FY 2017-18 scheduled to be the high year of that cycle. With the recent unforeseen bankruptcy of a large regulated source that was due for reevaluation in the upcoming fiscal year, the predicted high-year upturn will now become the mid-high fiscal year (i.e., making FY 2016-17 the low, FY 2017-18 the mid-high, and FY 2018-19 the high budget year). For FY 2017-18, reevaluation fees will be approximately 29.7% higher than the previous FY (\$197,595 more). Typically, to accommodate for the up and down revenue trends of this 3-year cycle, we deposit a portion of revenue into a reserve saving fund during the high-years and withdraw during the low-year. However, due to the unforeseen circumstances discussed above, the increase in reevaluation fees will not be deposited into the reevaluation cycle fund balance this year.

- **Increase in Revenue Streams:**

In Santa Barbara County an existing annual surcharge of \$6 per registered vehicle is charged by the California Department of Motor Vehicles (DMV) to reduce air pollution from motor vehicles. Included in the \$6 surcharge is a \$2 allocation to fund grant programs specified in AB 923 legislation. Programs allowed under AB 923 include the Carl Moyer Program eligible projects, the School Bus Replacement/Retrofit Program, the Agricultural Assistance Program, and the Old Car Buyback Program. The additional \$4 per vehicle surcharge is used by the District to implement programs to reduce air pollution from motor vehicles pursuant to provisions of the California Clean Air Act. Over the past few years, revenue received from the DMV has increased due to a rise in the number of vehicles registered in Santa Barbara County. In the FY 2017-18 budget, we anticipate an increase in these fees of \$216,600.

- **Plains All American Pipeline Shutdown:**

On May 19, 2015, Plains All American 901 pipeline ruptured resulting in a significant shut down of oil and gas facilities that were dependent on the onshore pipeline to distribute product outside of Santa Barbara County. Sources such as ExxonMobil, Freeport-McMoRan and Venoco continue to cease production activity due to the pipeline shut down; this results in reduced annual emission fees, source testing, monitoring fees and reimbursable fees. For FY 2017-18 the District projects revenue to decline an additional \$25,000 per year. With the \$484,041 loss of revenue in FY 2016-17 combined with projected losses in FY 2017-18, the overall cumulative loss of revenue is \$509,000 per year compared to our FY 2015-16 budget.

- **Fee Revenues:**

The District has not proposed an increase in the Rule 210 fee schedule for regulated sources since 1991 other than the annual adjustment for Consumer Price Index (CPI) change allowed in our rules, which, for FY 2017-18 is 2.2%. CPI fee adjustments are made July 1st to our permit application and evaluation fees, source testing fees, annual emission fees, as well as other fees prescribed in Rule 210.

- **Federal Funding Changes:**

The Office of Management and Budget has proposed cuts in their FY 2018 budget to state and local air grants under Sections 103 and 105 of the Clean Air Act. While it is still early in the federal budget approval process, Congress and the Administration will continue deliberations as they work to finalize the budget that will take effect on October 1, 2017. At this time, it is difficult to ascertain the magnitude of funding cuts that may affect District operations. District staff will continue monitoring the federal budget discussions and keep the Board apprised. If necessary, long-term budget modifications will be addressed throughout the upcoming year, to ensure expenses occur within revenue allocations.

Expenditures

Over the last four years, the District focused on streamlining many of its operations while still meeting its program commitments. The efforts include reducing expenditures while maximizing the efficient use of staff and resources. In FY 2016-17, the need to streamline and reduce expenditures became even more important due to the revenue shortfall and because those factors remain in effect into FY 2017-18, the District needs to continue reducing expenditures where possible. The following expenditure changes warrant review.

- **Staffing Levels:**

Staffing levels will remain at 43.0 full time equivalent (FTE). Due to the pipeline shutdown, the District will continue to leave 4 positions open, which became vacant in FY 2015-16. These staffing levels are temporary and will be reinstated once the pipeline is back online, oil & gas permit activity increases and the revenue stream begins to materialize. With the additional increases in retirement funds, and uncertainty of federal funding, any newly vacated position will be closely analyzed to determine if filling the position is possible.

- **Retirement Costs:**

Over the last ten years the District's contribution to retirement planning has increased by more than 73%. For FY 2017-18 the District contribution rates for each tier are increasing noticeably, by 3.855%. This increase is due to the Santa Barbara County Employee Retirement System (SBCERS) lowering the assumed rate of return from 7.50% to 7.0%. The reduction was based on demographic assumptions that SBCERS members are living longer along with lowering the rate of return to better reflect the investment portfolio of the system. The impacts of the changes on contributions will be phased in gradually over five years, from FY 2017-18 to FY 2021-22. The increase that the District will recognize in FY 2017-18 is approximately \$153,000.

- **Services and Supplies (S&S) Costs:**

Each year the District diligently conducts a line item review of S&S expenditures. This year continued to be extremely important due to the loss of revenue from the prior years, which the District anticipates to continue, at least in the short term. Staff was tasked with recognizing line items that could be further reduced to help with this. Some of those lines items include: Small Equipment purchases, Membership fees, Office Expenses, Software Expenses, Special Department Expenses, Business Travel and Training. These savings were offset by one-time pass-through monies that are to be used to help replace six school buses at a local school district.

- **One-time Projects included in this year's budget:**

For FY 2017-18 the District budget includes two large one-time projects for consideration. The first one-time budget item is associated with moving the District into a paperless system, and electronically archiving our storage facility that currently holds approximately 800 boxes. This project, which we plan to out-source, is estimated to cost approximately \$125,000. The second large project is updating the accounting software within the Fiscal section. The accounting software is extremely outdated and limits the District's overall efficiency. We have set aside \$135,000 for that project. Both of these

one-time expenditures will improve the District's overall productivity and in the long-term will reduce expenses.

Fund Balances

The District designates two categories of fund balances. Each category has "savings" accounts with monies set aside for specific purposes.

- **Restricted Funds:**

Restricted fund balances are those where law prescribes use. These savings accounts are generated through grant allocations received from federal and state agencies. Monies in these accounts are managed by our Innovative Technologies Group (ITG) and pass-through the District to qualified projects benefitting clean air. An example of a restricted fund balance is the State's Carl Moyer grant program. For FY 2017-18 restricted fund balances total \$246,582.

- **Committed Funds:**

Committed fund balances are monies set aside for specific categorized expenditures, such as capital replacement, retiree health subsidy, and the data acquisition system (DAS). It should be noted that the District previously put together a plan to actively reduce the fund balance for the DAS, by offering a discount on the system fees. Now that the fund balance has been reduced to an appropriate amount for service replacement, the District DAS fees will reinstate billing 100% of the DAS fees. In addition, within committed fund balances there are discretionary dollars available for spending at planned intervals or when unforeseen circumstances arise requiring a withdrawal. Discretionary fund balances consist of our strategic reserve, reevaluation cycle, and an account for unforeseen operational requirements. For FY 2017-18 committed fund balances total \$5,106,571 with \$3,362,963 designated as discretionary.

Conclusion

The FY 2017-18 proposed budget represents thoughtful consideration of impacts, consequences, alternatives and workforce levels. The District was optimistically cautious in generating a revenue forecast and balanced total expenses by carefully deliberating the need for each outlay. It is my belief that the District can execute this budget with the confidence that our mission requirements will continue to be met throughout the year.

Very Respectfully,



Aeron Arlin Genet
Air Pollution Control Officer

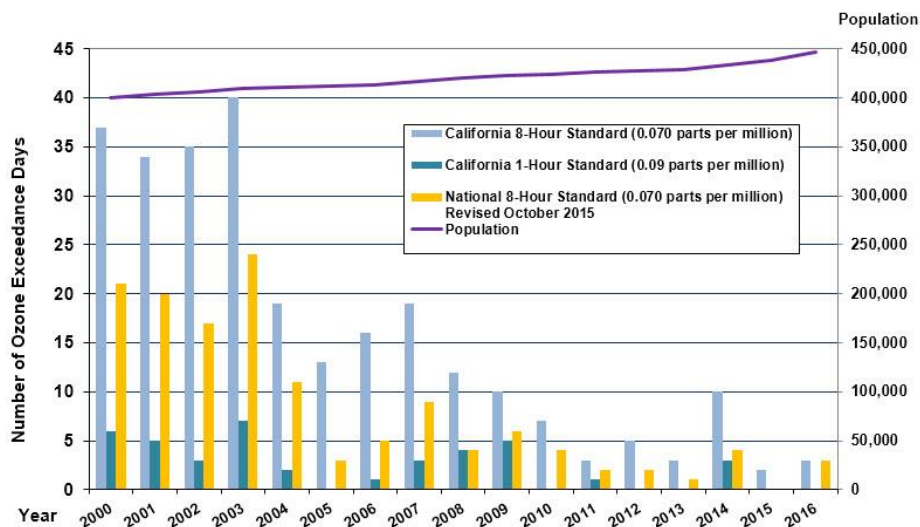
SANTA BARBARA COUNTY HISTORICAL AIR QUALITY

Santa Barbara County's air quality has historically violated both the state and federal ozone standards. Ozone concentrations above these standards adversely affect public health, diminish the production and quality of many agricultural crops, reduce visibility, and damage native and ornamental vegetation.

In 1970, when the District was formed, the air in Santa Barbara did not meet the federal one-hour ozone standard. For 30 years, our efforts focused on attaining that standard. On August 8, 2003, Santa Barbara County was officially designated an attainment area for the federal one-hour ozone standard. Furthermore, USEPA has designated Santa Barbara County as “attainment” for the federal eight-hour ozone standard (0.075 parts per million). The eight-hour standard replaced the previous federal one-hour standard. In addition, we attained the state one-hour ozone standard for the first time during 2004-2006. On December 28, 2015, the USEPA strengthened the federal eight-hour ozone standard to 0.070 ppm. Determination of attainment or non-attainment of the standard is expected in the fall of 2017. Based on data collected from 2014 - 2016, we will meet the new standard and be classified as attainment for this National Ambient Air Quality Standard.

The California eight-hour ozone standard was implemented in June 2006. The County violates the state eight-hour ozone standard and the state standards for PM₁₀. As shown in the chart, the number of ozone exceedance days has gone down while population has increased.

*Santa Barbara County Ozone Exceedance Days
2000-2016*



ABOUT THE DISTRICT

What is the District?

The Santa Barbara County Air Pollution Control District (District) is an independent special district charged with protecting human health by improving and protecting Santa Barbara County's air quality. In 1970, the California Legislature gave local governments the primary responsibility for controlling air pollution from all sources except motor vehicles. In response, the District was established to adopt measures to control local sources of pollution, issue permits, monitor air quality, maintain an inventory of pollution sources, and manage other pertinent activities. District staff members have expertise in engineering, chemistry, planning, environmental sciences, field inspection, air monitoring, public outreach, data processing, accounting, information technology, human resources, and administration.

The 13-member governing board of the District consists of the five County Board of Supervisors and one elected representative (a mayor or city councilperson) from each of the eight cities within the county.

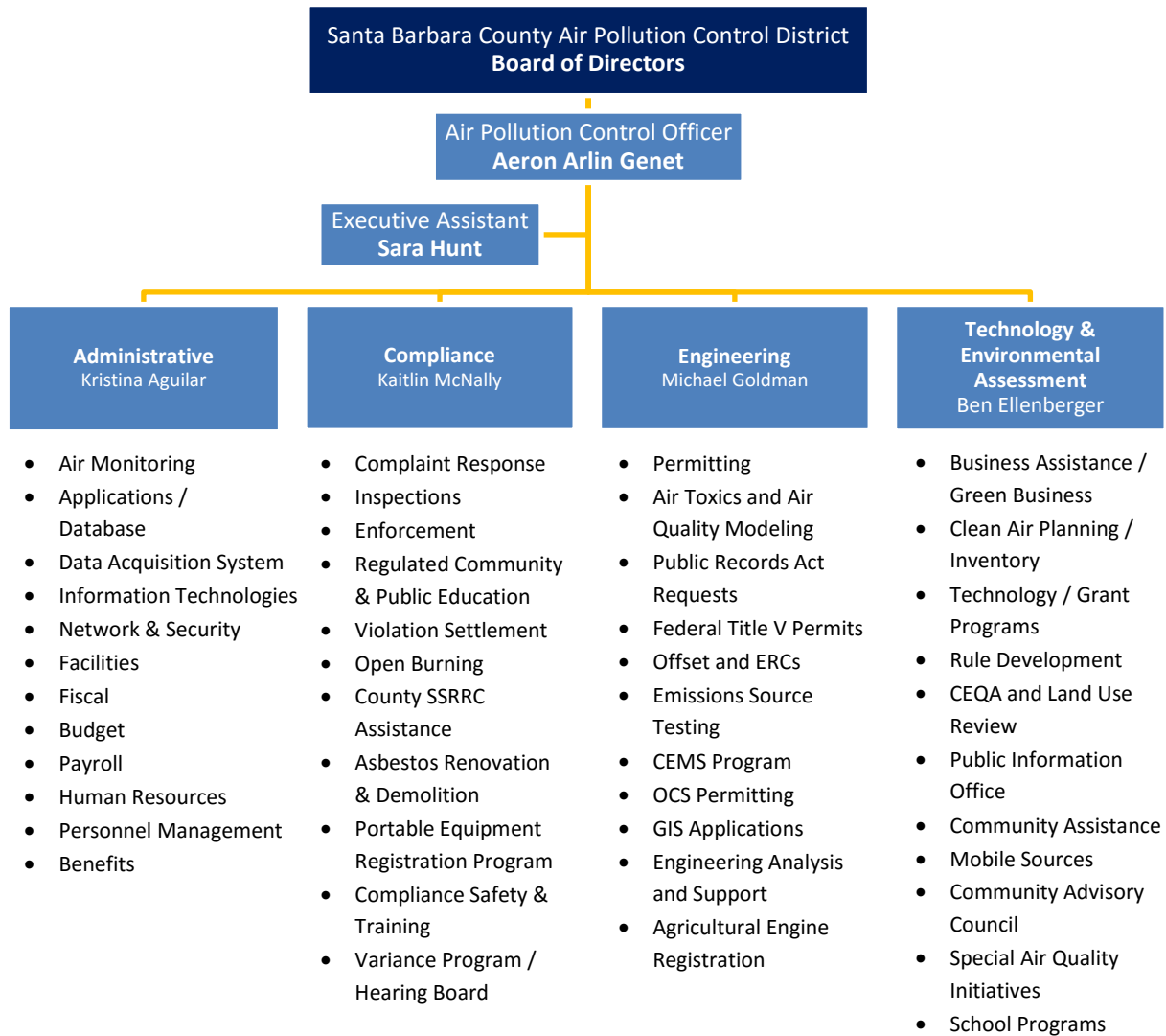
The District's Mission

The District's mission is to protect the people and the environment of Santa Barbara County from the effects of air pollution.

We accomplish this mission by implementing state and federal air pollution control laws in order to attain all ambient air quality standards and to minimize public exposure to airborne toxins and nuisance odors. In carrying out this mission, we strive at all times to demonstrate excellence and leadership in the field of air pollution control.

Our goal is to provide consistent, high quality, cost-effective professional services to the public and regulated community. In striving towards our goal, the District embraces the attributes of accessibility, accountability, and transparency.

Organizational Chart



Fiscal Year 2017-18 Job Class Table (Effective June 15, 2017)

Position Number	Classification Title	Adopted FY 2016-17	Additions / Deletions	Proposed FY 2017-18	Range Number	Monthly Equivalent Salary Range (A-E)	Representation Unit
Funded Positions							
170	OFFICE TECHNICIAN	3.00		3.00	5192	3224-3918	23
179	EXECUTIVE ASSISTANT/BOARD CLERK	1.00		1.00	6342	5727-6961	32
180/181	ACCOUNTING TECHNICIAN I/II	1.00		1.00	5086/5386	3057-4317	24
182	ACCOUNTING TECHNICIAN III	1.00		1.00	5686	4126-5015	24
190	ACCOUNTING SUPERVISOR	1.00		1.00	6490	6167-7496	32
200	ADMINISTRATIVE MANAGER	1.00		1.00	7090	8323-10117	43
312	NETWORK TECHNICIAN III	1.00		1.00	6494	6179-7511	24
322	EDP SYS. & PROG. ANALYST III	1.00		1.00	6676	6767-8226	24
330	INFORMATION TECHNOLOGY & MONITORING SUPV	1.00		1.00	6840	7346-8929	29
400/401	PERMIT TECHNICIAN I/II	1.00		1.00	5468/5668	3700-4971	28
410/411	INSPECTION SPECIALIST I/II	1.00		1.00	5792/5992	4351-5844	28
412	INSPECTION SPECIALIST III	5.00		5.00	6192	5314-6459	28
435/436	AIR QUALITY ENGINEER I/II	4.00		4.00	6102/6302	5080-6824	28
437	AIR QUALITY ENGINEER III	4.00		4.00	6502	6204-7541	28
438	AIR QUALITY ENGINEERING SUPERVISOR	2.00		2.00	6802	7207-8761	29
440/441	MONITORING SPECIALIST I/II	1.00		1.00	5922/6102	4643-6175	28
442	MONITORING SPECIALIST III	2.00		2.00	6352	5756-6996	28
453/454	AIR QUALITY SPECIALIST I/II	1.00		1.00	5922/6102	4643-6175	28
443	AIR QUALITY SPECIALIST III	3.00		3.00	6352	5766-6996	28
446	PUBLIC INFORMATION AND EDUCATION SPECIALIST	1.00		1.00	6348	5744-6982	28
450	COMMUNITY PROGRAMS SUPERVISOR	1.00		1.00	6642	6653-8087	29
452	PLANNING & GRANTS SUPERVISOR	1.00		1.00	6740	6987-8493	29
600	DIVISION MANAGER	3.00		3.00	7090	8323-10117	43
500/501	HUMAN RESOURCES TECHNICIAN I/II	1.00		1.00	5468-5668	3700-4971	32
555	HUMAN RESOURCES OFFICER	0.00		0.00	6840	7346-8929	43
670	AIR POLLUTION CONTROL OFFICER	1.00		1.00	n/a	12,501	41
TOTAL NUMBER OF FUNDED POSITIONS		43.00	0.00	43.00			
TOTAL NUMBER OF UNFUNDED POSITIONS		9.25	0.00	9.25			
TOTAL NUMBER OF POSITIONS		52.25	0.00	52.25			

The Job Classification Table (above) depicts the positions needed to meet the District's mission requirements. The 43 individuals who fill these positions are organized into our four divisions making up a dedicated District team of professionals. The District Staff Directory listing the employees filling these positions can be found at www.ourair.org/apcd-staff-directory-info/.

STRATEGIC PLAN

This section presents a strategic vision of the District for the future, including the programs and services to be provided, identifies necessary goals and objectives, evaluates the resources needed to achieve these goals, and describes how success will be measured. Below are the priorities, goals, and objectives of the District.

Priority 1: Protection of Public Health through Air Quality Improvement

Goal: Continue to implement programs that directly reduce emissions.

Objectives:

- Adopt new rules and regulations that cost-effectively reduce emissions.
- Emphasize alternatives to “command-and-control” regulations such as pollution prevention, incentives, and social responsibility.
- Develop partnership initiatives to introduce innovative or other low-polluting technologies in areas not currently regulated or where technology recipients agree to go beyond regulatory requirements.
- Involve the community in pollution-reduction efforts through grant programs, public education, and recognition of outstanding pollution reduction efforts.
- Maintain a fair and consistent compliance program, with emphasis on educating the regulated community.
- Ensure a contribution by all emission sources toward emission reductions.
- Use penalties to act as a deterrent and to place emphasis on compliance.

Goal: Maintain a strong, science-based program.

Objectives:

- Place a high priority on staff training and professional advancement.
- Base decisions on well-documented data that has been subjected to critical and open review.
- Maintain a sound and ever-improving emission inventory and air quality monitoring system.
- Maintain and update the Ozone Plan using the latest data and control techniques.
Use the best available resources in developing programs, rules, and permit analyses.

Goal: Ensure that the District’s mission and actions are aligned and routinely reviewed.

Objectives:

- Maintain and periodically update the strategic plan.
- Develop and adopt annual goals and track progress.

Goal: Ensure adequacy of resources.

Objectives:

- Continue to streamline and improve efficiency by taking advantage of technological advances and continuously improving systems and reviewing tasks for process improvements.
- Broaden the District funding base by actively pursuing additional sources of revenue.
- Continue to review our financial status by developing new tracking mechanisms to ensure financial stability.

Priority 2: Community Involvement

Goal: Involve the community in air quality protection.

Objectives:

- Initiate collaborative efforts and partnerships with the community around shared air quality and environmental goals.
- Offer timely information on air quality issues and upcoming events via the District’s website and social media.
- Provide the public with additional informational resources, including presentations and publications.
- Support the District Community Advisory Council to provide input on rules and clean air plans and to foster open communication and a collaborative approach to air pollution control planning.
- Conduct workshops on new rules, plans, and the budget to obtain community input.
- Reach out to community partners and the media for additional opportunities to inform the public.
- Participate in community events.
- Support students and teachers in efforts to learn about air quality and the environment.

Priority 3: Continuously Improve Service

Goal: Maintain and improve relationships with all constituents.

Objectives:

- Keep the Board well informed.
- Provide opportunities for public input to decisions affecting them.
- Train staff in customer service and reward good service.
- Survey constituents regarding the quality of service received.
- Tap employee expertise, reward high performance, and push decisions down to the lowest level at which they can be competently made.

FISCAL YEAR 2017-18 DISTRICT BUDGET

Revenue Plan

	Actual FY 2015-16	Adopted FY 2016-17	Est Act FY 2016-17	Proposed FY 2017-18
<i>Licenses & Permits</i>				
Evaluation Fees	\$ 413,793	\$ 275,000	\$ 293,604	\$ 275,000
Asbestos Notification Fees	82,799	75,000	47,680	68,000
Reevaluation Fees	945,622	664,282	700,000	861,877
Air Toxics (AB 2588)	5,865	5,700	5,692	5,700
Application Fees	106,963	88,000	89,302	90,000
Annual Emission Fees	855,895	813,444	823,184	788,440
Notice of Violation	216,425	225,000	200,000	225,000
Inspection Fees	21,019	22,000	21,000	21,000
Source Test Fees	88,069	62,285	63,000	90,000
DAS	188,315	312,992	303,689	305,616
Monitoring	611,524	534,050	555,647	527,131
<i>Use of Money</i>				
Interest	53,314	30,000	50,000	40,000
<i>Federal, State, and Other Governments</i>				
Federal - EPA Grant	543,754	475,000	475,000	475,000
Motor Vehicle \$4	1,447,977	1,374,001	1,518,475	1,518,475
Motor Vehicle \$2	726,163	686,999	759,125	759,125
State-PERP	55,187	52,000	58,788	62,000
State-ARB	145,559	217,872	211,000	106,900
Other Governments	118,201	164,985	120,000	167,700
<i>Charges for Services</i>				
Environmental Review	7,920	5,000	2,940	5,000
AQAP Fees	415,954	397,256	405,545	412,080
Carl Moyer Program	562,154	539,303	534,362	1,154,337
Reimbursable Charges	646,308	720,471	720,471	744,301
<i>Miscellaneous Revenue</i>				
	2,064	2,000	2,000	2,000
Revenue Total	8,260,844	7,742,640	7,960,504	8,704,682
<i>Other Financing Sources</i>				
Decrease in Fund Balance	464,879	1,744,519	1,090,655	1,665,445
Revenue Plan Total	<u>\$ 8,725,723</u>	<u>\$ 9,487,159</u>	<u>\$ 9,051,159</u>	<u>\$ 10,370,127</u>

Expenditure Plan

	Actual FY 2015-16	Adopted FY 2016-17	Est Act FY 2016-17	Proposed FY 2017-18
<i>Operating Expenditures</i>				
Administration	\$ 3,617,655	\$ 3,485,152	\$ 3,465,840	\$ 3,929,709
Engineering	1,360,512	1,495,426	1,485,706	1,379,525
Compliance	919,134	998,648	976,760	1,081,952
Technology & Environmental Assessment	2,828,422	3,507,933	3,122,853	3,978,941
Operating Total	8,725,723	9,487,159	9,051,159	10,370,127
<i>Other Financing Uses</i>				
Increase in Fund Balance	-	-	-	-
Expenditure Plan Total	<u>\$ 8,725,723</u>	<u>\$ 9,487,159</u>	<u>\$ 9,051,159</u>	<u>\$ 10,370,127</u>

Character of Expenditures

	Actual FY 2015-16	Adopted FY 2016-17	Est Act FY 2016-17	Proposed FY 2017-18
<i>Operating Expenditures</i>				
Regular Salaries	\$ 3,424,927	\$ 3,587,515	\$ 3,587,515	\$ 3,722,476
Overtime	-	-	-	-
Extra Help	-	33,220	33,220	33,220
Benefits	1,877,601	2,008,620	2,008,620	2,029,904
Salaries & Benefits Total	5,302,528	5,629,355	5,629,355	5,785,600
Services & Supplies	3,122,879	3,530,125	3,115,879	4,126,828
Other Charges	167,311	174,679	158,923	165,199
Fixed Assets	133,006	153,000	147,000	292,500
Operating Total	8,725,723	9,487,159	9,051,157	10,370,127
<i>Other Financing Uses</i>				
Increase in Fund Balance	-	-	-	-
Expenditure Plan Total	<u>\$ 8,725,723</u>	<u>\$ 9,487,159</u>	<u>\$ 9,051,157</u>	<u>\$ 10,370,127</u>

Revenue Breakout by Category

TOTAL REVENUE

	Adopted FY 2016-17	Proposed FY 2017-18	Budget to Budget Var.
Revenue Total	\$ 7,742,640	\$ 8,704,682	\$ 962,042
Use of Fund Balance	1,744,519	1,665,445	(79,074)
Revenue Total	<u>\$ 9,487,159</u>	<u>\$ 10,370,127</u>	<u>\$ 882,968</u>

GRANTS/PASS THROUGH REVENUE

	Adopted FY 2016-17	Proposed FY 2017-18	Budget to Budget Var.
<i>Grant Revenues</i>			
Carl Moyer Program	\$ 539,303	\$ 1,154,337	\$ 615,034
CEC Hydrogen grant	109,872	-	(109,872)
Motor Vehicle \$2	686,999	759,125	72,126
	1,336,174	1,913,462	577,288
<i>Administrative portion of Grant</i>			
Admin Fee- General Fund	(110,350)	(191,737)	(81,387)
<i>Use of Grant Fund Balances</i>	854,673	758,565	(96,108)
Revenue Plan Total	<u>\$ 2,080,497</u>	<u>\$ 2,480,290</u>	<u>\$ 399,793</u>

OPERATING REVENUE

	Adopted FY 2016-17	Proposed FY 2017-18	Budget to Budget Var.
Operating Revenue	\$ 6,406,466	\$ 6,791,220	\$ 384,754
Pass-through Admin Fee	110,350	191,737	81,387
Use of operating fund balances	889,846	906,880	17,034
Total Operating Budget	<u>\$ 7,406,662</u>	<u>\$ 7,889,837</u>	<u>\$ 483,175</u>

Expenditure Breakout by Category

TOTAL EXPENDITURES

	Adopted FY 2016-17	Proposed FY 2017-18	Budget to Budget Var.
Salaries and Benefits	\$ 5,629,355	\$ 5,785,600	\$ 156,245
Services and Supplies	3,530,125	4,126,828	596,703
Other Charges	174,679	165,199	(9,480)
Capital Assets	153,000	292,500	139,500
Increase to Fund Balance	-	-	-
Expenditure Total	<u>\$ 9,487,159</u>	<u>\$ 10,370,127</u>	<u>\$ 882,968</u>

GRANTS/PASS THROUGH EXPENDITURES

	Adopted FY 2016-17	Proposed FY 2017-18	Budget to Budget Var.
<i>Grant Expenditures</i>			
Salaries and Benefits	\$ -	\$ -	\$ -
Services and Supplies	2,045,842	2,480,290	434,448
Other Charges	-	-	-
Capital Assets	-	-	-
Increase to Fund Balance	-	-	-
Grant Expenditure Total	<u>\$ 2,045,842</u>	<u>\$ 2,480,290</u>	<u>\$ 434,448</u>

OPERATING EXPENDITURES

	Adopted FY 2016-17	Proposed FY 2017-18	Budget to Budget Var.
<i>Operating Expenditures</i>			
Salaries and Benefits	\$ 5,629,355	\$ 5,785,600	\$ 156,245
Services and Supplies	1,484,283	1,646,538	162,255
Other Charges	174,679	165,199	(9,480)
Capital Assets	153,000	292,500	139,500
Increase to Fund Balance	-	-	-
Total Operating Expenditures Budget	<u>7,441,317</u>	<u>7,889,837</u>	<u>\$ 448,520</u>

Projects Funded with Motor Vehicle Registration Fees

Fiscal Year 2017-18 Programs Funded with \$2 DMV	Funding
School bus replacement and retrofit program	\$300,000
Old Car Buy Back program	\$500,000
Total \$2 DMV FY 2017-18 Program Funds	\$800,000

Projects Funded with Other Grant Funds

Fiscal Year 2017-18 Innovative Technologies Program Expenditures	Funding
Moyer Year 17 and 18 projects	\$940,000
Marine Shipping VSR (ITG Mitigation Fund)	\$50,000
State Reserve Project (Statewide Truck and Bus Regulation)	\$542,478
Electric Vehicle Infrastructure (Guadalupe Dunes Mitigation Funds)	\$135,000
Zero Emission Vehicle Outreach (Energy Commission Grant)	\$6,900
ITG Programs Funded in FY 2017-18	\$1,674,378

DISTRICT DIVISION SUMMARIES

The Air Pollution Control District operates with 43 positions from two locations (one in the South County and one in the North County) and is organized into four divisions: the Administration Division (ADM), the Engineering Division (ED), the Compliance Division (CD), and the Technology & Environmental Assessment Division (TEA).

Administration Division

Administration includes administrative overhead, fiscal and executive services, human resources, information technology services, and air monitoring.

Administrative Overhead

Administrative Overhead represents agency-wide operational costs not attributable to any one program, such as building maintenance, janitorial services, lease costs, insurance, and the vehicle pool.

Fiscal and Executive Services

Fiscal and Executive Services is responsible for the proper accounting and reporting of resources, and the administration of District facilities and operations. In addition to payroll, payables and receivables, Fiscal and Executive Services manages electronic time card submittals and provides fiscal reports by cost center, project, activity, and permit number. Also under this section are the Air Pollution Control Officer and Executive Assistant.

Human Resources

Human Resources is responsible for recruitment, employee and labor relations, benefits administration, classification and compensation, collaborative bargaining, workers' compensation, training, and compliance oversight for state and federal employment law requirements.

Information Technology Services

Information Technology (IT) Services is responsible for managing, developing, operating, training, and maintaining information systems at the District. Our systems include a computing network providing engineering and office automation, an integrated database system, and a data acquisition system to manage real-time air monitoring data from monitoring stations operated by the District and industry-operated monitoring stations, as well as data collection and verification of continuous emission monitoring of large facilities. Additionally, we program IT solutions that streamline our processes, creating cost reductions, time saving efficiencies, and increased productivity.

Air Monitoring

Air Monitoring is responsible for measuring and reporting air pollution levels throughout the county. This is done via two networks of air quality monitoring stations. The urban network

is funded and operated by the District and the California Air Resources Board to monitor air quality in urban or populated areas throughout the county. The regional and facility-specific network is funded and/or operated by certain large sources to monitor background and regional pollutant levels and the air quality in the vicinity of those major facilities. The monitoring staff maintains the air monitoring network, performs quality assurance reviews on data, analyzes air quality levels, and submits required reports to CARB and the United States Environmental Protection Agency (USEPA). If any monitoring station shows pollution levels above certain thresholds, staff will notify schools, hospitals, convalescent homes, radio and television stations, and alert people to curb their outdoor activities.

Engineering Division

The Engineering Division provides initial and ongoing permitting, air toxics, and permit compliance services to applicants and operators of stationary sources of air pollution. We also coordinate all Public Records Act requests and support lead agency requests for technical review of new projects. Permits are required for a broad range of activities, from small businesses such as dry cleaners to large petroleum production and mining operations. The Division manages permits for approximately 1,200 permitted or registered stationary facilities of small, medium, and large size, with a broad range of air pollution emitting activities. We also oversee the emission offsets program, including the Emission Reduction Credit Source Register.

The District ensures that operators of such activities abide by federal, state, and local air pollution laws and regulations. Larger facilities also require federal (Part 70) operating and Prevention of Significant Deterioration (PSD) permits in accordance with the federal Clean Air Act. The technical staff from the Engineering Division also review detailed Plans and Reports from our larger sources, including the review of semi-annual Compliance Verification Reports from the Part 70 Sources.

Public Records Act Requests

The Engineering Division is responsible for coordinating the agency's response to all Public Records Act requests. We do so in a timely and transparent manner, many times responding to the request the same day. We routinely respond to approximately 200 requests per year.

Permitting

The review of new sources of pollution entails detailed engineering analyses of permit applications, evaluating applications for compliance with local, state, and federal rules and regulations, issuing the mandated authority to construct permits and, if compliance with applicable air regulations and permit conditions is met, issuing the permits to operate. Reevaluations of existing permits, as required by law, are performed every three years to review the project descriptions, equipment lists, and conditions and to bring the permits current with any new or revised rules and regulations. Larger sources require federal operating permits in addition to the District's permitting requirements. We also regulate and

permit 15 federal Outer Continental Shelf (OCS) oil and gas offshore platforms under a delegation agreement with the USEPA. Engineering staff coordinates with other agencies to ensure that the permit holder complies with all of their permit conditions, applicable rules and regulations, performance standards, the California Health & Safety Code, and the federal Clean Air Act.

Air Toxics

The air toxics function includes the Air Toxics “Hot Spots” (AB 2588) Program, the review of applications to ensure no sources of significant toxic risk are permitted, and the tracking and implementing of requirements of state and federal air toxic control measures. Computer air quality modeling analyzes potential air quality impacts of proposed projects using highly specialized software, which simulate the movement and dispersion of air pollutants, including the preparation of health risk analyses in certain cases. This modeling is also used in our larger permit applications to ensure compliance with State and National Ambient Air Quality Standards and Increments. The “Hot Spots” Program requires businesses to develop and update an emission inventory of toxic air pollutants, and some businesses are required to perform a health risk assessment. The State of California develops Air Toxic Control Measures for categories of sources that emit toxic air contaminants, and the District implements these measures locally. The USEPA also develops air toxic control requirements, known as Maximum Achievable Control Technology standards and these are implemented locally by the District as well via a delegation agreement. We utilize GIS tools in our permitting and air toxics programs to ensure sensitive receptors (e.g., schools) are properly notified.

Permit Compliance

Once we issue the permit to operate, technical staff from the Engineering Division provide ongoing support for the more detailed and complex data submittals, source test plans/reports, and continuous emissions monitoring plans/reports. This may also include site-assessments in the field. The source testing function is the physical measurement of pollutants from emission points at a facility and we use this data to determine compliance with applicable rules and permit conditions. We also prepare compliance reports for input into USEPA’s Integrated Compliance Information System, participate in the County’s System Safety and Reliability Review Committee, review Breakdown Reports, oversee the District’s Leak Detection and Repair (LDAR) program, develop tools to implement new and existing permit compliance programs and review Part 70 Semi-Annual Compliance Verification Reports.

Compliance Division

The Compliance Division provides initial and ongoing inspection and enforcement services to applicants and operators of stationary sources of air pollution. Inspectors perform inspections at a broad range of activities, from small businesses such as dry cleaners to large petroleum production and mining operations. We also perform random surveillance inspections; reply to

public nuisance complaints regarding odors, smoke and dust; implement the federal Asbestos program; inspect equipment under the Statewide Portable Equipment Registration Program (PERP); inspect our local agricultural engine registrations; and in coordination with Santa Barbara County Fire, implement our burn programs (e.g., agricultural burns, prescribed burns). Compliance staff annually inspect approximately 1,000 permitted or registered stationary facilities of small, medium, and large size, with a broad range of air pollution emitting activities.

Inspector Duties

The field inspectors verify compliance by conducting and documenting site inspections, reviewing records, accessing on-site monitoring data, and monitoring pollution levels. In addition, a large part of the inspector's role is to educate the sources on what is required and expected of them; inspectors provide in-the-field compliance assistance and instruction. Compliance staff also respond to citizen complaints, prepare reports for variances and abatement orders heard before the District Hearing Board, manage the District's mutual settlement program, manage the asbestos renovation and demolition compliance program, and manage the open burning and agricultural/prescribed burning programs (including direct coordination with the County/City Fire Departments). The Compliance staff coordinate with the Engineering Division on the more technically complex sources, the Monitoring section on telemetered monitoring data from in-plant monitors as well as ambient monitoring stations, and the Technology & Environmental Assessment Division on clean air funding programs and when new or revised rules are being written. We also coordinate with other agencies on topics that cover multiple jurisdictions including air quality complaints.

Enforcement and Mutual Settlement

Our enforcement function includes documenting non-compliance with the air quality requirements by writing Notices of Violation (NOV). The primary goal is to get a source back into compliance with the applicable permit and rule requirements. The District typically attempts to settle violations directly with the source following guidelines outlined in our Mutual Settlement Policy & Procedure. The District will occasionally refer cases directly to the District Attorney's office.

Variance Program

The District's Hearing Board issues abatement orders and variances to stationary sources that currently are, or likely may become, out of compliance with their local district rules, regulations, or the Health and Safety Code. District inspectors perform some of the administrative functions of processing a variance, including providing the petition application; appearing as a party to the variance proceeding; preparing staff reports, when applicable; and following up to ensure that the increments of progress, emission limits and final compliance dates, contained within the Variance order, are met.

Technology & Environmental Assessment Division

The Technology & Environmental Assessment (TEA) Division is responsible for planning and rule development, as well as coordinating with planning departments around the county. TEA also conducts outreach throughout the county, which includes grant programs to promote clean air technologies, presentations for schools and community groups, and partnerships with local agencies and organizations. The Division reviews discretionary actions by the County and cities, provides comments on air quality issues, and is responsible for ensuring compliance with the California Environmental Quality Act (CEQA). Grants administered by the Division include incentives for replacing higher-emitting cars, off-road equipment, and marine diesel engines with newer, cleaner engines. In addition, the TEA Division initiates and supports collaborative efforts to reduce emissions from unregulated sources, such as programs to reduce emissions from marine shipping (Protecting Blue Whales and Blue Skies) or visitors' vehicles (Santa Barbara Car Free).

Planning

The Planning Section prepares clean air plans that map the path to improved air quality and form the basis for future rule development and permitting work. Clean air plans, required by state and federal laws, generally include an inventory of the county's pollution sources, the status of the county's air quality, detailed evaluation of proposed air pollution control measures, and forecasts of future air quality, including economic growth projections and complex computer modeling. The Planning Section is also responsible for establishing and maintaining detailed emission inventories for clean air planning and invoicing of emission based fees to support District programs.

Rule Development

The Rule Development Section develops air pollution control rules to protect human health and the environment of Santa Barbara County. Rules may be prescribed by the Ozone Plan or by the CARB. New and amended rules are analyzed for cost effectiveness. Opportunities for public participation in the rule development process are extensive, beginning with public workshops, then Community Advisory Council reviews, and finally public hearings at the District's Board.

Public Outreach

The District's Public Outreach Program includes production and distribution of newsletters, brochures, videos, and other educational materials; presentations at schools and at business, education, and other community events; development and support of partnerships around common interests with a range of organizations and agencies; implementation of special outreach and initiatives; and development and maintenance of the District website. During wildfires and other events which impact air quality, staff participates in the county Emergency Public Information Communicators committee to inform the public of air quality impacts. Our staff maintain media relations, oversee the District's social media accounts, and serve as the

District Public Information Officer. Through the actions mentioned above, staff assist business and the public to educate and take action for cleaner air.

Land Use

District staff ensure that all permits, plans, rules, and programs of the District are in compliance with the CEQA. As a CEQA responsible agency, we review the larger land development and planning policy documents and provide comments and suggestions for mitigation measures on the air quality analyses in other local agencies' environmental documents. District staff support planning agencies around the county with technical assistance evaluating air quality impacts of proposed development. Staff also participate in statewide efforts to develop refinements to tools for calculating project air quality, health, and climate change impacts and mitigation measure benefits. In addition, staff coordinate with the Santa Barbara County Association of Governments (SBCAG) on the development and implementation of transportation control measures and regional transportation plans. Staff participate on SBCAG committees to evaluate transportation plans, projects, and funding proposals.

Grant Programs/Innovative Technologies

District Grant Programs promote the development, demonstration, and implementation of clean fuels and clean energy technologies to reduce air pollution through incentives to local businesses and industry. Staff initiates projects through government-industry partnerships and through leveraged funding. The District's portion of the funding comes primarily from the state Carl Moyer Program and funds from the clean air surcharge on motor vehicle registration fees. Permit fees are not used to fund these programs.

Impact Measures

Measure	Actual CY 2016	Goal CY 2017	Est. Actual CY 2017	Goal CY 2018
Number of days on which the state one-hour ozone standard is not met somewhere in Santa Barbara County	0	≤ 2	0	0
Number of days on which the federal eight-hour ozone standard is not met somewhere in Santa Barbara County	3	≤ 3	0	≤ 1
Number of days on which the state eight-hour ozone standard is not met somewhere in Santa Barbara County	3	≤ 5	0	≤ 2
Number of days on which the state PM ₁₀ standards are not met somewhere in Santa Barbara County	44	≤ 15	15	≤ 15
Number of days on which the federal PM _{2.5} standard is not met somewhere in Santa Barbara County	0	0	0	0

CY = Calendar Year

Fiscal Year 2016-17 Significant Accomplishments

Summary

- Three exceedances of the federal 8-hour 0.070 ppm ozone standard in CY 2016.
- Zero exceedances of the federal 24-hour PM_{2.5} standard in CY 2016.
- Three exceedances of the state 8-hour ozone standard in CY 2016.
- Performed 553 permitting actions in CY 2016.
- Performed 903 inspections in CY 2016.
- Responded to 312 air pollution complaints in CY 2016.
- Maintained the number of people exposed to a cancer risk of 10 in a million or greater from permitted sources at zero.
- Issued \$1,261,390 in clean air grants.

Air Quality

Santa Barbara County air quality continues to meet all but two ambient air quality standards. With the exception of the State eight-hour ozone standard and the State particulate matter (PM₁₀) standards, the county meets all federal and state standards. The State 8-hour ozone standard was exceeded on three days: one day in April 2016 and two days in September 2016, an increase from two days in 2015. The State 24-hour PM10 standard was exceeded on 44 days in 2016, an increase from the 15 days in 2015.

FISCAL YEAR 2017-18

OPERATING BUDGETS BY DIVISION

Administration Division

The Administrative Division expenses are allocated to the District’s direct operating activities as an overhead allocation based upon direct billable salaries and benefits. The Administration Division includes a Fiscal and Executive section, Human Resources, and an Information Technology Section, which includes information technology services, data acquisition, and air monitoring operations. Each section has costs associated with specific goals and objectives; and an Administrative Overhead section, which accumulates expenses that are not attributable to any specific district activity, such as rent, landscaping, janitorial, insurance, and utilities.

EXPENDITURE PLAN				
	Actual	Adopted	Est. Act.	Proposed
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18
<i>Operating Expenditures</i>				
Administrative Overhead	\$ 1,529,268	\$ 1,105,555	\$ 1,105,555	\$ 1,415,419
Fiscal and Executive	753,093	881,233	881,233	967,523
Human Resources	190,110	124,583	105,271	172,184
Air Monitoring	523,503	648,428	648,428	641,357
Information Technology	621,681	725,353	725,353	733,226
Operating Total	<u>3,617,655</u>	<u>3,485,152</u>	<u>3,465,840</u>	<u>3,929,709</u>
<i>Other Financing Uses</i>				
Increase in Fund Balance	-	-	-	-
Expenditure Plan Total	<u><u>\$ 3,617,655</u></u>	<u><u>\$ 3,485,152</u></u>	<u><u>\$ 3,465,840</u></u>	<u><u>\$ 3,929,709</u></u>

CHARACTER OF EXPENDITURES				
	Actual	Adopted	Est. Act.	Proposed
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18
<i>Operating Expenditures</i>				
Regular Salaries	\$ 1,121,797	\$ 1,145,781	\$ 1,145,781	\$ 1,308,702
Overtime	-	-	-	-
Extra Help	-	22,900	22,900	22,900
Benefits	822,392	866,140	866,140	892,314
Salaries & Benefits Total	<u>1,944,190</u>	<u>2,034,821</u>	<u>2,034,821</u>	<u>2,223,916</u>
Services & Supplies	1,414,098	1,187,324	1,173,955	1,341,844
Other Charges	137,677	146,007	140,064	141,949
Fixed Assets	121,691	117,000	117,000	222,000
Operating Total	<u><u>\$ 3,617,655</u></u>	<u><u>\$ 3,485,152</u></u>	<u><u>\$ 3,465,840</u></u>	<u><u>\$ 3,929,709</u></u>

Significant Changes (FY 2016-17 Adopted to FY 2017-18 Proposed)

The FY 2017-18 operating total for the Administration Division will increase by \$444,557 from the adopted 2016-17 budget to \$3,929,709.

Salaries and benefits increased \$189,095 primarily due to three existing Office Technicians being transferred from two other departments to the Administrative Division. This will allow the Office Technicians a more conducive environment to work as a team and have improved communication to continue to assist the District in all its needs. Another factor affecting this increase is the increase in pension costs. As noted earlier in the budget document, the District's overall increase was approximately 3.855%. Lastly, there are merit increases that take place during the fiscal year that will also have a contributing factor to the increase.

Services and supplies increased by \$154,520. A portion of this increase is due to legal fees, office expenses, and public notice expense line items being moved from the overhead budgets of the other three divisions within the District and being captured in one place, under the Administration Division. This reallocation will help to better track expenses throughout the year. Also effecting this category is the cost allocation amount we pay the County for the services they provide (Treasury, General Services, Risk Management, etc.). These charges increased over 400% from the prior year. Lastly, the services and supplies budget for IT increased by approximately \$20,000 due to the need for miscellaneous upgrades.

Other charges decreased by \$4,000 primarily due to anticipated slight decrease in our liability insurance premiums.

Fixed assets increased by \$105,000 from the previous fiscal year due to the need to replace fiscal's aging accounting software. The Monitoring section plans to continue to replace data loggers and air quality instruments, as the District has done in previous years. Which will continue the District's effort to maintain, and use, the best technology available to monitor air quality.

Fiscal Year 2017-18 Goals and Objectives

1. Assess, develop and implement "paperless" systems for the Administrative Division.

Fiscal and Executive Section

2. Purchase and implement new accounting software.
3. Implement online payment solutions.

Human Resources Section

4. Assess and improve employee on-boarding process.
5. Update 5% of the Administrative Policy and Procedures.
6. Organize, update and publish class specifications on the District's website.

Information Technology Section

7. Upgrade the District’s in-house Compliance database systems.

Air Monitoring Section

8. Assist source facilities in operating temporary (and potential permanent) monitoring sites.
9. Update quality assurance documentation for industry run monitoring sites to meet current EPA regulations.
10. Implement monitoring changes that are identified in the CARB Technical System Audit.

Fiscal and Executive Services

Purpose Statement: Fiscal and Executive Services provide executive, clerical, fiscal, and facilities support to all APCD staff and fulfill the financial reporting needs of the public and the regulated community.

Fiscal Year 2016-17 Significant Accomplishments

- Assessed and implemented accepting online payment solutions.
- Renewed the North County Office lease in February 2017.
- Successfully met our Maintenance of Effort (MOE) requirement with the EPA, which allowed the District to continue to receive federal grant funding.
- Successfully completed the financial audit for fiscal year 2015-16 with no audit findings.
- Successful implementation of the budget – exceeding revenue and lower than budgeted expenditures.
- Successfully organized a committee to assist in improving employee morale.
- Completed third-party safety audit of APCD facility and operations

Recurring Performance Measures

Measure	Actual FY 2015-16	Goal FY 2016-17	Est. Actual FY 2016-17	Goal FY 2017-18
Percent of actual revenue received to revenue budgeted	93.9%	100%	103.0%	100%
Percent of actual expenditures to expenditures budgeted	85.6%	100%	95.4%	100%
Total federal maintenance of effort (MOE) above/(below) previous year MOE + \$1	\$462,550	≤ \$1	≤ \$1	≤ \$1

Human Resources

Purpose Statement: Human Resources is responsible for recruitment and selection of employees, labor relations, benefits administration, classification and compensation, collaborative bargaining, workers' compensation, training, and compliance oversight for state and federal employment law requirements. These human resource benefit and labor relations services ensure organizational equity to meet the changing needs of the District and its staff.

Fiscal Year 2016-17 Significant Accomplishments

- Conducted one recruitment.
- Successfully implemented a new Employee Performance Review tracking system.
- Successfully completed the reporting requirements for the health care reform mandates.
- Administered District safety training program in compliance with OSHA regulations.
- Managed District workers' compensation program.
- Managed and provided comprehensive Human Resource programs and services for the District and its employees.
- Successfully implemented two new Policies and Procedures: Telecommuting and Employee Recognition & Service Awards.

Information Technology Services

Purpose Statement: The Information Technology Services (ITS) is responsible for the management, development, operation, training, and maintenance of information systems at the APCD. These systems include a network of computers providing engineering and office automation, an integrated database system, and a data acquisition system to manage real-time air monitoring data from monitoring stations operated by the District and industry-run monitoring stations, as well as emission data from large facilities. The ITS develops innovative IT solutions to create operational efficiencies that reduce costs and increases productivity.

Three programs make up Information Systems: the Data Acquisition System (DAS), Air Monitoring, and the Local Area Network (LAN.)

Fiscal Year 2016-17 Significant Accomplishments

Automated Data Acquisition (DAS) Program

- Provided reliable operation of the Data Acquisition System in support of program goals.
- The DAS system uptime exceeded 97%, Backups were 100%, Data Acquisition exceeded 90%.
- Ongoing improvements of function and efficiencies of the DAS system and the support of the monitoring sites.

Local Area Network (LAN)

- Provided a highly reliable computing system for the District in support of the District’s business.
- Hardware and software systems were upgraded or replaced as necessary keeping in line with our goal of providing reliable and cost effective information systems.
- The District’s web sites were supported and greatly enhanced.
- Ongoing support and enhancements for the payroll, human resources software, accounting, Integrated Database System, and the telecommuting program were provided.
- Developed a permits mapping tool to allow public to find permit information on the Districts website.
- Provided IT service to meet the needs of Santa Barbara County Association of Governments staff.

Recurring Performance Measures

Measure	Actual FY 2014-15	Goal FY 2015-16	Est Actual FY 2015-16	Goal FY 2016-17
Network uptime	>97%	97%	>97%	97%
APCD website uptime	>99%	100%	>99%	100%
Data Acquisition System (DAS) valid data acquisition rate	>97%	97%	>97%	97%

Air Monitoring

Purpose Statement: We operate an ambient air monitoring network throughout Santa Barbara County to determine the relationship between our air quality and the Federal and California air quality standards by comprehensively and accurately documenting the urban, regional, and source specific air quality concentrations. We gather information to allow for sound decision making by policy-makers, the general public, and the District in our combined efforts to protect public health.

Fiscal Year 2016-17 Significant Accomplishments

- Operated or provided oversight for the collection of high-quality ambient air monitoring data from 18 stations throughout the county.
- Deployed temporary monitoring stations to better assess wildfire impacts countywide.
- Published the 2015 Annual Air Quality Report on the District’s web page and presented the information to the APCD Board.
- Continued equipment and parts replacement according to schedule.
- Passed all performance audits and met minimum data collection rates.
- Submitted and received USEPA approval of our 2016 Annual Air Monitoring Network Plan.
- Submitted to CARB and received approval for the District’s Gas Quality Assurance Project Plan and the Ozone Standard Operating Procedures. Submitted and certified all 2015 air quality data to USEPA’s database by May 1, 2016.

Recurring Performance Measures

Measure	Actual	Goal	Est. Actual	Goal
	FY 2014-15	FY 2015-16	FY 2015-16	FY 2016-17
Collect 80%/90% valid data for air quality/meteorological measurements.	100%/100%	100%/100%	100%/100%	100%/100%

Engineering Division

The Engineering Division is comprised of the Permitting Section, Air Toxics Section and Permit Compliance Section. The programs these Sections operate have costs associated with specific goals and objectives. The Division also includes an administrative overhead function that accumulates expenses not attributable to any specific division activity, such as management and supervision of staff, facilitating staff development and training opportunities, budget management and tracking, and goal and policy implementation.

EXPENDITURE PLAN				
	Actual	Adopted	Est Act	Proposed
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18
<i>Operating Expenditures</i>				
Administrative Overhead	\$ 461,542	\$ 270,587	\$ 270,695	\$ 135,406
Permitting & Air Toxics	898,970	1,224,839	1,215,011	1,244,119
Operating Total	1,360,512	1,495,426	1,485,706	1,379,525
<i>Other Financing Uses</i>				
Increase in Fund Balance	-	-	-	-
Expenditure Plan Total	<u>\$ 1,360,512</u>	<u>\$ 1,495,426</u>	<u>\$ 1,485,706</u>	<u>\$ 1,379,525</u>

CHARACTER OF EXPENDITURES				
	Actual	Adopted	Est Act	Proposed
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18
<i>Operating Expenditures</i>				
Regular Salaries	\$ 942,404	\$ 1,011,301	\$ 1,011,301	\$ 940,202
Overtime	-	-	-	-
Extra Help	-	-	-	-
Benefits	403,888	452,859	452,859	415,373
Salaries & Benefits Total	1,346,292	1,464,160	1,464,160	1,355,575
Services & Supplies	13,292	30,016	20,796	22,700
Other Charges	928	1,250	750	1,250
Fixed Assets	-	-	-	-
Operating Total	<u>\$ 1,360,512</u>	<u>\$ 1,495,426</u>	<u>\$ 1,485,706</u>	<u>\$ 1,379,525</u>

Significant Changes (FY 2016-17 Adopted to FY 2017-18 Proposed)

The FY 2017-18 Operating Total for the Engineering Division decreased by \$115,901 from the adopted 2016-17 budget to \$1,379,525.

Salaries and benefits decreased \$108,585 primarily due to the transfer of the two existing Office Technician positions to the Administrative Division. Small salary increases are due to employees receiving merit increases.

To help offset the revenue shortfall the District is experiencing, Services and Supplies were decreased \$7,316 (24.4%). The line items directly affected include Books & Subscriptions, Software, Professional Services, Memberships and Special Department Expenses. The Management Team believes these decreases will not substantially reduce the productivity of staff or reduce the services the District offers to the regulated community. An additional portion of the decrease is due to legal fees, office expenses, and public notice expenses line items being moved from the Engineering overhead budget to the Administrative Division to capture the expenditures in one place. This will help to better track these expenses throughout the year

Other charges had no change from the previous year.

Fixed assets had no change from the previous year; there are no anticipated fixed asset purchases planned for FY 2017-18.

Fiscal Year 2017-18 Goals and Objectives

1. Assess, develop and implement “paperless” systems for Engineering Division.

Permitting Section

2. Standardize emission calculations and develop associated database systems for executing and retaining project data at the device level.
3. Implement the new State-mandated oil and gas regulation (*Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities*).

Permit Compliance Section

4. Implement a new database system to track Permit Compliance Section plans and reports as well as project review status.
5. Automate the process for uploading of permit compliance data for our EPA-mandated reporting requirements.
6. Revamp the Permit Compliance Section’s source test and CEMS programs for greater efficiencies and productivity.

Air Toxics Section

7. Create new health risk assessment screening tools to streamline the process for specific source types.
8. Initiate the AB 2588 Toxics “Hot Spots” process for combustion sources, oil & gas sources and Emission Inventory Criteria and Guidelines “Appendix E” sources.

Permitting, Air Toxics and Permit Compliance

Purpose Statement: We issue technically rigorous and effective permits to new and existing stationary sources and ensure each project complies with all applicable local, state and federal air quality requirements. We strive to protect the public from the exposure to significant levels of air toxics and inform and educate the public about emissions to which they may be exposed. We operate technically sound and thorough Permit Compliance programs. In addition, we provide transparent and timely responses to Public Records Act requests for information.

Fiscal Year 2016-17 Significant Accomplishments

- Completed 553 permitting actions during calendar year 2016.
- Issued 16 Part 70 federal operating permit renewals during calendar year 2016.
- Reviewed and observed 166 emissions source tests during calendar year 2016.
- Replied to 198 requests for information under the Public Records Act during calendar year 2016.
- Finalized the changes and secured unanimous Board approval to our New Source Review rules (Regulation VIII).
- Revamped our permit application forms.
- Updated our policy & procedures to reflect the revised New Source Review rules.
- Updated our FAQs on our webpage.
- Hired and trained a new engineer for the Air Toxics Section and a new engineer in our Permit Compliance Section.
- Continued the updates to our air toxics programs, including the implementation of new screening tools for health risk assessments.
- Initiated the design phase of new database tools to assist our permit compliance programs.

Recurring Performance Measures

Measure	Actual FY 2015-16	Goal FY 2016-17	Est. Actual FY 2016-17	Goal FY 2017-18
Permit Processing				
Percent of Authority to construct permit applications reviewed for completeness within 30 days of receipt	99%	100%	97%	100%
Percent of authority to construct permits issued within 180 days of application completeness	98%	100%	100%	100%
Percent of permit to operate annual scheduled reevaluation renewals completed within the year	92%	90%	90%	90%
Compliance				
Percent of complete review of all Part 70 major source compliance verification reports within 120 days	50%	50%	50%	50%
Source Testing				
Percent of source test reports reviewed within 60 days	99%	50%	80%	50%
Public Records Act Information Request Response				
Percent of requests initially responded to within 10 days of receipt	97%	98%	98%	98%

Compliance Division

The Compliance Division includes Inspection and Enforcement programs, and has costs associated with specific goals and objectives for these programs. The Division also includes an Administrative Overhead function that accumulates expenses not attributable to any specific division activity, such as management and supervision of staff, facilitating staff development and training opportunities, budget management and tracking, and goal and policy implementation.

EXPENDITURE PLAN				
	Actual FY 2015-16	Adopted FY 2016-17	Est Act FY 2016-17	Proposed FY 2017-18
<i>Operating Expenditures</i>				
Administrative Overhead	\$ 218,822	\$ 147,708	\$ 141,479	\$ 116,080
Compliance & Enforcement	700,312	850,941	835,281	965,872
Operating Total	919,134	998,649	976,760	1,081,952
<i>Other Financing Uses</i>				
Increase in Fund Balance	-	-	-	-
Expenditure Plan Total	<u>\$ 919,134</u>	<u>\$ 998,649</u>	<u>\$ 976,760</u>	<u>\$ 1,081,952</u>

CHARACTER OF EXPENDITURES				
	Actual FY 2015-16	Adopted FY 2016-17	Est Act FY 2016-17	Proposed FY 2017-18
<i>Operating Expenditures</i>				
Regular Salaries	\$ 559,472	\$ 603,794	\$ 603,794	\$ 661,131
Overtime	-	-	-	-
Extra Help	-	-	-	-
Benefits	307,927	299,576	299,576	335,171
Salaries & Benefits Total	867,399	903,370	903,370	996,302
Services & Supplies	24,385	36,839	26,355	31,150
Other Charges	16,035	22,440	17,035	19,000
Fixed Assets	11,315	36,000	30,000	35,500
Operating Total	<u>\$ 919,134</u>	<u>\$ 998,649</u>	<u>\$ 976,760</u>	<u>\$ 1,081,952</u>

Significant Changes (FY 2016-17 Adopted to FY 2017-18 Proposed)

The FY 2017-18 Operating Total for the Compliance Division increased by \$83,303 from the adopted 2016-17 budget to \$1,081,952.

Salaries and Benefits increased \$92,932 primarily due to increased pension costs and employee merit increases and the Compliance manager returning to full-time duty.

To help offset the revenue shortfall the District is experiencing, Services and Supplies expenditures were decreased \$5,689 (15%). The line items directly affected include Books and Subscriptions, and Communications. The Management Team believes these decreases will not

substantially reduce the productivity of staff or reduce the services the District offers to the regulated community and the public. An additional portion of the decrease is due to legal fees, office expenses, and public notice expenses line items being moved from the Compliance overhead budget to the Administrative Division so expenditures can be captured in one place. This will help to better track these expenses throughout the year.

Other Charges were decreased \$3,440 (15%) due to decreased motor pool charges.

Fixed assets decreased \$500 from the previous year. One Jerome hydrogen sulfide handheld monitor and one dual detector Toxic Vapor Analyzer are budgeted for purchase in FY 2017-18.

Fiscal Year 2017-18 Goals and Objectives

1. Assess, develop, and implement “paperless” systems for the Compliance Division.
2. Continue improving the Variance program including Policy and Procedure updates, webpage updates, and document template updates.
3. Coordinate with the Fire Department to roll out improvements to the Open Burning Program.
4. Update the Compliance database systems to automate the generation of violation documents.
5. Prioritize and implement measures to improve the percent of Initial Settlement letters sent within 90 days of violation issuance.
6. Update 10% of the Compliance Policy and Procedures.
7. Implement the new State-mandated oil and gas regulation (Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities).

Compliance and Enforcement

Purpose Statement: We equitably enforce all rules and regulations to ensure air pollution control requirements are being met, to motivate and educate those we regulate to comply with air pollution laws, to protect human health and the environment, and to promote regulatory equity in the marketplace. We strive to protect the public from air quality nuisance situations and inform and educate the public about emissions to which they may be exposed.

Fiscal Year 2016-17 Significant Accomplishments

- During calendar year 2016, inspectors performed 903 inspections.
- During calendar year 2016, inspectors responded to and documented 312 air pollution complaints.

- During calendar year 2016, inspectors received and reviewed 89 asbestos renovation/demolition notifications.
- During calendar year 2016, inspectors performed the administrative functions for 50 variance petitions.
- Increased the number of gas station vapor recovery tests witnessed by inspectors.
- Implemented changes to the Mutual Settlement program with the following goals: eliminate the backlog of violations not yet settled, and decrease the time between violation issuance and initial settlement letter issuance.
- Coordinated with the Fire Department to initiate improvements for the Open burning program.
- Initiated review and improvement of the District Variance program.

Recurring Performance Measures

Measure	Actual FY 2015-16	Goal FY 2016-17	Est Actual FY 2016-17	Goal FY 2017-18
Inspections				
Percent of citizen complaints about air pollution responded to				
- within 3 hours	88%	90%	85%	90%
- within 24 hours	98%	95%	94%	95%
Percent of scheduled Part 70 major source inspections completed	97%	80%	81%	80%
Percent of assigned inspection caseload completed.	79%	80%	80%	80%
Percent of Initial Settlement Letters sent within 90 days of violation issuance	36%	N/A	40%	50%

Technology & Environmental Assessment Division

The Technology and Environmental Assessment Division includes the following program groups, which have costs associated with specific goals and objectives: Air Quality Planning, Community Programs, Land Use, Innovative Technologies Group, and Rule Development. The Division also includes an Administrative Overhead function that accumulates expenses not attributable to any specific division activity, such as management and supervision of staff, facilitating staff development and training opportunities, budget management and tracking, and goal and policy implementation.

EXPENDITURE PLAN				
	Actual FY 2015-16	Adopted FY 2016-17	Est Act FY 2016-17	Proposed FY 2017-18
<i>Operating Expenditures</i>				
Administrative Overhead	\$ 343,773	\$ 220,127	\$ 216,293	\$ 189,096
Air Quality Planning	202,264	197,185	192,980	224,125
Rule Development	95,999	146,626	144,142	142,251
Community Programs	425,529	411,140	417,511	385,198
Land Use	196,362	302,897	319,349	284,691
Innovative Technologies	1,564,495	2,229,959	1,832,578	2,753,580
Operating Total	<u>2,828,422</u>	<u>3,507,934</u>	<u>3,122,853</u>	<u>3,978,941</u>
<i>Other Financing Uses</i>				
Increase in Fund Balance	-	-	-	-
Expenditure Plan Total	<u>\$ 2,828,422</u>	<u>\$ 3,507,934</u>	<u>\$ 3,122,853</u>	<u>\$ 3,978,941</u>

CHARACTER OF EXPENDITURES				
	Actual FY 2015-16	Adopted FY 2016-17	Est Act FY 2016-17	Proposed FY 2017-18
<i>Operating Expenditures</i>				
Regular Salaries	\$ 801,253	\$ 826,640	\$ 826,640	\$ 812,441
Overtime	-	-	-	-
Extra Help	-	10,320	10,320	10,320
Benefits	343,394	390,046	390,046	387,046
Salaries & Benefits Total	<u>1,144,647</u>	<u>1,227,006</u>	<u>1,227,006</u>	<u>1,209,807</u>
Services & Supplies	1,671,104	2,275,946	1,894,773	2,731,134
Other Charges	12,671	4,982	1,074	3,000
Fixed Assets	-	-	-	35,000
Operating Total	<u>\$ 2,828,422</u>	<u>\$ 3,507,934</u>	<u>\$ 3,122,853</u>	<u>\$ 3,978,941</u>

Significant Changes (FY 2016-17 Adopted to FY 2017-18 Proposed)

The FY 2017-18 Operating Total for the Technology & Environmental Assessment Division will increase by \$471,007 from the adopted 2016-17 budget to \$3,978,941.

Salaries and benefits decreased \$17,199 primarily due to the transfer of one existing Office Technician positions to the Administrative Division. Increased pension costs and employees receiving merit increases offset this decrease.

Services and supplies increased by \$455,188 due to a few one-time projects which include providing grants to local school districts for replacing buses that have to comply with the statewide Truck and Bus Regulations. Along with a new exhibit at The Wolf Museum of Exploration and Innovation in Santa Barbara and the creation of a Clean Air Ambassadors program that is considered an ongoing program. These increases are offset by legal fees, office expenses, and public notice expenses line items being moved from the TEA overhead budget to the Administrative Division so expenditures can be captured in one place. This will help to better track these expenses throughout the year.

Other Charges decreased \$1,982 due to decreased motor pool charges and less being contributed to other agencies.

Fixed Assets increased by \$35,000 due to the division's plans to purchase one vehicle for conducting site inspections for the Innovative Technologies Group.

Fiscal Year 2017-18 Goals and Objectives

1. Assess, develop, and implement paperless systems for the TEA Division.

Air Quality Planning

2. Working with District IT staff, further streamline annual emission inventory reporting.
3. Working with Engineering staff, update emission factors and reporting of toxic pollutants and health risk information in the inventory database system.
4. Working with ARB staff, update and refine inventory data to comply with AB 197.
5. Build a District-wide air quality forecasting team.

Rule Development

6. Develop and adopt rules as required by the 2016 Ozone Plan and state and federal mandates.

Community Programs

7. Partner with museums such as MOXI to develop exhibits and hands-on activities with a clean air message.
8. Implement a 2017 Vessel Speed Reduction incentive program and pursue funding for future year programs.
9. Implement a wood smoke reduction program to reduce smoke emissions through voluntary incentives and conduct outreach to support program participation.

Land Use

10. Conduct outreach to public agencies and provide tools to address air pollution impacts from local land use decisions.

Innovative Technologies Group

11. Participate in the Tri-County Zero Emission Vehicle Implementation project (California Energy Commission GFO 16-601).

Air Quality Planning

Purpose Statement: We develop, implement, and track Clean Air Plans that comply with state and federal air quality planning mandates in order to protect the people and the environment of Santa Barbara County. We integrate the actions of the U.S. Environmental Protection Agency, the California Air Resources Board, and the Santa Barbara County Association of Governments with those of the District to facilitate a coordinated and efficient effort to clean the air. We promote local dialogue and consensus by meeting with our Community Advisory Council during the development of clean air plans in order to address local concerns of business, industry, environmental groups, and the public. We prepare emission inventory data that are required for air quality attainment planning and for the invoicing of emission-based fees that allow the District to continue programs that achieve clean air goals.

Fiscal Year 2016-2017 Significant Accomplishments

- Secured unanimous Board approval of the 2016 Ozone Plan triennial update to satisfy California Clean Air Act requirements for the state 8-hour ozone standard.
- Prepared a Non-Attainment Transitional Analysis pursuant to State planning requirements.
- Hired a new Air Quality Specialist to maintain our emission inventory.
- Updated Point and Area source emissions for 2015 and submitted to the Air Resources Board.
- Issued all applicable emission-based fees for FY 2016-2017 including OCS sources.
- Continued upgrading our greenhouse gas emission inventory database.
- Fulfilled all public data requests for planning or emission inventory information.

Recurring Performance Measures

Measure	Actual	Goal	Est Actual	Goal
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18
Submit emissions inventory data to the California Air Resources Board each year	8/11/2015	10/31/2016	8/19/2016	8/1/2017
Process emissions inventory data submitted by sources for fee invoices each year	8/24/2016	5/31/2017	5/31/2017	5/31/2018

Rule Development

Purpose Statement: In order to implement air pollution control measures identified in the Clean Air Plan and to protect human health and the environment of Santa Barbara County, we develop new and modified rules and regulations and prepare them for adoption by the District Board.

Fiscal Year 2016-2017 Significant Accomplishments

- Revised Rules 102, 105, 202, 204, 801, 802, 803, 804, 805, 806, 809, and 1301 to update the District's New Source Review program.
- Began work on the rules identified in the 2016 Ozone Plan.

Measure	Actual	Goal	Est Actual	Goal
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18
Number of draft rules released for public review	13	2	0	3

Community Programs

Purpose Statement: We provide the community and permitted businesses with assistance and information about air pollution and the District's programs, rules, and services through our community outreach and business assistance programs. We encourage ways for the entire community to work together for clean air in Santa Barbara County.

Fiscal Year 2016-17 Significant Accomplishments

- Participated in multiple community and school events, including Santa Barbara Earth Day, Vandenberg Air Force Base Earth Day, Marian Medical Center Environmental Fair and Earth Day Fair, Santa Barbara Open Streets, several Green Business Program events, a range of ribbon-cuttings and community meetings, and more.
- Made numerous classroom presentations to UCSB students, Santa Barbara City College students, and students at other schools throughout the County.
- Received USEPA Clean Air Excellence Award in Washington DC for Blue Skies Safe Whales pilot project.
- Conducted a second Vessel Speed Reduction Trial Program for emission-reduction and whale-protection benefits. The program slowed down 50 transits and reduced approximately 25.6 tons of NOx emissions.
- Supported enhanced features on the www.OurAir.org website.
- Partnered in the Green Business Santa Barbara County program and maintained certification as a green business.
- Issued news releases and promoted media coverage of District issues and news, some of which required interagency coordination on emergency response issues.
- Continued to lead the Santa Barbara Car Free project with Amtrak and more than 100 other partners.
- Reviewed public notices, made presentations to the public and industry, continued to enhance the District website, and provided website support to staff, as well as support in development of documents, materials, and Board presentations.
- Participated in the Emergency Public Information Communicators (EPIC) Committee and coordinated with county agencies to inform the public of air quality impacts associated with wildfires and other events.
- Partnered with the County Education Office, Santa Barbara County Water Agency, and utility companies on the “Care for Our Earth” program to award mini-grants to 23 teachers at 21 county schools to do environmental projects with their students.

Recurring Performance Measures

Measure	Actual	Goal	Est Actual	Goal
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18
Publish "On-The Air" newsletter	2	2	2	2

Land Use

Purpose Statement: We review major environmental and planning documents to ensure that air quality impacts of land development projects are correctly assessed and all feasible measures to reduce air pollution from these projects are considered. We review all District activities such as Clean Air Plans, rules and regulations, and permits to ensure that our activities do not result in adverse impacts to the environment. We participate in the local transportation planning process and review transportation projects to ensure that transportation policies and projects do not weaken air quality improvements.

Fiscal Year 2016-17 Significant Accomplishments

- Prepared California Environmental Quality Act (CEQA) documentation for all rules and permits where the District was the lead agency, and assisted other agencies in the preparation of air quality analyses for CEQA documents for a variety of land use project types.
- As a responsible agency, reviewed environmental documentation for major oil and gas projects and, as a concerned agency, reviewed documents from NEPA and CEQA lead agencies such as Caltrans, California State Land Commission, U.S. Department of Interior/Bureau of Indian Affairs, UCSB, local cities, Santa Barbara County and other special districts.
- Collaborated with other air districts to test and upgrade land use emission calculation tools to enhance analysis capabilities for mitigation measures, greenhouse gases, and construction impacts.
- Participated in the Subdivision/Development Review Committees of Santa Barbara County and Goleta, and SBCAG’s Technical Transportation Advisory Committee and Technical Planning Advisory Committee.
- Worked with planners from the County and cities to assist their evaluation of air quality impacts from projects.

Recurring Performance Measures

Measure	Actual FY 2015-16	Goal FY 2016-17	Est Actual FY 2016-17	Goal FY 2017-18
Percent of CEQA reviews completed within 30 days for all initial studies and minor projects	100% of 127	100% of 140	100% of 132	100% of 140

Innovative Technologies Group

Purpose Statement: We demonstrate innovative, voluntary ways of reducing air pollution in Santa Barbara County in order to further the District's mission to protect the local environment and public health. We foster government and industry cooperation and create local business opportunities in clean air technologies by providing incentives to aid in the implementation of low-emissions technologies. We identify alternatives to the traditional regulatory approach that provide increased flexibility to local businesses in reducing pollution.

Fiscal Year 2016-2017 Significant Accomplishments

- Replaced four fuel tanks on a CNG fueled school bus.
- Replaced six old agricultural tractors with new tractors.
- Repowered two marine vessels with new marine diesel engines.
- Issued grants to assist in the purchase/installation of three electric vehicle charging stations with both Level 2 and Level 3 charging capability.
- Purchased 397 vehicles under the Old Car Buy Back Program.
- Continued implementation of the Carl Moyer Program.
- Applied for and received Carl Moyer Program Year 19 funding.
- In partnership with Santa Barbara County, EV Communities Alliance, Community Environmental Council, Central Coast Clean Cities Coalition, and Ventura County and San Luis Obispo County APCDs, lead the development of the Tri-Counties Hydrogen Readiness Plan (California Energy Commission ARV-14-038).
- In partnership with Santa Barbara County, EV Communities Alliance, Community Environmental Council, Central Coast Clean Cities Coalition, and Ventura County and San Luis Obispo County APCDs, received grant funding to implement Zero Emission Vehicle outreach in the tri-counties (California Energy Commission GFO 16-601).

Recurring Performance Measures

Measure	Actual FY 2015-16	Goal FY 2016-17	Est Actual FY 2016-17	Goal FY 2017-18
NO _x , ROC, and PM emissions reduced from signed Moyer grant agreement projects (tons).	46	40	68	40
Average cost effectiveness for all Carl Moyer Program funded projects (\$/ton)	\$13,567	\$14,000	\$12,578	\$14,000