



**Santa Barbara County
Air Pollution Control District**

Our Vision  Clean Air

Fiscal Year 2007-08 Comprehensive Program Summary and Proposed Budget



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Air Pollution Control Officer's Message

April 13, 2007

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

Dear Chair Schuyler and Board Members:

The fiscal year (FY) 2007-08 Comprehensive Program Summary and Budget has been prepared according to the policy framework and direction provided by the Board and the Air Pollution Control District Strategic Plan.

This summary discussion includes (1) the District budget at a glance, (2) major factors affecting the budget, and (3) budget highlights.

This summary is followed by the District's operating budgets by Division, which provide division overviews, significant financial changes, purpose statements, FY 2006-07 significant accomplishments, FY 2007-08 goals and objectives, and recurring performance measures.

Fiscal Year 2007-08 District Budget at a Glance

| | Adopted FY 2006-07 | Proposed FY 2007-08 |
|----------------------|-----------------------|------------------------|
| Revenues | \$ 9,702,009 | \$ 9,201,252 |
| Expenditures | \$ 9,702,009 | \$ 9,201,252 |
| Staffing (positions) | 54.25 | 51.25 |

We are proposing to reduce staffing by 3.0 (or 5.5%) and the Proposed FY 2007-08 budget is \$500,757 (or 5.2%) lower than the Adopted FY 2006-07 budget. *(Please see page eight for a complete APCD Budget schedule.)*

Major Factors Affecting the Fiscal Year 2007-08 Budget

The FY 2007-08 budget is characterized by our third year of a long term plan to bring our expenditures in alignment with our revenues. For the last three out of four fiscal years the APCD's expenditures have been greater than our revenues, and we have had to use, in the form of a release of designations, previously accumulated discretionary funds in order to balance our budgets, the balances of which are described in our designations schedules on pages four and five. We are pleased to report that we have cut our need of designation in half compared to the prior fiscal year, reducing it from an

adopted \$560,570 in FY 2006-07 to a proposed \$226,169 in FY 2007-08. It is still necessary that we continue the process of eliminating our use of designations to fund ongoing operations; however, at the current rate of expenditure, discretionary savings would last about another 10 years.

FY 2007-08 is the third year of a proposed multi-year plan to stabilize our use of designations and align our expenditures with our revenues. In the FY 2007-08 budget we have unfunded two Air Quality Engineer II positions and an Inspection Specialist II for a reduction of 3.0 full time equivalent (FTE) positions. The reduction in staff is being accomplished through attrition; however, this is not to say that related workload went away, because the work remains. We will need to reorganize work assignments and priorities in order to continue to achieve mandated goals and the APCD proposes to upgrade an existing Inspection Specialist III position to Principle Inspection Specialist. In addition to performing typical inspection duties such as enforcement and complaint response, the Principle Inspection Specialist will also handle portions of the emissions testing assignment, and will provide air quality, environmental and safety expertise to projects going through CEQA, systems safety analysis and land use permitting, which were previously accomplished by engineer class staff.

Another part of the plan to align expenditures with revenues is the implementation of a differential between the Annual Consumer Price Index (CPI) increase in fees and annual cost of living adjustment (COLA) to salaries. The goal in the differential is to have each one percent of COLA increase in salaries expense not exceed each one percent of CPI increase in fee revenue. All bargaining units have adopted the differential through the end of FY 2007-08.

Discussed below are major revenue and expenditure changes that affect the FY 2007-08 budget.

Revenue Changes

No fee increases are proposed for FY 2007-08 other than the estimated 2.5% CPI adjustment in fees that is authorized by APCD Rule 210. In fact, a number of years between July 1, 1990 and the end of fiscal year 1999-2000, the APCD did not raise fees by even the CPI, thereby foregoing 13.75% as of fiscal year 2007-08. Compounding continues to cause this percentage to grow over time.

Proposed reimbursement charges decrease \$431,558 (or 21.1%) to \$1,611,227 compared to the Adopted FY 2006-07 budget of \$2,042,785 as a result of the completion of the Guadalupe school bus retrofit and the end of the Integrated Waste Management Board (IMWB) contract.

FY 2007-08 will be the one trough year of our three-year reevaluation fee cycle. Compared to Adopted FY 2006-07 Reevaluation Fees of \$662,322, FY 2007-08 is proposed at \$340,000, a \$322,322 (or 48.7%) reduction. As part of this anticipated dip, we propose releasing, from designations, \$302,287 of reevaluation fees designated in the prior two “peak” fiscal years. This release of savings offsets the forced savings of the prior two years and is intended to even out the revenue fluctuations inherent in the three-year reevaluation fee cycle. The next three year cycle will begin in FY 2008-09 with another two years of forced savings and the one release.

Ultimately, we propose a need to use a net \$226,169 of discretionary designations to balance related discretionary operations in the FY 2007-08 budget. This is a \$334,401 (or 59.7%) reduction over the Adopted FY 2006-07 total of \$560,570.

Expenditure Changes

The FY 2007-08 budget includes a reduction of 3.0 FTE positions compared to the adopted FY 2006-07 budget. The total FY 2007-08 budget of \$9,201,252 represents a decrease of \$500,757 compared to the FY 2006-07 budget, which is primarily attributed to position reductions, the slight tapering off of clean air grant velocity, and unfunding the Clean Air Express.

Under the Expenditure Plan, the \$57,464 increase in Administration is primarily due to COLAs and step increases. The \$179,367 decrease in Engineering & Compliance (ECD) is primarily due to unfunding one Air Quality Engineer II and one Inspections Specialist II. The \$286,238 decrease in Technology and Environmental Assessment (TEA) is primarily attributed to unfunding an Air Quality Engineer II, discontinuing the Clean Air Express contribution to SBCAG, reductions in services and supplies, and fixed assets purchased in the prior year.

Under the Character of Expenditures, the net savings of \$59,347 in Salaries is from our 3.0 FTE position reduction, offset by a proposed 2% COLA for all employees, step and reclassification changes. Net benefits increased \$29,262 due to retirement expense and health insurance costs. Again, the retirement expense increase was unanticipated. The FY 2007-08 increase is due to the ages of recent retirees and new hires, which negatively affected future funding requirement forecasts, compounded by the last year for which the negative investment returns are being realized in the retirement rates. It was originally expected that new hires hired under the Districts less costly retirement benefit tier would offset the anticipated “investment loss” increase, however, the average age of the new hires cancelled out potential offsetting reductions. The Retirement Office has also informed us that any retirements prior to age 55, or salary and benefit increases of less than the assumed 6%, could cause

retirement rates to rise as a percentage of pay. Services and supplies decreases are primarily due to the reduction of contractor services and the velocity of grants. The other charges reduction primarily reflects the unfunding of the Clean Air express. The reduction in fixed assets reflects the purchase of the VAFB air monitoring shelter and data loggers for the Data Acquisition system (DAS) in FY 2006-07, which will not be repeated in FY 2007-08.

Clean Air Planning Requirements

During FY 2007-08, staff effort will be focused on finalizing our 2007 Clean Air Plan to comply with the new federal 8-hour ozone standard and the existing state 1-hour ozone standard. The EPA has also revised their particulate matter standards and staff will be working closely with EPA to determine the specific planning requirements for these new health-based standards.

Motor Vehicle Registration Surcharge Program

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. Use of DMV funds for APCD programs reduces the fee burden on local businesses. DMV funds are set aside to implement programs and projects to reduce pollution from motor vehicles. In the FY 2007-08 budget, approximately \$58,000 is to be used for outside programs, grants, and contracts while the remaining funding is to be used in-house. In addition to the \$4 surcharge, AB923 allows us to collect an additional \$2 to fund four programs specified in the legislation. These programs include the Carl Moyer Program, the Lower Emission School Bus Program, the Agricultural Assistance Program, and an Old Car Buyback Program. The legislation mandates that only 5% of the revenues can be applied to the administration of the grant programs with 95% directly funding grants.

Innovative Technologies Group

The award-winning Innovative Technologies Group continues to fund numerous projects demonstrating the use of clean air technologies. These projects include re-powering fishing vessels, heavy-duty trucks and buses and replacing old agricultural pumps with newer, lower polluting engines. The primary funding source for these grants has shifted from mitigation funds established by major oil and gas projects in the late 1980s to new funding sources such as Carl Moyer Funds from the state and motor vehicle surcharge fees authorized by AB 923, as discussed above.

EPA Grant

The EPA Federal FY 2006 (October 1, 2005 - September 30, 2006) §105 Grant for the APCD is estimated to be \$480,785. Competition for these grant funds is stiff; there are always threats to reduce overall EPA grant funds.

The amount of funding provided through the \$105 Grant program is decreasing, subject to austerity measures and other funding reductions promulgated through the federal budget process.

Alternative Funding Sources

An important objective in the APCD Strategic Plan is to “Broaden the APCD funding base by actively pursuing additional sources of revenue.” The APCD has not increased its fixed fees, beyond CPI adjustments, in 15 years; however, we have also not been able to locate any other sustainable funding sources that would maintain our level of service, or close our current funding gap. To that end, we are working with a group of fee paying stakeholders to address options for long term elimination of our deficit.

Streamlining and Efficiency Improvements

Continuous efficiency improvements are imperative for the APCD to maintain the same level of effectiveness and customer service with reduced resources. The FY 2007-08 budget relies on continued efficiency improvements and streamlining of operations including increased computer automation, reduced permit processing times, and streamlined rules. Performance measure tracking is essential to continued improvements. It is important to note that, while we believe we can continue to achieve our mandated goals with the proposed staffing levels, we are staffed very thinly. Any prolonged absence of an employee due to illness or family leave could prevent us from achieving our mandated activities timely. We are currently operating below optimal staffing levels.

Fiscal Year 2007-08 Budget Highlights

Overview

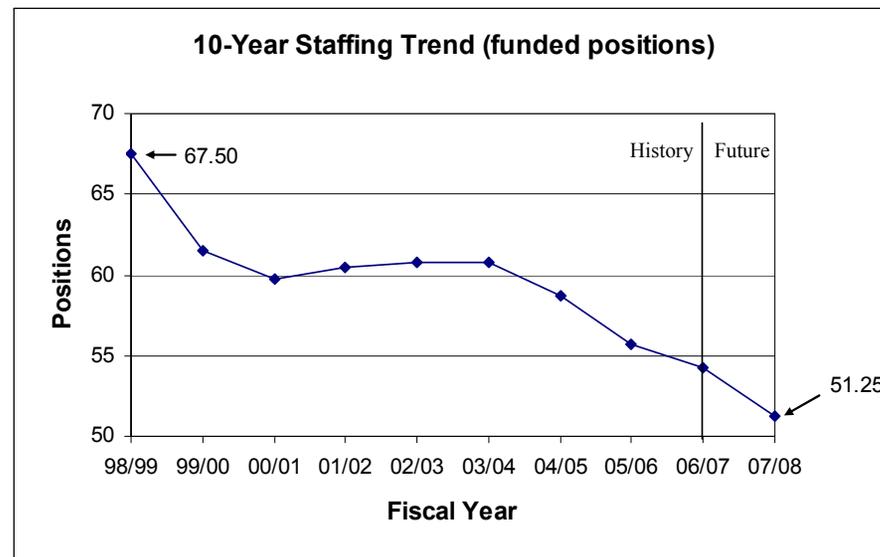
This budget is for APCD’s FY 2007-08, which runs from July 1, 2007 through June 30, 2008. The budget adoption process is specified in Health and Safety Code Section 40131 and includes requirements for two public hearings and notification of all fee payers.

The APCD budget is divided into three units to differentiate:

- the costs of controlling pollution from onshore sources typical of the responsibilities of any air district, and from offshore oil and gas development and associated onshore facilities essentially unique to Santa Barbara County, and
- the costs associated with the Innovative Technologies Program. The Innovative Technologies Program consists of voluntary public and private partnerships funded by offshore oil mitigation funds, and state and federal grants, and
- the district-wide costs associated with APCD administration.

The APCD budget is financed primarily through fees paid by regulated businesses, motor vehicle registration fees, and federal and state grants. The Strategic Plan adopted by the APCD Board in October 1997 forecast that overall fee revenue would continue to decrease substantially for several years. Sizable revenue reductions, indeed, occurred shortly after they were predicted. The fee revenue outlook is starting to stabilize and while it is predicted revenues will grow, it is predicted that they will grow less than the CPI. The lag behind the CPI is due to positive emission reductions, new, cleaner, emission sources replacing the periodic withdrawal of older, less efficient sources, and an ongoing shift from reimbursable fee to fixed fee arrangements.

The revenue picture has stabilized; however, a detailed analysis of ongoing revenues and expenditures has revealed the need for additional expenditure reductions or increased revenue within the next 5 to 10 years.



Since FY 1998-99 we have reduced staffing by 16.25 FTE positions (or 24.1%). The APCD is proposing 51.25 full time equivalent employees (funded positions), a reduction of 3.0 FTE positions over the FY 2006-07 adopted 54.25 FTE positions. 51.25 FTE positions are a 54.6% reduction from the FY 1992-93 staffing peak of 113.0 positions. The remaining staff face the challenge of continuing to comply with existing and new state and federal mandates while maintaining a high level of service in major program areas such as rule development, planning, permitting, inspection, air monitoring, air toxics, and interagency review.

We have not proposed an increase in the Rule 210 fee schedule for regulated sources since 1991 other than the annual adjustment for Consumer Price Index change provided in our rules, which for FY 2007-08 is estimated at, and proposed to be, 2.5%. In fact, a number of years between July 1, 1990 and the end of fiscal year 1999-2000, the APCD did not raise fees by even the CPI, thereby foregoing 13.75% as of fiscal year 2007-08.

The Use of Savings/Fund Balance (Release of Designations)

The use of savings appears in the form of use of prior year fund balance. Going back four completed fiscal years, there was a use of fund balance of \$476,158, \$540,397, and \$351,972 for FY 2002-03 to 2004-05 and a deposit of \$1,000,666 for FY 2005-06. The reductions, and most recent deposit, have been due to unpredictable Notices of Violation revenue windfalls, as well as lower than budgeted DMV and Moyer grant appropriations, which are categorical in nature. We are estimating a net use of \$389,645 for FY 2006-07 and proposing a net use of \$1,365,715 for FY 2007-08.

Recurring budgeted use of savings has a number of components. The first component is the use of the Innovative Technologies Group (ITG) Projects designation of \$410,282, which was derived from a large penalty settlement received over a decade ago. This settlement was established to fund grant programs to reduce emissions. This funding is in its final two to three years of funding, and the recent increase in DMV funds from the new \$2 registration fee will help continue the program in future years. It is important to note that DMV \$2 funds are not considered an ongoing use of savings. The APCD will grant out DMV \$2 funds annually, and will only designate funds that can not be granted within a given fiscal year. The use of the DMV \$2 designation of \$400,000 is similar to the use of the DMV \$4 designation of \$63,874, and annual fluctuations in both are due to grant awarding and payment cycles.

The second recurring component is the use of Operational Activities designation of \$226,169, which currently goes to support the revenue gap in stationary source regulatory operations, and is being met with management’s designation usage stabilization plan outlined below.

The third and fourth recurring components are the use of Monitoring and Data Acquisition System designations, \$15,157 and \$53,228 respectively. Expenditures have gradually increased greater than the related fees charged; however, both programs have proportionately healthy savings such that fee reviews are not necessary for approximately 5 to 7 years.

Lastly, the use of Dry Period Reserve savings of \$302,287 is proposed to fill in the one trough year of our three year re-evaluation cycle.

Designation Usage Stabilization Plan

As outlined earlier, the APCD has had an ongoing revenue shortfall and has had to withdraw from designations to balance the budget. We have performed an extensive analysis, reduced staffing and the use of contractors significantly, implemented a differential to balance the salary COLA with the Fee CPI, and continue to perform ad hoc reorganizations of staffing, within divisions, to meet mandated goals. We have reduced our dependency on savings from a budgeted \$558,027 in FY 2005-06 to a proposed \$226,169 for FY 2007-08. However, our goal is to float around zero with minor up years, and minor down years. To that end, we are working with a group of fee paying stakeholders to address options for the elimination of our deficit.

Designation Summary

| Description | Actual 7/1/2006 Amounts | Est. Act. FY 2006-07 Incr./(Decr.) | Est. Act. 6/30/2007 Amounts | Proposed FY 2007-08 Incr./(Decr.) | Proposed 6/30/2008 Amounts |
|----------------------------|-------------------------------|--|-----------------------------------|---|----------------------------------|
| Reserves: | | | | | |
| Imprest Cash | \$ 550 | \$ - | \$ 550 | \$ - | \$ 550 |
| Reserved Receivables | 12,626 | - | 12,626 | - | 12,626 |
| Total Reserves | 13,176 | | 13,176 | | 13,176 |
| Designations: | | | | | |
| ITG Projects | 1,736,193 | (401,327) | 1,334,866 | (410,282) | 924,584 |
| Accumulated Capital Outlay | 258,395 | 86,878 | 345,273 | 105,282 | 450,555 |
| Strategic Reserve | 450,000 | - | 450,000 | - | 450,000 |
| Monitoring | 166,126 | (35,889) | 130,237 | (15,157) | 115,080 |
| Dry Period Reserve | 772,929 | 111,000 | 883,929 | (302,287) | 581,642 |
| Contingency | 66,453 | - | 66,453 | - | 66,453 |
| Data Acquisition System | 491,261 | (83,579) | 407,682 | (53,228) | 354,454 |
| Insurance Deductible | 40,000 | - | 40,000 | - | 40,000 |
| Special Investigations | 20,000 | - | 20,000 | - | 20,000 |
| DMV \$2 | 294,154 | 165,020 | 459,174 | (400,000) | 59,174 |
| DMV \$4 | 417,103 | (218,191) | 198,912 | (63,874) | 135,038 |
| Operational Activities | 1,486,707 | (13,557) | 1,473,150 | (226,169) | 1,246,981 |
| Total Designations | 6,199,321 | | 5,809,676 | | \$ 4,443,961 |
| Total Res. and Des. | \$ 6,212,497 | | \$ 5,822,852 | | \$ 4,457,137 |
| Net Adjustments | | \$ (389,645) | | \$ (1,365,715) | |

In addition to designation changes already described under The Use of Savings/Fund Balance (Release of Designations) section, the increase in designation of \$105,282 into Accumulated Capital Outlay signifies management’s saving for capital equipment replacement in the future.

Total discretionary designations, not funded by categorical revenues, are outlined in the following table under the discretionary designation detail heading. The Government Finance Officers Association (GFOA)

recommends a minimum of 15% of revenues, be set aside in designations, which would be 15% of \$7,730,255, or \$1,159,538 for FY 2007-08. Based on the combined discretionary designations of \$2,405,076, the APCD has discretionary designations \$1,245,538 above the 15% recommended level.

Discretionary Designation Detail

| | Est. Act. 6/30/2007 Amounts | Proposed FY 2007-08 Incr./(Decr.) | Proposed 6/30/2008 Amounts |
|------------------------------------|-----------------------------------|---|----------------------------------|
| Discretionary Designations: | | | |
| Strategic Reserve | 450,000 | - | 450,000 |
| Dry Period Reserve | 883,929 | (302,287) | 581,642 |
| Contingency | 66,453 | - | 66,453 |
| Insurance Deductible | 40,000 | - | 40,000 |
| Special Investigations | 20,000 | - | 20,000 |
| Operational Activities | 1,473,150 | (226,169) | 1,246,981 |
| Total | \$ 2,933,532 | \$ (528,456) | \$ 2,405,076 |

The Reporting of Impact and Performance Measures

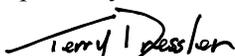
Impact Measures quantify the impact the APCD is having on air quality and help track organizational effectiveness. Impact measures may be affected by other factors as well, such as meteorology, the efforts of other organizations, and business cycles.

Recurring *Performance Measures* quantify the efficiency of divisions and programs in meeting specific quantifiable performance goals (e.g., number of permits processed within a certain timeframe), while other annual objectives (e.g., completion of a study or adoption of a specific rule) are listed in the FY 2007-08 goals section for each program. Recurring performance measures may also be affected by factors outside the agency’s control, but still serve an important accountability purpose.

The APCD utilizes both impact and recurring performance measures to enhance the budget review and adoption process.

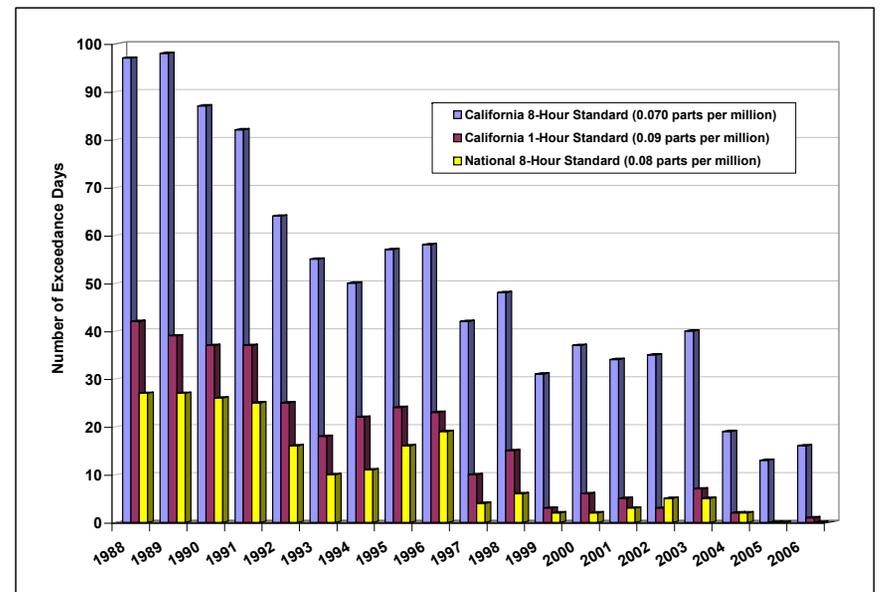
I look forward to working with your Board and our partners in the community during the coming year.

Respectfully,



Terry Dressler
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 APCD was formed, the air in Santa Barbara did not meet the federal 1-hour ozone standard. For over 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 1-hour ozone standard. Santa Barbara County is also designated as a federal ozone attainment area for the 8-hour ozone National Ambient Air Quality Standard. A new California 8-hour ozone standard was implemented in May, 2006. The County violates this new state 8-hour ozone standard and continues to violate the state 1-hour standard for ozone and the state standard for PM₁₀.

About the APCD

What is the APCD?

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

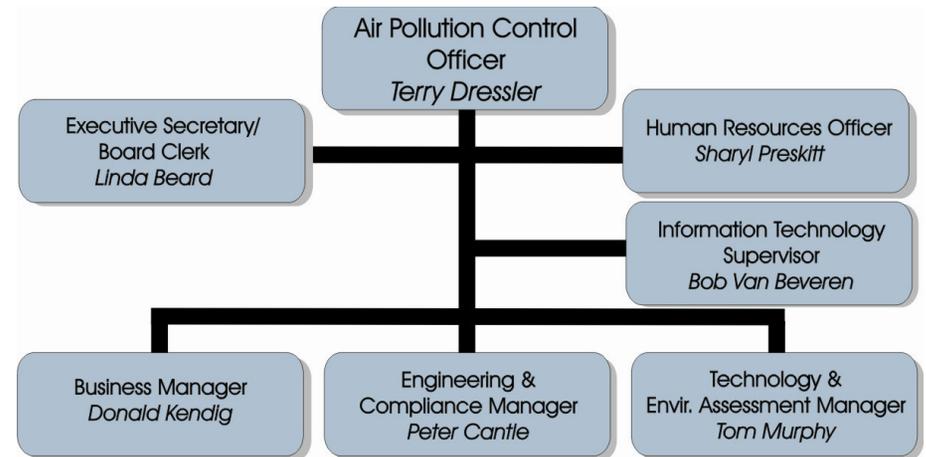
The governing board of the APCD consists of the five members of the County Board of Supervisors and one representative (a mayor or city councilperson) from each of the eight cities in the county.

APCD's Mission

The APCD'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.



Organizational Chart



Strategic Plan

The Strategic Plan aligns APCD actions with our mission and organizational values. It was developed with community input via workshops and public hearings and adopted by the Board in October of 1997.

Priority 1: Protection of Public Health Through Air Quality Improvement

Goal: Continue to implement programs which directly reduce emissions.

Objectives:

- Adopt new rules and regulations which cost-effectively reduce emissions.
- Emphasize alternatives to “command-and-control” regulations such as pollution prevention and incentives.
- Develop partnership initiatives to introduce innovative or other low polluting technology 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 rigorous enforcement program.
- Ensure that all emission sources contribute to reducing emissions.
- Ensure that penalties act as a deterrent.

Goal: Maintain a strong, science-based program.

Objectives:

- Place a high priority on staff training.
- Base decisions on data that have been documented and subjected to critical and open review.
- Maintain a sound emission inventory and air quality monitoring system.
- Maintain and update the Clean Air Plan using the latest data and control techniques.
- Use the best available data in developing programs, rules and permit analyses.
- Recognize differences between North and South County air quality.

Goal: Ensure that the APCD's mission and actions are aligned and routinely reviewed.

Objectives:

- Maintain and periodically update a 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 reviewing systems and tasks.
- Broaden the APCD funding base by actively pursuing additional sources of revenue.

**Priority 2:
Community Involvement**

Goal: Involve the community in air quality protection.

Objectives:

- Support a broad-based 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.
- Inform the public on air quality issues through a periodic newsletter, a web site, explanatory pamphlets and other educational matter.
- Keep the media informed.
- Participate in community events.

**Priority 3:
Continuously Improve Service**

Goal: Maintain and improve relationships with all constituents.

Objectives:

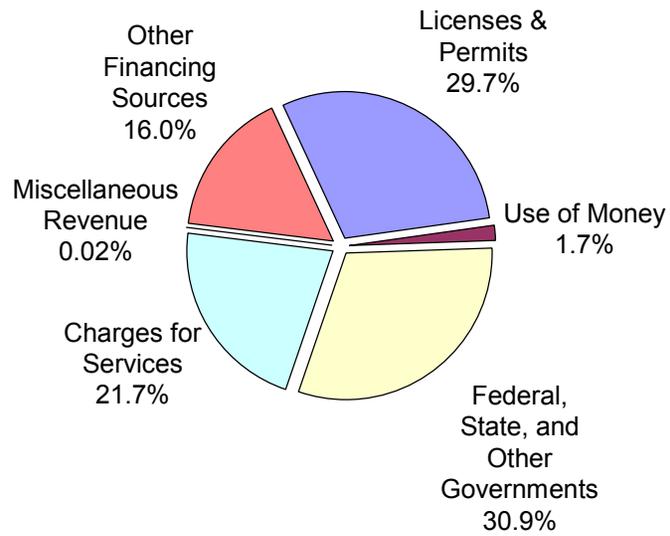
- Keep the Board well informed.
- Provide opportunities for public input to decisions which affect them.
- Train staff in customer service and reward good service.
- Survey constituents regarding the quality of service received.
- Tap employee expertise, reward high performance, and push decisions down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

Fiscal Year 2007-08 District Budget

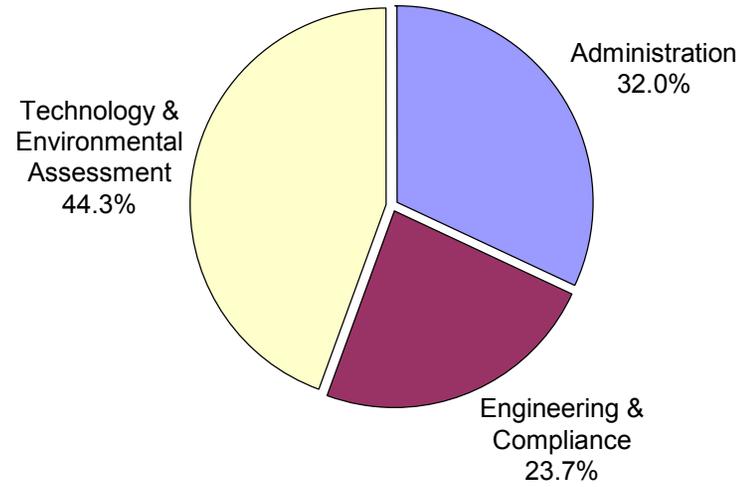
| REVENUE PLAN | | | | |
|--|----------------------|-----------------------|-------------------------|------------------------|
| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
| <i>Licenses & Permits</i> | | | | |
| Evaluation Fees | \$ 252,300 | \$ 115,230 | \$ 118,000 | \$ 120,000 |
| Asbestos Notification Fees | 80,740 | 67,635 | 82,480 | 68,988 |
| Reevaluation Fees | 725,253 | 662,322 | 661,000 | 340,000 |
| Air Toxics (AB 2588) | 9,086 | 6,439 | 6,439 | 6,439 |
| Application Fees | 141,039 | 86,618 | 120,000 | 100,000 |
| Annual Fees | 1,025,676 | 951,900 | 1,050,000 | 1,033,000 |
| Notice of Violation | 502,787 | 150,000 | 190,494 | 150,000 |
| MVFF Fee | 16,641 | 27,054 | 21,562 | 26,403 |
| Source Test Fee | 55,300 | 53,306 | 53,000 | 50,000 |
| DAS | 310,314 | 324,052 | 324,052 | 332,153 |
| Monitoring | 472,089 | 491,954 | 491,954 | 504,253 |
| <i>Use of Money</i> | | | | |
| Interest | 154,294 | 125,000 | 153,112 | 160,000 |
| <i>Federal, State, and Other Governments</i> | | | | |
| Federal-EPA | 484,125 | 480,785 | 490,000 | 480,785 |
| Motor Vehicle \$4 | 1,340,740 | 1,400,000 | 1,400,010 | 1,400,000 |
| Motor Vehicle \$2 | 655,226 | 700,000 | 700,000 | 704,215 |
| State-ARB | 104,473 | 100,000 | 115,104 | 100,000 |
| Other Governments | 146,194 | 120,000 | 128,000 | 155,854 |
| <i>Charges for Services</i> | | | | |
| Environmental Review | 10,494 | 7,547 | 18,786 | 23,938 |
| AQAP Fees | 305,550 | 289,328 | 344,091 | 360,000 |
| Reimbursement Charges- Air Pollution | 2,116,064 | 2,042,785 | 1,848,346 | 1,611,227 |
| <i>Miscellaneous Revenue</i> | | | | |
| | 18,193 | 4,000 | 17,500 | 3,000 |
| Revenue Total | 8,926,578 | 8,205,955 | 8,333,930 | 7,730,255 |
| <i>Other Financing Sources</i> | | | | |
| Release of Designations | - | 1,496,054 | 752,543 | 1,470,997 |
| Revenue Plan Total | <u>\$ 8,926,578</u> | <u>\$ 9,702,009</u> | <u>\$ 9,086,473</u> | <u>\$ 9,201,252</u> |

| EXPENDITURE PLAN | | | | |
|--|----------------------|-----------------------|-------------------------|------------------------|
| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
| <i>Operating Expenditures</i> | | | | |
| Administration | \$ 2,683,928 | \$ 2,854,249 | \$ 3,021,058 | \$ 2,911,713 |
| Engineering & Compliance Technology & Environmental Assessment | 2,243,962 | 2,332,218 | 2,252,315 | 2,152,851 |
| Operating Total | 2,998,022 | 4,317,644 | 3,450,201 | 4,031,406 |
| Operating Total | <u>7,925,912</u> | <u>9,504,111</u> | <u>8,723,575</u> | <u>9,095,970</u> |
| <i>Other Financing Uses</i> | | | | |
| Designated for Future Uses | 1,000,666 | 197,898 | 362,898 | 105,282 |
| Expenditure Plan Total | <u>\$ 8,926,578</u> | <u>\$ 9,702,009</u> | <u>\$ 9,086,473</u> | <u>\$ 9,201,252</u> |

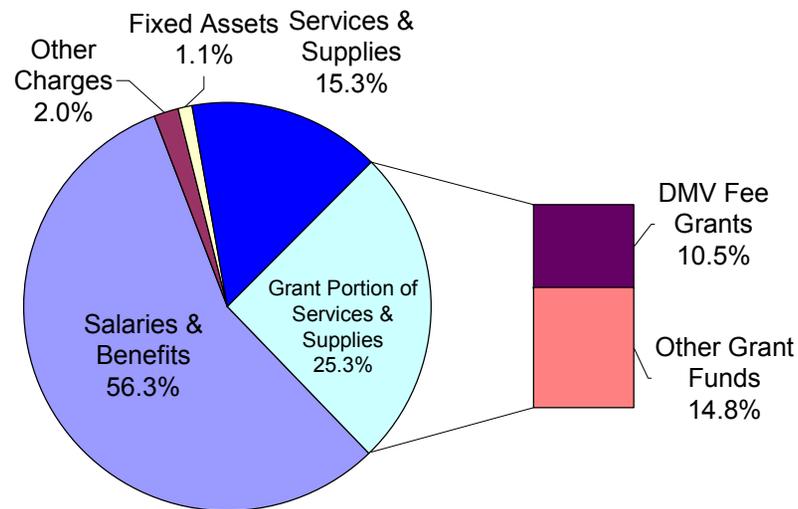
| CHARACTER OF EXPENDITURES | | | | |
|----------------------------------|----------------------|-----------------------|-------------------------|------------------------|
| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
| <i>Operating Expenditures</i> | | | | |
| Regular Salaries | \$ 3,890,776 | \$ 4,077,473 | \$ 4,060,364 | \$ 3,988,864 |
| Benefits | 1,053,284 | 1,102,082 | 1,107,913 | 1,131,344 |
| Salaries & Benefits Total | 4,944,060 | 5,179,555 | 5,168,277 | 5,120,208 |
| Services & Supplies | 2,425,606 | 3,810,889 | 3,056,174 | 3,692,681 |
| Other Charges | 301,565 | 322,667 | 338,124 | 183,081 |
| Fixed Assets | 124,339 | 191,000 | 161,000 | 100,000 |
| Principle | 128,489 | - | - | - |
| Interest | 1,853 | - | - | - |
| Operating Total | <u>\$ 7,925,912</u> | <u>\$ 9,504,111</u> | <u>\$ 8,723,575</u> | <u>\$ 9,095,970</u> |



Revenue Plan



Expenditure Plan



Character of Expenditures

Projects Funded with Motor Vehicle Registration Fees

| Fiscal Year 2007-08 Programs Funded with \$4 DMV | Funding |
|---|-----------------|
| SBCAG Planning Work | \$20,000 |
| Old Car Buyback Administration | \$38,000 |
| Total \$4 DMV FY 2007-08 Program Funds | \$58,000 |

| Fiscal Year 2007-08 Programs Funded with \$2 DMV | Funding |
|---|--------------------|
| Heavy Duty Diesel Programs | \$115,000 |
| Agricultural Assistance Program | \$400,000 |
| School Bus Replacement Program | \$300,000 |
| Old Car Buy Back Program | \$250,000 |
| Total \$2 DMV FY 2007-08 Program Funds | \$1,065,000 |

| | |
|---|--------------------|
| Total DMV FY 2007-08 Program Funds | \$1,123,000 |
|---|--------------------|

Projects Funded with Other Grant Funds

| Fiscal Year 2007-08 Innovative Technologies Program Expenditures | Funding |
|---|------------------|
| Marine Repowers (Moyer funds) | \$166,985 |
| Marine Shipping Retrofit Program (Innovative Technology Group and other agency funds) | \$100,000 |
| School Bus Retrofit Program (Lower Emission School Bus funds) | \$155,000 |
| Heavy Duty Diesel Programs (Moyer funds) | \$250,000 |
| Agricultural Programs (Moyer funds) | \$250,000 |
| Guadalupe Oil Field Air Quality Mitigation Program | \$46,000 |
| ITG Programs Funded in FY 2007-08 | \$967,985 |

Fiscal Year 2007-08 Job Class Table (Effective July 2, 2007)

| Position Number | Classification Title | Adopted FY 2006-07 | Additions / Deletions | Proposed FY 2007-08 | Range Number | Monthly Equivalent Salary Range (A-E) | Representation Unit |
|---|---|--------------------|-----------------------|---------------------|--------------|---------------------------------------|---------------------|
| Funded Positions | | | | | | | |
| 157 | ACCOUNTING TECHNICIAN I/II | 2.00 | | 2.00 | 4858/5158 | 2736-3880 | 24 |
| 159 | ACCOUNTING TECHNICIAN III | 0.00 | | 0.00 | 5458 | 3691-4506 | 24 |
| 390 | AIR POLLUTION CONTROL OFFICER | 1.00 | | 1.00 | n/a | 10,618 | 41 |
| 425 | AIR POLLUTION INSPECTOR SUPV. | 1.00 | | 1.00 | 6274 | 5545-6769 | 29 |
| 435/436 | AIR QUALITY ENGINEER I/II | 7.50 | -2.00 | 5.50 | 5874/6074 | 4542-6126 | 28 |
| 437 | AIR QUALITY ENGINEER III | 3.00 | | 3.00 | 6274 | 5545-6769 | 28 |
| 438 | AIR QUALITY ENGINEERING SUPV. | 3.00 | | 3.00 | 6574 | 6439-7861 | 29 |
| 444 | AIR QUALITY INFORMATION SPECIALIST | 1.00 | | 1.00 | 5894 | 4587-5600 | 28 |
| 442 | AIR QUALITY SPECIALIST III | 2.00 | | 2.00 | 6124 | 5145-6281 | 28 |
| 1362 | BUSINESS MANAGER | 1.00 | | 1.00 | 6714 | 6905-8430 | 43 |
| 2149 | DATA PROCESS SUPERVISOR | 1.00 | | 1.00 | 6614 | 6569-8020 | 32 |
| 2174 | DEPT. DP SPECIALIST SR. | 1.75 | | 1.75 | 6076 | 5023-6132 | 24 |
| 490 | DIVISION MANAGER | 2.00 | | 2.00 | 6864 | 7442-9085 | 43 |
| 2553 | EDP SYS. & PROG. ANALYST I/II | 1.00 | | 1.00 | 6148/6298 | 5207-6850 | 24 |
| 2555 | EDP SYS. & PROG. ANALYST III | 1.00 | | 1.00 | 6448 | 6047-7382 | 24 |
| 442 | EMISSIONS INVENTORY/PLANNING SPECIALIST III | 2.00 | | 2.00 | 6124 | 5145-6281 | 28 |
| 3421 | EXECUTIVE SECRETARY/BOARD CLERK | 1.00 | | 1.00 | 5834 | 4452-5435 | 32 |
| 5740 | HUMAN RESOURCES OFFICER | 1.00 | | 1.00 | 6254 | 5490-6702 | 43 |
| 417/418 | INSPECTION SPECIALIST I/II | 3.00 | -1.00 | 2.00 | 5564/5764 | 3891-5249 | 28 |
| 419 | INSPECTION SPECIALIST III | 6.00 | -1.00 | 5.00 | 5964 | 4750-5799 | 28 |
| 440/441 | MONITORING SPECIALIST I/II | 1.00 | | 1.00 | 5694/5874 | 4152-5545 | 28 |
| 442 | MONITORING SPECIALIST III | 2.00 | | 2.00 | 6124 | 5145-6281 | 28 |
| 1702 | OFFICE TECHNICIAN | 4.00 | | 4.00 | 4962 | 2882-3518 | 23 |
| 155 | PAYROLL TECHNICIAN I/II | 1.00 | | 1.00 | 4784/5084 | 2637-3739 | 24 |
| 439 | PERMIT TECHNICIAN I/II | 1.00 | | 1.00 | 5238/5438 | 3307-4461 | 23 |
| 431 | PLANNING & TECHNOLOGY SUPERVISOR | 1.00 | | 1.00 | 6584 | 6472-7901 | 29 |
| 421 | PRINCIPAL INSPECTION SPECIALIST | 0.00 | 1.00 | 1.00 | 6224 | 5408-6602 | 28 |
| 445 | PRINCIPAL MONITORING SPECIALIST | 1.00 | | 1.00 | 6224 | 5408-6602 | 28 |
| 443 | PUBLIC INFORMATION AND COMMUNITY PROGRAMS SUPV. | 1.00 | | 1.00 | 6414 | 5946-7258 | 29 |
| 16 | SUPERVISING ACCOUNTANT | 1.00 | | 1.00 | 6202 | 5349-6530 | 32 |
| TOTAL NUMBER OF FUNDED POSITIONS | | 54.25 | -3.00 | 51.25 | | | |
| Unfunded Positions | | | | | | | |
| 435/436 | AIR QUALITY ENGINEER I/II | 0.00 | 2.00 | 2.00 | 5874/6074 | 4542-6126 | 28 |
| 437 | AIR QUALITY ENGINEER III | 1.00 | 0.00 | 1.00 | 6274 | 5545-6769 | 28 |
| 417/418 | INSPECTION SPECIALIST I/II | 0.00 | 1.00 | 1.00 | 5564/5764 | 3891-5249 | 28 |
| TOTAL NUMBER OF UNFUNDED POSITIONS | | 1.00 | 3.00 | 4.00 | | | |
| TOTAL NUMBER OF POSITIONS | | 55.25 | 0.00 | 55.25 | | | |

District Overview and Division Summaries

The Air Pollution Control District operates with 51.25 positions, from two locations, one in the South County (Casa Nueva) and one in the North County (Santa Maria), and is organized into three divisions, the Administration Division (ADM), the Engineering & Compliance Division (ECD), and the Technology & Environmental Assessment Division (TEA).

Administration

Administration includes the fiscal and executive services, human resources, and information technology support.

Fiscal and Executive Services

Fiscal and Executive Services is responsible for the proper accounting and reporting of resources, and the administration of APCD 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 Clerk of the Board.

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 Support

Information Technology Support is responsible for managing development, operation, training, and maintenance of information systems at APCD. The system includes a PC 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 APCD and industry-operated monitoring stations, as well as emission data from large facilities.

Engineering & Compliance

The Engineering and Compliance Division provides initial and ongoing permitting, compliance, and enforcement services to applicants and operators of stationary sources of air pollution. 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 and inspections for approximately 723 stationary sources of small, medium, and large size, with a broad range of air pollution emitting activities, as well as 20 of the county's largest oil production and mining operations. The APCD

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 permits in accordance with the federal Clean Air Act. In addition to permitting, compliance, and enforcement, the division also handles the air toxics program and source testing.

Permitting, Compliance, and Enforcement

The review of new sources of pollution entails detailed engineering analyses of APCD permit applications, evaluating applications for compliance with our 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 APCD's permitting requirements. The permit compliance function provides project management for major energy (and a few non-energy) projects from the pre-application stage through the issuance of a permit to operate. Staff coordinates with other agencies to ensure that the permit holder complies with all of their APCD permit conditions, APCD rules and regulations, performance standards, and the California Health & Safety Code.

Once the permit to operate is issued, on-going tracking is provided of data submittals, source test and continuous emissions monitoring reports, and emissions offsets. The source testing and emissions modeling functions are associated with compliance and permitting. Source testing is the physical measurement of pollutants from emission points; it is used to determine compliance with APCD rules and permit conditions. Modeling analyzes potential air quality impacts of proposed projects using computer programs, which simulate the movement and dispersion of air pollutants, including the preparation of health risk analyses in certain cases. The enforcement function verifies compliance by conducting and documenting site inspections, reviewing records, accessing on-site monitoring data, and monitoring pollution levels. Consistent with state and federal guidance, our goal is to inspect all sources at least once per year, larger sources more often. Enforcement staff also respond to citizen complaints, prepare reports for variances and abatement orders heard before the APCD Hearing Board, manage the APCD's mutual settlement program, and manage the asbestos demolition and renovation compliance program.

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 tracking and implementing requirements of state and federal air toxic control measures. 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 Air Toxics staff reviews the submittals, prepares industry-wide inventories for certain small businesses, and, unlike other air districts, provides the service of preparing the required risk assessment, resulting in considerable cost savings to businesses. The state of California develops Air Toxic Control Measures for categories of sources that emit toxic air contaminants, and these measures are implemented locally by the APCD. Title III of the Clean Air Act requires certain sources to install control strategies and equipment pursuant to published Maximum Achievable Control Technology standards.

Technology & Environmental Assessment

The Technology & Environmental Assessment (TEA) Division includes Planning, Rule Development, Community Programs, and the Innovative Technology Group.

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 APCD programs.

Rule Development

The Rule Development section implements air pollution control measures identified in the Clean Air Plan or applicable regulations adopted by the California Air Resources Board (CARB) to protect human health and the environment of Santa Barbara County. Opportunities for public participation in the rule development process are extensive.

Community Programs

The Community Programs Section has several major functions.

Public Outreach and Business Assistance:

The APCD’s public outreach program includes production of newsletters, brochures, and other educational materials; presentations at business, education, and other community events, and development and maintenance of the APCD web site. Staff manages the Santa Barbara Car Free Program, coordinates and/or contributes to partnership projects (e.g, Green Award, P2 Week, Bike Challenge), maintains media relations and serves as the APCD Public Information Officer. Staff also coordinates the APCD Business Assistance Program and Information Line, Pollution Prevention Program, and assists businesses and the public. Business Assistance staff provides Educational Site Visits to permitted sources, monitors and evaluates proposed legislation and supports implementation of new legislative mandates.

Land Use:

Staff ensures that all permits, plans, rules, and programs of the APCD are in compliance with the California Environmental Quality Act. Staff reviews the larger land development and planning policy documents and provides comments and suggested mitigation measures on the air quality analyses in other agencies’ environmental documents and participates in statewide efforts to develop refinements to tools for calculating project impacts and mitigation measure benefits. In addition, staff coordinates with the Santa Barbara County Association of Governments on the development and implementation of transportation control measures and actively participates with SBCAG in regional transportation planning efforts and numerous committees to evaluate transportation plans, projects, and funding proposals.

Air Monitoring:

Staff in this group are responsible for measuring and reporting air pollution levels throughout the county. This is done through two networks of air quality monitoring stations. The urban network is funded and operated by the APCD 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 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 the California Air Resources Board and the federal EPA. If any monitoring station shows pollution levels above a certain threshold, the Monitoring staff will notify schools, hospitals, convalescent homes, radio and TV stations, and alert people to curb their outdoor activities.

Innovative Technologies Group

The Innovative Technologies Group promotes the development, demonstration, and implementation of clean fuels and clean energy technologies to reduce air pollution through incentives to local businesses and industry. The group initiates projects through government-industry partnerships and through leveraged funding. APCD'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

| <u>Measure</u> | <u>Actual FY 2005-06</u> | <u>Goal FY 2006-07</u> | <u>Est. Act. FY 2006-07</u> | <u>Goal FY 2007-08</u> |
|---|------------------------------|----------------------------|---------------------------------|----------------------------|
| Number of days on which the state one-hour ozone standard is not met somewhere in Santa Barbara County. | 1 | 1 | 1 | 1 |
| Number of days on which the federal one-hour ozone standard is not met somewhere in Santa Barbara County. | 0 | 0 | 0 | 0 |
| Number of days on which the federal eight-hour ozone standard is not met somewhere in Santa Barbara County. | 0 | 0 | 0 | 0 |
| Number of days on which the state eight-hour ozone standard is not met somewhere in Santa Barbara County. | n/a | n/a | 16 | 15 |
| Ozone forming emissions from industrial sources emitting more than 10 tons per year (in tons). | 2459 | 2300 | 2440 | 2400 |

Impact Measures (cont'd)

| <u>Measure</u> | <u>Actual CY 2005</u> | <u>Goal CY 2006</u> | <u>Est. Act. CY 2006</u> | <u>Goal CY 2007</u> |
|---|-------------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| Number of industrial sources posing a significant air toxic risk. | 4 | 1 | 4 | 1 |
| Calendar Year (CY) percent of permits issued in which permit holders are required to meet applicable regulations. | 100% of 520 permits issued | 100% of 200 (est.) applications | 100% of 309 (est.) permits | 100% of 400 (est.) applications |

Fiscal Year 2006-07 Significant Accomplishments

Events and Highlights

- No exceedances of federal ozone standards.
- Seventh year in a row for attainment of one-hour federal ozone standard.
- One exceedance of one-hour State ozone standard.
- Made progress with EPA, the California Air Resources Board, and other partners to fund the first marine shipping retrofit program.
- Issued grants to reduce approximately 60 tons of air pollution.
- Maintained cooperative working relationship with agricultural community to implement state-mandated permitting of large agricultural sources.
- 1,133 inspections and 514 permitting actions in calendar year 2006.
- Response to 135 air pollution complaints in calendar year 2006.

Air Quality

In 2006, for the seventh straight year, there was not a single day when the air quality anywhere in our county failed to comply with the federal one-hour ozone standard. While the federal one-hour ozone standard has been replaced by the federal 8-hour standard, we continue to track the one-hour standard for historical perspective. Additionally, there was not a single day when we failed to comply with the federal eight-hour ozone standard and only one day when we did not meet the state one-hour ozone standard. Our county is still out of attainment for the state one-hour ozone standard, and the state particulate matter standards. There is also a new state eight-hour standard that has been adopted by the California Air Resources Board (CARB). We did not comply with the new state eight-hour standard on sixteen days during 2006.

Marine Shipping

In order to maintain our hard-won accomplishment of attaining the federal ozone standard and to continue making progress toward the state standard, we have taken the initiative to work toward a reduction in emissions from what is now the number one source of ozone-forming pollution in our region: marine shipping. Ocean-going vessels passing along our coastline emit more oxides of nitrogen than all of the vehicles on our roadways combined. These ships are predominantly internationally flagged vessels, virtually unregulated and are rapidly growing in terms of vessel size and visits to California.

To address this major source of pollution, we continue our work with the CARB Maritime Working Group to obtain emission reductions by retrofitting an existing container ship. Our partners in this effort include the U.S. EPA, CARB, Port of Los Angeles, Port of Long Beach, the U.S. Maritime Administration, American President Lines and several coastal air districts in California. We have commenced our first project to retrofit a vessel with emission control technologies. Two technologies, a fuel-water emulsion system and slide valves, have been installed on the APL Singapore to reduce NOx and PM emissions. Testing of these technologies will be ongoing through 2007.

Additionally, we co-sponsored a “Cleaner Ships: Advanced Technology for Clean Air” conference in San Diego.

Reduction of Toxic Risk

Only 4 of the original 51 businesses presenting significant risk to the public continue to be considered significant risk facilities, a 94% reduction since 1991.

Innovative Emission Reductions

The Innovative Technologies Group (ITG), through its efforts to establish cooperative government–industry partnerships, has continued promoting the application of clean air technologies. During FY 2006-07, ITG activities have resulted in reducing over 60 tons of smog forming and particulate pollutants.

Projects included:

- replacing four off-road diesel engines,
- re-powering one fishing boat,
- obtaining additional funding for Clean Air Projects under the Carl Moyer Program and through additional motor vehicle surcharge fees,
- funding the Clean Air Express,
- continuing the Old Car Buyback Program, and
- tracking the implementation of emission reduction projects funded through Carl Moyer and DMV grants.

Regulation of Agriculture

The passage of Senate Bill 700 by the California Legislature requires certain large agricultural sources of air pollution to obtain permits to operate from local air districts. This requirement stems from Federal Clean Air Act provisions. While the major impact of this bill is felt primarily by air districts with poor air quality, two large farms in Santa Barbara County have been affected thus far. The bill also provides the option for local districts to require permits for smaller farms. We are actively engaged with the Agricultural Air Quality Coalition to involve stakeholders in helping us implement this law and how to better determine the magnitude of emissions from agricultural sources in Santa Barbara County.

Diesel Engine Air Toxic Control Measures

Since 2004, the state of California has approved Air Toxic Control Measures (ATCM) to reduce particle pollution from both stationary and portable diesel engines. By law, the requirements of these ATCMs are to be implemented and enforced by local air districts. The ATCMs apply to engines that provide prime power and to those that are used for emergency backup power, as well as to engines that are trailer-mounted and transported among job sites. In FY 2006-07, APCD continued implementing the stationary diesel engine ATCM using a streamlined permitting system and reduced fee approach. Additionally, the APCD worked with stakeholders, the state Air Resources Board and other districts to develop and implement suitable modifications to the state’s Portable Equipment Registration Program and the Portable Equipment ATCM, including developing applicability criteria for agricultural and other sources that use portable equipment subject to the law.

In the second half of FY 2006-07, the agency began coordinating with neighboring districts and agricultural stakeholders to develop an agricultural engine registration program meeting the provisions of state law while minimizing impacts to agricultural sources that must comply with the ATCM requirements. This effort will carry into FY 2007-08.

Fiscal Year 2007-08 Operating Budgets by Division

Administration Division

EXPENDITURE PLAN

| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
|-------------------------------|----------------------|-----------------------|-------------------------|------------------------|
| <i>Operating Expenditures</i> | | | | |
| Administrative Overhead | \$ 1,274,228 | \$ 1,150,292 | \$ 1,254,704 | \$ 1,152,625 |
| Fiscal and Executive | 674,881 | 772,401 | 775,461 | 813,872 |
| Human Resources | 127,326 | 137,042 | 136,399 | 151,097 |
| Information Technology | 607,494 | 794,514 | 854,494 | 794,119 |
| Operating Total | <u>2,683,928</u> | <u>2,854,249</u> | <u>3,021,058</u> | <u>2,911,713</u> |
| <i>Other Financing Uses</i> | | | | |
| Designated Future Uses | 276,973 | 40,370 | 40,370 | 67,125 |
| Expenditure Plan Total | <u>\$ 2,960,901</u> | <u>\$ 2,894,619</u> | <u>\$ 3,061,428</u> | <u>\$ 2,978,838</u> |

CHARACTER OF EXPENDITURES

| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
|-------------------------------|----------------------|-----------------------|-------------------------|------------------------|
| <i>Operating Expenditures</i> | | | | |
| Regular Salaries | \$ 889,187 | \$ 1,062,426 | \$ 1,114,483 | \$ 1,117,737 |
| Benefits | 317,360 | 405,967 | 427,630 | 420,541 |
| Salaries & Benefits Total | <u>1,206,547</u> | <u>1,468,393</u> | <u>1,542,113</u> | <u>1,538,278</u> |
| Services & Supplies | 1,169,686 | 1,173,695 | 1,277,861 | 1,203,798 |
| Other Charges | 130,348 | 137,161 | 156,084 | 129,637 |
| Fixed Assets | 47,005 | 75,000 | 45,000 | 40,000 |
| Principle | 128,489 | - | - | - |
| Interest | 1,853 | - | - | - |
| Operating Total | <u>\$ 2,683,928</u> | <u>\$ 2,854,249</u> | <u>\$ 3,021,058</u> | <u>\$ 2,911,713</u> |

Division Overview

The Administrative Division expenses are allocated to the District's direct operating activities as an overhead allocation based upon direct billable salaries. The Administration Division includes a Fiscal and Executive section, Human Resources, and an Information Technology section, which have 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 insurance and utilities.

Significant Changes (FY 2006-07 Adopted to FY 2007-08 Proposed)

The Proposed FY 2007-08 operating total for the Administration Division will increase by \$57,464 from the Adopted 2006-07 amount of \$2,854,249 to \$2,911,713. The approximately 2% increase is primarily due to some additional extra help in Fiscal and Executive and Human Resources, COLAs, and step increases.

Regular salaries increase 5.2% due to some additional extra help, step increases, and a proposed COLA of 2%. Benefits increase 3.6% due to a small retirement rate increase and a health care offset benefit increase. Services and supplies are increasing by \$30,103 primarily due to increased cost allocation from the County of Santa Barbara for its services provided, and inflation on janitorial and landscaping contracts. Other charges decrease slightly (\$7,524) due to reductions in motor pool charges (\$2,601), liability insurance (\$4,800), and telephone services (\$123). Fixed asset expenditures decrease \$35,000 reflecting the completion of the purchase of data loggers in FY 2006-07.

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 2006-07 Significant Accomplishments

- Implemented *Voyager* gas card program for District vehicle fueling and routine maintenance.
- Implemented a comprehensive employee safety program, starting monthly safety training, bi-weekly field staff “tailgates,” quarterly facility, monitoring station, and vehicle inspections, monthly fire extinguisher inspections, annual evacuation drills, and completing an overhaul of the Materials Safety Data Sheets (MSDS) binders, etc.
- Implemented improved Deferred Compensation (457 plan) investment options and stepped up employee training on the important concepts of diversification, rebalancing, and adequate risk exposure.
- Reprogrammed Heating Ventilation, and Air Conditioning (HVAC) systems for optimal energy efficiency.
- Installed “easy-to-access” after hours lighting timers to help employees maximize energy efficiency.
- Negotiated a multi-year contract with one employee group.

Fiscal Year 2007-08 Goals and Objectives

1. Develop uncollectible account charge-off policy and procedures.
2. Update District Travel policy and procedures to provide additional guidance and best practices.
3. Install central HVAC control module to augment energy efficiency, enhance mechanical feedback, and ensure stability of all settings.
4. Update the District’s internal budget software by implementing more user friendly features. (carried over from the prior year)
5. Maintain the momentum of the District’s employee safety program.
6. Continue to improve and update the Fiscal intranet web pages. For example, added comprehensive safety information, detail budget preparation instructions, facilities diagrams, and how-to videos.

7. Submit and track State and Federal Grants. Ensure the District meets Federal MOE requirements for expenditures.
8. Continue improvement of accounting staff knowledge of quality control for reports and software.
9. Continue improvement of the Timecard and Payroll programs to meet District, State, and Federal requirements, including adding electronic signatures, vehicle trip tracking, and other enhancements.
10. Continue coordination of Casa Nueva building maintenance requests with co-tenants and resolution of remaining construction defects.

Recurring Performance Measures

| Measure | Actual FY 2005-06 | Goal FY 2006-07 | Est. Act. FY 2006-07 | Goal FY 2007-08 |
|---|------------------------------|----------------------------|---------------------------------|----------------------------|
| Billing & Collections | | | | |
| Invoices billed | 2,473 | 2,250 | 2,200 | 2,250 |
| Collection follow up: | | | | |
| 30 Days | 243 | 350 | 250 | 250 |
| 60 Days | 65 | 75 | 70 | 75 |
| 90 Days | 27 | 2 | 30 | 30 |
| Revenue/Purchasing/Travel | | | | |
| Checks received and deposited | 1,927 | 1,700 | 1,650 | 1,670 |
| Purchase Requisitions | 369 | 390 | 350 | 350 |
| Training & Travel Requests | 149 | 110 | 130 | 120 |
| Accounts Payable | | | | |
| Accounts Payable Invoices received and paid | 1,413 | 1,800 | 1,450 | 1,500 |
| Number of discounts taken | 28 | 30 | 15 | 25 |
| Amount of discounts taken | \$947 | \$1,000 | \$750 | \$900 |
| Petty Cash Requests | 120 | 100 | 115 | 100 |
| Payroll | | | | |
| Payroll changes, in addition to normal payroll processing | 174 | 100 | 115 | 100 |

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 2006-07 Significant Accomplishments

- Implemented comprehensive harassment policy and mandated training to ensure compliance with new State regulations.
- Developed policy for supervisor and employee injury reporting procedures.
- Implemented supervisor labor relations training and modified human resource related policies and procedures to ensure compliance with both State and Federal requirements.
- Conducted three recruitments to fill vacant positions
- Developed new technical job class to incorporate workload of two vacated positions.
- Organized a comprehensive review of District Health and Welfare plans with employee organizations.
- Coordinated and monitored District safety training program for both general and specialized staff.
- Managed District workers' compensation program and worked with carriers on managing 5 different employee injuries.
- Continue to provide equitable Human Resources services to employees assigned to the Santa Maria office.
- Negotiated a multi-year contract with one employee group.

Fiscal Year 2007-08 Goals and Objectives

1. Organize, direct, control, and review the day-to-day operations of the APCD's personnel program.
2. Analyze and make recommendations to APCD management regarding personnel policies and practices.

3. Participate in collaborative discussions with employee organizations.
4. Meet with employees and employee organizations to discuss and resolve grievances and problems.
5. Review management and employee requests for classification and pay changes, initiate studies, and make recommendations.
6. Plan and conduct recruitments and develop job related examinations.
7. Coordinate training and development programs for staff.
8. Administer employee benefit plans.
9. Negotiate memoranda of understanding with all (3) bargaining units.
10. Review proposed legislation and new regulations and make appropriate recommendations for compliance.
11. Continue to provide a presence and services to employees permanently assigned to the Santa Maria office.

Recurring Performance Measures

| Measure | Actual FY 2005-06 | Goal FY 2006-07 | Est. Actual FY 2006-07 | Goal FY 2007-08 |
|--|------------------------------|----------------------------|-----------------------------------|----------------------------|
| Performance Evaluations Completed on Time | 92% | 90% | 96% | 90% |

Information Technology Support

Purpose Statement

The Information Technology Support Section 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 APCD and industry-run monitoring stations, as well as emission data from large facilities.

Two programs make up Information Systems: the Data Acquisition System (DAS) and the Local Area Network (LAN.)

Fiscal Year 2006-07 Significant Accomplishments

Automated Data Acquisition (DAS) Program

- The very aged Central Data Acquisition computer system was replaced with a Windows Server based system. This change leverages the IT staff's expertise. Special training and maintenance required for the old DAS is no longer necessary.
- The Information Systems staff provided reliable operation of the Data Acquisition System in support of program goals.
- The DAS system uptime exceeded 97%, Backups 100%, Data Acquisition 80+%.
- Satellite based broadband data service was installed at one air monitoring site where such service had not been available, this being done in order to facilitate greater remote management capabilities helping to reduce travel to those sites.
- Oracle to MS SQL Server transition completed.

Local Area Network (LAN)

- The Information Systems section provided a highly reliable computing system for the APCD in support of the District's business.
- Hardware and software systems were upgraded or replaced as necessary.
- Web sites were supported as the APCD's World Wide Web sites were maintained and enhanced. Replacement Servers installed.
- Core servers upgraded to Windows 2003 R2.
- Ongoing support and enhancements for the payroll, human resources software, accounting, Integrated Database System, and the telecommuting program were provided.
- IDS application migration/maintenance releases PowerBuilder 10.5.
- Online interactive training updated.
- Provided IT services to meet the needs of Santa Barbara County Association of Governments staff.
- New web services and applications written and updated for APCD.

Fiscal Year 2007-08 Goals and Objectives

Automated Data Acquisition (DAS) Program

1. UP Time 97% / Data Acquisition 80+%.
2. Backups 100% reliable.
3. Hold the line and possibly decrease maintenance costs on the Data Acquisition System.
4. .NET development advanced training.
5. .NET applications developed for increased efficiency and provide more flexible and appropriate software reporting tools
6. Continue to enhance remote diagnostics and reduce telecommunication and travel costs.
7. Complete the migration of legacy/historical data to MS SQL Server.
8. Replace aging hardware as needed with less expensive to maintain equipment.
9. Update the backup and disk storage sub-systems.
10. Facilitate greater ease of use via web technology.

Local Area Network (LAN)

1. Backups. (Goal = 100% reliable.)
2. Reliably operate the LAN/WAN with minimal down time including hardware and software maintenance, backups and telecommunications. (Goal = 97% uptime.)
3. Continue Public Web site maintenance.
4. Software applications developed or enhanced for efficiency and accuracy.
5. Enhance network security (on going)
6. Telephone system maintenance.
7. Administer, Document and Maintain existing databases.
8. Upgrade of the APCD's Intranet/Share Point Servers.

Recurring Performance Measures

| <u>Measure</u> | <u>Actual FY 2005-06</u> | <u>Goal FY 2006-07</u> | <u>Est. Actual FY 2006-07</u> | <u>Goal FY 2007-08</u> |
|---------------------------------------|------------------------------|----------------------------|-----------------------------------|----------------------------|
| LAN uptime | 99% | 97% | 99% | 97% |
| DAS uptime | 99% | 97% | 99% | 97% |
| Employees attending computer training | 100% | 100% | 100% | 100% |

Engineering & Compliance Division

EXPENDITURE PLAN

| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
|--|----------------------|-----------------------|-------------------------|------------------------|
| <i>Operating Expenditures</i> | | | | |
| Administrative Overhead | \$ 336,557 | \$ 356,327 | \$ 353,705 | \$ 363,029 |
| Permitting, Compliance, and Enforcement | 1,856,946 | 1,874,919 | 1,799,338 | 1,643,999 |
| Air Toxics | 50,459 | 100,972 | 99,272 | 145,823 |
| Operating Total | <u>2,243,962</u> | <u>2,332,218</u> | <u>2,252,315</u> | <u>2,152,851</u> |
| <i>Other Financing Uses</i> | | | | |
| Designated Future Uses | 120,000 | 130,968 | 130,968 | 10,113 |
| Expenditure Plan Total | <u>\$ 2,363,962</u> | <u>\$ 2,463,186</u> | <u>\$ 2,383,283</u> | <u>\$ 2,162,964</u> |

CHARACTER OF EXPENDITURES

| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
|-------------------------------|----------------------|-----------------------|-------------------------|------------------------|
| <i>Operating Expenditures</i> | | | | |
| Regular Salaries | \$ 1,730,068 | \$ 1,727,327 | \$ 1,712,824 | \$ 1,624,490 |
| Benefits | 418,054 | 402,527 | 399,359 | 406,253 |
| Salaries & Benefits Total | <u>2,148,122</u> | <u>2,129,854</u> | <u>2,112,183</u> | <u>2,030,743</u> |
| Services & Supplies | 56,641 | 170,964 | 109,132 | 100,768 |
| Other Charges | 22,494 | 19,400 | 19,000 | 21,340 |
| Fixed Assets | 16,705 | 12,000 | 12,000 | - |
| Operating Total | <u>\$ 2,243,962</u> | <u>\$ 2,332,218</u> | <u>\$ 2,252,315</u> | <u>\$ 2,152,851</u> |

Division Overview

The Engineering & Compliance Division includes Permitting, Compliance & Enforcement, Source Testing, and Air Toxics programs, and 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, goal and policy implementation.

Significant Changes (FY 2006-07 Adopted to FY 2007-08 Proposed)

The Proposed FY 2007-08 operating total for the Engineering & Compliance Division will decrease by \$179,367 from the Adopted 2006-07 amount of \$2,332,218 to \$2,152,851. The 7.7% decrease is attributable to unfunding two currently vacant positions within the division, an Air Quality Engineer II and Inspection Specialist II, and the end of our IWMB contract, which is offset by COLAs, step increases and a position reclassification as part of an internal Permitting, Compliance, and Enforcement reorganization. To accommodate existing workload, we are proposing to create a new position, a Principle Inspection Specialist, from an existing Inspection Specialist III position.

The reduction of salaries and benefits of \$99,111 is attributable to the staffing changes noted above. The reduction in services and supplies is attributable to the end of the IWMB contract. No fixed asset purchases are proposed for FY 2007-08.

Permitting, Compliance, and Enforcement

Purpose Statement

We issue technically rigorous and cost-effective permits to new and existing stationary sources to regulate the amount of air pollution they emit in Santa Barbara County. We strive to build into our analyses the ideals of pollution prevention and reduction. We equitably enforce all rules and regulations to ensure air pollution control requirements are being met, to motivate those we regulate to comply with air pollution laws, to protect human health and the environment, and to promote regulatory equity in the marketplace.

Fiscal Year 2006-07 Significant Accomplishments

- The APCD conducted 514 permitting actions during calendar year 2006 and maintained its permit processing times even though short-staffed due to protracted illness of an engineer.
- APCD staff continued implementation of the Stationary Diesel Engine Air Toxic Control Measure and permitting requirements associated with prime engines and emergency standby units.
- Issued 52 Part 70 federal operating permit renewals and revisions during calendar year 2006.
- Numerous application forms were improved for clarity and/or efficiency, and made available through the APCD website. The APCD's engineering and compliance website was continuously upgraded during the fiscal year.
- During calendar year 2006, inspectors performed 1,133 inspections and responded to and documented 135 air pollution complaints.
- Enforcement staff worked with the District Attorney's Office in support of a lawsuit filed against an oil and gas producer for numerous violations of APCD rules and the Health and Safety Code. Violation settlements resulted in the collection of over \$75,000 in fines and penalties against this company.
- APCD staff continued to work with the agricultural community and other air districts to implement the regulatory requirements for agricultural sources. Processing and issuance of a Part 70 permit is complete, and a comprehensive dust control plan was negotiated among stakeholders, a neighboring air district and the APCD.

- APCD staff worked with project proponents to educate and assist in the engineering and permitting of a ethanol fuel plant proposed to be built near Santa Maria.
- APCD staff continued to work with US Forest Service and County Fire representatives to minimize the air quality impacts of large prescribed burns.

Fiscal Year 2007-08 Goals and Objectives

1. Process and issue permits meeting all applicable timelines. Permit processing includes: application completeness review, meeting with applicants, written correspondence, permit drafting, engineering evaluation, site visits, public review (when applicable) and issuance. Implement a permitting process for stationary diesel engines that were previously exempt from permit.
2. Provide engineering oversight and ensure ongoing compliance with APCD permits and rules. Track and review compliance data and reports.
3. Provide project management for permits and projects, and engineering support to other APCD programs.
4. Oversee administrative tracking of permits. Report all Best Available Control Technologies (BACT) and offsets actions to ARB, as required by state law.
5. Process applications of emission reduction certificates and maintain the source register database; track countywide net emission increases and periodically report the results to the California Air Resources Board.
6. Administer the agency's source-testing program; review source test plans and reports, and schedule and observe source tests.
7. Screen permit applications to ensure that permits are not issued for projects which may present unacceptable toxic health risks to the community.
8. Maintain a rigorous inspection and enforcement program, including mutual settlement of violations and assessment of economic benefits of non-compliance, when warranted. Collect and report inspection statistics to ARB and EPA.

Fiscal Year 2007-08 Goals and Objectives (Cont'd)

9. Represent the agency in actions before the Hearing Board, and assist regulated facilities with the Hearing Board process.
10. Update and improve permit application forms, permit guidance documents and permitting and enforcement policies, and make available on the APCD's Web page.
11. Continue the automation of small-source permits, and incorporation of all devices into IDS.
12. Continue outreach on SB700 requirements with the agricultural community. Develop and implement a registration program for diesel engines used in agricultural operations, to ensure engines comply with applicable state-mandated Air Toxic Control Measures.

Recurring Performance Measures

| <u>Measure</u> | <u>Actual FY 2005-06</u> | <u>Goal FY 2006-07</u> | <u>Est. Actual FY 2006-07</u> | <u>Goal FY 2007-08</u> |
|---|------------------------------|----------------------------|-----------------------------------|----------------------------|
| Permits processed | | | | |
| - within 15 days after complete application (gas stations and other selected sources) | 97% | 90% | 98% | 90% |
| - within 90 days for medium sized sources | 86% | 90% | 85% | 80% |
| Scheduled inspections actually conducted | 75% | 80% | 72% | 80% |
| | 584/782 | 863/1079 | 769/1075 | 860/1075 |
| High priority inspections conducted | 84% | 100% | 95% | 100% |
| | 422/504 | 650/650 | 648/682 | 756/756 |
| Citizen Complaints about air pollution responded to | 156 | 250 | 160 | 250 |
| - within 3 hours | 85% | 90% | 90% | 90% |
| - within 24 hours | 94% | 95% | 95% | 95% |

Air Toxics

Purpose Statement

We strive to protect the public from exposure to toxic air contaminants and inform and educate the public about emissions to which they may be exposed.

Fiscal Year 2006-07 Significant Accomplishments

- In calendar year 2006, APCD staff continued to work with the Significant Risk Sources to revise modeled risk information and update emissions inventories to accurately reflect the emissions from the facilities and ensure risk reduction plans are enacted timely.
- A health risk assessment for the Carpinteria Gas Plant and Oil Pipeline (owned by Venoco) was completed using field-verified information. The risk assessment indicates that the gas plant continues to be a Significant Cancer and Acute Non-cancer risk beyond its property boundaries. Venoco is working under a Risk Reduction Plan to address these risks to the public.
- APCD staff worked with stakeholders, ARB and other districts to implement Statewide Airborne Toxic Control Measures to reduce particulate emissions from stationary and portable diesel engines. Additionally, staff coordinated with ARB and other districts to clarify and implement applicability of the ATCMs to agricultural sources using diesel engines.
- To improve dissemination of information about the Significant Risk facilities in the County, the staff continued to maintain and update its toxics information on the APCD website, which includes facility information, risk isopleths and links to information sources on the pollutants that drive each facility's risk.
- A detailed emissions evaluation was completed for a source operating in Goleta to determine if the quantity and toxicity of substances used at the facility constitute a potential health risk to the surrounding area. The evaluation was presented to the operator and emission controls and process changes are under discussion with the APCD.

Fiscal Year 2007-08 Goals and Objectives

1. Screen applications to ensure that permits are not issued for projects which may present unacceptable toxic health risks to the community. Implement the toxics New Source Review screening process.
2. Oversee implementation of risk reduction plans for significant risk facilities and confirm that necessary reductions have occurred.
3. Continue to address emerging health risk and permitting issues associated with diesel particulate exhaust, including implementation of new Airborne Toxic Control Measure requirements for stationary and portable diesel engines.
4. Improve the APCD's ability to perform health risk assessments of toxics sources, including use of AERMOD dispersion model for toxics analysis.
5. Integrate air toxics data in Integrated Data System to interact with permitting (toxics NSR) and health risk assessment programs.
6. Implement and administer the Air Toxic Hot Spots program, including risk notification and risk reduction requirements of significant risk sources, website maintenance, public meetings, and preparation of updated risk assessments. Initiate potential inclusion of diesel engine emissions into the program, including planning for any necessary risk modeling, notification and risk reduction.
7. Continue to monitor Title III program developments to address requirements of federal law and applicable control requirements and standards.

Recurring Performance Measures

| <u>Measure</u> | <u>Actual FY 2005-06</u> | <u>Goal FY 2006-07</u> | <u>Est. Actual FY 2006-07</u> | <u>Goal FY 2007-08</u> |
|--|------------------------------|----------------------------|-----------------------------------|----------------------------|
| Number of Significant Risk Sources identified by refined Health Risk Assessment / Number of refined Health Risk Assessments performed. | two / four | three / six | five / ten | three / six |

Technology & Environmental Assessment Division

EXPENDITURE PLAN

| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
|-------------------------------|----------------------|-----------------------|-------------------------|------------------------|
| <i>Operating Expenditures</i> | | | | |
| Administrative Overhead | \$ 166,141 | \$ 192,994 | \$ 180,174 | \$ 198,442 |
| Air Quality Planning | 297,827 | 334,334 | 345,581 | 291,829 |
| Rule Development | 151,698 | 205,131 | 186,001 | 227,552 |
| Community Programs | 325,639 | 369,354 | 305,717 | 306,531 |
| Land Use | 145,737 | 165,666 | 142,413 | 188,809 |
| Air Monitoring | 536,033 | 625,676 | 617,000 | 576,000 |
| Innovative Technologies | 1,374,947 | 2,424,489 | 1,673,316 | 2,242,243 |
| Operating Total | <u>2,998,022</u> | <u>4,317,644</u> | <u>3,450,201</u> | <u>4,031,406</u> |
| <i>Other Financing Uses</i> | | | | |
| Designated Future Uses | 603,693 | 26,560 | 191,560 | 28,044 |
| Expenditure Plan Total | <u>\$ 3,601,715</u> | <u>\$ 4,344,204</u> | <u>\$ 3,641,761</u> | <u>\$ 4,059,450</u> |

CHARACTER OF EXPENDITURES

| | Actual FY 2005-06 | Adopted FY 2006-07 | Est. Act. FY 2006-07 | Proposed FY 2007-08 |
|-------------------------------|----------------------|-----------------------|-------------------------|------------------------|
| <i>Operating Expenditures</i> | | | | |
| Regular Salaries | \$ 1,271,521 | \$ 1,287,720 | \$ 1,233,057 | \$ 1,246,637 |
| Benefits | 317,870 | 293,588 | 280,923 | 304,550 |
| Salaries & Benefits Total | <u>1,589,391</u> | <u>1,581,308</u> | <u>1,513,980</u> | <u>1,551,187</u> |
| Services & Supplies | 1,199,279 | 2,466,230 | 1,669,181 | 2,388,115 |
| Other Charges | 148,723 | 166,106 | 163,040 | 32,104 |
| Fixed Assets | 60,629 | 104,000 | 104,000 | 60,000 |
| Operating Total | <u>\$ 2,998,022</u> | <u>\$ 4,317,644</u> | <u>\$ 3,450,201</u> | <u>\$ 4,031,406</u> |

Division Overview

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, Air Monitoring, 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, goal and policy implementation.

Significant Changes (FY 2006-07 Adopted to FY 2007-08 Proposed)

The FY 2007-08 operating total for the Technology & Environmental Assessment Division will decrease by \$286,238 from the Adopted 2006-07 amount of \$4,317,644 to \$4,031,406. The decrease is primarily due to the unfunding of an Air Quality Engineer II, discontinuing the Clean Air Express contribution to SBCAG, reductions in contractor services and the purchase of the Vandenberg Air Force Base (VAFR) air monitoring shelter in the prior year.

The unfunding of an Air Quality Engineer II, offset by COLAs, step increases, health and retirement cost increases make up the total decrease of \$30,121 under salaries and benefits. The services and supplies decrease of \$78,115 are primarily comprised of reductions in contractor services and grant outlays. The decrease of \$134,002 to other charges primarily reflects discontinuing the Clean Air Express contribution to SBCAG of \$135,000. Fixed assets decrease \$44,000 for the replacement of an air monitoring shelter at VAFB. Air quality instrumentation replacement purchases are stable at \$60,000.

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 APCD 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 APCD to continue programs that achieve clean air goals.

Fiscal Year 2006-07 Significant Accomplishments

- Updated Point and Area source emissions for 2005 and submitted to the Air Resources Board.
- Issued all applicable emission-based fees for FY 2005-06 including OCS sources.
- Developed 2004 marine shipping emission inventory.
- Continued development and maintenance of the air toxics data base.
- Fulfilled all public data requests for planning or emission inventory information.

Fiscal Year 2007-08 Goals and Objectives

1. Develop and obtain Board of Directors approval of the 2007 Clean Air Plan to comply with federal and state planning requirements.
2. Submit information to EPA as required by EPA Section 105 Grant.
3. Prepare, distribute, collect, and analyze emission questionnaires and statements and continue to implement web-based applications.
4. Compile, mail out, and respond to inquiries on annual emission, AQAP, and air toxic program fee invoices.
5. Continue efforts to integrate toxic pollutants into the emissions inventory.

6. Monitor EPA guidance on new standards and determine appropriate actions to comply with all planning requirements.
7. Monitor ARB guidance on the state ozone standard and determine appropriate actions to comply with all planning requirements.
8. Continue efforts to quantify the emissions from Marine Shipping.
9. Fulfill all public data requests for planning or emission inventory information.
10. Begin efforts to compile emission inventory data for global climate change program.

Recurring Performance Measures

| Measure | Actual FY 2005-06 | Goal FY 2006-07 | Est. Act. FY 2006-07 | Goal FY 2007-08 |
|---|------------------------------|----------------------------|---------------------------------|----------------------------|
| Update major industrial Facility process rates and submit to ARB. | 100% | 100% | 100% | 100% |

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 APCD Board.

Fiscal Year 2006-07 Significant Accomplishments

- Worked on revisions to Rule 333 (Internal Combustion Engines) to address EPA-identified deficiencies and make the rule consistent with statewide Reasonably Available Control Technology/Best Available Retrofit Control Technology (RACT/BARCT) guidance from Air Resources Board (ARB).
- Began work on revisions to Rule 321 (Solvent Degreasers).
- Began work on revisions to Rule 361 (Boilers).

Fiscal Year 2007-08 Goals and Objectives

1. Develop and maintain a rule development schedule. Modify priorities as necessary to comply with federal and state requirements, public input, and to implement improvements in technical rigor.
2. Develop and adopt new and revised rules as required by the Clean Air Plan. These rules include, but are not limited to, Rule 333 (Internal Combustion Engines), Rule 321 (Solvent Degreasers), Rule 361 (Boilers), and Rule 339 (Motor Vehicle and Mobile Equipment Coating).
3. Develop and adopt rules as required by new state and federal mandates.
4. Develop and adopt rules to implement state air toxic control measures, federal New Source Performance Standards, National Emission Standards for Hazardous Air Pollutants, and federal Maximum Achievable Control Technology standards.
5. Present all rules to the APCD Community Advisory Council for their recommendation to the Board.
6. In order to promote statewide consistency in rule development, participate on the California Air Pollution Control Officers Association (CAPCOA) Rule Development subcommittee
7. Submit rule development information for access on the APCD home page on the World Wide Web.

Community Programs

Purpose Statement

We provide the community and permitted businesses with assistance and information about air pollution and the APCD'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 2006-07 Significant Accomplishments

- Published four issues of newsletters, *On The Air* and *Business Focus*.
- Participated in 2006 "Green Award" program and 2007 Earth Day and Clean Air Month events and initiatives.
- Developed 2007 promotional campaigns for the Santa Barbara Car Free project with Amtrak and other local partners.
- Operated Business Assistance Program and Business Assistance Line to help businesses comply with APCD requirements, including assisting sources in annual report record keeping requirements, compliance with air toxic control measures, and facilitating pollution prevention opportunities for businesses.
- Reviewed public notices, continued to enhance the APCD website, and provided webmaster support to all staff.
- Participated in the CAPCOA Public Outreach committee, Tri-County Pollution Prevention committee, the Safe Routes to School project, and the Million Solar Roofs Initiative.
- Provided outreach support and developed written materials, website, and workshop presentations for implementation of the Air Toxics Control Measure for engines in the agricultural community.

Fiscal Year 2007-08 Goals and Objectives

1. Publish four issues of *On The Air* and *Business Focus* newsletters.
2. Participate on multi-agency, local and national, pollution prevention committees to implement pollution prevention activities. Participate in the 2007 Green Awards Program, recognizing environmental efforts in the private sector.

Fiscal Year 2007-08 Goals and Objectives (Cont'd)

3. Administer the Business Assistance Program including managing the Business Assistance Line, providing information and direction to businesses, compliance and permit assistance, educational site visits, and pollution prevention and incentive information.
4. Continue research and implementation of pollution prevention and energy conservation measures.
5. Research, develop, and implement new education and outreach projects to increase the public's participation in pollution reducing activities as time and other project priorities allow.
6. Coordinate media outreach efforts for all APCD programs.
7. Schedule and provide speakers at schools and other events and in response to community requests.
8. Maintain and improve APCD's Internet World Wide Web site.
9. Promote clean air goals through participation in events and initiatives around Earth Day and Clean Air Month.
10. Participate in CAPCOA Public Outreach Committee to promote statewide consistency in communicating air quality information, to share communication products, and to develop and implement joint outreach initiatives.
11. Participate in the National Association of Clean Air Agencies (NACAA, formerly STAPPA and ALAPCO) Public Outreach committee to maximize input on federal air quality communication programs, and to benefit from national communication initiatives.
12. Promote clean-air transportation choices, through implementation of the Santa Barbara Car Free project participation in community events and projects (e.g., Earth Day, Clean Air Month).
13. Continue participation in the Agriculture Coalition to support APCD implementation of SB700 and the Air Toxics Control Measure.
14. Develop and expand programs to educate the public about global climate change.

Recurring Performance Measures

| <u>Measure</u> | <u>Actual FY 2005-06</u> | <u>Goal FY 2006-07</u> | <u>Est. Act. FY 2006-07</u> | <u>Goal FY 2007-08</u> |
|---|------------------------------|----------------------------|---------------------------------|----------------------------|
| Respond to business assistance inquiries within one day - Goal is 100%. | 100% | 99% | 100% | 99% |
| Publish "On the Air" newsletter. | 4 | 4 | 4 | 4 |

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 APCD 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 federal, state, and local transportation planning process and review transportation projects to ensure that transportation policies and projects do not weaken air quality improvements.

Fiscal Year 2006-07 Significant Accomplishments

- Prepared California Environmental Quality Act (CEQA) documentation for all rules and permits where the APCD was the lead agency and assisted other agencies in the preparation of air quality analyses for CEQA documents for oil and gas related projects.
- As a responsible agency, reviewed environmental documentation for major projects, and as a concerned agency, reviewed documents from agencies such as Caltrans and cities.
- Participated with other air districts to revise and improve the Urban Emission Model (URBEMIS) to enhance analysis capabilities for mitigation measures.
- Participated in the Subdivision/Development Review Committees of the County and Goleta, and SBCAG's Technical Transportation Advisory Committee, Technical Planning Advisory Committee, and the South Coast Sub-regional Planning Committee.
- Co-chaired the CAPCOA Health Risk Assessment Sub-committee.

Fiscal Year 2007-08 Goals and Objectives

1. Implement CEQA on APCD rules, APCD permits, and plans.
2. Carry out responsible agency review requirements for major development projects in the county.
3. Work with other districts to improve the tools to assess Indirect Source emissions and mitigation measures.
4. Evaluate state and local environmental justice guiding principles.
5. Continue to provide training to planners and consultants on methodology and resources available for evaluating air quality impacts from development projects.
6. Track and evaluate motor vehicle Inspection and Maintenance programs and reports.
7. Continue to participate on CAPCOA Planning Managers subcommittees to develop statewide resolutions to dealing with land use related health risks and project evaluation tools for global climate change impacts.

Recurring Performance Measures

| <u>Measure</u> | <u>Actual</u> <u>FY 2005-06</u> | <u>Goal</u> <u>FY 2006-07</u> | <u>Est. Act.</u> <u>FY 2006-07</u> | <u>Goal</u> <u>FY 2007-08</u> |
|---|------------------------------------|----------------------------------|---------------------------------------|----------------------------------|
| Complete CEQA review within 30 days for all initial studies and minor projects. | 99% | 100% | 99% | 100% |

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 impacts. We gather information to allow for sound decision making by policy-makers, the general public, and the APCD in our combined efforts to protect public health.

Fiscal Year 2006-07 Significant Accomplishments

- Operated or provided oversight for the collection of high quality ambient air monitoring data from 17 stations throughout the county.
- Published the Annual Air Quality Report on the APCD's web page.
- Continued implementing the equipment and parts replacement schedule.
- Provided technical support to the EPA, California Air Resources Board (ARB), and APCD project managers.

Fiscal Year 2007-08 Goals and Objectives

1. On-going operation of the APCD's State and Local Air Monitoring Stations (SLAMS) network and selected Prevention of Significant Deterioration (PSD) monitoring stations, and oversight of the remaining PSD monitoring network in accordance with federal and state requirements. Continue to review cost-effective advances in monitoring technology and daily monitoring procedures for incorporation into the monitoring program to increase program efficiencies.
2. Provide technical support to the California Air Resources Board in their operation of ambient air quality monitoring stations.
3. Publish the Annual Air Quality Report on the APCD's web page. Continue to update and produce new charts and graphs to provide new and historical air quality data on the internet.

4. Respond to ambient air quality data requests from the general public, outside agencies, and APCD staff. Continue daily Air Quality Index reporting to area media agencies and the APCD website.
5. Provide technical support to APCD project managers for major source continuous emissions monitoring programs.
6. Provide data to EPA's AirNow program to provide real-time ozone and particulate matter mapping on the internet.

Recurring Performance Measures

| <u>Measure</u> | <u>Actual FY 2005-06</u> | <u>Goal FY 2006-07</u> | <u>Est. Act. FY 2006-07</u> | <u>Goal FY 2007-08</u> |
|--|------------------------------|----------------------------|---------------------------------|----------------------------|
| Pass State performance audits. | 100% | 98% | 100% | 98% |
| Obtain valid data for air quality/meteorological measurements. | 99%/98% | 80% / 90% | 99%/99% | 80% / 90% |

Innovative Technologies Group

Purpose Statement

We demonstrate innovative, voluntary ways of reducing air pollution in Santa Barbara County in order to further the APCD'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 2006-07 Significant Accomplishments

- Retrofitted a large container ship that transits offshore Santa Barbara County with NOx and PM emission reduction devices.
- Funded the retrofit of diesel powered trucks and one farm tractor.
- Continued implementation of the Carl Moyer Program, the agricultural water pump engine program, the marine re-power program, the water-based cleaner program and the on- and off-road heavy-duty diesel re-power program.
- Obtained additional funding for emission reduction programs under the Carl Moyer Program and under the DMV motor vehicle surcharge fee provided for by AB 923.
- Evaluated and provided grant funding for the Clean Air Express bus project.
- Continued the Old Car Buyback Program.
- Developed a comprehensive grant funding document ("Call for Projects").

Fiscal Year 2007-08 Goals and Objectives

1. Evaluate grant applications submitted in response to APCD's "Call for Projects" and issue grant funding according to APCD Board, Carl Moyer Program and AB923 criteria.
2. Continue management of existing programs, e.g., the marine re-power program, agricultural water pump engine program, state Carl Moyer Program, on- and off-road heavy duty diesel re-power program and the Lower Emissions School Bus Program.

3. Administer and implement projects funded by AB 923 funds, Carl Moyer Program funds, and motor vehicle registration fees to reduce emissions from diesel engines (e.g., Agriculture Assistance Program, School Bus Replacement and Retrofit programs, etc.) and from an Old Car Buyback Program.
4. Continue efforts to build partnerships to reduce marine shipping emissions.
5. Continue efforts to "clean the fleet" by working with local fleet vehicle operators, transit and school districts to re-power, retrofit or replace diesel engines.
6. Continue to work toward a resolution of the natural gas specification issue.
7. Identify and pursue partnerships to provide economic benefits to local industries through the demonstration of innovative technologies to reduce air pollution

Recurring Performance Measures

| <u>Measure</u> | <u>Actual FY 2005-06</u> | <u>Goal FY 2006-07</u> | <u>Est. Act. FY 2006-07</u> | <u>Goal FY 2007-08</u> |
|--|------------------------------|----------------------------|---------------------------------|----------------------------|
| NOx and ROC reductions from grant funded ITG projects (in tons). | 205 | 100 | 60 | 100 |

