

Agenda Date: June 15, 2017
Agenda Placement: Admin.
Estimated Time: N/A
Continued Item: Yes

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

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

SUBJECT: Adoption of the Fiscal Year 2017-18 Budget

RECOMMENDATION:

1. Hold a public hearing to consider and adopt the budget for Fiscal Year 2017-18, as presented in the *Fiscal Year 2017-18 Proposed Budget* document (Attachment A); and
2. Adopt the following:
 - a. Budget Resolution (Attachment B) approving the Fiscal Year 2017-18 District Budget;
 - b. Salary Resolution (Attachment C) amending the Classification and Salary Plan to adjust the salary for the Accounting Supervisor position; and
 - c. 401(h) Retiree Medical Account Fiscal Year 2017-18 Contribution Resolution (Attachment D) setting forth the contributions for the fiscal year.

DISCUSSION:

We recommend that your Board, as part of holding a public hearing, adopt the attached Budget Resolution, Salary Resolution and the 401(h) Retiree Medical Account Contribution Resolution for Fiscal 2017-18.

ATTACHMENTS:

Attachment A - Proposed Budget for Fiscal Year 2017-18

On May 18, 2017, your Board held the first of two required public hearings on the District's budget for Fiscal Year 2017-18. The purpose of that hearing was to solicit additional public comment and receive direction from your Board. Prior to that hearing, staff held a public workshop on April 18, 2017. There have been no changes to the proposed budget that was presented in May. The total budget from the original proposal is \$10,370,127. You may adopt this budget as presented in the *Fiscal Year 2017-18 Proposed Budget* document, or as modified by your Board.

Attachment B – Budget Resolution

The attached budget resolution formalizes the adoption of the Fiscal Year 2017-18 budget, incorporating by reference the budget documents presented, hearing proceedings, and decisions by the Board in making any final budget adjustments. It also authorizes the Air Pollution Control Officer and Auditor Controller to make adjustments to the adopted budget during the fiscal year for ministerial items, such as items required by financial reporting pronouncements and administrative efficiencies.

Attachment C – Salary Resolution

The attached salary resolution amends the original Salary Resolution No. 97-05, as amended. This is an incremental process as personnel actions are brought before your Board. This resolution recognizes the Job Class Table on page 14 of the *Fiscal Year 2017-18 Proposed Budget* document (Attachment A) as superseding all previous modifications to Section 4 of the original Salary Resolution No. 97-05. The amendment to the Job Class Table provides for a 5% salary increase to the *Accounting Supervisor* position (an unrepresented job class) due to an increase in responsibilities. The increase in job responsibilities is associated with the reorganization of three Office Technicians who report to other individuals at the District. By combining reporting relations to the Accounting Supervisor, the District will ensure uniform application of job responsibilities and efficient administrative assistance to better aid all divisions in the District.

Attachment D – 401(h) Retiree Medical Account Fiscal Year 2017-18 Contribution Resolution

The attached contribution resolution provides for the making of contributions to the District's 401(h) Retiree Medical Account for Fiscal Year 2017-18 in accordance with Internal Revenue Code and Retirement System staff guidance. As part of the budget adoption process, a resolution, such as this, will be provided for the fiscal year in which we plan on making contributions.

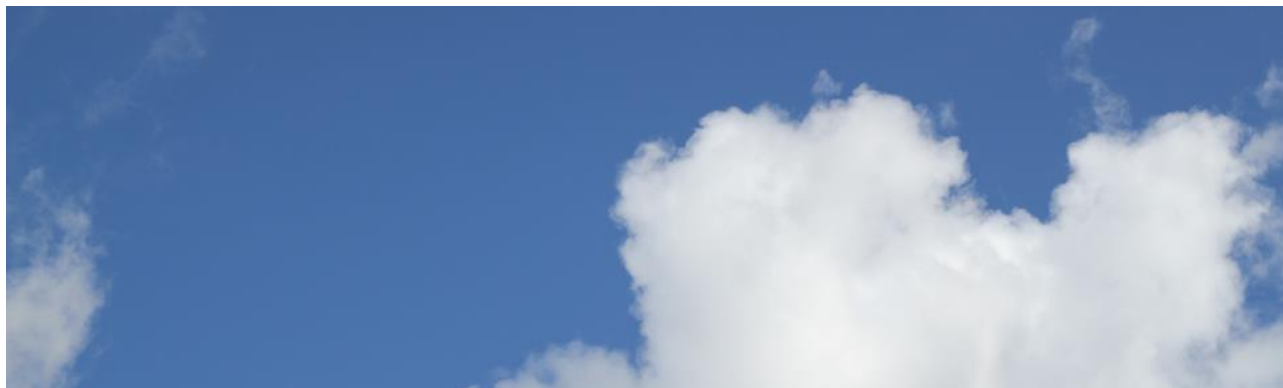
ATTACHMENT A

Fiscal Year 2017-18
Proposed Budget

June 15, 2017

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110



PROPOSED BUDGET FISCAL YEAR 2017-18

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

Aeron Arlin Genet
Air Pollution Control Officer

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SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT BOARD OF DIRECTORS

Supervisor Das Williams, Vice-Chair

First District

Santa Barbara County Board of Supervisors

Supervisor Janet Wolf

Second District

Santa Barbara County Board of Supervisors

Supervisor Joan Hartmann

Third District

Santa Barbara County Board of Supervisors

Supervisor Peter Adam

Fourth District

Santa Barbara County Board of Supervisors

Supervisor Steve Lavagnino

Fifth District

Santa Barbara County Board of Supervisors

Mayor Holly Sierra

Alternate – Vice Mayor Ed Andrisek

City of Buellton

Councilmember Al Clark

Alternate – Vice Mayor Wade Nomura

City of Carpinteria

Councilmember Michael T. Bennett

Alternate – Councilmember Roger Aceves

City of Goleta

Mayor John Lizalde

Alternate – Councilmember Ariston Julian

City of Guadalupe

Councilmember James Mosby, Chair

Alternate – Councilmember Jenelle Osborne

City of Lompoc

Mayor Helene Schneider

Alternate – Councilmember Bendy White

City of Santa Barbara

Mayor Alice Patino

Alternate – Councilmember Etta Waterfield

City of Santa Maria

Mayor Jim Richardson

Alternate – Councilmember Joan Jamieson

City of Solvang

AIR POLLUTION CONTROL OFFICER'S BUDGET MEMORANDUM

June 15, 2017

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

Dear Chair Mosby and Board Members:

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

Budget Overview

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

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

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

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

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

FY 2017-18 Budget at a Glance

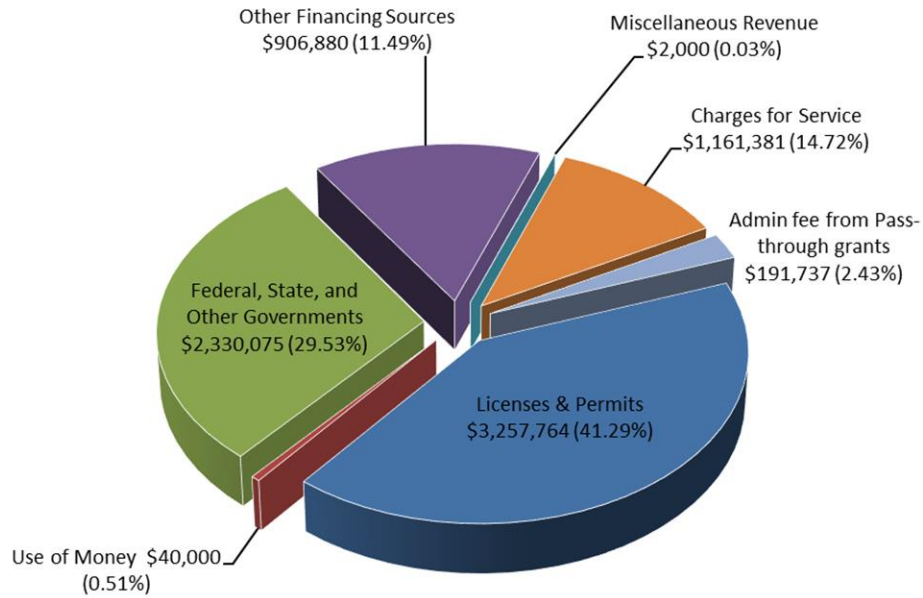
The District's balanced proposed budget for FY 2017-18 totals \$10,370,127, a 9.3% increase from the current year's adopted budget. Of the total proposed budget, 23.9% (i.e., \$2,480,290) is pass-through funds, those funds that are received by a recipient government (District) and distributed to a third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

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

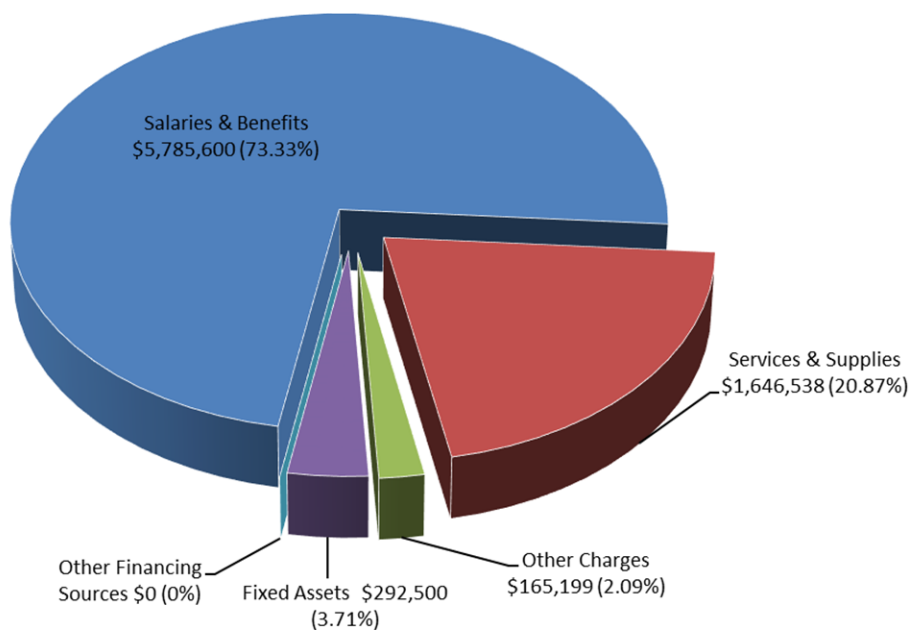


A comparison of the adopted FY 2016-17 budget (\$9,487,159) with the proposed FY 2017-18 budget reveals a year-to-year increase of 9.3% equating to an overall budget increase of \$882,968 from last fiscal year. This positive change is largely due to the one-time pass-through funds from the State Reserve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

Total Operating Revenue \$7,889,837



Total Operating Expenditures \$7,889,837



Revenue Changes

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

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

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

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

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

- **Reevaluation Fees:**

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

- **Increase in Revenue Streams:**

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

- **Plains All American Pipeline Shutdown:**

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

- **Fee Revenues:**

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

- **Federal Funding Changes:**

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

Expenditures

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

- **Staffing Levels:**

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

- **Retirement Costs:**

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

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

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

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

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

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

Fund Balances

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

- **Restricted Funds:**

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

- **Committed Funds:**

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

Conclusion

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

Very Respectfully,



Aeron Arlin Genet
Air Pollution Control Officer

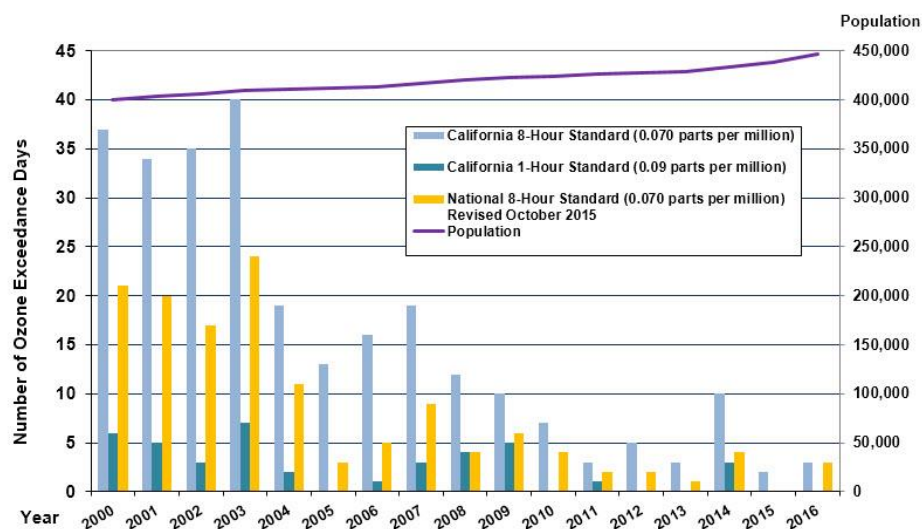
SANTA BARBARA COUNTY HISTORICAL AIR QUALITY

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

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

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

*Santa Barbara County Ozone Exceedance Days
2000-2016*



ABOUT THE DISTRICT

What is the District?

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

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

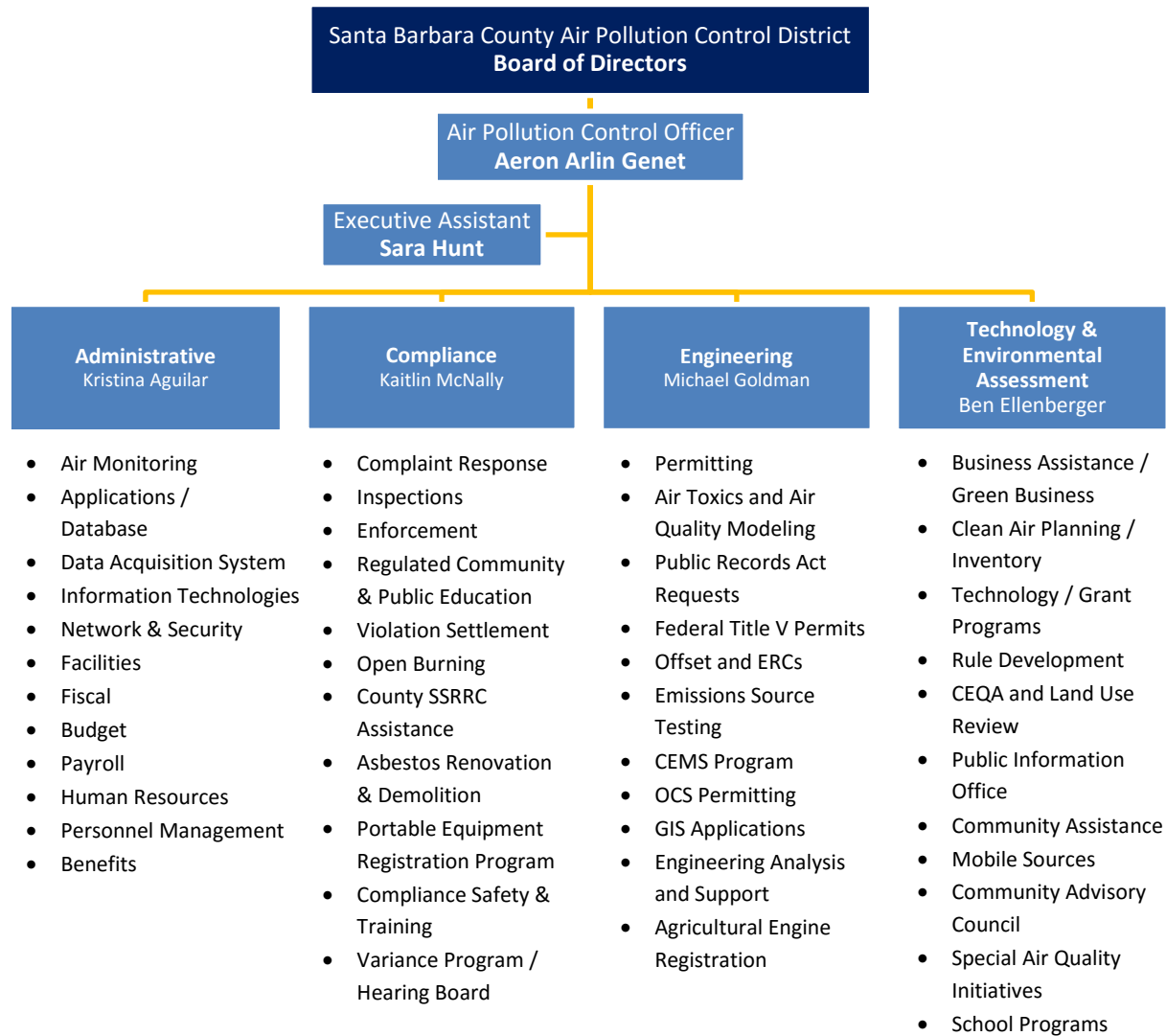
The District's Mission

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

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

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

Organizational Chart



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

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

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

STRATEGIC PLAN

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

Priority 1: Protection of Public Health through Air Quality Improvement

Goal: Continue to implement programs that directly reduce emissions.

Objectives:

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

Goal: Maintain a strong, science-based program.

Objectives:

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

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

Objectives:

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

Goal: Ensure adequacy of resources.

Objectives:

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

Priority 2: Community Involvement

Goal: Involve the community in air quality protection.

Objectives:

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

Priority 3: Continuously Improve Service

Goal: Maintain and improve relationships with all constituents.

Objectives:

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

FISCAL YEAR 2017-18 DISTRICT BUDGET

Revenue Plan

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

Expenditure Plan

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

Character of Expenditures

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

Revenue Breakout by Category

TOTAL REVENUE

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

GRANTS/PASS THROUGH REVENUE

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

OPERATING REVENUE

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

Expenditure Breakout by Category

TOTAL EXPENDITURES

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

GRANTS/PASS THROUGH EXPENDITURES

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

OPERATING EXPENDITURES

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

Projects Funded with Motor Vehicle Registration Fees

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

Projects Funded with Other Grant Funds

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

DISTRICT DIVISION SUMMARIES

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

Administration Division

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

Administrative Overhead

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

Fiscal and Executive Services

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

Human Resources

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

Information Technology Services

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

Air Monitoring

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

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

Engineering Division

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

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

Public Records Act Requests

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

Permitting

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

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

Air Toxics

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

Permit Compliance

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

Compliance Division

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

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

Inspector Duties

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

Enforcement and Mutual Settlement

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

Variance Program

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

Technology & Environmental Assessment Division

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

Planning

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

Rule Development

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

Public Outreach

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

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

Land Use

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

Grant Programs/Innovative Technologies

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

Impact Measures

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

CY = Calendar Year

Fiscal Year 2016-17 Significant Accomplishments

Summary

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

Air Quality

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

FISCAL YEAR 2017-18

OPERATING BUDGETS BY DIVISION

Administration Division

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

EXPENDITURE PLAN

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

CHARACTER OF EXPENDITURES

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

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

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

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

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

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

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

Fiscal Year 2017-18 Goals and Objectives

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

Fiscal and Executive Section

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

Human Resources Section

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

Information Technology Section

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

Air Monitoring Section

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

Fiscal and Executive Services

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

Fiscal Year 2016-17 Significant Accomplishments

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

Recurring Performance Measures

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

Human Resources

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

Fiscal Year 2016-17 Significant Accomplishments

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

Information Technology Services

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

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

Fiscal Year 2016-17 Significant Accomplishments

Automated Data Acquisition (DAS) Program

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

Local Area Network (LAN)

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

Recurring Performance Measures

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

Air Monitoring

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

Fiscal Year 2016-17 Significant Accomplishments

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

Recurring Performance Measures

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

Engineering Division

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

EXPENDITURE PLAN

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

CHARACTER OF EXPENDITURES

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

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

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

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

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

Other charges had no change from the previous year.

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

Fiscal Year 2017-18 Goals and Objectives

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

Permitting Section

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

Permit Compliance Section

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

Air Toxics Section

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

Permitting, Air Toxics and Permit Compliance

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

Fiscal Year 2016-17 Significant Accomplishments

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

Recurring Performance Measures

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

Compliance Division

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

EXPENDITURE PLAN

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

CHARACTER OF EXPENDITURES

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

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

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

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

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

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

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

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

Fiscal Year 2017-18 Goals and Objectives

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

Compliance and Enforcement

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

Fiscal Year 2016-17 Significant Accomplishments

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

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

Recurring Performance Measures

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

Technology & Environmental Assessment Division

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

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

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

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

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

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

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

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

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

Fiscal Year 2017-18 Goals and Objectives

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

Air Quality Planning

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

Rule Development

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

Community Programs

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

Land Use

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

Innovative Technologies Group

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

Air Quality Planning

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

Fiscal Year 2016-2017 Significant Accomplishments

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

Recurring Performance Measures

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

Rule Development

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

Fiscal Year 2016-2017 Significant Accomplishments

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

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

Community Programs

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

Fiscal Year 2016-17 Significant Accomplishments

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

Recurring Performance Measures

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

Land Use

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

Fiscal Year 2016-17 Significant Accomplishments

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

Recurring Performance Measures

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

Innovative Technologies Group

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

Fiscal Year 2016-2017 Significant Accomplishments

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

Recurring Performance Measures

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

ATTACHMENT B

Fiscal Year 2017-18
Budget Resolution

June 15, 2017

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

IN THE MATTER OF ADOPTING THE
BUDGET FOR FISCAL YEAR 2017-18

APCD RESOLUTION NO. _____

RECITALS

WHEREAS, the Air Pollution Control District of the County of Santa Barbara, State of California (“District”), is obligated by law to adopt a budget as set forth in Section 40130 et. seq. of the Health and Safety Code; and

WHEREAS, on April 7, 2017, said District made copies of the proposed budget available to the general public and gave notice by mail to persons subject to District fees of the availability of said proposed budget; and

WHEREAS, on May 18, 2017, the District Board held a properly noticed hearing to receive testimony from the general public and from officers and employees of the District with regard to the District’s proposed budget; and

WHEREAS, on June 15, 2017, the District Board held a properly noticed hearing on the final budget; and

WHEREAS, the public hearing on the final budget has now been closed.

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. Said budget as settled by this Board shall be and the same hereby is adopted as the budget for the 2017-18 Fiscal Year for the District, and said budget document consists of the *Fiscal Year 2017-18 Proposed Budget* and related designations, budget revisions, the record for the Budget Hearings, and the summaries and decisions of the District Board in

APCD RESOLUTION ADOPTING THE BUDGET
FOR FISCAL YEAR 2017-18

making final budget adjustments incorporated herein and made a part of this resolution as though set forth in full;

2. Said budget will be prepared in final form by the Control Officer and the Auditor-Controller in accordance with the requirements, determinations and actions of the District Board and the requirements of the State Controller's Office;
3. The Control Officer and Auditor-Controller are authorized to make final budget adjustments that transfer 2016-17 appropriations for fixed assets and other material purchases that have been ordered, but not received, by June 30, 2017 to the 2017-18 budget;
4. The Control Officer and Auditor-Controller in compiling the final budget are authorized to make adjustments where the Fiscal Year 2016-17 actual year-end closing figures for the General Fund (No. 1960) differ from the budget estimates and to make any final budget changes required to balance the budget by adjusting the applicable Fund Balance accounts;
5. The Control Officer and Auditor-Controller are hereby authorized to make adjustments to the final budget for Fiscal Year 2017-18 to reflect the transfer of any Fiscal Year 2016-17 unassigned General Fund (No. 1960) balance to the applicable Fund Balance accounts, such that the beginning unassigned General Fund (No. 1960) balance for Fiscal Year 2017-18 will be zero;
6. The fees and charges for services listed in the proposed budget and as modified, revised, and finally settled are hereby incorporated into the financing of the final budget;
7. As appropriate during the fiscal year, and upon receipt of proper documentation by the Auditor-Controller's office, the Auditor-Controller is authorized to adjust monthly appropriations and revenue estimates;
8. The Control Officer is hereby delegated the authority to transfer appropriations between object levels within the District budget units, as provided in Government Code section 29125;

APCD RESOLUTION ADOPTING THE BUDGET
FOR FISCAL YEAR 2017-18

9. The Control Officer and Auditor-Controller, in compiling the final budget, are authorized to make ministerial budget changes and to transfer appropriations to or from fund balance accounts to balance the budget for the various funds governed by the District;
10. The Control Officer and Auditor-Controller are authorized to make adjustments to the final budget throughout Fiscal Year 2017-18 for line item accounts 3381 Unrealized Gain/Loss on Investments and 9797 Unrealized Gains to properly record changes in the fair value of investments;
11. The Control Officer and Auditor-Controller are authorized to make adjustments to the final budget throughout Fiscal Year 2017-18 for line item account 3380 Interest Income and associated fund balance accounts in order to properly record fund balance increases in operating funds due to interest income from the underlying agency fund (No. 1961);
12. The Control Officer and Auditor-Controller are authorized to make any adjustments to the final budget for Fiscal Year 2017-18 in order to comply with any Governmental Accounting Standards Board Pronouncements or to conform the budget to Generally Accepted Accounting Principles; and
13. A copy of said final budget will remain on file with the Clerk of the District Board.

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APCD RESOLUTION ADOPTING THE BUDGET
FOR FISCAL YEAR 2017-18

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of
the Santa Barbara County, State of California, this 15th day of June, 2017, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
Clerk of the Board

By _____
Deputy

By _____
Chair

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By William M. Dillon
Deputy

APPROVED AS TO FORM:

THEODORE A. FALLATI, CPA, CPFO
Auditor-Controller

By Michael P. Hanna
Deputy

ATTACHMENT C

Fiscal Year 2017-18
Salary Resolution

June 15, 2017

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

IN THE MATTER OF THE
CLASSIFICATION AND SALARY
RESOLUTION OF THE SANTA
BARBARA COUNTY AIR POLLUTION
CONTROL DISTRICT

APCD RESOLUTION NO. _____

RECITALS

WHEREAS, Salary Resolution No. 97-05, as amended, established a Classification and Salary Plan and authorized position allocations effective June 19, 1997; and

WHEREAS, this Air Pollution Control District Board finds that there is good cause for amending said Resolution No. 97-05, as amended, in the manner provided in this resolution.

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. Resolution No. 97-05, adopted on June 19, 1997, and as subsequently amended, is hereby amended by amending Section 4 (Job Class Table) effective on June 15, 2017 as contained in the *Fiscal Year 2017-18 Proposed Budget* Job Class Table on page 14; and
2. Except as amended by this resolution, Resolution No. 97-05, as amended, continues unchanged and in full force and effect.

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APCD RESOLUTION CLASSIFICATION AND SALARY RESOLUTION
FOR FISCAL YEAR 2017-18

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of
the Santa Barbara County, State of California, this 15th day of June, 2017, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
Clerk of the Board

By _____
Deputy

By _____
Chair

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By *Victoria Parks Tuttle*
Deputy

APPROVED AS TO FORM:

THEODORE A. FALLATI, CPA, CPFO
Auditor-Controller

By *Michael A. Fallati*
Deputy

ATTACHMENT D

Fiscal Year 2017-18
401(h) Retiree Medical Account
Contribution Resolution

June 15, 2017

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

IN THE MATTER OF MAKING DISTRICT
CONTRIBUTIONS TO THE DISTRICT'S
401(h) RETIREE MEDICAL ACCOUNT
FOR FISCAL YEAR 2017-18 IN
ACCORDANCE WITH INTERNAL
REVENUE CODE SECTION 401(h)

APCD RESOLUTION NO. _____

RECITALS

WHEREAS, it is in the best interest of employees and retirees of the County of Santa Barbara Air Pollution Control District ("District") and the beneficiaries of those employees and retirees that the Santa Barbara County Employees' Retirement System ("System") be maintained as a qualified pension plan under Internal Revenue Code ("Code") Section 401(a); and

WHEREAS, the District has determined that certain Eligible Retired Participants will receive a health plan subsidy from the System, which subsidy constitutes an "other post employment benefit;" and

WHEREAS, the System, as a qualified plan, may pay medical benefits on a tax preferred basis to retirees, and their spouses and dependents, through the establishment of a 401(h) account within the Trust Fund for the System; and

WHEREAS, the District Board of Directors ("Board") has established a health plan for retirees, and their spouses and dependents; and

WHEREAS, the Board has established a 401(h) Post-Employment Benefits Trust Account in the System as governed by the provisions of Code Section 401(h) and Treasury Regulation Section 1.401-14 ("Applicable Treasury Regulations"); and

WHEREAS, the 401(h) Account can only be funded by District contributions, designated for this purpose.

APCD RESOLUTION MAKING DISTRICT CONTRIBUTIONS TO THE
DISTRICT'S 401(H) RETIREE MEDICAL ACCOUNT FOR
FISCAL YEAR 2017-18 IN ACCORDANCE WITH
INTERNAL REVENUE CODE SECTION 401(H)

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. In accordance with Code Section 401(h) and Applicable Treasury Regulations, the District shall contribute to the 401(h) Account for the Fiscal Year 2017-18 in an amount based on periodic actuarial valuations that will not exceed the lesser of the following:
 - a. The annual required contribution for the health benefits for Eligible Retired Participants (as defined in the Section 401(h) Regulations); or
 - b. 25 percent of the total contributions to the System, excluding past service costs as defined in the Section 401(h) Regulations.
2. The Board authorizes the Control Officer to determine the exact amount of District contributions within the previously established ranges.
3. At the time any contribution is made to the 401(h) Account, the Control Officer shall designate in writing to the Board of Retirement of the System that such contribution is being made only to the 401(h) Account.
4. This resolution is only applicable to contributions made during Fiscal Year 2017-18. Future contributions shall be determined by the Board on a fiscal year by fiscal year basis.

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APCD RESOLUTION MAKING DISTRICT CONTRIBUTIONS TO THE
DISTRICT'S 401(H) RETIREE MEDICAL ACCOUNT FOR
FISCAL YEAR 2017-18 IN ACCORDANCE WITH
INTERNAL REVENUE CODE SECTION 401(H)

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of
the Santa Barbara County, State of California, this 15th day of June, 2017, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
Clerk of the Board

By _____
Deputy

By _____
Chair

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By *Victoria Parks Tuttle*
Deputy

APPROVED AS TO FORM:

THEODORE A. FALLATI, CPA, CPFO
Auditor-Controller

By *Michael A. Fallati*
Deputy