

Agenda Date: March 21, 2019
Agenda Placement: Regular
Estimated Time: 15 minutes
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Molly Pearson, Planning Division Manager (805-961-8838)

SUBJECT: Establishing a Clean Air Fund Program

RECOMMENDATION:

1. Receive a report on the proposed Clean Air Fund Program designed to assist with projects that provide positive air quality impacts for communities throughout Santa Barbara County; and
2. Adopt the attached resolution establishing the Clean Air Fund Program.

BACKGROUND:

The District's mission is to protect the people and the environment of Santa Barbara County from the effects of air pollution. One of the ways we achieve our mission is by supporting voluntary projects that have positive air quality impacts within Santa Barbara County. The grant and incentive programs that the District currently administers accomplish this, but program guidelines sometimes limit the scope of projects that qualify for funding.

The District has identified Notice of Violation (NOV) revenues as a potential funding source for additional clean air projects. NOV revenues are a result of the District's Mutual Settlement Program¹. In carrying out the District's mission, the District's Compliance Division issues NOVs to individuals, companies, and organizations for violations of air pollution rules, regulations, laws, or District-issued permits, and operates a Mutual Settlement Program to collect monetary penalties associated with NOVs. Each fiscal year, the District Budget includes a revenue plan for NOVs.

¹ The Mutual Settlement Program is further described in a District Compliance Program presentation to your Board from October 2017, see www.ourair.org/apcd/apcd-board-actions/#October-19-2017.

From time to time, the District receives NOV revenues that exceed the adopted budget. For example, the FY 2018-19 District Budget includes a projection for NOV revenue of \$225,000. As of February 28, 2019, the District has received approximately \$394,000 in NOV revenues, which is approximately \$169,000 above the budgeted amount. At the end of FY 2018-19 this excess revenue will be considered unassigned/residual General Fund Balance.

Every year when the District's operational budget is adopted in June, included in the budget resolution is an article giving the APCO and Auditor-Controller the authority to make adjustments to the final budget for the prior fiscal year. This is done to reflect the transfer of any prior year unassigned/residual General Fund balance to the applicable Fund Balance accounts, so that the beginning unassigned General Fund balance for the new fiscal year is zero. If the proposed Clean Air Fund is adopted, the District will follow that process to fund the program and will transfer \$100,000 from the unassigned/residual General Fund to the new Clean Air Program Fund Balance at the end of the fiscal year.

DISCUSSION:

The District proposes to establish a Clean Air Fund Program to assist with projects that provide positive air quality impacts for communities throughout Santa Barbara County. The program will allow the District to implement and/or support projects that do not meet traditional grant program guidelines, such as the Carl Moyer program guidelines. The program will be funded with excess NOV revenues. Each year the District will review the NOV revenue received and will designate how much to transfer into the Clean Air Fund at the end of the fiscal year.

Clean Air Fund projects will be designed to provide air quality and human health benefits to the Santa Barbara County community, consistent with the District's mission. Potential projects may include, but are not limited to, the following:

- Voluntary incentive programs that reduce emissions,
- Air quality research projects or studies,
- Purchase of air monitoring equipment or tools, or
- Community outreach projects or programs.

In order to implement the Clean Air Fund, District staff will evaluate potential projects or programs and prepare each specific proposal for Board approval. The proposal will include program or project goals and parameters, such as the amount of incentive funding to be used, timelines, target audience, emission control technology to be used, or specific requirements for equipment, outreach, studies, monitoring methods, or reporting. After each Clean Air Fund project is completed, District staff will present the results to your Board.

FISCAL IMPACT:

At the end of Fiscal Year 2018-19, the District proposes to deposit \$100,000 of NOV revenues received to the Clean Air Fund. This funding will be included in the proposed budget that will be presented to your Board on May 16, 2019. Upon Board approval for a specific Clean Air Fund project, the expenditures will start being incurred in FY 2019-20. All funding related to the Clean Air Fund in future years will be included in the proposed budgets that will be brought to your board for review and adoption.

ATTACHMENTS:

- 1) Resolution – Clean Air Fund Program

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

IN THE MATTER OF ESTABLISHING A
CLEAN AIR FUND PROGRAM

APCD RESOLUTION NO. _____

RECITALS

WHEREAS, the Santa Barbara County Air Pollution Control District (District)'s mission is to protect the people and the environment of Santa Barbara County from the effects of air pollution; and

WHEREAS, in carrying out the District's mission, the District's Compliance Division issues Notices of Violation to individuals, companies, and organizations for violations of air pollution rules, regulations, laws, or District-issued permits, and operates a Mutual Settlement Program to collect monetary penalties associated with Notices of Violation; and

WHEREAS, revenues from monetary penalties assessed through the District's Mutual Settlement Program ("NOV revenues") are allocated to different District programs through the District's annual budget process; and

WHEREAS, the amount of NOV revenues generated through the District's Mutual Settlement Program varies each fiscal year, and during some fiscal years may exceed the expected amount that was included in the budget; and

WHEREAS, the District Board wishes to establish a Clean Air Fund Program and the Air Pollution Control Officer will allocate \$100,000 of NOV revenues to the Clean Air Fund by using unassigned/residual General Fund balance and transfer to the new Clean Air Fund Balance at the end of Fiscal Year 2018-19; and

WHEREAS, in future fiscal years if additional amounts are available, the Air Pollution Control Officer intends to allocate some or all of the NOV revenues above the expected

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budgeted amount by using the unassigned/residual General Fund balance and will transfer to the Clean Air Fund Balance at the end of each fiscal year; and

WHEREAS, funding needed to fund these types of projects will be included in future year proposed budgets and brought to the District Board for approval.

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

1. The District Board hereby establishes the District's Clean Air Fund Program.
2. The Clean Air Fund will be used to fund projects undertaken by the District and/or third parties that provide air quality and human health benefits to the Santa Barbara County Community, consistent with the District's mission.
3. The specific parameters for Clean Air Fund projects shall be approved by the District Board.
4. Upon completion of Clean Air Fund projects, District staff shall present the results of the project to the District Board.

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of the Santa Barbara County, State of California, this ___ day of _____, _____, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

APCD RESOLUTION IN THE MATTER OF ESTABLISHING A DISTRICT
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SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
Clerk of the Board

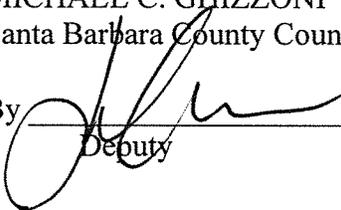
By _____
Deputy

By _____
Chair

Date _____

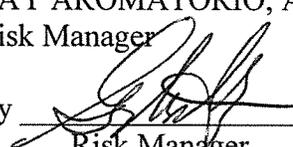
APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By  _____
Deputy

APPROVED AS TO FORM:

RAY AROMATORIO, ARM, AIC
Risk Manager

By  _____
Risk Manager

APPROVED AS TO FORM:

BETSY M. SHAFFER, CPA
Auditor-Controller

By  _____
Deputy