



*Monterey Bay Air
Resources District*

FY 2016-17

BUDGET

Adopted June 15, 2016

MONTEREY BAY AIR RESOURCES DISTRICT

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Richard A. Stedman
Air Pollution Control Officer

Monterey Bay Air Resources District Fiscal Year 2016-17 Budget

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**MONTEREY BAY
AIR RESOURCES DISTRICT
FY 2016-17 BUDGET
ADOPTION SCHEDULE**

- 1. FY 2016-17 Administrative Draft Release..... Week of April 4, 2016**

- 2. Budget Workshop #1April 12, 2016**
11:00 a.m. – City of Watsonville (Santa Cruz County)
Public Library Meeting Room, 2nd Floor
275 Main Street, Suite 100, Watsonville, California

- 3. Budget Workshop #2April 19, 2016**
11:00 a.m. – Monterey Bay Air Resources District (Monterey County)
Board Chambers
24580 Silver Cloud Court, Monterey, California

- 3. Budget Workshop #3April 27, 2016**
11:00 a.m. – Hollister (San Benito County)
Board Chambers
481 Fourth Street, Hollister, California

- 5. First Board Hearing May 18, 2016**
1:30 p.m. -- Monterey Bay Air Resources District
Board Chambers
24580 Silver Cloud Court, Monterey, California

- 6. Board Adoption of Final BudgetJune 15, 2016**
1:30 p.m. -- Monterey Bay Air Resources District
Board Chambers
24580 Silver Cloud Court, Monterey, California

- 7. District Fiscal Year Begins..... July 1, 2016**

INTRODUCTION



In February 2016, the Board of Directors for the Monterey Bay Unified Air Pollution Control District approved incorporating the use of the name “**Monterey Bay Air Resources District**” as a “doing business as”(DBA) name for the agency. The District retained its previous legal name but it is now using the new DBA name for normal business, public outreach, and promotional purposes. The District’s new name is reflected in this budget document.

The Fiscal Year 2016-2017 (FY 16-17) Budget, which runs from July 1, 2016 through June 30, 2017, has been prepared for final adoption by the Monterey Bay Air Resources District’s (District) Board of Directors. The budget adoption process is specified in the California Health and Safety Code Section 40131 and includes requirements for two public hearings and notification to all fee payers.

The FY 16-17 Budget complies with the policy framework and direction provided by the District’s Budget and Personnel Committee and the Board of Directors. In addition, comments received through the public hearing process have been fully considered and, where possible, incorporated in development of this budget.

The FY 16-17 Budget is designed to continue our mission of assuring healthful air quality in the North Central Coast Air Basin, improve levels of service to the public and the regulated community, and reduce and control District costs.

This Budget funds a comprehensive local air pollution program which includes the following functions:

- ◆ Implement District policy to respond to air pollution complaints in a timely fashion.
- ◆ Conduct special air quality field studies as needed.
- ◆ Operate and maintain six full-time air monitoring stations and record and report

some 47 air quality metrics with full quality control assurance.

- ◆ Review more than 50 environmental documents annually.
- ◆ Implement federal air quality programs including permitting, updates to national ambient air quality attainment standards, and enforcement and compliance regulations.
- ◆ Implement District’s Education and Outreach Program for schools and the public.
- ◆ Implement the Woodstove Change-out Program to reduce wood smoke pollution from residential home heating devices.
- ◆ Provide smoke management services for areas affected by wood smoke from residential home heating, outdoor backyard burns, and prescribed burns.
- ◆ Provide support services for District Board of Directors, Hearing Board, Advisory Committee and 34 staff with a total budget of approximately \$6.1 million.

Revenue Projections

- ◆ Administer and process over 50 emissions reduction projects funded by District grants.
- ◆ Process approximately 300 Authorities to Construct and Permits to Operate annually and maintain/inspect up to 3,000 Permits to Operate.
- ◆ Address nonattainment of North Central Coast Air Basin for California PM₁₀ and ozone Ambient Air Quality Standards.

As compared to FY 15-16 estimated actuals, permit fee revenue projections for FY 16-17 are higher by about \$177,000. This is primarily due to proposed fee increases of 3.2% based on the 2015 San Francisco-Oakland-San Jose Consumer Price Index (CPI). City and County

Introduction

contributions are also projected to increase by about \$35,000 based on raising the per capita fee from \$.31 to \$.35. Other notable budget highlights are included in the "Budget in Brief" section of this budget document.

The District's projected FY 16-17 Operating Budget shows a deficit of about \$55,000. With this projected amount, the District's General Fund reserves will continue to be financially sound. Schedules for all of the District's funds are included in the "Fund Balances" section of this budget document.

In regards to the Stationary Source Program, the District continues to operate in a deficit as shown in the "Budget Schedules" section of this budget document. By being careful not to overcollect, the District would have to increase permit fees to bridge the deficit gap for this program. In the meantime, the District utilizes other revenue sources, such as state subvention and per capita fees, to cover the deficit.

In summary, estimated financing for the FY 16-17 Budget totals \$14,177,000, of which \$6,135,000 is the District's annual operating budget and \$8,042,000 is in pass-through and prior year carryover grant funds.

ADMINISTRATIVE DIVISION

The Administrative Division consists of the Air Pollution Control Officer (APCO), a Deputy APCO, an Administrative Services Manager, an Executive Assistant, one Administrative and Fiscal Specialist, one Senior Fiscal Assistant, and an Office Assistant.

The Division performs the following functions:

General Operations

The Division is responsible for all premises management including building and grounds, vehicle fleet, District Safety Program, administrative support, telephone systems, reception duties, mail room, copy functions and office supplies.

General Operations also includes human resource management and benefit administration for the District's 34 budgeted positions. No new positions are proposed for FY 16-17.



Finance and Accounting

The accounting section is responsible for all general accounting functions including accounts receivable, accounts payable, payroll, fixed asset management, grants, risk management, and related financial reporting.

An important function of this section is the preparation and tracking of the annual budget. All Managers participate in a collaborative effort with the APCO and the Administrative Services Manager in compiling and presenting the annual proposal. Additional responsibilities include employee benefits, personnel needs, and recruiting.

In FY 15-16, the Administrative Division participated in the implementation of the new permitting database system called TrakiT. This new database system will ultimately integrate with the District's Springbrook financial software system for permit billings and collections. Both Springbrook and TrakiT allow

the District to benefit from newer technologies and have replaced systems that have been in place for twenty-plus years.

District Boards

The Division provides support to the District's Board of Directors, Hearing Board and Advisory Committee. In that function all agendas, notices, minutes and public inquiries are handled.

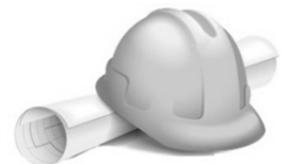


Monterey County Counsel provides contracted legal advice to the Board of Directors and its committees, the Advisory Committee, APCO and staff as well as representing the District in civil litigation, variance cases, abatement actions and permit revocations before the Hearing Board.

Remodeling of District Office Building

In FY 15-16, the District successfully completed its second floor building remodel project. The \$1.1 million remodel project created additional space for a new lease with the Association of Monterey Bay Area Governments (AMBAG). It also enhanced and improved work areas for employees and addressed structural issues associated with a building that was constructed some 20 years ago. The majority of the remodel costs were covered by a General Fund reserve set aside for building improvements.

In the FY 16-17 budget, \$500,000 is set aside for remodeling the District's third floor which includes the Board Room and work areas. This is a preliminary estimate of costs, subject to change once architectural and engineering plans are completed.



AIR MONITORING DIVISION

The Air Monitoring Division consists of a Planning and Air Monitoring Manager (.5 FTE), a Supervising Air Monitoring Specialist, two Air Monitoring Specialist II's, and one Air Monitoring Technical Assistant. In 2015 one Air Monitoring Specialist retired and the position was not filled. In FY 2016-17 the District expects to continue to look for ways to lower expenditures including staff costs through attrition and a possible reorganization.

The Air Monitoring Division performs the following functions:

Ambient Air Monitoring

The District operates a monitoring network to determine compliance with California and federal ambient air quality standards. The District also operates special purpose monitoring networks related to smoke management of outdoor burning and fine particle emissions from home heating with wood. Furthermore, these networks provide real-time measurements that are presented online in order to provide the public with characterizations of air quality based on the EPA's Air Quality Index (AQI). They also support the District's online pollutant forecasting and wood smoke curtailment programs.

Ozone

The District is in attainment of the federal eight-hour ozone ambient air quality standard. The District is currently in a non-attainment transitional status for the California eight hour ozone standard due to pollution levels detected at the Pinnacles National Park.

The Division provides technical assistance and collaborates with the National Park Service at Pinnacles National Monument.

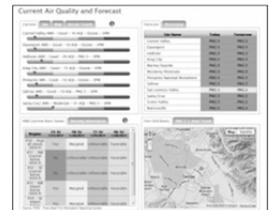
Ozone measurements from this site may determine the District's attainment status and its trends are most reflective of emission reduction benefits from the precursor source region, the San Francisco Bay Area.

The District has applied to EPA for a waiver to operate the ozone network on a reduce schedule. We are anticipating approval and this will significantly reduce workloads and costs during the non-ozone season, October through April.

Particulate Matter

The District is in attainment of the Federal standards for PM₁₀.

The District is in attainment of the Federal standards for PM₁₀. However, the North Central Coast Air Basin is in nonattainment for California PM₁₀ ambient air quality standard. This status results from exceedances of the California standard in the late 1980's most likely driven by deposits of sea salt on monitoring filters at coastal sites in Santa Cruz County and dust from plowed fields in Monterey and San Benito counties.



"PM₁₀" or PM Coarse refers to particles that are 10 micrometers or less in aerodynamic diameter (about 1/25 the diameter of a human hair). The Division conducts PM₁₀ monitoring using continuous measurement devices at the Hollister and King City stations. These sites show periodic exceedances of the California standard caused by fugitive dust emissions on windy days. An exceedance does not necessarily indicate a violation of the standard.

PM_{2.5} or “PM Fine”

Currently the North Central Coast Air Basin is in attainment for the PM_{2.5} federal ambient and California air quality standards. “PM_{2.5}” refers to particles that are 2.5 micrometers or less in aerodynamic diameter (about 1/70th the diameter of a human hair). The District monitors PM_{2.5} at stations located in Salinas, Santa Cruz, Hollister, Carmel Valley, King City, and Felton.

PM_{2.5} is also monitored in support of the District’s Smoke Management Program. Temporary networks are established to detect fine particle emissions from burns conducted on Fort Ord, other large prescribed burns, and in the San Lorenzo Valley for wood smoke.

The District conducted a special purpose monitoring effort in Carmel- by- the Sea from May 2015 to January 2016. The purpose was to determine if smoke from beach fire were impacting the residences nearby and creating a public nuisance. The data collected was provided to the City’s leadership and was used to establish new policies and local ordinances.



Other Criteria Pollutants

Pollutants such as nitrogen dioxide, nitric oxide, oxides of nitrogen, and carbon monoxide are monitored at the Salinas station. The District is in attainment of all ambient air quality standards for these pollutants. During 2016 the District is planning to discontinue monitoring for these pollutants. (Based on a review of monitored data this can be implemented with little concern in the characterization of air quality conditions in Salinas.) This will result in lower costs in staff time and in fees charges to a large stationary source.

FY 15-16 Major Accomplishments

- ◆ Met all EPA and ARB data collection, reporting and quality assurance requirements at all stations.
- ◆ Conducted an ongoing study, using Aethelometers at two stations in Felton to quantify the wood smoke component of PM_{2.5} in this area.
- ◆ Relocated a PM_{2.5} monitor to a new location in Felton to better represent overall ambient conditions at the Neighborhood Scale.
- ◆ Received additional EPA 103 Grant funds which offset materials costs of monitoring activities in the San Lorenzo Valley.
- ◆ The District has entered into a new agreement with California State Parks that provides for staff to assume the responsibility for the operation and maintenance of the PM₁₀ network located within the Hollister Hills Recreational Vehicle Park. The District will receive direct compensation for this work.
- ◆ Refined operations and modernized air monitoring resources. The District has replaced its existing network of meteorological sensors in order to shift to new less costly servicing schedule. Additionally, the District has shifted to a biweekly routine servicing schedule. Both of these combine to enhance efficiency and lower costs.
- ◆ Continued to support smoke management needs at the San Lorenzo Valley by successfully detecting PM_{2.5} pollution levels during the winter home heating season.

FY 16-17 Objectives

- ◆ Continue to meet all ARB and EPA monitoring requirements.
- ◆ Continue modernization activities and apply benefits to expand more efficient operations to meet District needs.
- ◆ Upgrade modems used for special studies to keep up with changes in commercial cellular networks.
- ◆ Continue to optimize and tailor new data acquisition system capabilities to increase automation and remote control capabilities for air monitoring tasks.
- ◆ Continue monitoring in the San Lorenzo Valley to support District endeavors to reduce PM fine levels from wood smoke and backyard burning in winter.

Meteorological Monitoring

Meteorological measurements are a necessary part of air quality management. Measurements obtained directly affect and support District air quality forecasting and smoke management programs.

Meteorological data is also used to understand pollutant flux in the air basin and is necessary for computer modeling for permitting purposes. Meteorological information can also help in complaint investigation.

The Division monitors and reports hourly meteorological data for sites in Salinas, Hollister, Santa Cruz, King City, Carmel Valley, and Felton. Parameters recorded are wind speed, wind direction, and ambient temperature.

FY 15-16 Major Accomplishments

- ◆ Met all data collection, reporting and quality assurance objectives.

- ◆ Applied meteorological measurements at all special study and temporary monitoring sites.
- ◆ Continued the use of radiosondes for atmospheric vertical profiling to support smoke management projects, such as at Fort Ord, the San Lorenzo Valley, and large agricultural burns.
- ◆ Continued to assist in a vertical profiling study utilizing radiosondes and weather balloons conducted by San Lorenzo Valley High School Students. The students have won regional and national awards for this work.
- ◆ Updated meteorological data collection by integrating the use of sonic sensors into the monitoring network.

FY 16-17 Objectives

- ◆ Continue meteorological monitoring to meet District needs.
- ◆ Continue to upgrade meteorological monitoring systems as needed.

Source Specific Monitoring

The Division supports remote smoke monitoring instruments to detect smoke emissions from controlled burns, wildfires, and prolonged large structure fires.

The Division may assist in complaint response through the use of portable air monitoring equipment and/or by reporting meteorological data.



COMPLIANCE DIVISION

The Compliance Division consists of an Engineering and Compliance Manager (.5 FTE), a Supervising Inspector, seven field Inspectors, one Compliance Program Coordinator, and two Senior Administrative Assistants.

The major functions of the Compliance Division are as follows:

Inspections of Stationary Sources

Compliance does unannounced inspections of 1,579 sources and 3,050 permits to assure compliance with all of the permit requirements, applicable District regulations, and state and federal laws.

Air quality violations trigger investigations and enforcement actions. To ensure compliance with District permit and/or other regulatory requirements, the Division uses a suite of corrective actions including direct remediation, education, supplemental environmental projects and monetary penalties.

Under the District's inspection policy, inspections are assigned based on various factors, including a source's compliance and complaint history, potential for air quality impact, frequency of equipment use, and the presence of toxic air contaminants.



During calendar year 2015, the Division performed 1,645 inspections of permitted equipment, responded to 305 public complaints, and addressed 50 reported facility equipment breakdowns.

FY 15-16 Major Accomplishments

- ◆ Detailed review of Continuous Emissions Monitoring and source testing reports.
- ◆ Completed all major source inspections and the majority of minor source inspections per the District's variable inspection frequency policy.

- ◆ Met all EPA requirements for inspection, reporting, and enforcement of sources covered by federal agreements.
- ◆ Transitioned source testing program from Engineering to the Compliance Division. Staff oversee compliance with source test permit conditions through inspection and observation.
- ◆ Completed conversion to new database program called TRAKiT. TRAKiT includes a dashboard view of relevant information necessary to conduct an inspection with a new electronic inspection reporting system which utilizes tablet technologies. TRAKiT will significantly reduce the time necessary to assign, review, and conduct inspections.

FY 16-17 Objectives

- ◆ Enhance web-based compliance inspection forms to streamline the inspection process and populate the District's new paperless workflow system. This will efficiently move documents from creation through approval and to their final location in the District's new permit database.
- ◆ Work towards eliminating paper-based forms through the use of electronic forms on tablet computers.
- ◆ Develop and finalize new policies and procedures to improve consistency and efficiency.
- ◆ Increasing District information available to stakeholders and the general public.
- ◆ Continue Unpermitted Source Identification Program ensuring that businesses operating without permits do not gain an unfair advantage over those complying with permitting requirements.
- ◆ Review and evaluate Compliance Division business rules and practices.
- ◆ Continue cross-training of Division Staff.

Complaint Investigations

The Division receives an average of 275 complaints each year for which timely responses and investigations of alleged sources of non-compliance are top priorities.

FY 15-16 Major Accomplishments

- ◆ The Division refined the complaint response process and has become more efficient while continuing to provide the same level of service quality.
- ◆ The number of complaints investigated by the District in the complaint handling program has increased since the implementation of the voluntary “Spare the Air” program which affects residential wood burning. The District handled 306 citizen complaints concerning poor air quality, 12% of which were directly related to fireplace and woodstove emissions.
- ◆ Development of a new online complaint reporting portal. This new system allows members of the public to file complaints online and receive complaint investigation reports automatically via email once completed.

FY 16-17 Objectives

- ◆ Provide timely responses to complaints and investigations of alleged sources of non-compliance.
- ◆ Evaluate complaint response procedures and apply findings towards improving District efforts.

Gasoline Station Inspection

Gasoline stations are one of the largest potential sources of volatile organic compounds in the District. A comprehensive inspection and testing program is important to ensure vapor recovery systems operate as certified and that the District realizes actual emission reductions.

In Station Diagnostics (ISD) has enhanced the inspection process by detecting equipment problems not visually evident, and is an

important tool for the inspector and gas station contractors.

District staff continues to inspect gasoline station vapor recovery systems on a routine basis assuring that required record keeping is maintained, and that any torn hoses, damaged nozzles, loose tank caps or other equipment issues are remedied as soon as possible to prevent or reduce emissions.

In recent years mandated changes in state law have added complexity to the overall inspection and testing program. Annual system performance tests, performed by contractors must be evaluated before final compliance can be determined. Staff has increased random, unannounced observations of these tests to insure contractor adherence to procedures set by ARB.



FY 2015-16 Major Accomplishments:

- ◆ Completed inspections of all 253 gasoline dispensing service stations and 35 of the aboveground storage tanks.
- ◆ Tracked and reviewed all 294 annual vapor recovery tests conducted at gasoline service stations.
- ◆ Participated in California Air Resources Board (CARB) advanced training in Phase I and II EVR Testing Observation.
- ◆ Increased quality assurance observations of vapor recovery testing.
- ◆ CARB found a potential solution to address the over pressurization at assist systems during fueling. In conjunction with the manufacturer, they developed a new spout and latch ring configuration to address the problem.

FY 2016-17 Objectives:

- ◆ Continue efficient and effective inspection program for gasoline service stations.

- ◆ Utilize the District's new database to enhance inspection and record keeping efficiency.
- ◆ Utilize ISD data in the inspection program to verify compliance. ISD vendors are applying to certify software updates with ARB. Staff will take advantage of new ISD training.
- ◆ Conduct quality assurance observations of vapor recovery testing to increase contractor adherence to established testing procedures.
- ◆ Participation on California Air Pollution Controls Officers Association (CAPCOA) Vapor Recovery Subcommittee. Staff will participate in CAPCOA International Code Council (ICC) test review group to update contractor ICC testing.
- ◆ Provide staff with training opportunities to improve their technical skills and customer service.

Smoke Management Program

The Division actively contributes to the District's smoke management activities. The Division handles complaints and enforcement actions on fireplace smoke, backyard burns, prescribed burns and agricultural burns, and issues backyard burn permits pursuant to District and State requirements relating to open burning.



During the 2015 Backyard Burn Season, the District issued 1,257 burn permits and provided customer service to approximately 914 callers.

FY 15-16 Major Accomplishments

- ◆ Continued to provide outreach and awareness on revisions to Rule 438 (Open Outdoor Fires) throughout District.
- ◆ Participated in continuous improvement program review, resulting in changes that enhance service to the public while making more efficient use of present resources.

FY 16-17 Objectives

- ◆ Develop and implement recommendations for improvement in use of Division resources. Evaluate workflows and apply results to Division operational needs.
- ◆ Enforce District rules governing excessive smoke and related nuisances.
- ◆ Develop ways to effectively address fireplace and wood stove smoke complaints.

Compliance Assistance

The Division devotes considerable resources to assist the public and regulated sources with their understanding of regulatory requirements. The primary focus of these activities is to notify, educate and offer solutions to avoid potential compliance problems and achieve the best possible air quality.

FY 16-17 Objectives

- ◆ Evaluate compliance assistance methods and apply findings towards improvement of District customer support efforts.

Hearing Board

The Hearing Board is comprised of five citizens appointed by the District's Board of Directors. The District's Compliance Division staff represents the District at variance hearings. Staff prepares draft orders, staff reports, and provides testimony for all variance applications received. Staff also tracks variances to ensure sources comply with variances and other Hearing Board orders.



During calendar year 2015, six (6) variances to District operating permits were issued by the Hearing Board.

FY 15-16 Major Accomplishments

- ◆ Worked with the Hearing Board and the Santa Cruz Harbor to maintain a viable harbor entrance threatened by shoaling due to winter storms.

Compliance Division

- ◆ Worked with Hearing Board and UCSC to maintain campus utility grid with emergency gen-sets while retrofitting their new low emission gas turbine cogeneration unit.

FY 16-17 Objectives

- ◆ Utilize the new District Permit database to provide better technical support to Hearing Board members.
- ◆ Improve the tracking and recording of the elements of progress for the duration of granted variances.

Asbestos Program

The Division enforces the federal National Emission Standards for Hazardous Air Pollutants asbestos regulation through its Asbestos Program. Staff in this program inspect selected projects for compliance, initiates enforcement actions, and works with asbestos contractors to assure, in advance, that projects will be carried out correctly.

During the calendar year 2015, 264 asbestos and demolition projects were reviewed and approved. This is a 35% increase from 2014.

FY 15-16 Major Accomplishments

- ◆ Worked with CSUMB on a large asbestos removal and demolition project to expand campus operations. This involved the removal of 1.5 million square feet of asbestos and demolition of nine multi-story buildings.
- ◆ Worked with contractors, owners and building officials regarding the large scale asbestos removal and renovation of the Monterey Convention Center.
- ◆ Assured compliance and provided assistance to all parties regarding the demolition of the San Clemente Dam and related environmental concerns.
- ◆ Investigated a large fire in King City and documented asbestos violations which were developed for prosecution.

- ◆ Worked with Monterey County and all contractors regarding the retrofitting of the East and West wings of the Salinas courthouse which includes significant asbestos removal.

FY 16-17 Objectives

- ◆ Improve coordination between tri-county agencies such as health and building departments to better serve the public regarding environmental concerns.
- ◆ Begin work on a new Asbestos Rule to clarify federal requirements and improve compliance.
- ◆ Utilize the District's new database to facilitate on-line notifications for asbestos and demolition projects.
- ◆ Continue participation in local and regional environmental task forces to improve coordination with other environmental agencies, and better serve the public.



Mutual Settlement Program

The Mutual Settlement Program resolves violations of air quality regulations without formal legal proceedings. Notices of Violation are usually settled by mutual agreement between the District and the respondent.

The program is administered by a Program Coordinator, who settles Notices of Violation through negotiations with respondents. On rare occasions, cases may be referred to the District Attorney's Office for prosecution.

During 2015 the District issued 68 Notices of Violation and negotiated over \$145,000 in penalties. Two environmental settlements included yard waste diversion events to reduce open burning emissions. Environmental settlements can include penalty reductions for affirmative actions taken to improve future compliance and reduce facility emissions.

FY 15-16 Major Accomplishments

- ◆ Finalized a \$62,000 settlement agreement that included implementation of improved work practices at asbestos abatement sites.
- ◆ Modified procedures to improve the speed and efficiency in the settlement of cases.

FY 16-17 Objectives

- ◆ Provide more compliance assistance and outreach through our website, local media and coordination with other local agencies.
- ◆ Work with violators to find ways to reduce their emissions and promote future compliance.
- ◆ Utilize the new District database for better tracking of cases and compliance timelines from the date of violation until settlement.

Portable Equipment Inspections

In addition to inspecting portable equipment permitted with the District, the Division also inspects portable equipment registered in the State of California's registration program. There are several portable equipment units that need inspection every year.

Examples of the types of portable equipment inspected include engines that power electrical generators, portable concrete batch plants, oil well service equipment, and engines that power sandblasting/painting operations. This equipment can move many times during the course of the year. Inspections are conducted at large storage yards or in the field when the equipment is in operation.



ENGINEERING DIVISION

The Engineering Division staff consists of an Engineering & Compliance Manager (.5 FTE), an Engineering Supervisor, four Permit Engineers, and one Senior Administrative Assistant.

The Division performs the following functions:
Permitting

The District's permit system is the primary mechanism used to ensure businesses comply with air quality control requirements. The two types of permits issued are Authorities to Construct and Permits to Operate.

Authorities to Construct are preconstruction permits issued after the project emissions and necessary control technologies have been evaluated, and criteria and toxic pollutant regulatory compliance has been determined.

Permits to Operate are issued after construction is completed and the equipment is found to be operating in compliance with all terms and conditions of the Authority to Construct and with all applicable air quality regulatory requirements.



The Division oversees 2,950 active Permits to Operate, including the annual renewal process. During calendar year 2015, the Division issued 123 Authorities to Construct, 164 Permits to Operate, two Agricultural Diesel Engine Registrations, There were no Title V Permit renewals or Title V Permit revisions.

In order to meet state requirements, the Division maintains a registration program for diesel engines used in agricultural operations. Currently, 542 agricultural engines are registered.

The Division also oversees implementation of the Title V Federal Operating Permit program. There are 17 active Title V facility permits within our jurisdiction that are renewed on a five-year cycle.

FY 15-16 Accomplishments

- ◆ Completed conversion to new database program called TRAKiT.
- ◆ The Engineering Division has improved efficiencies in process by concentrating in core permitting activities.
- ◆ Evaluated and issued a total of one Federal Title V facility permit renewals.
- ◆ The District's New Source Review program has been reviewed and adjustments have been implemented to improve efforts.
- ◆ The District's permitting program environmental review activities are now better coordinated.
- ◆ Engineering staff has participated in and lead sub-groups within the District's TRAKiT database conversion project.
- ◆ Refined and enhanced the procedures to project future budget revenues from permit renewals and new permit applications.

FY 16-17 Objectives

- ◆ Continue to review and evaluate business rules and practices looking for improvement opportunities.
- ◆ Increase efficiency in all processes by promoting simplicity.
- ◆ Evaluate and issue federal Title V facility permit renewals.
- ◆ Process projects involving on-going installation and/or modification of Enhanced Vapor Recovery and In-Station Diagnostic systems at gasoline stations.
- ◆ Review records storage system and transition to a more paperless process congruent with TRAKiT.



Rule Development Program

The process of developing and amending District regulations is achieved through the Rule Development Program. The Engineering and Planning Divisions share this responsibility. Through this program, Divisions detail development of proposed regulations, prepare notification formalities, provide presentations at public workshops and the District Advisory Committee, and participate in public hearings and District Board of Directors meetings.

FY 15-16 Accomplishments

- ◆ Revisions to Rules 300, 301, 302, 305, 306, 308, 309 & 310 (District Fee Rules) in June 2016 to reflect cost of a cost of living adjustment. These revisions included a major change to summarize all fees in a schedule contained in Rule 301 such that moving forward, only Rule 301 will be revised as part of the annual fee rule update process.
- ◆ Revisions to Rule 207 and 1000.

FY 16-17 Objectives

- ◆ Analyze regulations for consistency and conformity with applicable requirements, and initiate rule revisions as necessary.
- ◆ Continue to search for improvement opportunities by analyzing and adjusting District responsibilities and simplifying Rule language.

Toxics Programs

The Division's implementation of the State of California Air Toxics Hot Spots Information and Assessment Act of 1987 (AB 2588) stabilized as the program transitioned into a maintenance effort for sources previously inventoried. The Division reviews sources of intermediate risk for significant changes at a minimum of every four years.

The District strives to be current on toxic air contaminant actions by the State of California



Air Resources Board, the Department of Toxics Substance Control, and Office of Environmental Health Hazard Assessment (OEHHA).

FY 15-16 Accomplishments

- ◆ Continued participation in a California Air Pollution Control Officers Association (CAPCOA) and review of new OEHHA risk evaluation methodology.
- ◆ Completed Rule 1000 revision which incorporates risk assessment using OEHHA's updated methodology.

FY 16-17 Objectives

- ◆ Continue to train staff in new OEHHA risk evaluation and updated prioritization methodologies, including Hot Spots Analysis and Reporting (HARP) modeling and exposure calculations.

The District no longer operates a source testing program. The Compliance Division oversees compliance with source test permit conditions through source test observations.

Technical Assistance

The Division provides technical assistance for a broad range of internal District actions, including review of State of California and Federal program developments, rule development and implementation, hearing board actions, emissions inventory, and California Environmental Quality Act evaluations.

The Division responds to inquiries from the public regarding permit and regulatory requirements, source information, and general air pollution questions, as well as participating on CAPCOA committees.

Ongoing Objectives

- ◆ Review and evaluate technical assistance priorities.
- ◆ Propose and initiate changes that reflect District needs.

PLANNING DIVISION

The Planning Division includes a Planning and Air Monitoring Manager (.5 FTE), three Air Quality Planners, and one Senior Administrative Assistant.

The Division performs the following functions:

Preparation of State and Federal Plans

The Division prepares regional air quality plans to show how the region will comply with ambient air quality standards in the future. Plans include technical analysis, growth projections, and attainment strategies based on feasible control measures.

FY 2016-17 Objectives

- ◆ Update the on-road mobile source inventory to reflect the updated Air Resources Board's EMFAC2014 model. Evaluate whether these changes impact the emission inventory in the Air Quality Management Plan (AQMP).
- ◆ Prepare a triennial update to the AQMP.

Air Emissions Inventories

The Division summarizes estimates of air pollutant emissions from stationary, area and mobile sources in the North Central Coast Air Basin. Inventories are used to identify sources subject to further control, and as input data for computer models to simulate dispersion of pollutants into the atmosphere.

The Division reviews pollutant concentrations and weather conditions to predict future pollutant levels at local and regional scales.

FY 2016-17 Objectives

- ◆ Update mobile source emissions inventory based on AMBAG's regional transportation demand model and California Air Resources Board's EMFAC2014 model.
- ◆ Develop an inventory of PM2.5 emissions from residential heating with wood.

Land-Use Planning

The Division provides guidance and assistance to lead agencies, consultants and others concerning air quality and greenhouse gas analyses prepared in accordance with the California Environmental Quality Act (CEQA).

The Division reviews and provides comments on land-use project environmental documents and periodically updates the District's *CEQA Air Quality Guidelines* to reflect current requirements of CEQA statute and CEQA Guidelines.

FY 2015-16 Major Accomplishments

- ◆ Reviewed and commented on over 50 environmental documents.
- ◆ Updated the Air District's CEQA Implementation Guidelines.

FY 2016-17 Objectives

- ◆ Continue reviews and comments on environmental documents.
- ◆ Prepare update to the Air District's CEQA Guidelines including guidance for addressing greenhouse gas emissions in environmental documents.

Implementation of Grant Programs

The Division manages grant programs funded by the State of California such as the Carl Moyer Memorial (Moyer) Program and AB 2766 and AB 923 programs (DMV fees).



The Division also manages the East Garrison mitigation fee grant program. Under this program, fees collected for each home built is used to purchase new, cleaner agricultural pump engines or to replace or retrofit school buses.

FY 2015-16 Major Accomplishments

- ♦ Managed over 50 active grant projects under the AB2766, AB923, Moyer and East Garrison programs.
- ♦ Updated the AB2766 grant program to include an electric vehicle (EV) incentive program for public agencies
- ♦ Awarded approximately \$1.4 million in AB 2766 funds to five direct emission reduction projects and issued 24 EV vouchers for a total of 38 EVs
- ♦ Awarded Moyer grant funds to four of the 50 applications received based on emission reductions and availability of grant funds.
- ♦ Awarded East Garrison mitigation fees to three Ag pump repower projects to electric motors.
- ♦ Managed and completed the Monterey Bay Alternative Fuel Readiness Plan Project through a grant from the California Energy Commission.



FY 2016-17 Objectives

- ♦ Manage AB2766 and Moyer Program grant projects.
- ♦ Initiate the FY17 AB2766 program with enhancements to include EV vouchers to the general public as well as agencies
- ♦ Obligate Moyer Program funds to selected projects.
- ♦ Provide grants for school bus replacements and Moyer Program projects using AB923 funds.
- ♦ Announce and launch the Plug-In Monterey Bay Program using AB923 funds to implement strategic EV infrastructure within District boundaries based on new legislation.

- ♦ Establish a local voluntary accelerated vehicle retirement program (Cash for Clunkers) using AB 923 funds.
- ♦ Manage the East Garrison mitigation fee projects and award funds to additional projects.

Transportation Planning

The Division participates with the Association of Monterey Bay Area Governments (AMBAG) and regional transportation planning agencies in regional transportation planning efforts. Staff participates in committees as well as being a member of the Monterey Bay Electric Vehicle Alliance (MBEVA) steering committee.

FY 2015-16 Major Accomplishments

- ♦ Participated in regular transportation agency meetings.
- ♦ Participated in regular update meetings on AMBAG's regional transportation demand model and bike model.
- ♦ Participated in regular MBEVA meetings.

FY 2016-17 Objectives

- ♦ Continue to participate in local and regional transportation planning agency committees.
- ♦ Continue to support AMBAG's efforts to update the regional transportation demand model and develop the sustainable community's strategies.
- ♦ Continue to support MBEVA meetings, outreach and EV ride and drive activities

Participation in California Air Pollution Control Officers Association's Committees

The Division participates in three of the California Air Pollution Control Officers Association's (CAPCOA) committees; planning managers, outreach, and grants and incentives. It should be noted that the District's Air Pollution Control Officer is the current CAPCOA president.

FY 2015-16 Major Accomplishments

- ◆ Supervisor chaired the CAPCOA Planning Managers Committee.

FY 2016-17 Objectives

- ◆ Continue to participate in the planning managers, outreach and grants and incentive committees.

Rule Development

The Division conducts rule development activities for rules that address programs the Division manages.

FY 2015-16 Major Accomplishments

- ◆ Developed draft language for a rule to require the change-out of non-EPA certified wood stoves when residential properties are sold in San Lorenzo Valley.

FY 2016-17 Objectives

- ◆ Evaluate the need for rule development related to reducing wood smoke emissions in San Lorenzo Valley through continuing to refine the draft rule language.

Education and Outreach Program

The Division manages the District's outreach program including participation in regional events, public education, press releases, advertisements, Clean Air Month in May, and an annual calendar art contest.



The Division also implements a grant program. The Air Expressions grant program, provides funding to high school and college students for implementation of clean air projects.

FY 2015-16 Major Accomplishments

- ◆ Participated in community events such as student fairs, community festivals, and local college events.

- ◆ Provided funding to high school and college students under three Air Expressions grant projects.
- ◆ Enhanced communication with the public through acquiring a Constant Contact account which improved email distribution of District information.
- ◆ Improved the District's presence in social media through routine posting of information to the District's Facebook page.

FY 2016-17 Objectives

- ◆ Publicize the District's new name and logo to the public through outreach materials, advertisements, and social media.
- ◆ Enhance the District's visibility and messaging on local TV stations, social media, and participation in community events.
- ◆ Develop a District-wide outreach theme to convey the District's mission as it applies to each Division.
- ◆ Accept and review applications for Air Expressions program.

Smoke Management Program

The Division is in the process of continuously improving the District's Smoke Management Program in order to make the program more protective of public health and more user friendly to the public.

The Division coordinates the District's Agricultural and Prescribed Burning Program including analytical and technical assistance for burn projects.

Agricultural burn permits are issued through the District's online permit system. Broadcast burn projects are tracked and reviewed through the Prescribed Fire Information Reporting System (PFIRS).



The Division provides technical assistance and

comments to other agencies whose land-use projects have potential for smoke impacts.

The Division also administers a contract with the State Department of Toxic Substances Control for District work on the former Fort Ord Burn Program.

FY 2015-16 Major Accomplishments

- ◆ Developed and implemented new, simplified burn zones allowing for clearer communication to the public.
- ◆ Coordinated the development of a process for CAL FIRE to accept and review projects for the vegetation management program.
- ◆ Coordinated with the Monterey County Fire Safe Council to develop a job description for a Fuel Mitigation Officer.
- ◆ Worked with Fort Hunter Liggett to improve public communication about planned burns.
- ◆ Provided and administered incentives for neighborhood chipping programs.
- ◆ Streamlined the use of the online agricultural burn permit program to smaller pile burns used for wildland vegetation.
- ◆ Began collaboration with other air districts and the Air Resources Board to revitalize the California and Nevada Smoke and Air Committee (CANSAC) to improve meteorological tools used by air districts to minimize smoke impacts from burning.

FY 2016-17 Objectives

- ◆ Coordinate with CAL FIRE and local fire districts to provide more consistency in the smoke management permit conditions included in CAL FIRE and fire district issued permits.
- ◆ Continue participation in CANSAC improvements.
- ◆ Assist with planning, implementation, and monitoring of prescribed burns planned for the former Fort Ord.

Special Projects

San Lorenzo Valley PM_{2.5} Reduction Project

The San Lorenzo Valley (SLV) is a narrow river valley located in Santa Cruz County. Over the past four winter seasons, the District has measured PM_{2.5} concentrations above the federal 24-hour standard. The Division assists with implementing programs to reduce PM_{2.5} emissions during the wintertime. The primary source of PM_{2.5} emissions is smoke from wood burning for home heating.

FY 2015-16 Major Accomplishments

- ◆ Limited Woodstove Change-Out Program funding to focus on SLV and replaced over 55 old devices.
- ◆ Incentivized yard waste recycling in SLV by providing free yard waste drop-off events.
- ◆ Participated in community events, such as the Redwood Mountain Faire, to educate the public on wood burning and smoke impacts. 
- ◆ Continued "Spare the Air" program for SLV.
- ◆ Installed a webcam to help monitor local conditions,
- ◆ Participated in SLV stakeholders meetings.

FY 2016-17 Objectives

- ◆ Continue PM_{2.5} reduction efforts in SLV.
- ◆ Apply for funding for PM_{2.5} reduction incentives such as the Woodstove Change-Out Program from the California Air Resources Board.
- ◆ Continue with the Woodstove Change-Out Program as approved by the Board.
- ◆ Seek continuous improvements for implementation of the "Spare the Air" program to reduce localized impacts from wood burning for home heating.

Geographic Information System (GIS) Services

In 2015, the Planning Division began providing GIS services for the Air District.

FY 2015-16 Major Accomplishments

- ◆ Assembled, joined and created GIS layers for all counties in the District.

- ◆ Participated in a regional GIS users group.
- ◆ Provided all GIS products for a new data management system (TRAKIT) to be used by Engineering and Compliance Divisions.
- ◆ In conjunction with the Engineering and Compliance divisions, developed a new role for technical support and system administration related to TRAKIT.

FY 2016-17 Objectives

- ◆ Continue to provide GIS products to meet Air District needs.
- ◆ Continue to support to Engineering and Compliance Divisions via TRAKIT.

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BUDGET

IN BRIEF



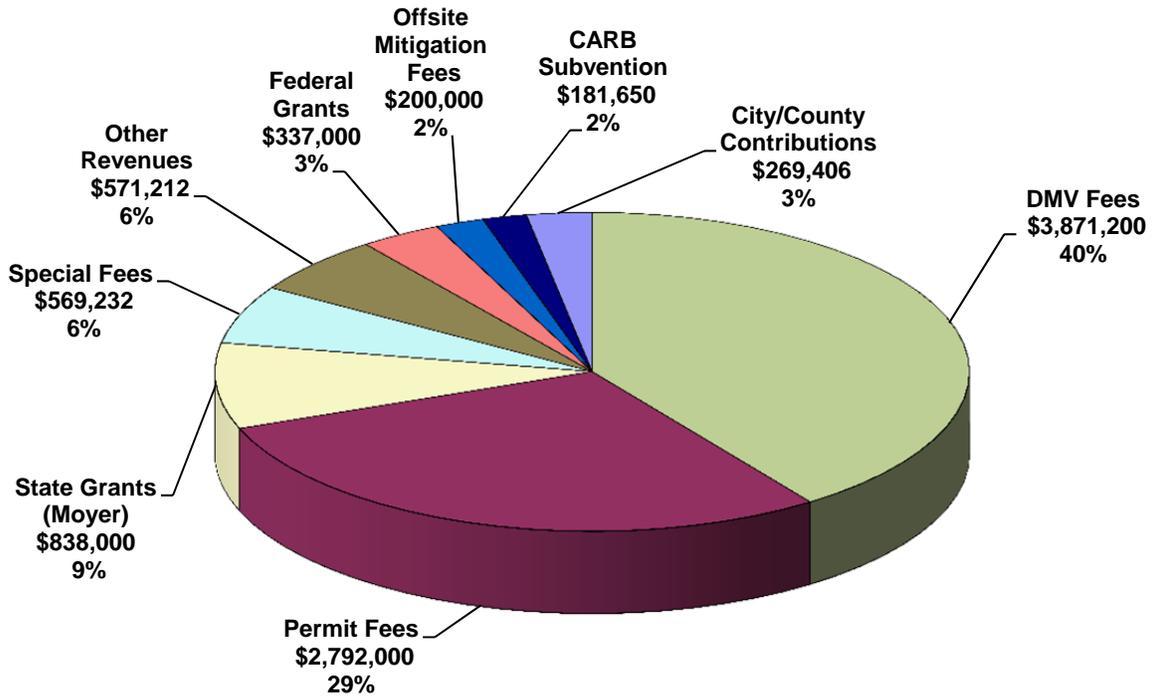
► **Fiscal Year 2016-17 Budget in Brief** ◀

The following are budgetary highlights:

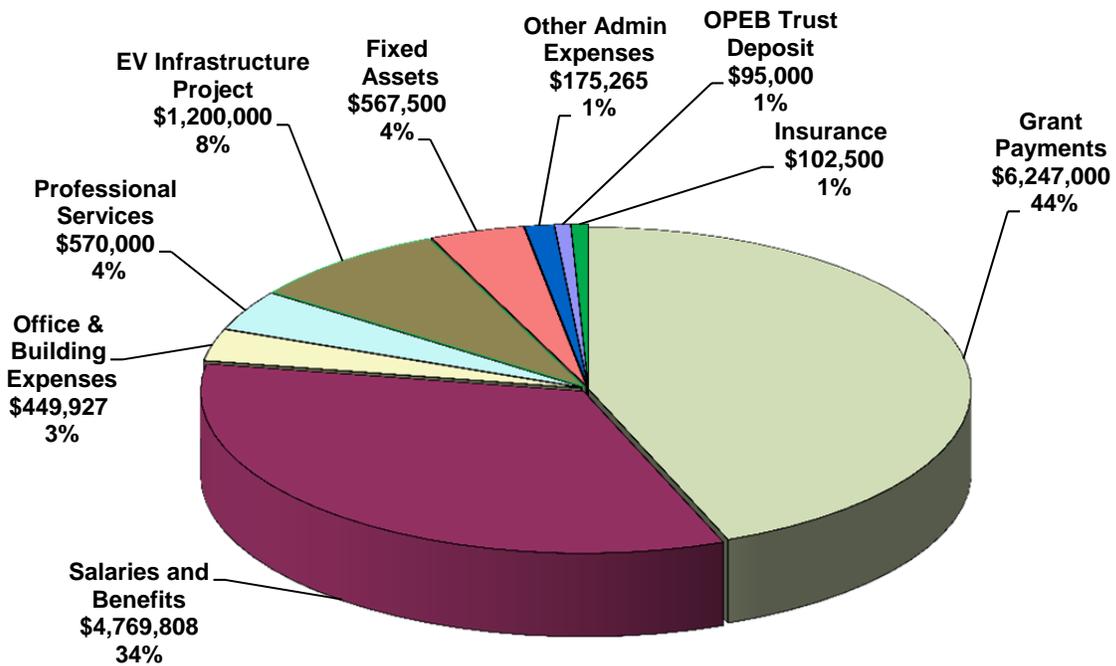
- ❖ Total budget of \$14.1 million consisting of:

Operational Budget	\$6.1 million
Non-Operational Budget (Grant Programs)	\$8.0 million
- ❖ Permit fee increases of 3.2% based on the 2015 CPI for the San Francisco-Oakland-San Jose area, resulting in an increase to revenues of about \$177,000.
- ❖ Increase in City and County per capita fees from \$.31 to \$.35, resulting in an additional \$35,000 in revenues.
- ❖ No change in the current staffing level of 34 full-time employees.
- ❖ Fixed Asset purchases of \$567,500, including a proposed building remodel project for the District's headquarter's 3rd floor estimated at \$500,000, and two vehicle replacements for the Compliance and Air Monitoring Divisions.
- ❖ Estimated \$95,000 deposit to the District's Other Post Employment Benefit (OPEB) Trust, funded by the General Fund reserve designated for post-employment benefits. This estimate is based on the new actuarial valuation report presented to the Board of Directors in April 2016.
- ❖ General Fund budget net deficit of \$731,000, largely due to the 3rd floor building remodel project and increases to salaries and benefits.
- ❖ AB2766 Fund budget net deficit of \$1.7 million, including approximately \$3.0 million for new and prior year grants to public agencies to fund qualifying projects that reduce emissions.
- ❖ AB923 Fund budget includes \$1.8 million in new grant expenditures and \$1.2 million for a new electric vehicle charging stations infrastructure project.
- ❖ Carl Moyer Grant Fund budget includes \$1.16 million in new grants.
- ❖ General Grant Fund budget of \$200,000 for grants to retrofit/replace agricultural pumps and school buses, funded by the East Garrison Project offsite mitigation fees (project located in Monterey County).
- ❖ Other Grant Programs - \$75,000 in Woodstove Changeout Grants and \$12,000 for Air Expression Grants.
- ❖ Continued assistance towards reducing PM2.5 emissions in the San Lorenzo Valley, including funding for free yard waste recycling for residents.

**FY 2016-17
Revenue - All Funds**



**FY 2016-17
Expenditures - All Funds**

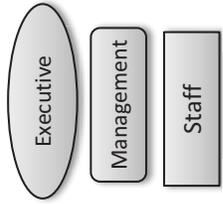
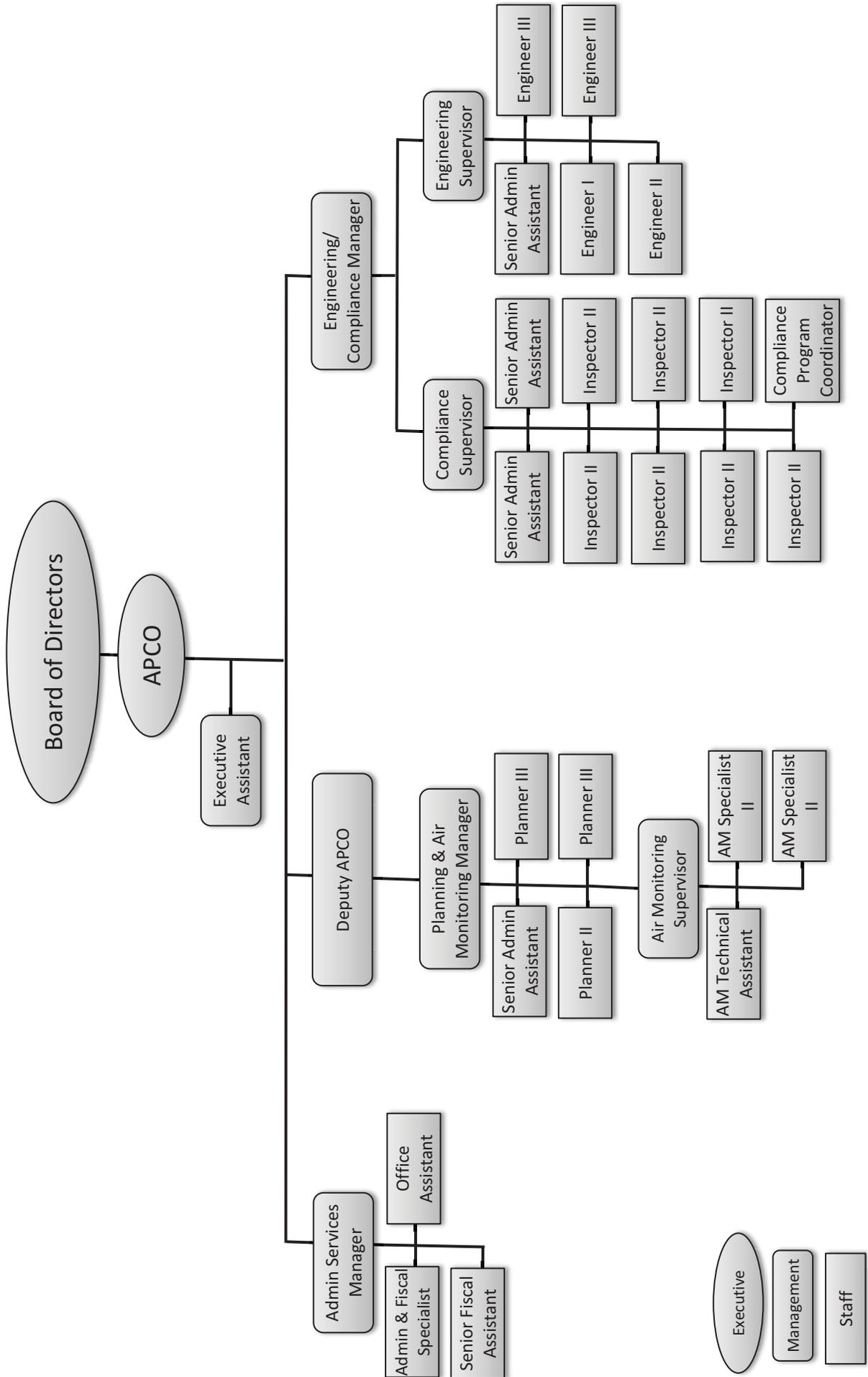


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ORGANIZATIONAL STRUCTURE

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Monterey Bay Air Resources District
 Organization Chart - FY 2016/17



**Monterey Bay Air Resources District
Personnel Schedule**

Division/Position	Revised Budget FY 2015-16	Additions/ Deletions	Adopted Budget FY 2016-17
<u>ADMINISTRATIVE</u>			
APCO	1.00		1.00
Executive Assistant	1.00		1.00
Admin Services Manager	1.00		1.00
Office Assistant	1.00		1.00
Admin and Fiscal Specialist	1.00		1.00
Senior Fiscal Assistant	1.00		1.00
Deputy APCO	1.00		1.00
Subtotal	7.00	0.00	7.00
<u>COMPLIANCE</u>			
Division Manager (1)	0.50		0.50
Division Supervisor	1.00		1.00
Senior Admin Assistant	2.00		2.00
Compliance Program Coordinator	1.00		1.00
Inspector I - Changed to Insp II position in FY 2015-16	1.00	(1.00)	0.00
Inspector II	6.00	1.00	7.00
Subtotal	11.50	0.00	11.50
<u>ENGINEERING</u>			
Division Manager (1)	0.50		0.50
Division Supervisor	1.00		1.00
Senior Admin Assistant	1.00		1.00
Engineer I (2)	0.00	1.00	1.00
Engineer II	1.00		1.00
Engineer III (2)	3.00	(1.00)	2.00
Subtotal	6.50	0.00	6.50
<u>PLANNING</u>			
Division Manager (3)	0.00	0.50	0.50
Division Supervisor (3)	1.00	(1.00)	0.00
Senior Administrative Assistant	1.00		1.00
Planner II	1.00		1.00
Planner III	2.00		2.00
Subtotal	5.00	(0.50)	4.50
<u>AIR MONITORING</u>			
Division Manager (3)	0.00	0.50	0.50
Division Supervisor	1.00		1.00
AM Technical Assistant	1.00		1.00
AM Specialist II	2.00		2.00
Subtotal	4.00	0.50	4.50
Total Number of Positions	34.00	0.00	34.00

Notes:

- 1) Position oversees both Compliance & Engineering divisions.
- 2) Engineer III previous vacant position was replaced with Engineer I position.
- 3) New Planning and Air Monitoring position approved at the 4/20/16 Board of Directors meeting. Replaces the Planning Supervisor position.



Monterey Bay Air Resources District
Hourly Rates for Staff Positions
Effective 7/4/16 (based on current SEIU labor contract)

Job Title	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Office Assistant	19.65	20.63	21.66	22.74	23.88	26.27
Administrative Assistant	21.49	22.56	23.69	24.87	26.12	28.73
Fiscal Assistant	22.36	23.48	24.65	25.88	27.18	29.89
Sr. Admin Assistant (hired after 12/31/14)	23.73	24.92	26.17	27.48	28.85	31.73
Air Monitoring Technical Asst (hired after 12/31/14)	24.21	25.42	26.69	28.03	29.43	32.37
Sr. Fiscal Assistant	24.70	25.93	27.23	28.59	30.02	33.02
Air Monitoring Technical Asst (hired prior to 1/1/15)	26.48	27.80	29.19	30.65	32.19	35.41
Sr. Admin Assistant (hired prior to 1/1/15)	27.01	28.36	29.78	31.27	32.83	36.13
Air Monitoring Specialist I	27.83	29.22	30.68	32.22	33.83	37.21
Air Quality Compliance Inspector I	29.54	31.02	32.57	34.20	35.91	39.50
Air Quality Planner I	31.99	33.59	35.27	37.03	38.88	42.77
Air Monitoring Specialist II	32.31	33.93	35.62	37.40	39.27	43.20
Air Quality Compliance Inspector II	34.30	36.01	37.81	39.71	41.70	45.87
Air Monitoring Specialist III	34.99	36.74	38.57	40.51	42.54	46.79
Air Quality Planner II (hired after 12/31/14)	35.34	37.10	38.96	40.91	42.95	47.25
Air Quality Engineer I	35.69	37.47	39.35	41.32	43.38	47.72
Air Quality Compliance Inspector III	37.51	39.39	41.36	43.42	45.59	50.15
Air Quality Planner III (hired after 12/31/14)	39.03	40.99	43.03	45.19	47.45	52.19
Compliance Program Coordinator	39.43	41.41	43.48	45.65	47.93	52.73
Air Quality Planner II (hired prior to 1/1/15)	40.62	42.65	44.78	47.02	49.37	54.31
Air Quality Engineer II	41.44	43.51	45.68	47.97	50.36	55.40
Air Quality Planner III (hired prior to 1/1/15)	44.42	46.65	48.98	51.43	54.00	59.40
Air Quality Engineer III	45.32	47.58	49.96	52.46	55.08	60.60

Annual Salaries - Based on Employment Agreements

Job Title	Annual Salary
Air Pollution Control Officer (APCO)	\$ 179,033
Deputy APCO	<i>Vacant</i>
Administrative Services Manager	\$ 125,558
Engineering & Compliance Manager (Interim)	\$ 125,346
Planning and Air Monitoring Manager	<i>Vacant</i>
Engineering Supervisor	\$ 124,440
Supervising Air Quality Compliance Inspector	\$ 103,074
Supervising Air Monitoring Specialist	\$ 96,678
Executive Assistant	\$ 81,640
Administrative & Fiscal Specialist	\$ 59,925

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BUDGET

SCHEDULES

Monterey Bay Air Resources District Operating Budget

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<u>Operating Revenues</u>				
EPA Grants	\$ 316,502	\$ 346,300	\$ 346,300	\$ 337,000
AB2766 DMV Fees	1,450,000	1,450,000	1,450,000	1,250,000
AB923 DMV Fees	60,000	60,000	60,000	60,000
Permit Fees	2,597,237	2,602,774	2,615,584	2,792,000
Special Fees	569,510	542,693	542,693	569,232
Penalties and Fines	284,590	175,000	232,500	207,500
CARB Subvention	181,632	181,000	181,000	181,650
City and County Contributions (1)	203,814	234,176	234,176	269,406
Contract Revenues	77,915	90,000	90,000	100,000
Moyer Operating Grant Revenues	76,005	76,000	76,000	71,000
California Energy Commission EV Grants (2)	183,089	194,000	150,000	-
Other Revenues and Transfers	95,926	180,057	145,247	182,212
Interest Income	54,269	58,000	63,000	60,000
Total Operating Revenues	\$ 6,150,489	\$ 6,190,000	\$ 6,186,500	\$ 6,080,000
<u>Expenditures by Division:</u>				
Administrative	\$ 1,752,093	\$ 1,956,475	\$ 1,841,396	\$ 1,749,044
Air Monitoring	697,003	624,110	616,780	752,503
Compliance	1,337,587	1,594,632	1,573,930	1,683,816
Engineering	1,049,803	1,012,616	1,007,764	1,094,763
Planning	1,011,020	1,074,167	1,026,580	854,874
Total Operating Expenditures	\$ 5,847,506	\$ 6,262,000	\$ 6,066,450	\$ 6,135,000
To (From) Reserve Balances	\$ 302,983	\$ (72,000)	\$ 120,050	\$ (55,000)
<u>Expenditures by Type:</u>				
Salaries and Benefits	\$ 4,369,391	\$ 4,491,911	\$ 4,463,240	\$ 4,769,808
Maintenance, Equipment, and Supplies	283,012	356,201	327,206	326,266
Legal and Professional Services	485,448	624,568	531,000	570,000
Contractual Svcs - Calif Energy Comm EV Grants (2)	159,724	194,000	172,000	-
Utilities & Office Rent	124,241	128,595	136,660	123,661
Insurance	99,569	100,185	100,150	102,500
Training, Travel, District Board Exp	95,902	160,745	139,445	144,855
Fixed Assets (3)	187,555	174,350	165,850	67,500
Sponsorships	25,000	13,500	13,500	12,000
Other	17,664	17,945	17,399	18,410
Total Operating Expenditures	\$ 5,847,506	\$ 6,262,000	\$ 6,066,450	\$ 6,135,000

Notes:

(1) FY 14-15 City and County contributions includes per capita assessment increase from \$.31 to \$.35.

(2) In FY 14-15 and 15-16, pass-through monies are from the California Energy Commission for projects promoting electric vehicles.
This program is ending on June 30, 2016.

(3) FY 16-17 Fixed Assets expense is for vehicle replacements for Compliance and Air Monitoring Divisions.

Monterey Bay Air Resources District Non-Operating Budget

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<u>Non-Operating Revenues</u>				
AB2766 DMV Fees	\$ 1,084,976	\$ 1,000,000	\$ 1,085,000	\$ 1,317,500
AB923 DMV Fees and Interest	1,228,485	1,189,000	1,199,000	1,261,700
Moyer Grants and Interest	460,355	687,000	687,000	769,000
Offsite Mitigation Fees/Interest (1)	139,301	175,500	201,200	201,500
Total Non-Operating Revenues	\$ 2,913,117	\$ 3,051,500	\$ 3,172,200	\$ 3,549,700
<u>Expenditures by Division:</u>				
Planning (grant payments only)	\$ 2,832,576	\$ 6,970,000	\$ 4,460,000	\$ 6,247,000
Planning - Electric Vehicle Infrastructure Proj (2)	\$ -	\$ -	\$ -	\$ 1,200,000
Administrative - OPEB Liability Funding	\$ 150,000	\$ 72,000	\$ 72,000	\$ 95,000
Building Remodel Project	\$ 109,271	\$ 1,000,000	\$ 948,500	\$ 500,000
Total Non-Operating Expenditures	\$ 3,091,847	\$ 8,042,000	\$ 5,480,500	\$ 8,042,000
To (From) Reserve Balances	\$ (178,730)	\$ (4,990,500)	\$ (2,308,300)	\$ (4,492,300)

Expenditures by Type:

AB2766 DMV Grants - Current Year (3)	557,287	1,300,000	700,000	1,200,000
AB2766 DMV Grants - Prior Year (3)	712,277	2,500,000	1,400,000	1,800,000
Moyer Grants (3)	462,119	885,000	325,000	1,160,000
AB923 Grants (3)	973,562	2,000,000	1,800,000	1,800,000
AB923 Electric Vehicle Infrastructure Project (2)	-	-	-	1,200,000
General Grants-Offsite Mitigation Grants (1)	46,396	200,000	150,000	200,000
Woodstove Changeout Grants	71,000	75,000	75,000	75,000
Public Education Grants	9,935	10,000	10,000	12,000
Building Remodel Project (4)	109,271	1,000,000	948,500	500,000
OPEB Trust Account Deposit (5)	150,000	72,000	72,000	95,000
Total Non-Operating Expenditures	\$ 3,091,847	\$ 8,042,000	\$ 5,480,500	\$ 8,042,000

Notes:

- (1) Funded by mitigation fees from the East Garrison project in Marina. Monies to be granted for retrofits/replacements of agricultural pumps and school buses.
- (2) Electric vehicle infrastructure project using AB923 funds.
- (3) Assumption for FY 15-16 & 16-17 budget columns is that all outstanding grants are paid out during the fiscal period. Over the last five fiscal periods, actual grant reimbursements have averaged 52% of budget.
- (4) For FY 16-17, preliminary estimate to remodel the 3rd floor of the District's headquarters. The 2nd floor was remodeled in FY 2015-16.
- (5) Funded from reserve designated for OPEB liability. Reserve current balance is \$488,000.
FY 16-17 deposit is based on updated actuarial study received in April 2016.

**Monterey Bay Air Resources District
Funds Relationships to Divisions
FY 2016-17**

Division/Program	Funded By				General Grants
	General	AB2766	Moyer	AB923	
Administrative					
District Boards	X				
Finance	X	X			
Operations	X	X			
Information Systems	X	X			
Public Education & Air Expression Grants		X			
Engineering					
Permitting	X				
Title V	X				
Rule Development	X				
Compliance					
Permitting	X				
Title V	X				
Asbestos	X				
Complaints	X				
Burn Program	X				
Air Monitoring					
General Air Monitoring	X	X			
PM 2.5 Monitoring	X				
Planning					
Planning & Grant Programs	X	X		X	X
Carl Moyer Program			X		
Woodstove Changeout Grants	X				

The District's finances are reported in funds. The table above portrays the District's divisions and programs and how the programs are funded. Below is a brief description of each fund:

General - Funds collected from permit fees, special fees, EPA grants, City/County per capita fees, CARB subvention, penalties, special contracts and other revenue.

AB2766 - DMV Fees collected from the \$4.00 per vehicle registration surcharge program.

Moyer - The Carl Moyer Grant program established by the California Air Resources Board as an emission-reduction incentive program administered by air districts.

AB923 - DMV Fees collected from the \$2.00 per vehicle registration surcharge program.

General Grants - Funds from construction projects offsite mitigation fees used for replacements/retrofits of agricultural pumps and school buses.

Monterey Bay Air Resources District General Fund Budget

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
Revenues				
EPA Grants	\$ 316,502	\$ 346,300	\$ 346,300	\$ 337,000
Permit Fees	2,597,237	2,602,774	2,615,584	2,792,000
Special Fees	569,510	542,693	542,693	569,232
Penalties and Fines	284,590	175,000	232,500	207,500
CARB Subvention	181,632	181,000	181,000	181,650
City and County Contributions (1)	203,814	234,176	234,176	269,406
Contract Revenues	77,915	90,000	90,000	100,000
California Energy Commission Grants (2)	183,089	194,000	150,000	-
Other Revenues	95,926	180,057	145,247	182,212
Interest Income	37,145	40,000	42,000	42,000
Total General Fund Revenues	\$ 4,547,360	\$ 4,586,000	\$ 4,579,500	\$ 4,681,000
Expenditures by Division:				
Administrative (including OPEB Trust Acct deposits)	\$ 1,670,100	\$ 2,595,903	\$ 2,486,791	\$ 1,870,559
Air Monitoring	\$ 194,991	\$ 186,875	\$ 186,385	\$ 206,275
Compliance	\$ 1,337,587	\$ 1,594,632	\$ 1,573,930	\$ 1,683,816
Engineering	\$ 1,049,803	\$ 1,012,616	\$ 1,007,764	\$ 1,094,763
Planning	\$ 771,876	\$ 747,974	\$ 758,130	\$ 556,587
Total General Fund Expenditures	\$ 5,024,357	\$ 6,138,000	\$ 6,013,000	\$ 5,412,000
To (From) Reserve Balances	\$ (476,997)	\$ (1,552,000)	\$ (1,433,500)	\$ (731,000)
Expenditures by Type:				
Salaries and Benefits	\$ 3,511,193	\$ 3,580,832	\$ 3,622,520	\$ 3,781,388
Maintenance, Equipment, and Supplies	192,388	241,015	227,821	224,481
Legal and Professional Services	391,118	485,448	419,080	395,364
Contractual Services - Calif Energy Comm Grant (2)	159,724	194,000	172,000	-
Utilities & Office Rent	89,913	95,050	103,535	88,117
Insurance	79,655	79,150	79,150	82,000
Training, Travel, District Board Exp	71,322	125,645	112,245	111,940
Fixed Assets (3)	292,885	1,174,350	1,114,350	540,900
Grants-Woodstove Changeouts	71,000	75,000	75,000	75,000
OPEB Trust Account Deposit (4)	150,000	72,000	72,000	95,000
Grants-Air Expressions	-	-	-	2,000
Other	15,159	15,510	15,299	15,810
Total General Fund Expenditures	\$ 5,024,357	\$ 6,138,000	\$ 6,013,000	\$ 5,412,000
Net Deficit Without Bldg Remodel	\$ (367,726)	\$ (552,000)	\$ (485,000)	\$ (231,000)

Notes:

(1) FY 14-15 City and County contributions includes per capita assessment increase from \$.31 to \$.35.

(2) In FY 14-15 and 15-16, pass-through monies are from the California Energy Commission for projects promoting electric vehicles.

This program is ending on June 30, 2016.

(3) FY 16-17 Fixed Assets include: \$500,000 for proposed 3rd floor building remodel project and \$40,400 for vehicle replacements.

(4) Funded from reserve designated for OPEB liability. Reserve current balance is \$488,000.

FY 16-17 deposit is based on updated actuarial study received in April 2016.

Monterey Bay Air Resources District AB2766 Fund Budget

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
Revenues				
AB2766 DMV Fees-Operating	\$ 1,450,000	\$ 1,450,000	\$ 1,450,000	\$ 1,250,000
AB2766 DMV Fees-Non-Operating	1,084,976	1,000,000	1,085,000	1,317,500
AB2766 Fund Interest Income	17,124	18,000	21,000	18,000
Total AB2766 Fund Revenues	\$ 2,552,100	\$ 2,468,000	\$ 2,556,000	\$ 2,585,500
Expenditures by Division:				
Administrative	\$ 341,264	\$ 432,572	\$ 375,105	\$ 473,485
Air Monitoring	\$ 502,012	\$ 437,235	\$ 430,395	\$ 546,228
Compliance	\$ -	\$ -	\$ -	\$ -
Engineering	\$ -	\$ -	\$ -	\$ -
Planning (2)	\$ 1,535,190	\$ 4,128,514	\$ 2,373,500	\$ 3,260,287
Total AB2766 Fund Expenditures	\$ 2,378,466	\$ 4,998,321	\$ 3,179,000	\$ 4,280,000
To (From) Reserve Balances	\$ 173,634	\$ (2,530,321)	\$ (623,000)	\$ (1,694,500)
Expenditures by Type:				
Salaries and Benefits	\$ 806,823	\$ 846,400	\$ 776,720	\$ 892,726
Maintenance, Equipment, and Supplies	90,491	113,186	98,135	98,479
Legal and Professional Services	91,385	123,120	97,220	148,636
Utilities & Office Rent	34,328	33,545	33,125	35,544
Insurance	19,914	21,035	21,000	20,500
Training, Travel, District Board Expenses	24,580	35,100	27,200	32,915
Sponsorships (1)	25,000	13,500	13,500	12,000
Fixed Assets	3,941	-	-	26,600
Grants-Public Educations	9,935	10,000	10,000	10,000
Grants-AB2766 (Current & Prior Years) (2)	1,269,564	3,800,000	2,100,000	3,000,000
Other	2,505	2,435	2,100	2,600
Total AB2766 Fund Expenditures	\$ 2,378,466	\$ 4,998,321	\$ 3,179,000	\$ 4,280,000

Notes:

(1) FY 14-15 sponsorship was for promotion of electric vehicles. FY 15-16 & FY 16-17 includes sponsoring Clean Air awards.

(2) Assumption for FY 15-16 & 16-17 budget columns is that all outstanding grants are paid out during the fiscal period. Over the last five fiscal periods, actual grant reimbursements have averaged 52% of budget.

Monterey Bay Air Resources District AB923 Fund Budget

	<u>ACTUALS</u> FY 14-15	<u>REVISED</u> <u>BUDGET</u> FY 15-16	<u>ESTIMATED</u> <u>ACTUALS</u> FY 15-16	<u>ADOPTED</u> <u>BUDGET</u> FY 16-17
<u>Revenues</u>				
AB923 Fees/ - Operating	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
AB923 Fees/Interest -Non-Operating	1,207,488	1,175,000	1,175,000	1,243,700
AB923 Fund Interest Income	20,997	14,000	24,000	18,000
Total AB923 Fund Revenues	<u>\$ 1,288,485</u>	<u>\$ 1,249,000</u>	<u>\$ 1,259,000</u>	<u>\$ 1,321,700</u>
<u>Expenditures by Division:</u>				
Planning (1)	\$ 988,489	\$ 2,021,530	\$ 1,821,000	\$ 3,046,100
Total AB923 Fund Expenditures	<u>\$ 988,489</u>	<u>\$ 2,021,530</u>	<u>\$ 1,821,000</u>	<u>\$ 3,046,100</u>
To (From) Reserve Balances	<u>\$ 299,996</u>	<u>\$ (772,530)</u>	<u>\$ (562,000)</u>	<u>\$ (1,724,400)</u>
<u>Expenditures by Type:</u>				
Salaries and Benefits	\$ 14,927	\$ 11,130	\$ 11,300	\$ 24,776
Professional Services	-	10,000	9,500	20,000
Supplies, Travel, Training	-	400	200	1,324
Electric Vehicle Infrastructure Project (1)	-	-	-	1,200,000
Grants-AB923 (2)	973,562	2,000,000	1,800,000	1,800,000
Total AB923 Fund Expenditures	<u>\$ 988,489</u>	<u>\$ 2,021,530</u>	<u>\$ 1,821,000</u>	<u>\$ 3,046,100</u>

Notes:

- (1) *New Electric Vehicle Infrastructure Project to provide for the installation and operation of EV charge stations in the Monterey, Santa Cruz, and San Benito Counties.*
- (2) *Assumption for FY 15-16 & 16-17 budget columns is that all outstanding grants are paid out during the fiscal period. Over the last five fiscal periods, actual grant reimbursements have averaged 52% of budget.*

Monterey Bay Air Resources District Moyer Fund Budget

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<u>Revenues</u>				
Moyer Grant-Non Operating	\$ 458,531	\$ 685,000	\$ 685,000	\$ 767,000
Moyer Grant - Operating	76,005	76,000	76,000	71,000
Moyer Interest	1,824	2,000	2,000	2,000
Total Moyer Fund Revenues	\$ 536,360	\$ 763,000	\$ 763,000	\$ 840,000
 <u>Expenditures by Division:</u>				
Planning (1)	\$ 501,645	\$ 946,149	\$ 383,950	\$ 1,238,900
Total Moyer Fund Expenditures	\$ 501,645	\$ 946,149	\$ 383,950	\$ 1,238,900
To (From) Reserve Balances	\$ 34,715	\$ (183,149)	\$ 379,050	\$ (398,900)
 <u>Expenditures by Type:</u>				
Salaries and Benefits	\$ 36,448	\$ 53,549	\$ 52,700	\$ 70,918
Professional Services	2,945	6,000	5,200	6,000
Supplies, Travel, Training	133	1,600	1,050	1,982
Grants (1)	462,119	885,000	325,000	1,160,000
Total Moyer Fund Expenditures	\$ 501,645	\$ 946,149	\$ 383,950	\$ 1,238,900

Notes:

(1) Assumption for FY 15-16 & 16-17 budget columns is that all outstanding grants are paid out during the fiscal period. Over the last five fiscal periods, actual grant reimbursements have averaged 52% of budget.

Monterey Bay Air Resources District General Grants Fund Budget

	<u>ACTUALS</u> FY 14-15	<u>REVISED</u> <u>BUDGET</u> FY 15-16	<u>ESTIMATED</u> <u>ACTUALS</u> FY 15-16	<u>ADOPTED</u> <u>BUDGET</u> FY 16-17
<u>Revenues</u>				
Offsite Mitigation Fees/Interest (1)	\$ 139,301	\$ 175,500	\$ 201,200	\$ 201,500
Total General Grants Fund Revenues	<u>\$ 139,301</u>	<u>\$ 175,500</u>	<u>\$ 201,200</u>	<u>\$ 201,500</u>
<u>Expenditures by Division:</u>				
Planning	46,396	200,000	150,000	200,000
Total General Grants Fund Expenditures	<u>\$ 46,396</u>	<u>\$ 200,000</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>
To (From) Reserve Balances	<u>\$ 92,905</u>	<u>\$ (24,500)</u>	<u>\$ 51,200</u>	<u>\$ 1,500</u>
<u>Expenditures by Type:</u>				
Grants (1)	\$ 46,396	\$ 200,000	\$ 150,000	\$ 200,000
Total General Grants Fund Expenditures	<u>\$ 46,396</u>	<u>\$ 200,000</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>

Notes:

(1) Funded by mitigation fees from the East Garrison project in Marina. Monies to be granted for retrofits/replacements of agricultural pumps and school buses.

Monterey Bay Air Resources District Direct Expenditures by Program - All Funds

	ACTUALS FY 14-15	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
Support and Operations (1)	\$ 1,741,196	\$ 2,645,976	\$ 2,030,740
Education (2)	120,168	143,920	218,304
Permitting (3)	2,091,363	2,286,924	2,502,239
Title V	210,842	190,525	211,398
Source Testing (4)	47,309	-	-
Asbestos	215,133	253,550	247,689
Air Monitoring AB2766	502,012	430,395	546,228
Air Monitoring PM 2.5	36,589	49,400	34,829
Planning General	682,021	670,810	470,286
Planning AB2766 (5)	1,535,190	2,373,500	3,260,287
AB 923 Grant Program (5)	988,489	1,821,000	3,046,100
Moyer Grant Program (5)	501,645	383,950	1,238,900
Offsite Mitigation Grants (6)	46,396	150,000	200,000
Woodstove Changeout Program	71,000	75,000	75,000
Debt Funding (7)	150,000	72,000	95,000
Total-All Programs	\$ 8,939,353	\$ 11,546,950	\$ 14,177,000

Notes:

- (1) Support and Operations include all overhead expenses. For FY 14-15 & 15-16, total includes 2nd floor building remodel project estimated at \$1.1 million. For FY 2016-17, 3rd floor building remodel proj estimated at \$500,000.
- (2) Education program expenses for FY 16-17 include increases to public outreach program and public information officer contractual services.
- (3) Permitting program includes stationary source program expenditures for Engineering & Compliance divisions, rule development, complaints, burn permits, and air monitoring.
- (4) Source testing responsibilities are part of Permitting costs for FY 15-16 & 16-17.
- (5) Assumption for FY 16-17 budget is that all outstanding grants are paid out during the fiscal period. Over the last five fiscal periods, actual grant reimbursements have averaged 52% of budget.
- (6) Offsite mitigation grants to be funded from East Garrison Project air quality mitigation fees collected by Monterey County.
- (7) Debt reduction is for deposits to Other Post Employment Benefit (OPEB) Trust.

**Monterey Bay Air Resources District
Stationary Source Programs
FY 2016-17 Budget**

	Program		
	Permitting	Title V	Asbestos
Estimated Revenues - Permitting Fees	\$ 2,792,000	\$ 349,694	\$ 193,000
Estimated direct expenditures			
Engineering Division	\$ 1,024,777	\$ 69,986	\$ -
Compliance Division	1,294,715	141,412	247,689
Air Monitoring Division	171,446	-	-
Planning Division	11,301	-	-
Subtotal - Direct Expenditures	\$ 2,502,239	\$ 211,398	\$ 247,689
Estimated overhead allocations			
Engineering Division	\$ 357,633	\$ 23,060	\$ -
Compliance Division	478,969	54,581	91,664
Air Monitoring Division	58,729	-	-
Planning Division	3,119	-	-
Subtotal - Overhead Allocations	\$ 898,450	\$ 77,641	\$ 91,664
Total Expenditures + Overhead	\$ 3,400,689	\$ 289,039	\$ 339,353
Revenues less Expenditures:			
Surplus or (deficit)	\$ (608,689)	\$ 60,655	\$ (146,353)

Note: Deficits in the Stationary Source Program budgets are funded with the use of unrestricted general funds.

ADMINISTRATIVE DIVISION

Under two programs, Support and Operations and Public Education, the Division performs the following functions:

- District Boards
- General Operations, including building and vehicle maintenance
- Finance and Accounting
- Personnel Administration
- Risk Management
- Information System Services
- Public Education

The Administrative Division consists of the Air Pollution Control Officer (APCO), a Deputy APCO, an Administrative Services Manager, an Executive Assistant to the APCO/Clerk of the Boards, an Administrative and Fiscal Specialist, a Senior Fiscal Assistant, and an Office Assistant.

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<u>Expenditures by Type:</u>				
Salaries and Benefits	\$ 725,485	\$ 841,083	\$ 825,920	\$ 835,788
Maintenance, Equipment, and Supplies	153,513	193,821	184,976	188,370
Legal and Professional Services	421,485	533,400	454,800	435,065
Utilities & Office Rent	73,416	75,975	84,300	79,036
Insurance	99,569	100,185	100,150	102,500
Training, Travel, District Board Expenses	64,170	81,000	69,250	70,675
Fixed Assets	296,826	1,092,350	1,032,350	500,000
Sponsorships	-	11,500	11,500	10,000
OPEB Trust Acct Payment	150,000	72,000	72,000	95,000
Grants and Other	26,900	27,161	26,650	27,610
Totals	<u>\$2,011,364</u>	<u>\$3,028,475</u>	<u>\$2,861,896</u>	<u>\$2,344,044</u>

AIR MONITORING DIVISION

The Air Monitoring Division performs the following functions:

- Ambient Air Monitoring from stations in Salinas, Hollister, Santa Cruz, King City, and Carmel Valley
- Meteorological Monitoring
- Enforcement Monitoring in response to complaints
- Data acquisition, data display, and data quality control

The Air Monitoring Division consists of a Planning and Air Monitoring Manager (.5 FTE), a Supervising Air Monitoring Specialist, two Air Monitoring Specialists IIs, and an Air Monitoring Technical Assistant.

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<i>Expenditures by Type:</i>				
Salaries and Benefits	\$ 590,374	\$ 504,445	\$ 506,350	\$ 614,383
Maintenance, Equipment, and Supplies	66,841	61,480	53,530	58,380
Professional Services	8,703	9,500	9,500	11,500
Utilities & Office Rent	26,304	26,685	26,450	26,240
Training & Travel	4,781	4,000	2,950	7,000
Fixed Assets	-	18,000	18,000	35,000
Totals	\$ 697,003	\$ 624,110	\$ 616,780	\$ 752,503

COMPLIANCE DIVISION

The Compliance Division performs the following major functions:

- Enforcement of all applicable local, state, and federal laws and regulations in the District
- Burn Program for open and prescribed burns
- Compliance Assistance Program to ease and facilitate compliance by regulated sources
- Asbestos Program to enforce federal NESHAP regulations
- Representation at District’s Hearing Board
- Management of Mutual Settlement Program
- Source Testing observations of stack emissions

The Compliance Division consists of an Engineering and Compliance Manager (.5 FTE), a Supervising Inspector, seven field Inspectors, a Compliance Program Coordinator, and two Senior Administrative Assistants.

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<i>Expenditures by Type:</i>				
Salaries and Benefits	\$1,285,171	\$1,433,777	\$1,417,500	\$1,574,351
Maintenance, Equipment, and Supplies	20,363	33,650	31,600	30,110
Utilities & Office Rent	23,526	24,275	24,250	15,425
Legal and Professional Services	754	12,100	10,500	7,500
Training & Travel	7,773	26,830	26,080	23,930
Totals	<u>\$1,337,587</u>	<u>\$1,594,632</u>	<u>\$1,573,930</u>	<u>\$1,683,816</u>

ENGINEERING DIVISION

The Engineering Division performs the following major functions:

- Permitting to ensure that businesses comply with air quality control requirements
- Rule Development including proposed regulations and regulatory changes pertaining to engineering activities
- Toxics Program
- Technical Assistance including review of federal and state programs and emission inventory

The Engineering Division staff consists of an Engineering and Compliance Manager (.5 FTE), a Supervisor, four Permit Engineers, and a Senior Administrative Assistant.

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<u>Expenditures by Type:</u>				
Salaries and Benefits	\$1,021,915	\$ 949,999	\$ 953,900	\$1,019,844
Maintenance, Equipment, and Supplies	10,552	10,400	9,000	11,650
Utilities	-	100	100	1,000
Legal and Professional Services	10,554	29,318	26,750	40,819
Training & Travel	6,333	22,315	17,565	20,950
Other	449	484	449	\$ 500
Totals	<u>\$1,049,803</u>	<u>\$1,012,616</u>	<u>\$1,007,764</u>	<u>\$1,094,763</u>

PLANNING DIVISION

The Planning Division performs the following functions:

- Preparation of Federal and State regional air quality plans
- Development of Emission Inventories from stationary, area, and mobile sources
- Analysis of air quality problems
- CEQA guidance to Lead Agencies, consultants, and others
- Grant and contractual programs including AB2766 (DMV Fees) Grant Program, Carl Moyer Memorial Program, School Bus Retrofit & Replacement Programs, Electric Vehicles Programs, Woodstove Changeout Program, and the Fort Ord Burn Program
- Educational programs for the general public

The Planning Division consists of a Planning and Air Monitoring Manager (.5 FTE), two Air Quality Planners IIIs, one Air Quality Planner II, and a Senior Administrative Assistant.

	ACTUALS FY 14-15	REVISED BUDGET FY 15-16	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
<i>Expenditures by Type:</i>				
Salaries and Benefits	\$ 746,446	\$ 762,607	\$ 759,570	\$ 725,442
Maintenance, Equipment, and Supplies	4,452	19,000	15,550	17,006
Legal and Professional Services	230,967	270,800	233,200	1,293,766
Utilities & Office Rent	995	1,560	1,560	1,960
Training & Travel	12,845	27,900	24,400	24,400
Sponsorships	25,000	2,000	2,000	2,000
Grants-AB2766	1,269,564	3,800,000	2,100,000	3,000,000
Grants-Moyer	462,119	885,000	325,000	1,160,000
Grants-AB923	973,562	2,000,000	1,800,000	1,800,000
Grants-Woodstove Changeouts	71,000	75,000	75,000	75,000
Grants-Offsite Mitigation	46,396	200,000	150,000	200,000
Grants-Air Expressions	-	-	-	2,000
Other	250	300	300	300
Totals	\$3,843,596	\$ 8,044,167	\$ 5,486,580	\$ 8,301,874

**Monterey Bay Air Resources District
Fixed Assets
Adopted Budget
FY 2016-17**

Description	Estimated Cost
District's Building 3rd Floor Remodel Project	\$ 500,000
Replacement vehicle for Air Monitoring Division	35,000
Replacement vehicle for compliance inspections	<u>32,500</u>
Grand Totals	<u><u>\$ 567,500</u></u>

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FUND BALANCES

Monterey Bay Air Resources District Fund Balances

	General Fund		AB2766 Fund		AB923 Fund		Moyer Fund		General Grant Fund	
	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17	ESTIMATED ACTUALS FY 15-16	ADOPTED BUDGET FY 16-17
Beginning Fund Balance, July 1st	\$ 7,436,964	\$ 6,959,977	\$ 5,526,477	\$ 5,526,477	\$ 4,126,209	\$ 4,426,205	\$ 3,864,205	\$ 3,864,205	\$ 334,269	\$ 478,374
Revenues	4,547,370	4,579,500	4,681,000	4,681,000	1,288,485	1,259,000	1,321,700	1,321,700	139,301	201,500
Expenditures (1)	(5,024,357)	(6,013,000)	(5,412,000)	(5,412,000)	(988,489)	(1,821,000)	(3,046,100)	(1,238,900)	(46,396)	(200,000)
Net Increase (Decrease) in Fund Balance	\$ (476,987)	\$ (1,433,500)	\$ (731,000)	\$ (731,000)	\$ 299,996	\$ (562,000)	\$ (1,724,400)	\$ (398,900)	\$ 92,905	\$ 1,500
Projected Ending Fund Balance, June 30th	\$ 6,959,977	\$ 5,526,477	\$ 4,795,477	\$ 4,795,477	\$ 4,426,205	\$ 3,864,205	\$ 2,139,805	\$ 368,667	\$ 427,174	\$ 479,874
Reserves & Unreserved Fund Balance:										
Reserved for Grants										
Designated for Economic Uncertainties (2)	\$ 1,565,000	\$ 1,568,000	\$ 1,533,750	\$ 1,533,750						
Designated for Building & Facilities	938,550	600,000	-	-						
Designated for Other Post Employment Benefits (OPEB)	710,000	465,000	370,000	370,000						
Designated for Vehicles & Equipment (3)	100,000	-	-	-						
Unreserved Fund Balance	3,646,427	2,893,477	2,891,727	2,891,727	1,437,257	716,290	921,790	921,790		
Projected Total-Reserved & Unreserved Fund Balance	\$ 6,959,977	\$ 5,526,477	\$ 4,795,477	\$ 4,795,477	\$ 4,426,205	\$ 3,864,205	\$ 2,139,805	\$ 368,667	\$ 427,174	\$ 479,874

Notes:
 (1) Assumption for 16-17 is that all outstanding grants are paid out during the fiscal period. Over the last five fiscal periods, actual grant expenditures have averaged 52% of budget.
 (2) Per the District's Reserve Policy, the minimum level is 25% of the current year's Operating Budget.
 (3) Reserve for Vehicles & Equipment was eliminated with the District's updated Reserve Policy in June 2016.

RESOLUTION

RESOLUTION 16-012

**BEFORE THE AIR POLLUTION CONTROL BOARD OF THE
MONTEREY BAY AIR RESOURCES DISTRICT**

Adopt the Fiscal Year (FY) 16-17 Budget in the Amount of \$14,177,000; and)
Authorize the Purchase of Specified Fixed Assets; and)
Approve the Per Capita Assessment per the District's Unification Agreement; and)
Approve Permit Fee Increases of 3.2% Effective July 1, 2016; and)
Approve Direction to Staff for Development of Future District Budgets.....)

BE IT RESOLVED, a budget figure in the amount of \$14,177,000 for FY 16-17 is hereby adopted for the Monterey Bay Air Resources District and the Air Pollution Control Officer is hereby directed to implement the Budget accordingly.

BE IT FURTHER RESOLVED, the Air Pollution Control Officer is authorized and hereby directed to negotiate and sign the final supplemental applications for potential Federal grant and State subvention funds for FY 16-17.

BE IT FURTHER RESOLVED, the Air Pollution Control Officer is hereby authorized to purchase the fixed assets included in the budget at costs not to exceed funds in the total fixed asset account.

BE IT FURTHER RESOLVED, by majority vote, this Board determined the new per capita assessment imposed and paid by all cities and counties within the District, as stipulated in the District's Unification Agreement. The per capita assessment for FY 16-17 shall be thirty-five cents (\$.35). The per capita assessment of thirty-nine cents (\$.39) for FY 17-18, shall be based on future Board approval of the applicable budget.

BE IT FURTHER RESOLVED, by majority vote, this Board approves a 3.2% increase to permit fees based on the 2015 CPI for the San Francisco-Oakland-San Jose area and directs staff to develop future budgets recognizing a consistent index of inflation. As needed, the Budget will be prepared for the Board's consideration using the San Francisco-Oakland-San Jose Consumer Price Index as available to adjust general regulatory fees.

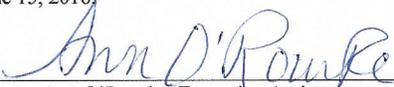
PASSED AND ADOPTED this 15th day of June 2016, upon motion of Director Salinas, seconded by Director Coonerty and carried by the following vote, to wit:

AYES: Directors Coonerty, McShane, Muenzer, Posner, Phillips, and Salinas.

NOES: None.

ABSENT: Directors Dallas, Friend, Ledesma, Lund, and Parker.

I hereby certify that the foregoing is a true and correct Resolution as duly adopted by the Board of Directors of the Monterey Bay Air Resources District on June 15, 2016.

By: 
Ann O'Rourke, Executive Assistant

Approved: 
Richard A. Siedman, APCO

GLOSSARY

**MONTEREY BAY AIR RESOURCES DISTRICT
FY 2016-17 BUDGET
GLOSSARY OF TERMS & ACRONYMS**

AB2766 Fees: Department of Motor Vehicle (DMV) surcharge fees collected through California's vehicle registration program, pursuant to the 1990 California Assembly Bill (AB) 2766. The fee collected is \$4.00 per vehicle.

AB923 Fees: Department of Motor Vehicle (DMV) surcharge fees collected through California's vehicle registration program, pursuant to the 2004 California Assembly Bill (AB) 923. The fee collected is \$2.00 per vehicle.

AMBAG: Association of Monterey Bay Area Governments serving as both a federally designated Metropolitan Planning Organization and a Council of Governments for the Monterey, San Benito, and Santa Cruz Counties region.

APCO: Air Pollution Control Officer who serves as executive director for the District.

CAPCOA: California Air Pollution Control Officers Association, a non-profit association of the air pollution control officers from all 35 local air quality agencies throughout California. The District is a member of this association.

CARB Subvention: Funds provided to the District pursuant to Section 39800 et seq. of the California Health and Safety Code. Subvention funds are provided to districts of up to \$1 for every dollar budgeted, as long as the subvention does not exceed \$.23 per capita.

CITY AND COUNTY CONTRIBUTIONS: Each city and county in the District's Tri-County jurisdiction contributes \$.35 per capita to the District based on a Unification Agreement. The contributions are paid in lieu of each city and county creating and maintaining its own air quality program.

DMV: Department of Motor Vehicles.

EPA: Environmental Protection Agency, a federal agency whose mission is to protect human health and safeguard the environment. The District receives funding from the EPA.

EVR: Enhanced Vapor Recovery refers to a new generation of clean nozzles and equipment that control emissions at gasoline dispensing facilities in California.

FTE: Full-time equivalent position scheduled to work 40 hours per week.

FUND: Can be thought of as a separate set of books for a specific purpose.

FUND BALANCE: The excess of assets over liabilities; a negative fund balance is sometimes call a deficit.

GENERAL FUND: Consists of all District revenue and matching expenditures except that which is restricted to specific use by statute or Board action.

NESHAP: National Emission Standards for Hazardous Air Pollutants which are stationary source standards for pollutants that are known or suspected to cause cancer or other serious health effects.

NON-OPERATING BUDGET: Consists of revenue collected from the State and passed on to other entities in the form of grants for emission reducing projects.

OEHHA: Office of Environmental Health Hazard Assessment which is a California State department responsible for developing and providing risk managers in state and local government agencies with toxicological and medical information relevant to decisions involving public health.

OPEB: Other Post Employment Benefits which are retiree benefits other than pensions. The District's pays for a portion of health care premiums for retirees who participate in the District's medical plans.

OPERATING BUDGET: Primarily uses the General Fund to pay for all expenditures incurred in the day-to-day operations of the District.

PM: Particulate matter, a criteria pollutant.

PROGRAM: Categories of services or activities the District engages in.

TAMC: Transportation Agency for Monterey County which funds and implements transportation projects in Monterey County.

TCM: Traffic control measures.

TITLE V Program: Title V of the Federal Clean Air Act requires the collection annual federal permit fees for stationary sources based on annual emissions. This program generally applies to the District's major sources.

North Central Coast Air Basin



*Monterey Bay Air
Resources District*