**Agenda Item Number: 47**
(This Section for use by Clerk of the Board Only.)

**County of Sonoma**

**Agenda Item Summary Report**

Clerk of the Board  
575 Administration Drive  
Santa Rosa, CA 95403

**To:** Board of Directors of the Northern Sonoma County Air Pollution Control District

**Board Agenda Date:** June 14, 2016  
**Vote Requirement:** Majority

**Department or Agency Name(s):** Northern Sonoma County Air Pollution Control District

**Staff Name and Phone Number:** Rob Bamford (707) 433-5911

**Supervisory District(s):** 4th District, 5th District

**Title:** Northern Sonoma County Air Pollution Control District FY 2016-17 Budget, Second Hearing.

**Recommended Actions:**

Approve a resolution adopting Northern Sonoma County Air Pollution Control District’s FY 2016-2017 Budget. (Second Hearing)

**Executive Summary:**

The California Health and Safety Code mandates a unique two-step hearing process for Air Districts to adopt annual budgets to ensure an open process in order to educate the public of the costs and benefits of air quality improvement. This hearing is the second of the two budget hearings. The first hearing occurred on May 24, 2016 for the purpose of presenting the recommended budget and for providing a public forum for review and public comment. The purpose of this Agenda item, the second budget hearing, is to adopt the recommended FY 2016-17 Northern Sonoma County Air Pollution Control District (District) budget as required by law. This hearing, which is required to be held separately from all other budget processes, has been publicly noticed, and individual notices were sent via U.S. Mail to each permit holder within the District.

**Background**

The Northern Sonoma County Air Pollution Control District is one of 35 air pollution control districts in the State of California. Subject to the powers and duties of the California Air Resource Board and the United States Environmental Protection Agency (EPA), the District adopts and enforces rules and regulations to achieve and maintain the state and federal ambient air quality standards and enforces all applicable provisions of state and federal law. The District derives its authority from the federal Clean Air Act, and from specific authorities and mandates in the California Health and Safety Code.

The District’s primary responsibility is to implement air quality regulations as they pertain to stationary sources of air pollution. This is accomplished by permitting applicable sources of air pollution, monitoring the levels of certain pollutants in the ambient air and adopting and enforcing rules and regulations to ensure those levels meet the standards established in law. The District also provides compliance
assistance to permit holders, inspects regulated facilities, investigates complaints about air quality, implements public outreach and education, and offers incentive programs to reduce air pollution.

The District is governed locally by its Board of Directors, the composition of which is specified in law and includes the members of the Sonoma County Board of Supervisors. In addition to its governing Board, the District is required by statute to have a Hearing Board and an Air Pollution Control Officer.

**Fiscal Summary**

The District is self-funded (non-general fund) by a combination of grants, subventions, permit fees, penalties, and surcharges on motor vehicle registration, property tax revenues, and interest on fund balance. The funds are restricted to the mission of the District, and certain funds are more narrowly restricted to specified purposes. The Health and Safety Code further provides that if the District has expenses that are not met by other sources, those expenses shall be provided by a per capita assessment on the County and any cities that sit on the District's governing Board.

Under the Health and Safety Code, the District's budget must be approved by the District's Board of Directors, separate from other county budget processes. The District budget is divided into six funds, which generally reflect program-specific restrictions on revenues. The recommended budgets for each of these funds are described below.

**NSCAPCD - Operations (13025-34160100):** This is the District's operational fund, out of which the majority of air district operations are implemented, including costs for six FTE personnel, county support services, contractors, facilities, and materials. The majority of revenue is derived from permit fees. The District currently has issued approximately 682 stationary source permits and 3,300 open burn permits.

Anticipated revenues for fiscal year 2016-17 are $1,262,731, including $901,734 from permits and fees, $182,988 from taxes, subvention and account interest, and $178,009 in transfers in from the VPMP Fund and Moyers’ grant administration fees. The VPMP fund allows transfers of its funds to Operations to pay for the District’s air monitoring FTE and air monitoring equipment. Recommended operational expenditures total $1,516,638. The current fund balance is $1,260,556, of which $253,907 is budgeted for use in FY 2016-17.

**NSCAPCD - VPMP (13030-34160200):** The Vehicle Pollution Mitigation Program (VPMP) was authorized by the Legislature and approved by the Board of Directors to implement specified activities and to mitigate the air pollution impacts from the use of motor vehicles. Revenues are derived from a surcharge of $4 on each motor vehicle registered within the District. Pursuant to guidelines established by the California Air Resources Board (ARB), these District funds are eligible for air monitoring activities and program costs, and are also available for grants for projects to reduce pollution associated with motor vehicle use. Funds are granted pursuant to Program guidelines, and approved by the Board of Directors. The District has historically tried to maintain sufficient VPMP fund balance to allow for funding of a larger project or series of projects.

Anticipated revenues for fiscal year 2016-17 are $267,505 and recommended VPMP expenditures total $645,708, which include: $250,000 for grant projects associated with electric vehicle (EV) charging station installations, a transfer of $142,811 into the Operations fund to fund the District’s air monitoring FTE,
$52,897 in services and equipment for maintenance of the District’s air monitoring sites, and contingent on Board approval, $200,000 as initial funding to launch a brand new District EV and home charger incentive program. (This program is scheduled to be presented to the Board for approval in July.) In recent years, this fund has helped finance 19 public EV charging sites in the District. The current fund balance is $1,166,852 of which is $378,203 is budgeted for use in FY 2016-17.

**NSCAPCD -DMV Moyer (13035-34160300):** This is a single-purpose fund that provides grants for reductions in emissions from eligible heavy-duty diesel engines. Its revenues derive from a $2 surcharge on motor vehicle registration in the District. This program is used to match Carl Moyer Fund projects (described below) pursuant to Air Resources Board requirements for local match, provide overflow funding for the District’s Carl Moyer Program at times of high demand, and to fund school bus retrofits and replacements.

Anticipated revenues for fiscal year 2016-17 are $129,703 and recommended DMV Moyer expenditures total $206,284, which includes $200,000 in grant expenditures as match funds for the Carl Moyer Fund (below) and $6,284 in administrative cost transferred into the Operations fund. The current fund balance is $657,841, of which $76,581 is budgeted for use in FY 2016-17.

**NSCAPCD -Carl Moyer Fund (13040-34160400):** This is a single-purpose fund that provides grants for reductions in emissions from eligible heavy-duty diesel engines. Revenues are generated through grants from ARB (derived from state fees paid in lieu of smog check obligations in the early years of a vehicle's life, and by a surcharge on tire sales). Funds are allocated to the District pursuant to a formula in statute, which specifies a minimum allocation of $200,000. The District spends its full annual allocation each year. Last year this fund helped to replace six agricultural tractors and two logging trucks with new clean diesel engine models.

Anticipated Revenues for fiscal year 2016-17 are $202,500 and recommended Carl Moyer expenditures total $200,000 to be used for eligible projects. All funds received from the state for the Carl Moyer programs, and any interest accrued, must be expended within two years in accordance with guidelines established by the ARB. The current fund balance is $393,137 and is estimated to increase by $2,500 in FY 2016-17.

**NSCAPCD -GAMP (13045-34160500):** This is a single-purpose fund that belongs to the Geysers Air Monitoring Program (GAMP). The GAMP is a public-private consortium that includes the air districts of Sonoma and Lake Counties, the California Air Resources Board, the California Energy Commission, the power generators in the Geysers, and representatives of downwind communities. Under a MOU, the District acts as the GAMP contract and fund manager. The account is funded solely by members of the industrial Geyser complex; there are no District or county funds. The budget for the program is developed by members of the GAMP consortium and primarily supports a network of air monitoring equipment at the Geyser complex and downwind of the Geysers in Lake County.

Anticipated revenues for fiscal year 2016-17 are $243,585 and recommended GAMP expenditures are $242,785. The GAMP consortium budgets on a calendar year basis each fall. The budget will be adjusted according to the consortium’s recommended budget during mid-year adjustments.
**NSCAPCD -Community Programs Fund (13050-34160600):** The Community Programs Fund (CPF) was created by the Board of Directors as a mechanism to address community concerns related to air pollution. The CPF is District-funded from penalties assessed against facilities that have violated air pollution regulations. Broadly, the funds may be used to measure or otherwise study air pollution in the District community, and to implement projects to mitigate the impacts of air pollution on the District community. Historically, the CPF was conceived with a handful of substantial settlements in the 1990s, and since that time it has only been augmented with earned interest on the account and small administrative settlements (typically $200-1,000 each). Most recently, this fund has been used to finance the District’s woodstove change-out program. This fund replenishes at a variable, and highly unpredictable rate because it relies solely on violation penalties. Therefore, CPF projects are executed as acute, short term projects, and not used for ongoing or long-term projects.

Anticipated revenues for fiscal year 2016-17 are **$950** and recommended CPF expenditures are **$109,900**, which will be made available for the District’s woodstove change-out program. In FY 2015-16 the woodstove program issued 52 vouchers to replace dirty, non-certified wood appliances with new EPA certified units; 42 of which have been already installed. The current fund balance is **$108,966**, of which **$108,950** is budgeted for FY 2016-17.

**Prior Board Actions:**

08/11/2015: Board of Directors adopted the District’s FY 15-16 budget; 06/14/2014: Board of Directors adopted the District's FY 14-15 budget; 06/10/2013: Board of Directors adopted the District's FY 13-14 budget

**Strategic Plan Alignment**

Goal 2: Economic and Environmental Stewardship

Protecting air quality and public health by implementing and developing programs to mitigate the negative impacts of air pollution.

**Fiscal Summary - FY 16-17**

<table>
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<tr>
<th>Expenditures</th>
<th>Funding Source(s)</th>
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<tbody>
<tr>
<td><strong>Budgeted Amount</strong></td>
<td>$ 2,921,315</td>
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<td>Add Appropriations Reqd.</td>
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<td>State/Federal</td>
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<td>Fees/Other</td>
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<td>Use of Fund Balance</td>
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<td>Contingencies</td>
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<tr>
<td><strong>Total Expenditure</strong></td>
<td>$ 2,921,315</td>
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**Total Sources** $ 2,921,315

**Narrative Explanation of Fiscal Impacts (If Required):**

Total FY 2016-17 budgeted District revenues are $2,921,315 and total budgeted expenditures are $2,921,315.
### Staffing Impacts

<table>
<thead>
<tr>
<th>Position Title (Payroll Classification)</th>
<th>Monthly Salary Range (A – I Step)</th>
<th>Additions (Number)</th>
<th>Deletions (Number)</th>
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**Narrative Explanation of Staffing Impacts (If Required):**

No anticipated staff impacts; program is fully funded.

**Attachments:**

- NSCAPCD Recommended Fiscal Year 2016-17 Budget; Resolution

**Related Items “On File” with the Clerk of the Board:**

None.