

LAKE COUNTY AIR QUALITY MANAGEMENT DISTRICT

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-MEMORANDUM-

To: Board of Directors
Bruno Sabatier, Chair
Jessica Pyska
Jose "Moke" Simon
Eddie "EJ" Crandell
Michael Green

DATE: May 28, 2024

FROM: Douglas Gearhart, APCO *Douglas Gearhart*

SUBJECT: Sitting as the Lake County Air Quality Management District Board of Directors, Agenda Item: LCAQMD FY 24/25 Draft Budget Hearing June 20, 2024 @ 9:30am, Budget Units #8799 & #8798.

The Lake County Air Quality Management District (District) maintains an active and effective air quality management program to protect the health and welfare of the populace of the Lake County Air Basin. This is a shared mission with State and Federal agencies. The District has primary responsibility for stationary air pollution sources in conformance with all District regulations and State and Federal laws. As a designated Air Basin, the District participates in several Local, State and Federal programs by law. The District's attainment status with all of the Ambient Air Quality Standards (AAQS) has enabled flexibility when meeting State and Federal requirements.

The above referenced, June 20, 2024, draft budget hearing is intended to meet the requirements of California Health and Safety Code (H&SC) Section 40131.

Actions and Awareness

Category #1 deals primarily with budget related items and District priorities, and we would ask the Board to formally consider. Recommendations are made after each item.

Category #2 items address ongoing and new issues that staff desires to keep the Board aware of and receive input on if desired.

Category #1 – Requested Board Action

A. The purpose of this hearing is to review, take public comment on, and consider the District's FY 2024/2025 draft budget (See Attachment 1 and 2). The final budget is to be considered for adoption at a later date.

Recommendation: That the Board of Directors approve the FY 24/25 Draft Budget proposed for the District.

B. Air Districts in general do not expect a further decrease in State subvention (the historical decrease was 30%), but such is always possible. Other revenue and expenditures are well balanced but because of the restrictive use of subvention, and increased number of State mandated activities, increasing subvention is essential to ongoing functions. Large non-attainment areas of the State receive significant funds for regional work, which the Legislature sees as funding going to Districts. This perception creates significant challenges for rural areas that don't have access to such program funds, but need the funding to prevent significant impacts to the local businesses and the community. As a result of the State increasing the District's requirements and work load, additional funds are needed in order to implement these requirements, without subvention increases or motor vehicle license fees, permit fee increases are essential to fund the mandated activities of the District.

Recommendation: That the Board of Directors continue to be on record as opposed to any further State subvention cuts to the District, and support District staff seeking additional funding to support the additional work load placed on the District.

C. Staff has taken an active role in CAPCOA to ensure Lake County (the only Full Attainment District) is represented in all statewide proceedings and discussions with the ARB. This provides visibility for Lake County, regular contact with State officials, and the need for ARB Executive staff to work on specific Lake County concerns. The benefit to Lake County has been financially significant, not only in increased access to grant programs, but we also have had a voice in changing some strict regulatory language and clearing up significant confusion in regulations that could affect Lake County businesses. Participation in the CAPCOA Board requires monthly meetings in Sacramento (currently many meetings have a Zoom option) and a few meetings in other parts of the State. This is a multi-year effort requiring a long-term commitment for participation on the CAPCOA Board.

Recommendation: That the Board of Directors be on record as supporting District staff to continue to actively participate on the CAPCOA Board of Directors to represent the needs and interests of Lake County related to Air Quality program

funding, regulations, and benefits.

D. The District is mandated to enforce Local, State, and Federal air quality laws, rules, and regulations in order to meet and maintain the attainment status and protect the public health and welfare pursuant to the Federal Clean Air Act and State Implementation Plan. As such, much of the District's activities are mandated, such as the permitting program, enforcement activities, air monitoring, complaint program, Variance/Hearing Board activities, air toxics emissions inventory, as well as numerous State and Federal reporting requirements. Pursuant to the 2003 Program Audit and Action Plan adopted by this Board on January 30, 2008, the District's highest priorities are placed on potential health impacts and complaints of health impacts. District staff strives to process permits within 60-90 days of receipt of a complete application; 180 days is specified under the CA H&SC. Air monitoring activities are a significant priority, as this is essential to maintaining our attainment status. To comply with State and Federal monitoring requirements this requires a minimum of five staff days per week to ensure defensible air monitoring data. CEQA participation takes significant staff time and is currently unfunded. CEQA reviews will be performed as time allows and on projects where regional impacts could be significant. Other activities include participation in the Carl Moyer Grant Program, Prescribed Fire Program, AB617 Community Air Monitoring Grant Program, AB197 Emissions Inventory Grant Program, and the FARMER Grant program. These programs require significant staff time. Requests for District assistance continues to increase as the need for monitoring data and meteorological information is needed to protect the communities and schools affected by emergency events.

Recommendation: That the Board of Directors continue their policy directive that health impacts, health risks, health based complaints, and mandated programs/requirements be given top priority, followed by activities that have regulatory time frames, and other funded activities which includes new permit issuance, periodic inspections, or as directed by the Board.

E. The District has experienced limited success with recruitments in the past 5 plus years, with only one recruited employee still with the District after 2 years. The District is struggling to keep up with mandated programs and essential functions including the air monitoring program. With limited resources and ever increasing mandates, the regulatory and mandated programs take precedence over other programs such as grants, complaint investigations, and CEQA reviews. The District is currently operating with 2.8 FTE (full time staff). In order to perform all mandated activities as well as run 9 existing grant programs, the District should be operating with 6 to 8 staff. The District has unique staffing needs that have been difficult to recruit and retain. As such, District staff is proposing to work with County Human

Resources and Administration to assist the District in reviewing past recruitment and/or retention efforts, reviewing the needs of experienced staffing for retention, developing ideas to ensure our recruitments are competitive with other Air Agencies and developing ideas to better retain quality existing staff. The District may then bring the developed policy or plan to this Board for discussion and/or direction if necessary.

Recommendation: That the Board of Directors be on record as supporting District staff working with County Human Resources and County Administration to develop an improved recruitment and retention policy or plan for the District to bring to this Board for discussion and/or direction if necessary.

Category #2 – Board Awareness

A. While geothermal operations in Lake County have decreased, the air quality impacts to Lake County are still the same. In recent years monitoring costs have significantly increased due to new State monitoring requirements. In order to continue to fund the monitoring program and protect the Lake County community from impacts of geothermal operations, additional funding will be necessary. In addition, both State and Federal requirements continue to increase as do the demands on District Staff. These demands include: complaint investigations, records requests, CEQA reviews, participation in local committees, source inspections, training of staff, enforcement programs, lab and source test equipment upkeep, monitoring equipment operation and maintenance, salary costs, workers compensation costs, insurance costs, and emergency response costs. To address this, District staff is working on an updated District fee schedule for your Board to consider in July.

B. As a result of EPA review, the District is required to update some of the District's Rules and Regulations to meet current Federal and State standards, and ensure all Rules and Regulations are current with State and Federal definitions. This is a significant undertaking and will take considerable staff time to update our Rules and Regulations to ensure they are fully compliant with State and Federal standards and are legally enforceable. This work has started and will continue once the District's fee schedule is updated and the District is fully staffed.

C. The ARB's "one shoe fits all Districts" philosophy continues to manifest itself in all kinds of program elements from monitoring, open burning, air toxics, number and timing of inspections, complaint response time, greenhouse gas programs, and non-program specific activities such as the truck and bus rule. This approach is a problem that we must stay engaged with and encourage the State to recognize that Rural and Attainment programs need to be different from Urban programs in order to be effective and efficient. Staff will continue the Board endorsed approach of local

flexibility in designing and implementing new programs. District Staff will continue to engage with the State to ensure local control and flexibility.

D. Air Toxic and other ARB mandated programs and elements: Air Toxics reporting and actions under the State's mandated reporting requirements will significantly increase workload for District staff and businesses throughout Lake County and will result in the required permitting of smaller sources.

E. The State Legislature has made funding available to implement a woodstove changeout program in low income areas or for low income households. The requirements of the Grant program are significant for a program that simply replaces uncertified stoves with certified (cleaner) woodstoves. Staff has pursued funding for this program in recent years as it provides significant local benefits. Future participation in this grant program and many others is unlikely as the District can not manage these grant programs with the requirements for reporting and years of followup verifications, if we are not able to recruit and retain experienced staff.

F. Particulate Monitoring Program: The Federal and State Quality Assurance requirements for mandated air monitoring is increasing annually and requires considerable staff time to ensure we maintain our attainment status designation. Maintaining our attainment status is essential to retain our local regulatory exemptions and alternative compliance options for businesses, agricultural operations, and local government. The District's current particulate matter monitoring network is over 20 years old. Due to the significant number of wildfire and smoke events in the past 5 years, the EPA and ARB have denied our waiver request that would allow us to continue with our existing monitoring system. As such, we are mandated to implement continuous monitoring for particulate matter. The EPA has designated funding to assist us with the purchase of 2 particulate monitors and upgrade our data collection system. Total costs are estimated to be over \$100,000, much of which EPA funding will cover. The particulate monitor purchase is on hold due to equipment manufacturing issues but will likely proceed in the coming FY. Staff time will be significant to implement the transition to and train staff on the new systems. This may require the office to close to the public for up to a week as all staff may need to work on the installation of the new equipment to minimize data loss. If this becomes necessary, notice will be provided for any significant office closure.

The proposed budget units for the District are currently balanced however, costs have increased significantly over the past 5 years and fee increases are now required to keep the budget balanced in the coming years. The District is balanced this FY as there are significant salary savings due to vacancies that we have been unable to successfully fill. There were many projects completed during FY 2023/2024, and many more tasks and requirements coming for FY 2024/2025. The above action

items and informational items are presented to prepare for future costs, impacts, and workloads. Further details of the District's operations are attached as mentioned. (Attachment 1- Budget #8799 and Attachment 2 - Budget #8798). The legal notice for this draft budget hearing was published in the Lake County Record Bee on May 9, 2024 (See Attachment 3) as required by CA H&SC.

Recommendations:

- 1) That the Board of Directors approve the FY 24/25 Draft Budget proposed for the District;***
- 2) That the Board of Directors continue to be on record as opposed to any further State subvention cuts to the District, and support District staff seeking additional funding to support the additional work load placed on the District;***
- 3) That the Board of Directors be on record as supporting District staff to continue to actively participate on the CAPCOA Board of Directors to represent the needs and interests of Lake County related to Air Quality program funding, regulations, and benefits;***
- 4) That the Board of Directors continue their policy directive that health impacts, health risks, health based complaints, and mandated programs/requirements be given top priority, followed by activities that have regulatory time frames, and other funded activities which includes new permit issuance, periodic inspections, or as directed by the Board; and***
- 5) That the Board of Directors be on record as supporting District staff working with County Human Resources and County Administration to develop an improved recruitment and retention policy or plan for the District to bring to this Board for discussion and/or direction if necessary.***

Att: Attachment 1 - Budget #8799
Attachment 2 - Budget #8798
Attachment 3 - Legal Notice Affidavit

CC: Susan Parker, County Administrative Officer
Stephen L. Carter, Jr., Deputy County Administrator Officer
Jenavive Herrington, Auditor-Controller