

# LAKE COUNTY AIR QUALITY MANAGEMENT DISTRICT

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## -MEMORANDUM-

**To:** Board of Directors  
Eddie "EJ" Crandell, Chair  
Helen Owen  
Bruno Sabatier  
Brad Rasmussen  
Jessica Pyska

**DATE:** June 2, 2025

**FROM:** Douglas Gearhart, APCO

**SUBJECT: Sitting as the Lake County Air Quality Management District Board of Directors, Agenda Item: LCAQMD FY 25/26 Draft Budget Hearing June 17, 2025 @ 9:15am, 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 17, 2025, 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 2025/2026 draft budget (See Attachment 1 and 2). The draft budget does incorporate some anticipated funds from the proposed fee rule, and is utilizing unexpended fund balance carryover from salary savings due to short staffing to balance. The District is stable at the moment, but with full staffing of our proposed allocation, the budget will be very tight. The final budget is to be considered for adoption at a later date.

***Recommendation: That the Board of Directors approve the FY 25/26 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 currently 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. The State Legislature continues to add new mandates without funding as Districts' have "fee authority", but without subvention increases or motor vehicle license fees, permit fee increases are necessary in order to fund the mandated activities of the District. With the State considering a revision to how programs are funded at the State level, the District believes this is a good time to request an increase to State Subvention. Currently subvention is funded through the motor vehicle account (for non-stationary source emissions impacts), but this could be supplemented from the Greenhouse Gas Reduction Fund, Air Pollution Control Fund, or a number of other sources to cover the unfunded mandates. Rural communities can not support new fees every year as the State passes new mandates and expects Districts to adopt a new fee. This model may work in urban or industrial areas, but we do not believe it is viable here, and so we have been able to avoid implementing new fees for many years.

***Recommendation: That the Board of Directors continue to be on record as opposed to any further State subvention cuts to the District, and is in support of the District pursuing increased State subvention funding to cover Legislative/State mandates in rural communities, and supports District staff seeking additional funding to support the additional work load placed on the District.***

C. Staff has taken an active role in CAPCOA, in prior years, to ensure Lake County

(the only Full Attainment District) is represented in all statewide proceedings and discussions with the ARB. This provided 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. Through our staffing shortage, we have been unable to actively participate, and we are not receiving quality representation by others, as they do not understand our local issues and needs. 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. District staff can not take an active role during the coming fiscal year, but we would like Board support to participate when feasible and return to a more active role in future years when fully staffed and operations have returned to normal.

***Recommendation: That the Board of Directors be on record as supporting District staff to continue to participate on the CAPCOA Board of Directors when feasible, and to take a more active role in future years 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 attainment status and protect 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, 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, followed by State and Federal mandates. Air monitoring activities are a significant priority, as this is essential to maintaining our attainment status, which is still at risk due to current staffing levels. To comply with State and Federal monitoring requirements this requires a minimum of four staff, a manager, and over 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 and are currently on hold until mandated programs are caught up and new staff is fully trained. 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. With the cuts at NOAA/NWS, obtaining accurate forecasts and assistance when needed is becoming more challenging, so District staff will be required to perform more forecasting to keep the public informed of potential impacts from pollution sources.

***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. Voluntary programs are on hold until all mandated programs are up to date.***

E. The District has experienced limited success with recruitment in the past 5-10 years. The District is only able to attract motivated, but inexperienced applicants, which takes considerable time to train. 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. In order to perform all mandated activities, handle the regular staffing turnover, and run 9 grant programs the District will be working on plans to increase staffing to 8 to 12 staff. The District has unique staffing needs that have been difficult to retain. As such, District staff is proposing to continue 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, develop ideas to ensure our recruitments are competitive with other Air Agencies and develop ideas to better retain quality, experienced staff. The District may then bring the developed policy or plan to the Board of Directors for discussion and/or direction.

***Recommendation: That the Board of Directors be on record as supporting District staff working with County Human Resources and County Administration to continue to review and develop improved recruitment and retention proposals for the District, and to bring proposals to the Board of Directors for consideration.***

### **Category #2 – Board Awareness**

A. The geothermal operations in Lake County are changing from past years. The ongoing decommissioning of 2 power plants and the potential for a new geothermal power plant utilizing new technology and methods will impact District staff workload and could potentially increase air quality emissions. The Geysers Air Monitoring

Program (GAMP) is undergoing a major change, which will require a new MOU. As part of this change, the District is investigating the possibility of taking on the contract manager role as Northern Sonoma County AQMD (NSAQMD) has decided to back out of their role as contract manager. We are still working on a few issues that have stumped a number of County Officials, including the ability to hold a bank account for Non-public funds. GAMP is funded by industry as an alternative to funding individual monitoring networks for each facility. In order to ensure public trust, the contracts and funding are held by a public agency (currently NSAQMD) and the contracts are paid by GAMP funds through NSAQMD so no public funds are utilized. We are currently working on these issues and hope to have them resolved in the near future, once all the hurdles are cleared, and Counsel has approved it. The updated MOU is anticipated to be drafted by the end of 2025, and will be brought to this Board for comment once a draft is available.

**B.** The State Legislature has passed a new bill, AB914 (Garcia) which may require Indirect Source Rules (ISR) statewide. Currently the District does not track these sources regularly other than on a complaint driven basis. However, the District proposed new fee rule does incorporate a number of these source types into the fee categories, which may become mandatory in the coming years.

**C.** The State Legislature's and ARB's "one size 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. Urban programs can absorb new costs and implement fees for programs mandated by the State. Rural areas have few sources, so a new fee only adds to the burden of existing sources that already pay fees. Staff will continue the Board endorsed approach of local flexibility in designing and implementing new programs to minimize the financial impacts to our local sources. 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. Staff is working on the Hotspots report. This will take from 3 to 6 months to complete annually. In addition there are several other emissions inventory programs that all require different data sets, different source types, and have to be completed separately as there is only minimal overlap.

**E.** In the coming years, EPA is mandating an asset management program for all air monitoring equipment. This will require tracking, reporting, defined repair frequency, defined useful life and replacement schedules. Currently the District has over 15 devices that are most likely to fall into this program, each costs between, \$25k and \$50k, so a 5 to 10 year replacement schedule is a significant impact. We are still waiting for details and will keep the Board informed as they develop. We may see a 4 year reprieve on this program, but that is uncertain.

**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 6 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 that results in the equipment failing quality assurance testing. Some fail at initial acceptance testing and others fail after they are deployed and operating for several months. Currently the Federal funds are on hold pending Federal review of the grant program nationwide. We are uncertain if the funding will remain available or will be pulled back. We will apply for the waiver again in 2026, as the wildfire impacts should have cleared the dataset that is reviewed.

**G. Ozone air monitoring programs** are being significantly impacted by changes at ARB. ARB is planning to stop all calibration and support services for our ozone systems (statewide, except ARB's stations), so the District will be required to acquire calibration equipment, maintain the additional equipment, document all work related to the calibration duties, maintain NIST/EPA calibration certifications for all equipment, and train staff to take on these duties. These duties have to be performed by a staff person that is not the operator of the equipment, so it adds to our staffing needs and technical skills required.

**In Summary:** 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. 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 13, 2025 (See Attachment 3) as required by CA H&SC.

***Recommendations:***

- 1) That the Board of Directors approve the FY 25/26 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 is in support of the District pursuing increased State subvention funding to cover Legislative/State mandates in rural communities, 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 participate on the CAPCOA Board of Directors when feasible, and to take a more active role in future years 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. Voluntary programs are on hold until all mandated programs are up to date; and***
- 5) That the Board of Directors be on record as supporting District staff working with County Human Resources and County Administration to continue to review and develop improved recruitment and retention proposals for the District, and to bring proposals to the Board of Directors for discussion and/or direction.***

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