



AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

AGENDA

THURSDAY, JUNE 8, 2023, AT 2:00 PM

**SAN DIEGO COUNTY OPERATIONS CENTER CONFERENCE CENTER/HEARING ROOM 5520 OVERLAND
AVE SAN DIEGO, CA 92123**

*Members of the public can attend the meeting in-person or access the meeting using the following
Zoom meeting credentials below:*

Phone Numbers:	Meeting ID:
(877) 853-5247 (Toll Free) (888) 788-0099 (Toll Free)	871 7808 5740

ORDER OF BUSINESS

- A. **Roll Call**
- B. **Public Communication**
Opportunity for members of the public to speak to the Board on any subject matter within the Board's jurisdiction but not an item on today's agenda.
- C. **Approval of the Statement of Proceedings/Minutes for the San Diego County Air Pollution Control District Governing Board May 11, 2023 meeting.**
- D. **Consent Calendar**
- E. **Agenda Items**
 - 1. **PUBLIC HEARING: HOLD PUBLIC HEARING AND ADOPT AIR POLLUTION CONTROL OFFICER'S RECOMMENDED BUDGET FOR FISCAL YEAR 2023-24**
Item Type: Action
Recommended By: Michael Watt, Air Pollution Control Deputy Director
Overview: The budget adoption process is specified in California Health and Safety Code Section 40131 and requires the Governing Board to hold two public hearings that are separated by at least two weeks. The first hearing was held on May 11, 2023, exclusively for the purpose of reviewing the proposed budget and providing the public with the opportunity to comment on it. Today's hearing is the second public hearing for the purpose of budget

adoption.

The Air Pollution Control Officer's Recommended Budget (Attachment A) for the San Diego County Air Pollution Control District (District) for Fiscal Year 2023-24 is balanced, with \$116 million in expenditures and revenues and 177 positions to advance the District's mission of improving air quality to protect public health and the environment. This includes 175 Fiscal Year 2022-23 Adopted Positions and two recommended new positions. The Recommended Budget also includes \$59.4M in pass-through grant funds for projects that accelerate improvements to air quality and public health and an Operating Fund Balance Reserve equal to an estimated two months of District operating expenditures (\$4.8M), providing a financial safety net to help ensure core programs and services are maintained.

Requested Action:

1. *Hold Public Hearing and Adopt the Air Pollution Control Officer's Recommended Budget for Fiscal Year 2023-24*
 2. *Adopt the Resolution entitled "RESOLUTION OF THE GOVERNING BOARD OF THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT TO ADOPT THE BUDGET FOR FISCAL YEAR 2023-24" approving the Air Pollution Control Officer's Recommended Budget for Fiscal Year 2023-24.*
 3. *Find that the requested action is exempt from the requirements of the California Environmental Quality Act pursuant to CEQA Guidelines section 15378(b) because CEQA does not apply to continuing administrative activities or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.*
2. **2022 ANNUAL AIR QUALITY REPORT**
Item Type: Informational
Recommended By: Melina Meza, Public Information Officer
Overview: California Assembly Bill 423 (Gloria, 2019) established a requirement for the San Diego County Air Pollution Control District (SDAPCD) to publish an annual air quality report. Accordingly, SDAPCD produced the 2022 Air Quality Report, which provides an overview of the District and also highlights some of the main accomplishments from 2022. The report contains information regarding the state of the air quality in the region, important actions from every division within SDAPCD, and metrics with graphs. The report was developed with the community in mind to increase understanding of the District's roles and responsibilities to improve air quality. The report will be available online at the SDAPCD website in multiple languages for community inclusivity.

Requested Action: Informational Item

3. **PROVIDE UPDATE AND SEEK DIRECTION ON POTENTIAL STRATEGIES TO REDUCE INDIRECT SOURCE EMISSIONS FROM WAREHOUSES, DISTRIBUTION CENTERS, AND PORTS IN SAN DIEGO COUNTY**
Item Type: Action
Recommended By: Michael Watt, Deputy Director
Overview: In 2019, California Assembly Bill 423 (Gloria, 2019) (AB 423) amended State law to restructure and expand the Governing Board of the San Diego County Air Pollution Control District (District). AB 423 also amended the California Health and Safety Code to add a

number of specified duties to the District including a direction to “consider adopting an indirect source rule to address pollution from mobile sources that is associated with stationary sources, such as ports, warehouses, and distribution centers.” The Clean Air Act defines an indirect source as “...a facility, building, structure, installation, real property, road, or highway which attracts, or may attract, mobile sources of pollution.” (42 U.S.C. §7410(a)(5)(C)).

Per the AB 423 requirement, District staff has researched potential indirect source rule concepts, met with numerous stakeholders, and evaluated indirect sources such as ports, warehouses, and distribution centers located throughout San Diego County. Attachment A – Options and Considerations for Reducing Indirect Source Emissions at Warehouses, Distribution Centers, and Ports – provides an update on staff’s research and evaluation of the District’s legal authority to regulate indirect sources, other California air districts’ indirect source rules, warehouse inventory in San Diego County, an overview of the possible rule development process, and ongoing activities associated with a potential Memorandum of Understanding (MOU) with the Port of San Diego.

Warehouses and Distribution Centers

Staff’s findings presented in Attachment A suggest that a warehouse indirect source rule and associated administrative fees for facilities above 100,000 square feet in size are potentially feasible and could be successfully implemented in San Diego County. A local rule would provide much-needed emission reductions from the freight sector. However, such a rule is predicted to be the costliest measure the District has ever enacted in terms of the compliance costs per pound of reduced emissions. If the Governing Board directs staff to proceed with rule development, further technical analyses including socioeconomic and environmental impact studies and public review would be conducted in accordance with State law to further assess and verify feasibility prior to rule adoption.

The Governing Board could also direct staff to pursue rule development of a warehouse indirect source rule as outlined above and incorporate additional requirements for facilities between 50,000 and 100,000 square feet in size to also submit a one-time informational report to the District as part of a proposed rulemaking. Warehousing facilities under 100,000 square feet in size are not currently regulated by any air district. Consequently, additional analysis would be necessary to determine if there are multiple compliance options that may be available to warehouses under 100,000 square feet. This information would provide a critical foundation to the legal defensibility of any indirect source rule from potential claims of federal preemption. Smaller facilities are likely to have different compliance methods and may have fewer compliance options available to them, because of limited operating parameters, and space limitations as compared to larger warehouses. As such, non-regulatory strategies (such as incentive programs and enhanced outreach and education) are strategies that could also be further investigated in lieu of, or in conjunction with, regulatory options. Collection of data from warehouses under 100,000 square feet would better inform District staff as to the inventory and operational characteristics of such facilities, which would allow District staff to further assess potential methods of compliance as part of a possible future rule amendment, or whether non-regulatory strategies are more appropriate.

The Board could also decide to direct staff to continue with more proactive engagement and

convene a working group of community and industry stakeholders to consider and develop potential alternative regulatory and non-regulatory strategies that could further reduce indirect source emissions at the community level, including approaches for warehouses between 50,000 to 100,000 square feet in size. This alternative approach would allow more conversations, analysis, and brainstorming with affected stakeholders on other possible methods for reducing indirect source emissions from warehousing facilities. This approach would also allow for progress in reducing these emissions through continued implementation of various federal, State, and local measures including California Air Resources Board mobile source regulations and District financial incentive programs while existing litigation of a similar regulatory measure in the South Coast air district is resolved prior to pursuing local rulemaking activities.

Ports

The Port of San Diego's 2021 Maritime Clean Air Strategy (MCAS) established aggressive goals and timelines for reducing emissions on Port tidelands, an effort the District fully supports. However, achieving such goals is anticipated to encounter financial, infrastructure, and operational challenges. Similarly, controlling indirect source emissions from such a facility is expected to encounter challenges as well. For example, an extended timeframe to develop a port-specific indirect source rule may not be appropriate to achieve many near-term MCAS goals. Additionally, much of the air pollution from port operations is generated from ship activities, which could be challenging to regulate through a port-specific indirect source rule at the local level.

Like warehouses, port operators would also require having a menu of options available to comply with a possible rule, which in some cases may not be available or possible at a port facility. A port-specific indirect source rule would also require navigating complex international and federal regulations, and the likelihood of possible litigation, given that no air district to date has ever regulated indirect sources from port operations. Such an effort is now underway in the Los Angeles air basin with rulemaking expected later this year. However, initial efforts are expected to focus only on containerized non-refrigerated cargo, which the Port of San Diego does not currently receive.

As a result of these complexities and to assist in achieving MCAS goals, staff's findings in Attachment A suggest an MOU with the Port of San Diego would be appropriate. Pursuing an MOU with the Port of San Diego would allow each agency to partner on emissions reduction, facilitative, and health-protective mitigation measures that can support progress towards achieving cleaner equipment along the Port tidelands. An MOU, if pursued, could also be developed more quickly than a rule, and is considered more suitable for inclusion of facilitative and incentive-based measures that can help to achieve air quality goals. An MOU can also provide more flexibility to allocate incentive funding from the District to such projects and Port tenants that may still be considered surplus to regulation, whereas a rule would significantly limit such funding opportunities. The District and the Port believe both agencies can continue to work collaboratively to move MCAS goals closer to reality.

Today's requested actions would not establish any immediate new air pollution control requirements. Rather, upon the Board's review and consideration of the District's report (Attachment A – Options and Considerations for Reducing Indirect Source Emissions at Warehouses, Distribution Centers, and Ports) in relation to the requested actions, the

Governing Board may direct staff to pursue various potential options for controlling indirect sources of emissions from these facilities in San Diego County at a later date.

Requested Action:

1. *Based on staff's research to address indirect source emissions from warehouses and distribution centers in San Diego County, direct staff to take one of the following actions today:*
 - a. *Continue proactive engagement by convening a working group of community and industry stakeholders to consider and develop potential alternative regulatory and non-regulatory strategies that could further reduce indirect source emissions at the community level, including approaches for warehouses between 50,000 to 100,000 square feet in size; OR*
 - b. *Begin formal rule development activities and return to the Governing Board after completing associated technical analyses with a proposed rule to reduce indirect source emissions from warehouses and distribution centers at or above 100,000 square feet in size, as well as a proposed schedule of fees to be paid by affected facilities as necessary to recover the District's costs to administer and enforce the proposed warehouse rule; OR*
 - c. *Same as Requested Action 1b but incorporate additional reporting requirements for warehouses between 50,000 and 100,000 square feet in size into proposed rulemaking to help inform District staff when seeking a possible rule amendment in the future.*
2. *Based on staff's research to address indirect source emissions from ports in San Diego County, direct staff to pursue a Memorandum of Understanding (MOU) with the Port of San Diego that includes emissions reduction, facilitative, and health-protective mitigation measures, and return to the Governing Board with an update by the end of 2023.*

F. Air Pollution Control Deputy Director Report

G. Planning and Policy Committee Report

H. Adjournment

Supporting Documents: Attachments and supporting documentation for items listed on this agenda can be viewed online on the [Air Pollution Control District Governing Board webpage](#) or at the San Diego County Air Pollution Control District, 10124 Old Grove Road, San Diego, CA 92131

Virtual Access Option: Members of the public who wish to attend the meeting virtually may visit the [Air Pollution Control District Governing Board online](#) for meeting information and participation instructions or, send an email to APCDPublicComment@sdapcd.org

In-Person Public Comments: Persons who wish to address the Governing Board on an item to be considered at this meeting, or on non-agenda items, may submit a Request to Speak form. Hard-copy forms can be obtained at the meeting from the Clerk.

Virtual Public Comments: Persons attending the meeting virtually who wish to address the Governing Board on an item to be considered at this meeting, or on non-agenda items, may submit a Request to Speak form by visiting the [Air Pollution Control District Governing Board online](#), or by

using the "Raise Hand" feature on Zoom via computer or smartphone, or by pressing *9 if participating by phone.

Written Public Comments: If you wish to submit a written comment or have written materials to share with the Board, you may email it to APCDPublicComment@sdapcd.org or submit via U.S Mail. When emailing your comments, please include the meeting date and agenda item. All comments received prior to the close of the meeting will be made part of the meeting record. Comments received 24 hours prior to the start of the meeting will be posted online with the meeting materials.

Language Interpreter Assistance: Spanish language interpreter services are offered at Board meetings. Additional language interpreter services for public speakers are available upon request to the San Diego County Air Pollution Control District at least 72 hours prior to the meeting. Please contact the Air Pollution Control District Governing Board Clerk at (858) 586-5600 or via e-mail at APCDPublicComment@sdapcd.org if interpreter services are needed.



Air Pollution Control District Governing Board

San Diego County Air Pollution Control District

AGENDA ITEM #E.1

DATE: June 8, 2023

TO: San Diego County Air Pollution Control District Governing Board

SUBJECT:

PUBLIC HEARING: HOLD PUBLIC HEARING AND ADOPT AIR POLLUTION CONTROL OFFICER'S RECOMMENDED BUDGET FOR FISCAL YEAR 2023-24

REQUESTED ACTION:

1. Hold Public Hearing and Adopt the Air Pollution Control Officer's Recommended Budget for Fiscal Year 2023-24
2. Adopt the Resolution entitled "RESOLUTION OF THE GOVERNING BOARD OF THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT TO ADOPT THE BUDGET FOR FISCAL YEAR 2023-24" approving the Air Pollution Control Officer's Recommended Budget for Fiscal Year 2023-24.
3. Find that the requested action is exempt from the requirements of the California Environmental Quality Act pursuant to CEQA Guidelines section 15378(b) because CEQA does not apply to continuing administrative activities or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

OVERVIEW:

The budget adoption process is specified in California Health and Safety Code Section 40131 and requires the Governing Board to hold two public hearings that are separated by at least two weeks. The first hearing was held on May 11, 2023, exclusively for the purpose of reviewing the proposed budget and providing the public with the opportunity to comment on it. Today's hearing is the second public hearing for the purpose of budget adoption.

The Air Pollution Control Officer's Recommended Budget (Attachment A) for the San Diego County Air Pollution Control District (District) for Fiscal Year 2023-24 is balanced, with \$116 million in expenditures and revenues and 177 positions to advance the District's mission of improving air quality to protect public health and the environment. This includes 175 Fiscal Year 2022-23 Adopted Positions and two recommended new positions. The Recommended Budget also includes \$59.4M in pass-through grant funds for projects that accelerate improvements to air quality and public health and an Operating Fund Balance Reserve equal to an estimated two months of District operating expenditures (\$4.8M), providing a financial safety net to help ensure core programs and services are maintained.

FISCAL IMPACT:

The recommended action provides spending authority of \$116 million for the Air Pollution Control District for Fiscal Year 2023-24.

ENVIRONMENTAL STATEMENT:

Pursuant to Section 15378(b) of the California Environmental Quality Act (CEQA) Guidelines, CEQA does not apply to continuing administrative activities or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; CEQA does not apply to this action.

PREVIOUS RELEVANT BOARD ACTIONS:

May 11, 2023, Public Hearing: Air Pollution Control Officer's Proposed Budget for the San Diego County Air Pollution Control District for Fiscal Year 2023-24.

PUBLIC ENGAGEMENT AND OUTREACH:

The District's Recommended Budget Summary and Schedule of Fees for Fiscal Year 2023-24 (Attachment A) was posted on the District's website on April 11, 2023. Notice of its availability and opportunity to submit written comments online or by email and to testify at the public hearings was mailed directly to every air quality permit holder, sent to subscribers of the District's email notification service in English and Spanish, and posted to the District's social media accounts. Public comments were also invited at the May 11, 2023 hearing. Additional outreach to solicit feedback on the proposed budget was conducted via email, social media, and community meeting announcements leading up to the June 8, 2023 hearing.

The public may testify during the June 8, 2023 hearing and submit comments online at <https://www.sdapcd.org/content/sdapcd/about/district-boards/governing-board/board-agendas-minutes.html> or via email at APCDPublicComment@sdapcd.org Written comments should be submitted before June 8, 2023.

EQUITY IMPACT STATEMENT

Today's action supports the District's commitments to advancing policies, programs, and services that advance environmental justice and equity. The FY 2023-24 Recommended Budget includes funding to provide resources for expanded environmental justice and public participation programs to support the District's Vision of "Clean Air for All".

RECOMMENDED BY:

Michael Watt, Air Pollution Control Deputy Director

CONTACT PERSON(S):

Name: Mike Watt, Deputy Director

Phone: (858) 899-0136

Email: Michael.Watt@sdapcd.org

ATTACHMENTS:

[Item E1_AttA_FY-2023-24-SDCAPCD-Recommended-Budget-Summary-and-Schedule-of-Fees.pdf](#)

[Item E1_AttB_FY 2023-24 Budget Resolution.pdf](#)

SAN DIEGO COUNTY
AIR POLLUTION CONTROL DISTRICT
FISCAL YEAR 2023 – 2024
RECOMMENDED BUDGET SUMMARY
&
SCHEDULE OF FEES



(858) 586 -2600 • 10124 Old Grove Road • San Diego • CA • 92131

www.sdapcd.org

THIS PAGE IS INTENTIONALLY BLANK

FY 2023-24 RECOMMENDED BUDGET

GOVERNING BOARD MEMBERS & AIR POLLUTION CONTROL OFFICER

Marcus Bush, Chair

District 1 Representative
Councilmember, City of National City

Jack Shu, Vice Chair

District 2 Representative
Councilmember, City of La Mesa

Sean Elo-Rivera

District 4 Representative
Councilmember, City of San Diego

Nora Vargas, Military Liaison

County of San Diego Board of Supervisors
Representative

Esther Sanchez

District 5 Representative
Mayor, City of Oceanside

Terra Lawson-Remer

County of San Diego Board of Supervisors
Representative

Anne Marie Birkbeck-Garcia

Physician/Public Health Representative
Public Board Member

Todd Gloria

City of San Diego At Large Member
Mayor, City of San Diego

Georgette Gomez

Environmental Justice Representative
Public Board Member

Consuelo Martinez

District 3 Representative
Councilmember, City of Escondido

Enrique Medina

Scientific/Technical Representative
Public Board Member

Paula Forbis

Air Pollution Control Officer

Prepared By:

Mike Watt

Deputy Director

Spencer Harteis

Principal Accountant

Aidan Hanley

Acting Chief, Support Services

Zina Poles

Administrative Analyst

FY 2023-24 RECOMMENDED BUDGET

TABLE OF CONTENTS

SECTION 1 – APCO RECOMMENDED BUDGET TRANSMITTAL	5
APCO Recommended Budget Transmittal.....	5
FY 2023-24 Goals and Objectives	6
District Description	8
SECTION 2 – BUDGET FINANCIAL STATEMENTS	10
Revenue by Classification.....	10
Revenue Classification Definitions	10
Expenditure by Classification	11
Expenditure Classification Definitions.....	11
Budget Summary	12
Budget Summary Variance Explanations.....	13
Revenues and Sources Variance Explanations.....	13
Expenditures and Uses Variance Explanations	14
Staffing Summary.....	15
Budget Summary by Program	16
Fund Balance Summary	18
Special Revenue Fund Summary & Budget by Program	19
Program Descriptions & Budgets	25
SECTION 3 – BUDGET DETAIL	34
Budget Detail	34
Basis of Budgeting.....	36
SECTION 4 – SCHEDULE OF FEES.....	See Rule 40 & 42 Links

SECTION 1 – APCO RECOMMENDED BUDGET TRANSMITTAL

April 11, 2023

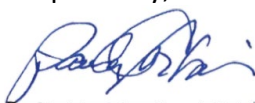
Dear San Diego County Air Pollution Control District Board, County residents, and stakeholders:

This document represents the San Diego County Air Pollution Control District's (District or APCD) Recommended Budget for Fiscal Year (FY) 2023-24, covering the period July 1, 2023, through June 30, 2024. The budget adoption process is specified in California Health and Safety Code Section 40131 and includes requirements for posting this Budget Summary and Fee Schedule 30 days in advance of two public hearings to receive and consider adopting the recommended budget; the two public hearings are scheduled for May 11, 2023, and June 8, 2023. The Recommended Budget is balanced and reflects a proposed total of \$116 million (M) in revenues and expenditures for FY 2023-24 to advance the District's Vision of Clean Air for All, and Mission to improve air quality to protect public health and the environment. This includes 175 FY 2022-23 Adopted Positions and 2 recommended positions (air quality specialists), \$59.4M in pass-through grant funds for projects that accelerate improvements to air quality and public health, and pursuant to Governing Board direction an Operating Fund Balance Reserve equal to an estimated two (2) months of District operating expenditures (\$4.8M). Program highlights and division summaries for the Recommended Budget are included in this document.

Over the last several years, the District has expanded upon its programs to promote public health in local communities that are most impacted by air pollution, and due to additional State revenue is proposing to add resources to this program. The District will continue to seek additional funding opportunities to support this work long term and continue its outreach to environmental justice communities throughout the region, to ensure that the benefits of District programs reach all who need them. Also, in response to state mandates, the District will greatly expand the number of stationary sources and number of pollutants for which it conducts an annual emission inventory, from approximately 200 to over 4,400 facilities per year. This will give the District a much more complete inventory of local sources of air pollution, which will better inform all of our programs, as well as community residents. And finally, the District will continue its efforts to reduce emissions from mobile sources through its incentive programs, including the launching of a new program, Clean Cars 4 All, which will help lower income residents access electric vehicles or other forms of clean transportation. The proposed budget and recommended positions reflect these changes and support these efforts.

District staff developed Goals and Objectives to provide a road map for the District's work for the coming year. These Goals and Objectives have been informed by the ongoing policy direction from the APCD Governing Board, staff input, and existing and expanded program requirements. The District continues to build its programs to embrace its new direction along with the challenges and opportunities that come with change. This Recommended Budget thus reflects the District's ongoing commitment to its Goals of promoting **Air Quality, Public Health, Environmental Justice and Equity, Public Engagement and Transparency, and Operational Excellence**. In the Spring of 2023, the District will be embarking on a long-term strategic planning process with the Governing Board and staff to guide the development of programs and sustainable funding for the next several years in support of the Vision - Clean Air for All.

Respectfully,



Paula Forbis, Air Pollution Control Officer

FY 2023-24 GOALS AND OBJECTIVES

Air Quality

Improve air quality in the region to attain all State and Federal air quality standards

Objectives

- *Measure and track pollutants to determine the attainment status of state and federal air quality standards for the region, and to help inform air quality improvement strategies regionwide including in local Environmental Justice Communities.*
- *Consider adoption of additional regulations and programs to reduce emissions of criteria air pollutants.*
- *Engage with U.S. Environmental Protection Agency on reconsideration of federal air quality standards for particulate matter to support strengthening the standards to a level that is scientifically supported to be health protective.*
- *Identify opportunities to quantify and achieve reductions of greenhouse gas emissions as a co-benefit of measures reducing air pollutant emissions.*

Public Health

Promote healthy communities by reducing risks from air toxics emissions that can create adverse health effects

Objectives

- *Continue to carry out requirements of Rule 1210 (Toxic Air Contaminant Health Risks-Public Notification and Risk Reduction) by ensuring notification of communities exposed to elevated health risks and requiring implementation of risk reduction measures from stationary sources that create elevated health risks.*
- *Partner with public health agencies and local universities to identify and track health impacts associated with air pollution in order to inform strategies to reduce health risks and disparities, especially in Environmental Justice Communities.*
- *Enhance education and outreach efforts on impacts to public health by developing materials that will inform residents, the Governing Board, and the Hearing Board members of the health effects of air pollution, including strategies to reduce emissions and exposure, and a map of the region with a focus on the highest risk communities and how they compare to the rest of the county.*
- *Support U.S. Environmental Protection Agency efforts to educate communities about indoor air quality, focusing first in Environmental Justice Communities, and explore opportunities to expand the Portside Air Quality Improvement and Relief (PAIR) Program Environmental Justice Communities.*

Environmental Justice and Equity

Lift and address the needs of communities most impacted by air pollution by integrating environmental justice and equity across all services we provide

Objectives

- *Support the implementation of the Community Air Protection Program through collaboration with government agencies, residents, community-based organizations, and businesses to continue putting the Community Emissions Reduction Plan for the Portside Environmental Justice Community into practice and developing the Community Emissions Reduction Plan for the International Border Community.*
- *Expand APCD's partnerships, programs, and community-based planning to other Environmental Justice Communities in the region.*
- *Engage Environmental Justice stakeholders throughout the region to learn about community air quality impacts and facilitate participation in rulemaking, budget development, monitoring network design, and planning efforts to meet air quality standards and protect public health.*

- *Enhance available funding opportunities for residents and businesses within Environmental Justice Communities to advance deployment of zero emission technologies in the areas most impacted by air pollution.*
- *Develop a policy to guide air quality permitting notification in Environmental Justice Communities and develop a phased in approach to support staff to ensure successful implementation.*
- *Create an environmental justice analysis and framework to evaluate and strengthen existing rules and develop new rules as warranted, considering both regional and localized impacts.*

Public Engagement and Transparency

Support informed decision-making and stakeholder confidence by promoting meaningful public engagement and transparency

Objectives

- *Enhance public engagement by promoting APCD actions through social media, email subscription services, and cross-promotion with other local agencies, grassroots groups and community organizations.*
- *Promote transparency and increase public engagement and awareness by making air quality and permitting data available via maps and data sets on our website in a format that is user-friendly, understandable, and accessible.*
- *Develop a community engagement toolkit for staff to effectively communicate with stakeholders; and equip the community with the tools and resources needed to be an engaged partner in APCD decision-making.*
- *Establish and maintain partnerships with community-based organizations and government agencies to ensure community outreach is coordinated and demonstrates collaborative results.*
- *Elevate inclusivity and promote access to APCD programs and activities for all communities and persons across the region through implementation of Language Access Policy.*

Operational Excellence

Ensure superior service delivery by providing innovative technology and appropriate resources, supported by resilient processes and controls, to accomplish our mission

Objectives

- *Develop and implement online services, including enhanced spatial/location information, to maximize efficiencies, benefit the communities we serve, and improve operational insights for key programs such as the Office of Environmental Justice.*
- *Attract and retain the highest quality workforce by identifying creative recruitment opportunities, continuing implementation of a comprehensive onboarding program for new team members (and offboarding for departing staff), and promoting professional development opportunities including trainings, education reimbursement, mentorship programs, and job shadowing.*
- *Ensure availability, currency, utility, and consistency of Standard Operating Procedures across all APCD programs and divisions, including systematic review and enhancement of existing processes to augment staff's ability to meet customer needs.*
- *Provide internal education on environmental justice, the local history, why it is important, and how it applies to the various APCD divisions' role and responsibilities, including the identification of any information, resources, and capacity gaps and strategies to address those gaps.*
Increase advocacy efforts to advance the vision and mission of the APCD to protect public health and the environment consistent with APCD's Legislative Program.

APCD's VISION AND MISSION



DISTRICT DESCRIPTION

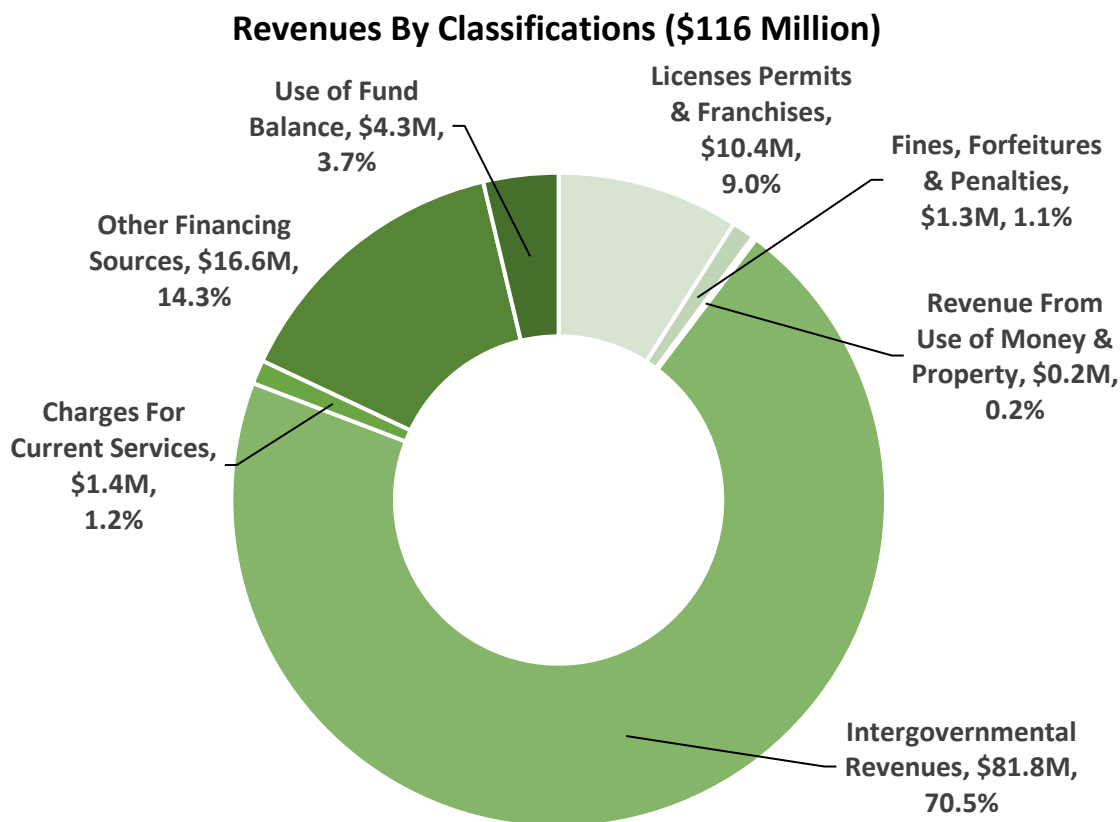
The APCD protects the public and the environment from the harmful effects of air pollution, which include heart and lung disease, by attaining and maintaining the California and National Ambient Air Quality Standards throughout the San Diego region. These standards define the maximum amount of an air pollutant that can be present in the outdoor air without threatening the public's health. To meet these health-protective standards the APCD measures, reports and forecasts air quality throughout the region, and enforces air quality rules within its jurisdiction, ensuring the public has clean, healthful air to breathe.



The APCD is mandated by Federal and State law to regulate stationary (i.e., fixed) sources of air pollution such as factories, power plants, gasoline stations and other facilities in the region. The APCD issues permits to approximately 4,000 local businesses and public agencies, with permit conditions that limit or require specific actions to reduce air pollutant emissions and associated health risks. The APCD also conducts over 10,000 inspections each year to verify permitted facilities and other regulated sources are in compliance and to respond to public complaints about air pollution and reduce associated health risks. Additionally, the APCD provides millions of dollars in incentive grants to businesses and public agencies for projects that reduce air pollutant emissions and associated health risks from high-polluting on-road and off-road equipment.



SECTION 2 – BUDGET FINANCIAL STATEMENTS



REVENUE CLASSIFICATION DEFINITIONS

Licenses, Permits & Franchises – Revenue derived from permit application fees, permit renewal fees, and other fees paid by customers for District services in accordance with Rule 40 (Permit and Other Fees).

Fines, Forfeitures, & Penalties – Revenue derived from fines paid by violators of air quality regulations.

Revenue from Use of Money & Property – Interest revenue earned on fund balances.

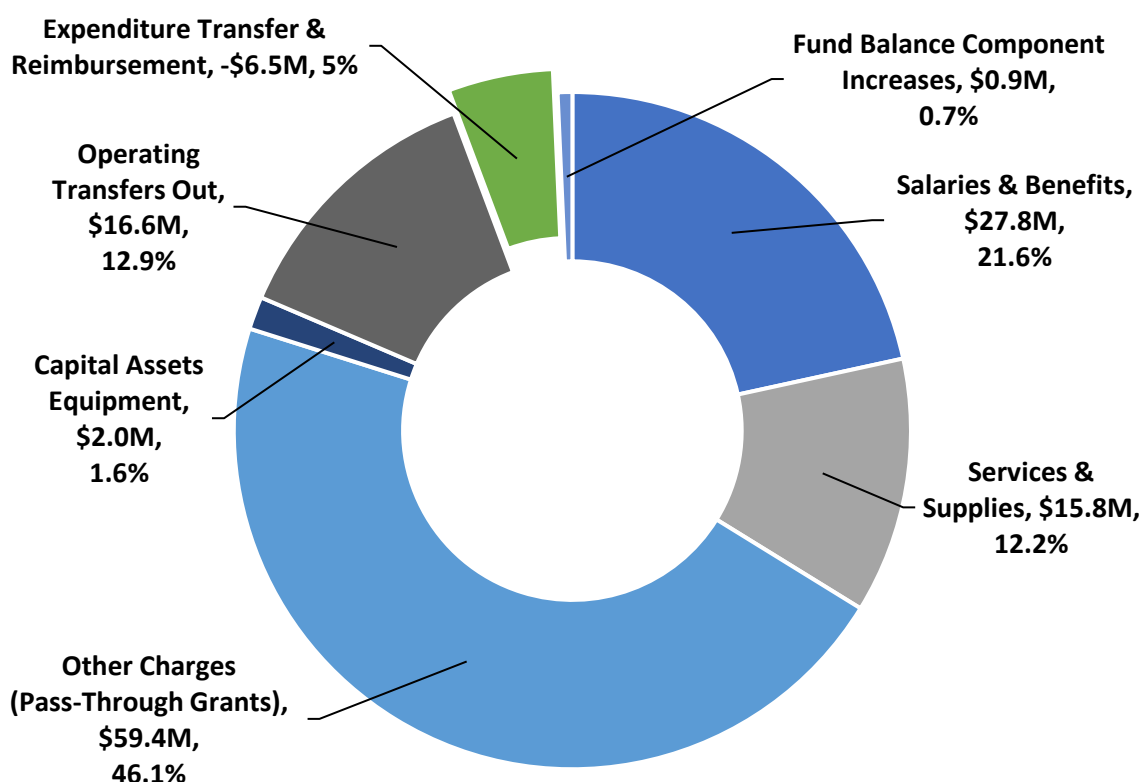
Intergovernmental Revenues – State and Federal grant monies, most of which is pass-through funding for projects to improve air quality and public health in communities throughout the region.

Charges for Current Services – Asbestos notification and Portable Equipment Registration Program (PERP) fees.

Other Financing Sources – Operating transfers of funds between District accounts.

Use of Fund Balance – Use of existing fund balance primarily to fund specific one-time expenditures in general support of District programs, such as air monitoring and lab equipment purchases and fleet vehicle replacements.

Expenditures By Classifications (\$116 Million)



EXPENDITURE CLASSIFICATION DEFINITIONS

Salaries & Benefits – Includes payroll costs associated with full and part-time employees which includes wages, supplemental pay, retirement / pension, Social Security, Medicare, and Flex Credit used to offset medical and/or dependent care.

Services & Supplies – Includes, but is not limited to, professional contracted services (e.g., audit, legal and consulting services), utilities, lab equipment and supplies, and information technology costs.

Other Charges – To account for Grant awards to businesses and other agencies to incentivize voluntary emission reductions from mobile sources and other equipment.

Capital Assets Equipment – Includes physical assets or property (e.g., vehicles, lab equipment, furniture, software, etc.) that are used in operations and that have initial useful lives extending beyond a single reporting period.

Operating Transfers Out – Operating transfers of funds between District accounts such as a transfer of funds out of the Air Quality Improvement Trust Fund and into to the Operations Fund to recover APCD's costs for motor-vehicle related operations and other programs necessary for the attainment or maintenance of state or federal ambient air quality standards.

Expenditure Transfer & Reimbursement – Transfer of costs for services provided between programs within the same fund. The cost of the services is transferred to the revenue earning programs with an equal reduction in cost to the programs providing the services.

Fund Balance Component Increases – Increase Committed Fund Balance account for financial system replacement and adjust operating reserves pursuant to Governing Board direction.

BUDGET SUMMARY

Budget Revenue Detail	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
CATEGORIES OF REVENUES						
Licenses Permits & Franchises	9,566,594	10,446,100	9,023,000	10,441,300	(4,800)	0.0%
Fines, Forfeitures & Penalties	1,078,394	1,341,600	1,050,400	1,314,600	(27,000)	-2.0%
Revenue From Use of Money & Property	547,485	370,000	1,627,400	220,200	(149,800)	-40.5%
Intergovernmental Revenues	27,888,068	64,209,600	105,314,999	81,823,100	17,613,500	27.4%
Charges For Current Services	1,066,888	1,377,900	1,461,300	1,373,000	(4,900)	-0.4%
Miscellaneous Revenues	63,033	42,000	39,900	46,600	4,600	11.0%
Total Operating Revenues	40,210,462	77,787,200	118,516,999	95,218,800	17,431,600	22.4%
Other Financing Sources	17,492,290	14,723,800	13,499,200	16,592,200	1,868,400	12.7%
Use of Fund Balance	4,500,000	7,470,600	6,752,400	4,303,500	(3,167,100)	-42.4%
Total Revenues	62,202,752	99,981,600	138,768,599	116,114,500	16,132,900	16.1%

CATEGORIES OF EXPENDITURES						
Salaries & Benefits	21,982,926	26,129,300	24,426,000	27,853,300	1,724,000	6.6%
Services & Supplies	10,482,567	14,337,300	13,214,699	15,761,800	1,424,500	9.9%
Other Charges	55,208,049	45,863,800	90,974,400	59,456,600	13,592,800	29.6%
Total Operating Expenditures	87,673,542	86,330,400	128,615,099	103,071,700	16,741,300	19.4%
Capital Assets Software	27,713	-	-	-	-	0.0%
Capital Assets Equipment	930,777	2,035,000	1,828,500	2,017,000	(18,000)	-0.9%
Expenditure Transfer Reimbursement	(47,436,880)	(6,007,600)	(6,007,600)	(6,466,400)	(458,800)	7.6%
Operating Transfers Out	17,343,079	14,723,800	13,157,900	16,592,200	1,868,400	12.7%
Fund Balance Component Increases	-	2,900,000	2,900,000	900,000	(2,000,000)	-69.0%
Total Expenditures	58,538,231	99,981,600	140,493,899	116,114,500	16,132,900	16.1%

BUDGET SUMMARY VARIANCE EXPLANATIONS

REVENUES & SOURCES

Licenses, Permits, & Franchises (Applications & Permit Renewals)

No variance for an estimated total of \$10.4M based on latest Fiscal Year 2022-23 permitting program revenue projections compared to adopted budget and projected permitting program revenue increases, consistent with the Fiscal Year 2023-24 Cost Recovery plan adopted by the Governing Board.

Revenue from Use of Money & Property (Interest)

Decrease of \$0.1M, or -40.5%, for an estimated total of \$0.2M due to projected interest revenue on lower incentive grant fund balances primarily due to the anticipated completion and disbursement of funding for several emission reduction projects.

Intergovernmental Revenues (Federal & State Pass-through Grants)

Increase of \$17.6M, or 27.4%, for an estimated total of \$81.8M due to increases in State and federal grant funding for the Community Air Protection Program (AB 617) (\$7.3M), Carl Moyer Grant Program (\$4.0M), Goods Movement Emission Reduction Program (GMERP) (\$2.1M), Funding Agriculture Replacement Measures for Emission Reductions Program (FARMER) (\$1.9M), EPA National Clean Diesel Program (DERA) (\$1.8M), Department of Homeland Security BioWatch (\$0.3M), and the EPA Clean Air Act Section 103 and 105 grants (\$0.2M).

Other Financing Sources (Operating Transfers in from District Special Revenue Funds)

Increase of \$1.8M, or 12.7%, for an estimated total of \$16.6M due to an increase in operating transfers from various State Incentive Grants (\$1.4M) to administer projects funded by the Carl Moyer Program, Community Air Protection Program (AB 617), and the Clean Cars 4 All program and an increase of one-time operating transfers (\$0.4M) for a one-time operating transfer from the Vehicle Registration Fee Fund to increase the District's Committed to Operating Reserve account.

Use of Fund Balance

Decrease of -\$3.2M, or -42.4%, for an estimated total of \$4.3M for the following one-time FY 2023-24 projects:

- \$3.4M – Primarily one-time projects, initiatives, information technology, electric fleet vehicles, and capital projects (e.g., Monitoring capital assets & equipment, emission inventory system, and installation of additional EV charging stations).
- \$0.3M – Increase in the “Committed for Financial System Replacement Fund Balance” account, for a total balance of \$2.7M.
- \$0.6M – Increase in the “Committed for Operating Reserve Fund Balance” account, for a total balance of \$4.8M which is an estimated two months of operating expenditure reserve.

EXPENDITURES & USES

Salaries & Benefits

Net increase of \$1.7M, or 6.6%, for an estimated total of \$27.8M, due to negotiated labor agreements and the addition of 2 recommended new staff years (\$0.3M). This is offset by an estimated 10% in salary savings for projected vacancies based on a 3-year average (-\$3.0M).

Services & Supplies (e.g., Professional Services, Utilities, Equipment, and Overhead)

Net increase of \$1.4M, or 9.9%, for an estimated total of \$15.7M, due to grants anticipated to be paid out for the EPA DERA program (\$1.8M), administrative overhead charges allocated within the District to the air quality programs (\$0.4M), which is offset in the “Expenditure Transfers Reimbursement” object level below; increases for the Office of Environmental Justice and Public Information & Outreach (\$0.4M). These increases are offset by a decrease in information technology costs due to completion of AB 423 related projects (\$1.0M), a decrease in insurance costs (\$0.1M), and a decrease in laboratory supplies (\$0.1M).

Other Charges (Incentive Fund Projects)

Increase of \$13.6M, or 29.6%, due to an increase in State grant award funding for projects funded by the Community Air Protection Program (AB 617) (\$6.0M), Carl Moyer Program (\$3.7M), GMERP (\$2.1M), and FARMER Program (\$1.8M).

Operating Transfers Out (Operating Transfers from Special Revenue Funds to District Funds)

Increase of \$1.8M, or 12.7%, for an estimated total of \$16.6M due to an increase in operating transfers from various State Incentive Grants (\$1.4M) for District costs to administer projects funded under the Carl Moyer Program, Community Air Protection Program (AB617), Clean Cars 4 All program, and FARMER program, and a one-time operating transfer of (\$0.4M) from the Vehicle Registration Fee Fund to Operating Fund to increase the “Committed For Operating Reserve Fund Balance”.

Expenditure Transfer Reimbursement (Administrative Overhead Costs Applied to District Programs)

Decrease of \$0.4M, or 7.6%, due to an increase in administrative overhead costs allocated between programs which is offset in the Services & Supplies Object Level.

Fund Balance Component Increases (Funding for One-Time Expenditures)

Decrease of -\$2.0M, or -69.0%, for an estimated total of \$0.9M for the following one-time FY 2023-24 projects:

- \$0.6M – Increase in the “Committed for Operating Reserve Fund Balance” account, for a total balance of \$4.8M which is an estimated two months of operating expenditure reserve.
- \$0.3M – Increase in the “Committed for Financial System Replacement Fund Balance” account, for a total balance of \$2.7M.

STAFFING SUMMARY (FULL-TIME EQUIVALENT OR FTE)

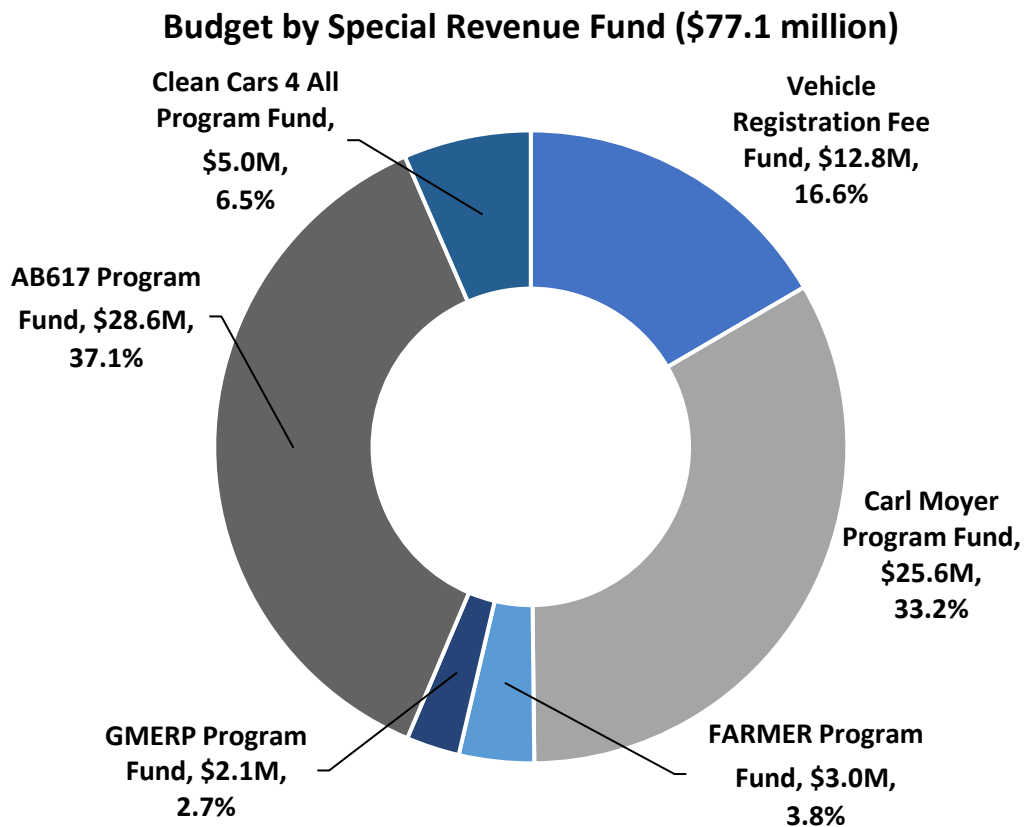
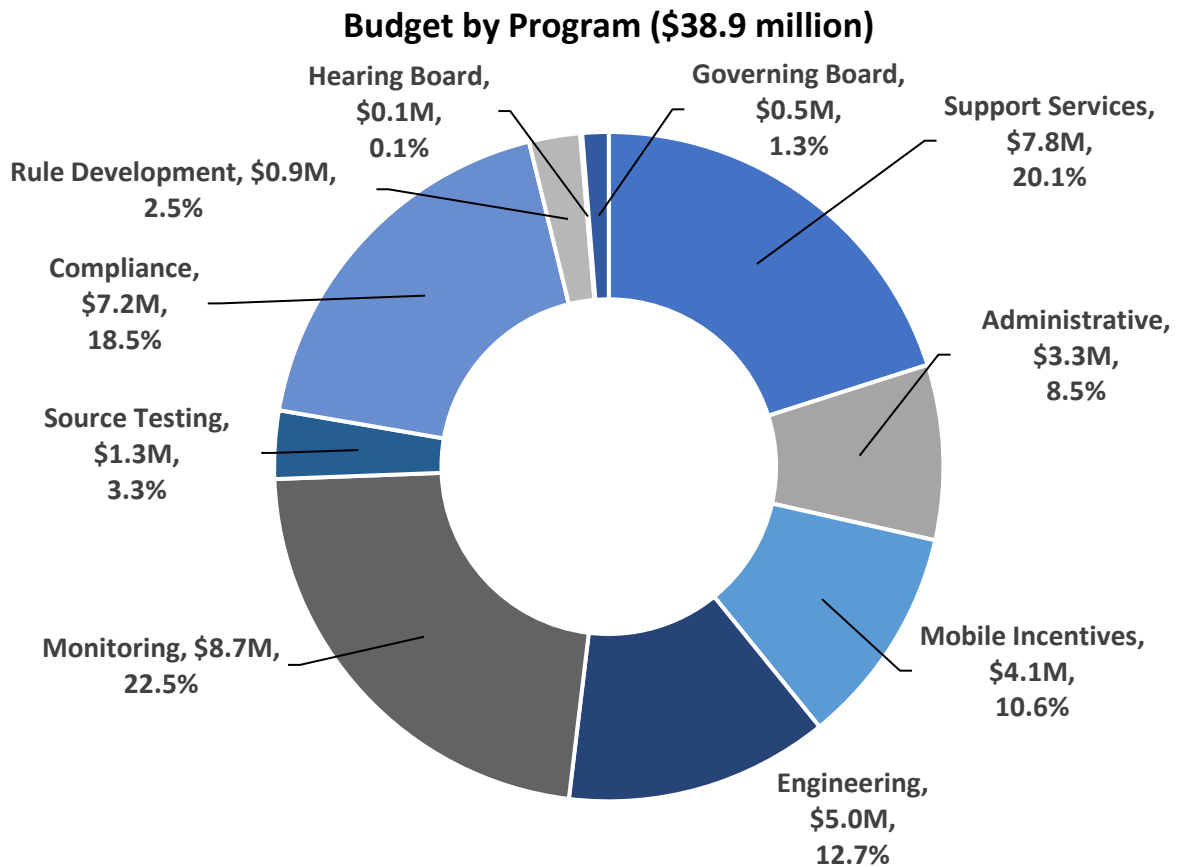
Division	FY 2021-22 Adopted FTE	FY 2022-23 Adopted FTE	FY 2023-24 Recommended FTE	Change from FY 2022-23 ADO to FY 2023-24 REC
Support Services	21	26	26	0
Administration	10	12	13	1
Mobile Incentives	10	12	12	0
Engineering	29	26	27	1
Monitoring	37	42	42	0
Source Testing	8	6	6	0
Compliance	43	44	44	0
Rule Development	5	5	5	0
Hearing Board	0	0	0	0
Governing Board	1	2	2	0
Total FTE	164	175	177	2

STAFFING CHANGES FROM FY 2022-23 (ADOPTED) TO FY 2023-24 (RECOMMENDED)

Recent changes in state emission inventory requirements, as well as the expansion of APCD's work in local Environmental Justice Communities have greatly expanded the work of the APCD Engineering Division and the APCD Office of Environmental Justice. To ensure critical services are provided and meet District goals and objectives, there are two (2) additional staff positions requested and 177 total number of staff years (full-time equivalent or FTE) included in the FY 2023-24 Recommended Budget. This includes 175 FY 2022-23 Adopted Positions and the following two (2) recommended positions requested for FY 2023-24:

- One (1) Air Quality Specialist in the Engineering Division to support implementation of new requirements adopted by the California Air Resources Board for emission inventories.
- One (1) Air Quality Specialist in the Office of Environmental Justice to support continued implementation and expansion of the Community Air Protection Program in Environmental Justice communities.

BUDGET SUMMARY BY PROGRAM



BUDGET SUMMARY BY PROGRAM (CONT.)

Revenues by Program	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget
Revenue Budget By Program				
Business Support Services	6,901,501	6,048,300	5,313,000	2,938,800
Adminstrative	2,908,712	1,656,100	1,901,700	3,139,400
Mobile Incentives	1,819,108	2,784,600	1,686,100	4,733,100
Engineering	5,152,279	6,051,300	5,072,500	6,295,700
Monitoring	8,622,379	10,688,500	10,696,900	10,839,000
Source Testing	1,861,964	1,629,100	1,523,700	1,577,700
Compliance	8,665,606	8,872,500	8,487,500	9,364,500
Rule Development	1,046,524	565,000	565,000	-
Hearing Board	46,922	50,600	44,200	12,900
Governing Board	318,300	142,100	142,100	50,000
Program Revenues	37,343,295	38,488,100	35,432,700	38,951,100
Vehicle Registration Fee Fund	11,522,165	12,393,400	9,614,400	12,797,300
Carl Moyer Program Fund	3,436,474	21,542,500	39,518,300	25,648,300
Goods Movement Emission Reduction Program (GMERP) Fund	4,063,524	-	7,792,100	2,100,000
FARMER Program Fund	1,186,889	1,107,600	4,097,100	2,961,000
Community Air Protection Program (AB617) Fund	4,650,405	21,450,000	37,313,999	28,632,300
Clean Cars 4 All Fund	-	5,000,000	5,030,800	5,024,500
Incentive Grants Revenues	24,859,457	61,493,500	103,366,699	77,163,400
Total Revenues	62,202,752	99,981,600	138,799,399	116,114,500

Expenditures by Program	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget
Expenditure Budget By Program				
Business Support Services	7,660,094	6,048,300	4,861,600	7,821,000
Adminstrative	2,332,856	1,656,100	1,385,100	3,292,800
Mobile Incentives	2,698,805	2,784,600	2,675,600	4,140,800
Engineering	4,819,654	6,051,300	5,874,300	4,963,000
Monitoring	6,737,540	10,688,500	9,104,600	8,765,800
Source Testing	1,257,814	1,629,100	1,720,000	1,281,500
Compliance	7,291,756	8,872,500	9,125,100	7,192,600
Rule Development	796,574	565,000	555,800	960,300
Hearing Board	16,319	50,600	14,500	37,900
Governing Board	330,244	142,100	116,100	495,400
Program Expenditures	33,941,656	38,488,100	35,432,700	38,951,100
Vehicle Registration Fee Fund	16,115,771	12,393,400	12,785,100	12,797,300
Carl Moyer Program Fund	3,347,153	21,542,500	39,164,300	25,648,300
Goods Movement Emission Reduction Program (GMERP) Fund	4,000,000	-	7,706,200	2,100,000
FARMER Program Fund	1,178,990	1,107,600	4,077,400	2,961,000
Community Air Protection Program (AB617) Fund	4,454,661	21,450,000	36,328,199	28,632,300
Clean Cars 4 All Fund	-	5,000,000	5,000,000	5,024,500
Incentive Grants Expenditures	29,096,575	61,493,500	105,061,199	77,163,400
Total Expenditures	63,038,231	99,981,600	140,493,899	116,114,500

Note: The FY23-24 Recommended Budget Expenditures by Program removes the overhead costs allocated via Expenditure Transfer & Reimbursement to show a program specific representation of each program's revenues and costs.

FUND BALANCE SUMMARY

Fund Name	6/30/2022 Fund Balance	6/30/2023 Projected Fund Balance	FY 23-24 Recommended Net Changes	6/30/2024 Recommended Fund Balance
Operations General Fund	11,563,306	4,810,906	(3,603,500)	1,207,406
Committed Fund for Operating Reserve	3,800,000	4,200,000	650,000	4,850,000
Committed Fund for Facilities	700,000	700,000	-	700,000
Committed Fund for Financial Systems	-	2,500,000	250,000	2,750,000
Subtotal APCD Operations Fund Balance	16,063,306	12,210,906	(2,703,500)	9,507,406
DMV	5,153,199	1,982,499	(700,000)	1,282,499
Subtotal APCD Operations & DMV Fund Balance	21,216,505	14,193,405	(3,403,500)	10,789,905
Moyer	581,940	935,940	110,600	1,046,540
GMERP	904,028	989,928	-	989,928
FARMER	42,361	62,061	-	62,061
AB 617	525,429	1,511,229	-	1,511,229
CC4A	-	30,800	24,500	55,300
Subtotal APCD Grant Incentive Fund Balance	2,053,758	3,529,958	135,100	3,665,058
Total APCD High Org (All Funds)	23,270,263	17,723,363	(3,268,400)	14,454,963

OPERATIONS GENERAL FUND

This fund is legally restricted for operations of the Air Pollution Control District. The District protects the public and the environment from the harmful effects of air pollution by attaining and maintaining ambient air quality standards throughout the County. Revenue is derived primarily from permits, applications and other fees paid by local industrial sources, Federal grant funding from the Environmental Protection Agency (EPA), State subvention funding from the California Air Resources Board (CARB), the Department of Motor Vehicles (DMV) Registration Fees, and fines paid by violators of air quality regulations. This fund is primarily used to finance District operations and for one time uses each year.

Committed for Operating Reserve Fund Balance Account

This committed account within the General Fund, includes approximately two months of operating expenditure reserves that could be used, if necessary, to maintain core programs and services in cases of unforeseen economic revenue shortfalls and/or unanticipated expenditures, as determined by District Management with Governing Board approval.

Committed for Facilities and Fleet Fund Balance Account

This committed account within the General Fund, could be used for facilities and fleet improvements and replacement as necessary, as determined by District Management with Governing Board approval.

Committed for Financial Systems Fund Balance Account

This committed account within the General Fund, could be used for financial systems replacement as necessary, as determined by District Management with Governing Board approval.

SPECIAL REVENUE FUND SUMMARY AND BUDGET BY PROGRAM

AIR QUALITY IMPROVEMENT TRUST (VEHICLE REGISTRATION FEES) FUND

This fund is used to support District programs for the reduction of motor vehicle emissions and for related planning, monitoring, enforcement, and technical studies necessary to implement the California Clean Air Act or for the attainment or maintenance of state or federal ambient air quality standards. Revenue is received quarterly from the Department of Motor Vehicles (DMV) and is derived from a \$4 vehicle registration levy paid annually to the District (via the DMV) by San Diego County motorists. This fund is used to finance the District's motor vehicle-related operations each year and District approved projects that reduce air pollution from motor vehicles and mobile equipment. The Fund is also used to fulfill the required local match requirements for other programs and grants, and supports District approved measures in the County of San Diego's Climate Action Plan to incentivize electric vehicle charging infrastructure and the retirement of older high-polluting motor vehicles. The fund also supports the District's Mobile Source Compliance Program, which enforces mobile source regulations pursuant to a Memorandum of Understanding with CARB. Finally, to a lessening extent, these funds have also been used to offset administrative costs of the District's regulatory program for stationary sources, due to the fact that the region's air quality non-attainment status is largely driven by motor vehicle emissions.



Air Quality Improvement Trust (Vehicle Registration Fees)	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Revenue From Use of Money & Property	69,799	120,000	35,100	35,100	(84,900)	-70.8%
Intergovernmental Revenues	11,452,366	12,062,200	9,579,300	12,062,200	-	0.0%
Total Operating Revenues	11,522,165	12,182,200	9,614,400	12,097,300	(84,900)	-0.7%
Other Financing Sources	-	-	-	-	-	0.0%
Use of Fund Balance	-	211,200	-	700,000	488,800	231.4%
Total Revenues	11,522,165	12,393,400	9,614,400	12,797,300	403,900	3.3%
<u>CATEGORIES OF EXPENDITURES</u>						
Other Charges	1,493,771	211,200	1,271,700	200,000	(11,200)	-5.3%
Total Operating Expenditures	1,493,771	211,200	1,271,700	200,000	(11,200)	-5.3%
Operating Transfers Out	14,622,000	12,182,200	11,513,400	12,597,300	415,100	3.4%
Total Expenditures	16,115,771	12,393,400	12,785,100	12,797,300	403,900	3.3%
Net Financial Impact	(4,593,606)	-	(3,170,700)	-	-	0.0%

CARL MOYER PROGRAM FUND



This fund is legally restricted for projects that reduce emissions and associated health risks from portable and mobile sources and equipment in advance of regulatory requirements, and for program administration under the Carl Moyer Program. Revenue is received annually from CARB through an application process that considers the County's total population and air quality attainment status.

Revenue is derived from annual smog abatement fees paid by owners of vehicles that are up to 8 model-years old and thus exempt from smog check requirements. The Fund is used to provide one-time grants for District approved projects to incentivize the accelerated retirement and replacement of older, highly polluting diesel engines ahead of deadlines set by State law. Qualifying projects are solicited annually through a competitive proposal process, evaluated, and selected pursuant to State guidelines. Disbursements to an individual project are completed after the awardee has entered into a contract with the District and submitted proof of payment for the replacement equipment, which can take one to two years. Any funding not disbursed in the current year is rolled forward to the next annual grant cycle.

Carl Moyer Program	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Revenue From Use of Money & Property	89,320	50,000	354,000	110,600	60,600	121.2%
Intergovernmental Revenues	3,347,154	21,492,500	39,164,300	25,537,700	4,045,200	18.8%
Total Operating Revenues	3,436,474	21,542,500	39,518,300	25,648,300	4,105,800	19.1%
Other Financing Sources	-	-	-	-	-	0.0%
Use of Fund Balance	-	-	-	-	-	0.0%
Total Revenues	3,436,474	21,542,500	39,518,300	25,648,300	4,105,800	19.1%
<u>CATEGORIES OF EXPENDITURES</u>						
Other Charges	20,982,747	20,850,000	38,962,000	24,545,000	3,695,000	17.7%
Total Operating Expenditures	20,982,747	20,850,000	38,962,000	24,545,000	3,695,000	17.7%
Expenditure Transfer & Reimbursement	(18,112,035)	-	-	-	-	0.0%
Operating Transfers Out	476,441	692,500	202,300	1,103,300	410,800	59.3%
Total Expenditures	3,347,153	21,542,500	39,164,300	25,648,300	4,105,800	19.1%
Net Financial Impact	89,321	-	354,000	-	-	0.0%

GOODS MOVEMENT EMISSION REDUCTION PROGRAM (GMERP) FUND

This fund is legally restricted for projects that reduce emissions and associated health risk from freight movement, and for program administration by the District. The revenue was received from CARB and was derived from \$1 billion in Statewide bond funding as approved by California voters in 2006 (Proposition 1B). All bond funding has been allocated by the State. Accordingly, this fund is to be closed upon disbursement of all project funds.

Goods Movement Emission Reduction Program (GMERP)	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Revenue From Use of Money & Property	63,524	-	85,900	-	-	0.0%
Intergovernmental Revenues	4,000,000	-	7,706,200	2,100,000	2,100,000	-
Total Operating Revenues	4,063,524	-	7,792,100	2,100,000	2,100,000	0.0%
Other Financing Sources	-	-	-	-	-	0.0%
Intergovernmental Revenues	-	-	-	-	-	0.0%
Total Revenues	4,063,524	-	7,792,100	2,100,000	2,100,000	0.0%
<u>CATEGORIES OF EXPENDITURES</u>						
Other Charges	11,706,200	-	7,706,200	2,100,000	2,100,000	-
Total Operating Expenditures	11,706,200	-	7,706,200	2,100,000	2,100,000	0.0%
Expenditure Transfer Reimbursement	(7,706,200)	-	-	-	-	0.0%
Operating Transfers Out	-	-	-	-	-	0.0%
Total Expenditures	4,000,000	-	7,706,200	2,100,000	2,100,000	0.0%
Net Financial Impact	63,524	-	85,900	-	-	0.0%



FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION REDUCTIONS PROGRAM (FARMER)

FUND

This fund is legally restricted for projects that reduce air pollution and greenhouse gas emissions in the agricultural sector. This fund is used to provide one-time grants to District approved projects to incentivize the accelerated retirement and replacement or upgrade of older, higher-polluting on-road and off-road agricultural equipment including tractors, harvesting equipment, irrigation pump engines, utility terrain vehicles, heavy-duty trucks, and other equipment used in agricultural operations. Qualifying projects are solicited through a competitive proposal process, evaluated, and selected pursuant to State guidelines. Disbursements to an individual project are completed after the awardee has entered into a contract with the District and submitted proof of payment for the replacement vehicle, which can take one to two years. Any funding not disbursed in the current year is rolled forward to the next annual grant cycle.



Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER)	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Revenue From Use of Money & Property	7,900	-	19,700	-	-	0.0%
Other Financing Sources	-	-	-	-	-	0.0%
Intergovernmental Revenues	1,178,989	1,107,600	4,077,400	2,961,000	1,853,400	167.3%
Total Operating Revenues	1,186,889	1,107,600	4,097,100	2,961,000	1,853,400	167.3%
Total Revenues	1,186,889	1,107,600	4,097,100	2,961,000	1,853,400	167.3%
<u>CATEGORIES OF EXPENDITURES</u>						
Other Charges	4,199,600	1,000,000	4,066,200	2,880,000	1,880,000	188.0%
Total Operating Expenditures	4,199,600	1,000,000	4,066,200	2,880,000	1,880,000	188.0%
Expenditure Transfer Reimbursement	(3,066,166)	-	-	-	-	0.0%
Operating Transfers Out	45,556	107,600	11,200	81,000	(26,600)	-24.7%
Total Expenditures	1,178,990	1,107,600	4,077,400	2,961,000	1,853,400	167.3%
Net Financial Impact	7,899	-	19,700	-	-	0.0%

COMMUNITY AIR PROTECTION PROGRAM (AB 617) FUND

\$24.8 million

In pass-through funding for projects that reduce emissions in identified disadvantaged communities

This fund is legally restricted for District administration of the Community Air Protection Program, to identify potential areas to participate in the program and monitor and improve air quality in communities that are disproportionately impacted by air pollution due to environmental, health, and socioeconomic factors. Revenue is

received annually from CARB through the State budget process. The revenue is derived from the State's carbon auction proceeds pursuant to the Statewide Cap and Trade program. Funding is dependent on the State's selection of local disadvantaged communities for program participation. This fund supports annual program staffing, capital expenditures for air monitoring equipment, and services and supplies as necessary to measure air pollutants within the identified disadvantaged communities. It also provides incentive funding to reduce the emissions of those air pollutants and improve community capacity to participate in the process.



Portside Community



International Border Community

Community Air Protection Program (AB617)	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Revenue From Use of Money & Property	268,154	150,000	985,800	-	(150,000)	-100.0%
Intergovernmental Revenues	4,382,251	21,300,000	36,328,199	28,632,300	7,332,300	34.4%
Total Operating Revenues	4,650,405	21,450,000	37,313,999	28,632,300	7,182,300	33.5%
Other Financing Sources	-	-	-	-	-	0.0%
Total Revenues	4,650,405	21,450,000	37,313,999	28,632,300	7,182,300	33.5%
<u>CATEGORIES OF EXPENDITURES</u>						
Services & Supplies	471,472	793,900	840,599	727,600	(66,300)	-8.4%
Other Charges	16,795,510	18,785,900	33,927,900	24,800,000	6,014,100	32.0%
Total Operating Expenditures	17,266,982	19,579,800	34,768,499	25,527,600	5,947,800	30.4%
Capital Assets Equipment	177,276	135,000	135,000	410,000	275,000	203.7%
Expenditure Transfer Reimbursement	(15,188,679)	-	-	-	-	0.0%
Operating Transfers Out	2,199,082	1,735,200	1,424,700	2,694,700	959,500	55.3%
Total Expenditures	4,454,661	21,450,000	36,328,199	28,632,300	7,182,300	33.5%
Net Financial Impact	195,744	-	985,800	-	-	0.0%

CLEAN CARS 4 ALL (CC4A) FUND

This fund is legally restricted for projects that provide lower-emission vehicles or transportation alternatives

CC4A provides up to

\$12,000

for lower income residents in disadvantaged communities towards the purchase of low and zero emission vehicles or transportation alternatives

such as transit passes or electric bicycles for lower income residents in disadvantaged communities who trade in their higher polluting vehicles. The program is first come, first served and the District contracts with a local community-based organization for project outreach and administration. Any funding not disbursed in the current year is rolled forward to the next fiscal year to support the program.

Clean Cars 4 All (CC4A)	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Revenue From Use of Money & Property	-	-	30,800	24,500	24,500	-
Intergovernmental Revenues	-	5,000,000	5,000,000	5,000,000	-	0.0%
Total Operating Revenues	-	5,000,000	5,030,800	5,024,500	24,500	0.5%
Total Revenues	-	5,000,000	5,030,800	5,024,500	24,500	0.5%
<u>CATEGORIES OF EXPENDITURES</u>						
Other Charges	-	4,993,700	4,993,700	4,908,600	(85,100)	-1.7%
Total Operating Expenditures	-	4,993,700	4,993,700	4,908,600	(85,100)	-1.7%
Operating Transfers Out	-	6,300	6,300	115,900	109,600	1739.7%
Total Expenditures	-	5,000,000	5,000,000	5,024,500	24,500	0.5%
Net Financial Impact	-	-	30,800	-	-	0.0%



PROGRAM DESCRIPTION & BUDGET – SUPPORT SERVICES

- Provides administrative support services to all divisions and programs within the District.
- Services include Information Technology (IT), Permit Processing, public information requests, Accounting, Finance, Budget, Facilities, Fleet & Vehicle services, and utilities.

Support Services	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Licenses Permits & Franchises	544,128	535,400	484,200	535,400	-	0.0%
Fines, Forfeitures & Penalties	1,041,266	1,146,600	979,300	1,194,300	47,700	4.2%
Intergovernmental Revenues	54,151	-	-	-	-	0.0%
Charges For Current Services	53,447	50,000	113,100	50,100	100	0.2%
Miscellaneous Revenues	56,656	42,000	38,300	42,000	-	0.0%
Total Operating Revenues	1,749,648	1,774,000	1,614,900	1,821,800	47,800	2.7%
Other Financing Sources	651,853	71,100	1,900	867,000	795,900	1119.4%
Use of Fund Balance	4,500,000	4,203,200	3,696,200	250,000	(3,953,200)	-94.1%
Total Revenues	6,901,501	6,048,300	5,313,000	2,938,800	(3,109,500)	-51.4%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	2,942,265	3,416,600	2,986,400	3,521,500	104,900	3.07%
Services & Supplies	3,551,408	3,597,900	2,817,700	3,135,500	(462,400)	-12.9%
Other Charges	30,221	23,000	46,700	23,000	-	0.0%
Total Operating Expenditures	6,523,894	7,037,500	5,850,800	6,680,000	(357,500)	-5.1%
Capital Assets Equipment	-	208,000	208,000	241,000	33,000	15.9%
Expenditure Transfer & Reimbursement	(3,363,800)	(4,097,200)	(4,097,200)	(4,882,200)	(785,000)	19.2%
Operating Transfers Out	-	-	-	-	-	0.0%
Fund Balance Component Increases	4,500,000	2,900,000	2,900,000	900,000	(2,000,000)	-69.0%
Total Expenditures	7,660,094	6,048,300	4,861,600	2,938,800	(3,109,500)	-51.4%
Net Financial Impact	(758,593)	-	451,400	-	-	0.0%



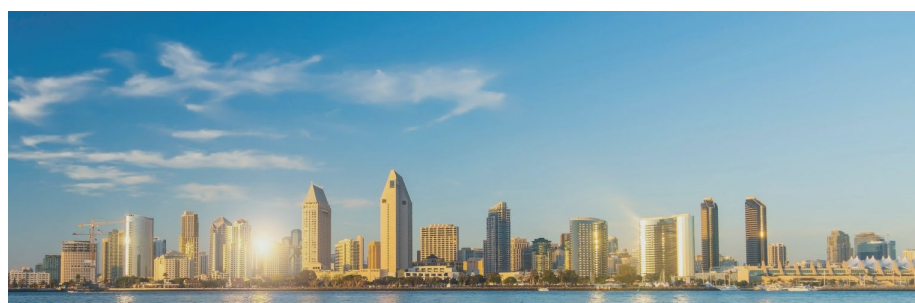
PROGRAM DESCRIPTION & BUDGET – ADMINISTRATIVE SERVICES

- Provides executive / management services to all divisions and programs within the District.
- Services include the Public Information Office, Human Resources (HR), legal services, and general oversight.
- Also includes the Office of Environmental Justice which develops strategies to engage environmental justice stakeholders and disadvantaged communities in APCD policy, budget development and priority-setting, and supports development and implementation of the Community Air Protection Program to improve air quality in communities that experience disproportionate burdens from exposure to air pollution.

\$3.5 Million

Funding budgeted throughout District programs to support Environmental Justice and Public Outreach activities.

Administrative Services	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Revenue From Use of Money & Property	48,788	50,000	146,900	50,000	-	0.0%
Intergovernmental Revenues	1,134,855	1,131,500	1,131,500	2,349,200	1,217,700	107.6%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Total Operating Revenues	1,183,643	1,181,500	1,278,400	2,399,200	1,217,700	103.1%
Other Financing Sources	1,725,069	190,400	339,100	740,200	549,800	288.8%
Use of Fund Balance	-	284,200	284,200	-	(284,200)	-100.0%
Total Revenues	2,908,712	1,656,100	1,901,700	3,139,400	1,483,300	89.6%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	1,886,950	2,384,700	2,090,100	2,634,000	249,300	10.5%
Services & Supplies	445,906	535,900	559,500	658,900	123,000	23.0%
Total Operating Expenditures	2,332,856	2,920,600	2,649,600	3,292,900	372,300	12.7%
Expenditure Transfer & Reimbursement	-	(1,264,500)	(1,264,500)	(153,500)	1,111,000	-87.9%
Fund Balance Component Increases	-	-	-	-	-	0.0%
Total Expenditures	2,332,856	1,656,100	1,385,100	3,139,400	1,483,300	89.6%
Net Financial Impact	575,856	-	516,600	-	-	0.0%



PROGRAM DESCRIPTION & BUDGET – ENGINEERING

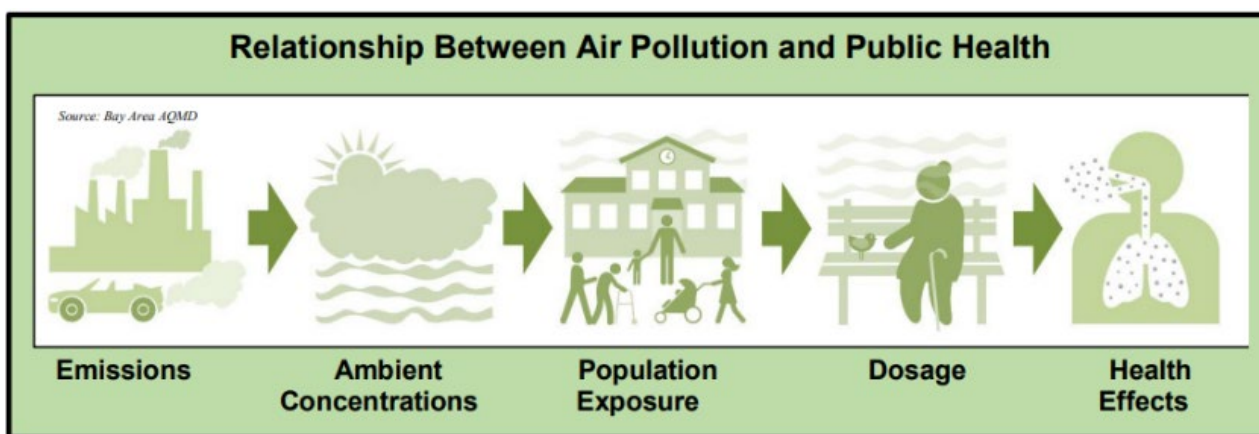
The District evaluates approximately 400 permit applications annually

New state regulations will increase the number of facilities subject to Emission Inventory requirements from about 200 facilities to over 4,400 facilities annually

- Evaluates permit applications from businesses and facilities that emit air pollutants. Permits are facility-specific, limit emissions, and provide for compliance requirements with air quality regulations.

- Quantifies air pollutant emissions from permitted sources.
- Implements a State-mandated "Air Toxics Hot Spots" program to reduce toxic emissions from facilities and associated public health risks in communities.

Engineering	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Licenses Permits & Franchises	2,769,225	3,375,600	2,366,800	3,375,600	-	0.0%
Intergovernmental Revenues	22,500	-	22,500	241,600	241,600	-
Charges For Current Services	-	5,000	100	-	(5,000)	-100.0%
Miscellaneous Revenues	6,377	-	1,600	4,600	4,600	-
Total Operating Revenues	2,798,102	3,380,600	2,391,000	3,621,800	241,200	7.1%
Other Financing Sources	2,354,177	2,470,700	2,481,500	40,400	(2,430,300)	-98.4%
Use of Fund Balance	-	200,000	200,000	2,633,500	2,433,500	1216.8%
Total Revenues	5,152,279	6,051,300	5,072,500	6,295,700	244,400	4.0%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	3,621,325	4,097,200	3,919,400	4,408,600	311,400	7.6%
Services & Supplies	1,198,329	1,954,100	1,954,900	1,887,100	(67,000)	-3.4%
Total Operating Expenditures	4,819,654	6,051,300	5,874,300	6,295,700	244,400	4.0%
Total Expenditures	4,819,654	6,051,300	5,874,300	6,295,700	244,400	4.0%
Net Financial Impact	332,625	-	(801,800)	-	-	0.0%



PROGRAM DESCRIPTION & BUDGET - COMPLIANCE

- Ensures compliance with Federal, State, and local air pollution control requirements via inspections of regulated facilities and diesel-powered heavy-duty trucks, harbor craft, and equipment.
- Conducts inspections of building renovation and demolition operations where asbestos may be involved.
- Issues enforcement documents and penalties when violations are documented.
- Responds to complaints about emissions of air contaminants.
- Provides education and outreach on measures to comply with air quality requirements.

Average investigation response time:

6.9 Hours

Air Quality Inspectors are available 24/7 to investigate complaints from the public

Compliance	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Licenses Permits & Franchises	5,122,186	5,537,000	5,234,600	5,537,000	-	0.0%
Fines, Forfeitures & Penalties	29,538	195,000	63,700	120,300	(74,700)	-38.3%
Charges For Current Services	1,010,319	1,310,000	1,341,600	1,310,000	-	0.0%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Total Operating Revenues	6,162,043	7,042,000	6,639,900	6,967,300	(74,700)	-1.1%
Other Financing Sources	2,503,563	1,797,500	1,814,600	2,397,200	599,700	33.4%
Use of Fund Balance	-	33,000	33,000	-	(33,000)	-100.0%
Total Revenues	8,665,606	8,872,500	8,487,500	9,364,500	492,000	5.5%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	5,664,183	6,344,600	6,408,400	6,598,300	253,700	4.0%
Services & Supplies	1,458,612	2,494,900	2,514,700	2,601,200	106,300	4.3%
Total Operating Expenditures	7,122,795	8,839,500	8,923,100	9,199,500	360,000	4.1%
Capital Assets Equipment	168,961	33,000	202,000	165,000	132,000	400.0%
Total Expenditures	7,291,756	8,872,500	9,125,100	9,364,500	492,000	5.5%
Net Financial Impact	1,373,850	-	(637,600)	-	-	0.0%

The District has implemented a program to enforce state regulations applicable to Commercial Harbor Craft, a significant source of diesel particulate matter (diesel PM) and oxides of nitrogen (NOx) emissions, a key precursor to ozone formation

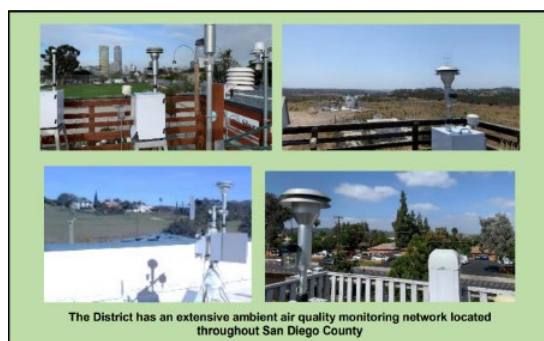


PROGRAM DESCRIPTION & BUDGET– MONITORING

- Operates a regional network of outdoor air monitoring stations pursuant to State and Federal requirements to measure air quality and track the region’s progress toward attaining and maintaining clean air standards.
- Operates neighborhood-scale (local or street level) air monitoring instruments in disadvantaged communities selected by the State for additional targeted action to improve air quality.
- Issues daily air quality forecasts and reports and, if necessary, air pollution health advisories and alerts.
- Performs air pollutant modeling for permit applications to determine air quality compliance.

New Community Air Monitoring Plan for the International Border Community will commence implementation in Fiscal Year 23/24

Monitoring	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Licenses Permits & Franchises	57,010	45,500	64,100	45,500	-	0.0%
Fines, Forfeitures & Penalties	-	-	-	-	-	0.0%
Intergovernmental Revenues	1,462,802	1,615,800	1,605,600	1,139,100	(476,700)	-29.5%
Charges For Current Services	-	-	-	-	-	0.0%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Total Operating Revenues	1,519,812	1,661,300	1,669,700	1,184,600	(476,700)	-28.7%
Other Financing Sources	7,102,567	7,154,200	7,154,200	9,654,400	2,500,200	34.9%
Use of Fund Balance	-	1,873,000	1,873,000	-	(1,873,000)	-100.0%
Total Revenues	8,622,379	10,688,500	10,696,900	10,839,000	150,500	1.4%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	4,389,534	5,865,500	5,080,600	6,334,800	469,300	8.0%
Services & Supplies	1,735,753	3,350,000	2,926,500	3,361,200	11,200	0.3%
Total Operating Expenditures	6,125,287	9,215,500	8,007,100	9,696,000	480,500	5.2%
Capital Assets Software	27,713	-	-	-	-	0.0%
Capital Assets Equipment	584,540	1,473,000	1,097,500	1,143,000	(330,000)	-22.4%
Operating Transfers Out	-	-	-	-	-	0.0%
Total Expenditures	6,737,540	10,688,500	9,104,600	10,839,000	150,500	1.4%
Net Financial Impact	1,884,839	-	1,592,300	-	-	0.0%



Monitoring station in San Ysidro

PROGRAM DESCRIPTION & BUDGET– SOURCE TESTING

- Measures air pollutant emissions from permitted facilities, known as source testing, to verify compliance with emission limits.
- Witnesses independent companies performing source testing to ensure compliance with methods, rules, and permit conditions.
- Performs or witnesses required source testing for permit applications to determine initial compliance.
- Reviews test data related to facility health risk assessments and risk reduction plans.

Source Testing	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Licenses Permits & Franchises	984,174	952,600	839,800	947,800	(4,800)	-0.5%
Fines, Forfeitures & Penalties	7,590	-	7,400	-	-	0.0%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Total Operating Revenues	991,764	952,600	847,200	947,800	(4,800)	-0.5%
Other Financing Sources	870,200	455,300	455,300	49,900	(405,400)	-89.0%
Use of Fund Balance	-	221,200	221,200	580,000	358,800	162.2%
Total Revenues	1,861,964	1,629,100	1,523,700	1,577,700	(51,400)	-3.2%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	1,009,541	979,500	1,072,100	1,062,600	83,100	8.5%
Services & Supplies	248,273	463,600	461,900	457,100	(6,500)	-1.4%
Total Operating Expenditures	1,257,814	1,443,100	1,534,000	1,519,700	76,600	5.3%
Capital Assets Equipment	-	186,000	186,000	58,000	(128,000)	-68.8%
Total Expenditures	1,257,814	1,629,100	1,720,000	1,577,700	(51,400)	-3.2%
Net Financial Impact	604,150	-	(196,300)	-	-	0.0%



Approximately
230 Source Tests
 are performed annually to determine
 compliance with permit emission
 requirements

PROGRAM DESCRIPTION & BUDGET – MOBILE INCENTIVES & PLANNING

- Allocates grant funding to assist businesses, public agencies, and residents to voluntarily replace their higher polluting vehicles and equipment with new low or zero-polluting versions in advance of regulatory requirements. Projects are solicited, evaluated, and funded by APCD pursuant to State guidelines.
- Prepares plans to attain and maintain Federal and State clean air standards throughout the region.

The District is providing almost \$13 million towards the first fully electric harbor tugboat in the US which is expected to be operational in 2023



Mobile Incentives	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Licenses Permits & Franchises	89,871	-	33,500	-	-	0.0%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Intergovernmental Revenues	303,000	-	200,000	1,800,000	1,800,000	-
Total Operating Revenues	392,871	-	233,500	1,800,000	1,800,000	-
Other Financing Sources	1,426,237	2,584,600	1,252,600	2,793,100	208,500	8.1%
Use of Fund Balance	-	200,000	200,000	140,000	(60,000)	-30.0%
Total Revenues	1,819,108	2,784,600	1,686,100	4,733,100	1,948,500	70.0%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	1,515,231	1,899,600	1,665,000	2,019,600	120,000	6.3%
Services & Supplies	1,183,574	885,000	1,010,600	2,713,500	1,828,500	206.6%
Other Charges	-	-	-	-	-	0.0%
Expenditure Transfer & Reimbursement	-	-	-	-	-	0.0%
Total Operating Expenditures	2,698,805	2,784,600	2,675,600	4,733,100	1,948,500	70.0%
Total Expenditures	2,698,805	2,784,600	2,675,600	4,733,100	1,948,500	70.0%
Net Financial Impact	(879,697)	-	(989,500)	-	-	0.0%



\$3 Million

Included in this budget for establishment of a local zero-emission landscape equipment incentive program anticipated to kick off in Fiscal Year 2023-24

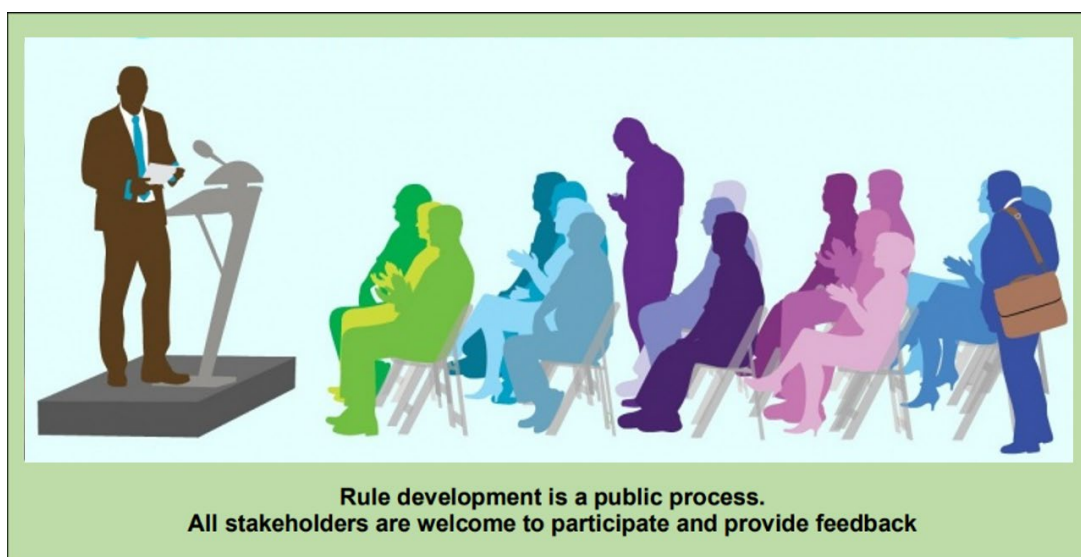
PROGRAM DESCRIPTION & BUDGET – RULE DEVELOPMENT

- Develops rules to implement state and federal air quality attainment plans and reduce emissions from stationary sources.
- Assists with development of air quality attainment plans by researching air pollution control technologies and regulations of other air agencies to evaluate potential feasibility for implementation via local rules.
- Conducts outreach and workshops to solicit information and feedback from regulated industries, residents, and other stakeholders on potential new or revised rules.

Rule activities scheduled for consideration include the following:

- Indirect Sources
- Continuous Emission Monitoring Systems
- Permit Process - Public Notification

Rule Development	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Intergovernmental Revenues	550,000	500,000	500,000	-	(500,000)	-100.0%
Total Operating Revenues	550,000	500,000	500,000	-	(500,000)	-100.0%
Other Financing Sources	496,524	-	-	-	-	0.0%
Use of Fund Balance	-	65,000	65,000	-	(65,000)	-100.0%
Total Revenues	1,046,524	565,000	565,000	-	(565,000)	-100.0%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	652,853	779,300	862,900	862,300	83,000	10.7%
Services & Supplies	143,721	123,700	30,900	98,000	(25,700)	-20.8%
Total Operating Expenditures	796,574	903,000	893,800	960,300	57,300	6.3%
Expenditure Transfer & Reimbursement	-	(338,000)	(338,000)	(960,300)		184.1%
Total Expenditures	796,574	565,000	555,800	-	(565,000)	-100.0%
Net Financial Impact	249,950	-	9,200	-	-	0.0%



PROGRAM DESCRIPTION & BUDGET – CLERK OF THE BOARD

- Clerk of the Board provides operational support to both the APCD Governing Board and Hearing Board including serving as meeting parliamentarian, managing meeting agendas and minutes, and maintaining official records for both the APCD Governing Board and Hearing Board.

Governing Board	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF REVENUES</u>						
Total Operating Revenues	-	-	-	-	-	0.0%
Other Financing Sources	318,300	-	-	50,000	50,000	-
Use of Fund Balance	-	142,100	142,100	-	(142,100)	-100.0%
Total Revenues	318,300	142,100	142,100	50,000	(92,100)	-64.8%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	297,398	358,000	337,500	407,300	49,300	13.8%
Services & Supplies	32,846	97,100	91,600	88,100	(9,000)	-9.3%
Total Operating Expenditures	330,244	455,100	429,100	495,400	40,300	8.9%
Expenditure Transfer & Reimbursement	-	(313,000)	(313,000)	(445,400)	(132,400)	42.3%
Total Expenditures	330,244	142,100	116,100	50,000	(92,100)	-64.8%
Net Financial Impact	(11,944)	-	26,000	-	-	0.0%
<u>CATEGORIES OF REVENUES</u>						
Charges For Current Services	3,122	12,900	6,500	12,900	-	0.0%
Total Operating Revenues	3,122	12,900	6,500	12,900	-	0.0%
Other Financing Sources	43,800	-	-	-	-	0.0%
Use of Fund Balance	-	37,700	37,700	-	(37,700)	-100.0%
Total Revenues	46,922	50,600	44,200	12,900	(37,700)	-74.5%
<u>CATEGORIES OF EXPENDITURES</u>						
Salaries & Benefits	3,646	4,300	3,600	4,300	-	0.0%
Services & Supplies	12,673	41,200	5,800	33,600	(7,600)	-18.4%
Total Operating Expenditures	16,319	45,500	9,400	37,900	(7,600)	-16.7%
Expenditure Transfer & Reimbursement	-	5,100	5,100	(25,000)	(30,100)	-590.20%
Total Expenditures	16,319	50,600	14,500	12,900	(37,700)	-74.5%
Net Financial Impact	30,603	-	29,700	-	-	0.0%

SECTION 3 – BUDGET DETAIL

Budget Revenue Detail	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
CATEGORIES OF REVENUES						
42405 - Other Licenses & Permits	1,373,506	1,328,400	1,262,100	1,391,600	63,200	4.8%
42430 - Miscellaneous Licenses & Permits	320,935	341,600	314,500	341,600	-	0.0%
42435 - Air Pollution Control Fee	1,520,773	1,920,300	1,396,800	1,941,500	21,200	1.1%
42440 - APCD Permit Renewal Fees	6,351,380	6,855,800	6,049,600	6,766,600	(89,200)	-1.3%
Licenses Permits & Franchises	9,566,594	10,446,100	9,023,000	10,441,300	(4,800)	0.0%
43340 - Other Forfeitures & Penalties	1,078,394	1,341,600	1,050,400	1,314,600	(27,000)	-2.0%
Fines, Forfeitures & Penalties	1,078,394	1,341,600	1,050,400	1,314,600	(27,000)	-2.0%
44105 - Interest On Deposits & Investments	547,485	370,000	1,627,400	220,200	(27,000)	-2.0%
Revenue From Use of Money & Property	547,485	370,000	1,627,400	220,200	(27,000)	-2.0%
45320 - State Aid-Clean Cars 4 All	-	5,000,000	5,000,000	5,000,000	-	0.0%
45427 - St. Aid - Air Resources Board	793,493	750,000	797,500	772,500	22,500	3.0%
45443 - St. ARB Carl Moyer Funds	3,347,154	21,492,500	39,164,300	25,537,700	4,045,200	18.8%
45447 - St ARB Prop 1B GMERP Program Funds	4,000,000	-	7,706,200	2,100,000	2,100,000	-
45450 - ST ARB Farmer Prog	1,178,989	1,107,600	4,077,400	2,961,000	1,853,400	167.3%
45451 - ST ARB Comm Air Prot AB617	4,382,251	21,300,000	36,328,199	28,632,300	7,332,300	34.4%
45778 - FED DHS 97.091 Homeland Security Biowatch Program	711,799	678,600	678,600	966,100	287,500	42.4%
45792 - FED Treasury (CARES Act)	54,151	-	-	-	-	0.0%
45826 - FED EPA 66.034 Section 103 PM 2.5 Monitoring Net	102,157	250,000	214,800	392,100	142,100	56.8%
45828 - FED EPA 66.001 Clean Air Act Section 105 Grant	1,550,480	1,568,700	1,568,700	1,599,200	30,500	1.9%
45800 - FED EPA 66.034 Sect 103 Nitrogen Near Rdwy Monit	12,228	-	-	-	-	0.0%
45912 - Aid From Other Government Agencies (Port Funding)	103,000	-	-	-	-	0.0%
45918 - Aid From Other Government Agencies	11,452,366	12,062,200	9,579,300	12,062,200	-	0.0%
45951 - FED ARRA EPA 66.039	200,000	-	200,000	1,800,000	1,800,000	-
Intergovernmental Revenues	27,888,068	64,209,600	105,314,999	81,823,100	17,613,500	27.4%
46036 - Charges In Other Funds	-	-	-	-	-	0.0%
46118 - Returned Check Fee	100	-	100	100	100	-
46234 - Service to Prop Own	-	-	-	-	-	0.0%
46236 - Plan Preparation	796,529	1,050,000	1,081,600	1,050,000	-	0.0%
46780 - Other Services To Government	-	5,000	-	-	(5,000)	-100.0%
46796 - Other Miscellaneous	270,259	322,900	379,600	322,900	-	0.0%
Charges For Current Services	1,066,888	1,377,900	1,461,300	1,373,000	(4,900)	0.4%
47430 - Recovered Expenditures	38,008	30,000	25,800	34,600	4,600	15.3%
47505 - Third Party Recoveries	-	-	-	-	-	0.0%
47535 - Miscellaneous Revenue Other	25,025	12,000	14,100	12,000	-	0.0%
Miscellaneous Revenues	63,033	42,000	39,900	46,600	4,600	11.0%
Total Operating Revenues	40,210,462	77,787,200	118,516,999	95,218,800	17,554,400	22.4%
48105 - Operating Transfer In	14,622,000	12,182,200	11,765,200	12,597,300	415,100	3.4%
48106 - Operating Transfer From General Fund	149,210	-	-	-	-	0.0%
48108 - Operating Transfer From APCD Fund	-	-	-	-	-	0.0%
48117 - Operating Transfer From Other / Spec. Dist.	2,721,080	2,541,600	1,734,000	3,994,900	1,453,300	57.2%
48315 - Sale Of Fixed Assets	-	-	-	-	-	0.0%
Other Financing Sources	17,492,290	14,723,800	13,499,200	16,592,200	1,868,400	12.7%
8969 - Fund Balance - Committed to Operating Reserve	3,800,000	400,000	400,000	-	(400,000)	-100.0%
8969 - Fund Balance - Committed to Facilities/Fleet Maintenance & Replacement	700,000	-	-	-	-	0.0%
8969 - Fund Balance - Committed to Financial System Replacement	-	2,500,000	2,500,000	250,000	(2,250,000)	-90.0%
8969 - Fund Balance - Net Cost	-	4,570,600	3,852,400	4,053,500	(517,100)	-11.3%
Use of Fund Balance	4,500,000	7,470,600	6,752,400	4,303,500	(3,167,100)	-42.4%
Total Revenues	62,202,752	99,981,600	138,768,599	116,114,500	16,132,900	16.1%

BUDGET DETAIL (CONT.)

Budget Expenditure Detail	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF EXPENDITURES</u>						
51110 - Salaries & Wages - Permanent	12,115,170	15,138,000	13,458,600	15,729,000	591,000	3.9%
51115 - Salaries & Wages - Temp Help	54,730	210,500	98,600	239,600	29,100	13.8%
51120 - Salaries & Wages - Overtime Pay	308,646	439,100	387,400	480,600	41,500	9.5%
51185 - Additional Salaries and Wages	384,152	326,400	384,100	199,100	(127,300)	-39.0%
51210 - Bilingual Pay Supplement	16,670	13,500	24,500	14,400	900	6.7%
51215 - Incentive Pay Supplement	14,180	14,600	7,300	19,900	5,300	36.3%
51245 - Schedule Change Premium	4,935	-	7,200	-	-	0.0%
51310 - S&W - Permanent Sick Leave Exempt	462,188	-	550,200	-	-	0.0%
51320 - S&W - Non - Perm Sick Leave Exempt	1,345	-	1,600	-	-	0.0%
51410 - Retirement - Co Emp Retirement System	4,923,122	5,857,000	5,389,300	6,870,400	1,013,400	17.3%
51415 - Retirement - Other Post-Employment Bens	158,574	146,900	167,400	190,900	44,000	30.0%
51420 - County Pob Contribution	117,362	-	-	-	-	0.0%
51421 - Non County Pob Cont	553,575	611,000	709,100	687,300	76,300	12.5%
51450 - Retirement - OASDI	988,611	1,158,200	1,115,700	1,191,300	33,100	2.9%
51510 - Employee Group Ins - Health & Accident	8,946	9,000	10,600	8,200	(800)	-8.9%
51530 - Employee Compensation Insurance Pmt	138,994	140,900	155,900	130,800	(10,100)	-7.2%
51550 - Flex Credit	1,697,913	2,039,700	1,924,000	2,072,900	33,200	1.6%
51560 - Employee Unemployment Ins - Dept Distr	33,813	24,500	34,500	18,900	(5,600)	-22.9%
51740 - Salary Adjustments	-	-	-	-	-	0.0%
51830 - Salary Reduction Costs	-	-	-	-	-	0.0%
Salaries & Benefits	21,982,926	26,129,300	24,426,000	27,853,300	1,724,000	6.2%
52010 - Temporary Contract Help	123,324	26,200	92,800	26,200	-	0.0%
52044 - Safety Clothing	11,100	15,200	14,000	15,200	-	0.0%
52060 - Communications	15,576	16,100	15,000	16,100	-	0.0%
52068 - Cell Phone Expense Non ISF	99,226	108,500	90,000	92,000	(16,500)	-15.2%
52090 - Food	-	-	200	-	-	0.0%
52120 - Insurance	477,241	520,000	572,200	420,000	(100,000)	-19.2%
52138 - Public Liability Insurance Premium	-	-	-	-	-	0.0%
52156 - Interpreters	-	-	-	-	-	0.0%
52178 - Vehicle Maintenance (ISF)	134,882	118,000	128,100	79,400	(38,600)	-32.7%
52182 - Vehicle Fuel (ISF)	66,563	74,600	59,700	43,800	(30,800)	-41.3%
52184 - Medical & Lab Equipment Maintenance	262,713	166,300	275,400	166,300	-	0.0%
52190 - Data Processing Equipment Maintenance	3,043	25,000	-	25,000	-	0.0%
52220 - Routine Maintenance of Structures	282,828	128,000	307,409	209,400	81,400	63.6%
52222 - Major Maintenance	200,794	36,000	66,800	40,400	4,400	12.2%
52231 - Elevator Maintenance	1,259	3,300	9,700	2,600	(700)	-21.2%
52254 - Laboratory Supplies	106,198	747,800	163,700	642,200	(105,600)	-14.1%
52270 - Memberships	9,478	16,000	23,600	24,600	8,600	53.8%
52282 - Initial Software Set Up	-	-	-	-	-	0.0%
52284 - Annual Software License	22,382	338,100	281,400	80,500	(257,600)	-76.2%
52302 - Transit (Bus) Saver Pass	-	2,100	-	500	(1,600)	-76.2%
52304 - Misc Expenditures	35	-	-	-	-	0.0%
52330 - Office Expense	29,166	56,600	37,800	56,600	-	0.0%
52332 - Postage	1,765	1,000	500	1,000	-	0.0%
52334 - Printing	24,138	23,800	41,200	21,500	(2,300)	-9.7%
52336 - Books Office	3,514	3,000	-	3,000	-	0.0%
52342 - Supplies	975	1,200	-	1,200	-	0.0%
52354 - Mail / Postage ISF	62,098	57,500	50,700	60,000	2,500	4.3%
52370 - Professional & Specialized Services	487,871	735,300	612,212	732,300	(3,000)	-0.4%
52374 - Inter-Departmental Costs	555,313	674,600	541,600	649,800	(24,800)	-3.7%
52390 - Laboratory Services	106,074	32,300	467,100	32,300	-	0.0%
52424 - Computer-Related Contract	-	-	-	-	-	0.0%
52432 - Consultant Contract	24,234	18,000	18,000	18,000	-	0.0%
52490 - Publications and Legal Notices	15,486	15,000	19,700	16,400	1,400	9.3%
52500 - Rents & Leases - Equipment	-	-	-	-	-	0.0%
52504 - Copy Equipment Rental	14,969	19,000	17,100	16,300	(2,700)	-14.2%
52530 - Rents & Leases of Structures	4,573	5,000	4,400	4,200	(800)	-16.0%
52540 - Small Tools & Instruments	-	-	5,500	-	-	0.0%
52550 - Special Departmental Expense	908,895	224,500	590,239	2,355,700	2,131,200	949.3%
52554 - Sheriff-Special App	-	-	-	-	-	0.0%
52560 - Books & Publications	3,325	1,700	2,700	1,700	-	0.0%
52566 - Minor Equipment	128,429	279,700	214,900	277,300	(2,400)	-0.9%
52567 - Employee Recognition	-	10,000	900	10,000	-	0.0%
52572 - Safety Devices	2,255	1,000	-	1,000	-	0.0%

BUDGET DETAIL (CONT.)

Budget Expenditure Detail	FY 2021-22 Actuals	FY 2022-23 Adopted Budget	FY 2022-23 Projections	FY 2023-24 Recommended Budget	Change from FY 2022-23 ADO to FY 2023-24 REC	% Change from FY 2022-23 ADO to FY 2023-24 REC
<u>CATEGORIES OF EXPENDITURES</u>						
52574 - Hazardous Materials Disposal	2,157	2,100	2,100	4,700	2,600	123.8%
52604 - Freight	14,730	15,800	26,839	15,300	(500)	-3.2%
52607 - Meal Reimbursements	400	100	-	100	-	0.0%
52608 - Out-Of-County Travel & Transp - Lodging	5,044	74,800	27,500	111,400	36,600	48.9%
52610 - Non-Travel & In-County Travel	26,920	11,000	22,400	20,100	9,100	82.7%
52612 - Employee Auto	6,355	14,700	10,000	16,400	1,700	11.6%
52616 - Transportation & Travel - Other	-	-	-	-	-	0.0%
52620 - Tuition Refunds	276	5,000	2,100	5,000	-	0.0%
52622 - Training & Registration Out-Of-County	3,215	56,100	10,000	31,100	(25,000)	-44.6%
52670 - Utilities	304	-	-	-	-	0.0%
52672 - Gas & Electricity	202,354	200,000	225,000	200,000	-	0.0%
52674 - Water	3,831	10,000	7,600	10,000	-	0.0%
52703 - Costs Applied to External Entities	3,363,800	6,007,600	6,007,600	6,466,300	458,700	7.6%
52708 - Facilities Management ISF Costs	135,633	145,000	145,000	163,700	18,700	12.9%
52721 - Network Services IT ISF	249,000	399,900	261,900	1,702,300	1,302,400	325.7%
52723 - Data Ctr Svcs IT ISF	163,747	333,500	333,500	79,000	(254,500)	-76.3%
52725 - Cross Fctnal Svcs IT ISF	178,524	229,900	229,900	224,800	(5,100)	-2.2%
52728 - Application Services ISF	995,020	1,451,000	714,000	95,500	(1,355,500)	-93.4%
52732 - Desktop Computing ISF	185,222	190,000	190,000	47,900	(142,100)	-74.8%
52734 - Help Desk ISF	20,220	19,800	19,800	24,600	4,800	24.2%
52737 - Major Maintenance - ISF	-	-	-	-	-	0.0%
52750 - Catalog Items ISF	736,093	670,600	254,900	401,100	(269,500)	-40.2%
Services & Supplies	10,482,567	14,337,300	13,214,699	15,761,800	1,424,500	9.9%
53030 - Credit Card Administration Fee	30,221	23,000	44,500	23,000	-	0.0%
53570 - Taxes & Assessments	-	-	2,200	-	-	0.0%
53660 - Contributions To Others	1,493,771	211,200	1,271,700	200,000	(11,200)	-5.3%
53666 - Contributions To Other Agencies	53,684,057	45,629,600	89,656,000	59,233,600	13,604,000	29.8%
Other Charges	55,208,049	45,863,800	90,974,400	59,456,600	13,592,800	29.6%
Total Operating Expenditures	87,673,542	86,330,400	128,615,099	103,071,700	16,741,300	19.4%
54987 - Capital Assets Software	27,713	-	-	-	-	0.0%
Capital Assets Software	27,713	-	-	-	-	0.0%
54955 - Contra Account Equipment	-	-	-	-	-	0.0%
54964 - Capital Asset IT Hardware	-	-	-	-	-	0.0%
54970 - Lab / Med / Inst. Furniture & Instruments	720,760	1,191,000	953,500	1,371,000	180,000	15.1%
54976 - Special Departmental Equipment	12,000	575,000	437,000	415,000	(160,000)	-27.8%
54982 - Transportation Equipment	198,017	269,000	438,000	231,000	(38,000)	-14.1%
Capital Assets Equipment	930,777	2,035,000	1,828,500	2,017,000	(18,000)	-0.9%
55125 - Costs Applied Within External Entities	(3,363,800)	(6,007,600)	(6,007,600)	(6,466,400)	(458,800)	7.6%
55410 - Negative Encumbrances	(44,073,080)	-	-	-	-	0.0%
Expenditure Transfer & Reimbursement	(47,436,880)	(6,007,600)	(6,007,600)	(6,466,400)	(458,800)	7.6%
56311 - Operating Transfers Out	17,343,079	14,723,800	13,157,900	16,592,200	1,868,400	12.7%
56321 - Operating Transfer Out to MMCOF	-	-	-	-	-	0.0%
Operating Transfers Out	17,343,079	14,723,800	13,157,900	16,592,200	1,868,400	12.7%
6215 - 33300 Committed to Operating Reserve	-	400,000	400,000	650,000	250,000	62.5%
6216 - 31248 Committed to Financial System Replacement	-	2,500,000	2,500,000	250,000	(2,250,000)	-90.0%
6245 - 32254 Committed to Facilities & Fleet Maintenance & Replacement	-	-	-	-	-	0.0%
8969 - Fund Balance - Net Increases	-	-	-	-	-	0.0%
Fund Balance Component Increases	-	2,900,000	2,900,000	900,000	(2,000,000)	-69.0%
Total Expenditures	58,538,231	99,981,600	140,493,899	116,114,500	16,132,900	16.1%
Net Financial Impact	3,664,521	-	(1,725,300)	-	-	0.0%

BASIS OF BUDGETING

The District's basis of budgeting is modified accrual, which is recognized as the generally accepted method of accounting for State and Local Governments. Using this method of accounting, revenues are recognized when they are measurable and available, and expenditures are recorded when they are incurred.

Modified accrual accounting can also divide available funds into separate programs within the District to ensure the money is spent where it was expected.

Resolution No. 23-006

Meeting Date: 6/8/2023

**RESOLUTION OF THE GOVERNING BOARD OF THE SAN DIEGO COUNTY
AIR POLLUTION CONTROL DISTRICT TO
ADOPT THE BUDGET FOR FISCAL YEAR 2023-24**

WHEREAS, the San Diego County Air Pollution Control District (“District”) is required by law to adopt an annual budget as set forth in Section 40130 et. seq. of the California Health and Safety Code; and

WHEREAS, on April 11, 2023, the District made the proposed budget available to the general public including a summary of the budget and a schedule of fees to fund District programs and gave notice by mail and e-mail to persons subject to District fees of the availability of said proposed budget; and

WHEREAS, on May 11, 2023, the District Governing Board held a properly noticed hearing to review the budget and receive comment from the general public and from officers and employees of the District with regard to the District’s proposed budget; and

WHEREAS, on June 8, 2023, the District Governing Board held a properly noticed hearing on the final budget; and

WHEREAS, the public hearing on the final budget has now been closed.

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

1. Said budget as settled by the Governing Board is adopted as the budget of the San Diego County Air Pollution Control District for the 2023-24 Fiscal Year, and said budget document consists of the Fiscal Year 2023-24 Recommended Budget Summary and Schedule of Fees and related designation, budget revisions, the record for the Budget Hearings, and the summaries and decisions of the District Governing Board in making final budget adjustments incorporated herein and made a part of this resolution as though set forth in full;

2. Said budget will be prepared in final form by District staff in accordance with the requirements, determinations and actions of the District Board and the requirements of the State Controller's Office; and
3. The Governing Board hereby directs District staff, in the event there is encumbered balance of appropriations from FY 2022-23 for continuation of projects/programs not completed in the current fiscal year, to transfer such appropriations to the 2023-24 fiscal year budget as needed for completion of such projects/programs; and
4. A copy of said final budget will remain on file with the Clerk of the Governing Board.

PASSED, APPROVED AND ADOPTED by the Governing Board of the San Diego County Air Pollution Control District this 8th day of June, 2023, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

APPROVED AS TO FORM AND LEGALITY

Veera Tyagi, Senior Deputy County Counsel



Air Pollution Control District Governing Board

San Diego County Air Pollution Control District

AGENDA ITEM #E.2

DATE: June 8, 2023

TO: San Diego County Air Pollution Control District Governing Board

SUBJECT:
2022 ANNUAL AIR QUALITY REPORT

REQUESTED ACTION:
Informational Item

OVERVIEW:

California Assembly Bill 423 (Gloria, 2019) established a requirement for the San Diego County Air Pollution Control District (SDAPCD) to publish an annual air quality report. Accordingly, SDAPCD produced the 2022 Air Quality Report, which provides an overview of the District and also highlights some of the main accomplishments from 2022. The report contains information regarding the state of the air quality in the region, important actions from every division within SDAPCD, and metrics with graphs. The report was developed with the community in mind to increase understanding of the District's roles and responsibilities to improve air quality. The report will be available online at the SDAPCD website in multiple languages for community inclusivity.

FISCAL IMPACT:
N/A

ENVIRONMENTAL STATEMENT:
N/A

PREVIOUS RELEVANT BOARD ACTIONS:
N/A

PUBLIC ENGAGEMENT AND OUTREACH:
The report will be posted on SDAPCD's website and will be broadly distributed via social media, a press release, our email listserve, and through our partner organizations.

EQUITY IMPACT STATEMENT

Today's item supports transparency by providing information regarding SDAPCD programs, state of the

air quality in the San Diego County, and accomplishments in improving air quality in the region.

RECOMMENDED BY:

Melina Meza, Public Information Officer

CONTACT PERSON(S):

Name: Melina Meza, Public Information Officer

Phone: (858) 967-9767

Email: Melina.Meza1@sdapcd.org

ATTACHMENTS:

[Item E2_AttA_Annual Report 2022.pdf](#)

Annual Air Quality Report 2022



San Diego County
Air Pollution
Control District

Contents

02	MESSAGE FROM THE AIR POLLUTION OFFICER
04	GOVERNING BOARD
05	ABOUT US
06	BUDGET
07	STATE OF THE AIR
17	RULES
18	COMMUNITY
24	GRANTS & INCENTIVES
27	AIR MONITORING
31	ENFORCEMENT
38	ENGINEERING



A Message From The Air Pollution Control Officer

It is my privilege to present the 2022 Annual Air Quality Report for the San Diego County Air Pollution Control District (SDAPCD or District). In 2022, SDAPCD put plans in place to chart a new direction for the agency, and adopted new goals and objectives to ensure our work lives up to our vision of Clean Air for All, while maintaining and expanding upon our day-to-day work to promote air quality and protect public health. Led by our 2022 Governing Board Chair Nora Vargas,

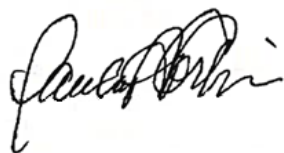
SDAPCD continued to institutionalize its goals of equity, transparency, and community engagement as an independent agency, just one year out from its separation from the County of San Diego in 2021.

To establish this foundation, SDAPCD completed several plans and policies to promote greater equity, community engagement and access. We completed our first Public Participation Plan to outline strategies to engage with communities throughout the county, to ensure all residents have access to our services. Our Governing Board also adopted the agency's first Equity Statement, to clearly describe our commitment to environmental justice, and our Office of Environmental Justice Framework, our plan for incorporating environmental justice across all of our programs and services.

Finally, we also adopted Non-Discrimination and Language Access policies, to ensure our services are delivered with equity and are accessible to all. We also built and improved upon our existing programs with these goals in mind. We adopted an Incident Response Plan to detail how we integrate with first responders to provide resources during an air quality incident, as well as a Comprehensive Monitoring Plan, to document our existing monitoring at the regional and community level and plan for the future. And we adopted an Air Quality Complaint Plan, to ensure that residents with air quality concerns can easily connect with us. As a part of this plan, we developed an app for the submittal of public complaints, and brought in-house our 24/7 complaint response program. And to better engage with communities across San Diego County, we published our first Annual Air Quality Report to re-introduce SDAPCD to the public and describe our programs.

These new plans and initiatives are in addition to the daily work of the agency to improve air quality in the region. That work includes enforcing air quality regulations for stationary sources, via adoption of air quality plans and rules, issuance of permits and registrations for equipment, and annual inspections of all sources we permit, as well as promoting reductions of emissions from mobile sources, through our work with the California Air Resources Board to enforce state mobile source regulations, and through our incentives grants which fund earlier-than-required mobile source emission reductions.

We are proud of all we accomplished in the last year, and hope you will enjoy reading in more detail about our different programs and the progress we are making towards our vision of Clean Air for All.



Paula Forbis

Governing Board



Chair Marcus Bush
City of National City
Councilmember



Vice-Chair Jack Shu
City of La Mesa
Councilmember



Nora Vargas
County of San Diego
Supervisor



Todd Gloria
City of San Diego
Mayor



Sean Elo-Rivera
City of San Diego Council
President



Consuelo Martinez
City of Escondido
Councilmember



Terra Lawson-Remer
County of San Diego
Supervisor



Esther Sanchez
City of Oceanside
Mayor



Georgette Gomez
Environmental Justice
Representative



Anne Marie Birkbeck-Garcia
Physician/Public Health
Professional



Enrique Medina
Scientific/Technical
Representative

About Us

The San Diego County Air Pollution Control District is a regulatory agency that monitors the air quality in San Diego County through the oversight of stationary sources of air pollution such as factories, landfills, gas stations, and dry cleaners, and is guided by its Governing Board. The Board consists of eight elected officials from the County Board of Supervisors and various cities within the San Diego County region, as well as three appointed public members.

The District consists of six key program areas:

- Monitoring and Technical Services
- Planning and Rule Development
- Engineering
- Compliance
- Grants & Incentives
- Environmental Justice

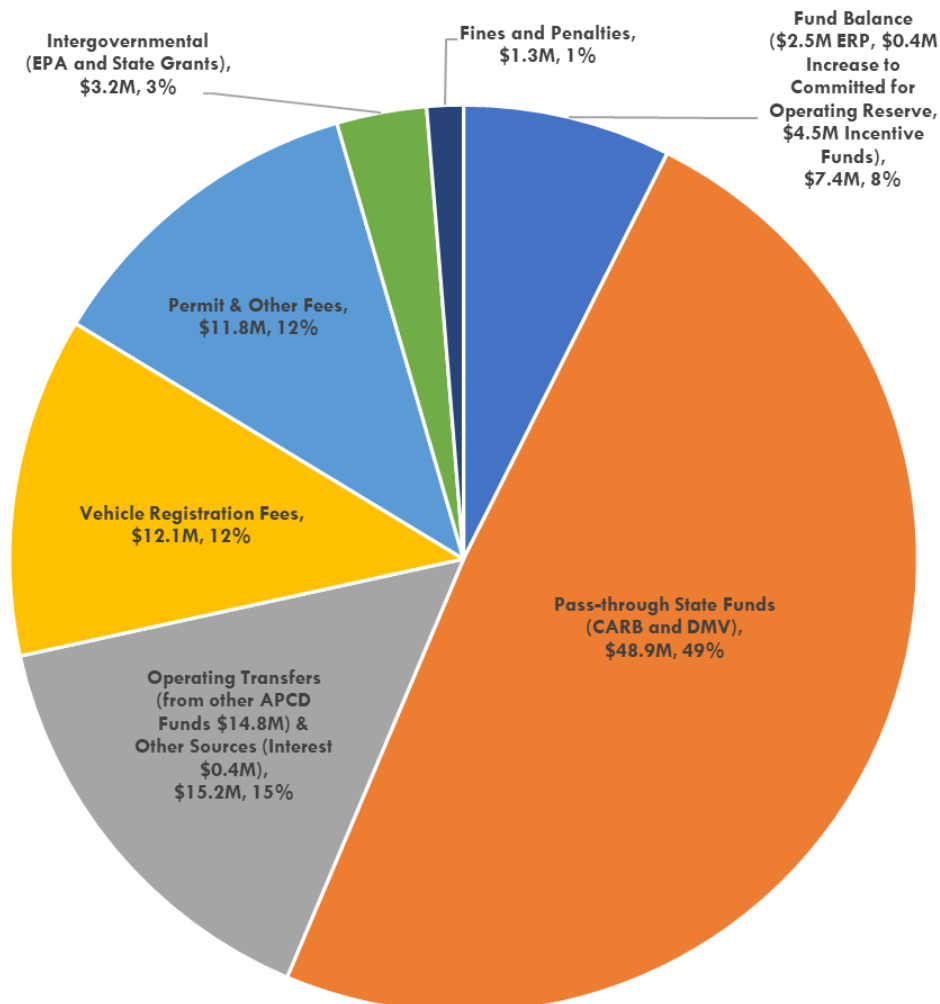


Budget

SDAPCD's annual budget for Fiscal Year 2022-23 was \$99.9 million and the fiscal budget year runs from July 1 to June 30. SDAPCD funding comes from several sources, including state & federal grants from the California Air Resources Board (CARB) and U.S. Environmental Protection Agency (EPA). Other funding sources include permit and other fees from stationary sources regulated by SDAPCD, Department of Motor Vehicles (DMV) registration fees, and pass-through grant funds for projects to improve air quality.

For a more detailed look at SDAPCD's annual budget please visit:

<https://www.sdapcd.org/content/sdapcd/about/budget.html>



State of the Air in San Diego County



What's the Attainment Status for Criteria pollutants?

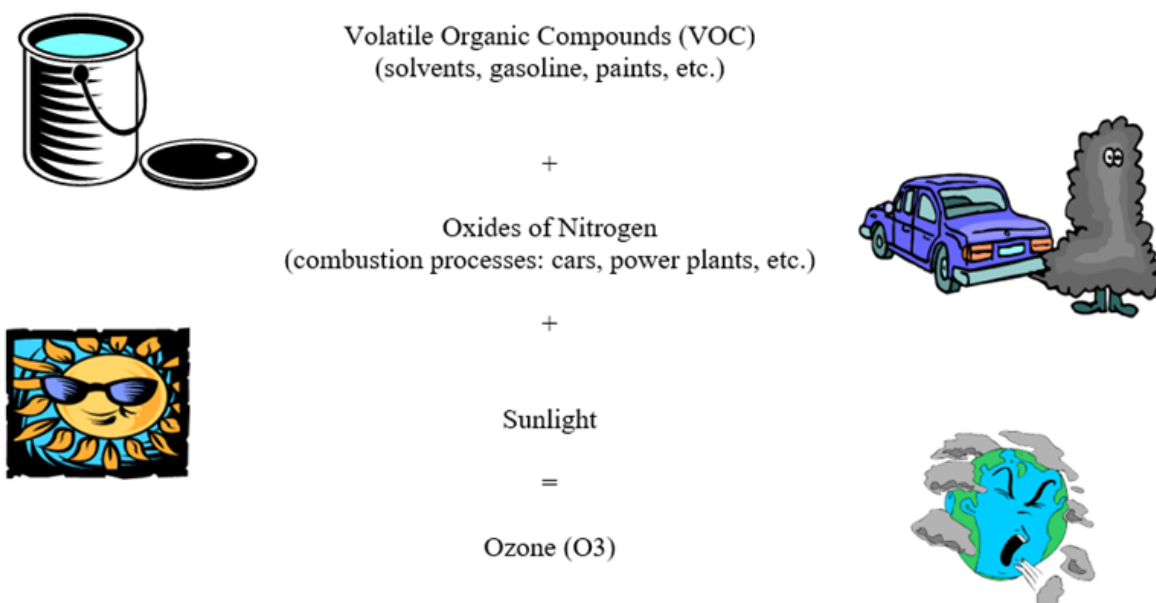
An area is designated in attainment for a state and/or national air quality standard when it is in compliance with the National Ambient Air Quality Standards (“NAAQS”) and/or California Ambient Air Quality Standards (“CAAQS”). These standards are set by the EPA or CARB for the maximum level of a given air pollutant which can exist in the outdoor air without unacceptable effects on human health or the public welfare. The current national and state air quality standard designations for San Diego County set by EPA and CARB can be found below.

Criteria Pollutant	Federal Designation	State Designation
Ozone (8–Hour)	Nonattainment	Nonattainment
Ozone (1–Hour)	Attainment	Nonattainment
Carbon Monoxide	Attainment	Attainment
PM10	Unclassifiable	Nonattainment
PM2.5	Attainment	Nonattainment
Nitrogen Dioxide	Attainment	Attainment
Sulfur Dioxide	Attainment	Attainment
Lead	Attainment	Attainment
Sulfates	No Federal Standard	Attainment
Hydrogen Sulfide	No Federal Standard	Unclassified
Visibility	No Federal Standard	Unclassified

What is Ozone?

Ozone is a gas that occurs both in the Earth's upper atmosphere and at ground level. Ozone can be "good" or "bad" for your health and the environment depending on its location in the atmosphere. The so-called "good ozone" occurs naturally in the upper atmosphere, far away from where people live, and protects life on Earth from the sun's harmful ultraviolet rays. This contrasts with "bad ozone" – sometimes called "smog" – which is produced closer to the Earth's surface, near ground level, which is harmful to breathe. Ground-level ozone is regulated as an air pollutant.

Ozone is not emitted directly into the air but is formed by chemical reactions between two common air pollutants, oxides of nitrogen (NO_x) and volatile organic compounds (VOC). This happens when the NO_x and VOC emissions from motor vehicles, industrial plants, consumer products and other sources interact under the influence of sunlight and heat. Ozone levels are highest during the summer months when the influence of direct sunlight is greatest.



Ozone Health Effects

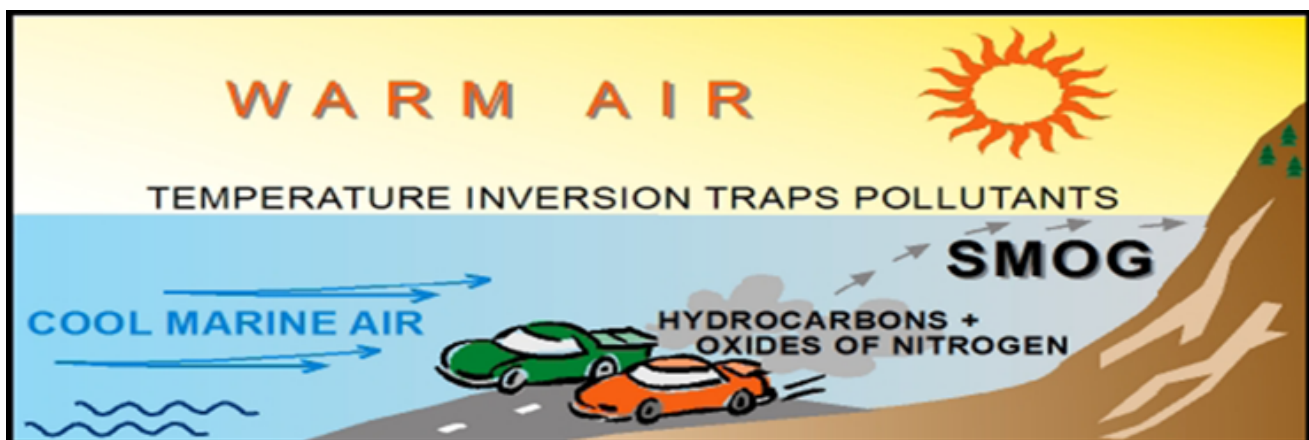
Acute Exposure:

- Coughing, chest pains, headaches, eye / throat irritation, nausea, asthma attacks, loss of lung capacity, respiratory damage

Chronic Exposure:

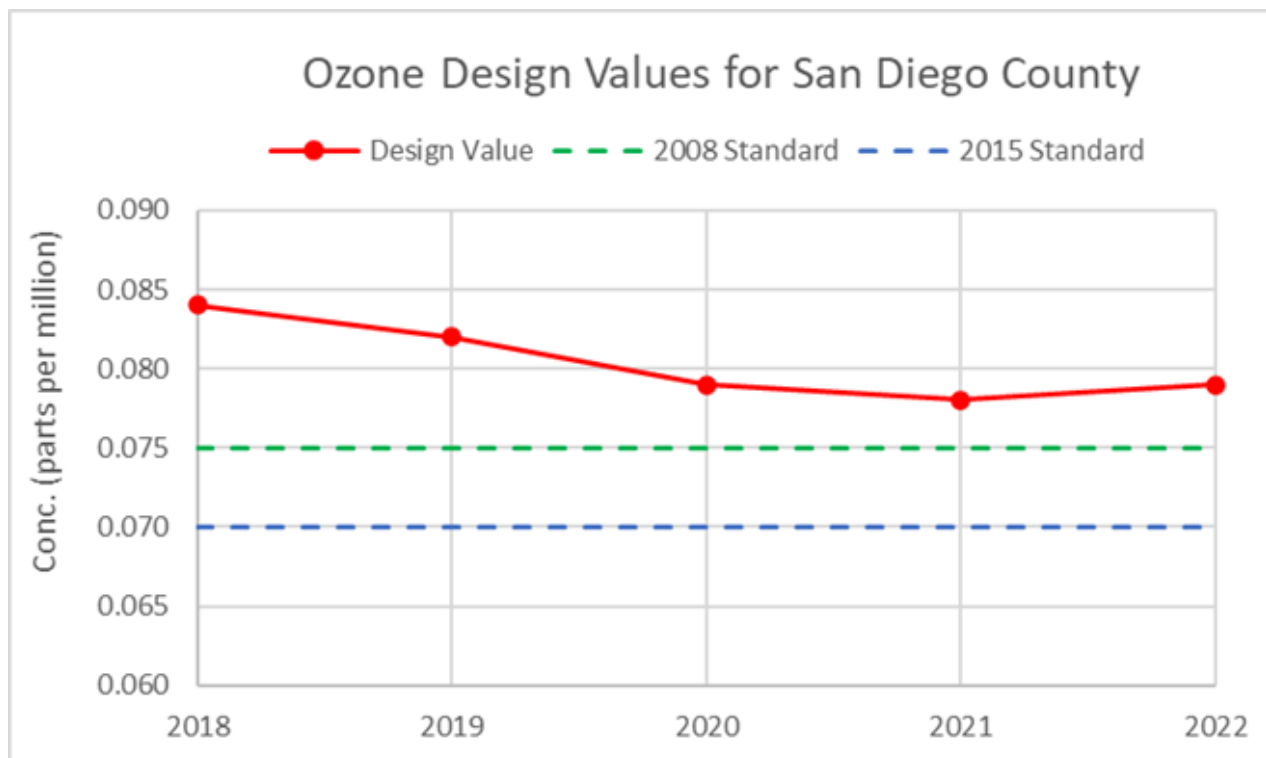
- Changes to immune system, aging of lung tissue, loss of lung tissue, susceptibility to respiratory infection

Ozone pollution levels are continuously monitored by the SDAPCD at several locations throughout the region. Ozone pollution is typically highest during hot summer days in the inland foothill community of Alpine, which is due to where the ozone is formed. Emissions from motor vehicles, factories and other sources in the populated coastal plain are blown inland by the onshore breeze, all the while chemically reacting under the abundant sunshine to form ozone. The onshore flows also create a temperature inversion, trapping the ozone pollution below it and against the lower mountain slopes, where it builds up.

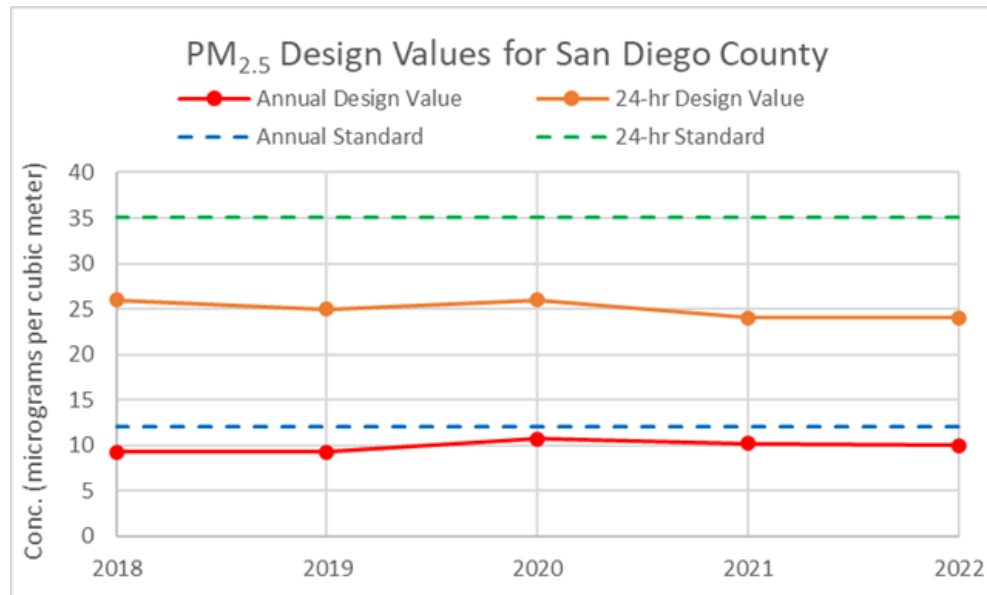


What's the Air Quality Trend?

Determining whether the region attains a given state or national standard requires comparing measured ambient concentrations against the given standard, called a "design value". A region's "design value" is calculated based on how the standard is defined. The region is not in attainment with either the 2008 or the 2015 Federal Ozone Standards. In the last five years, the ozone design value for the San Diego County Air Basin has only marginally decreased. The design values have been around 0.079 – 0.081 parts per million since 2012.



The San Diego County Air Basin has continued to meet both the 24-hour and annual PM_{2.5} Federal standards. However, EPA is considering lowering the annual standard to a value between 8 and 11 micrograms per cubic meter while retaining the 24-hour standard at 35 micrograms per cubic meter. This has the potential to negatively affect the San Diego County Air Basin's attainment status for annual PM_{2.5} going forward.



The charts below display the number of days that the San Diego Air Basin exceeded the Federal ozone standards. The number of days exceeding the Federal standards has not decreased significantly in the last five years. There were more days exceeding both Federal Ozone Standards in 2020 than the other years reported during this period (2018 to 2022). This is attributed to the transport of pollutants from the extensive wildfires from Northern/Central California that year.

Number of Days Exceeding the Ozone Federal Standard

	2018	2019	2020	2021	2022
Ozone: 0.075 ppm Std	8	5	20	7	9
Ozone: 0.070 ppm Std	23	19	33	16	24

Number of Days Exceeding the PM_{2.5} 24-hr Federal Standard

	2018	2019	2020	2021	2022
PM _{2.5} 24-hr Std	1	0	3	0	0

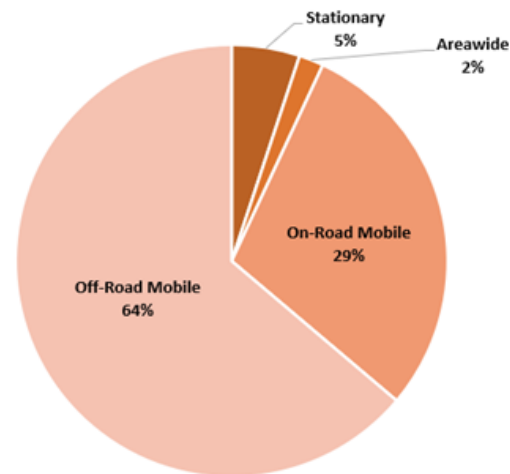
Sources of Emissions in San Diego County



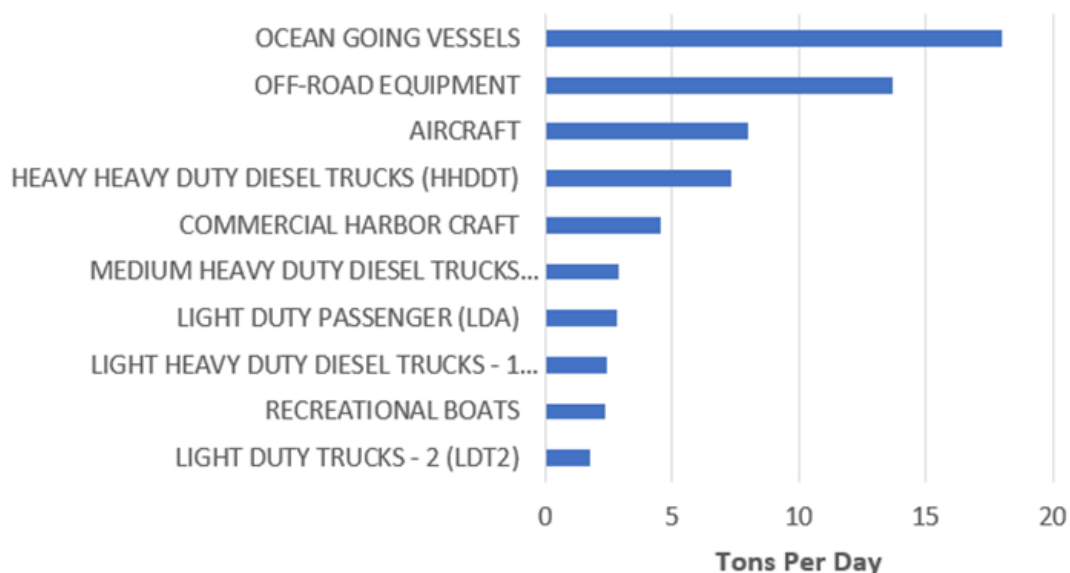
Nitrogen oxides (NO_x)

In 2022, 93% of NO_x was emitted from mobile sources (on-road and off-road), 5% was emitted from stationary sources, and 2% was from areawide sources. Some of the top sources of NO_x emissions in San Diego County include ocean-going vessels (e.g. cargo/container ships), off-road equipment, heavy-duty/medium-duty diesel trucks, aircraft, and commercial harbor craft (e.g. tugboats, towboats, passenger, and commercial fishing boats).

Annual NO_x Emissions - San Diego County (2022)

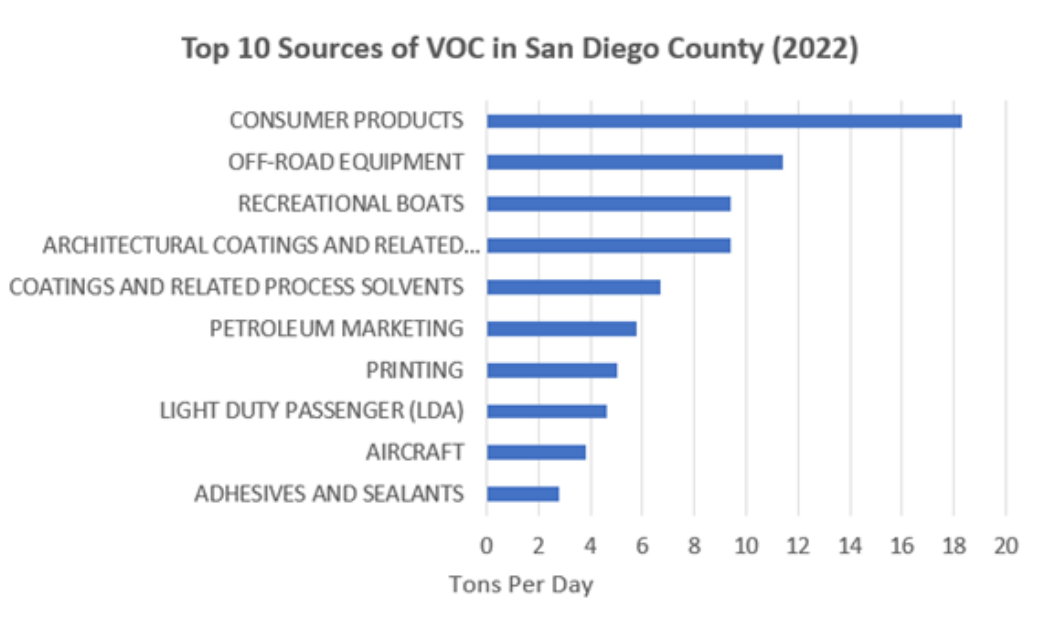
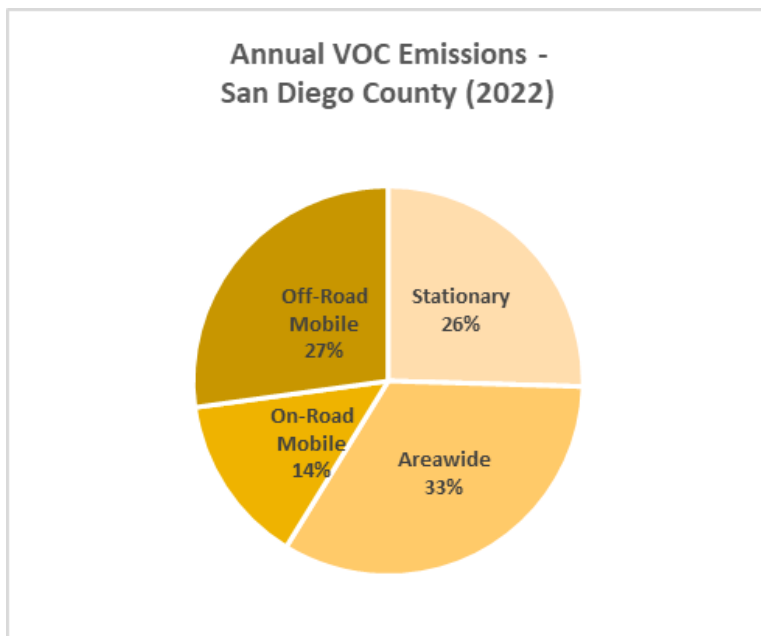


Top 10 Sources of NO_x in San Diego County (2022)



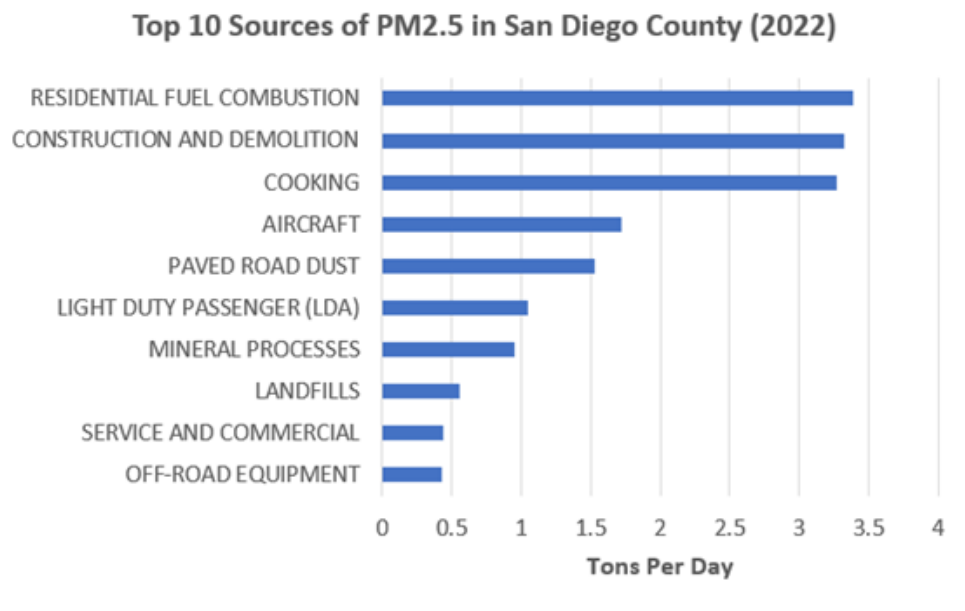
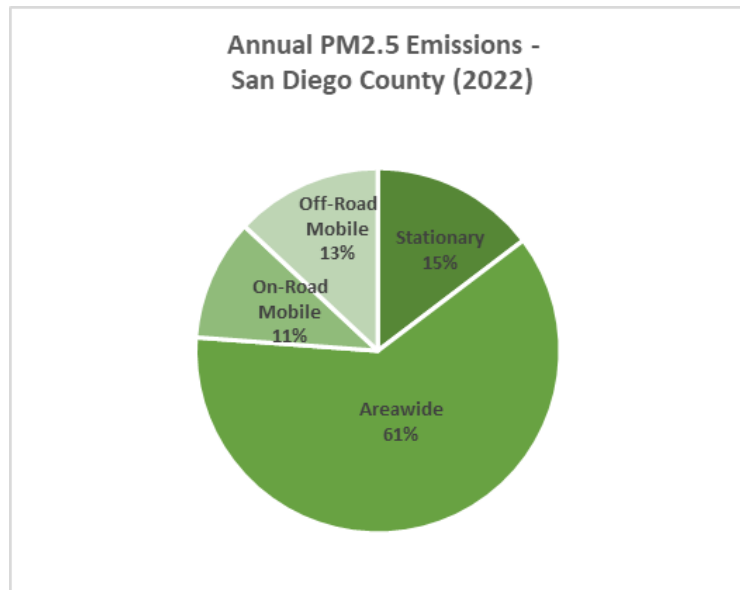
Volatile Organic Compounds (VOCs)

For VOC, in 2022, 41% was emitted from mobile sources (on-road and off-road), 33% was from areawide sources, and 26% was emitted from stationary sources. Some of the top sources of VOC emissions in San Diego County include consumer products (e.g. deodorants, hair spray, cleaning products, insecticides, etc.), off-road equipment, recreational boats, architectural coatings (such as paints, varnishes, and other household finishes), and other miscellaneous coatings/related solvents.



Particulate Matter 2.5 (PM2.5)

For PM2.5, in 2022, 61% was from areawide sources, 24% was emitted from mobile sources (on-road and off-road), and 15% was emitted from stationary sources. Some of the top sources of PM2.5 emissions in San Diego County include residential fuel combustion (i.e. water heating/furnaces), construction and demolition, cooking, aircraft, and dust from paved roads.



Rules

In order to meet health air quality standards, the District develops and amends air quality rules that businesses must comply with to reduce air pollution.



Below are the regulatory actions taken in 2022:

- Rule 12 – Revision of Registration of Specified Equipment
- Rule 40 – Revision of Permit and Other Fees
- Rule 42 – Revision of Hearing Board Fees
- Rule 11 – Revisions of Exemptions from Rule 10 Permit Requirements

NOTABLE RULE ADOPTION:

Rule 45 – Federally Mandated Ozone Nonattainment Fees

- ✓ Established a fee to be collected from federal major stationary sources of VOC and/or NO_x only if the region fails to attain the 75 parts per billion (ppb) ozone standard by the required federal attainment date.
- ✓ Should fees apply, facilities subject to the rule that could reduce VOC or NO_x emissions by 20% compared to a baseline level of emissions would not be assessed a fee.
- ✓ Any fees collected by SDAPCD would be used towards actions to further reduce emissions from stationary, areawide, and/or mobile sources to promote attainment of the ozone standard.

In the Community

Office of Environmental Justice



The purpose of the Office of Environmental Justice (OEJ) is to ensure communities have equitable support in improving air quality, specifically those that have historically been most burdened by poor air quality in San Diego County.

The OEJ has developed a framework with community input to intentionally integrate environmental justice considerations in all agency actions. This includes support for meaningful community engagement and the promotion of environmental justice and equity considerations in decision-making, including rule development, permit review, complaints, and in the development of other documents and actions. Below are the goals set forth in the OEJ Framework:



Goal 1: Design an educational plan for SDAPCD Board members with a focus on areas of the region that are disproportionately impacted by air pollution.

Goal 2: Foster and uphold an internal culture at SDAPCD that supports Equity, Diversity, and Inclusion.

Goal 3: Integrate environmental justice and equity in SDAPCD's operations, policies, and regulations.

Goal 4: Improve SDAPCD's outreach and education efforts in communities, with a special focus on disadvantaged communities most affected by pollution.

Goal 5: Collaborate with other organizations and government agencies to address air quality challenges more comprehensively.



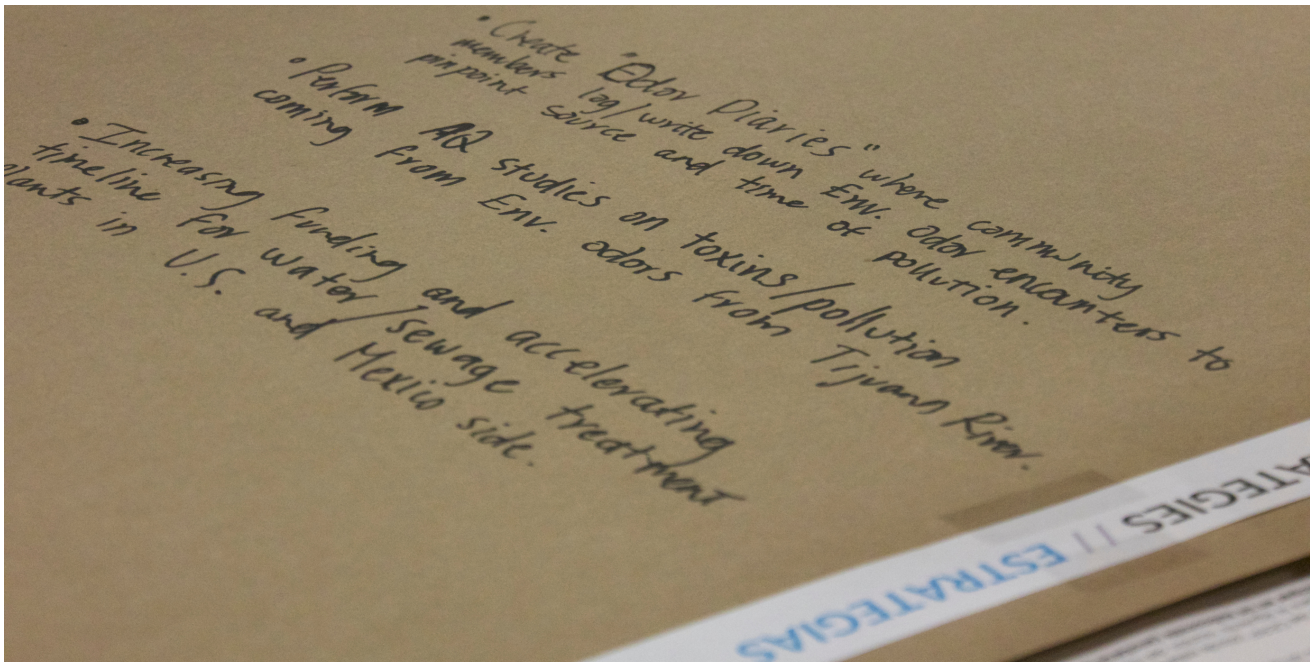
Equity Statement

In addition to the Framework, the SDAPCD Governing Board adopted the following Equity Statement that reflects the values and commitment to equity from the Governing Board:

The San Diego County Air Pollution Control District (SDAPCD) is committed to achieving environmental justice and equity by striving towards clean air for all. While we have made important progress in improving air quality for the region as a whole, we recognize that there is more work to be done, especially in communities that have been disproportionately burdened by air pollution because of systemic racism, discriminatory government policies, lack of engagement, and poor access to information and to the decision-making process.

SDAPCD commits to advancing policies, programs, and services that achieve environmental justice and equity. In order to meet this commitment, SDAPCD will provide appropriate resources, timelines, and budget to support staff and enhance public participation. SDAPCD has adopted an Environmental Justice Framework and a Public Participation Plan that will guide the agency in its work to improve information access, promote meaningful public engagement, and address environmental injustices, particularly for under-resourced communities.

Community Air Protection Program



The Community Air Protection Program (CAPP) was established by the California Air Resources Board (CARB) in response to Assembly Bill (AB) 617. The purpose of this program is to reduce pollution exposure in communities that have been exposed to disproportionate levels of air pollution.

Portside Community Steering Committee – Barrio Logan, Sherman Heights, Logan Heights, and West National City.

International Border Community Steering Committee – San Ysidro and East Otay Mesa.

The two Community Steering Committees (CSC) in San Diego County have made many strides in 2022:

Portside CSC

SDAPCD continues to work with the Portside CSC to implement the Portside Community Emissions Reduction Plan (CERP). Following are some notable accomplishments:

- CARB has developed a model to quantify and prioritize cancer risk from air pollutants. The Portside CSC provided input and approved objectives for the model. The model includes a dual approach to look at risks from a regional emissions perspective and from a community-generated emissions perspective.
- SDACPD established a Supplemental Environmental Project Program to use part of violation fines to fund projects that benefit the community, with a focus on projects in disadvantaged communities.
- Since the implementation of the CERP, the District has doubled the number of idling inspections in the Portside Community by conducting vehicle idling sweeps in the area twice a week.
- SDAPCD has expanded its Mobile Source Program by amending the CARB/SDAPCD Mobile Source Memorandum of Understanding (MOU) to include Commercial Harbor Craft. Increased enforcement of these emission sources are expected to improve air quality in the region and benefit the Portside Community.
- In collaboration with the City of San Diego and CARB, nine “no idling” signs were installed to prevent idling in the Portside community.

International Border CSC

The International Border Community has had a successful first year by establishing a CSC and, in partnership with SDAPCD and the California Air Resources Board, laying the groundwork to develop a Community Air Monitoring Plan (CAMP) and a Community Emissions Reduction Plan (CERP). The CAMP will identify air quality monitoring needs and prioritize monitoring locations, while the CERP will outline the community’s priorities and air quality improvement strategies for the coming years. Tools like these will help improve air quality and health and set goals for the International Border Community.

Public Participation Plan

The Public Participation Plan (PPP) sets guidelines and strategies to ensure the community is involved in projects and decisions within SDAPCD. The intention is to create an inclusive and transparent environment between the San Diego County community and the District. The PPP outlines SDAPCD's public engagement and outreach goals for the next three years:



Goal A: Build relationships and trust with the community, particularly those which have experienced disproportionate air quality impacts

Goal B: Equip the community with meaningful tools, resources, and information so that the community is empowered to be an engaged partner in SDAPCD decision making

Goal C: Connect with community members in places they trust and provide consistent engagement opportunities

Goal D: Conduct community engagement that is inclusive, accessible, trauma-informed, and transparent

Goal E: Invest in an organizational culture and structure that supports proactive community engagement

Goal F: Establish partnerships with community based-organizations, government departments, and agencies to ensure community outreach is coordinated and demonstrates collaborative results

Grants & Incentives

In 2022 the Air District provided \$9.3 million in incentive funding for heavy duty diesel equipment replacement and repower projects. These projects improve air quality, protect the public, and support local businesses' transition to cleaner equipment. The programs target nitrogen oxide and reactive organic gas emissions, which contribute to ozone pollution, and diesel particulate matter, a toxic air contaminant.

These projects will result in over 446 tons of pollution reductions over their lifetimes.

Incentives

Carl Moyer Program

The most widely known incentive program in San Diego is the Carl Moyer Program. Now in its 25th year, this program focuses on reductions from heavy duty diesel equipment such as tractors, off-road construction equipment, trucks, and marine vessels. In 2022 this program provided over \$4.6 million in funding and will achieve 135 tons of NO_x, 13 tons of reactive organic gases (ROG), and 7.6 tons of particulate matter reductions over the lifetime of the projects.



Community Air Protection Program



The Community Air Protection Program focuses investment in under-resourced communities specified by the state of California. This program is intended to reduce emissions specifically for those communities most affected by air pollution, which in San Diego includes the Portside and International Border Environmental Justice Communities and other disadvantaged communities in the District. In 2022 the County of San Diego provided over \$2.7 million in funding for projects that will reduce 170 tons NO_x, 27 tons ROG, and 1.9 tons of PM.

Funding Agricultural Replacement Measures for Emission Reductions (FARMER)

The FARMER program is specifically for equipment used in agriculture. This sector, vital to San Diego's economy, has many pieces of equipment that directly affect agricultural workers, and is not subject to as much regulation as other sectors. In 2022 this program provided \$783,000 for projects reducing 46 tons of NO_x, 26 tons of ROG, and 8.7 tons of PM.



Goods Movement Emission Reduction



The Goods Movement Emission Reduction Program provides funds specifically for equipment used to move freight. For San Diego, that meant \$1 million in funding in 2022 to replace older diesel trucks with low NOx natural gas trucks, reducing NOx emissions in that sector by 9.8 tons over the lifetime of those projects.

Grants Spotlight

In 2022 we funded our first commercially available zero-emission school buses. The SDAPCD provided \$713,000 in Community Air Protection funding to help Cajon Valley School District replace two diesel school buses. Over the lifetime of these buses, they will help reduce 3.2 tons of NOx, 0.4 tons of ROG, and 0.02 tons of while reducing particulate matter among school age children in a disadvantaged community. This is the first of many projects with local school districts to help provide cleaner school buses to benefit children in the region.

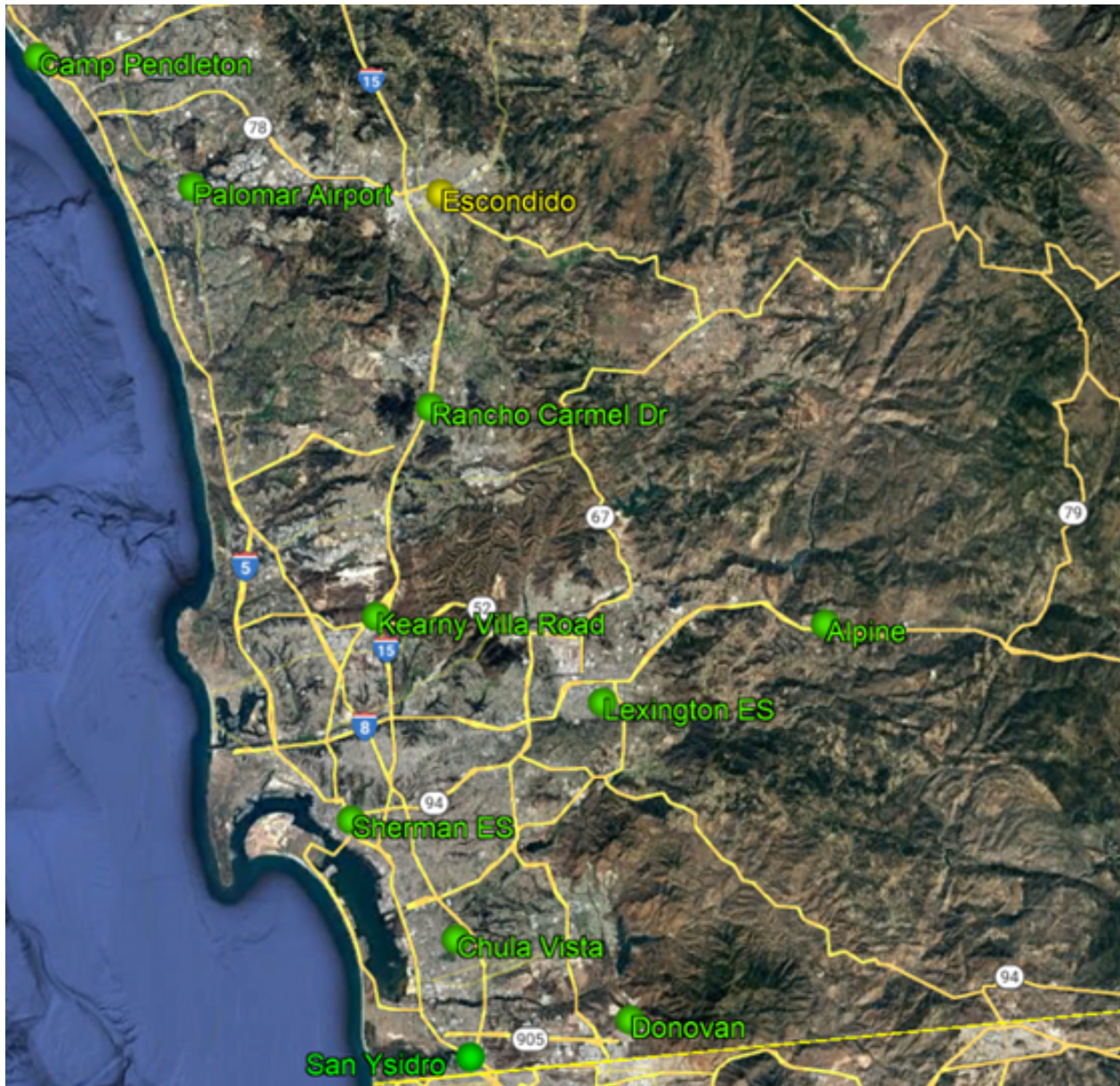
Air Monitoring

Regional Stations



SDAPCD's air monitoring stations are found between the coast and the mountain foothills up to approximately 2000 feet. The monitoring network needs to be large enough to cover the diverse range of topography, meteorology, emissions, and air quality in San Diego, while adequately representing the large population centers. This monitoring network plays a critical role in assessing San Diego County's clean air progress and in determining pollutant exposures throughout the County.

The map below shows the regional ambient air monitoring network. The sites in green are active, while the sites in yellow are planned sites.



The Pollutants

Ambient concentration data are collected for a wide variety of pollutants in our air basin. While not all of the following pollutants are measured at each site shown above, all sites (except for Palomar Airport) measure multiple pollutants:



- Ozone (O₃)
- Sulfur Dioxide (SO₂)
- Particulate Matter less than 10 micrometers
- Carbonyls
- Black Carbon
- Nitrogen Dioxide (NO₂)
- Lead (Pb)
- Reactive Oxides of Nitrogen (NO_x)
- Metals
- Organic and Elemental Carbon
- Carbon Monoxide (CO)
- Particulate Matter less than 2.5 micrometers
- Volatile Organic Compounds (VOCs)
- Hexavalent Chromium
- Cations and Anions

Comprehensive Monitoring Plan

SDAPCD developed a Comprehensive Monitoring Plan, which is a blueprint that documents the evaluation processes and tools that the District uses when determining where to place its ambient air monitoring locations (regional and community-based) and what pollutants to measure at each location. SDAPCD uses a multilayered approach to rank the regional air monitors, samplers, and stations. This method includes monitor purpose, community type, population shifts, health rates, EPA network assessments tools (correlation, removal bias, exceedance probabilities, and area served) and resource considerations.



SDAPCD uses a variety of publicly available datasets to evaluate which communities should have additional air monitoring. This includes CalEnviroScreen, communities identified as disadvantaged by Senate Bill 535 (SB535), the Environmental Protection Agency's (EPA) EJScreen, proximity and number of "Hot Spots" program and Title V facilities, the California Healthy Place Index, and other datasets, as appropriate. In addition, SDAPCD collaborates and considers information from community residents and stakeholders to establish additional monitoring stations.

Enforcement

Our Compliance Division is designed to ensure ongoing compliance with all applicable local, state, and/or federal rules and regulations to protect public health and the environment. The Compliance Division includes: field inspections, air quality complaint response and investigations and issuance of enforcement documents (when violations are documented). These programs are critical to manage air pollution within San Diego County and to ensure a level playing field for all regulated entities to prevent unfair advantages for violators.



2022 Enforcement Program

Field Inspections	Air Quality Complaints Investigations	Average Complaint Response Time	Notice of Violation	Amount Collected from Violations
11,891	590	6.9 hours	1,373	\$947,815

Stationary Source Inspections

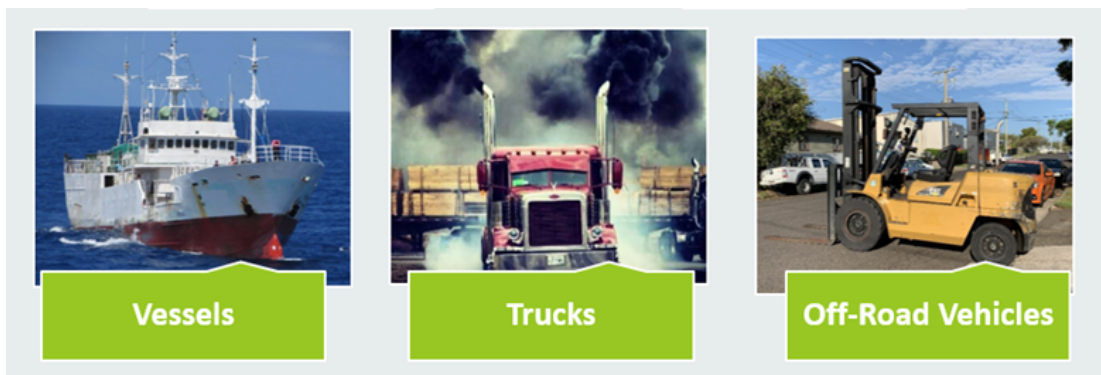
We conduct periodic inspections of sources of air pollution, including including renovation and demolition projects that might remove asbestos-containing materials and stationary sources such as gas stations, coating operations, combustion equipment, power plants, aggregate plants, landfills and more.

The frequency and number of inspections of stationary sources are consistent from year to year, with an average of 12,000 inspections each year.



Mobile Source Inspections

We also inspect mobile sources of air pollution, including diesel-powered heavy-duty trucks and buses, Off-Road vehicles, and vessels. These sources create significant emissions of oxides of nitrogen (NO_x), a key precursor to ozone formation, and diesel particulate matter which creates adverse health effects, including lung cancer.



We have implemented a program to enforce regulations applicable to Commercial Harbor Craft (CHC). Besides being a significant source of oxides of nitrogen (NO_x) emissions, a key precursor to ozone formation, those vessels are a significant source of diesel particulate matter (diesel PM). It is estimated that about 70% of total known cancer risk related to air toxics in California is attributable to diesel PM. The highest levels of diesel PM are near ports, rail yards and freeways, where many under-resourced communities are located, including the Portside Environmental Justice Community.



Air Quality Complaints

We receive and investigate air quality complaints submitted by the public. Most complaints involve odors, dust, smoke, or improper asbestos removal processes. We have 27 field inspectors who investigate complaints and take enforcement actions when a violation of air quality regulations is documented.

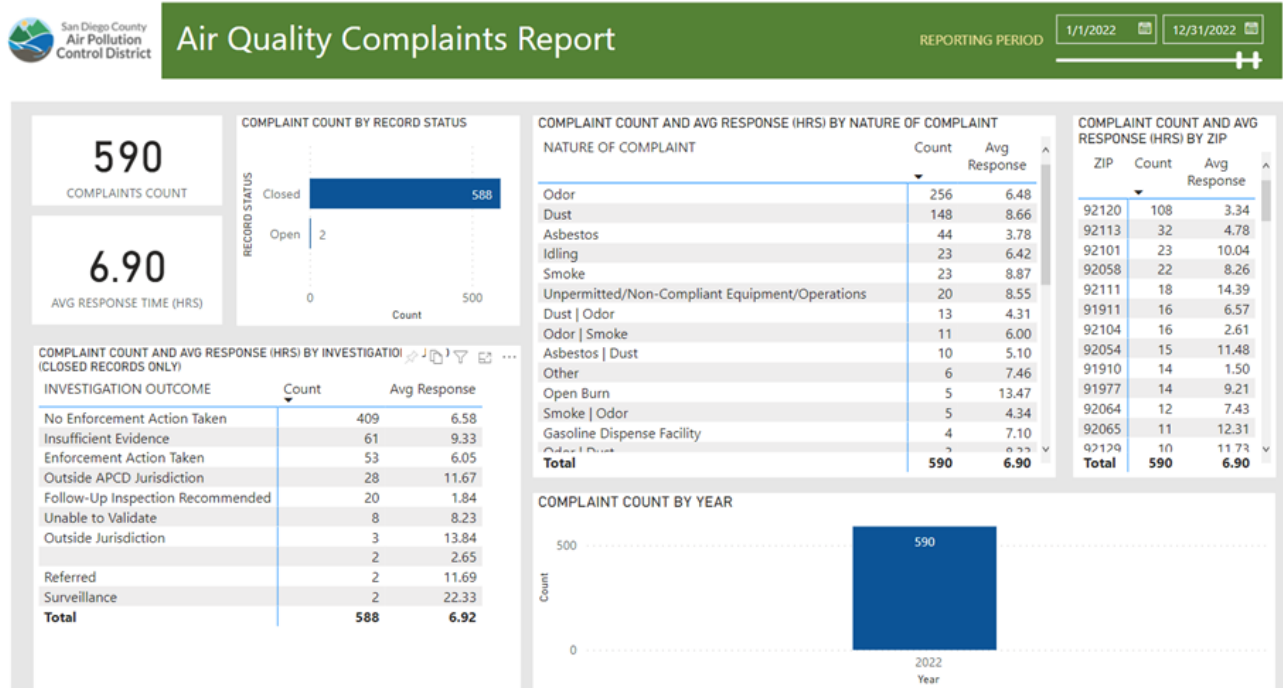


After Hours Complaints

To better serve the public, we adopted an afterhours air quality complaint program. Our inspectors are now available 24/7 to respond to complaints.



As shown below, in 2022 we received 590 complaints, and the average investigation response time was 6.9 hours from the time the air quality complaint was received, which is well below the 48 hours response time required by state law.



Have a Concern to Report?

Reporting air quality concerns is at your fingertips! Our mobile app allows you to report air quality concerns. Download our mobile apps at the links below.

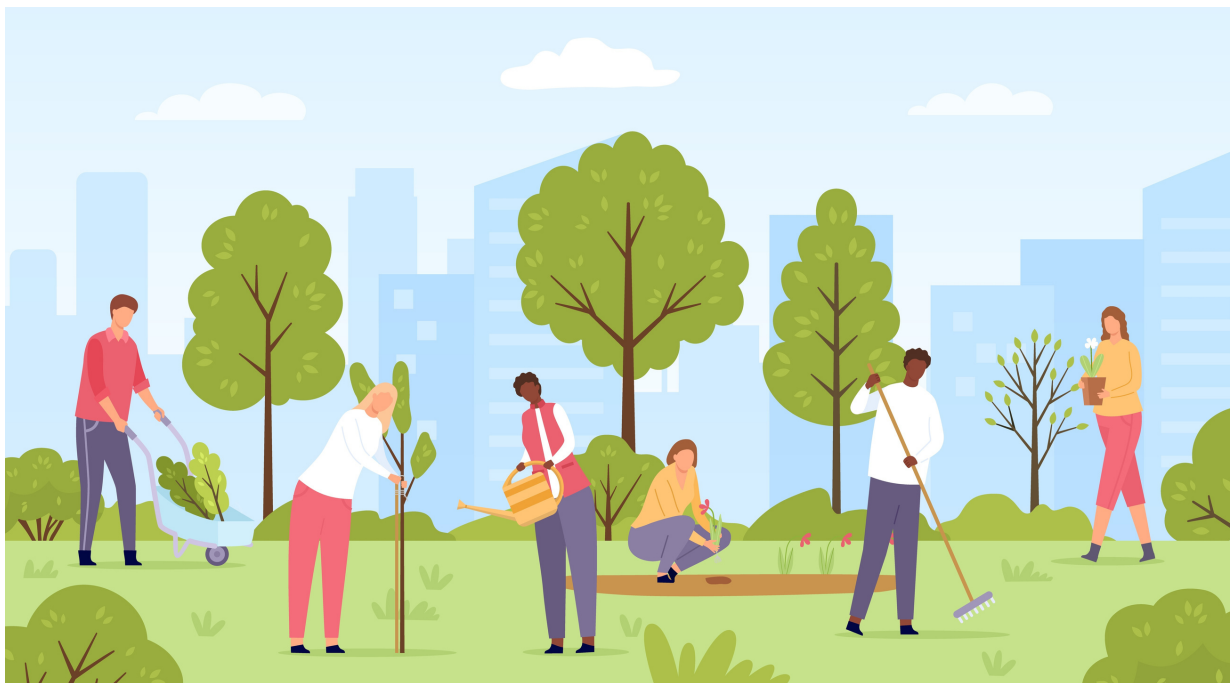


You can also report air quality concerns by phone at (858) 586-2650 or e-mail at apcdcomp@dapcd.org. For after-hours concerns, please call (858) 586-2650 and select option 2.

Supplemental Environmental Project

We are expanding our Supplemental Environmental Project (SEP) Program which can fund community-based projects from a portion of the penalties received during settlement of enforcement actions. The SEP Program can improve public health, reduce pollution, increase environmental compliance, and bring public awareness to neighborhoods most burdened by environmental harm. The following projects were approved by the District last year under enforcement settlement agreements:

- \$4,690,000 for a Tree Planting Program, which will prioritize tree planting in the Portside and International Border EJ communities
- \$140,000 that can be allocated to the Portside Air Quality Improvement and Relief (PAIR) Program. The PAIR Program is dedicated to improving indoor air quality in homes adjacent to heavy industrial, freight, and freeway activities in the neighborhoods of Barrio Logan, Logan Heights, Sherman Heights, and West National City.



Engineering

Permitting

The Engineering Division processes permit applications received from facilities that emit air pollutants, including gas stations, coating operations, landfills, engines, and more. In addition to issuing Permits to Operate, the SDAPCD issues Registrations for qualifying small stationary or portable sources of air pollution. The registration process is a streamlined and less costly alternative to obtaining authority to operate in San Diego County.



Gas Stations



Factories



Boilers



Engines



**Concrete
Batch Plants**



Landfill

Both Permits and Registrations have conditions to ensure ongoing compliance with air quality regulations.

No. of Registration Applications Received	No. of Registration Issued	Registration Processing Time	No. of Permit Applications Received	No. of Permits Issued	Permit Processing Time
158	145	24 days	442	406	105 days

Emissions Inventory

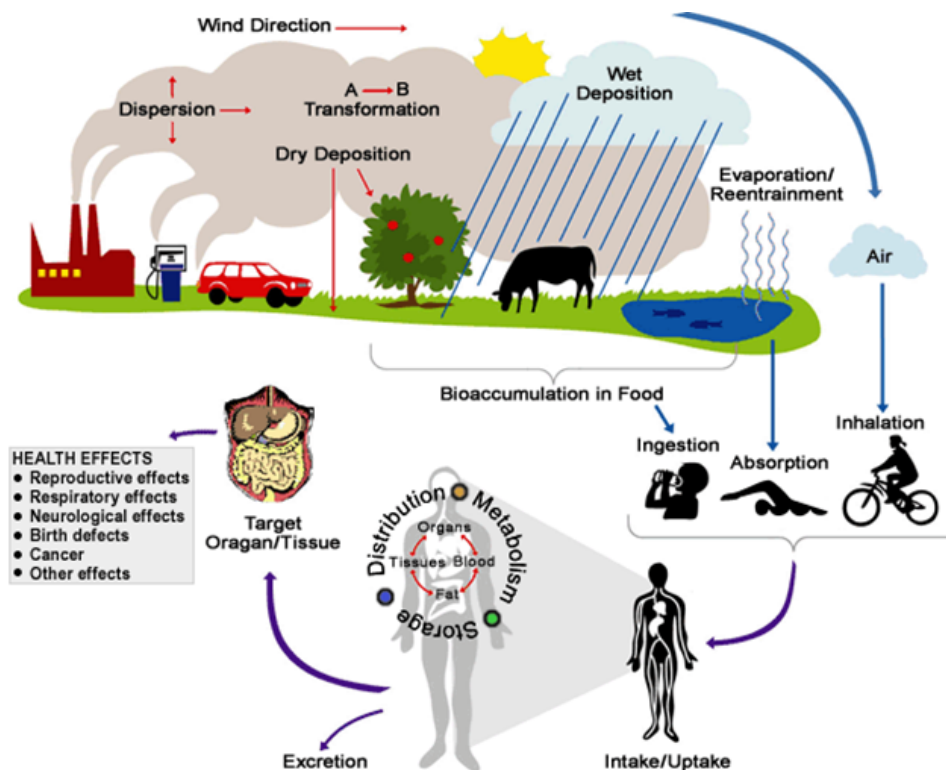
Emission inventories quantify pollutants discharged into the air, increasing transparency by identifying sources of air pollution and informing us on the need for additional regulatory requirements to mitigate impacts from air pollution. The District is actively implementing new requirements adopted by the California Air Resources Board for emission inventories. This new requirement is significantly increasing the number of pollutants that are inventoried and the number of facilities subject to Emission Inventory requirements. The District is greatly expanding the number of stationary sources and number of pollutants for which it conducts an annual emission inventory, from approximately 200 to over 4400 facilities per year. This will give the District a much more complete inventory of local sources of air pollution, which will better inform all of our programs, as well as community residents. [Click here to view Emission Inventories approved by the District.](#)

"Hot Spots" Program

The California Air Toxics "Hot Spots" Program quantifies potential health risks (such as cancer) from toxic air contaminants emitted by stationary sources (including manufacturing operations, power plants, and other industrial, commercial and governmental operations that can emit air pollution).

Toxic air contaminants are chemicals that could potentially cause negative health effects if people are exposed to them. The effects can be mild and temporary such as headaches, and eye or throat irritation or can be more serious and permanent such as cancer, birth defects or damage to organs, depending on the amount of time exposed and the amount and type of toxic air contaminant.

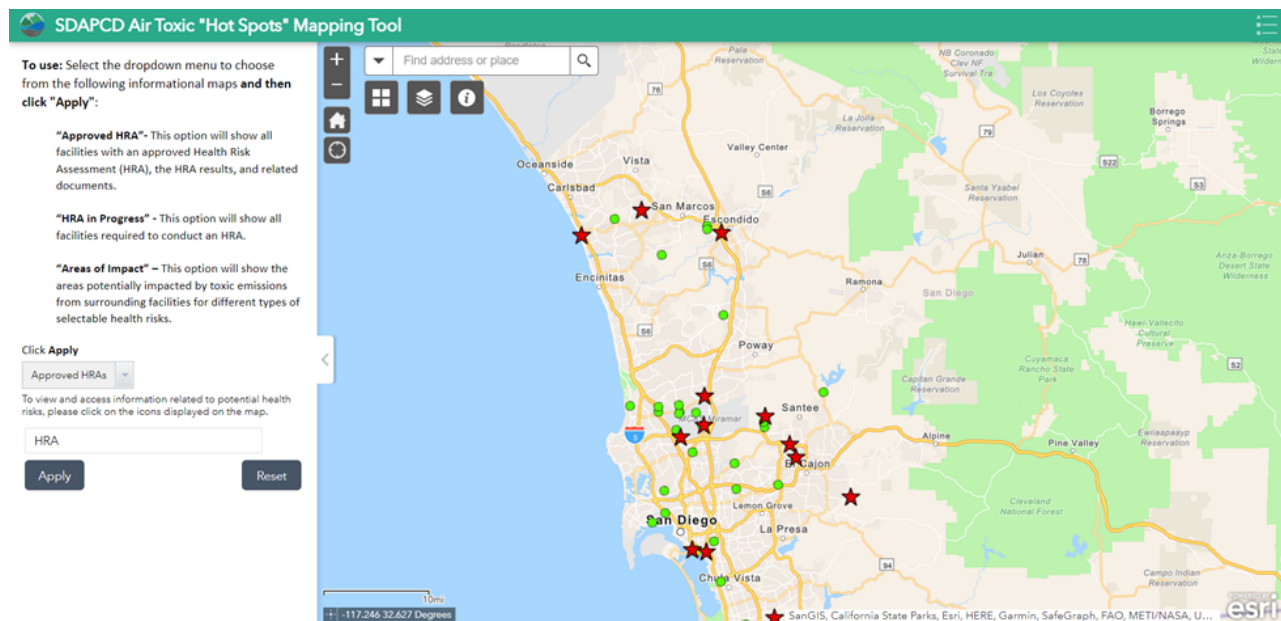
Health Effects from Air Pollution



Source IDEM: Air Toxics: Health Risks and Environmental Effects (in.gov)

SDAPCD is responsible for implementing the Air Toxics “Hot Spots” Program in San Diego County by identifying sources that can create elevated health risks and requiring public notification and risk reduction requirements per SDAPCD Rule 1210.

To view sources in your community that are evaluated under this Program or subject to public notification or risk reduction requirement, please click [here](#).



Contact Information

General Information:

10124 Old Grove Road
San Diego, CA 92131
(858) 586-2600
airinfo@sdapcd.org

Media Inquiries:

Melina Meza
Melina.Meza@sdapcd.org

Follow Us:



How Can You Help Improve Air Quality?



At Home:

- Conserve energy using energy efficient appliances labeled ENERGY STAR
- Set air conditioners no lower than 78 degrees.
- Use environmentally safe paints and cleaning products.
- Mulch or compost leaves and yard waste.
- Reduce or eliminate fireplace and wood stove use.
- Avoid burning leaves, trash, and other materials.
- Avoid using gas-powered lawn and garden equipment.

Out and About:

- Carpool, use public transportation, bike, or walk whenever possible.
- Be sure your tires are properly inflated.
- Don't top off at the gas pump and always tighten your gas cap securely.
- Combine trips and errands to drive less.





Air Pollution Control District Governing Board

San Diego County Air Pollution Control District

AGENDA ITEM #E.3

DATE: June 8, 2023

TO: San Diego County Air Pollution Control District Governing Board

SUBJECT:

PROVIDE UPDATE AND SEEK DIRECTION ON POTENTIAL STRATEGIES TO REDUCE INDIRECT SOURCE EMISSIONS FROM WAREHOUSES, DISTRIBUTION CENTERS, AND PORTS IN SAN DIEGO COUNTY

REQUESTED ACTION:

1. Based on staff's research to address indirect source emissions from warehouses and distribution centers in San Diego County, direct staff to take one of the following actions today:
 - a. Continue proactive engagement by convening a working group of community and industry stakeholders to consider and develop potential alternative regulatory and non-regulatory strategies that could further reduce indirect source emissions at the community level, including approaches for warehouses between 50,000 to 100,000 square feet in size; OR
 - b. Begin formal rule development activities and return to the Governing Board after completing associated technical analyses with a proposed rule to reduce indirect source emissions from warehouses and distribution centers at or above 100,000 square feet in size, as well as a proposed schedule of fees to be paid by affected facilities as necessary to recover the District's costs to administer and enforce the proposed warehouse rule; OR
 - c. Same as Requested Action 1b but incorporate additional reporting requirements for warehouses between 50,000 and 100,000 square feet in size into proposed rulemaking to help inform District staff when seeking a possible rule amendment in the future.
2. Based on staff's research to address indirect source emissions from ports in San Diego County, direct staff to pursue a Memorandum of Understanding (MOU) with the Port of San Diego that includes emissions reduction, facilitative, and health-protective mitigation measures, and return to the Governing Board with an update by the end of 2023.

OVERVIEW:

In 2019, California Assembly Bill 423 (Gloria, 2019) (AB 423) amended State law to restructure and expand the Governing Board of the San Diego County Air Pollution Control District (District). AB 423 also amended the California Health and Safety Code to add a number of specified duties to the District including a direction to "consider adopting an indirect source rule to address pollution from mobile sources that is associated with stationary sources, such as ports, warehouses, and distribution centers." The Clean Air Act defines an indirect source as "...a facility, building, structure, installation,

real property, road, or highway which attracts, or may attract, mobile sources of pollution.” (42 U.S.C. §7410(a)(5)(C)).

Per the AB 423 requirement, District staff has researched potential indirect source rule concepts, met with numerous stakeholders, and evaluated indirect sources such as ports, warehouses, and distribution centers located throughout San Diego County. Attachment A – Options and Considerations for Reducing Indirect Source Emissions at Warehouses, Distribution Centers, and Ports – provides an update on staff’s research and evaluation of the District’s legal authority to regulate indirect sources, other California air districts’ indirect source rules, warehouse inventory in San Diego County, an overview of the possible rule development process, and ongoing activities associated with a potential Memorandum of Understanding (MOU) with the Port of San Diego.

Warehouses and Distribution Centers

Staff’s findings presented in Attachment A suggest that a warehouse indirect source rule and associated administrative fees for facilities above 100,000 square feet in size are potentially feasible and could be successfully implemented in San Diego County. A local rule would provide much-needed emission reductions from the freight sector. However, such a rule is predicted to be the costliest measure the District has ever enacted in terms of the compliance costs per pound of reduced emissions. If the Governing Board directs staff to proceed with rule development, further technical analyses including socioeconomic and environmental impact studies and public review would be conducted in accordance with State law to further assess and verify feasibility prior to rule adoption.

The Governing Board could also direct staff to pursue rule development of a warehouse indirect source rule as outlined above and incorporate additional requirements for facilities between 50,000 and 100,000 square feet in size to also submit a one-time informational report to the District as part of a proposed rulemaking. Warehousing facilities under 100,000 square feet in size are not currently regulated by any air district. Consequently, additional analysis would be necessary to determine if there are multiple compliance options that may be available to warehouses under 100,000 square feet. This information would provide a critical foundation to the legal defensibility of any indirect source rule from potential claims of federal preemption. Smaller facilities are likely to have different compliance methods and may have fewer compliance options available to them, because of limited operating parameters, and space limitations as compared to larger warehouses. As such, non-regulatory strategies (such as incentive programs and enhanced outreach and education) are strategies that could also be further investigated in lieu of, or in conjunction with, regulatory options. Collection of data from warehouses under 100,000 square feet would better inform District staff as to the inventory and operational characteristics of such facilities, which would allow District staff to further assess potential methods of compliance as part of a possible future rule amendment, or whether non-regulatory strategies are more appropriate.

The Board could also decide to direct staff to continue with more proactive engagement and convene a working group of community and industry stakeholders to consider and develop potential alternative regulatory and non-regulatory strategies that could further reduce indirect source

emissions at the community level, including approaches for warehouses between 50,000 to 100,000 square feet in size. This alternative approach would allow more conversations, analysis, and brainstorming with affected stakeholders on other possible methods for reducing indirect source emissions from warehousing facilities. This approach would also allow for progress in reducing these emissions through continued implementation of various federal, State, and local measures including California Air Resources Board mobile source regulations and District financial incentive programs while existing litigation of a similar regulatory measure in the South Coast air district is resolved prior to pursuing local rulemaking activities.

Ports

The Port of San Diego's 2021 Maritime Clean Air Strategy (MCAS) established aggressive goals and timelines for reducing emissions on Port tidelands, an effort the District fully supports. However, achieving such goals is anticipated to encounter financial, infrastructure, and operational challenges. Similarly, controlling indirect source emissions from such a facility is expected to encounter challenges as well. For example, an extended timeframe to develop a port-specific indirect source rule may not be appropriate to achieve many near-term MCAS goals. Additionally, much of the air pollution from port operations is generated from ship activities, which could be challenging to regulate through a port-specific indirect source rule at the local level.

Like warehouses, port operators would also require having a menu of options available to comply with a possible rule, which in some cases may not be available or possible at a port facility. A port-specific indirect source rule would also require navigating complex international and federal regulations, and the likelihood of possible litigation, given that no air district to date has ever regulated indirect sources from port operations. Such an effort is now underway in the Los Angeles air basin with rulemaking expected later this year. However, initial efforts are expected to focus only on containerized non-refrigerated cargo, which the Port of San Diego does not currently receive.

As a result of these complexities and to assist in achieving MCAS goals, staff's findings in Attachment A suggest an MOU with the Port of San Diego would be appropriate. Pursuing an MOU with the Port of San Diego would allow each agency to partner on emissions reduction, facilitative, and health-protective mitigation measures that can support progress towards achieving cleaner equipment along the Port tidelands. An MOU, if pursued, could also be developed more quickly than a rule, and is considered more suitable for inclusion of facilitative and incentive-based measures that can help to achieve air quality goals. An MOU can also provide more flexibility to allocate incentive funding from the District to such projects and Port tenants that may still be considered surplus to regulation, whereas a rule would significantly limit such funding opportunities. The District and the Port believe both agencies can continue to work collaboratively to move MCAS goals closer to reality.

Today's requested actions would not establish any immediate new air pollution control requirements. Rather, upon the Board's review and consideration of the District's report (Attachment A – Options and Considerations for Reducing Indirect Source Emissions at Warehouses, Distribution Centers, and Ports) in relation to the requested actions, the Governing

Board may direct staff to pursue various potential options for controlling indirect sources of emissions from these facilities in San Diego County at a later date.

FISCAL IMPACT:

There is no immediate fiscal impact associated with these recommendations. District costs associated with the evaluation and potential development and implementation of indirect source emission reduction strategies have been incorporated in the Air Pollution Control Officer's Proposed FY 2023-24 budget and will continue to be included as part of the annual budget process.

ENVIRONMENTAL STATEMENT:

Pursuant to Section 15060(c)(2) of the California Environmental Quality Act (CEQA) Guidelines, CEQA applies only to government actions that will result in a direct or reasonably foreseeable indirect physical change in the environment. Consideration of the proposed strategies and options to reduce emissions from indirect sources in San Diego County, and proposed recommendations, is not a project subject to CEQA; CEQA does not apply to this action. If recommended by the Governing Board, District staff will evaluate the proposed rule(s) and MOU under CEQA during project development and will propose CEQA recommendations for the Governing Board's consideration when the District returns with final proposed documents.

PREVIOUS RELEVANT BOARD ACTIONS:

August 11, 2022 (E.3), Update on the San Diego County Air Pollution Control District's Evaluation of an Indirect Source Rule.

PUBLIC ENGAGEMENT AND OUTREACH:

Since February 2022, District staff has conducted over 50 meetings with stakeholders to elicit information, comments, and feedback. Meetings included representation from environmental groups, community stakeholders, warehousing facilities, industrial associations, chambers of commerce, groups involved in the goods movement sector, the Port of San Diego, and other local governments. Feedback from these meetings is summarized in Attachment A.

EQUITY IMPACT STATEMENT

Today's item supports the District's vision of 'Clean Air for All' by providing information about new potential emission control strategies to help attain national ozone standards and reduce air pollution emissions in communities across the region.

RECOMMENDED BY:

Michael Watt, Deputy Director

CONTACT PERSON(S):

Name: Nick Cormier, Supervising Air Resources Specialist

Phone: (858) 586-2798

Email: Nick.Cormier@sdapcd.org

ATTACHMENTS:

[Item E3_AttA_ISR Framework.pdf](#)

[Item E3_Public Comment_IEA Letter](#)

[Item E3_Public Comment_Coalition of Stakeholders Letter](#)

[Item E3_Public Comment_San Diego Working Waterfront Letter](#)

[Item E3_Public Comment_OrangeEV.pdf](#)



San Diego County
**Air Pollution
Control District**

**Options and Considerations for
Reducing Indirect Source Emissions at
Warehouses, Distribution Centers, and Ports**

May 2023

**SAN DIEGO COUNTY
AIR POLLUTION CONTROL DISTRICT**
10124 Old Grove Road
San Diego, CA 92131

TABLE OF CONTENTS

	<u>PAGE</u>
1.0 <u>INTRODUCTION</u>	2
1.1 BACKGROUND.....	2
1.2 INDIRECT SOURCE AIR POLLUTION FROM WAREHOUSES AND PORT OPERATIONS.....	2
1.3 DISTRICT AUTHORITY TO REGULATE INDIRECT SOURCES	3
1.3.1 State Law	3
1.3.2 Federal Law.....	4
2.0 <u>STAFF ACTIVITIES & FINDINGS</u>	4
2.1 SAN DIEGO WAREHOUSE INVENTORY ANALYSIS	5
Table 1 – Warehouse Population in San Diego County	5
Figure 1 – Warehouse Locations in San Diego County.....	6
Table 2 – Warehouse Population in Under-Resourced Communities in San Diego County	7
Table 3 – Warehouse Total Floor Area in Under-Resourced Communities in San Diego County.....	7
2.2 INDIRECT SOURCE RULE FEASIBILITY ANALYSIS.....	7
2.2.1 Indirect Source Rule Adopted by SJVAPCD	7
2.2.2 Warehouse Indirect Source Rule Adopted by SCAQMD.....	8
2.2.3 Feasibility of Warehouse Indirect Source Rule for San Diego Region.....	10
Figure 2 – NOx Reduction Comparison to Recent/Possible Rulemakings.....	11
Figure 3 – San Diego County Regionwide NOx Emissions	12
Figure 4 – Estimated Warehouse Indirect Source NOx Emissions in San Diego County (Warehouses ≥ 100,000 square ft. in size).....	12
Figure 5 – Cost-Effectiveness Comparison to Recent/Proposed Rulemakings and Incentive Programs.....	13
2.2.4 Additional Considerations	15
2.3 PORT OF SAN DIEGO.....	16
2.3.1 Maritime Clean Air Strategy	17
2.3.2 Potential Memorandum of Understanding.....	17
2.3.3 Future Update to Governing Board.....	18
2.4 OTHER FEDERAL, STATE, & LOCAL ACTIVITIES.....	19
2.4.1 U.S. EPA	19
2.4.2 CARB	19
2.4.3 District	20
3.0 <u>POTENTIAL TIMELINE</u>	21
Table 4 – Tentative Timeline of Warehouse Indirect Source Rule Development Actions (if pursued)	21
Table 5 – Tentative Timeline of Port/APCD MOU Actions (if pursued).....	22

1.0 **INTRODUCTION**

1.1 **BACKGROUND**

In 2019, California Assembly Bill 423 (Gloria, Statutes of 2019) added specified duties to the San Diego County Air Pollution Control District (District) including a requirement to “*consider adopting an indirect source rule to address pollution from mobile sources that is associated with stationary sources such as ports, warehouses, and distribution centers*” (California Health & Safety Code Section 40100.6.5(a)(6)). An indirect source is defined in the Clean Air Act as “...*a facility, building, structure, installation, real property, road, or highway which attracts, or may attract, mobile sources of pollution.*” (42 U.S.C. §7410(a)(5)(C)).

Accordingly, the District has evaluated potential strategies to control and reduce indirect source emissions from warehouses, distribution centers and ports in accordance with State and federal law. This report presents staff’s findings to date and provides an opportunity to gain public input and direction from the Governing Board on the preferred nature and scope of the District’s potential indirect source rule or program. Any future rulemaking that staff may be directed to pursue would be subject to a public process including public outreach, environmental and socioeconomic analyses, and future consideration of adoption by the Governing Board.

1.2 **INDIRECT SOURCE AIR POLLUTION FROM WAREHOUSES AND PORT OPERATIONS**

Air pollution from the ships, locomotives, trucks, and other heavy equipment that moves freight throughout San Diego County adversely affects our communities and the region at large and is a public health concern. Medium and heavy-duty trucks alone make up only 1% of all vehicles in San Diego County but emit 13% of all diesel particulate matter (DPM), a major component of fine particulate matter (PM) in the region, which contributes to lung cancer and aggravates asthma. Moreover, medium and heavy-duty trucks emit 15% of all oxides of nitrogen (NOx), which is a precursor to regional ozone and particulate pollution and contributes to respiratory and other illnesses. San Diego County does not yet meet the federal or State ozone standards or the State fine PM standard and must further reduce air pollution to reach attainment.

Sources such as warehouses, distribution centers and ports are primary destinations for trucks engaged in delivering, loading and/or unloading cargo.¹ These freight hubs indirectly cause air pollution due to the emissions from diesel-fueled trucks, trains, ships, off-road equipment, and other mobile sources they attract, including trucks with diesel-fueled refrigeration systems used for transporting perishable goods. Moreover, freight facilities commonly use diesel-fueled cargo handling equipment (such as forklifts and yard tractors) to maneuver cargo onsite and transfer it onto or off the trucks, trains, and ships. Employee passenger vehicles also contribute to the facility’s indirect source emissions. For ports, ocean-going vessels are the largest contributor of indirect source emissions.² Heavy-duty diesel trucks are the largest contributor to the indirect

¹ The terms “warehouse” and “distribution center” are sometimes used interchangeably, as both serve as storage facilities for goods and products. A distribution center, in addition to storing products, also distributes them to wholesalers, retailers, and end customers.

² Ocean-going vessels emit over 60% of the indirect source emissions from Ports, according to SCAQMD’s analyses of its Rule 2305 (Warehouse Indirect Source Rule-Warehouse Actions and Investments to Reduce Emissions Program). See page 2-2 at <http://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2018/2018-may4-032.pdf>.

source emissions associated with warehouses and distribution centers.³ The widespread emergence of online purchasing and rapid delivery services is contributing to a strong demand for warehouse space near populated areas, heightening concerns over the potential impacts on air quality and public health.⁴ These concerns emphasize the need for actions to help minimize the public health impacts caused by freight operations in our region.

1.3 DISTRICT AUTHORITY TO REGULATE INDIRECT SOURCES

1.3.1 State Law

Health & Safety Code. The District’s authority to regulate indirect sources of air pollution, such as warehouses and ports, is codified in the California Health and Safety Code (H&SC) including Sections 39002, 40000, 40001, 40702, 40716, 40920, and 40100.6.5. A district may, for example, “adopt and implement regulations to...reduce or mitigate emissions from indirect and areawide sources of air pollution” (H&SC §40716(a)(1)).⁵ The District may also collect fees to recover its costs to regulate indirect sources (H&SC §42311(g)).

AB 423. AB 423 (Gloria, Statutes of 2019), as previously stated, amended State law to expressly require the District to “consider adopting an indirect source rule to address pollution from mobile sources that is associated with stationary sources, such as ports, warehouses, and distribution centers” (H&SC §40100.6.5(a)(6)).

AB 617 Portside Community. In 2019, the California Air Resources Board (CARB) selected the Portside Community of Barrio Logan, West National City, Logan Heights, and Sherman Heights to develop and implement a community emissions reduction plan (CERP) pursuant to AB 617 (Garcia, Statutes of 2017). The District worked with a Community Steering Committee to prepare the Portside CERP, which was adopted by the District Governing Board in July 2021 and by CARB in October 2021. Exposure to diesel pollution from stationary and mobile operations, including freight, is a key concern reflected throughout the Portside CERP. To help address this concern, the CERP includes a District commitment to evaluate the feasibility of adopting a rule to control emissions from indirect sources such as warehouses, distribution centers, and port terminals.

AB 617 International Border Community. In 2021, CARB selected the International Border Community of San Ysidro and Otay Mesa to develop and implement a CERP pursuant to AB 617. District staff are working with an International Border Community Steering Committee to identify the community’s key air quality concerns and potential strategies to address them, for inclusion in a future proposed CERP. Committee members have raised concerns over the rising demand for warehouse and distribution space in the international border region, which adds to existing high volumes of trucks crossing the border daily and contributes to some of the worst DPM

³ Heavy-duty trucks emit over 90% of the indirect source emissions from warehouses with at least 100,000 sq ft. of indoor floor space, according to SCAQMD’s analyses of its Rule 2305 (Warehouse Indirect Source Rule-Warehouse Actions and Investments to Reduce Emissions Program). See page 2-2 at <http://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2018/2018-may4-032.pdf>.

⁴ See CBS News, *Otay Mesa continues to grow as a commerce hub* (Feb. 8, 2023) and *Proposed project could bring thousands of diesel trucks to Barrio Logan, locals not happy* (Dec. 4, 2022); available at <https://www.cbs8.com>, accessed Mar. 16, 2023.

⁵ Letter from Ellen M. Peter, Chief Counsel of the California Air Resources Board to Wayne Nastri, Executive Officer of the South Coast Air Quality Management District, dated May 6, 2021, attaching letter from Robert Swanson, on behalf of California Attorney General Rob Bonta, to Ellen M Peter, entitled “Legality of South Coast Air Quality Management District Proposed Rules 2305 and 316 - Facility-Based Mobile Source Measure for Warehouse Distribution Centers.” Dated, 6 May 2021.

pollution in the state. To help address these concerns, the Committee is considering including a warehouse indirect source measure as part of the future proposed International Border CERP, mirroring and supporting the corresponding measure in the Portside CERP.

1.3.2 Federal Law

The District's indirect source authority is reinforced in the Clean Air Act, which, as previously stated, defines an indirect source as "...a facility, building, structure, installation, real property, road, or highway which attracts, or may attract, mobile sources of pollution." (42 U.S.C. §7410(a)(5)(C)). Federal law allows an indirect source review program to be included in the State Implementation Plan to attain national clean air standards (42 U.S.C. §7410(a)(5)(A)(i)). An indirect source review program is defined as a *"facility-by-facility review of indirect sources of air pollution"* and includes, but is not limited to, *"measures as are necessary to assure, or assist in assuring, that a new or modified indirect source will not attract mobile sources of air pollution, the emissions from which would cause or contribute to air pollution concentrations that exceed a national primary ambient air quality standard or prevent maintenance of any such standard."* (42 U.S.C. §7410(a)(5)(D)).

2.0 STAFF ACTIVITIES & FINDINGS

Starting in November 2021, District staff began work to evaluate the feasibility of various actions to address indirect sources of pollution, particularly warehouses, distribution centers, and ports. Staff began by reviewing rules from other districts, and then conducted meetings with stakeholders and subject matter experts to determine what sort of actions could be feasible for the region.

To date, District staff has conducted 49 meetings with various stakeholders, including community groups, warehouse owners, other jurisdictions and other internal District divisions. Feedback from those initial meetings included requests to:

- Minimize the administrative burden and costs for those affected by any new rule, and to the extent feasible, avoid duplicative requirements with existing or proposed State or federal mobile source regulations;
- Include as many warehouses as possible that are close to residents or vulnerable populations;
- Provide a suite of compliance options for those subject to the regulation; and
- Ensure any rule or agreement (i.e. Memorandum of Understanding (MOU)) would not impede the ability to access incentive funding.

Given the feedback from these initial meetings, staff has been researching the potential feasibility of developing a rule similar to South Coast Rule 2305 for warehouses and a Memorandum of Understanding (MOU) with the Port of San Diego, and are requesting feedback from stakeholders and the Governing Board to guide the process as it moves forward. To help inform those decisions by stakeholders and the Governing Board, staff conducted the activities outlined in Sections 2.1 through 2.4 in this document.

2.1 SAN DIEGO WAREHOUSE INVENTORY ANALYSIS

District staff obtained information from a commercial real estate analytics firm to identify the number, size, and location of existing warehouses in the San Diego region.⁶ There are approximately 6,700 warehouses throughout the region, ranging in size from less than 1,000 sq ft. to 3.3 million sq ft. of indoor floor space. The population of warehouses in various size categories is listed in Table 1. Warehouses with at least 100,000 sq ft. of indoor floor space represent less than 4% of all warehouses yet account for more than 28% of the total warehousing space in the region.

Table 1
Warehouse Population in San Diego County⁷

Size Category (Indoor Floor Space)	Number of Warehouses	Square Footage
≥ 250,000 square feet (sq. ft.)	27	14,654,930
≥ 150,000 to < 250,000 sq. ft.	81	15,077,654
≥ 100,000 to < 150,000 sq. ft.	135	15,986,960
≥ 50,000 to < 100,000 sq. ft.	414	28,401,882
< 50,000 sq. ft.	6,080	87,121,334
Total:	6,737	161,242,760

Figure 1 shows the locations of all warehouses in the region, which tend to be concentrated in areas with access to transportation infrastructure and customer markets. The location of warehouses is overlaid on a map showing the region's CalEPA CalEnviroScreen (4.0) scores.⁸ The region's under-resourced communities are generally shaded in red, orange, and yellow in the figure.

⁶ The update to the Governing Board in August 2022 regarding the status of the District's indirect source program included data obtained through the San Diego Association of Governments (SANDAG). This data included industrial warehouses only. The data provided in Table 1 is more comprehensive, current, and approximately double the amount of facilities previously presented. It includes industrial facilities (e.g. warehouse, distribution, manufacturing, refrigeration/cold storage, truck terminal) and flex facilities (e.g. light distribution, light manufacturing).

⁷ The warehouse inventory is based on information provided by CoStar Realty Information Inc. and comprises buildings classified as warehouse, distribution, manufacturing, refrigeration/cold storage, truck terminal, or flex (i.e., includes light distribution and light manufacturing and at least half of the building floor area is used as office space).

⁸ Under-resourced communities throughout the state were identified by CalEPA using its CalEnviroScreen (4.0) tool, which evaluates communities using environmental, public health, and socioeconomic indicators to determine their health burdens. Communities are given a percentile score (out of 100%) to show how they compare to the rest of the state. Communities receiving the highest 25% of scores statewide are designated as disadvantaged (i.e. under-resourced) communities, and are generally indicated in the map as shaded in red, orange, or yellow. These include, but are not limited to, the Portside and the International Border communities.

Figure 1
Warehouse Locations in San Diego County

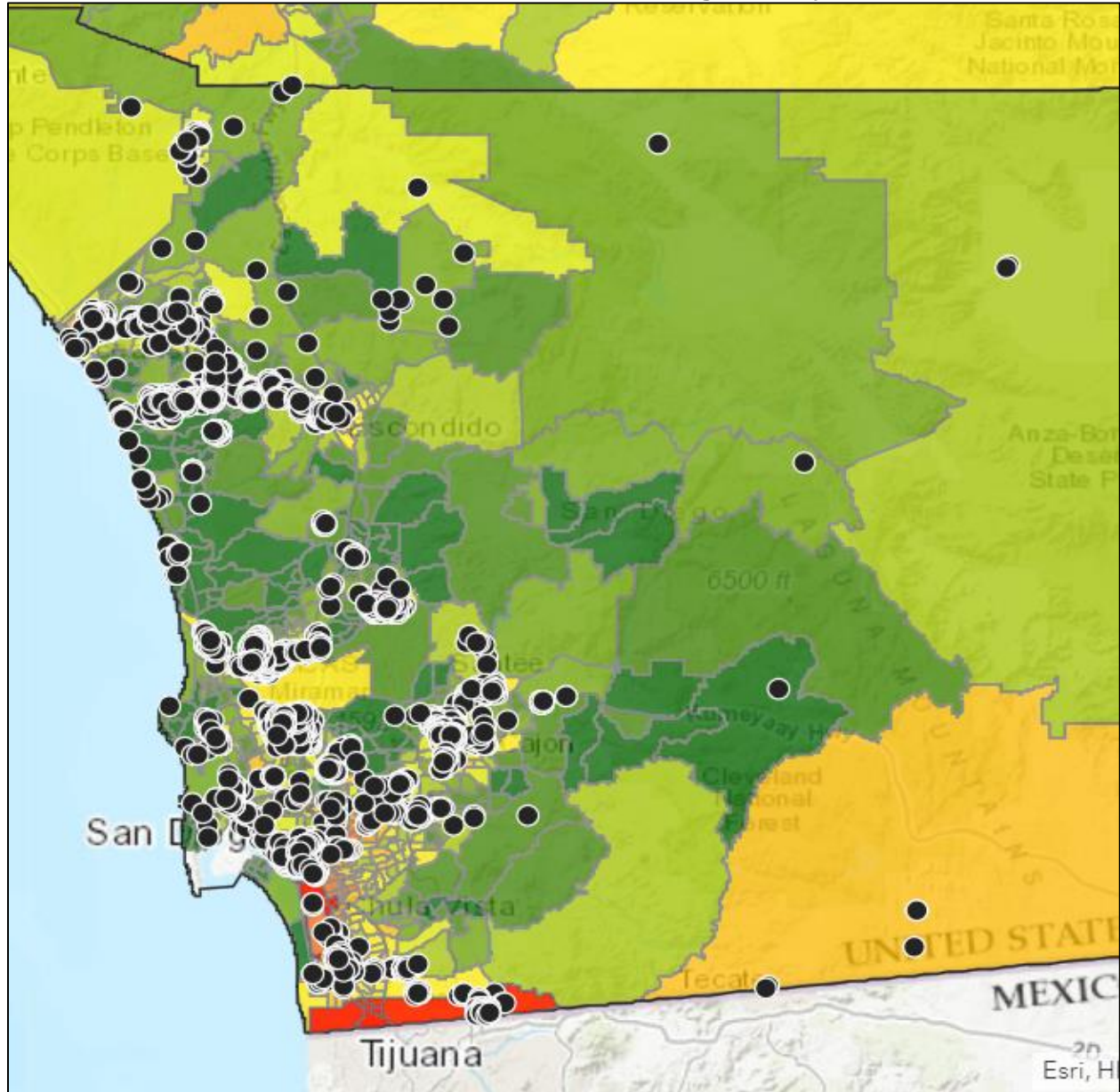


Table 2 below summarizes the warehouse population count (by warehouse size) in under-resourced communities in San Diego County, including the Portside and International Border communities. Table 3 below presents the same information as Table 2 but summarizes the information by warehouse total floor area.

Table 2
Warehouse Population in Under-Resourced Communities in San Diego County

Size Category (Indoor Floor Space)	International Border	Portside	Other Under- Resourced Communities	Total
≥ 250,000 square feet (sq. ft.)	7	1	3	11
≥ 150,000 to < 250,000 sq. ft.	23	2	7	32
≥ 100,000 to < 150,000 sq. ft.	31	2	9	42
≥ 50,000 to < 100,000 sq. ft.	68	32	50	150
< 50,000 sq. ft.	299	487	835	1,621
Total:	428	524	904	1,856

Table 3
Warehouse Total Floor Area in Under-Resourced Communities in San Diego County

Size Category (Indoor Floor Space)	International Border (sq. ft.)	Portside (sq. ft.)	Other Under- Resourced Communities (sq. ft.)	Total (sq. ft.)
≥ 250,000 square feet (sq. ft.)	5,914,592	340,566	2,380,903	8,636,061
≥ 150,000 to < 250,000 sq. ft.	4,610,991	371,000	1,177,932	6,159,923
≥ 100,000 to < 150,000 sq. ft.	3,606,598	234,248	1,015,256	4,856,102
≥ 50,000 to < 100,000 sq. ft.	4,699,764	2,037,876	3,460,352	10,197,992
< 50,000 sq. ft.	5,879,094	5,063,832	11,947,368	22,890,294
Total:	24,711,039	8,047,522	19,981,811	52,740,372

2.2 INDIRECT SOURCE RULE FEASIBILITY ANALYSIS

District staff researched the rules of other air districts to identify and evaluate concepts for potentially regulating indirect source emissions from existing and new freight hubs in the San Diego region. Staff's findings are presented below.

2.2.1 Indirect Source Rule Adopted by SJVAPCD

In December 2005, the San Joaquin Valley Air Pollution Control District (SJVAPCD) became the first air agency in the nation to control emissions from indirect sources by adopting Rule 9510 (Indirect Source Review), which addresses emissions growth from new land development in the Central Valley.⁹ Developers are required to mitigate their construction and operational emissions

⁹ SJVAPCD's eight-county jurisdiction covers all of San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, and Tulare Counties and the Valley air basin portion of Kern County.

by specified percentages, or pay mitigation fees if the emissions are not reduced by the required amount, and the resulting proceeds are used by the air district to fund emission reduction projects.

Rule 9510 plays a significant role in the SJVAPCD's overall emission reduction efforts. However, the rule does not apply to existing freight facilities, which are an important consideration for the San Diego region. Furthermore, it involves individual project-by-project reviews of all types of new land development, which is well outside the scope of the District's current measure and programmatic capabilities. Additionally, environmental documents for regionally significant projects are already screened for possible air quality concerns through the District's existing California Environmental Quality Act (CEQA) review program, which the District anticipates expanding in the years ahead. For these reasons, SJVAPCD's rule was not prioritized for further evaluation or consideration at this time.

2.2.2 Warehouse Indirect Source Rule Adopted by SCAQMD

In May 2021, the South Coast Air Quality Management District (SCAQMD) adopted Rule 2305 (Warehouse Indirect Source Rule—Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program), a first-of-its-kind air district rule to help reduce DPM and NO_x emissions specifically from the freight sector in the Greater Los Angeles region.¹⁰ The SCAQMD also adopted companion Rule 316 (Fees for Rule 2305), establishing fees paid by the regulated warehouses to fund the air district's implementation and administration of Rule 2305.

Applicability & Requirements. SCAQMD's Rule 2305 applies to about 3,300 warehouses in that region, comprising all facilities with 100,000 sq ft. or more of indoor floor space in a single building that may be used for warehousing activities. Affected warehouses must earn a certain number of points annually, depending on the number of truck trips made to and from the warehouse each year as tracked by the operator.¹¹ To earn points, warehouses must complete any combination of items from a menu of several different implementation measures, including buying and/or using zero-emission or ultra-low NO_x on-road trucks, zero-emission cargo handling equipment, zero-emission charging and fueling infrastructure, solar panels, or indoor particulate filters for nearby sensitive land uses.¹² Alternatively, warehouse operators may prepare and implement site-specific custom plans of onsite or offsite actions (within the operator's control) that are not on the menu. Or facilities may choose to pay a mitigation fee to SCAQMD rather than, or in conjunction with, implementing a custom plan or menu items; the resulting proceeds are used to fund clean technology projects that are primarily deployed in impacted communities.

Reporting is also required by SCAQMD's rule. Warehouse owners must submit a one-time Warehouse Operations Notification that includes basic information about their building and tenants. Warehouse operators must submit a one-time Initial Site Information Report about their operations and associated truck activity. Warehouse operators must also submit annual WAIRE Reports providing truck trip data and demonstrating how their facility complied during the previous

¹⁰ SCAQMD's four-county jurisdiction covers all of Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino Counties.

¹¹ Trucks are categorized by their classification. Larger Class 8 trucks are weighted 2.5 times due to higher emissions.

¹² Points assigned to each menu option are constructed based on options available to warehouses with at least 100,000 sq. ft of indoor floor space and would need to be adjusted accordingly for smaller facilities if they would be subject to the rule in the future.

year.¹³ SCAQMD has developed an online reporting tool to assist facilities in meeting these reporting requirements.

Rule implementation began January 1, 2022, and is phased in over several years, beginning with the largest warehouses (greater than or equal to 250,000 sq ft.). Full rule implementation will be complete in 2024. Recent reporting from California Assistant Attorney General Robert Swanson, in response to current litigation, indicates more than 75% of regulated warehouses comply with Rule 2305 provisions without the need to purchase zero-emission or near-zero emission trucks.¹⁴

Litigation. The California Trucking Association (CTA) filed a lawsuit in federal court in August 2021, seeking to invalidate SCAQMD's Rules 2305 and 316.¹⁵ Additional parties have intervened in the lawsuit. In support of SCAQMD, the State of California intervened on behalf of the Office of the Attorney General and CARB, Earthjustice intervened on behalf of a coalition of environmental and community groups, and Natural Resources Defense Council, Communities for a Better Environment, and Environmental Defense Fund also intervened. Airlines for America (A4A) intervened on behalf of CTA.

CTA and A4A claim the rules (1) exceed air district authority because the rules apply to existing sources and interfere with city and county authority over land use decisions; (2) are preempted by federal law including (a) the Clean Air Act preemption of state and local regulations setting motor vehicle emissions standards, and (b) the Federal Aviation Authorization and Administration Act's prohibition of state and local regulations on the prices, routes, or services of motor carriers, and (c) the Airline Deregulation Act's similar prohibition of state and local regulations on the prices, routes, or services of air carriers; and (3) impose an improper regulatory fee under Proposition 26, which was an amendment to Article XIII C of the California Constitution.

In January 2023, the CTA and A4A filed a Motion for Summary Judgment on the Clean Air Act and Airline Deregulation Act claims. The SCAQMD and their supporting intervenors argued the rules are not preempted because they do not relate to the control of emissions from motor vehicles, do not impose an emissions standard, do not require the purchase of vehicles, and at most have a tenuous, remote, or peripheral effect on air carrier prices, routes, or services. A hearing was held on April 17, 2023. The Court has not issued a ruling and has not indicated when a ruling can be expected. The SCAQMD and State of California stated they intend to file their own Motion for Summary Judgment. District staff are tracking developments and will keep the Governing Board apprised.

Benefits & Costs. SCAQMD has reported that its Rule 2305 reduces NOx emissions in that region by an estimated 468 to 936 tons per year depending on which menu options are implemented.¹⁶ The maximum annual cost of compliance is estimated at \$979 million (in 2018 dollars) if all warehouses in that air district implement the highest-cost menu item (solar panel installations). Total public health benefits are estimated to outweigh the total regulatory costs by a ratio of about 3:1 in terms of avoided premature deaths, hospitalizations, respiratory effects, and lost workdays.

¹³ However, warehouses greater than or equal to 100,000 sq. ft. in size that use less than 100,000 sq. ft. for warehousing activity, or with multiple tenants (not under the same parent company) where no operator uses more than 50,000 sq. ft. for warehousing activity, only must comply with the reporting requirements; they are not required to annually earn points or take other emission-reducing actions to comply with the rule.

¹⁴ Barry, C. (2023, April 18). Judge Mulls EPA SIP Approval of L.A. Warehouse Rule in Preemption Case. *InsideEPA.com*.

¹⁵ California Trucking Association v. South Coast Air Quality Management District et al, Case 2:21-cv-06341.

¹⁶ See <http://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2021/2021-May7-027.pdf>.

Alternatives Considered. SCAQMD considered and ultimately rejected potential alternative measures before adopting Rule 2305 and its menu-based points system, which was found to be the least administratively burdensome for facilities and the air district. The alternatives considered included:

- Local government measures, where local governments could decide to tailor indirect source emission reduction strategies through their land use authority. This alternative was rejected due to the potential uncertainty in implementation by local governments.
- Facility-wide emission caps, giving warehouses the flexibility to individually determine how to reduce their emissions to meet a specified cap. This alternative lacked public support and was found to be too administratively burdensome to implement and track.
- Truck fleet certification program, allowing fleet owners to voluntarily certify their fleets as cleaner than otherwise required by CARB regulations while requiring warehouses to use a prescribed amount of certified fleets. This alternative lacked board member support and was considered too complex to set up, administer and track by the air district.

2.2.3 Feasibility of Warehouse Indirect Source Rule for San Diego Region

District staff preliminarily reviewed the potential feasibility of adopting a local rule similar to SCAQMD's warehouse indirect source rule regulating warehouses of 100,000 sq. ft. and larger (and fees to recover rule administration and enforcement costs), considering technological, environmental, and economic factors. Staff's findings are presented below and suggest such a rule and associated administrative fees are feasible and could be successfully implemented in San Diego County, providing much-needed emission reductions from the freight sector. However, such a rule is predicted to be the costliest measure the District has ever enacted in terms of the compliance costs per pound of reduced emissions. If the Governing Board directs staff to proceed with rule development, further technical analyses including socioeconomic and environmental impact studies and public review would be conducted in accordance with State law to further assess and verify feasibility prior to rule adoption.

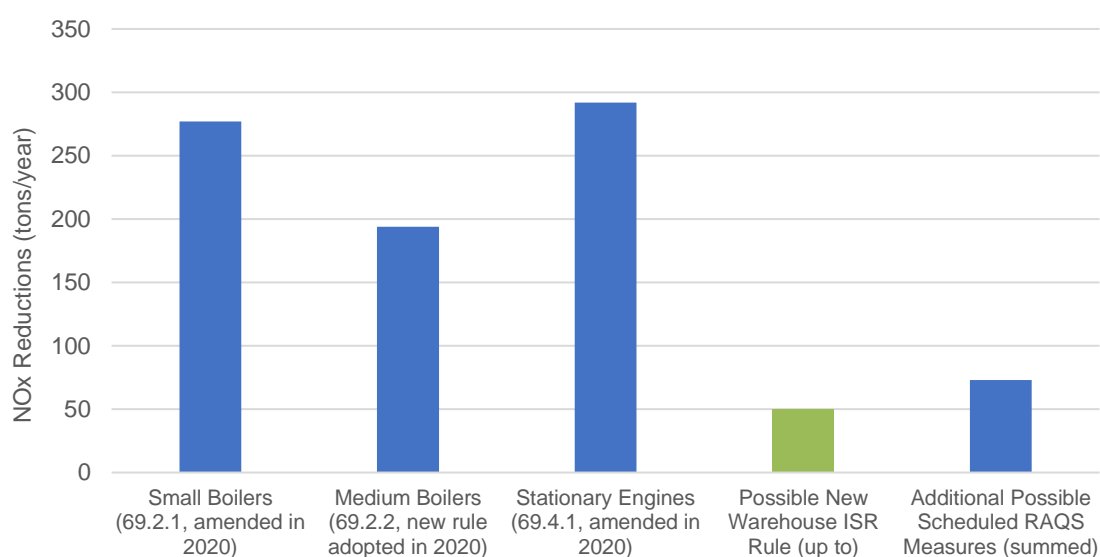
Technical Feasibility. A menu of several different compliance options is provided in SCAQMD's rule, as previously stated. Some options involve the purchase and use of heavy-duty (Class 8) zero-emission vehicles (ZEVs), for which the market is still emerging.¹⁷ However, they are increasingly available as more manufacturers are beginning to offer them in response to regulatory and incentive programs (highlighted in Section 2.4) and were therefore included as a compliance option. Additionally, phase-in periods of the proposed rule are intended to accommodate their increasing availability over time as the market expands. However, if a similar menu-based rule is pursued for the San Diego region, the Governing Board could direct a periodic technology review, including staff recommendations to update the menu of emissions-reducing actions, if warranted. Moreover, warehouse operators would have other potential compliance options that are currently available. These include ultra-low NOx heavy-duty trucks, smaller zero-emission trucks, zero-emission yard trucks, solar panels, charging/fueling infrastructure, and indoor air filtration systems.

Air Quality & Health Benefits. Adopting a local rule similar to SCAQMD's warehouse indirect source rule would be expected to provide comparable air quality and public health benefits to the

¹⁷ Currently there are 8 commercially available models of zero-emission tractors with more coming, as reported by CARB during a public workshop on Feb. 13, 2023.

San Diego region, in proportion to our smaller population of warehouses with at least 100,000 sq. ft. of indoor floor space (approximately 240 here vs. 3,300 in SCAQMD). If adopted, a local rule could be expected to reduce NO_x emissions by as much as 50 tons per year (i.e. 0.2% of baseline regionwide NO_x emissions in 2023), and diesel particulate matter emissions by as much as 0.27 tons per year (i.e. 0.1% of baseline regionwide diesel particulate matter emissions in 2023), based on preliminary estimates. Figure 2 below illustrates emission reduction benefits from recent (and proposed future) stationary source rulemakings compared to potential reductions estimated from a possible new warehouse indirect source rule. In July 2020 the District adopted rules that reduce NO_x emissions from small boilers (Rule 69.2.1) by 277 tons per year, medium boilers (Rule 69.2.2) by 194 tons per year, and stationary engines (Rule 69.4.1) by 292 tons per year upon full rule implementation. These emission reductions are also presented in relation to possible future emission reductions from measures scheduled for rule development activity in the District's most recent air quality plan to attain state ozone standards ("2022 Regional Air Quality Strategy" (RAQS)). A comparison of the cost-effectiveness of these same previous/future measures can be found below in the *Compliance Costs and Cost-Effectiveness* portion of this section of the document.

Figure 2
NO_x Reduction Comparison to Recent/Possible Rulemakings



Anticipated air quality benefits of a potential warehouse indirect source rule are further visualized in Figures 3 and 4 below. Figure 3 presents total regionwide NO_x emissions along with anticipated NO_x reductions as a result of a proposed warehouse indirect source rule (shown in green). Figure 4 presents emission reductions to be achieved through CARB regulations (in blue) as discussed further in Section 2.4.2, alongside a scenario that combines reductions to be achieved through CARB regulations in addition to a warehouse indirect source rule (in green), if pursued. Substantial emission reductions will be achieved from CARB regulations alone. However, a local warehouse indirect source rule would further reduce NO_x emissions above and beyond existing conditions.¹⁸ Moreover, the resulting public health benefits would be expected to outweigh the potential costs of compliance by a ratio of up to 2.5:1, like SCAQMD's rule. As many as 16

¹⁸ The delta between the blue and green bars in Figure 4 (i.e. emission reductions possible through a warehouse indirect source rule) is expected to be far smaller in practice due to CARB's recent adoption of the Advanced Clean Fleets regulation in April 2023, which will now require zero-emission trucks for many trucking fleets through 2045.

premature deaths, 317 asthma attacks, and 1,092 lost workdays would be estimated to be avoided over a ten-year period as a result of a local rule in the San Diego region.¹⁹

Figure 3
San Diego County Regionwide NOx Emissions (tons per year)²⁰

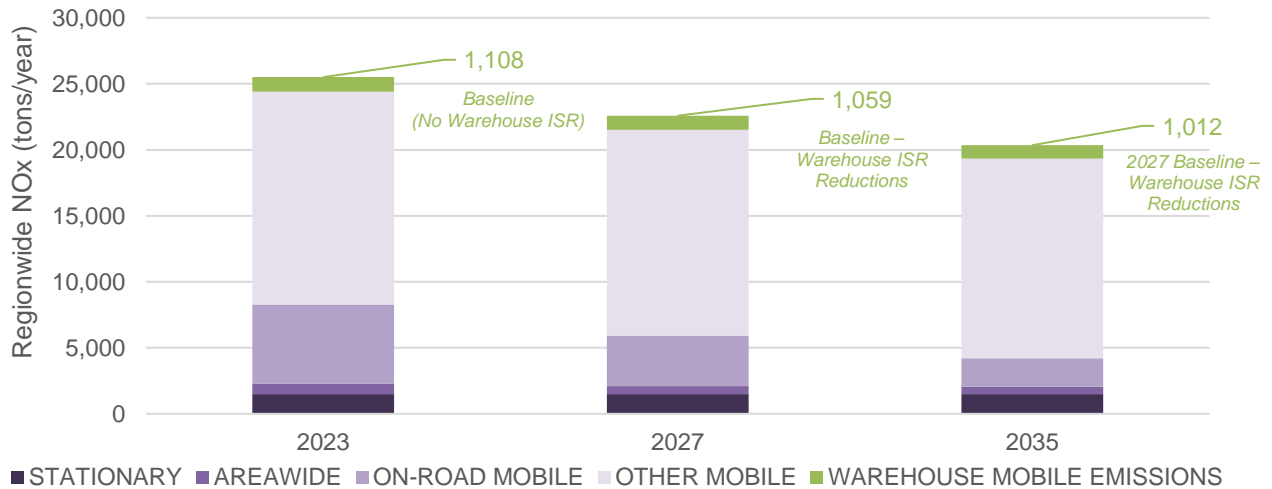
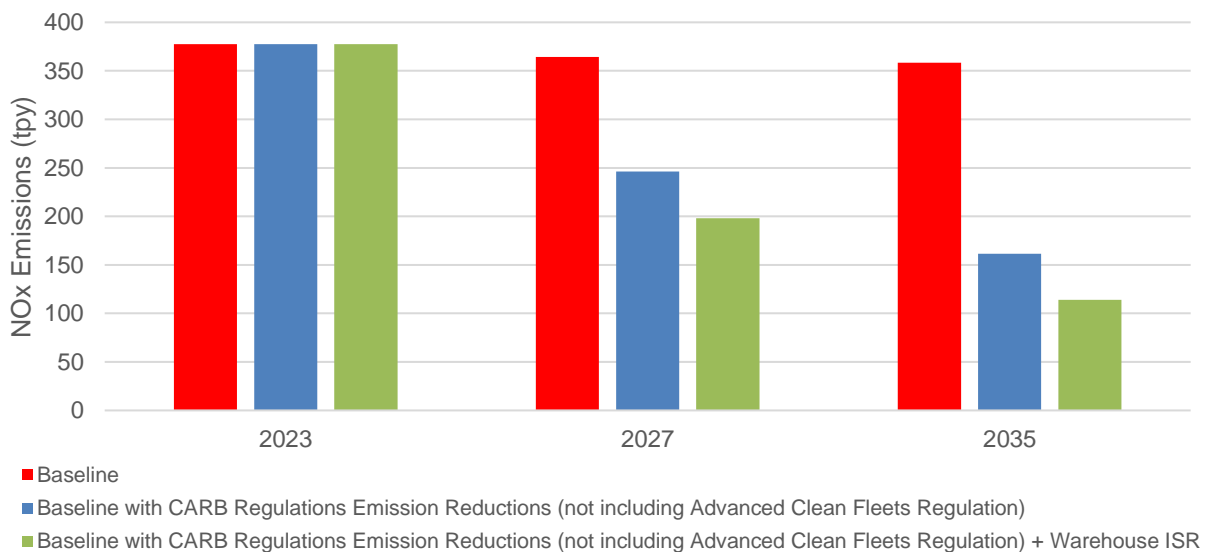


Figure 4
Estimated Warehouse Indirect Source NOx Emissions in San Diego County (from warehouses ≥ 100,000 square ft. in size)²¹



¹⁹ Potential health benefits were estimated using SCAQMD Final Socioeconomic Impact Assessment (SIA), May 2021, scaled in proportion to our smaller population of warehouses with at least 100,000 sq. ft. of indoor floor space.

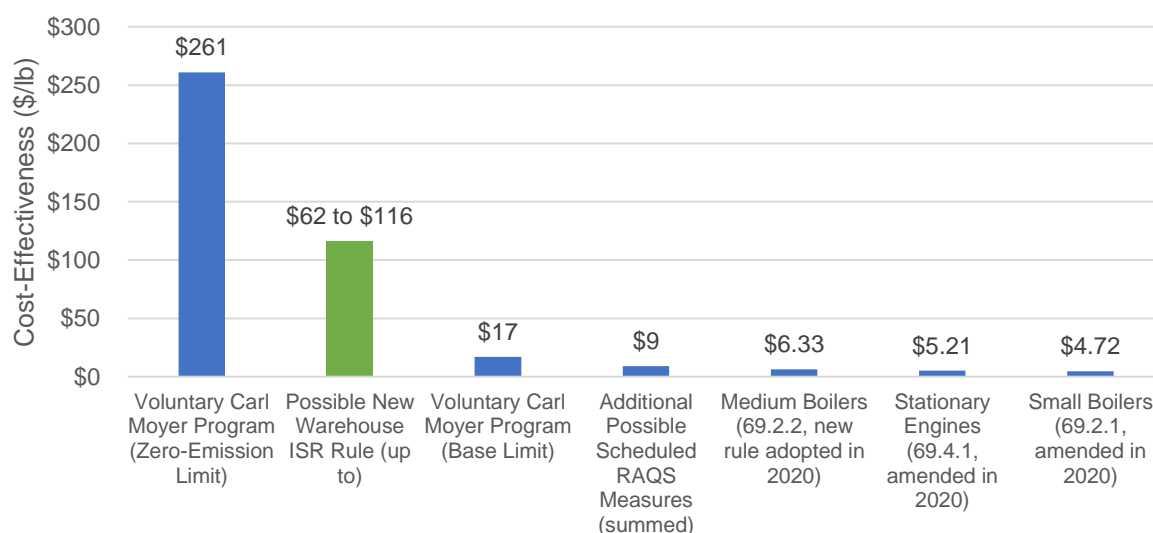
²⁰ Warehouse emissions from facilities above 100,000 square feet.

²¹ The emission reductions from a potential local warehouse rule were estimated based on SCAQMD’s emission reduction estimates for that region under its Rule 2305, scaled in proportion to San Diego County’s smaller population of warehouses with at least 100,000 sq. ft. of indoor floor space.

Compliance Costs and Cost-Effectiveness. Average annual compliance costs incurred by each local warehouse is estimated to be between \$14,400 and \$26,100 per year. Actual costs would vary depending on the site-specific actions taken to reduce emissions. According to SCAQMD, costs for most compliance options are anticipated to be about 0.5% of the total operating costs of each warehouse. SCAQMD also noted that the most expensive compliance option a warehouse operator is likely to select is the mitigation fee, which at SCAQMD equates to \$0.83 per square foot per year according to that air district’s rulemaking analyses. Overall, this translates to an estimated maximum compliance cost of about \$83,000 per year for a smaller warehouse with 100,000 sq ft. of floor space, and could rise to \$830,000 per year for a larger warehouse with 1 million sq ft. If rulemaking is directed by the Governing Board, the District’s proposed mitigation fee would be calculated during the rule development process.

Cost-effectiveness is typically expressed in terms of total compliance costs (dollars) per unit of emissions reduced (tons or pounds). The cost-effectiveness value in this case is difficult to calculate due to the dozens of options that would be available for compliance. Preliminary estimates of cost-effectiveness for a proposed rule in San Diego County currently range between \$62 to \$116 per pound of NO_x reduced.²² As illustrated in Figure 5 below, recent (and proposed) stationary source rulemakings are resulting in greater emission reductions at lower costs. For instance, in July 2020 when the District adopted NO_x rules for small boilers (Rule 69.2.1), medium boilers (Rule 69.2.2), and stationary engines (Rule 69.4.1), all three rulemakings were achieved with cost-effectiveness values under \$7 per pound of emissions reduced. Similar low cost-effectiveness values are also anticipated from previously identified measures found within the District’s recently adopted 2022 Regional Air Quality Strategy (RAQS).

Figure 5
Cost-Effectiveness Comparison to Recent/Proposed Rulemakings and Incentive Programs



²² Warehouses are assumed to gravitate towards the lowest cost options for their specific situations, as reported by SCAQMD. As such, no warehouse would be expected to comply in a costlier manner than the mitigation fee option, which has an estimated cost-effectiveness of about \$100,000 per ton (\$50 per pound) of NO_x reduced for this option according to SCAQMD at the time of its rulemaking. Mitigation fee amounts for San Diego County could vary. SCAQMD noted in their 2022 Air Quality Management Plan (AQMP) that most compliance options available in Rule 2305 were analyzed with a cost-effectiveness below \$315,000 per ton (\$157.50 per pound)

If adopted, a warehouse indirect source rule is anticipated to be the costliest (or least cost-effective) measure the District has ever enacted, significantly exceeding the cost effectiveness values of the District's existing and possible future prohibitory rules (up to \$6 per pound), as well as EPA's guidance threshold for NOx control measures (\$2.50 per pound).²³ Though high, the preliminary cost-effectiveness estimates are comparable to the cost-effectiveness values of mobile source regulations recently adopted by CARB, and as shown in Figure 5 above, lower than the cost-effectiveness values for voluntary adoptions of zero-emission equipment found in incentive funding programs that the District administers.

District Costs for Rule Development and Administration. The District's costs to proceed with rule development, if directed, are partially incorporated in the District's FY 2023-24 Recommended Budget. Existing staff would lead the rule development process. Additional one-time costs of approximately \$250,000 would be expected to be incurred to prepare a socioeconomic impact assessment and CEQA compliance documentation using technical consultants with expertise in those areas.²⁴

In addition to the rule development costs, the District would also incur future costs associated with the ongoing rule administration, outreach, and enforcement activities, including:

- Labor costs for staff time to: receive and process the three types of reports that would be required by such a rule; verify compliance through desk audits and onsite inspections; conduct significant outreach and training on the rule and its requirements; and administer an incentive program funded by collected mitigation fees to deploy clean technology projects benefitting impacted communities. For example, the District estimates between 0.2 and 3.8 hours of staff time would be necessary for each report received, if a rule similar to SCAQMD Rule 2305 were to be adopted and implemented locally. Each report received would consist of review by a Division Chief, Supervising Air Resources Specialist, Air Quality Specialist, and an Air Quality Inspector II. The estimated review time per report does not include additional elements that would be conducted by the District, including proactive outreach opportunities and small business assistance. Although an exhaustive analysis has not been done, initial estimates indicate the additional staff time for the various compliance and outreach activities will likely result in the need for at least two additional staff positions at the District to administer a potential warehouse indirect source program.
- The District anticipates that to administer a warehouse indirect source rule similar to SCAQMD Rule 2305, three reports would be required of facilities subject to the San Diego rule. This includes: a one-time warehouse operations notification report (preliminarily estimated at approximately \$100 per facility), a one-time initial site information report (preliminarily estimated at approximately \$300 per facility), and an annual compliance report (preliminarily estimated at approximately \$600 per facility for each reporting year). Preliminary estimated costs of such reports would be further refined and decreased/increased as needed during the rule development process to ensure District implementation costs would be adequately recovered.

²³ Further information can be found in Section 1.1.3 of the District's *2020 Reasonably Available Control Technology Demonstration for the National Ambient Air Quality Standards for Ozone in San Diego County*, available at: [https://www.sdapcd.org/content/dam/sdapcd/documents/grants/planning/Att%20B%20\(RACT\).pdf](https://www.sdapcd.org/content/dam/sdapcd/documents/grants/planning/Att%20B%20(RACT).pdf)

²⁴ <https://abag.ca.gov/sites/default/files/documents/2021-02/Planning%20Cost%20Guide%20Final%2009-02-2020.pdf>

- Services and supply costs, primarily for information technology as reporting by warehouses would likely be conducted through a new District web portal, estimated to cost \$200,000 to develop initially and \$25,000 annually to maintain. Like SCAQMD, the District estimates an additional fee (per report) would be necessary to recover costs associated to maintain the new District web portal.

As authorized by State law, these future costs could be recovered through an accompanying proposed revision to District Rule 40 setting a schedule of fees to be paid by regulated warehouses when submitting their reports. If staff were directed to complete the rule development process, cost estimates would be presented at public workshops and to the Governing Board in the future when draft warehouse indirect source and fee rules are proposed for adoption. This would include costs for additional District staffing, if warranted, for rule administration, enforcement, and outreach, as well as costs to develop and maintain a web portal for warehouse reporting. These costs would also be incorporated in the District's future annual budgets, as appropriate.

Staff's Conclusions. If the Governing Board were to direct staff to proceed with rule development, the findings presented above suggest a District rule similar to SCAQMD's warehouse indirect source rule regulating warehouses of 100,000 sq. ft. and larger and associated fees to recover the District's rule administration costs could be successfully implemented in San Diego County to improve air quality and protect public health. However, the rule would likely be the costliest (or least cost-effective) measure the District has ever enacted, and further technical analyses including socioeconomic and environmental impact studies and public review would need to be conducted in accordance with State law to assess potential impacts and analyze feasibility prior to rule adoption.

A rule (if pursued) would achieve emission reductions from a significant source of air pollution, the freight sector, and contribute toward the timely attainment of federal and State ozone and State particulate pollution standards and associated health benefits in communities throughout the region. It would also provide regulatory consistency for warehouses in adjacent air districts and trade corridors using an established regulatory model. Moreover, it would support many actions occurring at the federal, state, and local levels to spur development and deployment of zero-emission and other clean technologies in pursuit of clean air and climate goals.

2.2.4 Additional Considerations

Legislation. California Assembly Bill 1372 (Alvarez, 02/17/23) would block CARB's enforcement of any requirements to buy and use heavy-duty zero-emission vehicles operating at the land ports of entry on the California-Mexico border. CARB could resume enforcement starting in 2026 under certain conditions. In its current form (as introduced), the bill is contrary to the District's mission and the goals and actions of multiple agencies that support deployment of zero-emission vehicles, especially in port-adjacent communities suffering greater health risks from diesel pollution. Additional pieces of legislation have also been proposed recently that could affect future siting of new warehousing facilities statewide, thus representing a changing legislative landscape around the sector overall. In accordance with the District's Legislative Policy, staff has advocated and will continue to advocate for bill amendments that align with the agency's mission to meet clean air standards and reduce air pollution burdens, especially in our most vulnerable communities.

Smaller Warehouses. Warehouses smaller than 100,000 sq ft. of floor space are not subject to SCAQMD's rule and would not be covered in this region if an analogous rule were pursued for

San Diego County. However, nearly 30% of all warehousing space in San Diego County would still be subject to a local rule covering warehouses 100,000 sq ft and larger.²⁵

Additional analysis would be required prior to including smaller warehouses in a local rule. Specifically, the District would need to research the ability of warehouses smaller than 100,000 sq. ft. to implement the menu of compliance measures that is in the SCAQMD rule to reduce emissions, and if certain measures are infeasible, to find alternative compliance options. This analysis is critical to the legal defense of the rule from potential claims of federal preemption. It is expected that with fewer emissions sources, limited operating parameters, and space limitations, smaller warehouses likely have fewer menu options, or potentially different menu options, available to them. But because warehouses are often clustered, and actions by regulated larger warehouses may affect fleets that also serve smaller warehouses, a proposed rule regulating warehouses 100,000 sq. ft. and larger could provide localized benefits to residences and other sensitive receptors adjacent to smaller warehouse operations.

Following rule adoption (if pursued) and once the necessary District resources and regulatory infrastructure are in place to administer the new program, future efforts could focus on possibly expanding the rule or implementing other non-regulatory strategies (such as an incentive program) to reduce indirect source emissions from warehouses smaller than 100,000 sq ft. Further, in the initial rulemaking, if pursued, the Governing Board could direct staff to include a provision that requires one-time reporting by smaller warehouses (for example, those with at least 50,000 sq. ft. of floor space), providing basic information about their location and operations that would help inform possible future strategies to further control indirect source emissions from warehouses.

Possible State Implementation Plan (SIP) Rule Submittal. If directed to pursue a local warehouse indirect source rule, the District would likely submit the rule (if adopted by the Governing Board) for inclusion into the San Diego County portion of the California SIP. Its inclusion in the SIP will help ensure the rule is federally enforceable as a SIP-strengthening measure and provide critically needed NOx and particulate matter emission reductions to the San Diego region to support timely attainment of criteria pollutant standards.

2.3 PORT OF SAN DIEGO

The Port of San Diego is a seaport that operates two marine cargo terminals, two cruise ship terminals, and the leases of hundreds of tenant businesses along the San Diego Bay. The Port's National City Marine Terminal (NCMT) receives about 130-160 vessel calls annually,²⁶ and focuses on automobile importing and exporting. The Tenth Avenue Marine Terminal (TAMT) receives about 90-110 vessel calls annually²⁷ and processes refrigerated containers of perishable goods, dry bulk cargo such as cement or fertilizer, and breakbulk commodities (oversized, non-containerized cargo such as windmill blades or large generators). Truck trips at each terminal varies year-to-year but were recently estimated by the Port at over 40,000 annual truck trips per

²⁵ SCAQMD Rule 2305 covers approximately 50% of all warehousing space in their respective region, which indicates they generally have larger warehousing facilities in comparison to San Diego County warehousing facilities.

²⁶ Port of San Diego. *National City Marine Terminal: Port of San Diego & Pasha Automotive Services At Berth Port Plan* (November 30, 2021). <https://ww2.arb.ca.gov/sites/default/files/2022-05/San%20Diego%20-%20National%20City%20Marine%20Terminal%20-%20Original%20Plan%20%28non-ADA%29.pdf>

²⁷ Port of San Diego. *Tenth Avenue Marine Terminal: Port of San Diego At Berth Port Plan* (November 30, 2021). <https://ww2.arb.ca.gov/sites/default/files/2022-05/San%20Diego%20-%20Tenth%20Avenue%20Marine%20Terminal%20-%20Original%20Plan%20%28non-ADA%29.pdf>

terminal.²⁸ The B Street Cruise Ship Terminal receives about 90-100 ship calls annually,²⁹ while the smaller Broadway Cruise Ship Terminal receives about 12-14 vessel calls annually.³⁰

Port operations and associated activities rely on ocean-going vessels, commercial harbor craft, cargo-handling equipment, and heavy-duty vehicles and equipment, most of which are powered by diesel engines that produce air pollution impacting port-adjacent neighborhoods. In fact, currently most of the cancer risk (84%) from air pollution in the Portside Community is due to DPM.³¹ However, sources of DPM in the Portside community emanate from a variety of sources both on and off Port tidelands, including commercial harbor craft, locomotives, ocean-going vessels, on-road mobile sources, transport refrigeration units, stationary sources, and air pollution transported from on and off-road mobile sources in Mexico.

2.3.1 Maritime Clean Air Strategy

On October 12, 2021, the Port of San Diego Board of Port Commissioners approved the Maritime Clean Air Strategy (MCAS), a strategic planning document to help the Port identify and prioritize future projects and initiatives to reduce emissions while supporting efficient and modern maritime operations. Key MCAS goals include:

- 40% of the Port's annual cargo truck trips being performed by zero-emission trucks by June 30, 2026, increasing to 100% by 2030, five years ahead of state requirements.
- 100% of cargo handling equipment being zero emission by 2030.

2.3.2 Potential Memorandum of Understanding (MOU)

District staff worked extensively with the Port in the development of the MCAS. The MCAS identifies important goals and opportunities, on an ambitious timeline, to advance the Port's clean air efforts. However, the path to implementation is complex and is expected to face financial, infrastructure, and operational challenges. District staff has been working with the Port to establish a path forward through these challenges by exploring opportunities for formalizing some of the implementing mechanisms into an MOU. An MOU allows the District and the Port to consider the inclusion of emissions reducing actions that could not be directly required through a rulemaking because of potential limitations in the District's authority over emissions sources at the Port.

Furthermore, an MOU could allow for the expedited adoption of emissions reducing measures because it involves fewer procedural requirements compared to a rule development process. As with the warehouse indirect source rule, an indirect source rule specific to port operations would need to contain alternative emissions reducing measures (i.e. menu of available compliance options) and verify feasibility of those options. Due to the time needed to develop these

²⁸ Port of San Diego. *Final Heavy-Duty Zero-Emission Truck Transition Plan, Version 1.0* (June 30, 2022). Appendix A, Page A-18. <https://pantheonstorage.blob.core.windows.net/environment/Final-Zero-Emission-Truck-Transition-Plan.pdf>

²⁹ Port of San Diego. *B Street Cruise Ship Terminal: Port of San Diego At Berth Port Plan* (November 30, 2021). <https://ww2.arb.ca.gov/sites/default/files/2022-05/San%20Diego%20-%20B-Street%20Pier%20-%20Original%20Plan%20%28non-ADA%29.pdf>

³⁰ Port of San Diego. *Broadway Street Cruise Ship Terminal: Port of San Diego At Berth Port Plan* (November 30, 2021). <https://ww2.arb.ca.gov/sites/default/files/2022-05/San%20Diego%20-%20Broadway%20Pier%20-%20Original%20Plan%20%28non-ADA%29.pdf>

³¹ CARB, May 24, 2022, *San Diego Regional and Portside Community Modeling Presentation to the Portside Community Steering Committee* [PowerPoint Slides]. https://www.sdapcd.org/content/dam/sdapcd/documents/capp/meetings/portside-csc/052422/III.%20CARB%20SD%20Portside%20Risk%20Modeling_Eng.pdf

alternatives, the rule development process may not be able to match the aggressive timelines in the MCAS. Additionally, it's estimated that 73% of the Port's NOx and 87% of its DPM emissions are created by ocean-going vessels and commercial harbor craft,³² which are sources that are challenging to regulate at the local level and may better be addressed with an MOU approach. Overall, operations at the Port of San Diego (as of 2016) comprised approximately 2.5% of regionwide NOx emissions, and 6.2% of regionwide DPM emissions.

To date no air district has adopted an indirect source rule for port operations. SCAQMD has recently pivoted from MOU negotiations with the Ports of Los Angeles and Long Beach to rule development as referenced in Section 2.3.3 below. Any local indirect source rule for the Port of San Diego will have to carefully navigate international and federal laws to determine legal authority. Also, as is often the case with first-in-kind regulations, an indirect source rule would likely face a legal challenge. The SCAQMD will be attempting to navigate this landscape in their rule development process but are still in the early phases.

Thus, as an effective next step, staff propose building off its collaborative work with the Port of San Diego by pursuing an MOU to partner on emissions reduction, facilitative, and health-protective mitigation measures that could support more expedient emission reduction opportunities along the Port tidelands. An MOU, if pursued, can be developed more quickly than a rule and is considered more suitable for facilitative and incentive-based measures that can help to achieve air quality goals. Also, it can provide more flexibility to allocate incentive funding from the District to such projects that may still be considered surplus to regulation, whereas a rule would significantly limit such funding opportunities.

Examples of direct emission reduction projects could include commitments from the Port to achieve quantifiable emission reductions from projects within the Port Tidelands that replace diesel-fueled equipment with newer, cleaner technology or fuels. Facilitative projects are likely to include actions that cannot easily quantify emission reductions, such as enhanced outreach opportunities, installation of zero-emission charging/fueling infrastructure, or additional measures that might incentivize the adoption of zero-emission equipment. Health protective mitigation projects could include commitments to enhance existing air purifier/air monitoring programs, or enhanced enforcement of existing/new truck routes in the Portside area.

Accordingly, and contingent upon the Port agreeing with any proposed MOU, District staff propose returning to the Governing Board in Q4 2023 with proposed MOU language with the Port that includes emission reduction commitments, facilitative measures, health-protective mitigation measures, and reporting requirements to reduce Port indirect source emissions. The MOU would also require approval by the Port of San Diego Board of Commissioners in the same timeframe. The District and the Port will release the draft MOU language for public comment prior to any Board action.

2.3.3 Future Update to Governing Board

If directed to pursue an MOU by the Governing Board, staff propose to return to the Governing Board in Q4 2023 with an update on MOU development, including either proposed MOU language, or with recommendations as to how to proceed. For example, if MOU development is not prompt and successful, i.e., if a proposed MOU is not ready to be executed by Q4 2023, the Board could direct staff to extend the negotiation period for an MOU to be developed, or to shift efforts to investigating a future rulemaking applicable to the Port of San Diego/Port Tenants and

³² Port of San Diego 2016 Maritime Air Emissions Inventory, June 2018. Table ES-1.
<https://pantheonstorage.blob.core.windows.net/environment/2016-Maritime-Air-Emissions-Inventory.pdf>

their indirect source emissions. Staff are tracking similar efforts of the SCAQMD, which was previously working to develop an MOU with the Ports of Los Angeles and Long Beach, which are the two busiest marine container ports in the nation and the largest source of NOx emissions in that air district. However, an MOU was never completed, and in February 2022 the SCAQMD embarked upon rulemaking.

SCAQMD is thus currently developing a proposed indirect source rule for commercial marine ports, with an initial focus on container terminals. The rule will be considered for adoption in 2024, and a subsequent rulemaking is planned for non-containerized terminals. The District will be actively tracking the SCAQMD process moving forward.

2.4 OTHER FEDERAL, STATE, & LOCAL ACTIVITIES

Many other actions are being taken at the federal, state, and local levels to encourage and accelerate the heavy-duty ZEV market and reduce emissions from the freight sector. A few key examples are presented below. A warehouse indirect source rule, if pursued, as well as a potential MOU with the Port of San Diego, would achieve emission reductions that are above and beyond these other programs and would contribute additional air quality benefits to help meet clean air standards in the San Diego region.

2.4.1 U.S. EPA

In December 2022, the U.S. Environmental Protection Agency (EPA) adopted more stringent emissions standards that will reduce NOx emissions from heavy-duty vehicles starting with model year 2027 (88 FR 15). EPA's rule established more stringent NOx standards compared to today's standards and requires lower NOx emissions over a wider range of operating conditions. Moreover, EPA's rule lengthened emissions-related warranty periods. Further, EPA recently proposed two additional rulemakings as part of its Clean Truck Plan to further reduce truck emissions including greenhouse gases.³³

2.4.2 CARB

CARB has recently adopted several regulations, and is developing others, to further control and reduce emissions from heavy-duty vehicles. A few of these statewide regulations are further described below. Any future District rulemaking that staff would be directed to pursue would be designed to achieve surplus emission reductions beyond CARB's regulations and facilitate the implementation of CARB rules by encouraging early adoption of rule requirements.

Omnibus Regulation. In September 2021, CARB adopted the Heavy-Duty Low NOx Omnibus Regulation that requires new trucks that use fossil fuels to include the most effective emissions control technology during the state's transition to electric trucks. The regulation cuts NOx emissions by 75% starting with 2024 models sold in the state,³⁴ and by 90% starting with 2027 models. The regulation also includes provisions to ensure trucks meet standards under real-world conditions and extends warranties.

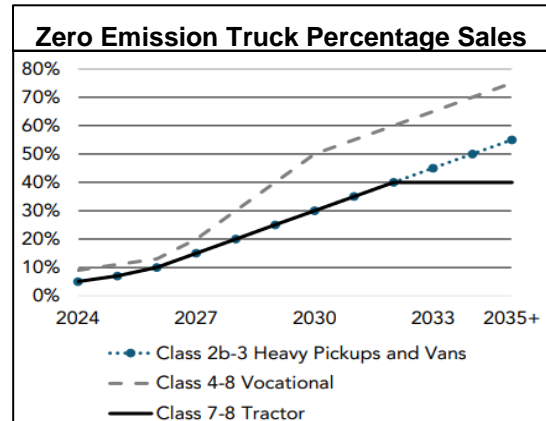
Heavy-Duty Truck Inspection & Maintenance. In December 2021, CARB adopted a heavy-duty vehicle inspection and maintenance (HD I/M) regulation, ensuring emissions control systems on

³³ www.epa.gov/regulations-emissions-vehicles-and-engines/clean-trucks-plan.

³⁴ In a February 2023 workshop, CARB noted manufacturers may have difficulty in meeting standards for 2024-2025 model year truck engines and as such is providing more flexibility for these model years.

heavy-duty trucks are functioning as intended and well-maintained throughout their vehicle life, cutting air pollution. Implementation began in January 2023 and requires regular testing on nearly all heavy-duty vehicles operating in California. All covered vehicles, including out-of-state registered vehicles and trucks crossing international borders, must demonstrate compliance to legally operate in California. The Department of Motor Vehicles will block registration on California-based trucks that do not comply.

Advanced Clean Trucks. In June 2020, CARB adopted its Advanced Clean Trucks regulation to ensure expanding supplies of zero-emission trucks. Truck manufacturers must sell zero-emission vehicles as a growing percentage of sales in all vehicle classes starting in 2024, as can be seen in the graphic on the right. Six additional states have adopted CARB's Advanced Clean Trucks regulation and more states are in the process of doing so. These united efforts are expected to further expand the zero-emission supply chain, leading to increased economies of scale and lower costs.



Advanced Clean Fleets (ACF)

In April 2023, CARB adopted the ACF regulation to require fleets that are well suited for electrification to transition to ZEVs where feasible. The regulation requires (1) 100% zero-emission drayage trucks, last mile delivery, and government fleets by 2035, (2) 100% zero-emission refuse trucks and local buses by 2040, and (3) 100% zero-emission capable utility fleets by 2040. Due to the recent adoption of this regulation, the impacts of this action in regard to a local warehouse indirect source rule are still being analyzed by District staff. However, it is anticipated that the ACF and Advanced Clean Trucks regulations will both significantly increase the number of zero-emission heavy-duty trucks in operation throughout San Diego County, whether or not a local warehouse indirect source rule is pursued.

2.4.3 DISTRICT

Financial Incentives. Through its "Clean Air for All" program,³⁵ the District has invested over \$159 million since 1999 in businesses, the community, and local government to encourage and accelerate the adoption of clean technologies in mobile sources associated with freight hubs and other indirect sources. These incentive grant programs are primarily funded by the State and include:

- Carl Moyer Program, which replaces heavy-duty diesel vehicles and engines with electric and other cleaner technologies;
- Community Air Protection Incentives, which prioritize deployment of zero-emission technologies and infrastructure within under-resourced communities;
- Zero-Emission Truck Pilot Project, which encourages the purchase or lease of zero-emission heavy-duty trucks in the Portside Community; and
- Proposition 1B Goods Movement Emissions Reduction Program, which upgrades heavy-duty diesel trucks and other equipment involved in freight movement to cleaner technologies.

³⁵ <https://www.sdapcd.org/content/sdapcd/grants/moyer.html>.

While the District has been successful with grant programs historically, zero-emission focused programs have had a more difficult time attracting viable projects. As these technologies mature District staff anticipates more interest in those programs. Applicants will need to be aware of the tight timelines and restrictions created by the new state and federal regulatory landscape and opportunities for incentives will continue to be limited.

Mobile Source Enforcement Program. To help address air pollution from mobile sources, the District signed an MOU with CARB to enforce certain mobile source regulations in the San Diego region on CARB's behalf. As a result, the District has the first and most comprehensive Mobile Source Enforcement Program of any air district in the state. The MOU granted the District the authority to conduct inspections of on-road and off-road vehicles and equipment for purposes of enforcing the following statewide mobile source regulations in San Diego County:

- Truck and Bus Regulation;
- Heavy-Duty Vehicle Inspection Program;
- Transport Refrigeration Units;
- Commercial Vehicle and School Bus Idling;
- Off-road Vehicles; and
- Commercial Harbor Craft.

These CARB regulations focus on reducing pollutants that form ozone and cause exposure to toxic DPM, which adversely impacts public health especially in under-resourced communities.

3.0 POTENTIAL TIMELINE

Following its consideration of the information contained herein, if the Governing Board were to direct staff to pursue a local warehouse indirect source rule for warehouses 100,000 square feet and above and/or an MOU with the Port of San Diego, the projected timeline for completing future actions is as follows:

Table 4
Tentative Timeline of Warehouse Indirect Source Rule Development Actions (if pursued)

Throughout	- Public outreach and stakeholder engagement
Q3 2023	- Refine/continue collecting facility information; - Initiate procurement process to secure a contractor to prepare required CEQA and SIA documentation
Q1 2024	- Complete facility and background information collection, refine rule language
Q2 2024	- Start CEQA/SIA preparation process (Environmental Impact Report (EIR) anticipated, ~12-18 months to complete) - Draft rule released for public workshop(s) and comments;
Q4 2024	- Enhanced outreach and engagement (i.e. AB 617 Steering Committees, affected facilities, trade groups, etc.)
Q1 2025	- Complete draft CEQA environmental analysis; release for public comment; respond to comments
Q2 2025	- Governing Board consideration of proposed final rule and final CEQA environmental analysis

Table 5
Tentative Timeline of Port/APCD MOU Actions (if pursued)

Q3 2023	<ul style="list-style-type: none">- Further refine measures/actions with the Port of San Diego to be included in MOU;- Public outreach and engagement
Q4 2023	<ul style="list-style-type: none">- District Governing Board consideration of proposed MOU (or extend negotiation period/direct staff to pursue other options);
Q1 2024	<ul style="list-style-type: none">- Port of San Diego Board of Port Commissioners consideration of proposed MOU (if applicable)



June 6, 2023

Honorable Marcus Bush
Chair, Governing Board
San Diego County Air Pollution Control District
10124 Old Grove Road
San Diego, CA 92131

RE: Agenda Item #3: Indirect Source Rule Framework

Dear Chair Bush and Members of the APCD Governing Board,

I am contacting you on behalf of the Industrial Environmental Association of San Diego County (IEA). IEA, founded in 1983, represents approximately 45 manufacturing companies in the San Diego region that together account for more than 55,000 employees.

We appreciate this opportunity to share our concerns regarding the possibility of the District moving forward with an ISR at this time. We are aware that AB 423 requires that the District "consider an ISR," but we also believe there a number of good reasons to postpone that consideration.

Since the passage of AB 423, CARB has initiated a number of State-wide policy actions that potentially supersede any benefits to this region from an ISR. First, CARB has recently adopted an Advanced Clean Trucks rule that will reduce emissions by several factors over what can be accomplished via ISR. Second: CARB is in the process of adopting an Advanced Clean Fleet rule that, too, will significantly reduce emissions from moderate and heavy-duty trucks.

Couple those two factors with the finding in the staff report that an ISR "...is predicted to be the costliest measure the District has ever enacted in terms of compliance costs per pound of reduced emissions." The staff report also noted that South Coast implemented an ISR in 2022. At that time, their estimates were that the maximum annual cost of compliance would be \$979 million for the LA region. IEA believes that if even half that amount were to fall on the shoulders of the San Diego economy, it would be devastating. From a compliance cost perspective, the staff report estimates costs to each local warehouse between \$14,400 and \$26,100 per year. As you consider these costs, we hope the Governing Board will ask about the return on such a cost. In other words, what measurable benefit will San Diegan's really receive? Is this the best use of our resources in terms of delivering reduced emissions?

Meanwhile, we are all watching the lawsuits over the ISR involving SCAQMD, the Port of Long Beach, and the California Trucking Association. How these play out will have a significant impact on San Diego, so we would respectfully submit that it would be prudent for APCD to table the ISR consideration until the legal issues are resolved.

Finally, there can be no doubt that an ISR will raise the costs for goods and services for everyone in San Diego County. These costs will impact everyone in disadvantaged communities and advantaged communities in terms of grocery prices, gasoline prices....anything that gets trucked into San Diego likely passes through a warehouse.

With those thoughts in mind, we ask that you consider delaying any expenditure of District resources in exploring an ISR until the legal issues are resolved and we have a better idea of how an ISR would or would not benefit the region in light of CARB's Advanced Clean Trucks rule and Advanced Clean Fleet rule.

Thank you for the opportunity to comment on this important issue, and for your consideration.

Best regards,



Jack Monger
CEO



June 7, 2023

Honorable Marcus Bush
Chair, Governing Board
San Diego County Air Pollution Control District
10124 Old Grove Road
San Diego, CA 92131

RE: Item #3 – Indirect Source Rule Framework – June 8th Hearing Discussion

Dear Chair Bush and Members of the APCD Governing Board of Directors,

The undersigned businesses and organizations are writing to express our concerns about proceeding with a rulemaking on an “indirect source rule” (ISR) for the San Diego region.

Our organizations have concerns regarding the District’s statutory and legal authority to implement an ISR in light of the pending litigation filed against the South Coast Air Quality Management District. We would respectfully suggest that in light of the current legal uncertainty, the District should wait until the legal issues have been resolved before investing limited staff resources in a rule making process.

We also raise strong concerns regarding several issues that call into question the wisdom of proceeding with an ISR rule making process at this time. The most significant of those is the fact that the California Air Resources Board (CARB) has recently adopted an Advanced Clean Trucks rule and is currently in the process of developing an Advanced Clean Fleet rule that together is intended to play a major role in reducing emissions from moderate and heavy duty trucks. It is our recommendation that any consideration of an ISR must take into consideration the goals, anticipated emission reductions, and implementation schedule already promulgated in CARB’s Advanced Clean Trucks rule and nearly completed Advanced Clean Fleet Rule. The current framework does not include any mention of these two measures.

Another important issue is raised by staff in the Draft Framework where they noted that significant time and money would be spent in pursuing a rule making without significant emissions reductions (ISR Framework, section 2.2.3 an Figure 2), nor any real indication from the courts that air pollution control

districts have the authority to do so. At a minimum, it would seem prudent to wait on the court's action regarding the litigation on something nearly identical to what staff is proposing here in San Diego.

Additionally, our groups have concerns about the policy of attempting to regulate indirect source emissions through individual property owners and their tenants. Many of the facilities that will be impacted by an indirect source rule, particularly with estimated cost impacts identified by staff, are small businesses and even if they could somehow force compliance from truck owners and others who serve those properties, it would significantly harm their ability to operate in an economically feasible manner.

Additionally, we have some specific concerns with moving forward, including, but not limited to:

1. The vast majority of tenants in occupied warehouse and logistic spaces do not control or have oversight or contractual relationships with the vehicles that move those goods.
2. Technology to alternatively address emissions and meet those needs is barely emergent, making it nearly impossible to comply with this method.
3. Other means, such as solar installation are not practical on many sites, and even if the space allowed for installation, as the staff report notes, it would be exceedingly expensive.
4. A regulatory mechanism that essentially drives compliance through fee payments because other compliance measures are not practical, and will only drive up costs to tenants and consumers without any defined and direct benefit.
5. This will potentially harm what remains of our manufacturing base because their storage needs fall under the threshold for the proposed rule.

With regard to the second staff recommendation, the Port of San Diego's MCAS should not be included in any action to move forward. It is a separate agency which separately developed the MCAS with its impacted stakeholders. To regulate that document through the District would be inappropriate and unnecessary.

Each of the signatory organizations very much care about our regional air quality, as well as efficient supply chains, which is why we would like the APCD to consider supporting and taking a leadership role in the following programs in lieu of developing a costly and ineffective indirect source rule:

- A. A reservation system for cargo at the Otay Mesa Port of Entry, which would eliminate northbound and southbound truck idling, drastically reducing pollution and wait times. While this is clearly a program that would be implemented by Customs and Border Protection, APCD can be the lead agency garnering partners to implement such a program and/or exploring a feasibility study with different technological options for this endeavor.
- B. Support the California Resources Board (CARB) with enhanced robust collaborative efforts to truly tackle non-compliance in CARB programs, such as the Truck and Bus Rule. Data sharing with different federal agencies, such as CBP and DOT does not occur, and would be a very cost-effective measure to eliminate non-compliant truckers and reduce pollution in our region.

We respectfully request that the Air Pollution Control District table action until we have clarity on the California Trucking Association v. South Coast Air Quality Management District case. In the interim, the undersigned groups respectfully request an opportunity to discuss this matter with District staff.

Thank you for your consideration of our collective request.

Respectfully,



Jerry Sanders
President & CEO
San Diego Regional Chamber of Commerce



Alejandra Mier y Teran
Executive Director
Otay Mesa Chamber of Commerce



Sharon Cloward
President
San Diego Working Waterfront



Myrna Aguilar-Sanchez
President 2022-23
San Diego Customs Broker Association



Craig Benedetto
Legislative Advocate
NAIOP San Diego



Jack Monger
CEO
Industrial Environmental Association

CC:

Board of Directors:

Nora Vargas, Chair of the Board of Supervisors, County of San Diego

Terra Lawson-Remer, Vice Chair of the Board of Supervisors, County of San Diego

Todd Gloria, Mayor, City of San Diego

Jack Shu, Councilmember, City of La Mesa

Consuelo Martinez, Councilmember, City of Escondido
Sean Elo-Rivera, Council President, City of San Diego
Esther Sanchez, Mayor, City of Oceanside
Anne Marie Birkbeck-Garcia, Public Member
Georgette Gómez, Public Member
Enrique Medina, Public Member

APCD Staff:

Robert Reider, Air Pollution Control Officer, APCD
Michael Watt, Deputy Director, APCD
Nick Cormier, Air Quality Specialist, APCD
Randy Consolacion, Associate Engineer, APCD

OFFICERS

John Laun, Chairman
SAN DIEGO YACHT CLUB
Todd Roberts, Vice Chairman
MARINE GROUP BOAT WORKS
Sharon Bernie-Cloward, President
SAN DIEGO WORKING WATERFRONT
Sophie Silvestri, Secretary
PASHA AUTOMOTIVE SERVICES
Brian Carr Treasurer
CONSIDINE & CONSIDINE

BOARD OF DIRECTORS

Raymond Ashley
MARITIME MUSEUM OF SAN DIEGO
Lydia Bartell
HUMPHREYS HALF MOON INN
Richard Bartell
BARTELL HOTELS
Susan Baumann
BALI HAI & TOM HAM'S LIGHTHOUSE
Gregory Boeh
GB CAPITAL HOLDINGS, LLC
Terry Buis
BAE SYSTEMS SAN DIEGO SHIP REPAIR
Donna Chong
SAN DIEGO MARRIOTT MARQUIS & MARINA
Sean Clancy
SHERATON SAN DIEGO HOTEL & MARINA
Lee Clark
DIXIELINE
Thomas Driscoll
DRISCOLL INC.
Chris Durrant
HORNBLLOWER CRUISES & EVENTS
Brad Engel
FLAGSHIP CRUISES & EVENTS
Uri Feldman
SUNROAD ENTERPRISES
Jim Garegnani
SOLAR TURBINES
Kip Howard
ALLEGIS DEVELOPMENT
Brian Jones
GENERAL DYNAMICS NASSCO
Dave Koontz
USS MIDWAY MUSEUM
Daniel Kuperschmid
MANCHESTER GRAND HYATT SAN DIEGO
Eric Leslie
HARBOR ISLAND WEST MARINA
Jonathan Litvack
CORONADO ISLAND MARRIOTT
Nicole Madcour-Masri
RESIDENCE INN & SPRINGHILL SUITES SAN DIEGO
DOWNTOWN BAYFRONT
Sarah Marsh
DOLE FRESH FRUIT CO.
Russell McCarthy
CONTINENTAL MARITIME OF SAN DIEGO
Scott Ostrander
KONA KAI RESORT
Kate Pearson
SAFE HARBOR SHELTER ISLAND & SOUTH BAY
Frank Plant
HARBORSIDE
Joey Principato
SANTA MONICA SEAFOOD
H.P. "Sandy" Purdon
SHELTER COVE MARINA
Scott Scheper
STRATEGE LAW
Frank Ursitti
H&M LANDING
Alex Williamson
BNSF RAILWAY

DIRECTORS EMERITUS

Arthur Engel
Raymond Carpenter
Tom Fetter
Ken Franke
William Hall
Roy Hobbs
Douglas Manchester
Karen McElliott
George Palermo
Edward Plant
James Unger
Bruce Walton
Lee Wilson

STAFF

Chelsea Bernie
SPECIAL PROJECTS DIRECTOR
Summer Benton
DIRECTOR, MEMBERSHIP & EVENTS
Irene McCormack
DIRECTOR, PR, AND SOCIAL MEDIA



June 7, 2023

Honorable Marcus Bush
Chair, Governing Board
San Diego County Air Pollution Control Board
10124 Old Grove Road
San Diego, CA 92131

RE: Item #3 – Indirect Source Rule Framework – June 8th Hearing Discussion

Dear Chairman Bush and Members of the APCD Governing Board of Directors:

On behalf of the San Diego Working Waterfront businesses and workers, we are writing about our concerns in proceeding with rulemaking on an “indirect source rule” for the San Diego region. Collectively, the Port provides 64,410 jobs countrywide and has a \$9.2 billion economic impact on the San Diego region.

The vast majority of businesses located within port tidelands do not control or have contractual relationships with the vehicles that move cargo. Technology to alternatively address emissions and meet those needs is barely emergent, making it nearly impossible to comply with the proposed rule. The requirements to “earn credits” to ensure compliance with the proposed rules, like installing solar, as the staff report notes, would be exceedingly expensive. Also, tenants do not own their facilities, therefore, solar and electrical infrastructure improvements could require a lease amendment and possibly Coastal Commission approval. A regulatory mechanism like this essentially drives compliance through fee payment because other compliance measures, like those noted above, are not practical, and fees will only drive-up costs to tenants and consumers without any defined and direct benefit.

In addition, we can support an MOU between the APCD and the Port of San Diego that will direct funding to the Port and its tenants for electrification. We will not support an MOU between APCD and the Port that creates any mandates. We have worked tirelessly with the Port on developing the MCAS because we

strongly believe in implementing measures to reduce emissions. Our businesses are currently working to implement the goals set in the MCAS through grant funding and other incentives. As you know, challenges for implementing are due to technological development, availability, and costs.

Thank you for considering our concerns.

Sincerely,

John Laun
Chair

Sharon Cloward
President, CEO

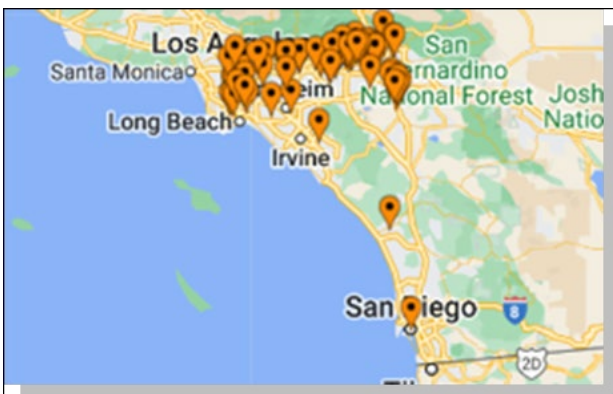
From: [Terry Manies](#)
To: [LUEG, APCD Public Comment](#)
Cc: [Jason Dake](#); [Zack Ruderman](#)
Subject: [External] Public Comment from Orange EV for SDCAPCD Governing Board Meeting Thursday, June 8, 2023 - Agenda Item 3
Date: Thursday, June 8, 2023 11:04:46 AM
Attachments: [image002.png](#)
[image003.png](#)
[image005.png](#)

To the Members of the Governing Board:

Good afternoon. My name is Terry Manies; I'm with Orange EV, maker of the nation's first 100% zero-emissions heavy-duty class 8 yard truck. Thank you for accepting these comments in our support of the Air Pollution Control District's efforts to reduce indirect source emissions from warehouses, distribution centers, and ports in San Diego County.

As you consider ways to meet emission reduction goals from these sources, we urge San Diego County to enact a program like what has become known in South Coast AQMD as the Warehouse ISR. In said program, Orange EV's electric terminal trucks and dedicated charging stations have allowed operators to earn valuable mitigation points which can be used to offset fines generated by diesel-fueled operations. With over 700 trucks sold nationwide, our terminal trucks have clearly proven beneficial to operators and their communities. This is evidenced by the fact that, in 2022, we have seen an almost 75% increase in sales among operations affected by Warehouse ISR rules across the South Coast AQMD.

To illustrate the impact such a regulation could have in San Diego County, below I have included an image highlighting Orange EV electric terminal truck deployments throughout South Coast AQMD. Upon review you will see clearly that Orange EV's trucks are deployed in great numbers region-wide. By comparison, it is clearly visible that businesses in San Diego County have thus far not embraced such technology. Although a direct correlation cannot be drawn, Orange EV is confident that warehouses, ports and other goods movement hubs in San Diego will develop great interest in deploying Zero-Emission equipment should the Board approve the creation of a program similar to the Warehouse ISR.



Moreover, we ask San Diego County to implement such a program with the most stringent possible Zero-Emissions standards. By requiring all equipment included on your (equivalent) WAIRE menu to be Zero-Emission as opposed to so-called near-Zero-Emission, the APCD will help reduce the use of combustion-powered vehicles in goods movement applications and drastically reduce the flow of those diesel-fueled vehicles into secondary market pipelines.

Thank you for considering these comments and for your commitment to finding the most effective – and protective – course to improve San Diego County’s air quality.

Respectfully,

Terry Manies

Manager, Grants & Strategic Initiatives



[Redacted]
Riverside, MO 64150

This e-mail (including any attachments) may contain information that is private, confidential, or protected by privilege. If you received this e-mail in error, please delete it from your system without copying it and notify sender by reply e-mail.