

**BOARD OF DIRECTORS
MEETING**

Board of Supervisors Chambers
700 H Street - Suite 1450
Sacramento, California



AGENDA

Thursday

July 25, 2024

9:00 AM

DIRECTORS

Chair
Patrick Kennedy

Vice-Chair
Sarah Aquino

Bret Daniels
Rich Desmond
Sue Frost
Eric Guerra

Patrick Hume
Caity Maple
Kevin Papineau
Sergio Robles

Phil Serna
Donald Terry
Shoun Thao
Mai Vang

ANNOUNCEMENTS

Members of the public may participate in the meeting in-person, by video conference via Zoom, conference line, and by submitting written comments electronically by email at boardclerk@airquality.org.

Comments submitted will be delivered to the Board of Directors by staff. Public comments regarding matters under the jurisdiction of the Board of Directors will be acknowledged by the Chairperson during the meeting. Public comments will be accepted live until the adjournment of the meeting, distributed to the Board of Directors, and included in the record.

Submit public comments via email to: boardclerk@airquality.org

Zoom Meeting Link:

<https://us06web.zoom.us/j/87314130035?pwd=pTxA45BE35JssyS9bsq2AAvu2Zgaab.1>

Meeting ID: 873 1413 0035

Passcode: 101299

Call In Number

(669) 900-6833

(408) 638-0968

Teleconference Locations:

Folsom City Hall, 50 Natoma St., Folsom, CA 95630

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

BOARD CLERK ANNOUNCEMENTS

BROWN ACT

CONSENT CALENDAR

1. May 23, 2024 Board of Directors Meeting Minutes
Recommendation: Approve the May 23, 2024 Board of Director Meeting Minutes.
2. May 20, 2024 Administrative Headquarters Facility Ad Hoc Committee Meeting Minutes

Recommendation: Approve the May 20, 2024 Administrative Headquarters Facility Ad Hoc Committee Meeting Minutes.

3. Authorization for Technical Support Contract for the Transportation and Climate Change Division

Recommendation: Authorize the Air Pollution Control Officer (APCO) to execute a two-year contract with Environmental Science Associates (ESA) for environmental engineering and planning services in an amount not to exceed \$550,000, and make minor revisions to the contract, in consultation with District Counsel and within the funding limits, that may be necessary to fully implement its intent.

4. Quarterly Contracts Report (April 2024 – June 2024)

Recommendation: Receive and file a report on certain contracts executed by the Air Pollution Control Officer under the Non-Incentive Purchasing Authority for the quarter April 2024 – June 2024.

5. Administrative Errata to the Approved Fees for Fiscal Year 2024/2025

Recommendation: Receive and file a report amending the Approved Fees for Fiscal Year 2024/2025 (FY24/25) effective July 01, 2024 that were approved during the May 23, 2024 Board of Directors meeting.

PUBLIC HEARINGS

6. Amendments to Rule 442 - Architectural Coatings

Recommendation: Conduct a public hearing for the adoption of amendments to Rule 442 – Architectural Coatings, and: 1) determine that the adoption of amendments to Rule 442 is exempt from the California Environmental Quality Act (CEQA); 2) adopt a resolution approving amendments to Rule 442; and 3) direct staff to forward Rule 442 and all necessary supporting documents to the California Air Resources Board (CARB) for submittal to the U.S. Environmental Protection Agency (EPA) as a revision to the State Implementation Plan (SIP).

DISCUSSION CALENDAR

7. Land Use and Climate Program Updates; Communities, Climate, and Tools

Recommendation: Receive and file a report on the current activities in the Climate and Land Use section of the Transportation and Climate Change Division.

8. Carl Moyer and Clean Cars 4 All Program Updates

Recommendation: Receive and file a report on the current activities of the Carl Moyer and Clean Cars 4 All Programs in the Transportation and Climate Change Division.

AIR POLLUTION CONTROL OFFICER'S REPORT

9. Air Pollution Control Officer Presentation

Recommendation: Receive and file a presentation from the Air Pollution Control Officer.

CLOSED SESSION

10. Conference with Legal Counsel - Anticipated Litigation: Significant exposure to litigation pursuant to Government Code section 54956.9(b) (1 Case) - EDP v Sac Metro Air District

BOARD IDEAS, COMMENTS AND AB 1234 REPORTS

PUBLIC COMMENT

ADJOURN

Agenda Revision: This agenda may be revised. A final agenda will be posted on the website (www.airquality.org) and at the meeting site 72 hours in advance of the meeting. Materials submitted within 72 hours of the meeting and after distribution of the agenda packets will be made available on the Sac Metro Air District website subject to staff's ability to post the documents prior to the meeting. The order of the agenda items are listed for reference and may be taken in any order deemed appropriate by the Board of Directors. The agenda provides a general description and staff recommendation; however, the Board of Directors may take action other than what is recommended.

Testimony: The Board of Directors welcomes and encourages participation in Board meetings. When it appears there are several members of the public wishing to address the Board on a specific item, at the outset of the item the Chair of the Board will announce the maximum amount of time that will be allowed for presentation of the testimony. Matters under the jurisdiction of the Board and not on the posted agenda may be addressed by the general public immediately prior to the close of the meeting. The Board limits testimony on matters not on the agenda to three minutes per person and not more than 15 minutes for a particular subject.

Meeting Broadcast: The meeting is videotaped in its entirety and will be cablecast without interruption on Metro Cable 14, the Government Affairs Channel and will be webcast at <https://metro14live.saccounty.gov>. This morning's meeting is being cablecast live and will be rebroadcast on Saturday, July 27, 2024 at 2:00 p.m. on Channel 14.

Closed Captioning: Metro Cable now provides closed captioning of the Sac Metro Air District Board meetings for the deaf and hard of hearing community. The captioning will be available on both the live and playback broadcasts on the Metro Cable television channel (Channel 14).

Assisted Listening: Assisted listening devices are available for use by the public. Please see the Clerk of the Board for further information.

Board Action: The Board of Directors may take action on any of the items listed on this agenda.

Information: Full staff reports are available for public review on the District's website (www.airquality.org), including all attachments and exhibits, or for public inspection at the District's office at 777 12th Street, Suite 300, Sacramento, CA. Copies of items prepared by staff and distributed for the first time at the meeting will be available at the back of the meeting room or may be obtained from the Board Clerk. Copies of items that were not prepared by staff may be obtained after the meeting from the Clerk. Materials related to an item on this Agenda submitted to Sac Metro Air District after distribution of the agenda packet are available for public inspection in the Clerk of the Board's office during normal business hours. For information regarding this agenda, please contact Salina Martinez, Clerk of the Sac Metro Air District Board of Directors, at 279-207-1164.

Meeting Date: 7/25/2024
Report Type: CONSENT CALENDAR
Report ID: 2024-0725-1.



Title: May 23, 2024 Board of Directors Meeting Minutes

Recommendation: Approve the May 23, 2024 Board of Director Meeting Minutes.

Rationale for Recommendation: Minutes serve as the official record of the actions that occurred at board or committee meetings. It is the Board of Directors practice to approve the meeting minutes at subsequent Board meeting. The minutes are included as Attachment A.

All approved Board resolutions from the meeting are attached.

Contact: Salina Martinez, Administrative Supervisor/ Clerk of the Board, 279-207-1164

Presentation: No

ATTACHMENTS:

Attachment A: May 23, 2024 BOD Meeting Minutes
Resolution No. 2024-011 Classification Plan Amendment Adding Accountant
Resolution No. 2024-012 Fiscal Year 2024/2025 District Pay Schedule
Resolution No. 2024-013 Rules of Procedure
Resolution No. 2024-014 Fiscal Year 2024/2025 Approved Budget and Fee Schedule

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/17/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/15/2024



MINUTES

BOARD OF DIRECTORS
 Sacramento Metropolitan Air Quality Management District
 700 H Street, Suite 1450
 Sacramento, California

Thursday

May 23, 2024

9:00 AM

DIRECTORS

Chair
 Patrick Kennedy

Vice-Chair
 Sarah Aquino

Bret Daniels
 Rich Desmond
 Sue Frost
 Eric Guerra

Patrick Hume
 Caity Maple
 Kevin Papineau
 Sergio Robles

Phil Serna
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 (408) 638-0968

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Folsom City Hall, 50 Natoma St., Folsom, CA 95630

CALL TO ORDER/ROLL CALL

Meeting was called to order.

Directors Present: Sarah Aquino, Bret Daniels, Rich Desmond, Sue Frost, Patrick Hume, Patrick Kennedy, Caity Maple, Kevin Papineau, and Shoun Thao.

Directors Absent: Eric Guerra, Sergio Robles, Phil Serna, Donald Terry, and Mai Vang.

Director Hume arrived after the consent calendar was passed.

PLEDGE OF ALLEGIANCE

CONSENT CALENDAR

ACTION:

Rich Desmond Moved /Shoun Thao Seconded

Ayes: Sarah Aquino, Bret Daniels, Rich Desmond, Sue Frost, Patrick Kennedy, Caity Maple, Kevin Papineau, and Shoun Thao.

Absent: Eric Guerra, Patrick Hume, Sergio Robles, Phil Serna, Donald Terry, and Mai Vang.

1. April 25, 2024 Board of Directors Meeting Minutes

Recommendation: Approve the April 25, 2024 Board of Director Meeting Minutes.

Approved

2. Cancellation of the June 27, 2024 Board of Directors Meeting

Recommendation: Cancel the June 27, 2024 Board of Directors Meeting.

Canceled

3. Classification Plan Amendment Adding an Accountant Classification

Recommendation: Adopt a resolution amending the District's Classification Plan to add the Accountant classification and authorizing the Executive Director/Air Pollution Control Officer to take all necessary administrative actions to ensure the seamless integration of the new classification into the existing Classification Plan.

Resolution No. 2024-011

4. Fiscal Year 2024/2025 Public Pay Schedule

Recommendation: Adopt a resolution approving a publicly available pay schedule for Fiscal Year 2024/2025 as required by California Code of Regulations, Title 2, Section 570.5.

Resolution No. 2024-012

5. Rules of Procedure Update

Recommendation: Adopt a resolution adopting the Sacramento Metropolitan Air Quality Management District's (District) updated Rules of Procedure, and authorizing the Clerk of the Board, in consultation with District Counsel, to modify the Rules of Procedure as may be necessary to address changes in policy, District programs and/or comply with legal requirements.

Resolution No. 2024-013

6. Business Environmental Resource Center Contract Amendment

Recommendation: Authorize the Air Pollution Control Officer (APCO) to amend the existing contract with the Business Environmental Resource Center (BERC) for business outreach and assistance services to 1) extend the term of the contract until June 30, 2026; 2) increase the amount by \$180,000 (\$90,000/year) for a new not to exceed amount of \$360,000; and 3) make minor revisions to the contract, after consultation with District Counsel and within the funding limits, that may be necessary to fully implement its intent.

Authorized

7. Del Paso Manor Air Monitoring Station Replacement Budget Update

Recommendation: Authorize the Executive Director/Air Pollution Control Officer to increase the previously approved project amount from \$650,000 to \$740,000 for the replacement and site improvements of the Del Paso Manor Air Monitoring Station.

Authorized

PUBLIC HEARINGS

8. Fiscal Year 2024/2025 Proposed Budget and Fee Schedule

Recommendation: Conduct a public hearing on the Fiscal Year 2024/2025 (FY24/25) Proposed Budget and upon closing the hearing, adopt a resolution approving the FY24/25 Sacramento Metropolitan Air Quality Management District Budget and Fee Schedule effective July 1, 2024.

Patty Kepner, Administrative Services Division, gave a presentation on the Fiscal Year 2024-2025 Proposed Budget and Fee Schedule.

Public Hearing was open and closed with no public comment.

Resolution No. 2024-014

ACTION:

Sue Frost Moved /Rich Desmond Seconded

Ayes: Sarah Aquino, Bret Daniels, Rich Desmond, Sue Frost, Patrick Hume, Patrick Kennedy, Caity Maple, Kevin Papineau, and Shoun Thao.

Absent: Eric Guerra, Sergio Robles, Phil Serna, Donald Terry, and Mai Vang

DISCUSSION CALENDAR

9. Carl Moyer Program, History, 25th Year Anniversary, and Current Solicitation

Recommendation: Receive and file a presentation highlighting the Carl Moyer Program's illustrious history and celebration of its 25th Anniversary milestone, delving into current grant incentive opportunities including the Zero Emission Commercial Lawn and Garden Program, and the renaming of the lawn and garden program to the Charlene McGhee Memorial Lawn and Garden Program to honor her legacy and contributions to the District's environmental initiatives.

Mike Neuenburg and Oliverio Barragan, Transportation and Climate Change Division, gave a presentation on the Carl Moyer Program, History, 25th Year Anniversary, and Current Solicitation.

Received and Filed

Mr. Richard Falcon, United Latinos gave public comment and shared a flyer on the Commercial Lawn and Garden Program information session hosted by United Latinos and the Sac Metro Air District scheduled for May 30, 2024. The flyer was provided to the Board to be shared with the community.

AIR POLLUTION CONTROL OFFICER'S REPORT

10. Air Pollution Control Officer Presentation

Recommendation: Receive and file a presentation from the Air Pollution Control Officer, including the following topics: AB617 CERP Transition Letter to CARB; CPRG Phase 2 Implementation Project Proposal; 25th Anniversary of Carl Moyer Program; 30th Anniversary of Spare the Air; and AB617 South Sac-Florin Community Steering Committee Bus Tour June 24, 2024.

Alberto Ayala, Executive Director/Air Pollution Control Officer gave a presentation.

Received and Filed

BOARD IDEAS, COMMENTS AND AB 1234 REPORTS

PUBLIC COMMENT

Richard Falcon, Teatro Nagual Executive Director, gave public comment on how arts and artists can assist with advocacy on District related projects to the public in creative ways.

ADJOURN

Hand out provided during item # 9

United Latinos and the Sacramento Metropolitan Air Quality Management District invites professional landscapers to participate in an informative session about electric lawn and garden equipment.



Thursday May 30th 6-8 pm
In La Familia's Maple Neighborhood Center
3301 37th Ave Sacramento, Ca

**Up to
\$50,000
towards new
zero-emission
Commercial
Lawn &
Garden
Equipment**



**Equipment
Manufacturers will
have equipment and
machines available
to look at, and
sample.**

SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

EMPRENDE



La Familia
COUNSELING CENTER

SAC METRO  AIR DISTRICT

CLEAN CARS 4 ALL

 **SMUD**
Board of Directors Regular Meeting

**United Latinos y El Distrito de Aire de Sacramento
invita a jardineros profesionales para participar
en una sesión informativa sobre equipo eléctrico
de césped y jardín grado comercial.**



**Jueves 30 de Mayo de 6-8 pm
En La Familia's Maple Neighborhood Center
3301 37th Ave Sacramento, Ca**



**Hasta \$50,000
disponible para
equipaje nuevo
que sea
cero-emisiones de
jardinería
commercial**

**Fabricantes de
equipo estarán
presente con
equipo para
mostrar y probar.**

SACRAMENTO METROPOLITAN



**AIR QUALITY
MANAGEMENT DISTRICT**



La Familia
COUNSELING CENTER

EMPRENDE

SAC METRO  **AIR DISTRICT**

CLEAN CARS 4 ALL


 **SMUD**
Board of Directors Regular Meeting

Air Pollution Control Officer Report

Board of Directors Meeting

May 23, 2024

Sac Metro Air District Requests Transition to CERP for South Sac - Florin



**SACRAMENTO METROPOLITAN
AIR QUALITY
MANAGEMENT DISTRICT**

Board of Directors
April 25, 2024

Agenda Item:
Steven CBE, Ph.D., Executive Officer
California Air Resources Board
1301 L Street, Sacramento, CA 95834

Subject: Request for South Sacramento-Florin to be selected for AB 617
Community Emissions Reduction Program

Dear Dr. Steven CBE:

The Sacramento Metropolitan Air Quality Management District (Sac Metro Air District) requests that the California Air Resources Board (CARB) select our South Sacramento-Florin Community to transition to a Community Emissions Reduction Program (CERP) community. This request is supported by the South Sacramento-Florin Community Steering Committee (Steering Committee) through a majority vote at the March 25, 2024, public meeting of the Steering Committee. The Sac Metro Air District remains committed to the goals of Assembly Bill (AB) 617 and we appreciate CARB's timely allocation of state funding for the development of a CERP. If selected for transition, we will continue to work in partnership with the Steering Committee, interested members of the public, community organizations, and CARB to advance CERP development and the adopted Community Air Monitoring Plan (CAMP).

In anticipation of this transition, the Sac Metro Air District and Steering Committee have already been working collaboratively. We have conducted extensive outreach by attending various community events and neighborhood association meetings in nearby areas. Outreach remains critical as the Sac Metro Air District and Steering Committee realize the current community boundaries through the CERP development process to ensure nearby communities can benefit from inclusion in the CERP designation. A recent community survey helped identify specific community air quality concerns, priorities, and locations of interest. The survey was distributed in six languages (English, Spanish, Farsi, Vietnamese, and Chinese) and is available on a wedge counter and maintained by the Steering Committee.

South Sacramento-Florin is a subcommittee of the Steering Committee dedicated to capacity building for CERP development was instituted in mid-2023. The subcommittee has discussed the transition into a CERP and considered various potential emission reduction projects to present to the full committee.

The Sac Metro Air District continues to fulfill the intent of AB 617 and Community Air Protection (CAP) where possible with current resources. A CERP designation and additional funding will expand efforts that align with:

- SB 1000, the California Climate Change Act, which requires local governments to develop climate change action plans by 2022.
- SB 1383, the California Climate Change Act, which requires local governments to develop climate change action plans by 2022.
- SB 1383, the California Climate Change Act, which requires local governments to develop climate change action plans by 2022.

We are committed to the goal of reducing greenhouse gas emissions and improving air quality for all. We are committed to the goal of reducing greenhouse gas emissions and improving air quality for all. We are committed to the goal of reducing greenhouse gas emissions and improving air quality for all.

AGENDA ITEM:
Board of Directors, Sacramento Metropolitan Air Quality Management District
Stephanie Williams, Co-Lead of the South Sacramento-Florin Community Steering Committee

- ARB to consider request at July 25, 2024 Board evening meeting
- If adopted, 2-year clock starts
- South Sac – Florin CEPR DUE Spring 2026
- Community Steering Committee's role

AB617 South Sacramento – Florin Community Bus Tour

- Tentatively scheduled for June 24, 2024 (6pm-8pm)
- First Steps in CERP Process:
 - Revisit AB617 Community Boundaries
 - A bus tour of the community
- Areas to tour will be determined by the community at June 4th Steering Committee meeting
- Electric school bus and driver provided by A-Z Bus Sales



Going beyond Green – Our \$93 million funding request under “Phase 2” of IRA/CPRG

Going Beyond Green:

Cultivating Community, Connections, and Crops

Applicant Organization:
Sacramento Metropolitan Air Quality Management District

Primary contact information:
Raeel Porter, Program Manager
916-588-0175, RPorter@airquality.org

Type of Application: Individual

Funding Requested: 592,729,294

Brief Description of GHG Measures:

Measure, PCAP pg. (Sector) - Description, Emission Reductions

- Land Use Improvements, pg. 24-26 (Built Environment)** - This measure implements reductions in vehicle miles traveled (VMT) by increasing residential and mixed-use infill development. Between 2025 and 2050, it is expected that this measure will result in a cumulative 106,857 MT CO₂ reduction in greenhouse gas (GHG) emission reductions. Between 2025 and 2050, it is expected to result in 744,289 MT CO₂.
- ZEV Adoption and Charging Infrastructure, pg. 50-52 (Transportation)** - This measure increases cleaner-fuel usage and zero-emission vehicles (ZEVs) by replacing conventional combustion vehicles and increasing access to charging infrastructure for ZEVs. Between 2025 and 2050, it is expected that this measure will result in a cumulative 118,963 MT CO₂ GHG reduction. Between 2025 and 2050, it is expected to result in 843,757 MT CO₂.
- Public Transit Improvements, pg. 53-55 (Transportation)** - This measure adds new bus shelter infrastructure and real-time transit information and promotes a safer environment, thereby creating a more enticing public transit experience for customers. Between 2025 and 2050, it is expected that this measure will result in a cumulative 844 MT CO₂ GHG reduction. Between 2025 and 2050, it is expected to result in 5,986 MT CO₂.
- Transportation Demand Management Program, pg. 62-64 (Transportation)** - This measure reduces commuter VMT by encouraging and mandating the shift away from single-occupancy vehicle (SOV) use to non-SOV modes of transportation. Between 2025 and 2050, it is expected that this measure will result in a cumulative 1,977 MT CO₂ GHG reduction. Between 2025 and 2050, it is expected to result in 23,333 MT CO₂.
- Carbon Sequestration Program/Carbon Farming, pg. 79-81 (Natural & Working Lands)** - This measure establishes carbon sinks through carbon sequestration and carbon farming projects. Between 2025 and 2050, it is expected that this measure will result in a cumulative 12,296 MT CO₂ reduction. Between 2025 and 2050, it is expected to result in 87,196 MT CO₂.




Location(s): The Counties of Yolo, Sutter, Yuba, Nevada, Placer, El Dorado, and Sacramento

Applicable PCAP Reference:

- Sacramento Metropolitan Air Quality Management District
- Capital Region Climate Resilience Plan: 2024
- <https://www.airquality.org/elements/climate-change/climate-adaptation/reduction-grants>

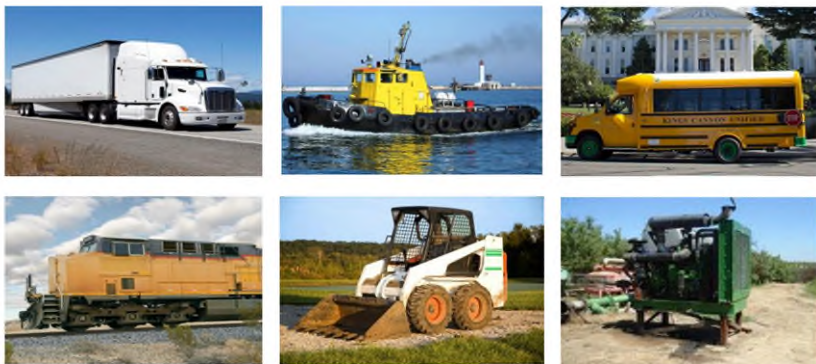
Cover: San Mateo Air District

SAC METRO AIR DISTRICT

	Mobility Hubs (\$40M)
	Green Means Go (\$39M)
	The Carbon Farming Partnership (\$14M)

Program Anniversary Milestones

25 year of Carl Moyer Memorial Incentives Program



<https://sparetheair.com/>

\$44 M State Funding for Advanced Tech Demo Coming to Sacramento – POWER Hub

- Public/private partnership totaling project \$88 M
- Led by CalStart in partnership with Sac Metro Air District and other leading entities
- Goal is to create off-road worksite energy hub for powering zero emission off-road equipment in remote, off-grid locations and a battery-storage-capable solar micro-grid



RESOLUTION NO. 2024 – 011

Adopted by the Sacramento Metropolitan Air Quality Management District
Board of Directors

CLASSIFICATION PLAN AMENDMENT ADDING ACCOUNTANT

BACKGROUND:

- A. The Classification Plan is a series of class specifications that describe proposed or authorized positions within the District.
- B. Classification studies are routinely conducted to assess individual positions or groups of positions within the District, particularly in instances where significant changes in duties or responsibilities occur or with the establishment of new positions.
- C. The Air Pollution Control Officer (APCO) has the authority to propose revisions to the Classification Plan, ensuring that affected employees and their bargaining units are taken into account and provided with an opportunity for written input; subsequently, all proposed changes are presented to the Board for approval.
- D. Grant and accounting responsibilities are performed primarily by one team member within the Finance team working in the Senior Accountant classification and, as grant administration duties have increased, important accounting tasks and projects have been delayed.
- E. The expanding scope of grant administration and accounting duties necessitates the inclusion of an Accountant classification in order to recruit the appropriate resources to fulfill these responsibilities effectively.
- F. The necessity for this type of resource arises primarily from the notable increase in Community Air Protection grants and the Climate Pollution Reduction Planning Grant (CPRG).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

- Section 1. The District's Classification Plan is hereby amended to include the new classification of Accountant, attached as Exhibit 1, and that said classification be incorporated into the existing Classification Plan effective April 25, 2024.
- Section 2. The APCO is authorized to take all necessary administrative actions to ensure the seamless integration of the new classification into the existing Classification Plan, including but not limited to updating relevant documentation and notifying stakeholders of the changes.
- Section 3. Exhibit 1 is attached to and incorporated into this resolution.

ON A MOTION by Director Rich Desmond, seconded by Director Shoun Thao, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Air Quality Management District on May 23, 2024, by the following vote:

Ayes: Sarah Aquino, Bret Daniels, Rich Desmond, Sue Frost, Patrick Kennedy, Caity Maple, Kevin Papineau, and Shoun Thao.

Noes:

Abstain:

Absent: Eric Guerra, Patrick Hume, Sergio Robles, Phil Serna, Donald Terry, and Mai Vang.

ATTEST:

Salina Martinez

Digitally signed by: Salina Martinez

DN: CN = Salina Martinez email =
smartinez@airquality.org C = AD O = Sac
Metro Air District

Date: 2024.06.13 13:37:22 -07'00'

Clerk, Board of Directors
Sacramento Metropolitan Air Quality Management District

Accountant

FLSA Status: Non-Exempt

Flex: No

Bargaining Unit: General

Class Code: 5003

Purpose

Under general supervision, performs professional accounting work related to the maintenance of District finance and accounting records; prepares financial journals, ledgers, reports, and analyses. Supports the management and administration of the District's federal, state, and local grants including grant applications, reporting, compliance monitoring, and internal record keeping. Assists with the planning of the audits of financial records and reviews and evaluates audit results; serves as liaison with outside auditors. Performs a variety of routine professional accounting duties such as budget preparation, budget control, review and analysis of financial transactions and records, and other related work as required.

Distinguishing Characteristics

Incumbents perform professional accounting work in accordance with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards (GASB) under general supervision, instruction, or orientation on the technical specifics of the program or work unit for which the accounting is being performed. Incumbents report to the Controller.

Typical Duties

The duties below are examples of the work typically performed by the employee of this class. An employee may not be assigned all duties listed and may be assigned duties that are not listed below.

1. Prepares, reviews, reconciles, and processes accounting and financial documents for general and subsidiary ledgers ensuring the accuracy of information and calculations.
2. Prepares and analyzes financial reports, statements, and projections for internal and external use, ensuring compliance with district policies, government regulations, and accounting principles.
3. Implements new GASB and GAAP statements; documents and implements new and/or revised accounting policies and procedures. Monitors compliance with accounting policies and procedures.
4. Assists in the development, monitoring, and analysis of the District budgets and reviews requests for changes in budget allocations to determine or project fiscal impact and status. Provides support in compiling and reviewing financial data and forecasting future financial needs and trends.
5. Assists in the preparation for internal and external audits, including gathering documentation, responding to auditor inquiries, preparation of the Schedule of Expenditures of Federal Awards (SEFA), and implementing audit recommendations.
6. Performs indirect and overhead cost allocations; conducts or participates in special projects and initiatives as assigned, such as process improvements, system implementations, or policy development; consults with and coordinates these activities with the Controller and other staff.

7. Assists with the preparation of grant applications and budgets providing sufficient detail and information in accordance with funding agency requirements and all subsequent follow-up documentation.
8. Monitors and manages grants, contracts, and other funding sources. Ensures proper allocation and utilization of funds in accordance with grant agreements and regulations, coordinating with appropriate internal and external resources and providing administrative support to staff throughout the award. Assists with the monitoring of sub-recipients for compliance with grant requirements and risks.
9. Maintains records of District capital assets, including acquisitions, disposals, and depreciation calculations.
10. Assists in enforcing and monitoring department compliance with District accounting policies and procedures.
11. Supports complex accounting projects and initiatives with other members of the accounting and finance team or with other divisions.

Minimum Qualifications

Education and Experience:

Completion of a bachelor's degree from an accredited college or university in accounting, business, finance, or a closely related field with major coursework in accounting and one year of experience working as an accountant or auditor preferably in a public agency with experience in grant administration preferred; or any combination of training and/or experience that provides the desired knowledge and abilities.

Knowledge of:

Professional accounting standards such as Generally Accepted Accounting Principles (GAAP), Generally Accepted Governmental Auditing Standards (GAGAS), and standards set by the Governmental Accounting Standards Board (GASB); financial statement preparation; cost allocation methods; accounting systems and spreadsheet software; governmental budget preparation; policies, procedures, and systems used in accounting, budgeting, and auditing; internal accounting controls; relevant government rules, guidelines and legislation relating to grants.

Ability to:

Prepare, analyze, evaluate, and reconcile complex financial data; analyze and make effective recommendations regarding financial and accounting procedures and workflow; provide support on accounting projects and activities; use enterprise resource planning solutions, Microsoft Office Suite, and grant application software proficiently; make accurate mathematic and statistical calculations; work both independently and collaboratively with those contacted in the course of work; manage time effectively and meet deadlines; communicate effectively, both orally and in writing.

Special Requirements:

Possession of a valid Class C California driver's license may be required at the time of appointment for some positions in this class.

Physical Demands:

Prolonged periods sitting at a desk and working on a computer. Occasional travel by car throughout the District. Occasional lifting to 15 lbs., walking, some bending, stooping, and squatting; reaching equipment surrounding the desk; performing simple grasping and fine

manipulation. Reading small print on a computer screen or in printed documents. Using various office and telecommunication equipment; writing and using a keyboard.

Working Conditions:

The environment is in an office environment and generally clean with limited exposure to conditions such as dust, fumes, odors, or noise.

RESOLUTION NO. 2024 – 012

Adopted by the Sacramento Metropolitan Air Quality Management District
Board of Directors

FISCAL YEAR 2024-25 DISTRICT PAY SCHEDULE

BACKGROUND:

A. The California Code of Regulations, Title 2, Section 570.5, requires that the Board adopt the District's pay schedule at a public meeting.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

Section 1. The District Pay Schedule attached to this Resolution as Exhibit A is hereby approved and effective July 1, 2024.

Section 2. Exhibit A is part of this resolution.

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Exhibit A – District Pay Schedule Effective July 1, 2024

ON A MOTION by Director Rich Desmond, seconded by Director Shoun Thao, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Air Quality Management District on May 23, 2024, by the following vote:

Ayes: Sarah Aquino, Bret Daniels, Rich Desmond, Sue Frost, Patrick Kennedy, Caity Maple, Kevin Papineau, and Shoun Thao.

Noes:

Abstain:

Absent: Eric Guerra, Patrick Hume, Sergio Robles, Phil Serna, Donald Terry, and Mai Vang.

ATTEST:

**Salina
Martinez**

Clerk, Board of Directors
Sacramento Metropolitan Air Quality Management District

Digitally signed by: Salina Martinez
DN: CN = Salina Martinez email =
smartinez@airquality.org C = AD O =
Sac Metro Air District
Date: 2024.06.13 13:38:06 -07'00'

Sacramento Metropolitan Air Quality Management District
Pay Schedule Effective July 1, 2024

Classification	Monthly	
	Minimum	Maximum
Accountant	7,395.03	8,988.71
Administrative Specialist I	6,826.27	8,297.37
Administrative Specialist II	7,395.03	8,988.71
Administrative Supervisor/Clerk of the Board	8,284.19	11,082.25
Air Pollution Control Officer (contract by Board of Directors)	23,767.83	23,767.83
Air Quality Engineer (Assistant)	7,849.01	9,540.52
Air Quality Engineer (Associate)	9,116.21	11,080.81
Air Quality Instrument Specialist I	6,500.26	7,901.11
Air Quality Instrument Specialist II	7,475.58	9,086.61
Air Quality Planner/Analyst (Assistant)	7,849.01	9,540.52
Air Quality Planner/Analyst (Associate)	9,116.21	11,080.81
Air Quality Specialist (Assistant)	7,849.01	9,540.52
Air Quality Specialist (Associate)	9,116.21	11,080.81
Communications & Marketing Specialist (Assistant)	7,849.01	9,540.52
Communications & Marketing Specialist (Associate)	9,116.21	11,080.81
Controller	10,946.32	14,668.64
District Counsel (contract by Board of Directors)	23,005.20	23,005.20
Director	12,582.18	16,860.83
Financial Analyst	7,988.76	9,710.39
Human Resources Officer	8,284.19	11,082.25
Human Resources Technician I	5,305.64	6,449.04
Human Resources Technician II	6,102.06	7,417.09
Information Systems Analyst (Assistant)	7,335.01	8,915.75
Information Systems Analyst (Associate)	8,434.90	10,252.67
Information Systems Manager	10,946.32	14,668.64
Legal Assistant I	5,533.47	6,725.97
Legal Assistant II	6,086.27	7,397.90
Office Assistant I	3,678.72	4,471.51
Office Assistant II	4,125.35	5,014.39
Office Assistant III	4,620.38	5,616.10
Program Manager	10,946.32	14,668.64
Program Supervisor	9,521.89	12,760.59
Senior Accountant	7,988.76	9,710.39
Statistician	9,116.21	11,080.81

In addition to the wages listed above, the District provides special compensation as follows: Directors receive a board approved 5% management pay differential. Employees may receive incentive pay equal to 5% of their base pay if they have earned professional certifications or licenses relevant to their job, such as Professional Engineer or Certified Public Accountant or job relevant doctorate degrees per board approved Memorandum of Understanding.

RESOLUTION NO. 2024 – 013

Adopted by the Sacramento Metropolitan Air Quality Management District
Board of Directors

Rules of Procedure Update

BACKGROUND:

- A. Per California Health and Safety Code Section 40960 et seq., which created the Sac Metro Air District (District), the Rules of Procedures is adopted for the purpose of providing orderly and effective conduct of meetings of the Board of Directors with full and reasonable opportunity for public participation.
- B. Staff has reviewed the current Rules of Procedure, adopted by the Board of Directors in April of 2005, and determined that certain policy elements are outdated and that a general update and restructuring will improve the usefulness as a guiding document.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

- Section 1. The District's updated Rules of Procedure is attached to this resolution as Exhibit I and hereby approved effective immediately.
- Section 2. The Clerk of the Board, in consultation with District Counsel, is authorized to modify the Rules of Procedures as may be necessary to address changes in policy, District programs and/or comply with legal requirements.
- Section 3. Exhibit I is attached to and is part of this resolution.

ON A MOTION by Director Rich Desmond, seconded by Director Shoun Thao, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Air Quality Management District on May 23, 2024, by the following vote:

Ayes: Sarah Aquino, Bret Daniels, Rich Desmond, Sue Frost, Patrick Kennedy, Caity Maple, Kevin Papineau, and Shoun Thao.

Noes:

Abstain:

Absent: Eric Guerra, Patrick Hume, Sergio Robles, Phil Serna, Donald Terry, and Mai Vang.

ATTEST:

Salina Martinez

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Metro Air District
Date: 2024.06.13 13:38:53 -07'00'

Clerk, Board of Directors
Sacramento Metropolitan Air Quality Management District

SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

RULES OF PROCEDURE

Amended May 23, 2024

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PURPOSE AND APPLICABILITY

These rules are adopted to ensure the orderly and effective conduct of meetings of the Governing Board of the Sacramento Metropolitan Air Quality Management. These rules apply to all regular, special and committee meetings of the Board. The rules are to be interpreted broadly to fulfill their stated purposes.

RULE 1. CHAIR, VICE CHAIR AND BOARD CLERK DESIGNATION AND RESPONSIBILITIES

- a. The Chair and Vice Chair of the Governing Board are elected at the first meeting of each odd-numbered calendar year. In the Chair's absence or inability to act, the Vice Chair will preside. If both the Chair and Vice Chair are absent or unable to act, the members present will select a temporary Acting Chair.
- b. The Chair will preside over the meeting, maintain order, and decide questions of procedure, including procedures not specifically addressed by these rules, subject to appeal to the full Board by any Board member.
- c. The Chair is entitled to vote on all matters, participate in discussions, and make or second a motion without relinquishing the Chair.
- d. Any member of the Board desiring to speak will first be recognized by the Chair.
- e. The Acting Chair, in the absence of the Chair, possesses all powers of the Chair and is subject to all duties.
- f. The Board Clerk is an administrative officer of the District responsible for managing the records, documents, and proceedings of the Board of Directors and its committees including preparing meeting agendas, recording minutes, and ensuring compliance with legal requirements and procedures.

RULE 2. MEETING SCHEDULES

All meetings of the Board and its standing committees are open to the public, except for authorized closed sessions as permitted by law.

- a. **REGULAR MEETINGS:** The regular meeting schedule of the Board is established each year by a majority vote in the summer/fall for the upcoming calendar year. All regular meetings will commence at a time set by the Board.
- b. **SPECIAL MEETINGS:** Special meetings of the Board may be convened in accordance with Government Code Section 54956.
- c. **EMERGENCY MEETINGS:** Emergency meeting of the Board may be convened in accordance with Government Section 54956.5.
- d. **COMMITTEE MEETINGS:** Committee meetings of the Board are scheduled by the Committee Chair as needed.
- e. **MEETING WITHOUT A QUORUM:** A quorum means that a majority of the Board members are in attendance. If there is not a quorum the attending members may meet but may not open a public hearing or vote on any District business, except to (1) fix the time to which to adjourn, (2) adjourn, (3) recess, i.e., a short intermission in a meeting that does not close the meeting, and the Board resumes business immediately after, or (4) take measures to establish a quorum.
- f. **PLACE OF MEETINGS:** Unless specified otherwise, all Regular meetings of the Board are held in the Chambers of the Board of Supervisors of the County of Sacramento at 700 H Street, Sacramento, California.
- g. **CANCELLATION OF MEETINGS:** In the event of unforeseen circumstances, emergencies, lack of a quorum, insufficient agenda items, or to enhance the efficiency of District business, a scheduled meeting may be cancelled at the discretion of the Chair or by the Clerk in the absence of a Chair. The cancellation must comply with prescribed legal procedures and be communicated promptly

to all Board members and the public. Business from a canceled meeting will be rescheduled if appropriate.

- h. **ADJOURNMENT OF MEETINGS:** Any meeting may be adjourned to a later specific time on the same day or a subsequent day. If all members are absent, the Clerk may adjourn the meeting to a specific day and time.
- i. **ATTENDANCE BY TELECONFERENCE:** Board members have the discretion to teleconference, via a teleconference platform such as a computer or phone, in accordance with Brown Act requirements.
- j. **TELEVISED BROADCAST OF MEETINGS:** The Board affirms its commitment to transparency by requesting that regular Board meetings in the County Board of Supervisors chambers are broadcast whenever possible, barring technical difficulties. A link to recorded meetings is provided on the meeting page of the District's website and recordings of those meetings are made accessible for future playback.

RULE 3. APPOINTMENTS

When a nomination is made for an appointment, the nomination may be acted upon by the Board at the same meeting.

RULE 4. STANDING AND AD HOC COMMITTEES

- a. **Standing Committees:**
 - 1. A standing committee is a permanent committee of the Board established to consider specific subjects, with regularly scheduled meeting dates and times.
 - 2. The Chair or board member may request the creation of a standing committee; establishing a standing committee requires a majority vote.
 - 3. Standing committee appointments will be made by the Chair at the first meeting of each odd-numbered calendar year.
 - 4. The Budget and Personnel Committee is a standing committee and comprised of the Chair, Vice Chair, Past Chair, and two other members of the Board, for which the Board Chair also serves as the Committee Chair.
 - 5. The Hearing Board Nomination Committee is a standing committee and comprised of three members appointed by the Board Chair, and the committee chair is selected by the committee members.
 - 6. The structure of standing committees may be changed by a majority vote.
 - 7. Standing committees are subject to the Brown Act.
 - 8. Agendas will be prepared, posted, and distributed consistent with the Brown Act, stating the time and place of the meeting.
 - 9. A Board member who is not a member of the committee may attend a standing committee meeting, provided the member attends only as an observer, does not testify or otherwise participate in any discussion, and sits amongst the public.
 - 10. The Board Clerk will maintain and keep a record of standing committees and members.
- b. **Ad Hoc Committees:**
 - 1. An ad hoc committee is a temporary committee of the Board established for a special purpose and of limited duration.
 - 2. The Chair or a board member may request the creation of an ad hoc committee; establishing a standing committee requires a majority vote.
 - 3. The board chair appoints the ad hoc committee members, and the committee members select the ad hoc committee chair.

4. the scope and approximate duration of the ad hoc committee is determined at the time the committee is established.
5. Once an ad hoc committee has been established, the Board Clerk will schedule the first meeting.
6. A Board Member who is not a member of the ad hoc committee may attend an ad hoc committee meeting, provided the member attends only as an observer, does not testify or otherwise participate in any discussion, and sits amongst the public.
7. Ad hoc committees are not subject to the Brown Act.
8. Once an ad hoc committee has completed its purpose, the chair of the ad hoc committee reports back to the Board and announces the dissolution of the ad hoc committee.
9. The Board Clerk maintains and keeps a record of ad hoc committees and membership.

RULE 5. ADDRESSING THE BOARD

- a. Any member of the public wishing to address the Board, whether in person or remotely by computer or phone, is required to make their request to the Clerk. The requester is asked to include their name, address, and the reason for addressing the Board. Upon recognition by the Chair or Clerk, the individual, whether present in the meeting room or participating remotely, may provide their comments.
- b. Members of the public desiring to address the Board during regular meetings on matters on the agenda may speak for up to three minutes. Subject to appeal to the Board, the Chair may, in the interest of facilitating the conduct of business, limit or extend the time allotted to each person addressing the Board.
- c. Members of the public desiring to exercise the right conferred by Government Code Section 54954.3 to address the Board during regular meetings respecting matters over which the Board has jurisdiction, but which are not identified on the posted agenda for that meeting, may do so during the Public Comment portion of the meeting. However, the Board need not provide an opportunity to address a matter for any item previously considered by a Board committee at a meeting open to the public and at which the public had an opportunity to address the committee on the item unless the item has substantially changed. Unless otherwise ordered by the Chair, persons desiring to address an item not on the agenda, may speak for up to three minutes. The Chair may defer or limit the three-minute speaking opportunities if:
 1. a public hearing on the matter will be scheduled during a future meeting;
 2. comments are repetitive or redundant, expressing thoughts already communicated by previous speakers;
 3. comments are from a person who has addressed the same subject matter at a previous regular meeting of the Board; or
 4. for other valid reasons where the intent of subdivision (a) of Government Code Section 54954.3 has been or will be fulfilled within a reasonable time.
- d. Unless determined otherwise by the Board, the total time allocated during a particular meeting to provide an opportunity for all members of the public to address the Board upon matters not identified on the posted agenda may not exceed fifteen minutes.

RULE 6. DISTRICT COUNSEL

All questions of law will be referred to the District Counsel.

RULE 7. REFERRAL TO OTHER AGENCIES

Communications, resolutions, or other matters coming before the Board may be referred to other relevant agencies, as necessary.

RULE 8. BOARD ACTIONS

All actions of the Board will be taken by motion, minute order or resolution.

RULE 9. VOTING

- a. In the absence of a contrary statutory provision requiring affirmative votes of more than a majority, the number of votes required to take action is a majority of the established quorum.
- b. Each Board member will respond "Yes," "No," or "Abstain," to all actions of the Board, by voice vote or roll call vote, unless one or more Board members are participating via teleconference in which case all votes will be by roll call.
- c. An abstention from voting by a Board member on any motion will not count as a vote in favor of or against the motion and will be recorded as an abstention.

RULE 10. RESOLUTIONS

All resolutions must be in writing, except that amendments to resolutions may be offered verbally, and subsequently recorded in writing in the minutes.

RULE 11. AGENDA FORMULATION

Agendas are prepared by the Clerk for each regular or special meeting of the Board, providing a brief general description of each item of business to be transacted or discussed during the public session. The agenda also includes:

- a. An identification of any matters to be considered in closed session that is consistent with the Brown Act.
- b. A statement notifying members of the public of their right to directly address the Board on items within the subject matter jurisdiction of the Board.

RULE 12. AGENDA CATEGORIES

Agenda items are typically listed in one of the categories described below. The Chair may reorder the items or categories at the meeting, or members may request items or categories be reordered through the Chair.

- a. Announcements: Teleconference location/Brown Act Announcements
- b. Board Clerk Announcements: Information on when and where the Public can view the meeting live or at a later date and how the public may address the Board.
- c. Brown Act: Invoke teleconferencing provisions as provided by the Brown Act.
- d. Special Presentations: Ceremonial items.
- e. Consent Calendar: One or more matters not likely to be subject to debate or inquiry by the Board or the public; typically approved in one motion.
- f. Discussion Calendar: Items requiring an oral presentation and discussion before action is taken.
- g. Public Hearings: Duly noticed hearing as mandated by local, state, or federal law, providing an opportunity for public review and comment of a proposed action by the Board.
- h. Closed Session: Confidential discussions with the Board as permitted by the Brown Act.
- i. Board Ideas, Comments, and AB 1234 Reports: Board of Directors may:
 1. provide brief oral or written reports summarizing meetings or conferences attended at the District expense, as required by Assembly Bill 1234.
 2. request management or staff to report on various issues.
 3. request the placement of item(s) on a future Board meeting agenda.
- j. Public Comment: Matters not on the agenda: Verbal or written comments from the public regarding matters not on the agenda but within the subject matter jurisdiction of the District.

RULE 13. AGENDA POSTING AND DEADLINES

- a. The Clerk publicly posts an agenda 72 hours in advance of all regular meetings and 24 hours in advance for special meetings. All meeting agendas are posted on the electronic kiosk at the County of Sacramento Building, outside the doors of the Sacramento Metro Air District Office, and on the District web page.
- b. Emergency meetings are noticed one-hour prior to the meeting to media outlets that have requested notice in writing.
- c. The Board may not take action on an item of business that does not appear on the posted agenda for a meeting, except as authorized by Government Code Section 54954.2.

RULE 14. COMMUNICATIONS TO THE BOARD

- a. The Clerk receives all correspondence and takes one of the following actions:
 1. refer it to the appropriate officer or agency.
 2. receive and file the item, indicating or including it on the next agenda.
 3. forwards a copy of the correspondence to Board members.
- b. The Clerk also notifies the Chair of the Board in all instances of urgency.
- c. A Board member who individually receives correspondence of general interest within the jurisdiction of the District will provide a copy to the Clerk to be handled as outlined above.

RULE 15. FINDINGS

Formal written findings are prepared for adoption by the Board as part of its decision regarding any matter in which formal written findings are required by statute, ordinance, or other law. After the hearing and decision by the Board regarding any matter in which formal written findings are required, the hearing may be closed, and the findings acted on or the matter continued to a future meeting. The decision will not be final until the Board has acted on the findings. Before taking action on the findings, the findings may be changed or modified by the Board.

RULE 16. RECONSIDERATION OR RESCISSION

- a. A motion to reconsider may be made regarding any prior Board action taken at the same or a prior meeting. If the motion to reconsider is approved, the prior Board action remains unaffected unless, after reconsideration, the Board acts to modify the prior action.
- b. A motion to rescind may be made in response to any prior Board action taken at the same or a prior meeting. If the motion to rescind is approved, the effect is to nullify and vacate the prior Board action.
- c. A motion to reconsider or a motion to rescind may not be made to any prior Board action if the action involved is a matter over which the Board has lost jurisdiction or if reconsideration or rescission of the section would not comply with any applicable legal requirement.
- d. A motion to reconsider or rescind may be made only by a member who has voted with the majority in acting on the matter to which the motion relates.

RULE 17. POSTPONEMENT

- a. The Board may postpone or continue any pending matter at any time, either on its motion or at the request of any person interested in the matter.
- b. Every request for postponement must include a statement of the reasons for the request.
- c. A request for postponement from a person interested in the matter must be made in writing at the earliest opportunity before the time the matter is to be heard if feasible.
- d. An oral request must be promptly confirmed in writing.

- e. In ruling on a request for postponement, the Board may consider any relevant circumstances, including the reasons for the request, the timing of the request, and any inconvenience to other interested parties caused by the postponement.

RULE 18. RULES ARE PROCEDURAL

Any Board action taken by the required number of affirmative votes is effective for all purposes and is not invalidated or limited in its effect due to a claim that the procedure followed by the Board was not compliant with these rules.

RULE 19. AMENDMENT OR SUSPENSION OF RULES

- a. Any Rule of Procedure may be amended or repealed at any time by a resolution approved by a majority vote. Any such amendment or repeal is effective immediately or at a later time specified in the resolution.
- b. Any Rule may be temporarily suspended by unanimous consent of all Board members.
- c. The Air Pollution Control Officer, in consultation with District Counsel, may make minor administrative changes to the Rules of Procedure, consistent with the intent of these Rules. The Air Pollution Control Officer, in consultation with District Counsel, has the authority to modify the Rules of Procedure to ensure compliance with the law.

RESOLUTION NO. 2024 – 014

Adopted by the Sacramento Metropolitan Air Quality Management District

FISCAL YEAR 2024/2025 APPROVED BUDGET AND FEE SCHEDULE

BACKGROUND:

- A. California Health and Safety Code Section 40131 requires two public hearings for the purpose of reviewing and providing the public an opportunity to comment on the proposed budget.
- B. On April 25, 2024, the Sacramento Metropolitan Air Quality Management District Board of Directors (Board) conducted a public hearing on the Proposed Fiscal Year 2024/2025 (FY24/25) Budget, and the second public hearing, for further review and consideration of the budget, was conducted on May 23, 2024.
- C. The FY24/25 Approved Budget shows appropriations, revenues, methods of financing, and total annual appropriations subject to limitations.
- D. District rules state that certain fees may be adjusted on an annual basis providing that the rate adjustments meet the requirements of specific California Health and Safety Codes and do not exceed the annual California Consumer Price Index (CPI).
- E. The District may adjust fees by up to the maximum rate approved by the Board, and the FY24/25 CPI increase of 4.17% (indexed to the California Division of Labor Statistics and Research, All Urban Consumers, April 2022 - April 2023) to all eligible fees, is needed for the District to carry out its objectives and responsibilities related to stationary source programs.
- F. The FY24/25 Approved Budget includes 105.8 full-time equivalents (FTE) positions, an increase of 4.0 FTE from the FY23/24 Amended Position Budget.
- G. On March 25, 2024, a public notice was sent to fee payers; legal notices were posted in the Sacramento Bee, and the FY24/25 budget and fee schedules were made available for public review on the District website.
- H. The District's Financial Management Policies are incorporated in Appendix A of the Budget document.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

- Section 1. The FY24/25 Approved Budget set forth in Exhibit 1 is effective July 1, 2024, and is hereby approved as follows:

LEVEL	CLASSIFICATION	FUND		
		100 General	400 Proprietary	500 Special Revenue
51	Employee Services	\$ 19,818,022	\$ -	\$ -
52	Services & Supplies	11,180,818	512,234	34,354,781
53	Debt Service	-	408,600	-
60	Capital Projects	1,168,000	155,000	-
70	Interfund Charges	(2,146,641)	-	2,146,641
Total Requirements		\$ 30,020,199	\$ 1,075,834	\$ 36,501,422

- Section 2. The Air Pollution Control Officer, in consultation with the District Counsel, is authorized to incorporate the Board's final decisions and refine/add content, as may be needed to meet Government Finance Officers Association award application requirements, into the FY24/25 Approved Budget.
- Section 3. The FY24/25 Approved Fee Schedule, which reflects the Consumer Price Index adjustment of 4.17% for authorized fees, set forth in Exhibit 2 is hereby approved effective July 1, 2024.
- Section 4. The Air Pollution Control Officer, in consultation with the District Counsel, is authorized to revise any appropriation made in the Approved Budget and Fee Schedule where the revision is of a technical nature and is consistent with Board intent.
- Section 5. Exhibits 1 and 2 are attached to and incorporated into this Resolution.

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Exhibit 1 – FY24/25 Approved Budget

Exhibit 2 – FY24/25 Approved Fee Schedule

ON A MOTION by Director Sue Frost, seconded by Director Rich Desmond, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Air Quality Management District on May 23, 2024, by the following vote:

Ayes: Sarah Aquino, Bret Daniels, Rich Desmond, Sue Frost, Patrick Hume, Patrick Kennedy, Caity Maple, Kevin Papineau, and Shoun Thao.

Noes:

Abstain:

Absent: Eric Guerra, Sergio Robles, Phil Serna, Donald Terry, and Mai Vang.

ATTEST:

Salina Martinez

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Air District
Date: 2024.06.13 13:39:48 -07'00'

Clerk, Board of Directors
Sacramento Metropolitan Air Quality Management District

APPROVED BUDGET FISCAL YEAR 2024/2025



SACRAMENTO METROPOLITAN



SACRAMENTO, CALIFORNIA

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APPROVED BUDGET

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2024/2025 BUDGET

Board of Directors

Patrick Kennedy, Chair
Chair
Sacramento County Board of Supervisors

Sarah Aquino, Vice-Chair
Vice Mayor
City of Folsom

Bret Daniels
Mayor
City of Citrus Heights

Rich Desmond
Supervisor
Sacramento County Board of Supervisors

Sue Frost
Supervisor
Sacramento County Board of Supervisors

Eric Guerra
Council Member
City of Sacramento

Patrick Hume
Supervisor
Sacramento County Board of Supervisors

Caity Maple
Vice Mayor
City of Sacramento

Kevin Papineau
Council Member
City of Galt

Sergio Robles
Council Member
City of Elk Grove

Phil Serna
Vice Chair
Sacramento County Board of Supervisors

Shoun Thao
Council Member
City of Sacramento

Donald Terry
Council Member
City of Rancho Cordova

Mai Vang
Council Member
City of Sacramento

Executive Director / Air Pollution Control Officer

Alberto Ayala, Ph.D., M.S.E.

District Counsel

Kathrine Pittard

777 12th Street, Ste. 300
Sacramento, CA 95814



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Sacramento Metro Air Quality Management District
California**

For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Sacramento Metropolitan Air Quality Management District for its annual budget for the fiscal year beginning July 1, 2023. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for one year only. The District believes its current budget continues to conform to program requirements and will submit it to GFOA to determine its eligibility for another award.

The Fiscal Year 2024/2025 Budget was prepared by the Administrative Services Division
Finance section in conjunction with District Staff

Division Director
Megan Shepard

*The electronic version of the Approved Budget is available on the
Sacramento Metropolitan Air Quality Management District website at www.airquality.org*

(HYPERLINKS ARE ACTIVE)

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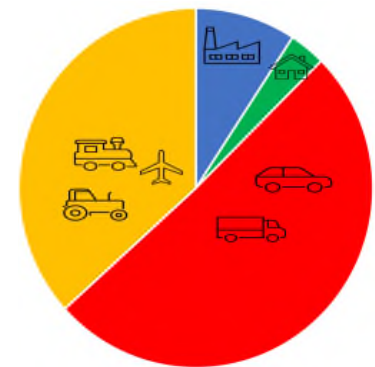
SECTION 1 - Executive Director/APCO Letter

May 23, 2024

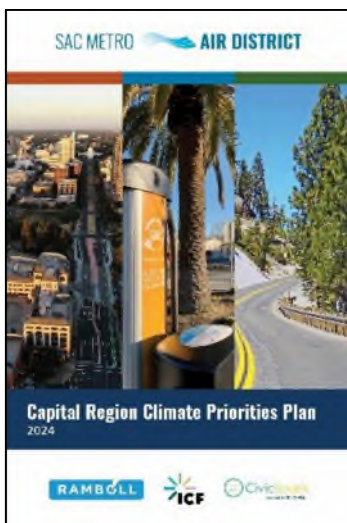
Dear Chair Kennedy, Vice-Chair Aquino, Board of Directors, and Sacramento County residents:

We are pleased to present the Fiscal Year 2024/2025 (FY24/25) Approved Budget for the Sacramento Metropolitan Air Quality Management District (Air District). The Approved Budget is balanced and reflects total expenditures for FY24/25 of \$67.6 million, including \$30.0 million for the General Fund, \$1.1 million for the Proprietary Fund, and \$36.5 million for the Special Revenue Fund, which supports the clean energy transition by investing in zero-emission projects in the greater Sacramento region. The FY24/25 Approved Air District Budget is a net increase of \$8.9 million from the FY23/24 Approved Budget with a \$2.2 million increase in the General Fund, a \$794,000 decrease in the Proprietary Fund, and a \$7.5 million increase in the Special Revenue Fund. The successful completion of this approved budget creates a clear path for the Air District to continue its work to protect residents of the Sacramento region from the harmful effects of air and climate pollution through the next fiscal year.

Despite significant progress over the last few decades due to the multifaceted investments and initiatives of this agency, the greater Sacramento region still suffers from too much air pollution. And we are not alone. The World Health Organization attributes 7 to 10 million premature deaths annually around the globe to industrialization and our reliance on fossil fuel energy. In a recent report by the Asthma and Allergy Foundation of America, Sacramento was ranked 42, right behind Stockton, in the top 100 “most challenging places to live with asthma in 2023.” While many risk factors play a role in asthma outcomes, exposure to air pollution is a widely recognized contributor. In the Sacramento region, like most urban settings in the country and around the world, the transportation sector – cars, trucks, buses, trains, and equipment – is the largest source of air and climate pollution. For this reason, the Air District prioritizes the transition to cleaner, electric, and zero-emission vehicles under our leading clean air incentives program funded primarily by local and state dollars. The Air District invests approximately \$20 million annually in cleaner and zero-emission technologies, including necessary charging and fueling infrastructure to support the transition to sustainable transportation. The funding goes directly to local businesses, agencies, and individuals who voluntarily choose to work with the Air District by adopting cleaner technologies. Thus, our programs are also an economic development engine for the region.



Sources of smog-forming emissions in the region



However, we cannot do the work that is necessary to clean up the air alone. Many of the sources of pollution impacting the region fall under the jurisdiction and authority of the state or federal government. We applaud the state’s multiple actions to reduce emissions from future cars, heavy-duty trucks, fleets, lawn and garden equipment, and other sources of pollution. Similarly, we recognize the many important federal actions to tackle pollution from the transportation and energy sectors. Emission reductions from all sectors are needed now more than ever since the federal government has also recently adopted more stringent National Ambient Air Quality Standards (NAAQS) for particle pollution. To inform the development of an approvable air quality management plan that meets the new NAAQS, the Air District will continue to work closely with 150 state and local air agency partners from across the country to advocate, influence, and inform federal actions.

The Inflation Reduction Act (IRA) stands to be a game-changer for the region if we succeed in attracting federal investments for our climate priorities. In March, the Air District submitted its *Capital Region Climate Priorities Plan* (Plan) to the federal government. The Plan is the first coordinated strategy for climate action in the seven-county region reflecting the opportunities identified by 29 jurisdictions

participating in the process. The Plan is the first installment in the regional application for federal funding, identifying potential measures in three sectors - the built environment, transportation, and natural and working lands. The Air

District and its partners will continue to pursue other IRA funding opportunities to help us move toward our clean air and climate goals.

The clean energy transition will take time and resources, but at this moment in time, we have a unique opportunity to expand and accelerate actions for decarbonizing our local economy and protecting public health thanks to available federal funding. We can achieve the desired outcome in an inclusive way that benefits all, especially our most marginalized neighborhoods, so all residents can fully partake in the green energy future.



Rendering of Del Paso Heights Mobility Hub

The Air District continues to lead the state in investing funds allocated to the AB 617 Community Air Protection Program (AB 617). We have invested heavily in electric vehicles (EVs) and infrastructure. The Air District's state-designated priority AB 617 community is South Sacramento-Florin – an area of approximately 153,000 Sacramento residents occupying 22 square miles. Multimillion-dollar investments have led to significant pollution reductions and other community benefits in South Sacramento-Florin thanks to AB 617.

The Air District's school bus electrification efforts have been extremely successful. Air District grants have facilitated the early adoption of all-electric school buses throughout Sacramento County with every school district in the county participating, making Sacramento County home to one of the largest all-electric school bus fleets in California. This is made possible due to local and state funding. New federal dollars could help scale and speed the deployment of this and other types of EVs for public and private fleets in our region.



The Air District is ready and equipped to continue the essential core functions of air pollution monitoring, air quality planning, business permitting, compliance, and field inspections of permitted emission sources and clean technology projects. Our top priority is to ensure “transportation conformity” by developing an air quality plan that meets the NAAQS and allows the Sacramento region to remain eligible for state and federal highway funds.

The Air District is funded primarily by permit fees, vehicle registration fees, a local tax measure, and state and federal grants. These funds are critically important to support our mission and vision but are under significant strain given the rising costs of doing business, the growing demands imposed on the Air District by inadequately funded new state mandates, the need for local match funding, and the lack of full cost-recovery or inflation adjustments in many of our programs. Some of our most important initiatives lack continuous appropriation from the state or other sources. For example, the Sacramento Emergency Clean Air Transportation (SECAT) program has been one of our most important local tools for helping participating municipalities and businesses achieve cost-effective emission reductions. The Air District appreciates funding from the Sacramento Area Council of Governments (SACOG), but the program is expected to sunset as no continuous funding source for it has been identified.

A second example is AB 617. This state-mandated program is a paradigm shift in air quality management. It calls for new targeted efforts to address the uneven health burdens imposed on our most marginalized communities by exposure to highly localized air pollution. AB 617 also launched several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. While Governor Newsom has included continuous, partial funding for AB 617 implementation and incentives, the amount of funding is not sufficient to meet the needs of the AB 617 communities or the local agencies implementing this state-mandated program. It is likely that the current state budget deficit will make a difficult situation even more challenging.

The Air District's financial forecast still shows a persistent funding gap between revenues and expenditures and staff will continue to work closely with the Board's Budget and Personnel Committee to identify viable funding solutions and strategies. Invariably, an increase in existing fees and/or new fees applicable to permitted businesses to cover the myriad of newly mandated programs will be necessary. In the meantime, we remain laser-focused on our commitment to carry out our mission of achieving state and federal clean air and climate goals while envisioning a clean air and low-carbon future for all.

As we help the region chart a path toward the future of electric mobility and the transition to sustainability, livability, and prosperity, we will continue to implement our leading equity and mobility programs – Clean Cars 4 All and Our

Community Car Share. We also remain committed to the expansion of mobility hubs throughout the region. The Air District and its partners unveiled the Sacramento region's first Zero-Emission Mobility Hub in Del Paso Heights in 2023. A glimpse into the sustainable future, this project is the first of 52 planned hubs for the region. We also will continue to prioritize the deployment of cleaner and zero-emission vehicles, especially electric school buses, battery-electric and fuel-cell electric trucks, and hydrogen fueling and electric charging infrastructure.

We cannot forget our regional partners. The Air District is fortunate to enjoy strong bonds with the Sacramento Regional Transit District (SacRT), the Sacramento Municipal Utility District (SMUD), SACOG, and many other government and non-government entities that are aligned in the common belief that the Sacramento region can realize a clean energy, zero-carbon, and equitable future for all if we continue to work together. The Air District is ready to continue to do its part. This Approved Budget is a practical step forward.

Respectfully,



Alberto Ayala, PhD, MSE

Executive Director and Air Pollution Control Officer

SECTION 2 – About the District

The About the District section describes the founding of the Sacramento Metropolitan Air Quality Management District, its mission, strategic goals and major activities. This section also highlights strategic priorities, outlines key initiatives for Fiscal Year 2024/2025 (FY24/25), and reports on key measures.

DISTRICT PROFILE

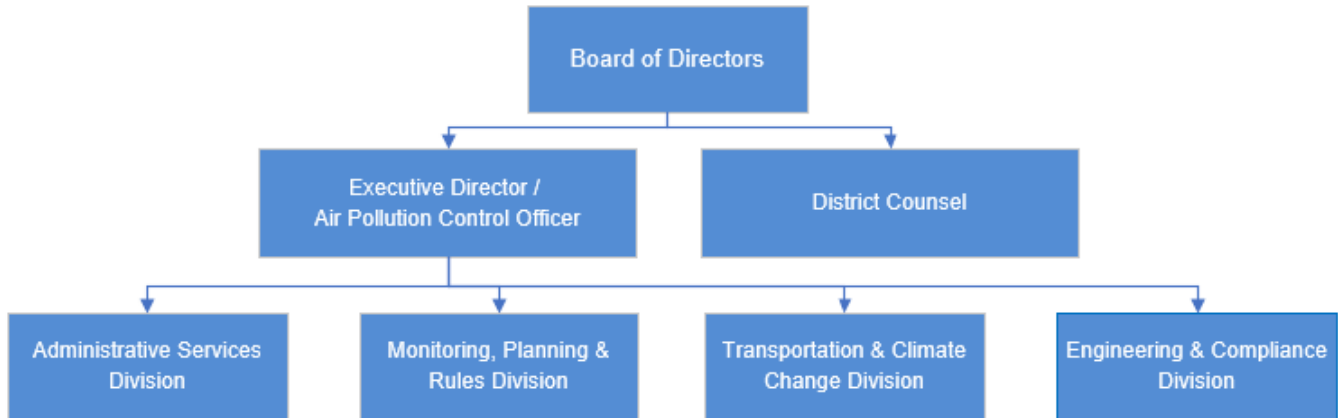
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air quality in the County of Sacramento. It is one of 35 local or regional air quality districts in California. It is designated by the United States Environmental Protection Agency (EPA) as part of the Sacramento Federal Ozone Nonattainment Area (SFNA), which is comprised of all of Sacramento and Yolo Counties, the eastern portion of Solano County, the southern portion of Sutter County, the western slopes of El Dorado and Placer Counties up to the Sierra crest and includes four other local air districts. Below is a map of the SFNA and the District's boundaries in relation to the SFNA.

Map of the Sacramento Federal Ozone Nonattainment Area



The District's Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member each from the cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency's Executive Director/APCO and District Counsel. The District's organizational structure is comprised of the offices of the Executive Director and District Counsel and four operating divisions as shown in the following organizational chart. Additional information can be found in Section 7 – Organizational Overview.

Organization Chart



The District is responsible for monitoring air pollution within Sacramento County and for developing and administering programs to reduce air pollution levels below the health-based standards established by the state and federal governments.

While air quality in the SFNA currently does not meet the federal health standards for ozone, or the more stringent California standards for ozone and particulate matter (PM₁₀ and PM_{2.5}), progress has been made even as standards have tightened. Despite a huge increase in population over the last two decades, the Sacramento region's air quality has continued to improve.

Sacramento County's population was approximately 1.6 million as of the 2023 California Department of Finance Population Estimates. This population represents roughly 63% of the SFNA's population of approximately 2.5 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA, and the makeup of the SFNA (by percent) by county.

Population in Sacramento Federal Ozone Nonattainment Area

County	SFNA portion of the County	Population		County in SFNA/Total SFNA ³
		County ¹	SFNA/County ²	
El Dorado	157,285	187,285	84%	6.3%
Placer	400,786	410,706	98%	16.0%
Sacramento	1,581,831	1,581,831	100%	63.1%
Solano	140,626	446,745	31%	5.6%
Sutter	3,193	98,151	3%	0.1%
Yolo	222,381	222,381	100%	8.9%
Total	2,506,102	2,947,099	-	100.0%

¹ The county population data is based on the 2023 California Department of Finance Population Estimates and Components of Change by County (Table E-6) <https://dof.ca.gov/Forecasting/Demographics/Estimates/>. It represents the population estimate as of July 2023.

² The SFNA/County population percentages are based on the 2020 Census Data, which was downloaded from: https://www2.census.gov/programssurveys/decennial/2020/data/01-Redistricting_File--PL_94-171/California/ on 02/10/2022.

³ Percentage values are rounded to one decimal point.

A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains, and plenty of sunny days act to enhance smog formation and effectively trap pollutants in the Sacramento Valley Basin. The Sacramento region has relatively few "smokestack" industries (stationary sources) compared to the Bay Area and Southern California. Therefore, even if all these stationary sources were to shut down, without further mobile source reductions, it is unlikely that the region could meet stricter air quality standards, particularly the tougher state standards.

Air and climate emissions in the Sacramento region come from mobile, stationary and area-wide sources. The largest contributor is from the transportation sector, such as motor vehicles, airplanes, locomotives, and other fossil fuel combustion engines and portable equipment. The category also includes "off-road" sources, such as construction, mining, and agricultural equipment. State and federal regulations coupled with local programs to modernize the vehicle fleet will help to reduce the impact of motor vehicle fuel and engine emissions on our air

quality in the future. However, as general activity and expected growth in our region return and bring more people and vehicles, mobile sources will continue to be the dominant factor in the region’s ongoing air pollution problem.

STRATEGIC DIRECTION

This Strategic Direction is the roadmap for the District’s programs and activities focused on accomplishing its principal functions. Importantly, this roadmap is also a line of communication of the District’s vision to staff, its Board of Directors, agency partners and stakeholders, and the public at large. Gaining and maintaining the trust of the community it serves is paramount, and the Strategic Direction provides a sound basis for resource allocations, expenditures, clean air investments, and general community support while ensuring transparency and accountability.

DISTRICT STRATEGIC DIRECTION	
Vision	Clean air and a low-carbon future for all
Mission	Achieve state and federal clean air and climate goals
Core Values	<ul style="list-style-type: none">• Integrity• Teamwork• Leadership• Innovation
Strategic Goals	<ul style="list-style-type: none">✓ Maximize program effectiveness while balancing environmental and economic considerations✓ Provide regional leadership in protecting public health and the environment✓ Integrate equity and environmental justice in decision-making for all air quality and climate change considerations✓ Develop and enhance diverse partnerships✓ Recruit, develop, and retain excellent diverse staff✓ Influence, develop and implement innovative programs, and promote resilience and sustainability throughout the region✓ Increase the public’s role in improving air quality and reducing carbon✓ Ensure fiscal responsibility and viability

DISTRICT ACTIVITIES

District activities are the day-to-day functions and processes that occur within operational areas and play a critical role in supporting the District’s mission to achieve state and federal clean air and climate goals. How the agency performs the activities, i.e., how it goes about its work, is informed by its strategic goals. The strategic goals are the long-term objectives the District has set to guide its decisions and actions and typically involve a significant level of planning, coordination, and resources to achieve. By understanding how district activities relate to its strategic goals, leaders can make informed decisions about resource allocation, staffing, and other factors that will impact the success of District initiatives. The District’s activities are listed in the table below followed by brief descriptions of the main functions of each activity.

DISTRICT ACTIVITIES	
Air Monitoring	Sustainable Land Use
Community Health Protection	Permitting and Business Compliance
Clean Transportation and Future Mobility	Public Outreach and Notification

Air Monitoring

- Comply with federal and local air quality planning requirements and develop and maintain federally approvable State Implementation Plans
- Measure air quality to inform planning decisions to meet federal health-based standards
- Provide real-time air quality data for the community – summer ozone pollution forecasts, winter Check Before You Burn program, particle pollution forecasts for leaf blower use restrictions in the City of Sacramento
- Measure, report, and communicate impacts from wildfire and other events
- Comply with state and federal air monitoring quality assurance and quality control requirements to produce valid and defensible air quality data

Community Health Protection

- Prompt investigation of and response to air quality complaints
- Targeted review of operating businesses in disadvantaged communities to ensure compliance with all applicable permit requirements
- Protect the public against exposure to asbestos with oversight activities of renovation, demolition, and abatement projects
- Reduce exposure to toxic smoke by investigating illegal burns and enforcing the *Check Before You Burn* program
- Assess emissions and exposure risks to toxic air contaminants with the Air Toxics “Hot Spots” program
- Develop and coordinate the execution of measures to reduce exposure to toxic air contaminants such as wildfire smoke, diesel particulate matter, and road dust
- Fund projects for underserved communities using air quality penalties revenue and other funding sources
- Build climate resilience, especially for underserved communities, through innovative policies, solutions, and regional partnerships
- Coordinate with and provide guidance to local jurisdictions and school districts during air pollution emergency events
- Publicly notice projects and agency determinations related to permitted businesses

Clean Transportation and Future Mobility

- Work with local communities to invest in regional clean-air transportation projects
- Target heavy, medium, and light-duty vehicles, school buses, increased mobility, and charging and fueling infrastructure as priority projects
- Reduce annual Greenhouse Gas (GHG), Nitrogen Oxide (NOx), and Particulate Matter (PM) emissions through innovative programs
- Drive innovation in mobility and connected, autonomous, electric, and shared vehicles
- Support micro-mobility shareable options such as electric bicycles and scooters
- Transition transportation toward zero-emission electrification



Local leaders celebration the grand opening of the Twin Rivers Electric Bus Charging Depot.

Sustainable Land Use

- Provide local jurisdictions with technical assistance and best practices in the areas of air quality, climate change, and resiliency
- Review and comment on land use, transportation, and construction projects to reduce criteria and greenhouse gas emissions

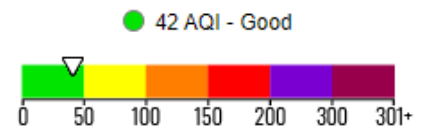
- Ensure compliance with air quality and climate provisions of the California Environmental Quality Act
- Monitor operational and construction air quality and climate change mitigation

Permitting and Business Compliance

- Develop plans and implement regulations to meet legally binding national ambient air quality standards
- Issue air quality permits to ensure local businesses comply with air quality rules and regulations
- Perform inspections of permitted businesses to make sure they are operating in compliance with all applicable requirements
- Perform surveillance activities to verify businesses required to have permits have obtained them
- Assure a fair playing field for all businesses by enforcing clean air rules

Public Outreach and Notification

- Distribute health and air quality information
- Promote notable projects and initiatives for air quality and climate action
- Provide 24/7 air quality information, as well as air quality forecasts and real-time readings to the media and public 365 days per year
- Notify the public when the air is unhealthy due to smoke from wildfires or other conditions



Support Services, encompassing administrative support, technological infrastructure, financial oversight, communications, maintenance, and human resources management, play a pivotal role in supporting the District's activities. They ensure that essential resources are available and optimized, facilitating the effective execution of the district's operations.

STRATEGIC PRIORITIES

Outlined below are the District's priorities, which serve as guiding principles for decision-making and resource allocation in pursuit of its mission to achieve state and federal clean air and climate goals.

Attainment and Maintenance of Ambient Air Quality Standards

To fulfill the District's responsibility of protecting public health, the District prioritizes work toward the attainment and maintenance of the National Ambient Air Quality Standards (NAAQS). The Clean Air Act (CAA) requires the United States Environmental Protection Agency (EPA) to set NAAQS for pollutants that are considered harmful to the public and the environment. These pollutants come from numerous and diverse sources. The District works toward the attainment of a NAAQS, and once EPA formally deems the region in attainment, the region is required to show maintenance of that standard for the next 20 years.



In the Sacramento region, ambient ozone pollution has improved since the early 2000s, leading to a decrease in the number of exceedances of the 8-hour ozone NAAQS and a gradual decline in ambient ozone pollution concentrations. The continuation of this progress in the capital region remains one of the most daunting challenges for the District and for the agencies whose programs depend on air quality progress. EPA determined the Sacramento region met the federal 1979 1-hour ozone NAAQS in October of 2012.

For the 1997 ozone NAAQS (84 parts per billion (ppb)), the Sacramento region was designated nonattainment and was given an attainment deadline of June 2019.

However, due to wildfires in 2018, the region was unable to attain this standard. Thus, the District is continuing to work collaboratively with the other four air districts in the Sacramento Federal Nonattainment Area (SFNA), California Air Resources Board (CARB), and EPA on demonstrating regional attainment. The most recent ambient air quality data shows that the Sacramento region has met this ozone standard.

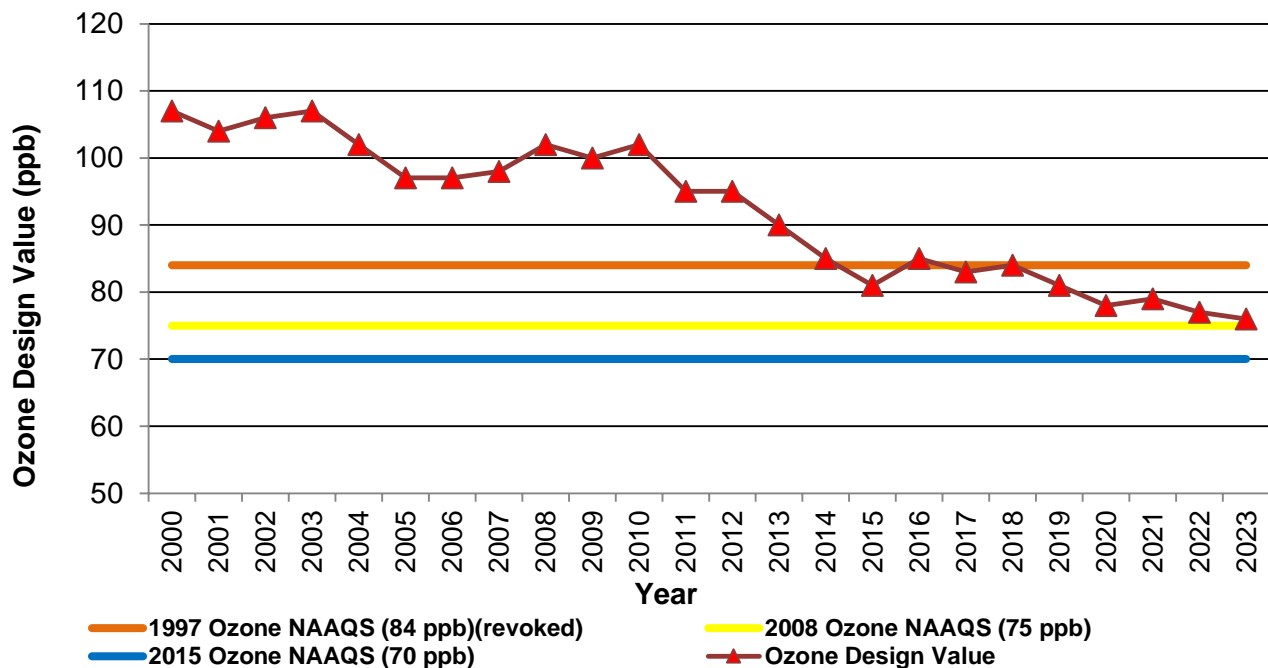
In 2017, the Sacramento region adopted the Sacramento Regional 2008 8-hour Ozone Attainment and Reasonable Further Progress Plan (Plan) to address the 2008 ozone NAAQS (75 ppb). This Plan was approved by CARB and submitted to EPA on December 18, 2017. The Plan is a significant achievement for the region. It shows further progress on air quality primarily through the implementation of existing District rules and policies. It also serves as an example of sensible air quality management by balancing the needs of the environment and local businesses.

In October 2021, the EPA published a final rule in the Federal Register approving all applicable ozone nonattainment area requirements in the SFNA, except for contingency measures (requirements per 86 FR 58582). A recent court ruling on contingency measures precluded full approval of the Plan. The air districts in the SFNA will continue to work with CARB and EPA to address this remaining requirement.

Although much progress has been made in the region, challenging work remains ahead for the District. Next is the attainment of the most current 2015 ozone NAAQS of 70 ppb. In 2023, the District adopted the 2015 NAAQS 8-hour Ozone Attainment Plan that provides a pathway for the Sacramento region to attain the 2015 standard by the attainment date of August 2033. The region will rely on continued reductions of ozone precursor emissions, namely NO_x and volatile organic compounds (VOCs), from familiar sources. The transportation sector is the single largest source of NO_x emissions in the SFNA. Investments toward cleaner vehicles and engines, including zero-emission electric vehicles and equipment, will yield multiple co-benefits and reduce other pollutants like GHGs. VOC pollution sources are ubiquitous, they include consumer products and combustion for various types of vehicles and equipment.

As the figure below illustrates, ambient concentrations of ozone pollution in the region (indicated as design values) have seen a gradual decline since the early 2000s. The chart shows the peak annual ozone design values for the designated ambient air monitoring site in the SFNA from 2000 to 2023. The 24-year trend line indicates stubbornly stable concentrations for the first 10 years and an encouraging decline over the next 14 years. In these periods, ozone pollution measured at 107 ppb (well above the three standards indicated) decreased to 76 ppb. This level is above the most recent and stringent 2015 standard. In 2018 and 2020, the Sacramento region was impacted by numerous wildfires, and they caused unusually high ozone concentrations in the region. EPA has a process in place to exclude days that are proven to be affected by wildfires from the data used to make the attainment demonstration.

8-hour Ozone Design Value: SFNA (2000-2023)



Note: A design value is a 3-year average of the 4th highest ambient ozone concentration at an ambient air monitoring station. The design value is used to determine attainment status.

Sources: 2000-2022 design values were extracted from AQS Report (AMP 480) downloaded on February 21, 2024. Design value is calculated based on AQS data (AMP 350MX) and preliminary AQMIS data downloaded on February 20, 2024. The SFNA was impacted by wildfires in 2018 and 2020, which caused unusually high ozone concentrations. The peak design value calculation in this chart excluded the high ozone readings due to wildfires.

For fine particulate matter (PM_{2.5}), EPA determined the Sacramento PM_{2.5} Nonattainment Area attained the 2006 24-hour PM_{2.5} NAAQS of 35 µg/m³ by the attainment date of December 31, 2015 (82 FR 21711). Ambient daily PM_{2.5} concentrations from 2011 to 2017 have fluctuated very closely around the standard. In 2018, 2020, and 2021, PM_{2.5} concentrations exceeded the standard because of unusually high PM_{2.5} concentrations in days impacted by smoke from wildfires. If the EPA finds the region did not attain due to these high PM_{2.5} days, then the District will

need to demonstrate that these days were influenced by an exceptional event – namely, the wildfires. If EPA agrees, the impacted data may be excluded from the attainment determination.

While a significant challenge and a strain on District resources, controlling pollution from wood-burning smoke on key days in the late fall and winter is essential to meeting the daily PM_{2.5} standard. Consequently, the District's Wood Smoke Program, including the Check Before You Burn law continues to be a priority.

From November through February, District staff regularly share Check Before You Burn information with the public through media interviews, social media, advertising, newsletters, videos, and other District communications.

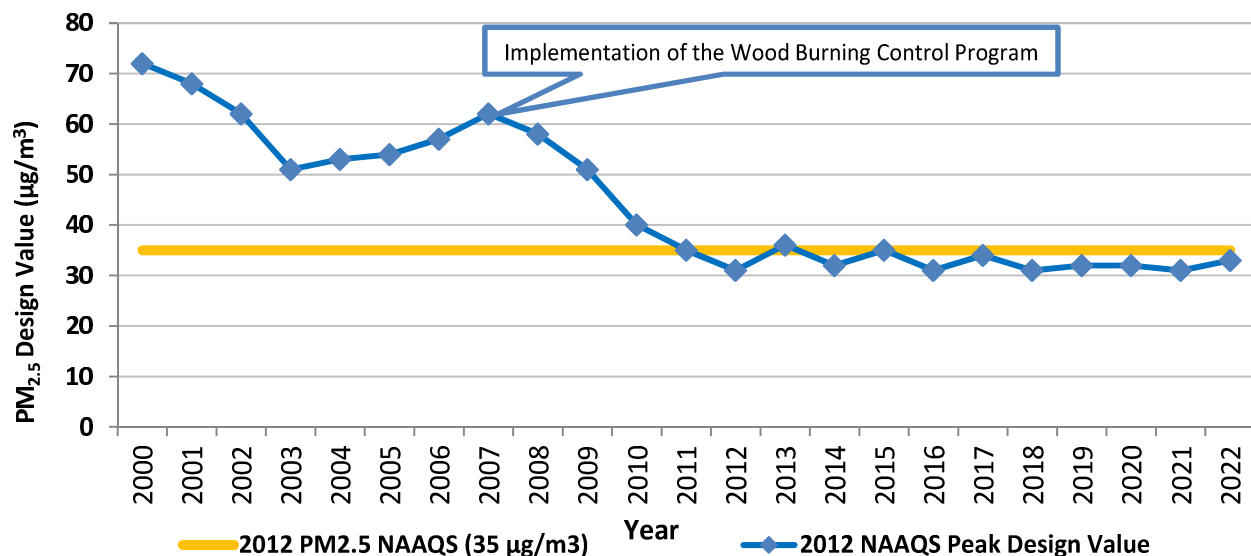
Key messages focus on educating residents and businesses about:

- The negative health impacts of wood smoke pollution, particularly for sensitive populations like children and the elderly
- Tips for reducing wood smoke and protecting public health
- Burn day status categories and the requirement to check the daily burn status before using indoor or outdoor fireplaces, wood stoves, fire pits, or chimineas that burn wood, pellets, manufactured fire logs, or any other solid fuel during the Check Before You Burn season.



The 24-hour PM_{2.5} Design Value trend chart below shows the District is expected to remain in attainment of the PM_{2.5} 24-hour standard of 35 ug/m³, provided EPA accepts an exceptional event demonstration for excluding days when PM_{2.5} pollution values were above the standard due to wildfires. Future efforts will focus on staying in attainment and securing additional PM emission reductions whenever possible so that particle pollution concentrations trend down. Key sources of particle pollution include the transportation sector and wood burning.

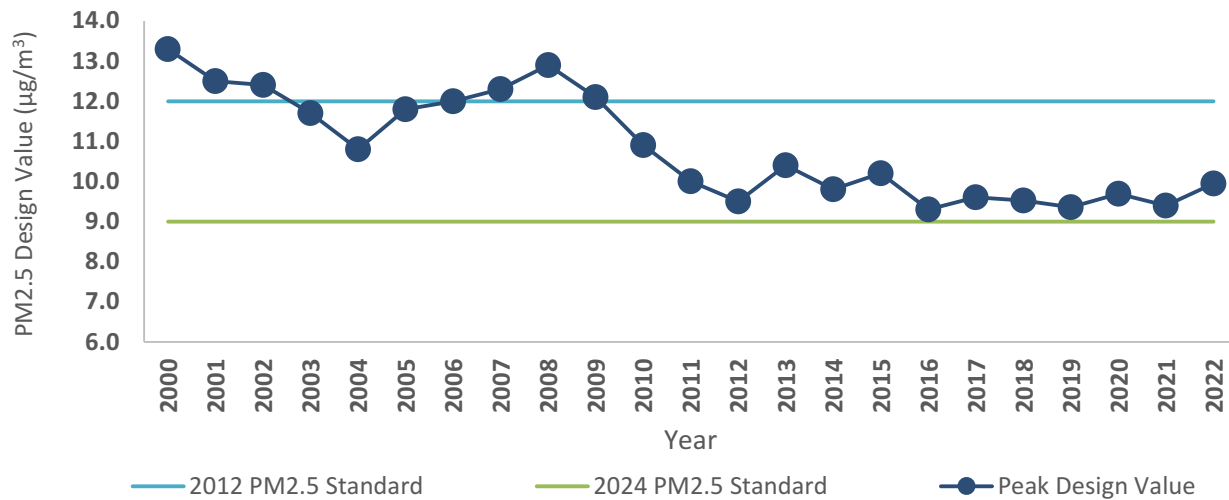
24-hour PM_{2.5} Design Value: SFNA (PM_{2.5}) (2000-2022)



Sources: 2000-2022 Design Values were extracted from AQS Reports (AMP 480 and AMP350MX), which was downloaded on February 21, 2024.

Note: The SFNA-PM_{2.5} was impacted by several major wildfires in 2018, 2020, 2021, and 2022, which caused unusually high ambient PM_{2.5} concentrations. The peak design value calculation in this chart excluded the wildfire impacted days with the high ambient concentrations in 2018, 2020, 2021, and 2022.

Additional emission reductions will be necessary and critically important in the future given that the EPA is currently proposing a more stringent air quality standard for PM_{2.5}. On February 7, 2024, the EPA officially lowered the annual PM_{2.5} standard by 25% from 12 ug/m³ to 9 ug/m³. In the next two years, the District will be working with other local air districts, CARB, and EPA to determine the attainment status for the Sacramento region. Based on the preliminary 2022 air quality data, Sacramento is close to attaining the new standard as shown in the graph below. EPA's final attainment determination will be based on air quality data between 2022 to 2024.

Annual PM_{2.5} Design Value: Sacramento Region (PM_{2.5}) (2000-2022)

Sources: 2000-2022 Design Values were extracted from AQS Reports (AMP 480 and AMP350MX), which was downloaded on October 6, 2023.

Note: The Sacramento region was impacted by several major wildfires in 2018, 2020, 2021, and 2022, which caused unusually high ambient PM_{2.5} concentrations. The peak design value calculation in this chart excluded the wildfire impacted days with the high ambient concentrations in 2018, 2020, 2021, and 2022.

Accelerate and Expand Climate Action in the Greater Sacramento Region

As a leader in the Sacramento region and beyond, the District advances climate resilience strategies, clean air solutions, and enhancements to the quality of life for residents in Sacramento County — all while promoting the growth of the green economy. Whether developing comprehensive local or regional plans, securing local, state, and federal funding to implement new projects, or creating innovative programs to mitigate the harmful impacts of air and climate pollution, the Air District remains strongly committed to creating an ecologically resilient future.

With a focus on mitigating emissions from the transportation sector, the District continues to promote electric mobility and equity through investments in cleaner, zero- and near-zero-emission vehicles and equipment and infrastructure. Recently completed projects include the replacement of 18 heavy-duty trucks with Tesla Semis, the installation of four chargers at PepsiCo's South Sacramento Facility, and the launch of the region's first Zero-Emission Mobility Hub in Del Paso Heights. Future projects include support for Watt EV's project to build the nation's largest solar-powered electric truck charging depot in Sacramento County, administering \$15.6 million in new funding for three new hydrogen locomotives and a one-of-a-kind EV Lowrider conversion project by high school students to replace an internal combustion engine and related hydraulic equipment with a full-battery electric powertrain and actuators while providing invaluable skills under a new electric vehicle career pathway in the Sacramento Academic and Vocational Academy's transportation department. The District is also actively engaged in comprehensive and coordinated regional climate strategy focused on air quality, climate change, public health, zero- and near-zero-emission technologies development, mobility, and equity.



The Air District and its partners unveiled the Sacramento region's first Zero-Emission Mobility Hub in Del Paso Heights in 2023.

Examples include:

- The Capital Region Climate Priorities Plan (see Federal Grants and Funding Opportunities section)
- The Sacramento Area Zero Emission Vehicle Deployment Strategy
- The Sacramento Municipal Utility District's (SMUD) 2030 zero-carbon plan
- The California Mobility Center, the ongoing implementation efforts of the Sacramento and West Sacramento Mayors' Climate Commission,
- SACOG's Green Means Go
- Other emerging programs, and local jurisdiction's General Plans and Climate Action Plans.

Community Air Protection

The statewide Community Air Protection Program (Assembly Bill 617, C. Garcia, 2017) represents a significant shift in air quality management in California. The law required new state and local programs to address disparities and the health burdens from exposure to highly localized air pollution among the low-income and marginalized communities that have been most disproportionately impacted. The program launched several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties.

Perhaps most importantly, AB 617 designates state funds for financial incentives (i.e., subsidies for cleaner technology) that can be targeted to reduce, specifically, the emissions affecting AB 617 communities. The state continues to allocate hundreds of millions of public dollars for incentives for FY24/25. These incentives are intended primarily for achieving sorely needed emission reductions toward NAAQS attainment, but they can also help the region advance its broader economic and social goals.

In September 2018, the state identified the South Sacramento-Florin community as the District's inaugural AB 617 community and work began on the development of a Community Air Monitoring Plan (CAMP) in partnership with the Community Steering Committee. During its three-phase CAMP implementation, the Air District expanded its air monitoring network by installing portable sensors throughout the South Sacramento-Florin community, measured PM2.5, black carbon, toxic metals, and toxic gases, and launched a portable air monitoring laboratory to provide additional hourly monitoring data. The portable lab is currently located at Fern Bacon Middle School near the intersection of Franklin and 47th Avenue. Air quality data from these efforts are posted on the District's website.

Following the successful implementation of the CAMP, the Air District's AB 617 community will transition to a Community Emission Reduction Program (CERP) beginning in 2024. The Air District received funding from CARB to develop and implement a CERP in partnership with the Community Steering Committee and with input from the community. The CERP will include air quality strategies to target local air pollution. The CERP process is expected to take about two years.



Local leaders and members of the Community Steering Committee celebrate the launch of a new portable air monitoring lab.

As the South Sacramento-Florin community transitions to a CERP, community input will be needed to better understand priorities on the types of strategies desired. Future implementation may include funding for expanding infrastructure, electric charging, working with local jurisdictions on improving land use air quality projects, ensuring compliance with permits, mitigating exposure like air filtration for schools, and day cares, and increasing green space, among other projects. The Air District continues to work closely with its Steering Committee, community members, and local stakeholders as part of its commitment to fostering lasting partnerships with residents, business owners, and community-based organizations interested in advancing AB 617 protections in the region. As part of the CERP process, numerous community meetings will offer opportunities for public engagement.

Continuing its focus on making information available to the public, in 2019, CARB adopted a new regulation that requires businesses to annually report additional information about criteria and toxic emissions from their operations to provide the public with this information through state online tools. To comply with the regulation, the District began collecting data annually from all permitted businesses beginning in 2022. The regulation requires significant District time and resources but without any dedicated state funding to support the workload required to collect, assess, and submit the data to the state and provide extensive compliance assistance. The regulation also impacts businesses, especially small businesses that are not used to reporting at this level. District staff has developed policies and procedures, reporting forms, and online resources and provides extensive customer service to assist permit holders with their reporting requirements. In addition, the District is investing significantly in improved technology to implement the regulation more efficiently in the coming years. The District is also engaging other business partners, like the County's Business Environmental Resource Center (BERC) and the state to help impacted businesses and improve submittal rates.

Federal Grants and Funding Opportunities

Through strategic planning and cooperation, the Air District is driving positive change and helping to shape the future of the Sacramento region. On March 1, 2024, the Air District, on behalf of the seven-county Sacramento region, submitted its *Capital Region Climate Priorities Plan* (Plan) under the U.S. Environmental Protection Agency's Climate Pollution Reduction Grants (CPRG) program. The Plan, which resulted in unprecedented cooperation and collaboration among 29 local and regional partners led by the Air District, outlines 24 climate measures that would create substantial greenhouse gas emission reductions and a myriad of co-benefits, including advancing equity and opportunities in the clean energy transition.

Measures cover topics including:

- Increasing the use of renewable energy in new and existing buildings
- Land use improvements targeted at reducing the region's vehicle miles traveled
- ZEV adoption and charging infrastructure investments ensuring access to clean transportation
- Public transit improvements to encourage ridership by making it safer and more convenient to use
- Biomass utilization policies to decarbonize our energy
- Wildfire resilience and management policies that will reduce wildfire intensity and wildfire smoke impacts



The *Capital Region Climate Priorities Plan* contains 24 GHG reduction measures.

The Air District submitted the region's application for phase two implementation funding on April 1. The EPA anticipates the award of 30-115 grants ranging between \$2 million and \$500 million. Approximately \$93 million was requested in the Capital Region application. The awards will be announced in July.

Another key piece of funding for District programs is the percentage of incentive funds that can be used to cover outreach, administration, and direct costs to deliver clean transportation, infrastructure, equipment, and stationary source projects in the region. Senate Bill 1158 (Archuleta) would increase the amount of administration funds the District could use to deliver critical projects in the region from 6.25 percent to 12.5 percent. If passed, this bill would give much-needed resources to the District to work with local agencies, non-profits, community-based organizations, fleet operators, and others to deliver projects that will remove emissions from our region.

Partnership Expansion and Support

The District does not go about its business alone; it benefits from existing public-private partnerships with deep roots in the business community, health and environmental advocates, and the community it serves. These partnerships help convey the importance of District programs for the region, and the District plans to expand these efforts, continuing to work with and support the growing partnerships with entities like Civic Well, Breathe California - Sacramento Region, and the Cleaner Air Partnership (CAP). The CAP, administered by Valley Vision, is a long-standing regional collaboration including the Sacramento Metro Chamber of Commerce and leading industry entities like Teichert, Granite Construction, Union Pacific, Sutter Health, and SMUD.

Through a four-agency collaboration between the Air District, SMUD, SACOG, and SacRT, the Air District is also advancing broader regional strategies to accomplish shared clean air and climate goals. The Sacramento Area ZEV Deployment strategy, a key initiative of the group, is part of a larger mission to deliver clean energy, health, housing, transportation, education, workforce, and economic development solutions to sustainable communities. The plan prioritizes electrification in under-resourced communities, personal vehicles, shared-ride vehicles, public and private transit, micro-transit and shuttles, and medium- and heavy-duty fleets in alignment with the six-county Green Means Go regional pilot, the City of Sacramento's Transportation Priorities Plan, SMUD's 2030 Carbon Plan, and SacRT's Zero Emission Bus Transition Rollout Plan, which addresses the region's transition to zero-emission transit. Transportation, mobility, and regional economic prosperity are mutual goals of the four agencies, creating the impetus and a genuine desire for coordination, collaboration, and mutual support.

Additionally, in a first-of-its-kind joint board meeting last year, the Air District, SACOG, SacRT, and SMUD adopted a resolution underscoring the four-agency group's shared dedication to fostering interagency collaboration to address crucial issues related to land use, transportation, air quality, and climate. Recognizing that these issues are interconnected, the four-agency group is committed to working together to develop comprehensive strategies that consider the broader implications of their actions. This collaborative approach aims to leverage the resources, strengths, and expertise of each organization to create more effective and sustainable solutions. The joint commitment also aligns with broader regional efforts to combat climate change through the Air District's leadership of the U.S. Environmental Protection Agency's Climate Pollution Reduction Grants program in the Sacramento region, with the resulting Capital Region Climate Priorities Plan serving as a strategic framework to guide cooperative actions. For statewide coordination with its peers, the District is an active board member of the California Air Pollution Control Officers Association (CAPCOA). This association advocates for the general interests of all of California's 35 local air districts before the legislature, the state administration, and various other agencies at the state and federal levels.



Members of the Boards of Directors for the four-agency group pass a joint resolution.

The District is also expanding its work with many community-based organizations (CBOs). These groups share similar goals to the District for finding equitable solutions for cleaner air, improved health, and mobility. CBOs are on the ground working with residents and businesses and providing the District access to harder-to-reach and often overlooked populations of the region. In addition, the District is working with the CBOs to prioritize transportation incentive projects, helping to ensure that projects are important, impactful, reduce emissions and are accepted by the community. The District also provides technical and financial support to CBOs as they transition their fleets to zero-emission. CBOs have also been recipients of District funding through the District's Supplemental Environmental Projects program which has helped support clean air and climate goals. Partnerships with CBOs will continue to be critical as the District accelerates actions to address its most marginalized communities who bear a disproportionate burden of lingering pollution.

Wildfire Smoke Air Pollution Emergency Plan Coordination and Training

As an ongoing priority, the District is dedicated to educating the public and reducing the impacts of wildfire smoke through the Wildfire Smoke Air Pollution Emergency Plan Coordination and Training initiative. In collaboration with key public and private partners in Sacramento County, an emergency plan was developed and adopted in September 2022 to enhance coordination and access to information for responding to future wildfire air pollution events. The District remains committed to public education through online, social media, and in-person outreach efforts, aiming to mitigate exposure to wildfire smoke. Additionally, the District conducts meetings and training sessions with public health, emergency services, school districts, and other stakeholders to ensure preparedness and effective coordination during wildfire smoke events.

Advancing Air and Climate Policy Through Regional Events



In March 2024, the Power Inn Alliance, in partnership with SAVA and the District, showcased progress on the EV Lowrider conversion project.

Leading and participating in regional events are important endeavors that provide valuable platforms for knowledge-sharing, collaboration, and the dissemination of best practices among stakeholders, thus facilitating the development and implementation of effective air and climate policies at both local and regional levels. The District provided leadership and support by coordinating multiple events in 2023. As an example, in conjunction with eight other air districts in the Sacramento Valley Basinwide Air Pollution Control Council, the District helped put on the first-of-its-kind Agricultural Biomass Conference, a two-day event held in October in Winters, CA. The conference brought speakers and panelists from around the state from both public and private entities to highlight the potential that agricultural biomass resources represent for the creation of useful alternatives to agricultural burning – non-combustion biomass energy and other biomass products. The conference brought together over 100 participants and stimulated ongoing collaborations and stimulus to bring beneficial funding opportunities to the northern valley regions that can reduce air and climate pollution while supporting economic and workforce development.

Ambient Air Quality Monitoring Network Improvements

The health of our ambient air monitoring stations is critical. These stations are used to collect air quality data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. Infrastructure improvements are planned for various monitoring stations. The District recently replaced the Folsom air monitoring station and is in the process of replacing the Arden-Del Paso station. Replacing the district's oldest station will meet the newest federal monitoring requirements and eliminate downtime due to water intrusion, roof damage, and other ailments, putting at risk monitoring equipment and the ability to collect data per federal requirements. The replacement of Del Paso Manor station will be completed at the beginning of FY24/25, followed by replacements of the North Highlands station with an expected completion date in FY25/26, and the Bruceville or Sloughhouse station completed by FY27/28. Each station replacement project is anticipated to take two years to complete. The District anticipates that the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities.



District employees celebrate the renovation of the Folsom Air Monitoring Station.

In addition, a new portable air monitoring lab was launched in the spring of 2023 which adds to the existing air monitoring network and is a key element of the District's AB 617 efforts in South Sacramento.

KEY INITIATIVES

Key initiatives are undertaken in direct support of the agency's mission and are developed, reviewed, and updated annually to ensure that the work of the District evolves as conditions change, adapting to new opportunities and challenges. Major FY24/25 District initiatives are described below. In addition, important initiatives for the upcoming fiscal year by operational area are highlighted in Section 7 – Organizational Overview.

AiriA – Permitting and Transportation Software Solution Implementation

The District has undertaken a significant project to continue improving and upgrading its information systems. A new cloud-based solution, named AiriA, is being implemented to replace various operational applications across the District. Multiple Microsoft Access databases currently manage the Stationary Source programs, including permitting and enforcement and compliance operations. The Access databases have numerous shortcomings in their current state that limit the ability to automate the permit process, streamline review processes, improve reporting and analytical ability, manage project documents and public records, enhance online customer service tools, and integrate with GIS and other enterprise systems. In addition, the Mobile Sources application that supports the transportation incentive contract and compliance processes needs replacing. Finally, the current online public complaint system and public records request solution require improvements.

The AiriA software solution was selected through a competitive process and the project kicked off in the spring of 2022 and is expected to continue through the end of FY24/25. The AiriA project, being a district-wide effort involving resources from all divisions, is important because it has the potential to bring significant benefits to the agency. Here are some reasons why the success of this project is crucial.

1. **Improved Efficiency:** streamline business processes, eliminate redundant tasks, integrate mapping and other software solutions, automate manual tasks, and reduce data entry errors, resulting in increased efficiency and productivity.
2. **Enhanced Data Accuracy:** provide a centralized database, ensuring that all data is accurate and up to date, which eliminates discrepancies and improves decision-making.
3. **Increased Mobility:** cloud technology allows staff to access mission-critical data and software from anywhere, anytime and from multiple devices, supporting remote work, field inspections and other related field work.
4. **Improved Internal Controls:** automate workflows to allow for real-time visibility into a process and ensure compliance with policies and procedures as well as safeguard against financial risk and losses.
5. **Increased Collaboration:** provide a platform for better communication and collaboration between departments, resulting in more effective teamwork, reduced duplication of effort, and improved customer service.

6. Scalability: grow and evolve with the District, adding new modules and expanding functionality as needed.
7. Enhanced Customer Service: automate customer applications, improve tracking of customer requests and complaints, self-service for District and customer information will contribute to a better overall experience for customers.
8. Better Decision-making: accurate, real-time data (queries, reports, dashboards, work lists, etc.) will enable better decision-making by providing insights into District activities and other key metrics.

In summary, the AiriA software project is important because it has the potential to transform daily work in many positive respects, and its success will not only benefit the District itself but also its customers and stakeholders.

Headquarter Building Relocation and Teleworking

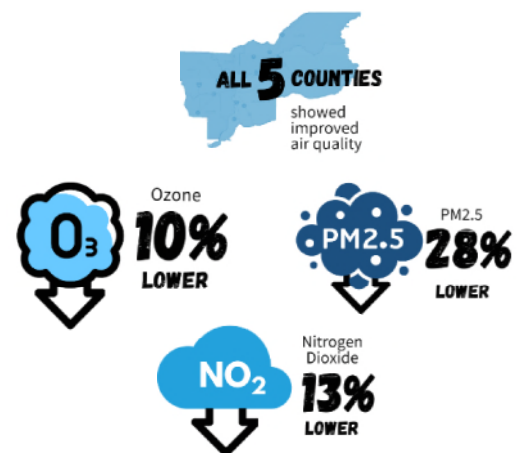
During the COVID-19 pandemic, the District transitioned seamlessly to an almost 100% telework model, and in April 2022, modified the telework schedule into a hybrid workplace model, which has been an overwhelming success. Staff members have welcomed the flexibility and work-life balance made possible by working remotely while maintaining productivity and the ability to continue to collaborate and build relationships with coworkers.

The District anticipated that the hybrid model would transform the use of office space and began evaluating various alternatives including remaining in place and consolidating work areas and selling the current headquarters and leasing or buying new space. The assessment was completed, and the headquarters was put up for sale. Consequently, the staff will be relocating to a smaller, more suitable location, which will be a major project in the coming fiscal year.

Downsizing into a smaller space represents a firm commitment to the ongoing telework initiative within the District. This strategic move not only aligns with modern work trends but also contributes significantly to the reduction in vehicle miles traveled (VMT) and district financial savings. By embracing telework on a larger scale, employees can enjoy greater flexibility while reducing their daily commute, thereby decreasing overall VMT and associated carbon emissions. Moreover, downsizing results in financial savings for the District, as it minimizes overhead costs associated with maintaining a larger physical office space.

The District's telework policy is underscored by the results of a regional air quality study it conducted that found that during the period of shelter-in-place restrictions when traffic and driving were markedly reduced, there was significantly less vehicle-related air pollution in the Sacramento region. Between March 2020 – July 2020, there was 28% less particulate matter pollution (PM_{2.5}), 13% less nitrogen dioxide (NO₂) pollution, and 10% less ground-level ozone (O₃) pollution. For the same period, SACOG observed that daily VMT in the six-county SACOG region dropped to approximately half the driving relative to pre-pandemic levels, with the sharpest drop occurring in April 2020 when VMT in the region was 74% lower than pre-pandemic levels.

Because of the significant air quality benefits associated with less driving and the effectiveness of technology for remote meetings, the District is encouraging public agencies and businesses to telework and teleconference where possible. When in-office work is required, businesses and organizations are urged to promote carbon-friendly commuting methods, such as the use of public transit, electric vehicles, and active transportation (walking, biking). Telework and teleconferencing are effective strategies that complement the numerous low-carbon projects deployed by the District and therefore, the District will continue to model these practices and support regional efforts to reduce VMT.



Key findings from the shelter-in-place analysis

PERFORMANCE MEASURES

The District tracks select performance measures that indicate the District's progress toward strategic priorities. These metrics provide broad measures of the District's effectiveness, efficiency, timeliness, and productivity in critical activities. While key initiatives may change from year to year, performance measures generally reflect progress in core business operations over multiple years. Most performance measures require multi-divisional participation, and in many cases, one performance measure supports multiple strategic goals. The table below lists key performance measures.

FY24/25 Performance Measures

Performance Measures	FY22/23 Actual	FY23/24 Projected	FY24/25 Target
Update 33% of Area Source Methodologies	No	No	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	1	2	6
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter at 6 Air Monitoring Sites	2 yes 4 no ¹²³⁴	2 yes 4 no ⁵⁶⁷⁸	5 yes 1 no ⁹
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	86%	>68%	>75%
Percentage of Permits to Operate Issued within two Years of Obtaining an Authority to Construct (excluding extended and re-instated ATCs)	100%	>99%	>99%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process (Calendar Year)	98%	>98%	>98%
Percentage of Annual Inspections Completed (Calendar year)	91%	90%	100%
Provide Confirmation Letter for Construction Mitigation Plans within Four Business Days of a Complete Submittal or Before Applicant Receiving Jurisdictional Permit Approval	100%	100%	100%
Notify Media and Public the Day Before Every Declared Spare The Air Day	100%	100%	100%
Provide Daily Air Quality Forecast to the Public every day by Noon	100%	100%	100%
Create and distribute quarterly newsletter with above average open rate	100%	100%	100%
Encumber 100% of Current Allocation-Year Moyer Funds by June 30 of the Allocation Year	100%	100%	100%
Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year	100%	100%	100%
Perform a 5% On-Site Random Annual Audit of All Operational Incentive Projects	100%	100%	100%
Non-Retirement Employee Annual Turnover Rate	≤5%	5.1%	≤5%
Percent of Planned Training Completed for All Staff	100%	100%	100%
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
Receive Unmodified Audit Opinion for the Annual Comprehensive Financial Report	Yes	Yes	Yes
Receive the GFOA Distinguished. Budget Presentation Award	Yes	Yes	Yes
Manage actual financial results within the Authorized Budget	Yes	Yes	Yes
Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting	0	0	0

FY 22/23 Footnotes:

¹ At Sacramento-Bercut Dr., the CO and NO₂ monitors did not meet federal data quality objectives and needed to be repaired

² At Elk Grove-Bruceville, the rain and ultraviolet sensors did not operate correctly

³ At Sacramento-Del Paso Manor, CO monitors needed factory service; the NO_y monitor had a calibration error and is pending further troubleshooting; and the solar radiation sensor did not operate correctly

⁴ At Folsom-Natoma St., the solar radiation and temperature sensors did not operate correctly after their re-installation following a site renovation

FY 23/24 Footnotes:

⁵ The CO monitor at Sacramento-Bercut has calibration issues where some test points were not low enough to match the typically low concentration measured at the station

⁶ The rain sensor at Elk Grove-Bruceville has the same operational issue as FY22/23; it was repaired in February 2024

⁷ At Sacramento-Del Paso Manor, the CO monitor is undergoing further testing after factory service; the NO_y monitor still needs further troubleshooting

⁸ At Folsom-Natoma St, the solar radiation and temperature sensors were repaired in November but are not expected to meet a 75% completeness

FY 24/25 Footnotes:

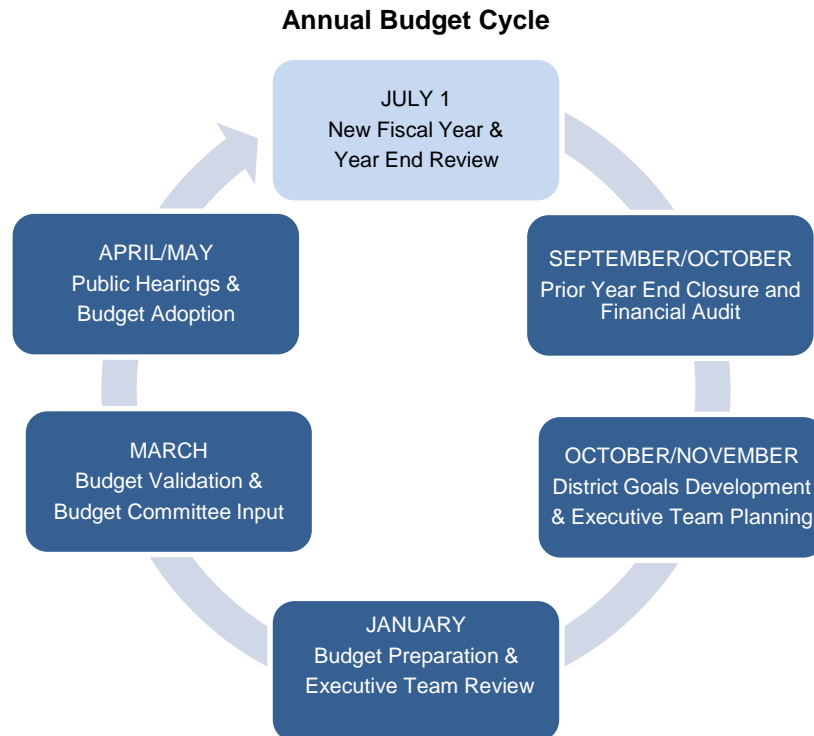
⁹ Sacramento-Del Paso Manor is expected to have major renovation which requires a temporary shutdown

SECTION 3 - Budget Overview

The Budget Overview section provides information on the District's budget process, budget practices and strategies, the basis of budgeting, a summary of the FY24/25 Approved Budget, and the factors affecting the District's financial condition.

BUDGET PROCESS

State law requires that the District adopt its budgets in an open process to educate the public about the costs and benefits of air quality improvement. In addition to the budget process, the District establishes and follows Board adopted Financial Management Policies, now consolidated, and included in this budget document as Appendix A. There are also common terms used throughout the budget document that can be found in Appendix C – Glossary.



The District operates on a fiscal year that runs from July 1 through June 30 of the following year. Budget development begins with a mid-year review of the current budget in November/December. In December, each of the District divisions, with guidance from the Executive Director/APCO, Administrative Services Division Director, and District Controller, begin to prepare the budget which typically includes revenue projections, requests for outside professional services, a staffing distribution, a budget narrative demonstrating accomplishments for the current budget year, and strategic priorities and key initiatives for the upcoming budget year. Divisions may also submit requests for capital projects, staffing additions, or other items that may differ from typical operating expenditures in nature or cost.

The Administrative Services Division reviews and refines the information and integrates it into the draft budget. The Executive Team, along with several Program Managers, reviews and finalizes the draft budget. The Executive Director/APCO, Division Directors, and District Controller meet during budget development with the District Board of Directors Budget and Personnel Committee to receive direction for addressing District priorities and developing a balanced budget.

The budget is publicly noticed 30 days in advance and is presented at each of two public hearings, consistent with California Health and Safety Code Section 40131, typically taking place during the Board meetings in April and May. At the first public hearing, generally in April, the Proposed Budget is presented, and the Board may ask questions, make comments, provide direction, and receive requests from members of the public to speak. The second public hearing, typically in May, follows a similar process as the first hearing and District staff comments on

material differences, should they exist, from the previously presented Proposed Budget and reports back on Board requests, if any. The Board may provide direction and vote to approve the budget at the second public hearing. Approval of the budget requires a quorum of Board members and a majority of the voting quorum. Once the budget is approved, staff posts the Approved Budget on the District website.

The Board may vote to adopt a resolution allowing the District to continue normal operations under the Proposed Budget if an Approved Budget is not adopted by June 30th. Such a resolution must specifically authorize Proposed Budget expenditures for capital assets, filling new positions, and equity transfers. Without that authorization, state law requires deferring those expenditures until an Approved Budget is adopted.

FY24/25 Budget Development Schedule

Completion of the audited Annual Comprehensive Financial Report (Annual Report) for the prior fiscal year	November
Mid-year review of the current fiscal year budget	December
Budget submissions from Division Directors for the upcoming fiscal year	January
Budget Notices are posted on the District website and sent to regulated sources	March
Meetings with the Board of Directors Budget and Personnel Committee	March
First public hearing/presentation of Proposed Budget to Board of Directors	April
Second public hearing/vote of the Board to approve the Budget	May
Approved Budget document posted on District website	June
New fiscal year in accordance with the Approved Budget	July 1

BUDGET PRACTICES & STRATEGIES

In addition to budget-related Financial Management Policies found in Appendix A, the District follows the budget practices and strategies below:

Practices

- Management presents a “balanced” budget to the Board annually, where funding sources (including use of reserves) match expenditures and include revenues and expenditures for the prior year (actual), current year (approved budget), and upcoming year (proposed budget)
- One-time funding sources are not typically applied to ongoing commitments
- The Board authorizes a schedule of all regular and limited-term positions for the upcoming (budget) year
- Requests for additional positions or an increase in regular work hours of part-time positions must be presented for Board approval and may be made anytime during the fiscal year, though usually included as part of the budget process
- Board approval is obtained for all capital expenses
- Budgets are adopted on a basis that includes encumbrances and expenditures and annual appropriations lapse at the fiscal year-end if they have not been expended or encumbered
- Board approval is required to amend the budget once it is adopted if there is a need to increase the expenditure budget
- The budget is prepared by fund, division, and program
- Transfers of appropriations within a classification (e.g., employee services, services and supplies, capital expense, and transfers) or across classifications within the same fund may be made without Board approval
- Transfers of appropriations between funds require Board approval as the legal level of budgetary control is the fund level
- The Executive Director/APCO has the authority and an approved budget to fund events/collaborations with partner organizations throughout the year, enabling the District to respond promptly to requests

Strategies

- Ensure the budget reflects the mission of the District, is fiscally sound, and provides resources that realistically fund operations

- Work with the Board to establish major goals in support of the District's mission which provide short-term and long-term direction to staff, determine the allocation of resources, and establish priorities
- Monitor and maintain sufficient unencumbered fund balance to allow for cash flow requirements, contingencies for unforeseen operational or capital needs, economic uncertainties, local disasters, and other financial hardships or downturns in the economy
- Perform multi-year projections of funding sources and ongoing expenditures to promote long-term planning of resource uses
- Proactively oversee revenues and cost-effectively control ongoing operating costs

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 government. Using this method of budgeting, revenues are recognized when (1) they are measurable, and (2) all applicable eligibility requirements are met. Expenditures are recorded when the related fund liability is incurred. Modified accrual accounting can also divide available funds into separate entities within the organization to ensure the money is spent where it was anticipated.

BUDGET SUMMARY

The District has three funds: General, Proprietary, and Special Revenue. Each fund serves a specific purpose as noted below. A detailed description of funding sources can be found in the Appendices. (See Appendix B – Description of Funding Sources)

Fund	Name	Purpose	Primary Funding Source
100	General	Records all inflows and outflows, not associated with special-purpose funds, for core administrative and operational activities	Permit fees, DMV, Measure A, Federal and State Grants (EPA, CMAQ, CARB)
400	Proprietary	Internal Service Fund that accounts for District business-like activities (Covell Administrative Building)	Covell Building rental income
500	Special Revenue	Records the proceeds from certain revenue sources for which fund usage is restricted	DMV, Federal and State Grants (SECAT, Moyer, GMERP, FARMER, GHG-CarShare, CAPP, Clean Cars 4 All)

The annual budget serves as the foundation for the District's financial planning and control. The FY24/25 Approved Budget totals \$59.0 million in revenue and \$67.6 million in expenditures and includes 105.8 total authorized full-time equivalent (FTE) positions. The following table is a summary of the FY24/25 Approved District Budget by fund.

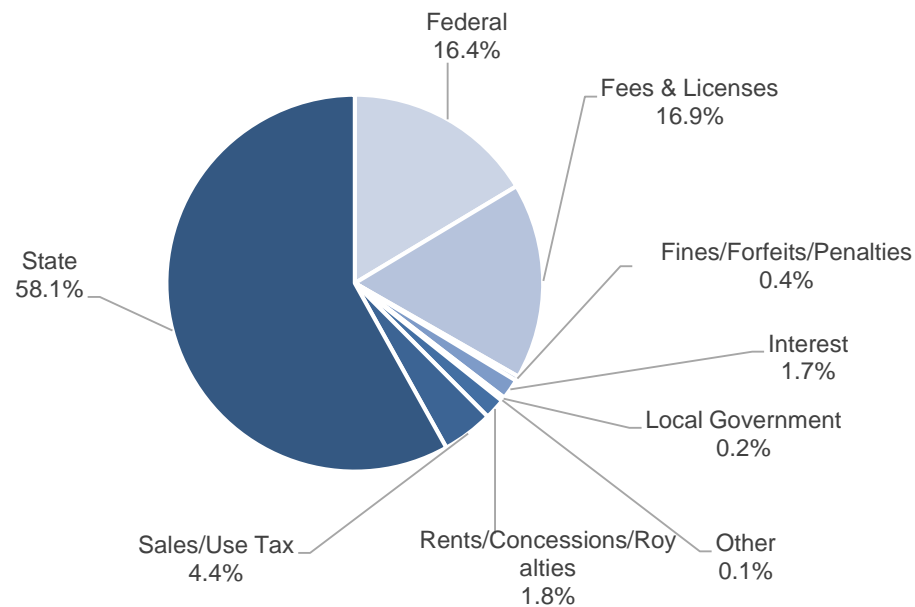
District Budget by Fund

Fund	FY23/24 Approved Budget	FY24/25 Approved Budget	Variance
General Fund (100)	\$ 25,097,233	\$ 26,942,104	\$ 1,844,871
Covell Proprietary Fund (400)	1,170,002	1,075,834	(94,168)
Special Revenue Fund (500)	30,840,382	31,022,194	181,812
Total Revenues	\$ 57,107,617	\$ 59,040,132	\$ 1,932,515
General Fund (100)	\$ 27,824,832	\$ 30,020,199	\$ 2,195,367
Covell Proprietary Fund (400)	1,870,001	1,075,834	(794,167)
Special Revenue Fund (500)	29,032,269	36,501,422	7,469,153
Total Expenditures	\$ 58,727,102	\$ 67,597,455	\$ 8,870,353
Current Suplus/(Deficit)	\$ (1,619,485)	\$ (8,557,323)	

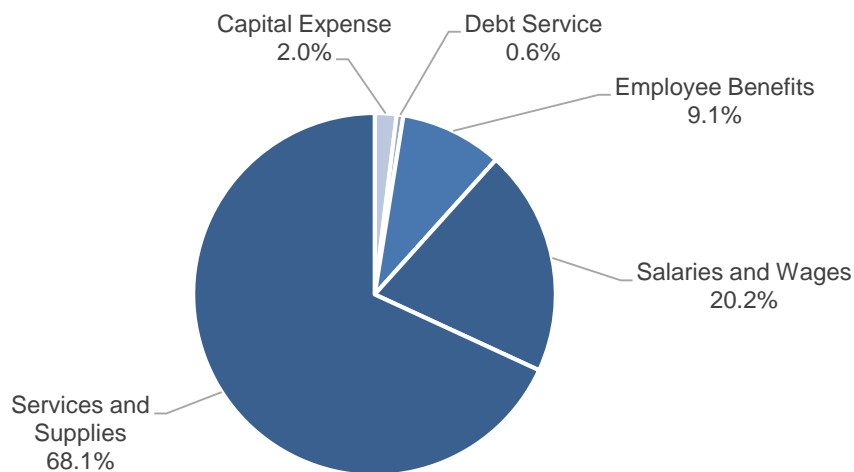
The Approved Budget reflects the District's mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections of funding sources and ongoing expenditures analysis are completed to inform long-term planning of resource uses. These forecasts are presented in Section 3 – Financial Planning.

The following charts detail the revenues and expenditures by classification as a percentage of the total FY24/25 Approved District Budget.

District Budget – Revenues by Classification (\$59.0 million)



District Budget – Expenditures by Classification (\$67.6 million)



The notable changes in revenues and expenditures in the FY24/25 Approved Budget from the FY23/24 Approved Budget for the General, Proprietary (Covell Building), and Special Revenue funds are listed below.

General Fund

Revenues

- Federal grant revenue is increasing by \$1.0 million mainly due to funds that the District administers on behalf of other air districts in the region, the main grant being the Targeted Airshed Grant (TAG), which will primarily fund Heavy Duty Electrification of school buses, replacement of off-road agriculture equipment with newer, cleaner equipment and replacement of residential non-certified wood burning appliances in our neighboring districts. The federal Climate Pollution Reduction Grant (CPRG) was awarded in FY23/24 and, therefore, was not included in the budget for that year; the grant continues in FY24/25 and totals \$368,000 in the Approved Budget.
- Stationary Sources and Mitigation fees are planned to increase by \$574,000, primarily due to an expected increase in Rule 301 revenues of \$800,000. Rule 301 revenues for FY23/24 are expected to exceed the adopted budget by \$600,000 and the FY24/25 Rule 301 revenues are based on the expected FY23/24 finish. In addition, there is an approved fee CPI increase of 4.17% effective July 1, 2024.

Expenses

- Employee Services expenditures are increasing by \$1.4 million due to the addition of 8.2 full-time equivalent (FTE) positions from the FY23/24 Approved FTE Budget, a 3.6% Cost of Living Adjustment (COLA), and an increase in retirement and group insurance contributions for FY24/25. The FY23/24 Approved FTE Budget was amended by the Board in March 2024; this resolution increased the FTE count by 4.2 from the Approved FY23/24 FTE Budget of 97.6 to the Amended FY23/24 FTE Budget of 101.8. These positions are expected to be filled by June 30, 2024, will not have a material effect on the FY23/24 projected expenditures, and are included in the FY24/25 Approved Budget. An additional four FTEs are included in the FY24/25 Approved Budget for a total of 105.8 FTEs. The FTE positions were added primarily to support expanded grant activities for the District and increased workload requirements for the Engineering and Compliance Division.
- Services and Supplies are increasing by \$891,000 mainly in professional services contracts and higher program distributions for the TAG projects. Professional services expenditures are expected to increase by \$546,000 mainly to support the AB617 Community Air Protection grant and the CPRG program. Pass-through distributions for the TAG projects are planned to increase by \$584,000.
- Capital project expenses are decreasing by \$71,000 due to less expenditure on lab equipment.
- The inter-fund transfer credit is consistent with the prior year's Approved Budget.

Covell Building Proprietary Fund

- Rent Revenue is decreasing by \$94,000 as a tenant lease expired in FY23/24 and will not be renewed. The District listed the Covell Building for sale and plans to move to a smaller facility (either purchased or leased) that is right-sized to the District operations within the next two years.
- There is a decrease of \$800,000 in Capital Expenses. For the FY23/24 Approved Budget, additional capital was planned for a renovation of the District facility; this project did not occur. Given the decision to sell the building and relocate to a more efficient space, no renovation to the Covell Building is planned for FY24/25.

Special Revenue Fund

- State revenue is increasing by \$414,000, mainly related to the Moyer program revenues in FY24/25.
- Incentive payments are budgeted to increase by about \$7.4 million primarily related to state-funded grants. State grants expected to increase include Clean-Cars-for-All, Moyer, and CalSTA (hydrogen locomotives).

Note: The Special Revenue Fund tracks restricted revenue sources, primarily emission-reduction technology, and community air protection incentive grants. These grants are generally multi-year agreements with funds received in one year and incentive disbursements made to project participants over several years resulting in significant fluctuations in year-over-year revenues and expenditures.

The FY24/25 Approved Budget includes a staffing plan of 105.8 FTE (as shown in the table below).

Approved Positions

Budget Status	Appointment	FY 23/24 Amended	FY 24/25 Approved	Change
Funded	Regular	101.8	105.8	4.0

FACTORS AFFECTING FINANCIAL CONDITION

Over the past several years, the District proactively managed expenses to ensure the fund balance in the General Fund was sufficient to support the District expenditures in case of future revenue shortfalls. The District held numerous positions vacant and executed only essential professional services contracts. As a result, the fund balance of the General Fund increased by about \$4.2 million over the last three years, providing the funds necessary to move forward with critical staffing needs. Largely due to the increase in FTE, the FY24/25 Approved Budget does not project adding more to the reserves.

The Board amended the FY23/24 position budget, adding four FTEs, to initiate the recruitment process of critical resources; however, additional funding for the positions was not allocated at that time as salary savings were leveraged. In the FY24/25 Approved Budget, an additional four positions are included, with funding for all eight positions reflected in the FY24/25 Approved Budget. These additional resources will support expanded grant activities and operational requirements.

The inflationary economic environment is expected to increase the cost of employee wages and benefits and services and supplies; the full extent of the impact is still unknown. Fortunately, the healthy reserves, which the District has grown over recent years, will serve as a bridge to support these increased expenses until long-term fund stability is established.

The forecasted FY24/25 California State budget deficit is significant. The District proactively manages grant revenues to reduce the potential for funding gaps and ensure emission reductions are achieved as quickly as possible. While no significant reduction in State grant disbursements for District programs is anticipated in FY24/25, future reductions are possible.

The District's five-year forecast continues to show some significant funding gaps between revenues and expenditures, which will require District staff to work collaboratively with the Board of Directors in the upcoming years. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases, new state mandates that are not adequately funded, and a history of not fully recovering costs for many of the District's programs. Staff will continue to work with the Board into FY24/25 and beyond on the funding strategies detailed in the General Fund Forecast section of this budget.

SECTION 4 – Financial Planning

To ensure the District can meet its immediate and long-term needs to support its mission of achieving clean air goals, the District develops annual budgets alongside multi-year financial plans.

FINANCIAL FORECAST AND PLANNING

The purpose of financial forecasting is to evaluate historical and current fiscal trends and conditions to help guide future policy and programmatic decisions. It also identifies long-term issues for stakeholders and provides the impetus to confront them. Long-term forecasts and analyses are used to identify potential long-term imbalances. Financial strategies are then developed to counteract these imbalances. The District annually reviews and updates a five-year financial projection using the following methods:

- Informed/Expert judgment
- Trend analysis
- Anticipated operational changes
- Grant documentation and review
- Estimates from other governments

The District forecast shows a structural deficit over the next five years primarily due to the rising cost of doing business and additional programmatic mandates. Given the lack of significant revenue growth above expected expenditures, the fiscal reality is that current expenditure commitments are unsustainable. Long-term sustainability requires that annual operating cost increases be held to a level at or below annual revenue growth and/or additional revenues are secured.

The District's near-term financial plan is to conduct an in-depth program costing analysis, continue to identify and implement operational efficiencies, and evaluate and seek out potential revenue sources as described in the General Fund Forecast section below, including fee increases. The District's approach to annual fee changes is to adjust them based on the prescribed CPI index. This is to ensure that fee revenue keeps pace with District costs (mainly COLA adjustments) and to avoid large "catch-up" adjustments that could negatively impact permit holders in a single year. The FY24/25 Approved Fee Schedule reflects a CPI increase of 4.17% to maintain progress toward meeting air quality and climate goals while keeping reserves stable.

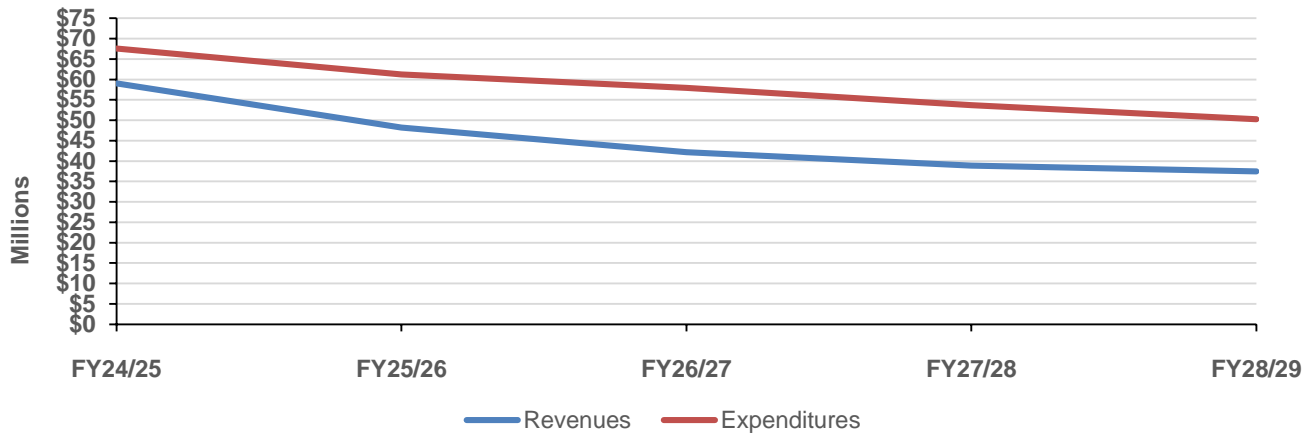
Revenues have been adjusted in the Approved Budget to reflect this change. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District's five-year forecast and fund balance projections, followed by the forecast assumptions.

BUDGET FORECAST

District Budget – Five-Year Forecast

Classification	FY 23/24 Approved	FY 23/24 Year-end Projection	FY24/25 Approved	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast
Beginning Fund Balance	\$ 82,062,092	\$ 82,062,092	\$ 124,577,284	\$ 116,019,961	\$ 103,054,669	\$ 87,297,392	\$ 72,636,918
Revenues							
Revenues	\$ 57,107,617	\$ 93,846,648	\$ 59,040,132	\$ 48,209,310	\$ 42,161,492	\$ 38,906,688	\$ 37,471,032
Revenues Total	\$ 57,107,617	\$ 93,846,648	\$ 59,040,132	\$ 48,209,310	\$ 42,161,492	\$ 38,906,688	\$ 37,471,032
Expenses							
Operating Expense	\$ 56,125,502	\$ 50,054,290	\$ 65,865,855	\$ 59,659,316	\$ 56,422,672	\$ 52,491,403	\$ 49,428,317
Capital Expense	2,193,500	869,066	1,323,000	1,106,787	1,093,197	1,075,760	794,981
Debt Service	408,100	408,100	408,600	408,500	402,900	-	-
Expenses Total	\$ 58,727,102	\$ 51,331,456	\$ 67,597,455	\$ 61,174,603	\$ 57,918,769	\$ 53,567,163	\$ 50,223,298
Surplus / (Deficit)	\$ (1,619,485)	\$ 42,515,192	\$ (8,557,323)	\$ (12,965,293)	\$ (15,757,276)	\$ (14,660,475)	\$ (12,752,266)
Ending Fund Balance	\$ 80,442,607	\$ 124,577,284	\$ 116,019,961	\$ 103,054,669	\$ 87,297,392	\$ 72,636,918	\$ 59,884,651

District Budget – Revenues and Expenditures Five-Year Forecast



General Fund Forecast

The General Fund reflects financial activity that is non-proprietary and non-special revenues and expenditures. Primary revenue sources in this fund are State and Federal awards, Fees & Licenses, CARB Subvention, Sales/Use Tax (Measure A), and Fines/Forfeits/Penalties. Major expenditure categories are Employee Services, Services and Supplies (Operating Expenses), and Capital Expenses.

The five-year forecast indicates that the General Fund will operate at a deficit with projected expenditures exceeding projected revenues without the influx of additional revenue. This is primarily due to labor costs outpacing revenue increases of major funding sources; insufficient administrative allocation from incentive grants to cover the cost of administering and implementing the programs; investment in aging infrastructure; and funding the pension/OPEB liability.

Staff identified several potential funding strategies to generate new revenue to address the forecasted gap to fund these important programs. Preliminary assessments of new funding amounts, as well as possible implementation timelines, have been performed and shared with the Board of Directors. Staff will continue working with the Board on each strategy described in detail in this section, to further explore and develop the strategies.

The table and chart that follow provide the five-year forecast for the General Fund and an illustration of the five-year forecast of revenues to expenditures.

General Fund (100) Five-Year Forecast

Classification	FY 23/24 Approved	FY 23/24 Year-end Projection	FY24/25 Approved	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast
Beginning Fund Balance	\$ 20,895,504	\$ 20,895,504	\$ 27,440,409	\$ 24,362,314	\$ 20,950,889	\$ 17,879,361	\$ 14,808,539
Revenues							
Revenues	\$ 25,097,233	\$ 33,564,814	\$ 26,942,104	\$ 23,706,074	\$ 23,340,230	\$ 23,364,054	\$ 23,787,893
Revenues Total	\$ 25,097,233	\$ 33,564,814	\$ 26,942,104	\$ 23,706,074	\$ 23,340,230	\$ 23,364,054	\$ 23,787,893
Expenses							
Operating Expense	\$ 28,701,835	\$ 28,329,982	\$ 30,998,840	\$ 28,213,068	\$ 27,586,988	\$ 27,695,597	\$ 28,447,541
Capital Expense	1,238,500	729,066	1,168,000	804,430	781,770	754,990	621,090
Interfund Charges	(2,115,503)	(2,039,139)	(2,146,641)	(1,900,000)	(1,957,000)	(2,015,710)	(2,076,181)
Expenses Total	\$ 27,824,832	\$ 27,019,909	\$ 30,020,199	\$ 27,117,498	\$ 26,411,758	\$ 26,434,877	\$ 26,992,450
Surplus / (Deficit)	\$ (2,727,599)	\$ 6,544,905	\$ (3,078,095)	\$ (3,411,425)	\$ (3,071,528)	\$ (3,070,822)	\$ (3,204,557)
Ending Fund Balance	\$ 18,167,905	\$ 27,440,409	\$ 24,362,314	\$ 20,950,889	\$ 17,879,361	\$ 14,808,539	\$ 11,603,982

The preceding General Fund forecast assumes the following:

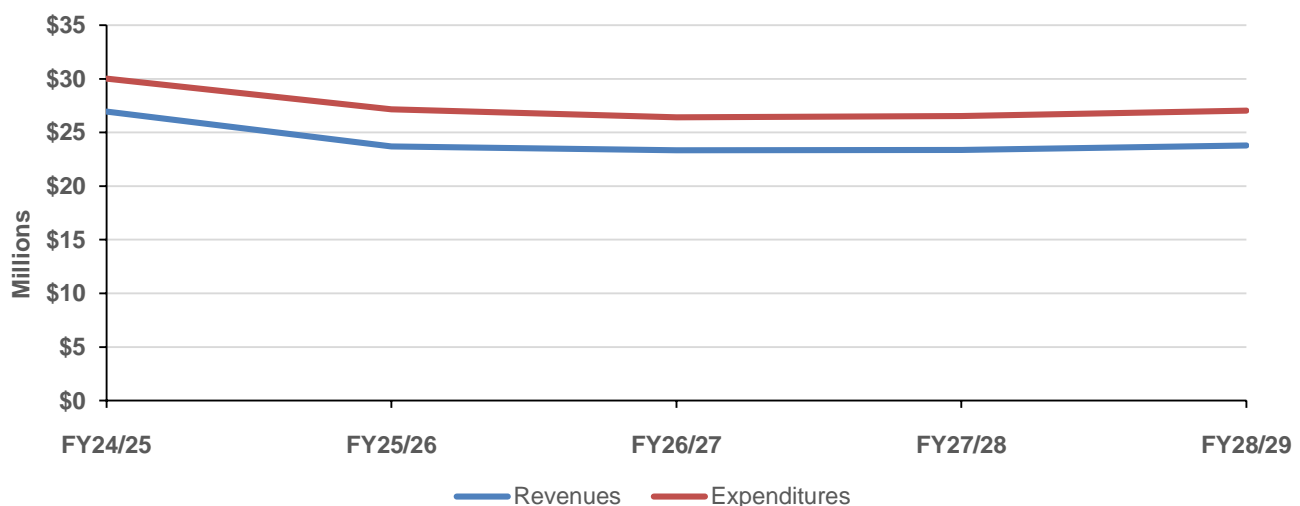
Revenues:

- Federal revenues for FY24/25 are assumed to be stable with the FY23/24 projection. These revenues are expected to decline in FY25/26 and again in FY26/27 with the winddown of the Target Airshed Grant (TAG) projects. The District facilitates the federal TAG projects for neighboring air districts through the pass-through of grant funds. Federal revenues for FY27/28 and FY28/29 are constant at about \$1.9 million per year for recurring grants.
- State revenues peak in the FY23/24 projection due to the advance payment of about \$5.2 million of funding the two-year Community Emissions Reduction Plan (CERP) grant that begins July 1, 2024. The recurring state revenues (DMV, AB617 Monitoring, etc.) will be stable for FY24/25 through the end of the forecast period at approximately \$7.3 million per year.
- Sales/Use Tax (Measure A) amounts are per the most recent Sacramento Transportation Authority (STA) forecast. The cumulative annual growth rate for Measure A is about 2.97%.
- The annual CPI adjustment for Stationary Sources fees is forecasted at 3%.
- Interest revenue declines due to the decrease in fund balance.
- No new revenue is included in the base five-year forecast.

Expenditures:

- Over the next four years, the FTE count is held constant at 105.8 with no additional positions included in the forecast.
- Employee Services increases an average of 3% per year for wages and benefits; retirement contributions grow at a slightly higher rate based on historical trends.
- After adjusting for one-time items included in the FY24/25 Approved Budget related to non-recurring grants (e.g., CERP, CC4A, and CPRG projects), Services and Supplies increase by a projected CPI of 3% per year. Sub-recipient distributions under the TAG projects are included in Services and Supplies through the end of the grant term in FY26/27 and are offset by corresponding Federal revenues each year.
- Capital expenditures include the replacement of elements of an aging fleet and air monitoring network and Information Services infrastructure improvements.
- Interfund charges consist of grant administrative funds received in the Special Revenue Fund and transferred to the General Fund to offset the program implementation costs, mainly employee services expenditures.

General Fund (100) Revenues and Expenditures Five-Year Forecast



District Priorities and Potential Funding Strategies

District staff works diligently to maintain core activities and identify priorities in pursuit of its goals. While the District has managed its resources efficiently, additional funds are required to eliminate the forecasted structural deficit associated with continuing programs necessary to achieve its mission.

Ongoing discussions of existing and potential new funding strategies to address the projected deficit regularly occur with the Board of Directors during budget deliberations and Board meetings. The overall objective is to generate funding from various sources to ensure sufficient resources for programs in each of three main categories: stationary, mobile, and other.

The general restrictions for the use of the funds, given that revenue streams are frequently restricted to funding specific programs, and a summary of various programs that need funding from these sources are shown in the table below followed by a description of each strategy.

Potential Funding Strategies

Type	Use Category	Programs in Need of Funding
Grant Administration Funding Increase – Legislation	Mobile	Moyer and Other Incentive Grant programs
Community Health Impact Fee	All	AB 617 Community Air Protection Program
Full Cost Recovery – Fee Adjustment	Stationary and Other	Permitting, Enforcement, Planning, Emission Inventory, Rule Development, and Air Monitoring
Per Capita Fee	All	Check Before You Burn, Land Use and Transportation Planning, Public Complaint Response, Community Air Protection, Air Monitoring

Senate Bill 1158 (Archuleta), 2023-24 California State Legislative Session 2023-24. This bill aims to simplify and update the funding and administrative processes for the Carl Moyer Program, which has been highly successful in reducing emissions. The program's effectiveness relies heavily on the resources invested by the District, particularly in staff. With the rapidly evolving regulations for mobile sources, air district staff must constantly stay informed, leading to an increased workload in evaluating projects. Moreover, the number and complexity of project applications have risen significantly, demanding more thorough review before funding. Once funded, projects under the Moyer program are monitored for up to 15 years to ensure they achieve the expected emission reductions, resulting in numerous long-term contracts that require continuous reporting and adjustments. These factors have led to additional administrative costs for air districts.

To address these challenges, this bill proposes increasing the ceiling for indirect administrative costs for the largest air districts from 6.25% to 12.5%. This increase will provide the necessary funds to implement the Moyer program effectively, support applicants, and select projects that offer the highest emission reductions for disadvantaged communities.

Community Health Impact Fee (All) – To recover District costs associated with the growing AB 617 Community Air Protection Program that exceed the direct funding provided by the State, a new “Community Health Impact” fee is being evaluated. Other air districts have implemented this fee and it is necessary to implement programs at the levels mandated by state law. It is anticipated that this new fee would be assessed to each permitted facility proportional to their emission of pollutants that may impact public health in communities, which is a primary driver of the health risk that created the need for AB 617. Implementation of this fee is also intended to help the District secure additional funding in the State legislature by showing it has taken action to fund the AB 617 effort locally.

Full Cost Recovery – Rule 301, 304, etc. (Stationary and Other) – The District has the authority to assess fees to fully recover the costs of implementing its regulatory programs for stationary sources. In addition, it is the District's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the Board, or when it is not cost-effective to do so. There are a significant number of staff assigned to implementing regulatory enforcement, permitting, monitoring, emission inventory and rule development of these stationary sources and the District collects various fees for related programs; however, not all fees fully recover the associated program costs. Therefore, the goal is to propose fee adjustments where needed to fully cover program expenses so that these regulatory programs are self-sustaining.

Per Capita Fee (All) – Under California Health and Safety Code (CHSC) §40701.5(b), the Board is authorized to assess an annual per capita fee on the county and on those cities within the District that have a member on the Board. Per capita fees mean that the cities and the county are charged a set amount for each person residing in their jurisdiction. While the Board of Directors' decision was to postpone the adoption of a Per Capita Fee in 2019, staff were instructed to explore alternative funding approaches and to reintroduce this matter for Board review at a later date.

Proprietary Fund Forecast

The Proprietary Fund five-year forecast is shown in the following table. The main funding source for this fund is rent income (mainly District rent). The District building is relatively new and annual operating expenses are anticipated to be consistent over the planning period. Capital expenses include the projected replacement of building systems/components. The debt associated with the building will be paid off in FY26/27. The existing third-party lease agreements expired in FY22/23 and FY23/24 and the tenant did not review the leases. The District evaluated several facility options and decided to sell the current building and relocate to a smaller footprint; the plan is to lease the new District headquarters facility to provide flexibility for the future. The building is currently on the market for sale. Since The District is not certain of the timing or terms for the sale of the building and relocation to a smaller facility, the five-year forecast was developed on a status-quo basis. No third-party tenant is assumed in this break-even projection.

Proprietary Fund (400) Five-Year Forecast

Classification	FY 23/24 Approved	FY 23/24 Year-end Projection	FY24/25 Approved	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast
Beginning Fund Balance	\$ 5,302,609	\$ 5,302,609	\$ 5,575,402	\$ 5,575,402	\$ 5,575,402	\$ 5,575,402	\$ 5,575,403
Revenues							
Revenues	\$ 1,170,002	\$ 1,317,199	\$ 1,075,834	\$ 1,257,221	\$ 1,277,081	\$ 900,407	\$ 770,917
Revenues Total	\$ 1,170,002	\$ 1,317,199	\$ 1,075,834	\$ 1,257,221	\$ 1,277,081	\$ 900,407	\$ 770,917
Expenses							
Operating Expense	\$ 506,901	\$ 496,306	\$ 512,234	\$ 546,364	\$ 562,754	\$ 579,637	\$ 597,026
Capital Expense	955,000	140,000	155,000	302,357	311,427	320,770	173,891
Debt Service	408,100	408,100	408,600	408,500	402,900	-	-
Expenses Total	\$ 1,870,001	\$ 1,044,406	\$ 1,075,834	\$ 1,257,221	\$ 1,277,081	\$ 900,407	\$ 770,917
Surplus / (Deficit)	\$ (699,999)	\$ 272,793	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Ending Fund Balance	\$ 4,602,610	\$ 5,575,402	\$ 5,575,402	\$ 5,575,402	\$ 5,575,402	\$ 5,575,403	\$ 5,575,402

The preceding Proprietary Fund forecast assumes the following:

Revenues:

- Revenues include rent from the District (to which it pays itself) for space on the third and second floors and parking fees; no external tenant is assumed.
- The building fund is an Internal Service Fund since its revenue is from the District and as such, overall District rent revenue adjusts (in most years) to ensure that the net surplus/deficit is zero. It is a breakeven budget with no source or use of fund balance.

Expenses:

- Operating Expense represents the day-to-day costs of operating the building and includes utilities, custodial services, parking, property management fees, general repairs and maintenance, etc., and reflects an average annual increase of 3%.
- Capital expenditures were based on historical actuals, excluding leasehold improvements for the previous third-party tenants; the actuals were increased by 3% annually.

- The debt service forecast reflects the principal and interest payments on Certificates of Participation (COPs) issued for the purchase of the building and will be fully paid off in FY26/27.

Special Revenue Fund Forecast

The Special Revenue Fund accounts for the proceeds of restricted revenue sources, predominantly low-emission incentive grants. The following five-year forecast is projected using historical grant amounts and anticipated grant amounts in the near term. There is growing uncertainty as to the sustainability of new potential funding to replace current one-time grants.

Special Revenue Fund (500) Five-Year Forecast

Classification	FY 23/24 Approved	FY 23/24 Year-end Projection	FY24/25 Approved	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast
Beginning Fund Balance	\$ 55,863,979	\$ 55,863,979	\$ 91,561,473	\$ 86,082,245	\$ 76,528,377	\$ 63,842,629	\$ 52,252,976
Revenues							
Revenues	\$ 30,840,382	\$ 58,964,635	\$ 31,022,194	\$ 23,246,016	\$ 17,544,182	\$ 14,642,226	\$ 12,912,221
Revenues Total	\$ 30,840,382	\$ 58,964,635	\$ 31,022,194	\$ 23,246,016	\$ 17,544,182	\$ 14,642,226	\$ 12,912,221
Expenses							
Operating Expense	\$ 26,916,766	\$ 21,228,002	\$ 34,354,781	\$ 30,899,884	\$ 28,272,929	\$ 24,216,169	\$ 20,383,750
Interfund Charges	2,115,503	2,039,139	2,146,641	1,900,000	1,957,000	2,015,710	2,076,181
Expenses Total	\$ 29,032,269	\$ 23,267,141	\$ 36,501,422	\$ 32,799,884	\$ 30,229,929	\$ 26,231,879	\$ 22,459,931
Surplus / (Deficit)	\$ 1,808,113	\$ 35,697,494	\$ (5,479,228)	\$ (9,553,868)	\$ (12,685,748)	\$ (11,589,653)	\$ (9,547,710)
Ending Fund Balance	\$ 57,672,092	\$ 91,561,473	\$ 86,082,245	\$ 76,528,377	\$ 63,842,629	\$ 52,252,976	\$ 42,705,267

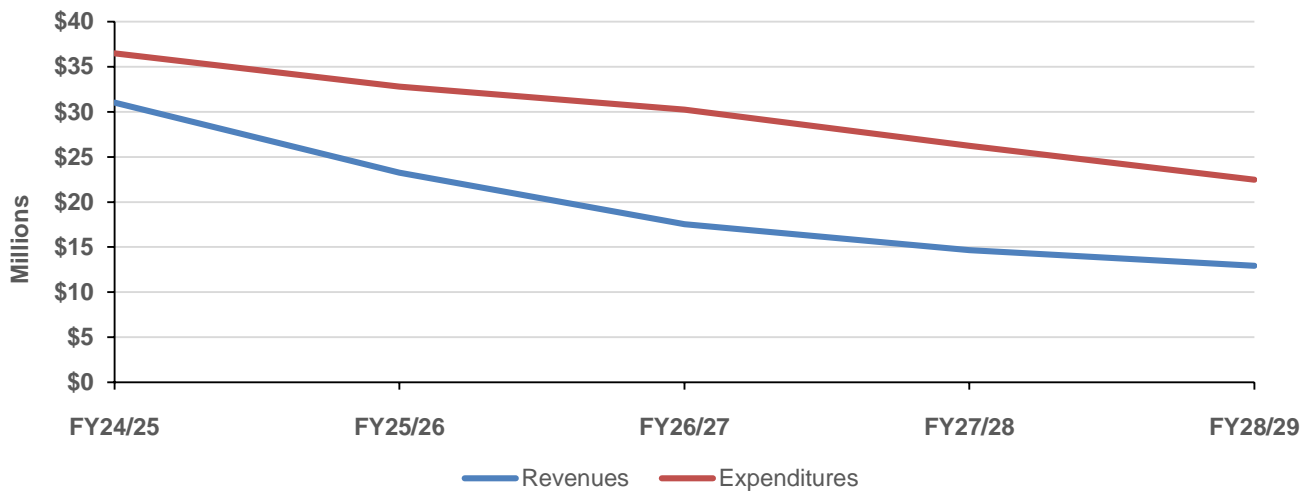
The preceding Special Revenue Fund forecast assumes the following revenue for DMV \$2 and various grants:

Special Revenue Fund (500) Five-Year Forecast by Funding Source

Classification	FY 23/24 Approved	FY 23/24 Year-end Projection	FY24/25 Approved	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast
DMV \$2	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,626,000	\$ 2,652,260	\$ 2,678,783	\$ 2,705,570
Moyer	11,420,750	13,217,920	12,725,249	6,200,000	6,200,000	6,200,000	6,200,000
SECAT	3,450,000	1,725,000	3,205,960	6,117,647	4,000,000	1,176,471	-
Community Car Share	-	400,000	700,000	-	-	-	-
GMERP	-	1,903,840	-	-	-	-	-
Community Air Protection Program (CAPP)	6,688,458	13,934,288	6,521,247	3,500,000	3,500,000	3,500,000	3,500,000
Clean Cars 4 All	5,060,000	6,455,000	4,045,000	3,500,000	-	-	-
FARMER	816,600	1,395,450	408,300	500,000	500,000	500,000	-
CalSTA Grant - H2 Locomotive	-	15,646,000	-	-	-	-	-
Fines/Forfeits/Penalties	-	5,700	-	-	-	-	-
Other	804,574	1,681,438	816,438	802,369	691,922	586,973	506,651
Revenues Total	\$ 30,840,382	\$ 58,964,635	\$ 31,022,194	\$ 23,246,016	\$ 17,544,182	\$ 14,642,226	\$ 12,912,221

Incentive projects are funded from multiple revenue sources as shown above and expenditures fluctuate over time resulting in a variable annual pattern as shown in the line graph below.

Special Revenue Fund (500) Revenues and Expenditures Five-Year Forecast (Line Graph)



Capital Expenditures Forecast

The District currently budgets capital expenses on an annual basis. District recurring and non-recurring projects are included in the five-year forecast and include capital expenses primarily related to the air monitoring network, fleet, information systems equipment, and improvements to the District's administrative building as noted in the next table.

Capital Expenses Five-Year Forecast

Fund Program	FY 23/24 Approved	FY23/24 Projection	FY24/25 Approved	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast
General Fund (100)							
Air Monitoring	\$ 983,500	\$ 310,000	\$ 886,000	\$ 541,780	\$ 513,970	\$ 538,690	\$ 466,590
Fleet	180,000	344,066	200,000	159,650	164,800	113,300	113,300
Information Systems	75,000	75,000	82,000	103,000	103,000	103,000	41,200
Subtotal	\$ 1,238,500	\$ 729,066	\$ 1,168,000	\$ 804,430	\$ 781,770	\$ 754,990	\$ 621,090
Proprietary Fund (400)							
Building Improvements	\$ 955,000	\$ 140,000	\$ 155,000	\$ 302,357	\$ 311,427	\$ 320,770	\$ 173,891
Subtotal	\$ 955,000	\$ 140,000	\$ 155,000	\$ 302,357	\$ 311,427	\$ 320,770	\$ 173,891
Total Capital Expense	\$ 2,193,500	\$ 869,066	\$ 1,323,000	\$ 1,106,787	\$ 1,093,197	\$ 1,075,760	\$ 794,981

Significant Capital Expenses in the Forecast and Impacts on Operating Budgets

Air Monitoring Stations

Capital expenses for air monitoring are related to the District's regulatory network of six air monitoring stations and the monitoring network for the Community Air Protection Program AB 617. The District plans to replace the Del Paso Manor, North Highlands and Bruceville stations and equipment during the forecast period. The replacement of air monitoring stations is a non-recurring expense. The District anticipates that the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities. Additionally, repair or replacement of air monitoring equipment will be needed. The replacement of equipment for the air monitoring stations is a recurring capital expense as equipment will need to be replaced as it reaches the end of its lifecycle.

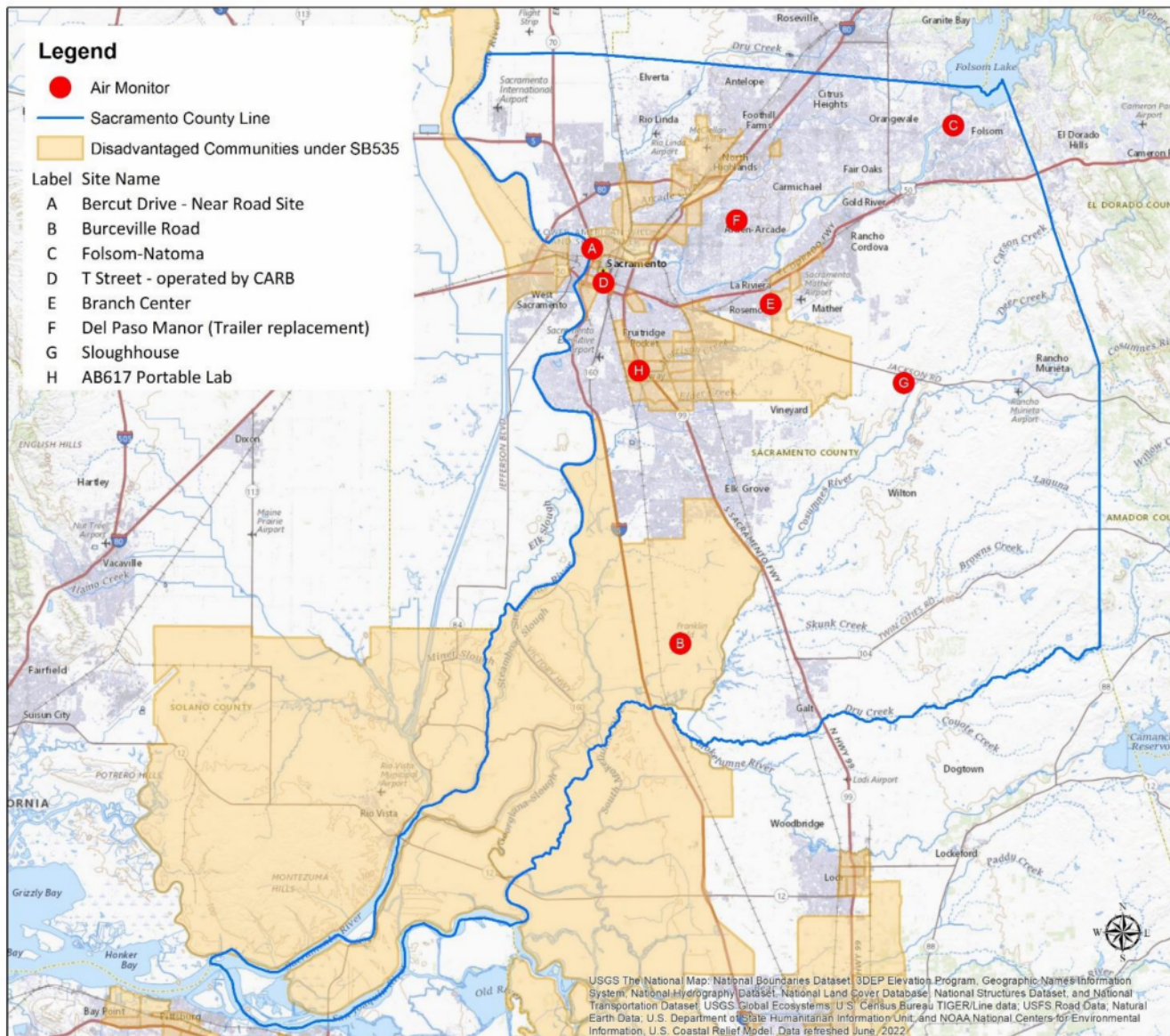
The District's ambient air monitoring stations are used to collect monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites will also be an important

foundation for future monitoring approaches under Community Air Protection Program AB 617. A new mobile air monitoring station was added to the existing air monitoring network as part of the District's AB 617 efforts.

In FY22/23, the District was contacted by KB Homes, the new property owner of the North Highlands – Blackfoot Way site to immediately remove the District's air monitoring trailer and equipment from their property since they are developing 250 residential homes on the site. The District removed all equipment and demolished the air monitoring trailer to vacate the premises per the request of the new property owners; a plan to identify a location and construct a new station in North Highlands is underway.

The replacement of Del Paso Manor station (F) will be completed in FY24/25, followed by a new North Highlands station to be built in FY25/26 and FY26/27, and either the Bruceville (B) or Sloughhouse (G) stations will be replaced during FY27/28 and FY28/29. Each station replacement project is anticipated to take two years to complete. Below is a map of the existing air monitoring stations.

Map of Air Monitoring Stations in Sacramento County



Rule 301 (Permitting and Enforcement) Fleet

The five-year forecast includes funds to replace aging fleet vehicles, which will be replaced with zero- and low-emission vehicles consistent with the District's goal of reducing vehicle emissions. Fleet replacement, averaging \$150,000 per year for the forecast, is a recurring capital outlay due to vehicles having an estimated operational life

of 10-15 years. Incorporating new zero- and near-zero-emission vehicles into the fleet is anticipated to reduce operating expenses related to fuel and maintenance.

Information Systems

Information Systems' capital expenditures reflect existing systems' updates and investment into additional security and disaster recovery solutions. These are recurring capital expenses and have been projected in the five-year forecast. Increasing threats of cyber activity against government agencies require new tools and equipment to combat and deter service interruptions. The district is expanding security protection for remote devices and facilities and implementing solutions for secure backups to protect against cyber data attacks. The district continues to invest and develop strategies for work anywhere, anytime, and anyplace to ensure district activities continue without interruption.

Covell Building

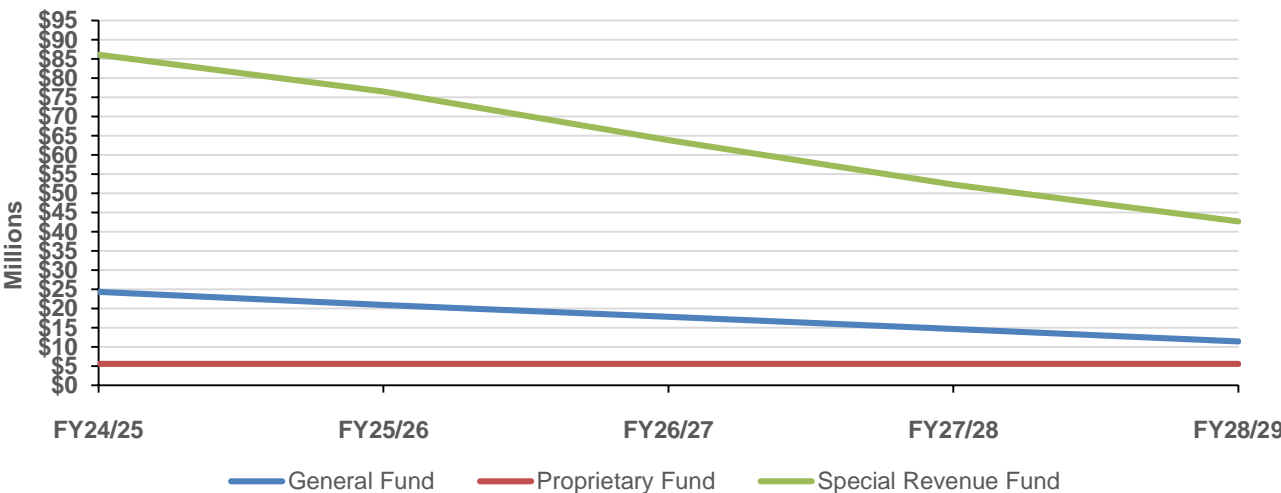
The capital forecast for the Covell Building includes expenditures for building systems (e.g., HVAC, etc.) and annual amounts to fund minor non-recurring building improvements. Funding for these capital expenses primarily comes from rent income.

FUND BALANCE FORECAST

In summary, based on the projected revenues and expenditures described in this section, the fund balance forecast line graph below indicates 1) annual decreases in the General Fund balance over the planning horizon, 2) stability with projected rent income sufficient to support projected expenditures for the Proprietary Fund, and 3) a decrease in the Special Revenue Fund indicating efficient deployment of incentive projects.

The General Fund projected fund balance at the end of FY24/25 complies with the District's fund balance reserve policy of a minimum of 120 days, but no less than 60 days, of General Fund expenditures. However, without additional funding sources, the General Fund unencumbered fund balance is projected to decrease by over 50% in the five-year outlook with the FY28/29 fund balance at only 23 days over the minimum fund balance level. When the target is not met, the policy requires that a plan be developed and implemented to replenish the funds used. The Proprietary Fund balance is compliant with policy and stable throughout the five years. The Special Revenue Fund accounts for various incentive grants that are intended to be fully expended. Therefore, no reserve targets are established for the Special Revenue Fund.

District Budget – Fund Balance Five-Year Forecast



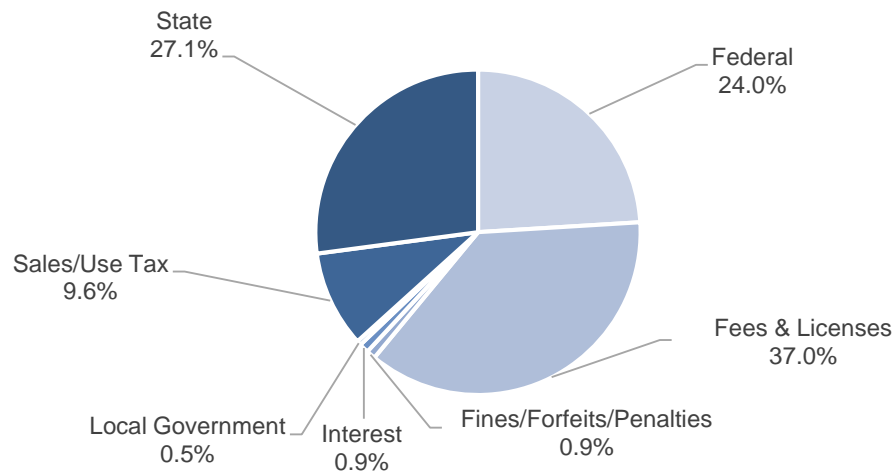
SECTION 5 - Fund Information

This section contains descriptions of District funds and associated approved budgets for FY24/25. It also includes information on fund budgets (revenues and expenditures by classification and activities, historical trends, and fund balances) to provide additional context for the approved budget.

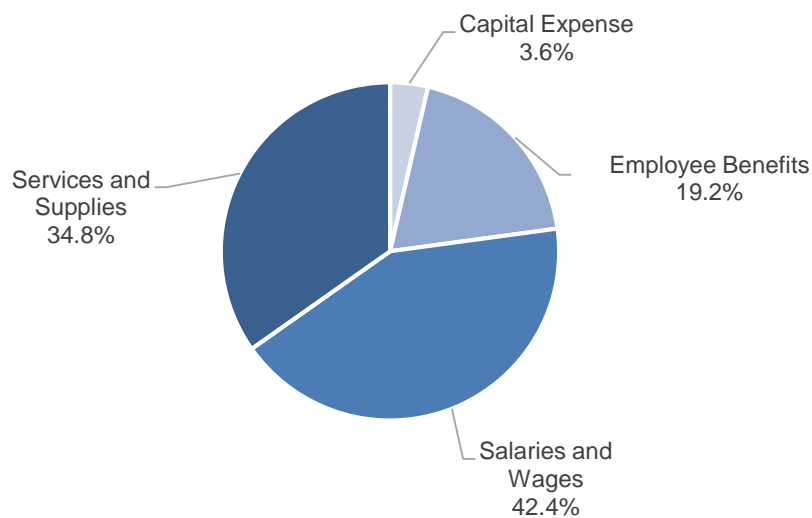
GENERAL FUND 100

The total FY24/25 Approved General Fund Budget is \$26.9 million in revenue and \$30.0 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total General Fund Budget.

General Fund Budget – Revenues by Classification (\$26.9 million)



General Fund Budget – Expenditures by Classification (\$30.0 million)



The FY24/25 General Fund Budget includes revenues of \$26.9 million and expenditures of \$30.0 million resulting in a \$3.1 million use of fund balance. Approximately \$2.5 million of this deficit is related to the AB 617 Community Emission Reduction Plan (CERP) grant. The CERP is a two-year program that begins July 1, 2024. Most of the funding for the state-funded program will be received and revenue recognized in FY23/24. Accordingly, the grant funding is included in the ending fund balance on June 30, 2024. The FY24/25 and FY25/26 expenditures related to the CERP project will be funded by the grant revenues included in the opening fund balance for FY24/25.

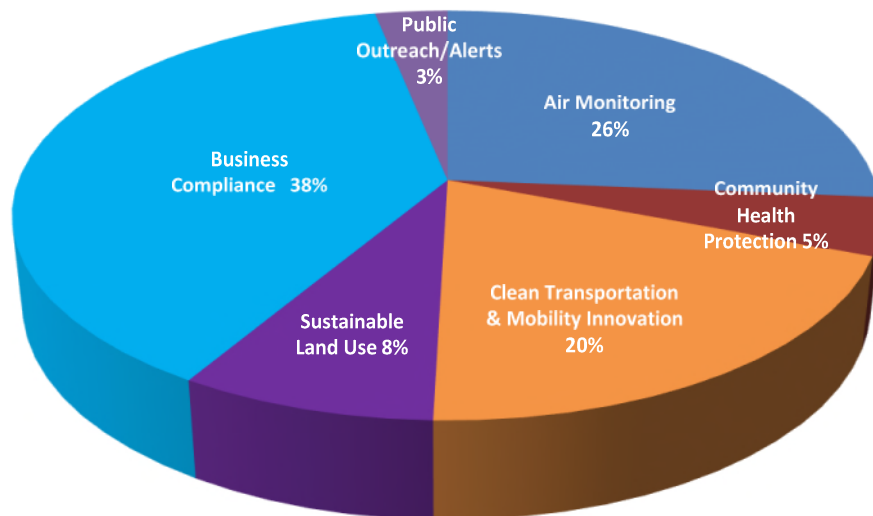
Historically, the District has performed under budget for expenditures due to savings in Employees Services and Professional Services, and therefore, has not fully expended the amount of budgeted expenditures. For the FY24/25 budget, the District implemented two adjustments to minimize variances to the budget. The first adjustment is a vacancy credit in Employee Services to allow for open positions during the recruitment process. In addition, professional services contracts were assessed against District priorities for the fiscal year and critical contracts were included at their expected cost. The remaining services were pooled, and the total “pooled” amount was reduced by about 60% to forecast expenditures more accurately. District divisions will share the pooled budget for these potential professional services contracts as needs arise.

The District expects to operate fully staffed in FY24/25 and to expend the “right-sized” Professional Services budget. The District has adequate operating reserves to fund the remaining (unrelated to the CERP) \$600,000 use of fund balance for FY 24/25. The ending fund balance on June 30, 2025, in the Approved Budget, will comply with the District’s operating reserve policy.

Operating Expenses by District Activities

As described in Section 2 – About the District, under District Activities, the District’s services and programs are grouped into categories. The chart below illustrates the percentage of the General Fund expenditure budget allocated to each of the District activities.

Allocation of FY24/25 Operating Expenses by District Activity



General Fund Trends

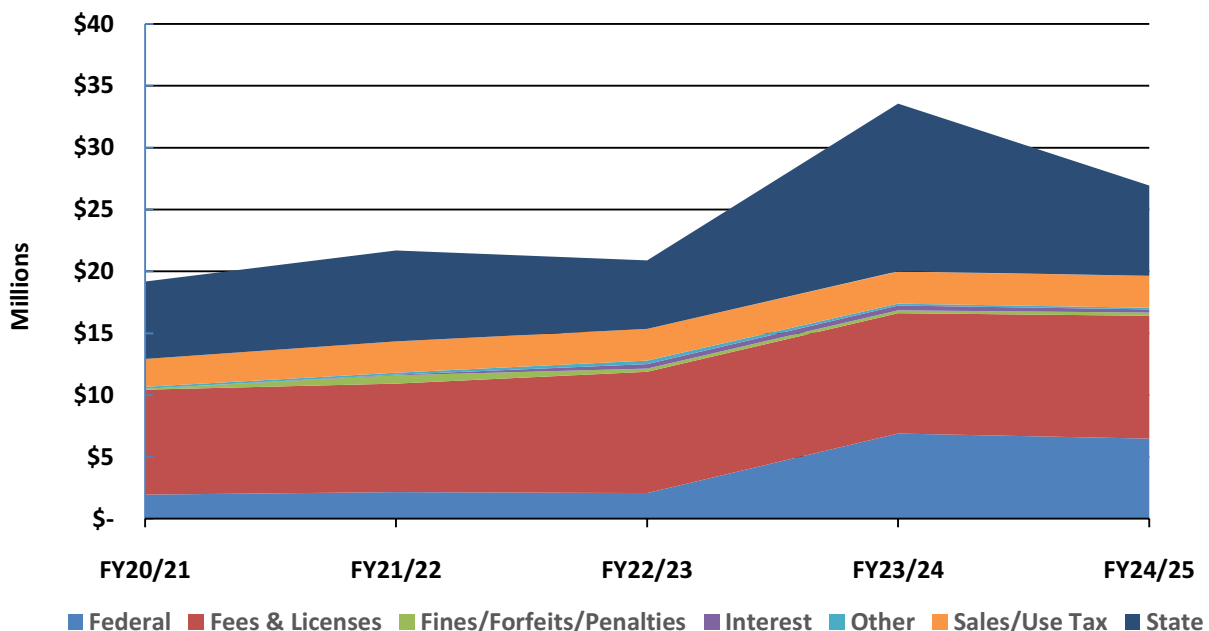
The Five-Year Revenues Trend graph displays revenues by account type. The trend shows federal grant revenues fluctuating over time depending on changes in EPA 103, EPA 105, CPRG and TAG project funding. The EPA has historically provided federal grants to the District to enforce federal air pollution rules and regulations; these grants are restricted to specific usage and may consist of one-time grants. The CPRG program provides funding to develop a plan for reducing greenhouse gas emissions in the Sacramento region; the District is the lead agency for this grant. The District administers the TAG project funds for several neighboring air districts. Both the CPRG planning grant and the TAG projects are non-recurring grants.

Stationary Source fees are collected from businesses that have equipment that emits pollutants into the air; these fees are based on the type and size of the equipment and the amount of pollutants emitted. The District is proposing a 4.17% CPI increase in fees for FY24/25. This adjustment is based on the annual change in the California Consumer Price Index in accordance with the Health and Safety Code.

State revenues fluctuate over the period. Included in this category are the DMV registration fee surcharge (DMV) and state grants. DMV revenue is dependent on the number of vehicle registrations in the State of California with the District receiving a set amount per registration. Community Air Protection Program state incentives related to Assembly Bill AB 617 are included in this line item. State grant revenue may contain one-time grants that create year-to-year variability in this category, for example, the two-year CERP funding for AB617 will be recognized in FY23/24 and will fund project activities for the next two fiscal years.

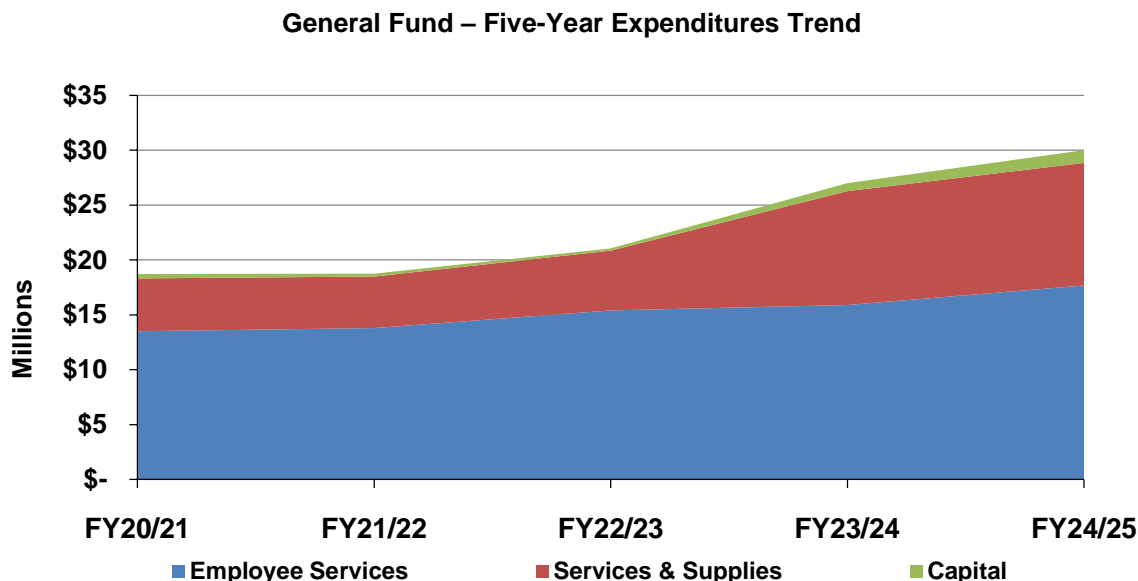
Sales and Use Tax revenue is based on a sales tax proposition (Measure A) that allocates a portion of the sales tax collected to the District for emission reduction activities and community education.

General Fund – Five-Year Revenues Trend



The Five-Year Expenditures Trend of the General Fund graph shown below reflects an increase in Employee Services (Salaries, Wages, and Employee Benefits) due to 1) an increase in staff Full Time Equivalents (FTE) to support expanding mandates and grant activity and 2) keeping pace with the cost of living and 3) addressing health care and pension costs. For FY24/25 Services and Supplies are expected to increase mainly due to program distributions related to a federal pass-through grant (TAG projects) and professional services expenditures to support expanded grant activity. Capital outlays will increase in FY24/25 primarily due to the completion of the Del Paso Manor air monitoring station renovation.

The following graph illustrates the five-year expenditures trend for the General Fund by classification.

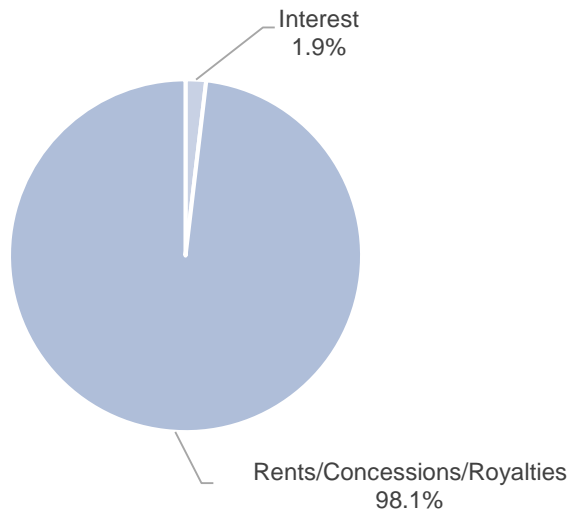


PROPRIETARY FUND 400

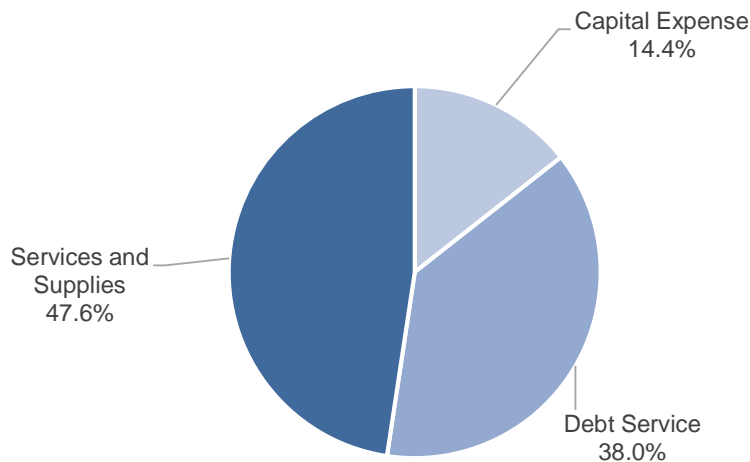
The Proprietary Fund is an Internal Service Fund that supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12th Street in Sacramento, California, containing two floors of office space with paid parking on the first floor. The District moved into the building as a tenant in 1999 and purchased the building in 2002 through the issuance of the Certificates of Participation (COPs) discussed below, along with other funding. The District occupies roughly 23,000 square feet, including the entire third floor and about 4,000 square feet on the second floor. The third-party tenant that historically occupied the remaining rentable 15,000 square feet on the second floor notified the District that they would not renew their two leases. As a result, the District evaluated several options for the overall Covell Building and decided to sell the building and move to smaller more efficient office space. The building is currently offered for sale and the FY24/25 budget was planned on a “status quo” basis without major improvements or a third-party tenant and is assumed to breakeven.

The total FY24/25 Approved Proprietary Fund Budget is \$1.0 million in revenues (rent from the District) and \$1.0 million in expenditures. The following are charts detailing the revenues and expenditures by classification as a percentage of the total Proprietary Fund Budget.

Proprietary Fund Budget – Revenues by Classification (\$1.0 million)



Proprietary Fund Budget – Expenditures by Classification (\$1.0 million)



In FY24/25, the District's share of building rent will decrease by \$12,193 (from \$1,000,567 to \$988,374). Total FY24/25 parking rent of \$67,460 is expected to remain stable with the FY23/24 projected parking income. Overall, rent revenue, which accounts for nearly all Proprietary Fund revenues, is projected to decrease by \$94,168 over FY23/24 budgeted rent revenue. The decrease in rent revenue is due to the third-party tenant in the building opting to not renew their leases. The budget expenditures are comprised of \$512,234 for services and supplies (day-to-day operating expenses), \$155,000 for capital expenses, and \$408,600 for debt service. Expenses are projected to decrease by \$794,165 over the prior year's budget; this change is primarily due to a decrease of \$800,000 in capital expenses, offset by a combined increase of \$5,835 in Services and Supplies and Debt service costs. The decrease in capital outlay is mainly because the FY23/24 budget included \$700,000 in leasehold improvements for the District portion of the building to facilitate a hybrid workplace. This project was not initiated due to the decision to sell the building.

Debt Service

The District issued \$5,835,000 worth of Certificates of Participation (COPs) in February 2002 and refinanced the original COPs in March of 2012. The new COPs, issued by California Special District Association Finance Corporation, were issued for \$4,350,000, with the interest rates ranging from 3.0% to 4.0% and a bond premium of \$72,382 to be amortized over the life of the COPs. The debt is supported by rent paid by the District. The rent expense in the General Fund is projected to be stable over the remaining life of the debt. Upon sale of the building, the debt will be paid off; there is no penalty for early payoff of the COPs.

The District may “incur” long-term debt, such as the purchase of real property, but is not authorized to “issue” long-term debt. The District does not have a formal debt issuance policy with criteria such as debt limits and the level of authority required to incur new debt. The District’s only long-term debt is for the purchase of its building, and the financial activity is recorded in the Proprietary Fund. The District does not anticipate incurring any additional long-term debt at this time.

The principal balance outstanding on June 30, 2025, will be \$1,150,000. In FY24/25, a \$370,000 principal payment will be made. The purchase obligation will be fully paid off in FY26/27 unless it is extinguished upon the sale of the building. The principal and interest payments are included in the Proprietary Fund budget. The certificates mature as shown in the table below:

Debt Repayment Schedule

Fiscal Year Ending June 30	Principal	Interest	Total
2025	370,000	38,600	408,600
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
Totals	\$ 1,150,000	\$ 70,000	\$ 1,220,000

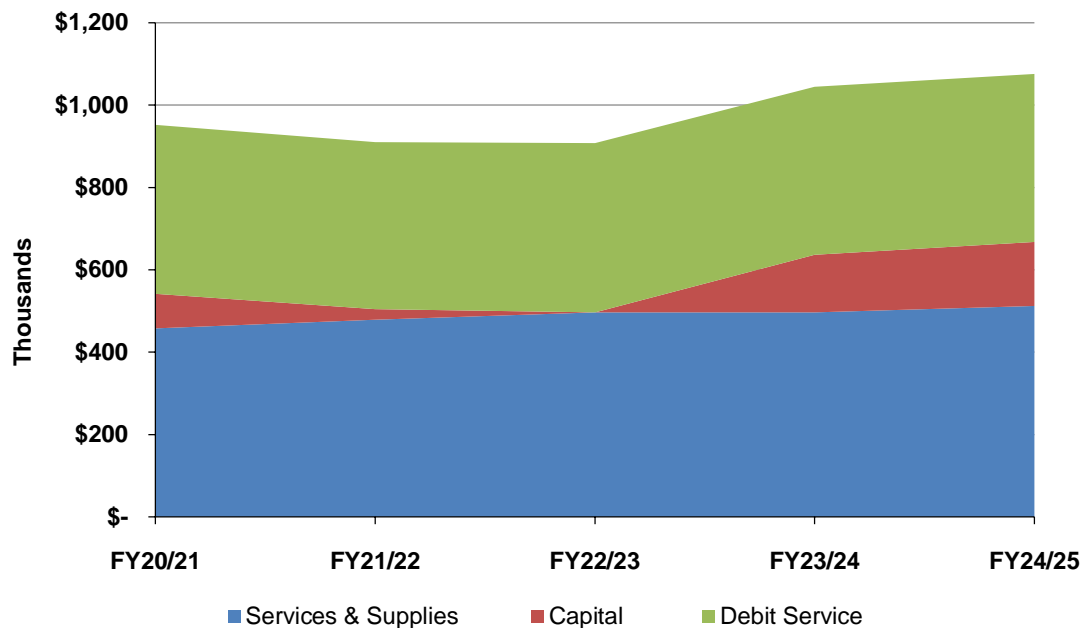
Proprietary Fund Trends

Building revenues consist primarily of tenant rents. There is also revenue generated from daily/monthly parking passes, though this is less than 1% of the total revenue. The Approved FY24/25 tenant rent decreases by approximately \$194,365 from the FY23/24 projected tenant rent. In the past, the third-party tenant leased two spaces in the building. The tenant opted to not renew the leases at expiration and as a result, tenant rent decreased for FY24/25.

Proprietary Fund – Five-Year Trend of Rent Revenues

Account	FY20/21 Actuals	FY21/22 Actuals	FY22/23 Actuals	FY23/24 Projection	FY24/25 Approved
District Rent	\$ 871,025	\$ 818,650	\$ 991,211	\$ 1,068,215	\$ 1,055,834
Tenant Rent	323,157	336,012	358,510	181,984	-
Total Rents	\$ 1,194,182	\$ 1,154,662	\$ 1,349,721	\$ 1,250,199	\$ 1,055,834

Proprietary Fund – Five-Year Trend of Services and Supplies, Capital Expense, and Debt Service



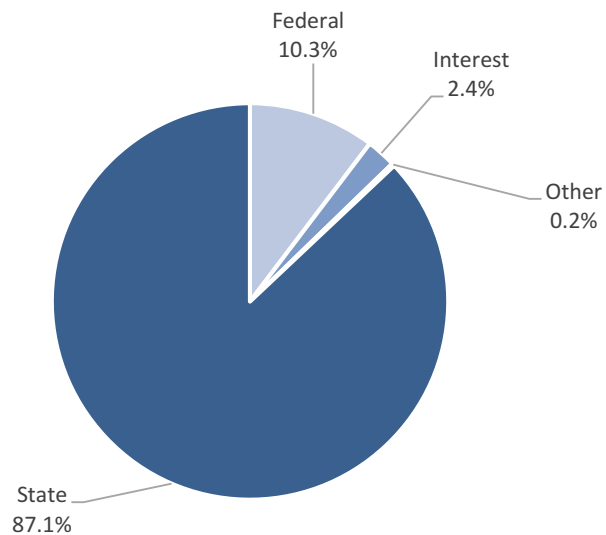
Capital expenses in FY24/25 include funding for potential systems (HVAC) replacements and a relatively minor amount for other unexpected capital improvement projects.

SPECIAL REVENUE FUND 500

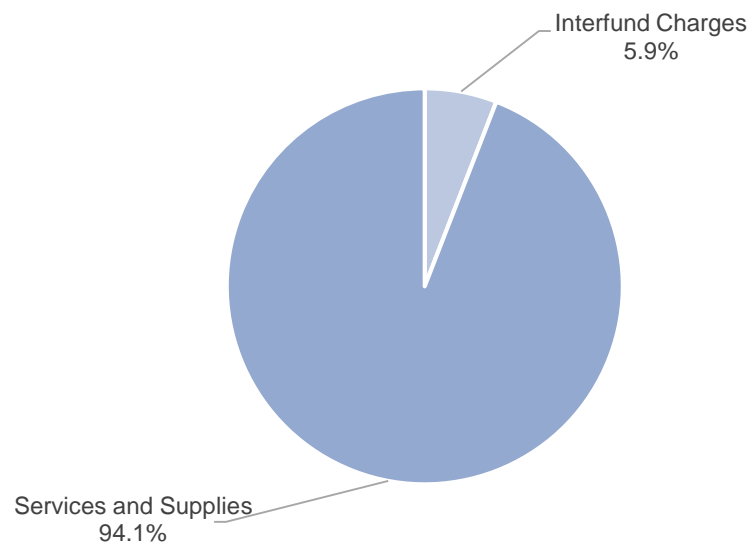
The Special Revenue Fund accounts for the financial activity of restricted funds, generally reflecting grants to provide businesses with incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light-duty on-road vehicles, and owners of off-road equipment, such as that used in agriculture and construction, to modernize their equipment with lower or zero-emission options. Options include re-power, retrofit, and replacement of the equipment, in addition to providing funds for charging and fueling infrastructure. Awards are also made to programs such as Our Community CarShare, in which residents in disadvantaged communities have access to low- and zero-emission transit options, and Clean Cars 4 All, which provides incentives for income-qualified individuals to purchase or lease an electric vehicle.

The total FY24/25 Approved Special Revenue Fund Budget is \$31.0 million in revenues and \$36.5 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Special Revenue Fund budget.

Special Revenue Fund – Revenues by Classification (\$31.0 million)



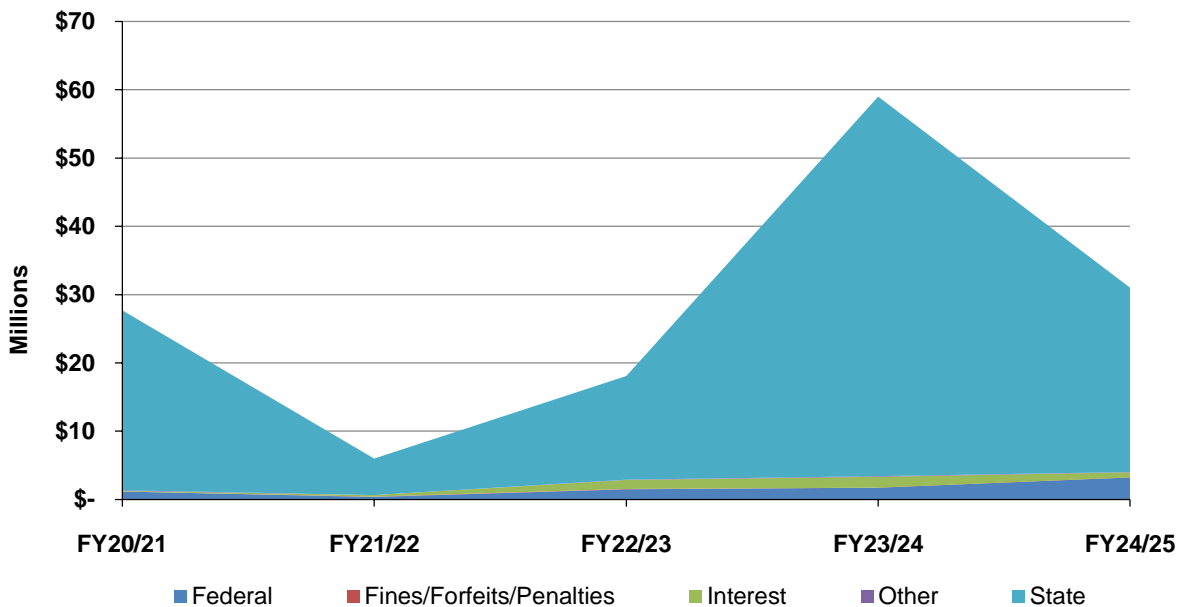
Special Revenue Fund – Expenditures by Classification (\$36.5 million)



Special Revenue Trends

The majority of Special Revenue Funds are from DMV registration fee surcharges (DMV), and state and federal grants including Moyer, GMERP Heavy Duty Trucks & Locomotive, Community Air Protection Program (CAPP), Clean Cars 4 All (CC4A), SECAT Phase III, and SECAT Green Region. Funding for the Special Revenue Fund is much more volatile than the General or Proprietary Funds due to one-time grants, the nature of funding received, and the timing of disbursements. DMV and Moyer (included in the State revenue) are relatively stable and ongoing revenue streams. However, historically one-time grants, such as GMERP (State revenue) and SECAT (Federal revenue), can vary in amount over time. The increase in revenues for FY23/24 reflects additional State grant funding (mainly CAPP, CC4A, and a one-time CalSTA funding). The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account type.

Special Revenue Fund – Five-Year Revenues Trend

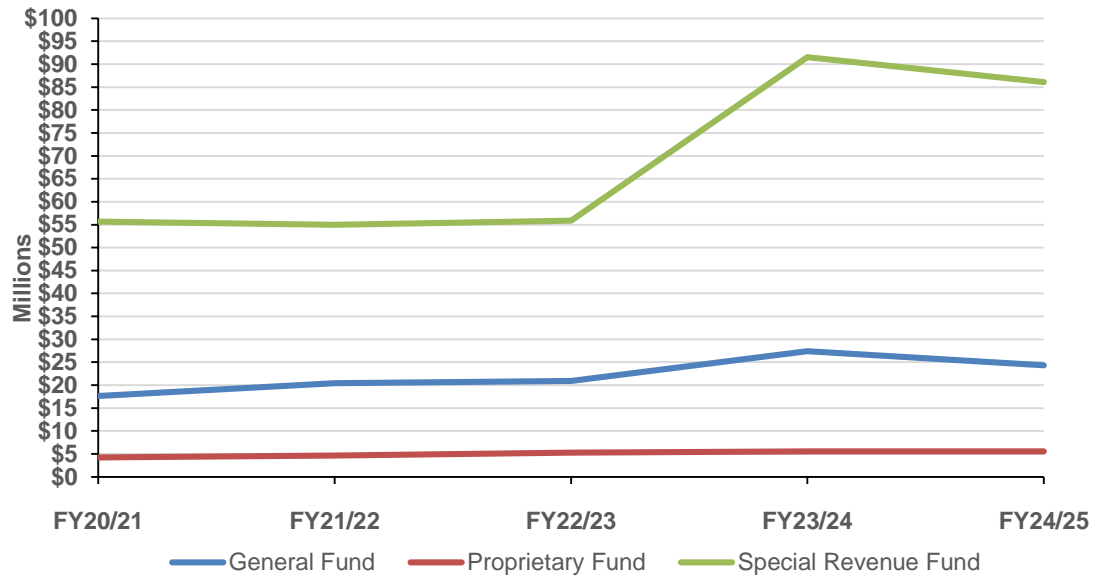


FUND BALANCE

The District closely manages each fund balance to ensure they remain at adequate and sustainable levels. The fund balance for the General Fund gradually increased over recent years as the District implemented steps to cautiously manage expenses, particularly during the economic uncertainty of the COVID-19 pandemic. These steps included temporarily keeping vacant positions open and reducing professional services and capital expenditures. In FY24/25 and beyond, the District anticipates there will be increases in employee services costs, capital expense requirements, and inadequate administrative allocations for implementing grant-related programs. Management will closely evaluate and prioritize District programs to ensure resources are allocated appropriately to continue the essential functions of the District while pursuing additional funding.

The Proprietary Fund is stable with the revenues from building rent covering the recurring operating and capital expenses. The Special Revenue Fund is more fluid with the fluctuation of state and federal revenues, mainly representing one-time grants for the incentive program. Large multi-year federal and state grants temporarily increase the fund balance. These funds are restricted to specific grant projects and are expected to be fully expended. The graph below shows the fund balance trends for each of the Funds and the District overall.

All Funds - Five-Year Trend of Fund Balances by Fund



SECTION 6 - Budget Schedules

This section presents budget schedules for the District Budget and each of the District funds. The budget tables show the FY22/23 Actuals, the FY23/24 Approved Budget, the FY23/24 Projection, the FY24/25 Approved Budget, as well as the variance between the FY23/24 Approved and FY24/25 Approved Budgets.

Also included in this section are the schedules for FY24/25 Approved Capital Expenses and the Summary of Financial Sources, Uses, and Fund Balance, which shows the projected year-end fund balance for the current year and FY24/25.

DISTRICT BUDGET

District Budget – Summary of Revenues, Expenditures and Budgeted Fund Balances

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Revenues					
Federal	\$ 4,075,034	\$ 8,911,056	\$ 8,610,552	\$ 9,674,793	\$ 763,737
Fees & Licenses	9,799,468	9,379,397	9,721,015	9,953,047	573,650
Fines/Forfeits/Penalties	304,037	350,000	255,700	250,000	(100,000)
Interest	1,700,614	950,000	2,057,000	1,020,000	70,000
Local Government	276,582	36,533	131,533	121,851	85,318
Other	83,611	83,962	106,121	84,962	1,000
Rents/Concessions/Royalties	1,349,721	1,150,002	1,250,199	1,055,834	(94,168)
Sales/Use Tax	2,569,539	2,590,825	2,590,825	2,584,321	(6,504)
State	20,874,232	33,655,842	69,123,703	34,295,324	639,482
Revenues Total	\$ 41,032,838	\$ 57,107,617	\$ 93,846,648	\$ 59,040,132	\$ 1,932,515
Expenses					
Salaries and Wages	\$ 11,492,787	\$ 12,822,050	\$ 12,473,038	\$ 13,642,460	\$ 820,410
Employee Benefits	4,832,575	5,589,552	5,451,886	6,175,562	586,010
Services and Supplies	21,997,746	37,713,900	32,129,366	46,047,833	8,333,935
Capital Expense	221,024	2,193,500	869,066	1,323,000	(870,500)
Debt Service	410,591	408,100	408,100	408,600	500
Expenses Total	\$ 38,954,722	\$ 58,727,102	\$ 51,331,456	\$ 67,597,455	\$ 8,870,355
Fund Balance Source / (Use)	\$ 2,078,116	\$ (1,619,485)	\$ 42,515,192	\$ (8,557,323)	

GENERAL FUND BUDGET**General Fund 100 – Summary of Revenues, Expenditures and Budgeted Fund Balances**

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Revenues					
Federal	\$ 2,575,872	\$ 5,461,056	\$ 6,885,552	\$ 6,468,833	\$ 1,007,777
Fees & Licenses	9,799,468	9,379,397	9,721,015	9,953,047	573,650
Fines/Forfeits/Penalties	270,176	350,000	250,000	250,000	(100,000)
Interest	349,456	191,865	390,000	250,000	58,135
Local Government	276,582	36,533	131,533	121,851	85,318
Other	19,237	17,524	24,683	18,524	1,000
Sales/Use Tax	2,569,539	2,590,825	2,590,825	2,584,321	(6,504)
State	5,709,931	7,070,033	13,571,206	7,295,528	225,495
Revenues Total	\$ 21,570,261	\$ 25,097,233	\$ 33,564,814	\$ 26,942,104	\$ 1,844,871
Expenses					
Salaries and Wages	\$ 11,492,787	\$ 12,822,050	\$ 12,473,038	\$ 13,642,460	\$ 820,410
Employee Benefits	4,832,575	5,589,552	5,451,886	6,175,562	586,010
Services and Supplies	5,435,112	10,290,233	10,405,058	11,180,818	890,585
Capital Expense	221,024	1,238,500	729,066	1,168,000	(70,500)
Interfund Charges	(909,730)	(2,115,503)	(2,039,139)	(2,146,641)	(31,138)
Expenses Total	\$ 21,071,768	\$ 27,824,832	\$ 27,019,909	\$ 30,020,199	\$ 2,195,367
Source / (Use) Fund Balance	\$ 498,493	\$ (2,727,599)	\$ 6,544,905	\$ (3,078,095)	

General Fund 100 – Revenues by Account

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Revenues					
Federal					
EPA 103	\$ 42,895	\$ 78,800	\$ 128,000	\$ 128,000	\$ 49,200
EPA 105	1,138,908	1,150,000	1,199,943	1,199,943	49,943
Federal	636,976	3,461,836	4,687,189	4,440,890	979,054
FHW-CMAQ	757,093	770,420	870,420	700,000	(70,420)
Subtotal Federal	2,575,872	5,461,056	6,885,552	6,468,833	1,007,777
Fees & Licenses					
Ag Burn	24,995	22,000	28,000	12,000	(10,000)
Asbestos	418,273	356,000	214,500	218,000	(138,000)
Fees & Licenses	14,333	5,860	20,507	22,292	16,432
Mitigation Fees	285,431	274,632	133,730	150,000	(124,632)
Rule 301	8,631,979	8,300,000	8,900,000	9,100,000	800,000
SEED Loan-Non Labor	3,404	43,000	48,166	36,051	(6,949)
SEED Renewal	59,403	71,447	62,112	64,704	(6,743)
Title V	151,980	101,553	90,000	120,000	18,447
Toxics AB2588	209,670	204,905	224,000	230,000	25,095
Subtotal Fees & Licenses	9,799,468	9,379,397	9,721,015	9,953,047	573,650
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	270,176	350,000	250,000	250,000	(100,000)
Subtotal Fines/Forfeits/Penalties	270,176	350,000	250,000	250,000	(100,000)
Interest					
Interest Earned	349,456	191,865	390,000	250,000	58,135
Subtotal Interest	349,456	191,865	390,000	250,000	58,135
Local Government					
Local Government	276,582	36,533	131,533	121,851	85,318
Subtotal Local Government	276,582	36,533	131,533	121,851	85,318
Other					
Other	19,237	17,524	24,683	18,524	1,000
Subtotal Other	19,237	17,524	24,683	18,524	1,000
Sales/Use Tax					
Sales/Use Tax	2,569,539	2,590,825	2,590,825	2,584,321	(6,504)
Subtotal Sales/Use Tax	2,569,539	2,590,825	2,590,825	2,584,321	(6,504)
State					
ARB Oil & Gas	42,000	42,000	42,000	42,000	-
ARB PERP	174,189	180,000	255,401	260,000	80,000
ARB Subvention	359,033	359,033	362,000	362,000	2,967
DMV	5,122,126	5,200,000	5,200,000	5,260,000	60,000
State	12,583	1,289,000	7,711,805	1,371,528	82,528
Subtotal State	5,709,931	7,070,033	13,571,206	7,295,528	225,495
Revenues Total	\$ 21,570,261	\$ 25,097,233	\$ 33,564,814	\$ 26,942,104	\$ 1,844,871

General Fund 100 – Expenses by Account

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Expenses					
Salaries and Wages					
Salaries & Wages-Extra Help	\$ 64,140	\$ 98,388	\$ 73,461	\$ 144,769	\$ 46,381
Salaries & Wages-OT	75,281	68,432	64,111	92,535	24,103
Salaries & Wages-Premium Pay	61,189	61,132	68,115	63,327	2,195
Salaries & Wages-Regular	11,292,176	12,594,098	12,267,351	13,341,829	747,731
Subtotal Salaries and Wages	11,492,787	12,822,050	12,473,038	13,642,460	820,410
Employee Benefits					
Employee Assistance Program	3,327	5,000	5,000	5,000	-
FICA/Medicare-Employer OASDHI	808,374	919,288	894,361	978,908	59,620
Group Insurance	1,561,804	1,893,336	1,845,053	2,036,257	142,921
OPEB GASB 68	700	700	700	700	-
Retirement	2,347,114	2,619,767	2,553,573	3,001,030	381,263
Unemployment-SUI	12,265	26,461	26,461	28,667	2,206
Workers Compensation Insurance	98,991	125,000	126,738	125,000	-
Subtotal Employee Benefits	4,832,575	5,589,552	5,451,886	6,175,562	586,010
Services and Supplies					
Subtotal Services and Supplies	5,435,112	10,290,233	10,405,058	11,180,818	890,585
Capital Expense					
FA-Computer & Network	22,514	75,000	75,000	82,000	7,000
FA-Lab Equipment	168,767	388,500	235,000	231,000	(157,500)
FA-Monitoring Structures	19,582	595,000	75,000	655,000	60,000
FA-Vehicles	10,161	180,000	344,066	200,000	20,000
Subtotal Capital Expense	221,024	1,238,500	729,066	1,168,000	(70,500)
Interfund Charges					
Transfer-In	(909,730)	(2,115,503)	(2,039,139)	(2,146,641)	(31,138)
Subtotal Interfund Charges	(909,730)	(2,115,503)	(2,039,139)	(2,146,641)	(31,138)
Expenses Total	\$ 21,071,768	\$ 27,824,832	\$ 27,019,909	\$ 30,020,199	\$ 2,195,367

Note: Services and Supplies expenses by account are presented on the next page.

General Fund 100 – Expenses by Account (Continued)

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Expenses					
Services and Supplies					
Advertising, Comm & Outreach	\$ 1,005,071	\$ 1,074,500	\$ 1,044,511	\$ 1,028,236	\$ (46,264)
Alternative Transit	18,920	31,410	20,830	25,550	(5,860)
Banking & Finance	1,158	3,620	1,235	2,435	(1,185)
Books/Periodicals/Subscriptions	29,424	29,029	27,779	32,173	3,144
Breakroom Supplies	1,454	1,800	1,500	1,800	-
Business Meetings	158,285	168,150	137,248	233,400	65,250
Collaborations	80,508	147,000	90,726	102,000	(45,000)
Document Storage & Handling	34,795	32,000	33,000	33,200	1,200
Education & Training	33,396	97,050	98,979	144,900	47,850
Food	397	-	33	-	-
Fuel & Lubricants	16,914	20,300	16,100	16,680	(3,620)
Internship	7,375	7,375	7,400	8,000	625
IS Data Processing Services	38,491	46,400	47,900	49,400	3,000
IS Hardware	64,539	93,350	93,350	146,444	53,094
IS Internet	33,289	34,840	34,800	36,232	1,392
IS Mobile Devices/Services	46,415	36,360	44,499	51,962	15,602
IS SaaS-Software as a Service	403,054	1,100,334	666,949	717,499	(382,835)
IS Software	75,005	117,623	118,725	87,337	(30,286)
IS Supplies	13,260	16,000	15,563	15,564	(436)
Lab Analysis	18,922	130,000	57,000	106,000	(24,000)
Laboratory Equipment & Supplies	58,721	68,000	57,000	68,000	-
Legal Services	6,801	61,000	61,000	33,000	(28,000)
Legislative Advocacy	60,700	66,250	66,250	66,250	-
Maintenance & Repairs	23,645	38,500	20,600	27,000	(11,500)
Medical Services	694	3,000	3,000	3,000	-
Membership Dues	46,529	49,444	50,874	64,140	14,696
Mileage/Parking	30,885	33,370	31,710	32,510	(860)
Miscellaneous	1,221	100	(20)	100	-
Office Equipment/Furniture	378	13,500	7,000	8,500	(5,000)
Office Services	525	1,000	1,000	1,000	-
Office Supplies	(662)	9,000	5,813	8,500	(500)
Postage/Shipping/Messenger	10,623	13,750	16,400	18,950	5,200
Printing	4,988	8,700	7,200	10,200	1,500
Prof Svc-Consulting	1,179,714	1,874,500	1,896,387	2,420,650	546,150
Program Distribution-EPA Grant	512,107	3,278,836	4,032,525	3,863,031	584,195
Property & Liability Insurance	205,417	227,650	252,300	298,700	71,050
Property Management	14,211	25,000	10,000	25,000	-
Public Notices	2,618	32,800	19,075	28,750	(4,050)
Recognition	9,363	13,550	13,900	21,300	7,750
Recording Fees	-	200	100	200	-
Recruitment	9,867	10,000	42,000	10,000	-
Rent/Lease-Equipment	74,803	81,635	77,825	79,835	(1,800)
Rent/Lease-Real Property	973,497	1,021,327	1,014,572	1,005,834	(15,493)
Safety Supplies	4,406	7,000	3,100	5,000	(2,000)
Stipends	9,500	20,100	21,200	63,600	43,500
Telephone Services	26,124	27,180	25,300	24,936	(2,244)
Temporary Staffing	-	20,000	50,000	80,000	60,000
Tools/Small Equipment	35,733	30,200	3,320	6,120	(24,080)
Utilities	15,441	22,000	18,000	20,400	(1,600)
Vehicle Maintenance	36,590	45,500	39,500	47,500	2,000
Subtotal Services and Supplies	5,435,112	10,290,233	10,405,058	11,180,818	890,585

PROPRIETARY FUND BUDGET**Proprietary Fund 400 – Summary of Revenues, Expenditures and Budgeted Fund Balances**

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Revenues					
Interest	\$ 52,346	\$ 20,000	\$ 67,000	\$ 20,000	\$ -
Rents/Concessions/Royalties	1,349,721	1,150,002	1,250,199	1,055,834	(94,168)
Revenues Total	\$ 1,402,068	\$ 1,170,002	\$ 1,317,199	\$ 1,075,834	\$ (94,168)
Expenses					
Services and Supplies	\$ 496,965	\$ 506,901	\$ 496,306	\$ 512,234	\$ 5,335
Capital Expense	-	955,000	140,000	155,000	(800,000)
Debt Service	410,591	408,100	408,100	408,600	500
Expenses Total	\$ 907,556	\$ 1,870,001	\$ 1,044,406	\$ 1,075,834	\$ (794,165)
Fund Balance Source / (Use)	\$ 494,512	\$ (699,999)	\$ 272,793	\$ 0	

Proprietary Fund 400 – Revenues and Expenses by Account

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Revenues					
Interest Earned					
Interest Earned	\$ 52,346	\$ 20,000	\$ 67,000	\$ 20,000	\$ -
Subtotal Interest	52,346	20,000	67,000	20,000	-
Rents/Concessions/Royalties					
Parking	81,461	70,660	67,648	67,460	(3,200)
Rents/Concessions/Royalties	1,268,260	1,079,342	1,182,552	988,374	(90,968)
Subtotal Rents/Concessions/Royalties	1,349,721	1,150,002	1,250,199	1,055,834	(94,168)
Revenues Total	\$ 1,402,068	\$ 1,170,002	\$ 1,317,199	\$ 1,075,834	\$ (94,168)
Expenses					
Services and Supplies					
Banking & Finance	\$ 2,173	\$ -	\$ 2,173	\$ 2,173	\$ -
Maintenance & Repairs	31,465	43,900	35,971	35,663	(8,235)
Mileage/Parking	178,296	160,000	157,378	160,000	-
Office Equipment/Furniture	1,421	2,500	1,600	785	(1,715)
Office Services	84,451	87,036	86,009	86,578	1,715
Prof Svc-Consulting	2,600	-	-	-	-
Property & Liability Insurance	38,307	44,052	46,000	54,000	9,948
Property Management	24,000	26,000	24,000	24,000	(2,000)
Security	19,776	26,090	23,266	23,960	(2,130)
Tax/Lic/Assessment	3,634	3,700	3,667	3,851	151
Utilities	110,842	113,623	116,242	121,224	7,601
Subtotal Services and Supplies	496,965	506,901	496,306	512,234	5,335
Capital Expense					
FA-Leasehold Improvement	-	955,000	140,000	155,000	(800,000)
Subtotal Capital Expense	-	955,000	140,000	155,000	(800,000)
Debt Service					
Interest Expense	65,591	53,100	53,100	38,600	(14,500)
Principal	345,000	355,000	355,000	370,000	15,000
Subtotal Debt Service	410,591	408,100	408,100	408,600	500
Expenses Total	\$ 907,556	\$ 1,870,001	\$ 1,044,406	\$ 1,075,834	\$ (794,165)

SPECIAL REVENUE FUND BUDGET**Special Revenue Fund 500 – Summary of Revenues, Expenditures and Budgeted Fund Balances**

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Revenues					
Federal	\$ 1,499,161	\$ 3,450,000	\$ 1,725,000	\$ 3,205,960	\$ (244,040)
Fines/Forfeits/Penalties	33,862	-	5,700	-	-
Interest	1,298,812	738,135	1,600,000	750,000	11,865
Other	64,374	66,438	81,438	66,438	-
State	15,164,301	26,585,809	55,552,497	26,999,796	413,987
Revenues Total	\$ 18,060,510	\$ 30,840,382	\$ 58,964,635	\$ 31,022,194	\$ 181,812
Expenses					
Interfund Charges	\$ 909,730	\$ 2,115,503	\$ 2,039,139	\$ 2,146,641	\$ 31,138
Services and Supplies	16,065,669	26,916,766	21,228,002	34,354,781	7,438,015
Expenses Total	\$ 16,975,398	\$ 29,032,269	\$ 23,267,141	\$ 36,501,422	\$ 7,469,153
Fund Balance Source / (Use)	\$ 1,085,111	\$ 1,808,113	\$ 35,697,494	\$ (5,479,228)	

Special Revenue Fund 500 – Revenues and Expenses by Account

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Revenues					
Federal					
FHW-SECAT	\$ 1,499,161	\$ 3,450,000	\$ 1,725,000	\$ 3,205,960	\$ (244,040)
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	33,862	-	5,700	-	-
Interest					
Interest Earned	1,298,812	738,135	1,600,000	750,000	11,865
Other					
Auction	64,374	66,438	81,438	66,438	-
State					
DMV	2,561,063	2,600,000	2,600,000	2,600,000	-
State	12,603,238	23,985,809	52,952,497	24,399,796	413,987
Revenues Total	\$ 18,060,510	\$ 30,840,382	\$ 58,964,635	\$ 31,022,194	\$ 181,812
Expenses					
Services and Supplies					
Incentive Projects	\$ 15,859,020	\$ 26,801,766	\$ 21,113,002	\$ 34,054,781	\$ 7,253,015
Prof Svc-Consulting	206,649	115,000	115,000	300,000	185,000
Interfund Charges					
Transfer-Out	909,730	2,115,503	2,039,139	2,146,641	31,138
Expenses Total	\$ 16,975,398	\$ 29,032,269	\$ 23,267,141	\$ 36,501,422	\$ 7,469,153

CAPITAL EXPENSES BUDGET**Capital Expenses – by Fund**

Fund Description		FY24/25 Approved
100 General		
New vehicle replacements	\$	200,000
PM10 continuous		30,000
Storage array		16,500
Storage server for storage Array		5,500
Simplivity node		60,000
Data logger		8,000
Chart recorder		22,000
FEM BAM1020		50,000
H2 generator		10,000
N2 generator		10,000
Ozone analyzer		30,000
Transfer standard		30,000
Zero air generator		15,000
Non-Methane hydrocarbon analyzer		26,000
A/C unit replacement		20,000
DPM finish replacement		610,000
DPM construction		25,000
100 General Subtotal		1,168,000
400 Proprietary		
HVAC replacements	\$	115,000
Miscellaneous - annual improvements		40,000
400 Proprietary Subtotal		155,000
Capital Expenses Total	\$	1,323,000

SUMMARY OF FINANCIAL SOURCES, USES, AND FUND BALANCE

Fund	Type	Fund Balance 06/30/23	FY23/24 Projected Revenues	FY23/24 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/24
100	General Fund	\$ 20,895,504	\$ 33,564,814	\$ 27,019,909	\$ 6,544,905	\$ 27,440,409
400	Proprietary Fund	5,302,609	1,317,199	1,044,406	272,793	5,575,402
500	Special Revenue Fund	55,863,979	58,964,635	23,267,141	35,697,494	91,561,473
Total		\$ 82,062,092	\$ 93,846,648	\$ 51,331,456	\$ 42,515,192	\$ 124,577,284

Fund	Type	Projected Fund Balance 06/30/24	FY24/25 Approved Revenues	FY24/25 Approved Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/25
100	General Fund	\$ 27,440,409	\$ 26,942,104	\$ 30,020,199	\$ (3,078,095)	\$ 24,362,314
400	Proprietary Fund	5,575,402	1,075,834	1,075,834	0	5,575,402
500	Special Revenue Fund	91,561,473	31,022,194	36,501,422	(5,479,228)	86,082,245
Total		\$ 124,577,284	\$ 59,040,132	\$ 67,597,455	\$ (8,557,323)	\$ 116,019,961

The increase in the FY23/24 General Fund fund balance is mainly because of the \$5.4 million of project revenue from the CERP grant that will be recognized upon receipt before June 30, 2024. Expenditures to support the two-year grant will be funded in subsequent years from the revenues received in FY23/24. The increase in the FY23/24 Special Revenue Fund fund balance is primarily due to the timing of revenue for CAPP and CC4A incentives and a hydrogen locomotive project (CalSTA).

The use of fund balance in the General Fund for FY24/25 is primarily due to expenditures for the CERP grant and to a lesser extent recurring operational costs exceeding annual revenue increases. The FY24/25 fund balance decrease for the Special Revenue Fund is due to the normal variation in receipt and disbursement of incentive grant funds.

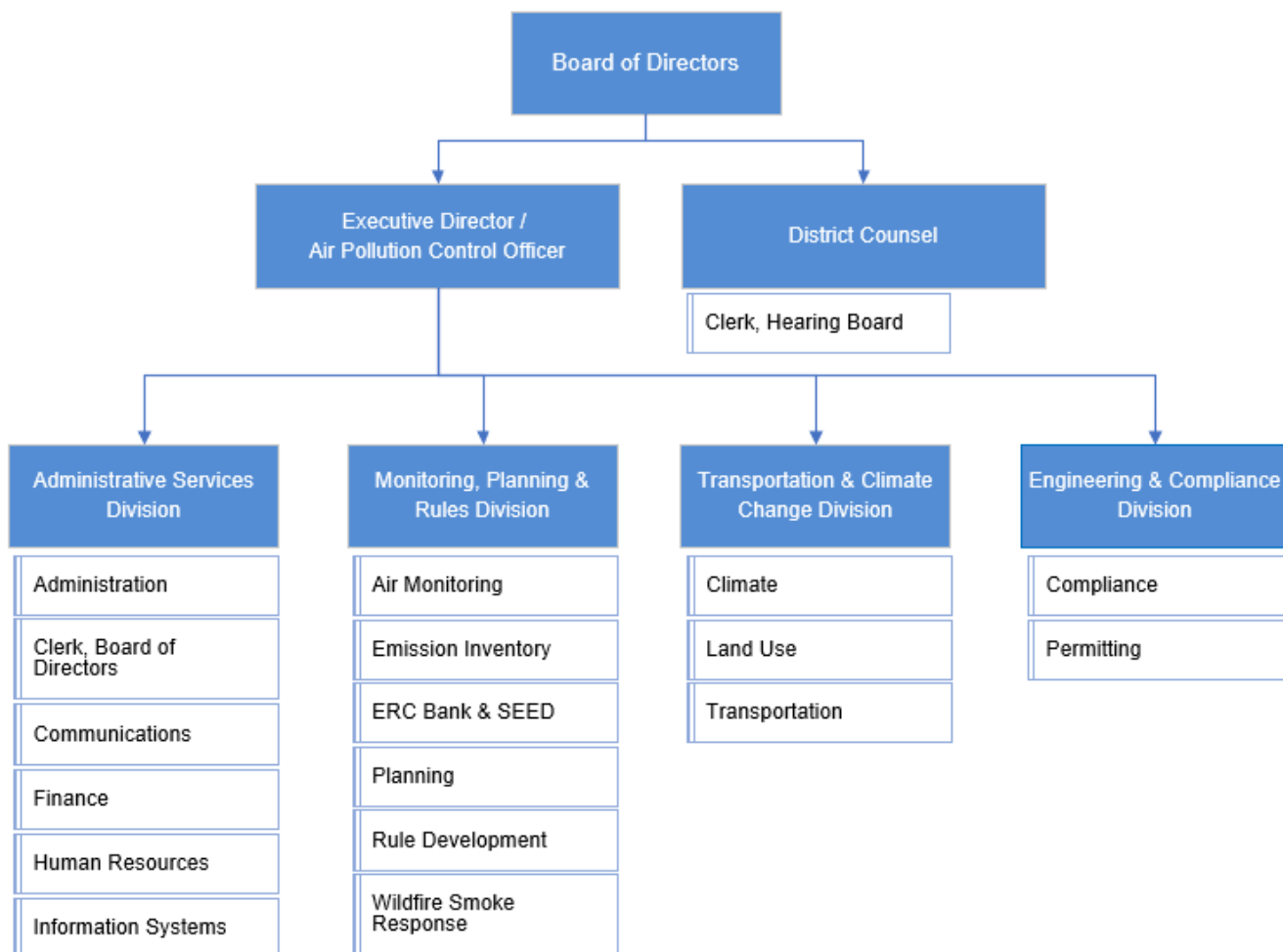
SECTION 7 - Organizational Overview

This section includes the District's organizational structure, staffing and pay schedules, division budgets, as well as division functions, program summaries, key initiatives for FY24/25 as well as major accomplishments. The District is organized into divisions that administer various programs and undertake initiatives to support the District's mission and strategic goals.

ORGANIZATIONAL STRUCTURE

The District Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member each from the Cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency's Executive Director/APCO and District Counsel. The District's organizational structure is comprised of the offices of the Executive Director (EXEC) and the District Counsel (DC), and four operating divisions: Administrative Services (ASD); Monitoring, Planning and Rules (MPR); Transportation & Climate Change (TCC); and Engineering and Compliance (ECD).

Organization Chart



STAFFING

The FY24/25 Approved Budget includes 105.8 Full Time Equivalent (FTE) positions. Each year, the District reassesses the priorities, critical needs, and funding capacity and then recommends positions to be funded in the budget. The Board amended the FY23/24 position budget, adding four FTEs, to initiate the recruitment process of critical resources; however, additional funding for the positions was not allocated at that time as salary savings were leveraged. In the FY24/25 Approved Budget, an additional four positions are included, with funding for all eight positions reflected in the FY24/25 Approved Budget. These additional resources will support expanded grant activities and operational requirements. The following two staffing schedules represent the approved FTE, first displaying positions by classification and then positions by division.

Positions by Classification

Classification	FY22/23 Amended	FY23/24 Approved	FY23/24 Amended	Change	FY24/25 Approved
AUTHORIZED					
Regular					
Accountant	-	-	-	1.0	1.0
Admin Supervisor/Clerk of Board	1.0	1.0	1.0	-	1.0
Administrative Specialist	4.0	4.0	4.0	-	4.0
Air Pollution Control Officer	1.0	1.0	1.0	-	1.0
Air Quality Engineer	19.0	19.0	21.0	-	21.0
Air Quality Instrument Specialist	3.0	3.0	3.0	-	3.0
Air Quality Planner/Analyst	10.0	10.0	10.0	1.0	11.0
Air Quality Specialist	21.6	21.6	22.8	1.0	23.8
Communication & Marketing Specialist	1.0	1.0	2.0	-	2.0
Controller	1.0	1.0	1.0	-	1.0
District Counsel	1.0	1.0	1.0	-	1.0
Division Director	4.0	4.0	4.0	-	4.0
Financial Analyst	1.0	1.0	1.0		1.0
Human Resource Technician	1.0	1.0	1.0	-	1.0
Human Resources Officer	1.0	1.0	1.0	-	1.0
Information Systems Analyst	3.0	3.0	3.0	-	3.0
Information Systems Manager	1.0	1.0	1.0	-	1.0
Legal Assistant	1.0	1.0	1.0	-	1.0
Office Assistant	3.0	3.0	3.0	2.0	5.0
Program Manager	5.0	5.0	5.0	-	5.0
Program Supervisor	12.0	12.0	12.0	-	12.0
Senior Accountant	1.0	1.0	1.0	-	1.0
Statistician	1.0	1.0	1.0	-	1.0
Limited Term					
Air Quality Engineer/Specialist/Planner	1.0	1.0	1.0	-1.0	-
AUTHORIZED Total	97.6	97.6	101.8	4.0	105.8

Approved FY24/25 Positions by Division

Classification	ASD	DC	EXEC	MPR	ECD	TCC	Total FTE
AUTHORIZED							
Regular							
Accountant	1.0	-	-	-	-	-	1.0
Admin Supervisor/Clerk of Board	1.0	-	-	-	-	-	1.0
Administrative Specialist	4.0	-	-	-	-	-	4.0
Air Pollution Control Officer	-	-	1.0	-	-	-	1.0
Air Quality Engineer	-	-	-	4.0	11.0	6.0	21.0
Air Quality Instrument Specialist	-	-	-	3.0	-	-	3.0
Air Quality Planner/Analyst	-	-	-	3.0	-	8.0	11.0
Air Quality Specialist	-	-	-	5.0	13.8	5.0	23.8
Communication & Marketing Specialist	2.0	-	-	-	-	-	2.0
Controller	1.0	-	-	-	-	-	1.0
District Counsel	-	1.0	-	-	-	-	1.0
Division Director	1.0	-	-	1.0	1.0	1.0	4.0
Financial Analyst	1.0	-	-	-	-	-	1.0
Human Resource Technician	1.0	-	-	-	-	-	1.0
Human Resources Officer	1.0	-	-	-	-	-	1.0
Information Systems Analyst	3.0	-	-	-	-	-	3.0
Information Systems Manager	1.0	-	-	-	-	-	1.0
Legal Assistant	-	1.0	-	-	-	-	1.0
Office Assistant	3.0	-	-	-	-	2.0	5.0
Program Manager	1.0	-	-	1.0	2.0	1.0	5.0
Program Supervisor	1.0	-	-	3.0	5.0	3.0	12.0
Senior Accountant	1.0	-	-	-	-	-	1.0
Statistician	-	-	-	1.0	-	-	1.0
AUTHORIZED Total	22.0	2.0	1.0	21.0	32.8	26.0	105.8

PAY SCHEDULE

The following monthly pay schedule includes a cost-of-living adjustment (COLA) of 3.6% consistent with the terms of the Memorandum of Understanding between Management and the Sacramento Air District Employees' Association and the Unrepresented Personnel Resolution.

**Pay Schedule
Effective July 1, 2024**

Classification	Monthly	
	Minimum	Maximum
Accountant	7,395.03	8,988.71
Administrative Specialist I	6,826.27	8,297.37
Administrative Specialist II	7,395.03	8,988.71
Administrative Supervisor/Clerk of the Board	8,284.19	11,082.25
Air Pollution Control Officer (contract by Board of Directors)	23,767.83	23,767.83
Air Quality Engineer (Assistant)	7,849.01	9,540.52
Air Quality Engineer (Associate)	9,116.21	11,080.81
Air Quality Instrument Specialist I	6,500.26	7,901.11
Air Quality Instrument Specialist II	7,475.58	9,086.61
Air Quality Planner/Analyst (Assistant)	7,849.01	9,540.52
Air Quality Planner/Analyst (Associate)	9,116.21	11,080.81
Air Quality Specialist (Assistant)	7,849.01	9,540.52
Air Quality Specialist (Associate)	9,116.21	11,080.81
Communications & Marketing Specialist (Assistant)	7,849.01	9,540.52
Communications & Marketing Specialist (Associate)	9,116.21	11,080.81
Controller	10,946.32	14,668.64
District Counsel (contract by Board of Directors)	23,005.20	23,005.20
Director	12,582.18	16,860.83
Financial Analyst	7,988.76	9,710.39
Human Resources Officer	8,284.19	11,082.25
Human Resources Technician I	5,305.64	6,449.04
Human Resources Technician II	6,102.06	7,417.09
Information Systems Analyst (Assistant)	7,335.01	8,915.75
Information Systems Analyst (Associate)	8,434.90	10,252.67
Information Systems Manager	10,946.32	14,668.64
Legal Assistant I	5,533.47	6,725.97
Legal Assistant II	6,086.27	7,397.90
Office Assistant I	3,678.72	4,471.51
Office Assistant II	4,125.35	5,014.39
Office Assistant III	4,620.38	5,616.10
Program Manager	10,946.32	14,668.64
Program Supervisor	9,521.89	12,760.59
Senior Accountant	7,988.76	9,710.39
Statistician	9,116.21	11,080.81

Note: In addition to the wages listed above, the District provides special compensation as follows: Directors receive a board-approved 5% management pay differential. Employees may receive incentive pay equal to 5% of their base pay if they have earned professional certifications or licenses relevant to their job, such as Professional Engineer or Certified Public Accountant or job-relevant doctorate degrees per board-approved Memorandum of Understanding.

DIVISION BUDGETS

The budgets for the offices of the Executive Director and District Counsel, the four operating divisions, and the Non-Departmental program are presented below. All positions are budgeted in the General Fund.

For the FY24/25 Approved Budget, The large decrease in Capital for the Non-Departmental program is due to a planned building renovation that was included in the FY23/24 Proprietary Fund budget that did not occur and is not included in the FY24/25 budget due to the decision to sell the District headquarters building. The increase in Services and Supplies for MPR is primarily due to additional federal grant passthrough payments to the TAG grant sub-recipients and increased professional services expenditures for the AB 617 CERP grant in FY24/25. For FY24/25 TCC Services and Supplies will increase as more state grant special revenue incentives will be distributed to participants.

DISTRICTWIDE – Expenditures by Division by Classification

Classification Account	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Administrative Services				
Salaries and Wages	\$ 2,492,880	\$ 2,473,104	\$ 2,812,950	\$ 320,070
Employee Benefits	1,065,275	1,127,872	1,281,872.00	216,597
Services and Supplies	1,871,122	1,835,690	1,689,435.00	(181,687)
Capital Expense	255,000	130,562	282,000.00	27,000
Subtotal Administrative Services	5,684,277	5,567,228	6,066,257	381,980
District Counsel				
Salaries and Wages	361,713	361,022	374,721	13,008
Employee Benefits	165,943	153,237	187,038	21,095
Services and Supplies	99,958	99,938	64,563	(35,395)
Subtotal District Counsel	627,614	614,197	626,322	(1,292)
Executive Office				
Salaries and Wages	294,144	298,624	304,397	10,253
Employee Benefits	130,673	120,068	147,464	16,791
Services and Supplies	452,425	216,904	248,350	(204,075)
Subtotal Executive Office	877,242	635,596	700,211	(177,031)
Non-Departmental				
Salaries and Wages	-	-	(345,256)	(345,256)
Employee Benefits	129,500	129,501	(24,744)	(154,244)
Services and Supplies	1,748,528	1,760,738	2,060,968	312,440
Capital Expense	955,000	140,000	155,000	(800,000)
Debt Service	408,100	408,100	408,600	500
Subtotal Non-Departmental	3,241,128	2,438,339	2,254,568	(986,560)
Monitoring, Planning and Rules				
Salaries and Wages	2,654,728	2,566,451	2,718,609	63,881
Employee Benefits	1,085,232	1,005,363	1,162,180	76,948
Services and Supplies	4,362,549	4,862,617	5,399,893	1,037,344
Capital Expense	983,500	310,000	886,000	(97,500)
Subtotal Monitoring, Planning and Rules	9,086,009	8,744,431	10,166,682	1,080,673
Engineering and Compliance				
Salaries and Wages	3,959,447	3,856,628	4,435,334	475,887
Employee Benefits	1,682,386	1,781,500	2,015,863	333,477
Services and Supplies	1,044,632	553,405	659,443	(385,189)
Capital Expense	-	288,504	-	-
Subtotal Engineering and Compliance	6,686,465	6,480,037	7,110,640	424,175
Transportation & Climate Change				
Salaries and Wages	3,059,138	2,917,209	3,341,705	282,567
Employee Benefits	1,330,543	1,134,345	1,405,889	75,346
Services and Supplies	28,134,686	22,800,074	35,925,181	7,790,495
Subtotal Transportation & Climate Change	32,524,367	26,851,628	40,672,775	8,148,408
Expenses Total	\$ 58,727,102	\$ 51,331,456	\$ 67,597,455	\$ 8,870,353

FUND 100 – General Fund Expenditures by Division by Classification

Classification Account	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Administrative Services				
Salaries and Wages	\$ 2,492,880	\$ 2,473,104	\$ 2,812,950	\$ 320,070
Employee Benefits	1,065,275	1,127,872	1,281,872	216,597
Services and Supplies	1,871,122	1,835,690	1,689,435	(181,687)
Capital Expense	255,000	130,562	282,000	27,000
Subtotal Administrative Services	5,684,277	5,567,228	6,066,257	381,980
District Counsel				
Salaries and Wages	361,713	361,022	374,721	13,008
Employee Benefits	165,943	153,237	187,038	21,095
Services and Supplies	99,958	99,938	64,563	(35,395)
Subtotal District Counsel	627,614	614,197	626,322	(1,292)
Executive Office				
Salaries and Wages	294,144	298,624	304,397	10,253
Employee Benefits	130,673	120,068	147,464	16,791
Services and Supplies	452,425	216,904	248,350	(204,075)
Subtotal Executive Office	877,242	635,596	700,211	(177,031)
Non-Departmental				
Salaries and Wages	-	-	(345,256)	(345,256)
Employee Benefits	129,500	129,501	(24,744)	(154,244)
Services and Supplies	1,241,627	1,264,432	1,548,734	307,107
Subtotal Non-Departmental	1,371,127	1,393,933	1,178,734	(192,393)
Monitoring, Planning and Rules				
Salaries and Wages	2,654,728	2,566,451	2,718,609	63,881
Employee Benefits	1,085,232	1,005,363	1,162,180	76,948
Services and Supplies	4,362,549	4,862,617	5,399,893	1,037,344
Capital Expense	983,500	310,000	886,000	(97,500)
Subtotal Monitoring, Planning and Rules	9,086,009	8,744,431	10,166,682	1,080,673
Engineering and Compliance				
Salaries and Wages	3,959,447	3,856,628	4,435,334	475,887
Employee Benefits	1,682,386	1,781,500	2,015,863	333,477
Services and Supplies	1,044,632	553,405	659,443	(385,189)
Capital Expense	-	288,504	-	-
Subtotal Engineering and Compliance	6,686,465	6,480,037	7,110,640	424,175
Transportation & Climate Change				
Salaries and Wages	3,059,138	2,917,209	3,341,705	282,567
Employee Benefits	1,330,543	1,134,345	1,405,889	75,346
Services and Supplies	1,217,920	1,572,072	1,570,400	352,480
Interfund Charges	(2,115,503)	(2,039,139)	(2,146,641)	(31,138)
Subtotal Transportation & Climate Change	3,492,098	3,584,487	4,171,353	679,255
Expenses Total	\$ 27,824,832	\$ 27,019,909	\$ 30,020,199	\$ 2,195,367

FUND 400 – Proprietary Fund Expenditures by Division by Classification

Classification Account	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Non-Departmental				
Services and Supplies	\$ 506,901	\$ 496,306	\$ 512,234	\$ 5,333
Capital Expense	955,000	140,000	155,000	(800,000)
Debt Service	408,100	408,100	408,600	500
Subtotal Non-Departmental	1,870,001	1,044,406	1,075,834	(794,167)
Expenses Total	\$ 1,870,001	\$ 1,044,406	\$ 1,075,834	\$ (794,167)

FUND 500 – Special Revenue Fund Expenditures by Division by Classification

Classification Account	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Transportation & Climate Change				
Services and Supplies	\$ 26,916,766	\$ 21,228,002	\$ 34,354,781	\$ 7,438,015
Interfund Charges	2,115,503	2,039,139	2,146,641	31,138
Subtotal Transportation & Climate Change	29,032,269	23,267,141	36,501,422	7,469,153
Expenses Total	\$ 29,032,269	\$ 23,267,141	\$ 36,501,422	\$ 7,469,153

PROGRAM BUDGETS

The approved District expenditures by program for each fund are shown below.

FUND 100 – General Fund Expenditures by Program

Program	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Administration	\$ 1,359,285	\$ 1,256,504	\$ 1,411,910	\$ 52,625
Agricultural	148,673	130,818	219,510	70,837
Air Monitoring	3,052,001	2,293,698	2,947,368	(104,633)
Asbestos	338,080	373,460	379,249	41,169
Asbestos NOA	8,386	7,292	7,710	(676)
Board of Directors	14,051	16,601	13,901	(150)
Communications	1,227,611	1,172,346	1,163,564	(64,047)
Complaints	241,888	155,389	254,012	12,124
District Counsel	627,564	614,147	626,222	(1,342)
Emission Credit Program	42,598	14,885	41,706	(892)
Emission Inventory	344,739	274,088	313,215	(31,524)
Exchange Programs	12,912	2,687	1,500	(11,412)
Finance	1,234,523	1,215,726	1,453,459	218,936
GHG	1,134,454	1,446,803	2,021,592	887,138
Government Affairs	3,278,836	4,032,525	3,863,031	584,195
Hearing Board	8,648	8,179	6,148	(2,500)
Human Resources	434,699	492,318	442,120	7,421
Information Systems	1,392,924	1,358,073	1,508,507	115,583
Non-Departmental	1,371,127	1,393,933	1,178,734	(192,393)
PERP	23,608	31,146	39,365	15,757
Planning	1,421,522	1,365,031	2,254,533	833,011
Rule 301	5,435,098	5,506,380	5,493,201	58,103
Rule 421	246,539	246,729	245,322	(1,217)
Rule Development	773,552	634,630	644,027	(129,525)
Strategic Partners	863,166	605,590	686,260	(176,906)
Title V	160,631	170,189	206,352	45,721
Toxics AB2588	222,895	48,426	232,554	9,659
Transportation Planning & Assist	1,525,537	1,384,854	1,476,764	(48,773)
Vehicle & Equipment Technology	879,285	762,033	888,363	9,078
Program Expenses Total	\$ 27,824,832	\$ 27,019,909	\$ 30,020,199	\$ 2,195,367

FUND 400 – Proprietary Fund Expenditures by Program

Program	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
Covell Building	\$ 1,870,001	\$ 1,044,406	\$ 1,075,834	\$ (794,165)
Program Expenses Total	\$ 1,870,001	\$ 1,044,406	\$ 1,075,834	\$ (794,165)

FUND 500 – Special Revenue Fund Expenditures by Program

Program	FY23/24 Approved	FY23/24 Projection	FY24/25 Approved	Variance FY25 Approved / FY24 Approved
GHG	\$ 16,285,831	\$ 9,079,895	\$ 17,878,442	\$ 1,592,611
Vehicle & Equipment Techn	12,746,438	14,187,246	18,622,980	5,876,542
Program Expenses Total	\$ 29,032,269	\$ 23,267,141	\$ 36,501,422	\$ 7,469,153

DISTRICT DIVISIONS AND OPERATIONAL INITIATIVES

The District's organizational structure consists of the offices of the Executive Director and District Counsel and four operating divisions and supports the complex relationships between tasks, workflows, responsibilities, and authorities. This section describes the main programs of the organization along with key initiatives for each of the four operating divisions, which are developed each year in support of the District's mission and strategic goals.

Offices of the Executive Director/APCO and District Counsel

Program	Description
Executive Office/APCO	<p>Under direction from the Board, the Executive Director/APCO is responsible for the overall management and operation of the agency. This includes overseeing the establishment of program priorities, policies, and procedures; formulation of a strategic vision and mission objectives; day-to-day administration and oversight of District activities; and development and implementation of air quality and climate change programs to advance the capital region towards clean air and a low-carbon future for all.</p> <p>The Executive Office also leads the District's legislative advocacy at the local, state, and federal levels and provides direction to the agency's legislative advocate. In collaboration with the District legislative advocate, the Executive Office monitors and analyzes state and federal legislation with a potential impact on air quality and climate change programs in the capital region.</p>
District Counsel	<p>Under direction from the Board, the District Counsel provides legal services to the Board and District management and staff including advising staff on various legal issues including human resources, air quality enforcement, new legislation, and contracts; reviews all proposed resolutions, rules and regulations, and other Board matters for legal adequacy; assists divisions in the implementation of key initiatives; and represents the District before the Hearing Board and in litigation activities.</p> <p>District Counsel also provides administrative support to the District's Hearing Board, which is a quasi-judicial panel that hears petitions for variances, and abatement orders, as well as appeals of the Executive Officer's permit and emission reduction credit determinations. Members are appointed by but act independently of the Sacramento Metropolitan Air Quality Management District Board. The Hearing Board membership includes a person from the medical profession, a professional engineer, an attorney, and two at large members of the public.</p>

Administrative Services Division

Program	Description
Administration	Oversees building management contracts, parking garage, tenant improvements, and vehicle fleet acquisition and maintenance; coordinates building and air monitoring facilities maintenance, rehabilitation, and replacement needs; supervises document management to ensure efficient organization, maintenance, and utilization, encompassing storage, retrieval, and control throughout their lifecycle, leveraging document management software and technological solutions; provides administrative support to the Executive Director/APCO; greets customers, addresses inquiries, directs questions to appropriate staff, records complaints, and processes public information requests; records permit information and processes customer payments; purchases and maintains office supplies and equipment.
Clerk, Board of Directors	Facilitates the smooth functioning of board meetings and ensures the integrity of governance processes, including preparing and distributing meeting agendas, recording accurate minutes of proceedings, maintaining official records and documents, managing communications with board members and stakeholders, coordinating logistics for meetings, and ensuring compliance with legal and procedural requirements.
Communications	Builds regional identity for the District as a resource for clean air and climate action; promotes programs to engage and inform residents and organizations about Sacramento's air quality and opportunities to protect public health by reducing emissions via programs such as the "Spare The Air", "Check Before You Burn", Clean Cars 4 All, Community Air Protection and zero-emission mobility; integrates equity and environmental justice into District communication practices; manages social media and media relations, and coordinates communications activities with federal, state, and local agencies; distributes consistent and clear materials to businesses and elected officials that promote clean air goals and solicit funding; secures annual funding for the regional Spare The Air campaign.
Finance	Ensures compliance with accounting regulations and requirements, manages the development of the District's annual operating budgets, coordinates financial audits by source agencies and independent auditors, ensures timely and accurate tracking of payroll expenditures, oversees grant administration, provides financial reports to management and the operating divisions, and administers contracts – develops new contracts and contract amendments, oversees the request for proposals process, develops and maintains contract database, prepares routine contract status reports.
Human Resources	Conducts recruitments and provides guidance in the retention of high-quality staff, ensures compliance with federal and state employment laws and regulations and District personnel policies, coordinates personnel-related training, manages labor relations, processes payroll, and administers district benefits.
Information Systems	Manages and ensures the security of information technology encompassing both computer technology and telecommunications, provides technology solutions, coordinates hardware and software acquisition and maintenance services, provides desktop support, maintains the District website, and oversees related contracts.

FY24/25 Key Initiatives**Administration**

- Oversee the relocation of the Air District headquarters to a smaller facility in response to and in alignment with the District's commitment to a hybrid work model
- Complete record retention milestones for both paper and digital documents, including digitizing 1,500 boxes of documents located offsite
- Facilitate the development of a district-wide Title VI compliance and monitoring program
- Implement a new solution for administering board meeting agendas and minutes

Communications

- Increase the number of “Spare The Air” regional partners by 50
- Implement newly created branding and promotion procedures for incentive projects
- Attend 10 events regionally to promote the Spare The Air program and educate residents about the harmful health effects of air pollution and what they can do to improve air quality
- Create and launch a new SpareTheAir.com mobile-friendly website

Finance

- Automate the Clean-Cars-for-All accounts payable invoice approval process within the Fluxx system
- Formalize quarterly close processes and procedures
- Lead the billing module component for the Permitting/Compliance and Transportation Incentive software implementation

Human Resources

- Implement employee-focused activities to support the new hybrid work strategy and retain talented and engaged employees
- Oversee the implementation of the performance management framework
- Leverage unused components of the District’s third-party recruitment solution to enhance efficiency
- Consolidate and update the administrative policies into a single document
- Conduct and implement a District-wide classification and compensation study

Information Systems

- Serve as Technical Lead for the Permitting/ Compliance and Transportation software solution implementation
- Migrate Application Xtender data repositories to SharePoint
- Launch Skynet Online, migrate files from the district File Share to SharePoint, and implement document retention handling for SharePoint
- Evaluate and install new Office365 G5 security enhancements
- Implement Teams phone system
- Upgrade Windows 10 to Windows 11
- Update Technology process policies

Transportation and Climate Change Division

Program	Description
Climate Change	<p>Promotes clean air and public health by providing technical assistance and advocacy in the land use and transportation sectors. Works to reduce mobile source and area emissions through a reduction in vehicle trips, miles traveled, and increased energy efficiency by developing and implementing strategies that influence transportation planning and programming, land use planning, and project development.</p> <p>Works on climate change mitigation and adaptation through regional coordination, tracking state policy, supporting local action, and building a regional collaboration to respond to the impacts and opportunities of climate change.</p> <p>Reduces exposure to toxic air contaminants through best practices and mitigation measures implemented by lead agencies on construction and operations of projects.</p>
Transportation	<p>Develops and implements strategies and demonstrates innovative zero- and near-zero-emission technology available to fleet owners and the public aimed at reducing emissions from vehicular sources.</p>

FY24/25 Key Initiatives

Climate Change

- Complete the Comprehensive Climate Action Plan and promote the Priority Climate Action Plan (PCAP) as a regional guide to priority climate-related activities. Actively pursue funding opportunities to implement the measures in the PCAP.
- Encourage all jurisdictions within Sacramento County to adopt qualified Climate Action Plans
- Ensure all projects exceeding thresholds of significance mitigate to appropriate emissions levels and verify the implementation of all required measures
- Update all guidance, tools, and reviewed documents to be consistent with the state of the practice
- Build a strong regional collaborative to improve resilience to extreme heat, drought, flood, wildfire, and other impacts, focusing specifically on efforts to reduce the urban heat island effect, improve public health, increase business resilience, and bridge the urban-rural divide

Transportation

- Work with CAPCOA and CARB on the Clean Transportation Incentive Programs to provide additional flexibility for the various programs
- Develop infrastructure projects to support zero- and near-zero-emission technologies
- Collaborate with agency partners to develop an electric vehicle charging mobility hub strategy for Sacramento and implement the strategy in transportation deserts by deploying projects like CarShare, e-Bikes, and micro-transit
- Work with CAPCOA to address mobile emission impacts in AB 617 identified communities and determine funding opportunities to mitigate emission impacts
- Collaborate with Community-Based Organizations (CBOs) to determine mobility needs within low-income and disadvantaged communities
- Leverage the Civic Spark program to reduce air pollution and vehicle miles traveled while building local capacity for action on climate adaptation and mitigation, including work on the Clean Cars 4 All grant creating culturally and linguistically tailored outreach materials

Monitoring, Planning and Rules Division

Program	Description
Air Monitoring	Performs continuous monitoring of criteria pollutants and their precursors (ozone, hydrocarbons, carbon monoxide, nitrogen oxides, sulfur oxides, lead, and inhalable particulate matter (PM ₁₀ and PM _{2.5})), meteorological conditions, and other air quality indicators at six sites throughout the County. Continue community-scale monitoring for the South Sacramento-Florin community selected as one of the first AB 617 communities.
Emission Inventory	Estimates actual emissions from stationary and area sources, and assists with evaluations of mobile source emissions. Provides emissions data used in developing rules and State Implementation Plans. Collects and reports emissions data required by the Criteria and Toxics Reporting (CTR) regulation.
Emission Reduction Credit Bank & SEED	Maintains the registry of stationary and mobile source credit banks, coordinates and assists credit generators and users, identifies new opportunities for credit use, includes the military base and essential public services accounts, and funds incentive programs to reduce emissions.
Planning & Data Analysis	Develops plans to ensure compliance with state and federal clean air acts, prepares the District's annual reports on progress toward achieving state and federal clean air standards, participates in air quality studies to assess the effectiveness of control strategies, and projects future air quality. Continues collaboration with the AB 617 South Sacramento-Florin community to better understand the localized air quality and develop a Community Emission Reduction Plan (CERP).
Rule Development	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans and for expedited Best Available Retrofit Control Technologies (BARCT) under AB 617, performs comparative analyses of District rules with RACT, BARCT, and BACT standards, and develops new control measures and strategies to incorporate into air quality plans.

FY24/25 Key Initiatives**Air Monitoring**

- Continue sampling of criteria pollutants and their precursors in the mobile lab within the AB 617 South Sacramento-Florin Community to further understand the air quality impact in underserved areas.
- Ensure air monitoring complies with all state and federal quality assurance and control requirements
- Prepare and submit the 2024 Annual Network Plan which aids in air monitoring transparency and program effectiveness.

Emission Inventory

- Review and update one-third of the area source emission inventories in the District
- Update inventories for all point sources emitting greater than 10 tons of any one pollutant
- Develop more accurate methodologies to estimate emissions from area sources
- Collect and report emission inventory data for sources subject to the CTR regulation

Emission Reduction Credit Bank & SEED

- Maintain the credit registry when credits are sold or used, and evaluate applications for new credits from voluntary emission reduction activities
- Continue to provide SEED loans to area businesses for emission offsets and alternative compliance
- Use revenue from SEED loans to fund emission-reducing strategies, such as replacing high-polluting fireplaces and wood stoves or other incentive programs; bank emission reduction credits from SEED-funded projects; and work to secure additional funding from the state's Cap-and-Trade program revenues

Planning & Data Analysis

- Continue to coordinate meetings and work collaboratively with the AB 617 Air Quality Steering Committee
- Analyze and report to the community the monitoring data from the selected AB 617 community
- Start the development of the CERP for the selected AB 617 community
- Adopt SIP revisions related to the contingency measures element in the State Implementation Plan for the 2008 and 2015 Ozone NAAQS
- Track the Sacramento region's progress in meeting the 2008 Ozone NAAQS
- Develop the redesignation request for the 1979 and 1997 ozone NAAQS

Rule Development

- Adopt contingency measures for the attainment plan for the 2008 and 2015 federal ozone standards
- Adopt rules to expedite the implementation of Best Available Retrofit Control Technology (BARCT) for sources subject to AB 617
- Amend rules to incorporate current EPA SIP requirements
- Develop fee rules as applicable to provide full cost recovery for District programs

Engineering and Compliance Division

Program	Description
Compliance	<p>Compliance is charged with enforcing local, state, and federal air pollution regulations to ensure businesses and residents comply with the laws. Compliance encompasses a wide variety of programs that impact businesses and residents throughout Sacramento County.</p> <p>Asbestos — Regulates commercial construction and land development projects to ensure the safe handling and removal of asbestos in building materials and naturally occurring asbestos.</p> <p>Public Complaints — Investigates public complaints of illegal air pollution.</p> <p>Permitted Inspections — Regularly inspects businesses to verify compliance with permit requirements and air quality regulations.</p> <p>Compliance Education and Outreach – Assists businesses and residents in complying with air quality regulations via advisories, business assistance, workshops, and various outreach materials such as letters, brochures, flyers, webpage updates, eblasts, etc.</p> <p>Annual Reporting – Provides outreach and assistance to permitted sources for annual report submittals. Assist the permitting section to perform quality assurance reviews of submitted data to ensure compliance with local, state, and federal requirements.</p> <p>Burning — Regulates the different types of burning that occur in Sacramento, such as agricultural burning, wood burning (Check Before You Burn), and other outdoor burning.</p> <p>Violation Resolution — Promotes compliance and swift resolution of violations by administering a Mutual Settlement Program that resolves violations in lieu of litigation.</p> <p>State Programs — Partners with the California Air Resources Board to inspect and enforce regulations that apply to many different types of sources such as portable engines and natural gas wells.</p>
Permitting	<p>Permitting ensures compliance with applicable local, state, and federal regulations by reviewing project proposals, granting conditional approvals, and authorizing operation by verifying that the equipment can operate in compliance with all applicable regulations. Permitting staff work with sources to help them understand and comply with complex state and federal regulations.</p> <p>Title V — Title V is the federal permitting program for major sources of air pollution and is implemented by the District's permitting section.</p> <p>AB2588 Toxic "Hot Spots" Program – Maintain program, toxics emissions inventory and ensure that the toxic emissions from facilities are within acceptable levels.</p> <p>Annual Reporting – Set up methodology to determine criteria and toxic emissions from permitted sources, and coordinate with the Compliance section on program requirements. Perform quality assurance reviews of submitted data to ensure compliance with local, state, and federal requirements.</p>

FY24/25 Key Initiatives

- Continue to streamline data collection from our stationary sources by the rollout of our annual reporting program that will report data to the California Air Resources Board Criteria and Toxic Reporting Program, making actual emissions available to the public
- Implement the AiriA software solution that will increase staff efficiency, improve quality control, enhance management processes, and improve the customer experience through a new online portal
- Contribute to the Community Air Protection Program through involvement in the Community Emission Reduction Plan (CERP) development process
- Enhance and improve communication and outreach to our business sector through coordination with business partners and other business-related entities, to improve understanding of regulations and increase compliance rates
- Increase protection for public health by reviewing, providing oversight and enforcement of sources of toxic air pollution, and looking for opportunities to enhance our programs

- Update Division Policies & Procedures to ensure consistency and proper program implementation
- Continue implementation of CARB's GHG Oil and Gas inspection program
- Continue staff development through internal and external training efforts
- Continue work related to the AB2588 Air Toxics "Hot Spots" program
- Review and process permit and Title V permit applications in a timely manner that meets statutory guidelines
- Evaluate programmatic work through the lens of community air protection and the potential for local reductions of emission impacts in disadvantaged communities
- Continue ongoing work related to community air protection like our innovative Supplemental Environmental Projects (SEP) program and our Unidentified Source Inspection Program (USIP)

DIVISION ACCOMPLISHMENTS

The Divisions achieved numerous accomplishments in support of District strategic goals. The following are the highlights:

Administrative Services
Evaluated the near and long-term space needs of the District headquarters in light of the new hybrid work environment and departure of tenants, and launched the project to relocate the headquarters
Secured an additional pooled investment account to prudently manage and invest the increasing volume of incentive funds
Continued District-wide efforts to ensure compliance with the District's records management and compliance policy
Recruited and appointed ten new employees
Replaced the outdated support backup solution with a new system capable of handling larger volumes and providing support for district data
Implemented state-of-the-art firewalls to protect Air Monitoring sites and block cyber threats
Successfully passed the Technology Audit with no issues
Enhanced Microsoft security by adding new controls and features to improve security and risk management capabilities
Met goal of increasing downloads of the Sac Region Air Quality App by 5%
Met goal of increasing the number of Spare The Air regional partners by 100
Distributed quarterly newsletter with a 38% open rate, a 10% higher open rate than the industry average
Informed the public and the media of District programs/achievements, smoke impacts, Spare The Air, mutual settlements, partnerships and grant recipients via the distribution of 9 press releases
Coordinated 30 media interviews (Broadcast and print/Spanish & English)
Redesigned "Scooter's World," the microsite for students and teachers to learn/teach about air pollution through interactive exercises, games and lessons
Managed the development and implementation of a Spare The Air survey to quantify program awareness, participation, and emission reductions
Supported and/or promoted over ten major events that resulted in international, national, state, and/or local media coverage
Transportation and Climate Change
Completed the Priority Climate Action Plan as part of the Federal Inflation Reduction Act award the District received in March of 2023. The Plan was the first seven-county collaboration aimed at reducing climate and other air pollutants from all sectors of our region
Applied for the Climate Pollution Reduction Grant Phase 2 Implementation Funds, under the Federal Inflation Reduction Act. This application was the result of months of regional collaboration by District staff and partner agencies and culminated in the submission of a three-area implementation program focused on infill development, mobility hubs, and carbon farming
Funded about 100 new low-emission and zero-emission vehicles and equipment as part of the Community Air Quality Grant Programs, deploying the latest innovative and transformative technology
Provided funding for 75 additional electric school buses, now totaling 175 EV buses in the Sacramento Region

CC4All teams' partnership with SMUD led to collaboration on six different ride-and-drive events located around the Sacramento County Area and 61 completed EVSE installations in CC4All participant homes

CC4All program continues to help low-income residents of Sacramento County transition to cleaner technology vehicles. Over 750 individual residents of Sacramento County were awarded grant letters and over 500 vehicles were permanently scrapped

CC4All team set a goal to increase dealership participation in the program in April of 2023 by improving the dealer experience. As of March 2024, the program now has 57 participating dealers, and the team continues to get requests monthly from dealers asking to be a part of the program

CC4All program has been awarded an additional \$12 million in funding by the California Air Resources Board. This will allow the program to expand to all zip codes in Sacramento County, increase the maximum grant amount to \$12,000, and offer incentives to go towards the purchase of e-bikes instead of a vehicle

CC4All team will continue to work with local Community-Based Organizations to outreach the program to those residents of Sacramento County that need it most

Collaborated with AB 617 Steering Committee volunteers to develop the 2024 Community Air Quality Grant solicitation for supporting infrastructure and to reduce air pollution from cars, trucks, buses, and other mobile sources in the Sacramento region

Our Community CarShare program continues to explore and expand within the District's disadvantaged communities to include several sites with charging stations and electric vehicles

Monitoring, Planning and Rules

Hosted collaborative steering committee meetings to continue work within the AB 617 community

Deployment and operation of the mobile lab in the South Sacramento-Florin Community sampling for both criteria and non-criteria pollutants

Deployed 200 low-cost sensors to schools and community members and completed the mobile monitoring within the city of Sacramento with a one-time investment from the Sacramento City Council

Continued to sample for toxics and particulate matter in the South Sacramento-Florin AB 617 community and north Sacramento Community using funds that were awarded through an EPA toxics grant

Submitted the 2023 Annual Network Plan to EPA which aids in air monitoring transparency and program effectiveness

Maintained the District's NCore, PAMS, SLAMS, and special-purpose monitoring stations

Initiated the Del Paso Manor air monitoring station replacement

Adopted the regional ozone plan for the federal 2015 Ozone NAAQS

Developed and submitted to EPA a request for clean data for the federal 1997 Ozone NAAQS

Updated and submitted to EPA the regional Exceptional Event Mitigation Plan

Performed 65 facility emissions inventory surveys and completed annual criteria pollutant emission inventories for point sources and reported emissions to CARB

Performed 46 surveys of toxic pollutant emissions for sources subject to the Criteria and Toxics Reporting regulation and reported emissions to CARB

Updated four area source emission inventories and submitted them to CARB

Provided three loans of emission reduction credits to Sacramento area businesses and government agencies and renewed 34 loans

Amended Rule 442 – Architectural Coatings to incorporate contingency provisions
Adopted Reasonably Available Control Technology permits for major stationary sources of NOx and submitted to EPA for SIP inclusion
Engineering and Compliance
Issued 184 Authority to Construct permits and 296 Permits to Operate (for FY22/23)
Developed 13 Best Available Control Technology determinations (for FY22/23)
Incorporated AB 2588 reporting into the District's new Annual Reporting program. The District received annual reports for 692 additional permits for the 2022 data reporting year and received reports from 826 companies for the 2023 data reporting year. Screened toxics data for 1,206 diesel engines and 134 gasoline dispensing facilities
Enforced 16 wood-burning curtailment days for the Check Before You Burn (CBYB) program and responded to 179 fireplace, wood stove, and open burn complaints during the 2023 CBYB season
Conducted a total of 3,249 stationary source inspections (2023 calendar year)
Responded to 627 public complaints (2023 calendar year)
Successfully resolved more than 98% of 112 issued violations through the Mutual Settlement Program (2023 calendar year)
Reviewed and processed 677 asbestos notifications, which included 134 demolitions, 333 asbestos abatement projects, and 4 naturally occurring asbestos dust mitigation plans and geologic evaluations (2023 calendar year)
Funded one Supplemental Environmental Project that provided funding to a community organization to help improve air quality and health in local communities for a total of \$50,405.
Issued 117 agricultural burn permits for a total of 6,469 acres and approved 1009 acres of pruning and other wastes under the Ag Burn program to be burned. Made daily burn day determinations, of which 193 were permissive burn days and 172 were no burn (2023 calendar year)
Continued efforts to reduce greenhouse gas and criteria emissions from oil and gas producing sites by enforcing the State Oil and Gas regulation
Associate Air Quality Specialist, Daniel Noakes, was awarded the Rodney A. Swartzendruber Award, which is the annual Inspector of the Year awarded by the California Air Pollution Control Officers Association (CAPCOA). It is to honor top quality inspectors and is typically awarded to only three air quality inspectors out of all 35 air districts every year.
Coordinated with eight other air districts in the Sacramento Valley Basinwide Air Pollution Control Council to develop and host a conference on Agricultural Biomass. The conference brought speakers from around the state from both private and public sectors with over 100 attendees during a two-day event in October 2023.
Continued development of the annual emission reporting structure and integration into the AiriA software solution to collect data from all permitted sources to comply with State Criteria and Toxics Reporting Regulation
Continued development work with a contracted vendor to replace the permitting and compliance and billing databases with a custom-built comprehensive enterprise software solution – AiriA

SECTION 8 - Statistical Information

FINANCIAL STATISTICS

Unless otherwise noted, the statistical information is based on the District's fiscal years (July 1 – June 30).

Balances of Governmental Funds (Modified Accrual)

FY24/25 Approved Budget

	2014	2015 (a)	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ -	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580	\$ 98,462	\$ 131,192	\$ 136,174	\$ 92,472
Restricted	10,998,388	10,287,274	8,796,696	8,061,391	7,811,623	9,572,931	12,588,465	13,459,160	15,861,714	16,090,972
Assigned	320,000	320,000	320,000	320,000	320,000	2,607,673	1,737,431	3,013,705	1,696,179	2,727,599
Unrestricted	792,734	1,395,878	1,798,521	1,737,137	2,043,980	-	2,298,950	1,059,724	2,709,060	1,984,461
Total General Fund	\$ 12,111,122	\$ 12,158,262	\$ 11,086,892	\$ 10,308,730	\$ 10,577,983	\$ 12,333,184	\$ 16,723,308	\$ 17,663,781	\$ 20,403,127	\$ 20,895,504
Special Revenue Fund (b)										
Restricted	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856	\$ 54,960,056	\$ 55,863,979
Total Special Revenue Fund	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856	\$ 54,960,056	\$ 55,863,979

Notes: (a) GASB Statement 54 replaced the categories that previously had been used to classify fund balance. This schedule reclassifies non-spendable from restricted per that statement.
(b) The Special Revenue Fund was previously referred to as the Emission Technology Fund.

Source: Annual Comprehensive Financial Report: Balance Sheet – Governmental Funds

Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2014	2015	2016	2017	2018
REVENUES					
Taxes	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	10,507,331	14,342,930	15,445,047	9,232,418	13,718,592
Licenses/Permits	6,741,800	7,416,470	7,646,441	8,001,079	8,395,134
Use of Money/Property	18,965	60,372	(31,188)	226,170	1,004,824
Total Revenue	\$ 25,603,010	\$ 30,353,348	\$ 32,051,002	\$ 26,600,812	\$ 32,304,454
EXPENDITURES					
Current:					
Stationary Sources	\$ 5,741,059	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548
Mobile Source	11,475,645	14,932,141	11,367,756	11,916,194	8,048,476
Program Coordination	3,832,332	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	3,770,076	3,918,802	4,517,235	4,168,340	4,861,221
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital Outlay	259,652	239,283	529,002	322,275	200,510
Total Expenditures	\$ 25,078,764	\$ 29,050,073	\$ 27,487,084	\$ 27,940,793	\$ 24,219,871
Excess (Deficiency) of Revenue over Expenditures	\$ 524,246	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583
OTHER FINANCING SOURCES (USES)					
Gain on sale of capital assets	-	16,270	-	-	-
Net change in fund balances	\$ 524,246	\$ 1,319,545	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583

Note: For the Fiscal Year Ending 06/30/2019, activity categories were redefined. Therefore, this page includes the six-year period ending 06/30/2018. See the next page for fiscal years subsequent to 06/30/2018.

Source: Annual Comprehensive Financial Report: Changes in Fund Balances – Governmental Funds

Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2019	2020	2021	2022	2023
REVENUES					
Sales Tax	\$ 1,940,485	\$ 1,938,341	\$ 2,264,451	\$ 2,551,772	\$ 2,569,539
Intergovernmental	27,729,654	39,318,096	36,193,700	15,288,362	25,225,851
Fees and Licenses	8,109,883	8,823,399	8,484,401	8,765,312	9,799,466
Use of Money/Property	1,340,691	1,844,719	421,100	106,174	1,848,613
Total Revenue	\$ 39,120,713	\$ 51,924,555	\$47,363,652	\$26,711,620	\$39,443,469
EXPENDITURES					
Current:					
Business Compliance	\$ 6,771,994	\$ 6,579,044	\$ 7,334,384	\$ 7,868,485	\$ 8,220,645
Air Monitoring	3,545,919	3,798,537	3,698,370	3,687,463	4,860,572
Sustainable Land Use	2,347,083	2,383,320	2,571,041	2,226,768	1,959,275
Clean Transportation and Mobility Innovation	18,826,749	18,820,962	14,022,933	8,615,440	20,728,882
Community Health Protection	2,067,758	2,198,364	2,142,385	1,993,961	1,941,602
Debt Service:					
Principal	-	-	-	-	110,879
Interest	-	-	-	-	4,291
Capital Outlay	114,569	507,044	397,461	253,957	221,023
Total Expenditures	\$ 33,674,072	\$ 34,287,271	\$30,166,574	\$24,646,074	\$38,047,169
Net change in fund balances	\$ 5,446,641	\$ 17,637,284	\$17,197,078	\$ 2,065,546	\$ 1,396,300

Note: For Fiscal Year Ending 06/30/2019, activity categories were redefined. Therefore, this page includes the four-year period after 06/30/2018. See the prior page for fiscal years prior to 06/30/2019.

Source: Annual Comprehensive Financial Report: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Schedule of General Government Expenditures by Major Object (Budgetary Basis)

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
13-14	\$ 12,472,301	\$ 5,939,276	\$ 180,532	\$ -	\$ 18,592,109
14-15	13,018,613	6,742,313	564,532	-	20,325,458
15-16	13,396,624	7,157,659	798,332	-	21,352,615
16-17	13,898,555	7,327,432	1,747,000	-	22,972,987
17-18	14,969,998	6,493,742	881,800	-	22,345,540
18-19	15,811,786	6,728,496	1,164,200	(1,947,586)	21,756,896
19-20	16,688,251	6,489,409	1,905,500	(2,116,371)	22,966,789
20-21	16,378,640	6,795,570	984,500	(1,721,108)	22,437,602
21-22	16,681,622	7,649,772	1,127,000	(1,332,812)	24,125,582
22-23	17,886,807	8,808,754	601,000	(2,117,830)	25,178,731

Note: The budgeted expenditures represent the adopted budget adjusted for Board approved amendments, if applicable, based on new or modified expenditures.

Source: Approved Budget General Fund 100 – Summary of Revenues, Expenditures and Budgeted Fund Balances

Schedule of General Government Expenditures by Major Object (Actual)

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
13-14	\$ 12,011,320	\$ 4,217,453	\$ 259,652	\$ -	\$ 16,488,425
14-15	12,112,938	4,858,855	239,283	-	17,211,076
15-16	12,959,077	5,584,127	529,002	-	19,072,206
16-17	13,199,676	5,541,055	322,275	-	19,063,006
17-18	13,660,805	5,236,263	200,510	-	19,097,578
18-19	13,619,667	4,836,842	114,569	(1,513,730)	17,057,348
19-20	14,518,535	4,604,776	507,044	(1,249,271)	18,381,084
20-21	14,924,266	4,830,240	394,643	(1,420,507)	18,728,642
21-22	15,231,426	4,710,878	253,957	(1,442,924)	18,753,337
22-23	16,325,362	5,435,115	221,023	(909,730)	21,071,770

Source: Annual Comprehensive Financial Report: Budgetary Schedules at Legal Level of Budgetary Control – General Funds

Schedule of General Government Revenues by Source

Fiscal Year	Taxes (a)	Intergovernmental (a)	Licenses/Permits	Use of Money & Property	Other	Total
13-14	\$ 6,095,314	\$ 4,082,326	\$ 6,741,800	\$ 9,934	\$ -	\$ 16,929,374
14-15	6,283,412	3,516,824	7,416,470	25,241	-	17,241,947
15-16	6,609,429	3,739,523	7,779,365	5,438	-	18,133,755
16-17	6,764,376	3,437,689	8,001,079	81,700	-	18,284,844
17-18	6,859,462	3,336,946	9,016,456	153,968	-	19,366,832
18-19	1,940,485	8,238,416	8,281,069	257,341	95,238	18,812,549
19-20	1,938,341	11,097,630	8,823,399	853,233	58,605	22,771,208
20-21	2,264,451	8,678,334	8,484,401	195,224	49,530	19,671,940
21-22	2,551,772	9,591,877	8,765,312	540,764	42,958	21,492,683
22-23	2,569,539	8,562,389	9,799,466	608,738	24,015	21,564,147

Notes: Before FY2019, the DMV surcharge was included in the Taxes revenue category. Starting in FY2019, the DMV surcharge is more appropriately classified as Intergovernmental revenue.

Source: Annual Comprehensive Report: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (General Fund)

Permit Revenue

Year	Active Permits (a)	Actual Revenue (b)
2014	4,331	4,465,746
2015	4,346	5,059,167
2016	4,344	5,098,778
2017	4,397	5,622,626
2018	4,411	6,393,690
2019	4,461	6,197,766
2020	4,437	7,231,406
2021	4,434	6,977,427
2022	4,446	7,045,970
2023	4,425	7,975,746

Note: (a) Stationary Source Database as of June 30. Active permits are Annual Renewal only.

(b) Annual permit revenue from Annual Report Working Trial Balance for FY 2014-2018. Annual permit revenue from Revenue by Payment Type report from Tyler New World (NW) system for FY2019 forward. NW Report on Receipts by Payment Code Report for the reporting FY with the following status: Posted; Report Detail: Detail; Selected Payment Code(s): RNW (Air Toxics, Permit, Reinspection, Source Test & Title V).

Source: Sacramento Metropolitan Air Quality Management District

Full-Time Equivalent Employees as of June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Classification										
Accountant I/II	-	-	-	-	-	-	-	-	-	-
Administrative Assistant I/II	2.0	2.0	2.0	2.0	-	-	-	-	-	-
Administrative Specialist I/II	-	-	-	-	2.0	2.0	2.0	3.0	3.0	4.0
Administrative Supervisor/Clerk of the Board	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Air Pollution Control Officer /Executive Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Air Quality Engineer	19.5	19.5	20.5	20.5	20.5	19.5	19.5	15.5	16.5	19.0
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	5.5	5.5	5.0	3.0	3.0
Air Quality Instrument Specialist I/II	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Air Quality Planner/Analyst	10.0	10.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Air Quality Specialist	18.6	18.6	18.6	18.6	19.6	18.6	18.6	18.6	19.6	19.6
Assistant Air Pollution Control Officer	-	-	-	1.0	1.0	-	-	-	-	-
Clerical Services Supervisor	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.0	1.0	1.0
Controller	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
District Counsel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Division Manager	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Executive Assistant/Clerk to the Board	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Financial Analyst	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Human Resource Assistant I/II	2.0	2.0	2.0	2.0	-	-	-	-	-	-
Human Resource Technician I/II	-	-	-	-	2.0	1.0	1.0	1.0	1.0	1.0
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Information Systems Administrator	1.0	1.0	1.0	-	-	-	-	-	-	-
Information Systems Analyst	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Information Systems Manager	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Legal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Office Assistant I/II	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Program Coordinator	12.0	12.0	12.0	12.0	-	-	-	-	-	-
Program Manager	-	-	-	-	5.0	5.0	5.0	5.0	5.0	5.0
Program Supervisor	5.0	5.0	5.0	5.0	12.0	12.0	12.0	12.0	12.0	12.0
Senior Accountant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Statistician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Subtotal Funded Positions	93.0	94.0	96.0	97.0	98.0	99.5	99.5	94.1	94.1	97.6
Administrative/Legal Analyst	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Air Quality Engineer	2.0	2.0	1.0	1.0	1.0	1.0	1.0	5.0	4.0	-
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	-	0.5	-	-
Air Quality Planner/Analyst	1.0	1.0	-	-	1.0	-	-	-	-	-
Air Quality Specialist	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	2.0	-
Communication & Marketing Specialist	-	-	-	-	-	-	-	1.0	1.0	-
Division Manager	1.0	-	-	-	-	-	-	-	-	-
Human Resource Technician I/II	-	-	-	-	-	1.0	1.0	1.0	1.0	-
Information Systems Analyst	-	-	-	-	-	-	-	-	1.0	-
Office Assistant I/II	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Program Coordinator	1.0	1.0	1.0	-	-	-	-	-	-	-
Program Supervisor	-	-	-	1.0	1.0	-	-	-	-	-
Subtotal Unfunded Positions	9.0	8.0	6.0	5.0	5.0	3.0	3.0	8.5	9.0	-
Total Funded + Unfunded Positions	102.0	102.0	102.0	102.0	103.0	102.5	102.5	102.6	103.1	97.6

Source: Approved/Amended Budget

The Positions by Classification and Positions by Operating Division tables previously included unfunded positions. Beginning with this budget cycle, FY22/23, only funded positions are included in the budget.

SECTION 9 - Appendices

APPENDIX A – FINANCIAL MANAGEMENT POLICIES

PURPOSE

The Financial Management Policies are the tools used to ensure that the District is financially able to meet its immediate and long-term service objectives. The policies contained herein serve as guidelines for both the financial planning and internal financial management of the District, including regulation, supervision, and oversight of the financial and payment systems. These policies safeguard the fiscal stability necessary to achieve the District's goals and have the following objectives:

- Guide the Board of Directors (Board) and management policy decisions that have a significant fiscal impact
- Set forth operating principles that minimize the cost of government and financial risk
- Maintain appropriate financial capacity for present and future needs
- Promote sound financial management by providing accurate and timely information on the District's financial condition
- Provide adequate resources to meet the provisions of the District's debt obligations
- Ensure the legal use of financial resources through an effective system of internal controls

GOVERNING AUTHORITY

The District's financial activities for all funds must be operated in conformance with applicable federal, state, and other legal requirements, including authorizing sections of the California Health and Safety Code, and relevant covenants of any existing debt.

Unless specifically stated in these policies or otherwise authorized by resolution of the Board of Directors, the Board assigns its responsibility for managing and coordinating all financial activities to the District Executive Director/Air Pollution Control Officer and/or their designee (referred to hereafter collectively as APCO). As necessary, the APCO will consult District Counsel, i.e., selecting and managing outside legal counsel (e.g., bond and/or disclosure counsel), providing independent verification of the District's compliance with all applicable laws and regulations, and document preparation and review.

POLICIES

Budget Adoption

The District shall prepare and make available to the public at least 30 days before a public hearing a summary of its budget and any supporting documents, including, but not limited to, a schedule of fees to be imposed by the district to fund its programs per California Health and Safety Code (HSC §40131). The District shall notify each person who was subject to fees imposed by the District in the preceding year of the availability of information. The District shall notice and hold two public hearings at a meeting of the Sacramento Metropolitan Air Quality Management District Board (Board) for the exclusive purpose of reviewing the budget and providing the public with the opportunity to comment upon the proposed District budget.

The Board adopts the District budget on a basis that includes encumbrances and expenditures at the fund level. Expenditure authority is at the fund level. All regular and limited-term positions and capital projects require Board approval, normally through the budget process. The APCO is authorized to modify FTE classifications as necessary to implement reclassifications and studies as authorized by the Board-approved Human Resources policies. All appropriations that remain unspent and unencumbered (unobligated) on June 30, will revert to the available fund balance of the respective funds.

Structurally Balanced Budget

The APCO presents a "balanced" budget to the Board annually, where funding sources (including the use of reserves if applicable) match expenditures. The budget includes revenues and expenditures for the prior year (actual), current year (budget), and upcoming year (approved budget). If a structural imbalance exists in which the Financial Forecast indicates the use of reserves beyond the established minimums, a plan will be developed and implemented to bring the budget back into structural balance.

Budget Amendments

Changes to the budget and service levels during the fiscal year will be minimized. Changes during the fiscal year will generally be limited to technical adjustments, emergency funding, unforeseen circumstances, time-sensitive opportunities or issues, or new grants or awards. Requests for a new program, modification in service levels, staffing, or other increases in expenditures, without associated revenues or reimbursements, must include a proposed spending offset at the time of the request (if costs are known) or justification for the use of reserves. Changes outside of the annual budget process should primarily be considered during a mid-year budget review.

Unexpected revenue shortfalls or other significant issues that may create a budget shortfall during the fiscal year are to be reported to the Board with recommendations by the APCO as to whether a mid-year budget adjustment should be made. Budget amendments are considered and adopted by the Board.

General and Internal Service Funds Reserves

The District shall make every effort to maintain a General Fund Operating Reserve equivalent to a minimum of 120 days, but no less than 60 days, of General Fund expenditures. The District must maintain sufficient unencumbered fund balance to allow for: (1) unforeseen operational or capital needs, (2) cash flow requirements, (3) local disasters, and/or (4) other economic uncertainties or financial hardships. If these reserves are projected to fall below these levels as a result of Board-approved budgets, a plan will be developed and implemented to replenish the funds used. The Special Revenue Fund accounts for various incentive grants that are intended to be fully expended. Therefore, no reserve targets are established for the Special Revenue Fund.

Debt Management

Long-term debt may be used to finance the costs of acquiring or improving land, infrastructure, facilities, or equipment if it is appropriate to spread these costs over more than one budget year. Long-term debt may also be used to fund capitalized interest, costs of issuance, required reserves, and any other financing-related costs that may be legally capitalized. Long-term debt may not be used to fund District operating costs.

Short-term debt may be used as an interim source of funding before the issuance of long-term debt, to address short-term cash-flow requirements during a given fiscal year, or to bridge the gap in financing before long-term debt is issued to meet the ongoing capital needs of a project or series of projects. Short-term debt may not exceed three years.

The District may pursue other financing mechanisms—such as pay-as-you-go financing, inter-fund borrowing, lines of credit, and lease financing—for debt less than three million dollars. Small-equipment lease financing may occur with a demonstrated need (e.g., legal, environmental, cash flow).

Annual payments of principal and interest (debt service payments) on General Fund long-term debt shall not exceed five percent of annual general fund operating revenues. The APCO may obligate the District to long-term debt, such as the purchase of real property, only with sufficient justification and prior Board approval. The APCO may obligate the District to short-term debt and/or other financing mechanisms within the APCO purchasing authority. Short-term debt or other financing mechanisms above the APCO's purchasing authority require Board approval. The APCO is not authorized to "issue" long-term debt.

Investments

The District invests funds in the Local Agency Investment Fund (LAIF) under the California State Treasurer's Office and the California Asset Management Program (CAMP) in accordance with Board resolution. The APCO may research and propose alternative investment strategies, such as community banking, but may only invest funds in those alternatives with prior Board approval.

Per California Government Code §53646(a)(2), the District may annually present to the Board a statement of investment policy for consideration at a public meeting. The Investment Policy of the Pooled Money Investment Account (PMIA) is published by the Office of State Treasurer. The LAIF represents one of three primary sources of funds in the PMIA. Therefore, the PMIA Investment Policy applies to investments made in the LAIF. The CAMP fund is a short-term cash reserve fund that invests in obligations of the United States Government and its agencies, high-quality debt obligations of U.S. Companies and financial institutions, and reports its investment policy in their Program Guide.

Long-Term Financial Planning

Each year, staff performs multi-year (for the next three to five years) forecasts of operating expenditures and revenue, and capital expenditures to promote long-term planning of resources. The forecast will be updated and included in the annual budget process. As part of the budget message, the APCO will advise the Board of potential long-term positive and adverse trends along with his/her analysis of the trends.

Accounting, Auditing, and Financial Reporting

State law requires that a certified public accountant or public accountant annually audit the accounts and records of every special district. The District conforms with accounting principles generally accepted in the United States (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). An Annual Comprehensive Financial Report (Annual Report) will be prepared each fiscal year per GAAP and audited by an independent public accounting firm. Additional financial reporting may include the following:

- Interim Financial Reports: Staff will prepare interim reports for the Budget and Personnel Committee of the Board that analyze and evaluate financial performance, and forward them to the full Board as directed by the Committee
- Mid-year Budget Update: Staff will prepare a Mid-year Budget report to advise the Board if a troubling and/or positive financial situation exists or is anticipated, including an assessment of the impact on the District budget and financial condition

Internal Control and Risk Management

The District is committed to the identification, monitoring, and management of risks associated with its business activities, and will maintain a system of internal control to safeguard its assets against loss, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

The APCO is ultimately responsible to the Board for the District's system of internal controls and risk management. District managers are accountable to the APCO and have established several controls within its management and reporting systems to provide reasonable assurance that control measures are being met, including:

- A clear organizational structure detailing lines of authority and control responsibilities
- Operating and strategic planning processes
- Annual budgeting and periodic reporting systems to monitor progress against financial and operational performance targets
- Guidelines and limits for approval of purchases and capital expenditures
- A Conflict-of-Interest policy and codes of conduct that apply to all employees
- Other internal controls practices, including segregation of duties in accounting functions; account reconciliation and analysis; physical and inventory controls; hiring and termination checklists; security controls to protect against unauthorized access to systems, networks and data; and desk procedures and cross-training

Procurement

The authority to develop and maintain the Procurement Manual, which includes purchasing procedures consistent with the Board-approved Purchasing Policy, along with other procurement procedures, is delegated to the APCO. The APCO may modify the Procurement Manual as needed to reflect administrative updates, changes in regulation or law, and/or to maintain compliance with the Board-approved Purchasing Policy. The Purchasing Policy outlines the protocols and authority to procure materials, supplies, equipment, and services in the District's best interest through diligent action and fair dealing, thus securing the best price within a reasonable time frame to adequately meet the District's needs.

Capital Asset Management

The District shall operate and maintain its physical assets in a manner that protects the public investment and ensures the achievement of their maximum useful life. A capital asset is defined as land, building structures, leasehold improvements, vehicles, equipment, machinery, furnishings, or other property having a value of \$5,000 or more and intended for long-term use. Leases will be accounted for under the guidelines established by the GASB.

Capital expenditures of \$5,000 or more are initially recorded as assets, and are then subject to the following general types of accounting transactions:

- Periodic depreciation (for tangible assets) or amortization (for intangible assets); land is not depreciated
- Impairment write-downs (if the value of an asset declines below its net book value)
- Disposition (once assets are disposed of)

For financial reporting purposes, the District maintains a schedule of capital assets with values of \$5,000 or more and having a useful (depreciable life) of one year or more. All items with an original value of less than \$5,000, or with an estimated useful life of less than one year, are recorded as operating expenditures.

Tangible assets, primarily technology-related, valued at less than \$5,000, are subject to regular monitoring and documentation to ensure accountability and prevent loss or misuse.

The APCO is authorized to dispose of unused District Property and administers the disposition process.

Petty Cash

The District does not operate a Petty Cash fund. Most minor, inexpensive District purchases made during the normal course of operations are performed using a District purchase card. Small purchases made by employees are reimbursed by check or ACH following District purchasing procedures.

Collaborations

The APCO is authorized to approve collaboration requests, i.e., provide funds to other entities when funds are used to further the mission of the District, per the District's Purchasing Policy and within the approved collaboration budget.

User Fees and Charges

The District is empowered to recapture, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with the delivery of individual services have been appropriately identified and that the District is fully recovering those costs. It is the District's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the Board, or when it is not cost-effective to do so. The District will follow established laws and rules in adopting fees, including California Health and Safety Code (HSC §42311), related to Stationary Source Permit Fees. Under this section, the District may adopt a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover the cost of district programs related to permitted stationary sources. The fees assessed for any fiscal year may not exceed the actual costs for District programs for the immediately preceding fiscal year with an adjustment up to the change in the annual California Consumer Price Index (CPI) for the preceding year, as determined according to Section 2212 of the Revenue and Taxation Code. Fee revenues received by the District that exceed the cost of the programs shall be carried over for expenditure in the subsequent fiscal year, and the schedule of fees shall be changed to reflect that carryover.

Memorandum of Understanding (MoU)

The APCO may enter into an MoU with local, state, or federal agencies, non-governmental organizations, or non-profits to further the mission of the District. Acceptance and/or obligation of funds, if applicable, and/or terms and conditions of the MoU must comply with the APCO's contracting authority as outlined within the District's Purchasing Policy.

Grants

District staff will seek out, apply for and effectively administer federal, state, and other grants that address the District's priorities and policy objectives and provide a positive benefit to the District. Before any grant is pursued, staff shall make a good faith effort to prepare a detailed pro forma that addresses the immediate and long-term costs and benefits to the District.

Federal Awards

In the performance of its mission, the District utilizes several funding sources including grants provided by the Federal government. To utilize these funds for the reimbursement of costs, the District and its sub-recipients are required to follow Uniform Guidance in 2 CFR, Part 200, Subpart E - Cost Principles when accounting for expenditures. The District charges costs that are reasonable, allowable, and allocable to an award directly or indirectly. All unallowable costs are appropriately segregated from allowable costs in the general ledger to ensure that unallowable costs are not charged to any awards. The District's sub-recipients are required to follow these same practices.

In addition to the Cost Principles related to allowable costs, the District is responsible for maintaining internal controls regarding the management of Federal program funds, and ensuring that subgrantees are aware of the cash management and requirements in 2 CFR part 200, subpart D. The District will monitor its cash drawdowns and those of its sub-recipients to assure substantial compliance with the standards of timing and amount of advances. Additionally, the District will minimize the amount of time between the drawdown and the expenditure of funds from their bank accounts. Funds must be drawn only to meet a District's immediate cash needs for each grant. Finally, the District will periodically complete a sub-recipient risk assessment to guide oversight efforts.

Acceptance of Non-District Funds

The APCO may accept funds from local, state, or federal agencies, nongovernmental sources, or any other entity as long as the funds will be used to further the mission of the District and, where applicable, the use of the funds complies with any terms, conditions or guidelines imposed by the funding source.

APPENDIX B – DESCRIPTION OF FUNDING SOURCES

Agricultural Burning — Burn permit fees are collected from growers and other agricultural interests to partially fund the District's Agricultural Burn Permit program.

Air Quality Improvement Program Funds — A voluntary incentive program administered by the California Air Resources Board (CARB) to fund clean vehicle and equipment projects, research biofuel production and the air quality impacts of alternative fuels, and workforce training.

Asbestos Plan Check Fees — Fees collected from building owners and contractors undertaking demolitions or renovations subject to regulation under the District's asbestos rules. Fees generate revenues used for the review of abatement plans, site inspections, complaint responses, and enforcement case development.

Assembly Bill 197 Emission Inventory (AB 197) — State funds provided to the District to review facility information and emission data.

CARB Subvention and Enforcement Grant — Grant funds used for Stationary Source program expenditures not offset by permit fees, including Engineering, Compliance/Enforcement, Air Monitoring, Rule Development, and Planning.

City of Sacramento Air Monitoring Program — Funds provided by the City of Sacramento to be used for the deployment of portable air quality monitors, and a one-time air monitoring program that includes street-level mobile air quality monitoring and related outreach, research, and education in underserved communities.

Civil Settlements — Revenues derived from penalties for violations of federal, state, and District regulations. Amounts are determined by the Mutual Settlement Program approved by the Board.

Climate Pollution Reduction Grants (CPRG) Program — Federal funds provided by EPA to design priority climate action plans that incorporate greenhouse gas reduction measures. Phase 2 of the program is a competitive process to apply for funds to implement greenhouse gas reduction measures included in an applicable priority climate action plan.

Community Air Protection Program — Authorized by AB 617 (C. Garcia), funded by the Greenhouse Gas Reduction Fund, and overseen by the California Air Resources Board (CARB), this program conducts stakeholder and community outreach in impacted communities (designated by CARB) to guide the creation and implementation of monitoring plans (CAMP) and community emission reduction plans (CERP).

Community Air Protection Program Incentives — California State grants, funded by the Greenhouse Gas Reduction Fund and overseen by the California Air Resources Board, are appropriated for this program to conduct stakeholder and community outreach in impacted communities designated by the Sac Metro Air District that guides the spending of incentives funds on eligible emission-reducing projects impacting these communities.

Community Air Protection Program Incentives (Enhanced) — Funds received through the authorized sale of salvaged vehicles turned in through the Community Air Protection Incentive program. Revenue from the vehicle sales is reintroduced into the Community Air Protection Program to continue funding vehicles.

Congestion Mitigation and Air Quality Improvement (CMAQ) Grants — Federal funds used to support the Spare The Air program, the State Implementation Plan, and heavy-duty, low-emission vehicle and infrastructure programs through the federal SECAT program.

DMV Surcharge — Per enacting legislation AB4355, revenues are used to implement the Air Quality Improvement Strategy with respect to the reduction in emissions from vehicular sources, including a clean fuels program, motor vehicle use reduction measures, and a public education program. Additional revenues will be provided by AB923 - \$2 surcharge. Revenues are restricted to programs that achieve emission reductions from vehicular sources and off-road engines, replacing old polluting engines with new cleaner engines.

Enhanced Fleet Modernization Program - Green House Gas Reduction Fund — The 2018 California Air Resources Board Climate Investments are used to implement a diverse set of investments while maintaining the transparency of outcomes and ensuring meaningful community benefits from these investments and reflect the increasingly important role of California Climate Investments in facilitating the reduction of greenhouse gases while also reducing air pollution, helping communities adapt to the impacts of climate change, and providing meaningful benefits to disadvantaged communities, low-income communities, and low-income households.

EPA 103 Grant — Revenues are restricted to uses achieving the program objectives of the fine particulate monitoring network and community toxics grant.

EPA 105 Grant — Revenues are restricted to uses achieving the program objectives as submitted to US EPA but may not be used to cover costs associated with Title V permitting. Allowed uses include compliance and enforcement, air monitoring, transportation, land-use programs, and development and maintenance of AIRS data.

Funding Agriculture Replacement for Emission Reductions (FARMER) Program — California State grants, funded by the Greenhouse Gas Reduction Fund, and overseen by the California Air Resources Board, are appropriated for this program to replace old agricultural equipment with cleaner agricultural equipment.

Funding Agriculture Replacement for Emission Reductions (FARMER) - Enhanced Program — Funds received through the authorized sale of salvaged vehicles turned in through the FARMER program. Revenue from the vehicle sales is reintroduced into the FARMER program to continue funding vehicles.

Interest Income — Interest is generated annually from District-invested reserves and the resulting revenue is allocated to the source fund generating the interest.

Lease Property Net Revenues — Revenues resulting from the lease of space in the District-owned building located at 777 12th Street. This revenue includes rents and parking fees and is net of all upkeep and maintenance expenditures of the building and parking area and is used to pay the interest and principal obligations of the bonds and to build a reserve for improvements.

Local Government — Funds provided by local agencies/governments in the form of grants or matching funds such as neighboring air districts' matching funds for CMAQ grants (Spare The Air) and an air monitoring grant from the City of Sacramento.

Measure A — Per enacting legislation ordinance number STA-0002 dated October 6, 1988, one-half of one percent of total Measure A monies collected by the Sacramento Transportation Authority (STA) will be used for mitigation of motor vehicle emissions or evaluation of mitigation measures. The revenues are used to support heavy-duty low-emission vehicle and infrastructure projects, air monitoring, transportation control measure planning, and the Sacramento Transportation and Air Quality Collaborative. The STA placed a measure on the November 2004 ballot to renew the Measure for 30 more years after the original measure expires. Voters overwhelmingly approved the new Measure A, with more than 75 percent of voters in favor of it. The "new" Measure A took effect in April 2009.

Mitigation Fees — Fees paid by land-use project developers to mitigate the construction and/or operational emissions of their project. Revenues are used to secure emission reductions to offset land use development.

Moyer (Carl Moyer Memorial A.Q. Standards Attainment) Program — Funds are available through California Smog Check and new tire purchase fees and are administered through the California Air Resources Board. Revenues are used to provide market-based incentives for the introduction and use of lower-emission technologies for heavy-duty vehicles, off-road vehicles and equipment, and locomotive engines.

Moyer (Enhanced) Program — Funds received through the authorized sale of salvaged vehicles turned in through the Moyer Program. Revenue from the vehicle sales is reintroduced into the Moyer Program to continue funding vehicles.

Naturally Occurring Asbestos (NOA) Fees — Fees are collected from those required to comply with Title 17 of the California Code of Regulations, § 93105 ATCM. Revenues are to be used to recover costs associated with the NOA program, which includes reviewing dust mitigation plans and inspections.

Oil and Gas — Grant received from the California Air Resources Board to fund the District's enforcement activities. The District and CARB have a memorandum of understanding for the District to enforce CARB's Oil and Gas regulation in Sacramento County.

Our Community CarShare Program (CarShare) — Grant funds used to place eight battery electric vehicles at three affordable housing communities and the Sac Valley Train Station. The members of the CarShare Program will include residents of selected communities. These members will have access to the electric CarShare vehicles for zero-emission mobility.

Planning Service Charges — Fees collected from the County of Sacramento and the Cities of Folsom and Sacramento to review planning applications for their impact on air quality.

Port and Freight Infrastructure — Grant funds are used to expand on its current efforts and develop, demonstrate, and test three additional hydrogen-fueled, zero-emissions switcher locomotives to be constructed on a test track in Sierra Northern Railway's West Sacramento rail yard. The project includes the construction of approximately 2,000 feet of ancillary test trackage, the conversion of three locomotives, and the development of refueling infrastructure and protocols.

Portable Equipment Registration Program (PERP) — Fee revenue collected by the California Air Resources Board from owners or operators of portable engines, and certain other types of equipment, to operate their equipment throughout California without having to obtain individual permits from local air districts is passed through to Districts that have equipment registered under CARB's Portable Equipment Registration Program.

Power Plant Fees — Hourly rate fees paid by power plant project proponents for District staff to determine the legitimacy/accuracy of Emission Reduction Credits (ERCs) proposed for use to offset new plant emissions, and to process Authority to Construct and Permit to Operate documents.

Prescribed Burn Reporting and Monitoring Support — The program provides resources to enhance the District's smoke management program by increasing regulation, outreach, and reporting of prescribed fires in Sacramento County.

Proposition 1B (GEMERP/LESBP) — Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, authorized the Legislature to appropriate \$1 billion in bond funding to the California Air Resources Board to reduce emissions from freight movement in California and \$200 million for school bus retrofit and replacement to reduce air pollution and to reduce children's exposure to diesel exhaust. Examples for the goods movement program include the replacement and/or retrofit of trucks moving goods and locomotives (non-passenger) within the Sacramento, San Joaquin, and Bay Area regions.

Proposition 1B (Enhanced) Program — Funds received through the authorized sale of salvaged vehicles turned in through the Proposition 1B Program. Revenue from the vehicle sales is reintroduced into the Proposition 1B Program to continue funding vehicles.

Sacramento Emergency Clean Air & Transportation (SECAT) Program — The program replaces on-road heavy-duty diesel vehicles with cleaner emission vehicles. The goal of the SECAT program is to reduce the harmful surplus emissions from on-road heavy-duty vehicles operating in the Sacramento Federal Nonattainment Area (SFNA).

Sacramento Emergency Clean Air & Transportation (SECAT) Enhanced Program — Funds received through the authorized sale of salvaged trucks turned in through the SECAT program. Revenue from the truck sales is used to fund the Sacramento Region Air Quality and Infill Streamlining Program (ISP), which is an innovative program that provides cities and counties in the Sacramento Region with technical assistance to address key infill barriers.

SB1 Building Handbook and CalEEMod — Funded by a grant from the California Department of Transportation, this project focuses on updating the California Emissions Estimator Model (CalEEMod), as well as the Quantifying GHG Mitigation Measures Handbook. These tools are used by local governments across California to quantify and reduce GHG and criteria air pollutants from new land use development, as well as to assist with climate action planning and other activities. The updates include updated data and methodologies as well as new measures to address GHG mitigation, climate adaptation, equity, and health.

Solutions for the Environment and Economic Development (SEED) Program — Revenue generated from the lease of Emission Reduction Credits (ERCs) under Rule 205 – Community Bank and Priority Reserve Bank. ERCs resulting from SEED-funded programs are deposited in the Community Bank. Fees are charged to cover various expenditures:

Initial Fees — Process initial ERCs.

Loan Fees — Meet Rule 205 mandates, which require, via a Request for Proposals, additional emission reductions to be secured.

Renewal Fees — Process ERC renewals, oversee ERC contracts and operate SEED. revenue disbursement process.

Source Test — Fees collected from any source required to conduct emission testing to demonstrate continued compliance with rules and or permit requirements.

State Toxics Emission Fees — Fees collected through Rule 306 – Air Toxic Fees are paid by facilities identified as having the potential to pose a health risk to the community, either as individual stationary sources or collectively as an industry. These sources are subject to the requirements of AB2588, the Air Toxics “Hot Spots” program for sources of toxic air pollutants. Fees are collected by the District on behalf of CARB and are to be used to help cover costs incurred by the District and the state in administering and enforcing the program.

Stationary Source Initial Fees — Fees paid by permit holders based on a defined fee schedule to cover expenditures to process Authorities to Construct and Permits to Operate. Fees may also cover the costs of other programs, such as rule development, emission inventory development, and air monitoring.

Stationary Source Permit Renewal Fees — Permit renewal fees consist of two parts; one is based on the type and size of the equipment and the other is based on the number of tons of pollutants emitted. Renewal fee revenues are used to support the stationary sources program, including the annual review of permits, the inspection of permitted and unpermitted sources, responding to complaints, general surveillance, etc. Fees also cover other related programs such as rule development, emission inventory development, and air monitoring.

Stationary Source Re-inspection Fees — Initial and renewal fees are based on the assumption of one annual inspection, and as such, an hourly rate fee is collected for any equipment/site requiring additional inspections, whether for non-compliance issues and/or additional source tests, etc.

Targeted Airshed Grants (TAG) — Federal EPA grants under the Non-Attainment Area Community Airshed Grant program to fund projects in neighboring air Districts to reduce particulate matter emissions within our non-attainment region. The District is the recipient of the grant funds and distributes funds to the sub-recipients.

Title V Fees — Local permit fees paid by Title V sources to cover the cost of developing Authorities to Construct and Permits to Operate. Additional fees may be charged to the large sources to cover expenditures for review and analysis associated with the complicated Title V permitting process.

Toxics Mobile Grant — This grant is awarded as part of the Environmental Protection Agency's (EPA) Community-Scale Air Toxics Ambient Monitoring Program to quantify mobile source air toxics in two environmental justice communities in Sacramento. Outcomes from the results will help determine the overall risk from mobile toxics in the communities and will provide recommendations on how to improve methodologies to develop community-scale emission inventories.

Variances — Fees collected when permitted sources apply for variances from District rules. Revenues cover the costs of Hearing Board meetings.

APPENDIX C – GLOSSARY

Account — A record in the budget that is used to collect and describe the type of financial transaction.

Accrual Basis — Revenue and expenditures are recorded in the period earned or incurred regardless of whether cash is received or disbursed in that period.

Actual — The real financial transaction that occurred, for example, the actual amount received and the actual amount spent.

Amended Budget — Authorized adjustments made to the Approved Budget within the same fiscal year.

Audit — An official inspection of an organization's accounts, typically by an independent body.

Balanced Budget — The amount of budgeted expenditures is equal to the amount of budgeted revenue sources (including fund balance reserves).

Bond Premium — Amount of bond proceeds above the face value of the bond.

Budget — A financial plan for a defined period, usually a year that summarizes planned expenses, revenues, and resources.

Capital Expenses/Expenditures — Property of any kind, tangible or intangible, with a cost equal to or greater than \$5,000 and that has an initial useful life extending beyond a single reporting period (fiscal year), e.g., land, buildings, vehicles, and machinery.

Certificate of Participation (COP) — An alternative to municipal bonds in which an investor buys a share in the improvements or infrastructure the government entity intends to fund.

Cognizant Agency — A federal agency that, on behalf of all Federal agencies, is responsible for establishing final indirect cost rates.

Annual Comprehensive Financial Report (Annual Report) — Provides a thorough and detailed audit report of the District's financial condition.

Consumer Price Index (CPI) — A measure of the average change over time in the prices paid by urban consumers for a fixed market basket of goods and services used as a basis for adjusting fees; the CPI value for fee adjustments is obtained through the California Division of Labor Statistics and Research, All Urban Consumers.

Debt Service — The amount of money required in a given period to pay the principal and interest on debt (borrowed money), generally according to a predetermined payment schedule.

Division — Term used to define the different areas of operation within the District.

Employee Services — The personnel costs of the District, including salaries, wages, and benefits, such as health insurance, social security costs, retirement contributions, workers' compensation, unemployment insurance, etc.

Expenditure — The actual spending of funds authorized by an appropriation and generally divided into various categories such as employee services, services and supplies, debt service, and capital improvements.

Federal Fiscal Year (FFY) — A period designated by the Federal government signifying the beginning and ending period for recording financial transactions. The Federal Fiscal Year is from October 1 through September 30.

Fiscal Year (FY) — A period designated by the District signifying the beginning and ending period for recording financial transactions. The District has a fiscal year from July 1 through June 30.

Full-Time Equivalent (FTE) — A unit indicating the workload of a position to distinguish workloads comparable to a full-time position (i.e., an FTE of 1.0 means that the position is equivalent to a full-time workload, while an FTE of 0.50 signals that the position is only half-time).

Fund — A group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Each fund has its own budget and tracks revenues and expenditures separately.

Fund Balance — The net worth of a fund, measured by total assets minus total liabilities. A projected ending fund balance for a period is the total value remaining after current requirements (expenditures for operations and capital improvements) are subtracted from the sum of the beginning fund balance and current resources. Fund balance can be complicated by the fact that part of the fund balance may be reserved, or restricted, for specific purposes. Fund balance may be used to balance the budget when new revenues are insufficient to fund budgeted expenditures.

General Fund (100) — The District's principal operating fund, supported by federal grants, California State funds, and permit fees, and funds ongoing program costs, such as employee services, equipment, and capital expenses.

Government Finance Officers Association (GFOA) — An organization that enhances and promotes the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

Governmental Fund — A grouping used in accounting for government activities that are not business-like activities. For the District, this includes the General Fund and the Special Revenue Fund.

Grant — Contributions of cash or other assets provided by external agencies, which are restricted to a specific purpose, have a time limit for use, and frequently are reimbursed after incurring eligible costs.

Indirect Cost — A cost that is not readily identified to the specific good or service, such as administration. For many of the District's programs, the percentage of indirect cost allowed is set by the EPA as a cognizant agency.

Modified Accrual — A combination of cash basis and full accrual basis accounting used for governmental funds. Revenues are recognized when they are both measurable and available, and expenditures are recorded on a full accrual basis, as they are measurable when incurred.

Nitrogen Oxides (NOx) — Highly reactive gas that forms quickly from emissions from cars, trucks and buses, power plants, and off-road equipment.

Ozone — A gas that occurs both in the Earth's upper atmosphere and at ground level. Ozone can be "good" or "bad" for people's health and the environment, depending on its location in the atmosphere.

Program Distribution — EPA Grants — Amounts paid to an Environment Protection Agency grant sub-recipient under the grant contractual requirements.

Proprietary Fund (400) — Accounts for the District's business-like activities and currently reflects the financial activities of the District's administrative facility, the Covell Building. Also known as an Internal Service Fund.

Special Revenue Fund (500) — Records the proceeds from certain revenue sources that have expenditure restrictions and provides an extra level of accountability and transparency to the revenue source that the funds will go towards its intended purpose.

Structural Deficit — Occurs when expenditures exceed revenues — a fundamental imbalance in government receipts and expenditures — not generally a result of one-time or short-term factors.

Resolution — A formal declaration, usually after voting, by an organization (District's Board of Directors).

Revenues — Income received from various sources including charges for fees and services, intergovernmental, interest, grants, and other miscellaneous categories.

Services and Supplies — Costs of contractual or outside services, supplies, rent, utilities, equipment, etc.

Transfers — Financial resources are moved from one account/fund to another account/fund.

Types of Funds — Restricted funds are restricted by legal or contractual requirements to a specific area. Unrestricted funds are not restricted by legal or contractual requirements and may be used in multiple areas. Assigned funds are intended for a specific purpose but do not meet the criteria to be classified as restricted. Non-spendable fund balance reflects assets not in spendable form, either because they will never convert to cash (e.g., prepaid items) or must remain intact under legal or contractual requirements. Unassigned funds are spendable funds in the District's General Fund not included in the other fund classifications.

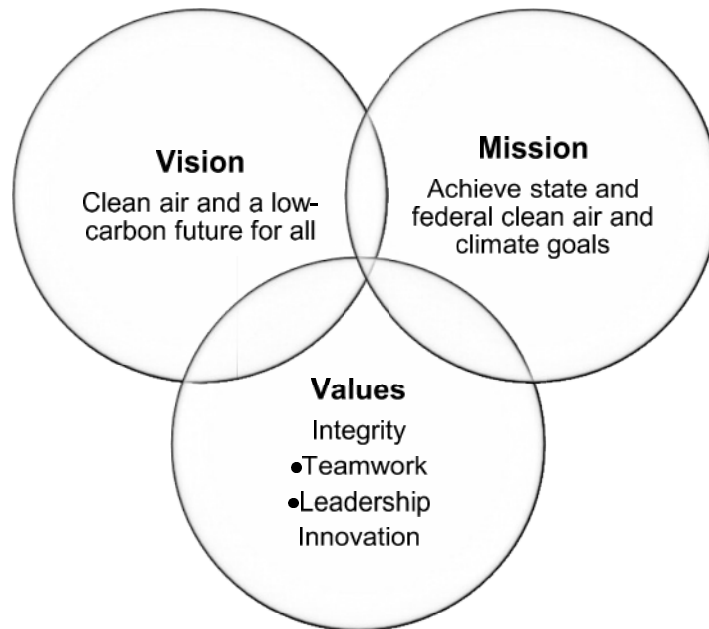
Variance — The difference between the budgeted or baseline amount of expense or revenue, and the actual amount.

Volatile Organic Compounds (VOC) — Gases emitted from certain solids or liquids.

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VISION = SOME DAY

MISSION = EVERY DAY



Sac Metro Air District working hard for your health

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SACRAMENTO METROPOLITAN



Approved Fees for Fiscal Year 2024/2025 (FY24/25) Effective July 01, 2024
CPI Adjustment of 4.17%

FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Approved Fee
1	Equipment - ATC	301	Schedule 1 (Electric Motor), Level 1 (<5 HP) - ATC	\$ 602.10
2	Equipment - PTO	301	Schedule 1 (Electric Motor), Level 1 (<5 HP) - PTO	602.10
3	Equipment - Renewal	301	Schedule 1 (Electric Motor), Level 1 (<5 HP) - Renewal	602.10
4	Equipment - Change of Ownership	301	Schedule 1 (Electric Motor), Level 1 (<5 HP) - Change of Ownership	602.10
5	Equipment - ATC	301	Schedule 1 (Electric Motor), Level 2 (5 - <50 HP) - ATC	1,206.28
6	Equipment - PTO	301	Schedule 1 (Electric Motor), Level 2 (5 - <50 HP) - PTO	1,206.28
7	Equipment - Renewal	301	Schedule 1 (Electric Motor), Level 2 (5 - <50 HP) - Renewal	1,206.28
8	Equipment - Change of Ownership	301	Schedule 1 (Electric Motor), Level 2 (5 - <50 HP) - Change of Ownership	1,206.28
9	Equipment - ATC	301	Schedule 1 (Electric Motor), Level 3 (50 - <200 HP) - ATC	2,416.74
10	Equipment - PTO	301	Schedule 1 (Electric Motor), Level 3 (50 - <200 HP) - PTO	2,416.74
11	Equipment - Renewal	301	Schedule 1 (Electric Motor), Level 3 (50 - <200 HP) - Renewal	2,416.74
12	Equipment - Change of Ownership	301	Schedule 1 (Electric Motor), Level 3 (50 - <200 HP) - Change of Ownership	2,416.74
13	Equipment - ATC	301	Schedule 1 (Electric Motor), Level 4 (>200 HP) - ATC	4,835.57
14	Equipment - PTO	301	Schedule 1 (Electric Motor), Level 4 (>200 HP) - PTO	4,835.57
15	Equipment - Renewal	301	Schedule 1 (Electric Motor), Level 4 (>200 HP) - Renewal	4,835.57
16	Equipment - Change of Ownership	301	Schedule 1 (Electric Motor), Level 4 (>200 HP) - Change of Ownership	4,835.57
17	Equipment - ATC	301	Schedule 2 (Fuel Burning), Level 1 (<1 MMBtu/hr) - ATC	298.96
18	Equipment - Renewal	301	Schedule 2 (Fuel Burning), Level 1 (<1 MMBtu/hr) - Renewal	298.96
19	Equipment - PTO	301	Schedule 2 (Fuel Burning), Level 1 (<1 MMBtu/hr) - PTO	298.96
20	Equipment - Change of Ownership	301	Schedule 2 (Fuel Burning), Level 1 (<1 MMBtu/hr) - Change of Ownership	298.96
21	Equipment - ATC	301	Schedule 2 (Fuel Burning), Level 2 (1 - <10 MMBtu/hr) - ATC	602.10
22	Equipment - Renewal	301	Schedule 2 (Fuel Burning), Level 2 (1 - <10 MMBtu/hr) - Renewal	602.10
23	Equipment - PTO	301	Schedule 2 (Fuel Burning), Level 2 (1 - <10 MMBtu/hr) - PTO	602.10
24	Equipment - Change of Ownership	301	Schedule 2 (Fuel Burning), Level 2 (1 - <10 MMBtu/hr) - Change of Ownership	602.10
25	Equipment - ATC	301	Schedule 2 (Fuel Burning), Level 3 (10 - <50 MMBtu/hr) - ATC	1,206.28
26	Equipment - Renewal	301	Schedule 2 (Fuel Burning), Level 3 (10 - <50 MMBtu/hr) - Renewal	1,206.28
27	Equipment - PTO	301	Schedule 2 (Fuel Burning), Level 3 (10 - <50 MMBtu/hr) - PTO	1,206.28
28	Equipment - Change of Ownership	301	Schedule 2 (Fuel Burning), Level 3 (10 - <50 MMBtu/hr) - Change of Ownership	1,206.28
29	Equipment - ATC	301	Schedule 2 (Fuel Burning), Level 4 (50 - <100 MMBtu/hr) - ATC	2,416.74
30	Equipment - Renewal	301	Schedule 2 (Fuel Burning), Level 4 (50 - <100 MMBtu/hr) - Renewal	2,416.74
31	Equipment - PTO	301	Schedule 2 (Fuel Burning), Level 4 (50 - <100 MMBtu/hr) - PTO	2,416.74
32	Equipment - Change of Ownership	301	Schedule 2 (Fuel Burning), Level 4 (50 - <100 MMBtu/hr) - Change of Ownership	2,416.74
33	Equipment - ATC	301	Schedule 2 (Fuel Burning), Level 5 (>100 MMBtu/hr) - ATC	4,835.57
34	Equipment - Renewal	301	Schedule 2 (Fuel Burning), Level 5 (>100 MMBtu/hr) - Renewal	4,835.57
35	Equipment - PTO	301	Schedule 2 (Fuel Burning), Level 5 (>100 MMBtu/hr) - PTO	4,835.57
36	Equipment - Change of Ownership	301	Schedule 2 (Fuel Burning), Level 5 (>100 MMBtu/hr) - Change of Ownership	4,835.57
37	Equipment - ATC	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - ATC	1,581.30
38	Equipment - Renewal	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - Renewal	1,581.30
39	Equipment - PTO	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - PTO	1,581.30
40	Equipment - Change of Ownership	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - Change of Ownership	1,581.30
41	Equipment - ATC	301	Schedule 3 (Electrical Energy), Level 2 (>=150 KVA) - ATC	4,835.57
42	Equipment - Renewal	301	Schedule 3 (Electrical Energy), Level 2 (>=150 KVA) - Renewal	4,835.57
43	Equipment - PTO	301	Schedule 3 (Electrical Energy), Level 2 (>=150 KVA) - PTO	4,835.57
44	Equipment - Change of Ownership	301	Schedule 3 (Electrical Energy), Level 2 (>=150 KVA) - Change of Ownership	4,835.57
45	Equipment - ATC	301	Schedule 4 (Incinerator), Level 1 (<10 Sq Ft) - ATC	1,206.28
46	Equipment - Renewal	301	Schedule 4 (Incinerator), Level 1 (<10 Sq Ft) - Renewal	1,206.28
47	Equipment - PTO	301	Schedule 4 (Incinerator), Level 1 (<10 Sq Ft) - PTO	1,206.28
48	Equipment - Change of Ownership	301	Schedule 4 (Incinerator), Level 1 (<10 Sq Ft) - Change of Ownership	1,206.28
49	Equipment - ATC	301	Schedule 4 (Incinerator), Level 2 (10 - <40 Sq Ft) - ATC	3,638.65
50	Equipment - Renewal	301	Schedule 4 (Incinerator), Level 2 (10 - <40 Sq Ft) - Renewal	3,638.65

Approved Fees for Fiscal Year 2024/2025 (FY24/25) Effective July 01, 2024
CPI Adjustment of 4.17%

FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Approved Fee
51	Equipment - PTO	301	Schedule 4 (Incinerator), Level 2 (10 - <40 Sq Ft) - PTO	3,638.65
52	Equipment - Change of Ownership	301	Schedule 4 (Incinerator), Level 2 (10 - <40 Sq Ft) - Change of Ownership	3,638.65
53	Equipment - ATC	301	Schedule 4 (Incinerator), Level 3 (40 - <100 Sq Ft) - ATC	4,835.57
54	Equipment - Renewal	301	Schedule 4 (Incinerator), Level 3 (40 - <100 Sq Ft) - Renewal	4,835.57
55	Equipment - PTO	301	Schedule 4 (Incinerator), Level 3 (40 - <100 Sq Ft) - PTO	4,835.57
56	Equipment - Change of Ownership	301	Schedule 4 (Incinerator), Level 3 (40 - <100 Sq Ft) - Change of Ownership	4,835.57
57	Equipment - ATC	301	Schedule 4 (Incinerator), Level 4 (>100 Sq Ft) - ATC	6,063.73
58	Equipment - Renewal	301	Schedule 4 (Incinerator), Level 4 (>100 Sq Ft) - Renewal	6,063.73
59	Equipment - PTO	301	Schedule 4 (Incinerator), Level 4 (>100 Sq Ft) - PTO	6,063.73
60	Equipment - Change of Ownership	301	Schedule 4 (Incinerator), Level 4 (>100 Sq Ft) - Change of Ownership	6,063.73
61	Equipment - ATC	301	Schedule 5 (Storage Container), Level 1 (<40K Gallons) - ATC	1,206.28
62	Equipment - Renewal	301	Schedule 5 (Storage Container), Level 1 (<40K Gallons) - Renewal	1,206.28
63	Equipment - PTO	301	Schedule 5 (Storage Container), Level 1 (<40K Gallons) - PTO	1,206.28
64	Equipment - Change of Ownership	301	Schedule 5 (Storage Container), Level 1 (<40K Gallons) - Change of Ownership	1,206.28
65	Equipment - ATC	301	Schedule 5 (Storage Container), Level 2 (40K - <400K Gallons) - ATC	4,835.57
66	Equipment - Renewal	301	Schedule 5 (Storage Container), Level 2 (40K - <400K Gallons) - Renewal	4,835.57
67	Equipment - PTO	301	Schedule 5 (Storage Container), Level 2 (40K - <400K Gallons) - PTO	4,835.57
68	Equipment - Change of Ownership	301	Schedule 5 (Storage Container), Level 2 (40K - <400K Gallons) - Change of Ownership	4,835.57
69	Equipment - ATC	301	Schedule 5 (Storage Container), Level 3 (>400K Gallons) - ATC	9,674.26
70	Equipment - Renewal	301	Schedule 5 (Storage Container), Level 3 (>400K Gallons) - Renewal	9,674.26
71	Equipment - PTO	301	Schedule 5 (Storage Container), Level 3 (>400K Gallons) - PTO	9,674.26
72	Equipment - Change of Ownership	301	Schedule 5 (Storage Container), Level 3 (>400K Gallons) - Change of Ownership	9,674.26
73	Equipment - Renewal	301	Schedule 6.A (Gasoline Dispensing), Level 1 (Phase II Exempt) - Renewal	580.22
74	Equipment - Change of Ownership	301	Schedule 6.A (Gasoline Dispensing), Level 1 (Phase II Exempt) - Change of Ownership	580.22
75	Equipment - ATC	301	Schedule 6.A (Gasoline Dispensing), Level 2 (<8 Nozzles - Minimum Fee) - ATC	1,132.32
76	Equipment - PTO	301	Schedule 6.A (Gasoline Dispensing), Level 2 (<8 Nozzles - Minimum Fee) - PTO	1,132.32
77	Equipment - Renewal	301	Schedule 6.A (Gasoline Dispensing), Level 2 (<8 Nozzles - Minimum Fee) - Renewal	1,132.32
78	Equipment - Change of Ownership	301	Schedule 6.A (Gasoline Dispensing), Level 2 (<8 Nozzles - Minimum Fee) - Change of Ownership	1,132.32
79	Equipment - ATC	301	Schedule 6.A (Gasoline Dispensing), Level 3 (>=8 Nozzles - Per Nozzle Fee) - ATC	158.33
80	Equipment - PTO	301	Schedule 6.A (Gasoline Dispensing), Level 3 (>=8 Nozzles - Per Nozzle Fee) - PTO	158.33
81	Equipment - Renewal	301	Schedule 6.A (Gasoline Dispensing), Level 3 (>=8 Nozzles - Per Nozzle Fee) - Renewal	158.33
82	Equipment - Change of Ownership	301	Schedule 6.A (Gasoline Dispensing), Level 3 (>=8 Nozzles - Per Nozzle Fee) - Change of Ownership	158.33
83	Equipment - Renewal	301	Schedule 6.B (Gasoline Dispensing Tank) - Phase I only - Renewal	132.29
84	Equipment - Renewal	301	Schedule 6.B (Gasoline Dispensing Tank) - Underground tanks - Renewal	402.09
85	Equipment - Renewal	301	Schedule 6.B (Gasoline Dispensing Tank) - Aboveground tanks - Renewal	198.96
86	Equipment - ATC	301	Schedule 7 (IC Engines), Level 1 (<50 HP) - ATC	298.96
87	Equipment - PTO	301	Schedule 7 (IC Engines), Level 1 (<50 HP) - PTO	298.96
88	Equipment - Renewal	301	Schedule 7 (IC Engines), Level 1 (<50 HP) - Renewal	298.96
89	Equipment - Change of Ownership	301	Schedule 7 (IC Engines), Level 1 (<50 HP) - Change of Ownership	298.96
90	Equipment - ATC	301	Schedule 7 (IC Engines), Level 2 (50 - <250 HP) - ATC	602.10
91	Equipment - PTO	301	Schedule 7 (IC Engines), Level 2 (50 - <250 HP) - PTO	602.10
92	Equipment - Renewal	301	Schedule 7 (IC Engines), Level 2 (50 - <250 HP) - Renewal	602.10
93	Equipment - Change of Ownership	301	Schedule 7 (IC Engines), Level 2 (50 - <250 HP) - Change of Ownership	602.10
94	Equipment - ATC	301	Schedule 7 (IC Engines), Level 3 (250 - <500 HP) - ATC	1,206.28
95	Equipment - PTO	301	Schedule 7 (IC Engines), Level 3 (250 - <500 HP) - PTO	1,206.28
96	Equipment - Renewal	301	Schedule 7 (IC Engines), Level 3 (250 - <500 HP) - Renewal	1,206.28
97	Equipment - Change of Ownership	301	Schedule 7 (IC Engines), Level 3 (250 - <500 HP) - Change of Ownership	1,206.28
98	Equipment - ATC	301	Schedule 7 (IC Engines), Level 4 (500 - <1000 HP) - ATC	2,416.74
99	Equipment - PTO	301	Schedule 7 (IC Engines), Level 4 (500 - <1000 HP) - PTO	2,416.74
100	Equipment - Renewal	301	Schedule 7 (IC Engines), Level 4 (500 - <1000 HP) - Renewal	2,416.74

Approved Fees for Fiscal Year 2024/2025 (FY24/25) Effective July 01, 2024
CPI Adjustment of 4.17%

FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Approved Fee
101	Equipment - Change of Ownership	301	Schedule 7 (IC Engines), Level 4 (500 - <1000 HP) - Change of Ownership	2,416.74
102	Equipment - ATC	301	Schedule 7 (IC Engines), Level 5 (>1000 HP) - ATC	4,835.57
103	Equipment - PTO	301	Schedule 7 (IC Engines), Level 5 (>1000 HP) - PTO	4,835.57
104	Equipment - Renewal	301	Schedule 7 (IC Engines), Level 5 (>1000 HP) - Renewal	4,835.57
105	Equipment - Change of Ownership	301	Schedule 7 (IC Engines), Level 5 (>1000 HP) - Change of Ownership	4,835.57
106	Equipment - ATC	301	Schedule 9 (Misc) - ATC	1,206.28
107	Equipment - PTO	301	Schedule 9 (Misc) - PTO	1,206.28
108	Equipment - Renewal	301	Schedule 9 (Misc) - Renewal	1,206.28
109	Equipment - Change of Ownership	301	Schedule 9 (Misc) - Change of Ownership	1,206.28
110	Equipment	301	Schedule 10 (Time and Materials Labor Rate)	264.59
111	Equipment	301	Schedule 11 (Time and Material Labor Rate)	264.59
112	Equipment	301	Schedule 11 (Time and Material Labor Rate), Emission Reduction Credit Banking Fee	264.59
113	Equipment	301	Schedule 11 (Time and Material Labor Rate), Reinspection Fee	264.59
114	Time & Material	301	Schedule 11 (Time and Material Labor Rate), Reinspection Fee - Renewal	264.59
115	Initial Permit	301	Permit Alternative Compliance Fee (hourly rate)	236.46
116	Initial Permit	301	Permit Source Test Observation and Evaluation Report (first 10 hours)	2,416.74
117	Initial Permit	301	Permit Source Test Observation and Evaluation Report (additional time, per hour)	264.59
118	Initial Permit	301	Public Notification Fee (Hourly Labor Rate)	264.59
119	Equipment - ATC	301	Permit Revisions of Conditions with No Increase	1,206.28
120	Initial Permit	301	Duplicate Permits	34.37
121	Initial Permit	301	Permit Change of Name (first permit)	111.46
122	Initial Permit	301	Permit Change of Name (for each additional permit)	46.87
123	Emission Fee	301	Renewal Emission Fee Schedule 6, per ton of CO	106.25
124	Emission Fee	301	Renewal Emission Fee Schedule 6, per ton of NOx	106.25
125	Emission Fee	301	Renewal Emission Fee Schedule 6, per ton of ROG	106.25
126	Emission Fee	301	Renewal Emission Fee Schedule 6, per ton of SOx	106.25
127	Emission Fee	301	Renewal Emission Fee Schedule 6, per ton of TSP	106.25
128	Emission Fee	301	Renewal Emission Fee All Other, per ton of CO	108.33
129	Emission Fee	301	Renewal Emission Fee All Other, per ton of NOx	108.33
130	Emission Fee	301	Renewal Emission Fee All Other, per ton of ROG	108.33
131	Emission Fee	301	Renewal Emission Fee All Other, per ton of SOx	108.33
132	Emission Fee	301	Renewal Emission Fee All Other, per ton of TSP	108.33
133	Emission Fee - Change of Ownership	301	Renewal Emission Fee Schedule 6, per ton of CO - Change of Ownership	106.25
134	Emission Fee - Change of Ownership	301	Renewal Emission Fee Schedule 6, per ton of NOx - Change of Ownership	106.25
135	Emission Fee - Change of Ownership	301	Renewal Emission Fee Schedule 6, per ton of ROG - Change of Ownership	106.25
136	Emission Fee - Change of Ownership	301	Renewal Emission Fee Schedule 6, per ton of SOx - Change of Ownership	106.25
137	Emission Fee - Change of Ownership	301	Renewal Emission Fee Schedule 6, per ton of TSP - Change of Ownership	106.25
138	Emission Fee - Change of Ownership	301	Renewal Emission Fee All Other, per ton of CO - Change of Ownership	108.33
139	Emission Fee - Change of Ownership	301	Renewal Emission Fee All Other, per ton of NOx - Change of Ownership	108.33
140	Emission Fee - Change of Ownership	301	Renewal Emission Fee All Other, per ton of ROG - Change of Ownership	108.33
141	Emission Fee - Change of Ownership	301	Renewal Emission Fee All Other, per ton of SOx - Change of Ownership	108.33
142	Emission Fee - Change of Ownership	301	Renewal Emission Fee All Other, per ton of TSP - Change of Ownership	108.33
143	Title V	301	Application filing fee (per application)	1,843.80
144	Title V	301	Initial Title V operating permit (per Permit to Operate)	1,786.51
145	Title V	301	Title V operating permit renewal (per Permit to Operate)	777.10
146	Permit Annual Renewal	301	Annual Title V Fee (per Permit to Operate)	391.67
147	Title V	301	Significant Title V permit modification (per Permit to Operate - modified or added)	4,892.86
148	Title V	301	Minor Title V permit modification (per Permit to Operate - modified or added)	2,621.95
149	Title V	301	Enhanced new source review (NSR) (per Permit to Operate - modified or added)	1,310.45
150	Title V	301	Other than enhanced NSR (per application)	519.80

Approved Fees for Fiscal Year 2024/2025 (FY24/25) Effective July 01, 2024

CPI Adjustment of 4.17%

FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Approved Fee
151	Hearing Board	302	Small Businesses Hearing Board - Initial fees	1,035.00
152	Hearing Board	302	Small Businesses Hearing Board - Newspaper publication fees	60.00
153	Hearing Board	302	Small Businesses Hearing Board - Staff time above 7.5 hours	91.00
154	Hearing Board	302	Small Businesses Hearing Board - Excess Duration Fees (per month)	165.00
155	Hearing Board	302	Other Businesses Hearing Board - Initial fees	1,035.00
156	Hearing Board	302	Other Businesses Hearing Board - Newspaper publication fees	60.00
157	Hearing Board	302	Other Businesses Hearing Board - Staff time above 7.5 hours	91.00
158	Hearing Board	302	Other Businesses Hearing Board - Excess Duration Fees (per month)	275.00
159	Agriculture Burning	303	Agriculture Burning Permit (basic fee)	50.00
160	Agriculture Burning	303	Agriculture Burning Permit (Orchard or vineyard pruning waste, per acre)	0.50
161	Agriculture Burning	303	Agriculture Burning Permit (Orchard removal waste, per acre)	3.50
162	Agriculture Burning	303	Agriculture Burning Permit (All other burnable waste, per acre)	1.75
163	Asbestos Renovation and Demolition	304	260-499 linear feet 0-159 square feet 0-34 cubic feet asbestos to be removed/disturbed	435.00
164	Asbestos Renovation and Demolition	304	500-999 linear feet 160-499 square feet 35-109 cubic feet asbestos to be removed/disturbed	435.00
165	Asbestos Renovation and Demolition	304	1,000-2,499 linear feet 1,000-2,499 square feet 219-547 cubic feet asbestos to be removed/disturbed	935.00
166	Asbestos Renovation and Demolition	304	2,500-4,999 linear feet 2,500-4,999 square feet 548-1,094 cubic feet asbestos to be removed/disturbed	1,335.00
167	Asbestos Renovation and Demolition	304	5,000-9,999 linear feet 5,000-9,999 square feet 1,095-2,188 cubic feet asbestos to be removed/disturbed	1,835.00
168	Asbestos Renovation and Demolition	304	10,000 or more linear feet 10,000 or more square feet 2,189 or more cubic feet asbestos to be removed/disturbed	2,335.00
169	Natural Occurring Asbestos Plan Fees	304	Asbestos Dust Mitigation Plan Review - Application review/inspection fees	535.43
170	Natural Occurring Asbestos	304	Asbestos Dust Mitigation Plan Review - Additional per acre	28.12
171	Natural Occurring Asbestos	304	Asbestos Dust Mitigation Plan Review - No dust mitigation plan submitted (per hour)	176.04
172	Natural Occurring Asbestos	304	Asbestos Dust Mitigation Plan Review - Additional - more than 18 hours per acres (per hour)	176.04
173	Natural Occurring Asbestos	304	Geologic Evaluation Application review/inspection fees	692.73
174	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 1 (<1 MMBtu/hr) - ATC	209.38
175	Equipment - PTO	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 1 (<1 MMBtu/hr) - PTO	209.38
176	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 1 (<1 MMBtu/hr) - ATC	209.38
177	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 1 (<1 MMBtu/hr) - ATC	420.84
178	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 2 (1 - <10 MMBtu/hr) - ATC	420.84
179	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 2 (1 - <10 MMBtu/hr) - PTO	420.84
180	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 2 (1 - <10 MMBtu/hr) - ATC	845.86
181	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 3 (>=10 MMBtu/hr) - ATC	845.86
182	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 3 (>=10 MMBtu/hr) - PTO	845.86
183	Equipment - ATC	310	Schedule AG1-A (Agricultural Source Fuel Burning), Level 3 (>=10 MMBtu/hr) - ATC	845.86
184	Equipment - ATC	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 1 (<10 Sq Ft) - ATC	845.86
185	Equipment - ATC	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 1 (<10 Sq Ft) - PTO	845.86
186	Equipment - ATC	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 1 (<10 Sq Ft) - ATC	845.86
187	Equipment - ATC	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 2 (>=10 Sq Ft) - ATC	2,544.87
188	Equipment - ATC	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 2 (>=10 Sq Ft) - PTO	2,544.87
189	Equipment - ATC	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 2 (>=10 Sq Ft) - ATC	2,544.87
190	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 1 (<50 HP) - ATC	209.38
191	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 1 (<50 HP) - PTO	209.38
192	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 1 (<50 HP) - ATC	209.38
193	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 2 (50 - <250 HP) - ATC	420.84
194	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 2 (50 - <250 HP) - PTO	420.84
195	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 2 (50 - <250 HP) - ATC	845.86
196	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 3 (250 - <500 HP) - ATC	845.86
197	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 3 (250 - <500 HP) - PTO	845.86
198	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 3 (250 - <500 HP) - ATC	1,692.76
199	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 4 (500 - <1000 HP) - ATC	1,692.76
200	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 4 (500 - <1000 HP) - PTO	1,692.76

Approved Fees for Fiscal Year 2024/2025 (FY24/25) Effective July 01, 2024
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FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Approved Fee
201	Equipment - Renewal	310	Schedule AG2 (Agricultural Source IC Engines), Level 4 (500 - <1000 HP) - Renewal	1,692.76
202	Equipment - ATC	310	Schedule AG2 (Agricultural Source IC Engines), Level 5 (>=1000 HP) - ATC	3,389.69
203	Equipment - PTO	310	Schedule AG2 (Agricultural Source IC Engines), Level 5 (>=1000 HP) - PTO	3,389.69
204	Equipment - Renewal	310	Schedule AG2 (Agricultural Source IC Engines), Level 5 (>=1000 HP) - Renewal	3,389.69
205	Toxics	306	AB2588 Industrywide Facility Fee - District	154.17
206	Toxics	306	AB2588 Core Facility Fee Category 2 - Complex facility - District	1,395.87
207	Toxics	306	AB2588 Core Facility Fee Category 2 - Intermediate facility - District	998.99
208	Toxics	306	AB2588 Core Facility Fee Category 2 - Simple facility - District	735.44
209	Toxics	306	AB2588 Core Facility Fee Category 3 - Complex facility - District	2,577.16
210	Toxics	306	AB2588 Core Facility Fee Category 3 - Intermediate facility - District	1,285.45
211	Toxics	306	AB2588 Core Facility Fee Category 3 - Simple facility - District	660.43
212	Toxics	306	AB2588 Core Facility Fee Category 301.2 (4 year cycle) - Complex facility - District	162.50
213	Toxics	306	AB2588 Core Facility Fee Category 301.2 (4 year cycle) - Intermediate facility - District	162.50
214	Toxics	306	AB2588 Core Facility Fee Category 301.2 (4 year cycle) - Simple facility - District	162.50
215	Toxics	306	AB2588 Core Facility Fee Category 4 - Complex facility - District	3,439.69
216	Toxics	306	AB2588 Core Facility Fee Category 4 - Intermediate facility - District	2,643.83
217	Toxics	306	AB2588 Core Facility Fee Category 4 - Simple facility - District	1,316.70
218	Toxics	306	AB2588 Core Facility Fee Category 5 - Complex facility - District	12,599.36
219	Toxics	306	AB2588 Core Facility Fee Category 5 - Intermediate facility - District	11,803.50
220	Toxics	306	AB2588 Core Facility Fee Category 5 - Simple facility - District	11,139.93
221	Toxics	306	AB2588 Core Facility Fee Category 6 - Complex facility - District	14,587.96
222	Toxics	306	AB2588 Core Facility Fee Category 6 - Intermediate facility - District	13,924.40
223	Toxics	306	AB2588 Core Facility Fee Category 6 - Simple facility - District	13,131.67
224	Agricultural Engines	311	Agricultural Engines with Control Device, Level 1 (<50)	404.17
225	Agricultural Engines	311	Agricultural Engines with Control Device, Level 1 (<50) - Renewal	202.08
226	Agricultural Engines	311	Agricultural Engines with Control Device, Level 2 (51 - <249)	814.60
227	Agricultural Engines	311	Agricultural Engines with Control Device, Level 2 (51 - <249) - Renewal	407.30
228	Agricultural Engines	311	Agricultural Engines with Control Device, Level 3 (250 - <499)	1,635.46
229	Agricultural Engines	311	Agricultural Engines with Control Device, Level 3 (250 - <499) - Renewal	817.73
230	Agricultural Engines	311	Agricultural Engines with Control Device, Level 4 (500 - <999)	3,277.18
231	Agricultural Engines	311	Agricultural Engines with Control Device, Level 4 (500 - <999) - Renewal	1,638.59
232	Agricultural Engines	311	Agricultural Engines with Control Device, Level 5 (>=1000)	6,560.62
233	Agricultural Engines	311	Agricultural Engines with Control Device, Level 5 (>=1000) - Renewal	3,280.31
234	Agricultural Engines	311	Agricultural Engine Hourly rate for time and materials, and reinspections	211.46
235	Agricultural Engines	311	Agricultural Engine Self-Certification (First Engine)	82.29
236	Agricultural Engines	311	Agricultural Engine Self-Certification (Each Additional Engine)	45.83
237	Agricultural Engines	311	Agricultural Engine Source Test Observation and Report Evaluation (first 10 hours)	1,638.59
238	Agricultural Engines	311	Agricultural Engine Source Test Observation and Report Evaluation (additional time per hour)	211.46
239	Agricultural Engines	311	All other engines, each additional engine (first 1 hour)	205.21
240	Agricultural Engines	311	All other engines, each additional engine (first 1 hour) - Renewal	137.50
241	Agricultural Engines	311	All other engines, additional time (per hour)	211.46
242	Agricultural Engines	311	All other engines, first engine (first 3 hours)	398.97
243	Agricultural Engines	311	All other engines, first engine (first 3 hours) - Renewal	222.92
244	Agricultural Engines	311	Carl Moyer Engines (Ag Reg)	198.96
245	Agricultural Source	310	Agricultural Source Hourly rate for time and materials, and reinspections	173.96
246	Permit Annual Renewal	310	Agricultural Source Renewal Emission Fee, per ton	75.00
247	Agricultural Source	310	Agricultural Source Revisions of Conditions	420.84
248	Agricultural Source	310	Agricultural Source Test Observation and Report Evaluation (first 10 hours)	1,692.76
249	Agricultural Source	310	Agricultural Source Test Observation and Report Evaluation (additional time per hour)	173.96
250	Greenhouse Gas	350	Greenhouse Gas Program - CEQA Document Preparation (per hour)	252.09

Approved Fees for Fiscal Year 2024/2025 (FY24/25) Effective July 01, 2024
CPI Adjustment of 4.17%

FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Approved Fee
251	Greenhouse Gas	350	Greenhouse Gas Program - District Verification (each additional hour, per hour)	252.09
252	Greenhouse Gas	350	Greenhouse Gas Program - District Verification (first 10 hours)	2,542.78
253	Greenhouse Gas	350	Greenhouse Gas Program - Project Plan Fee (each additional hour, per hour)	252.09
254	Greenhouse Gas	350	Greenhouse Gas Program - Project Plan Fee (first 5 hours)	1,269.83
255	Greenhouse Gas	350	Greenhouse Gas Program - Third Party Verification (each additional hour, per hour)	252.09
256	Greenhouse Gas	350	Greenhouse Gas Program - Third Party Verification (first 5 hours)	1,269.83
257	Greenhouse Gas	350	Greenhouse Gas Program - Transfer of Ownership - carbon credit certificate	252.09
258	Initial Permit	310	Schedule AG3 (Large Confined Animal Facility Report Evaluations), Application review (additional time per hour)	173.96
259	Permit Annual Renewal	310	Schedule AG3 (Large Confined Animal Facility Report Evaluations), Application review (additional time per hour) - Renewal	173.96
260	Initial Permit	310	Schedule AG3 (Large Confined Animal Facility Report Evaluations), Application review (first 10 hours)	1,692.76
261	Permit Annual Renewal	310	Schedule AG3 (Large Confined Animal Facility Report Evaluations), Application review (first 5 hours) - Renewal	845.86
262	Initial Permit	310	Large Confined Animal Facility Emission Mitigation Plan Update Fee (per hour)	173.96
263	Initial Permit	310	Schedule AG4-A (General Farming/Miscellaneous Equipment), Initial fee	1,691.72
264	Permit Annual Renewal	310	Schedule AG4-A (General Farming/Miscellaneous Equipment), Renewal	845.86
265	Initial Permit	310	Schedule AG4-B (Agricultural Source Gasoline Dispensing), Level 1 (Phase I and Phase II system)	1,583.38
266	Permit Annual Renewal	310	Schedule AG4-B (Agricultural Source Gasoline Dispensing), Level 1 (Phase I and Phase II system) - Renewal	791.69
267	Initial Permit	310	Schedule AG4-B (Agricultural Source Gasoline Dispensing), Level 2 (Phase II exempt)	785.44
268	Permit Annual Renewal	310	Schedule AG4-B (Agricultural Source Gasoline Dispensing), Level 2 (Phase II exempt) - Renewal	392.72
269	Hearing Board	302	Emergency Variance - Initial fee	495.00
270	Hearing Board	302	Emergency Variance - Staff time above 3 hours	91.00
271	SEED	205	SEED Loan Application Processing	264.59
272	SEED	205	SEED Loan Renewal	2,021.93
273	Fleet Inventory	304	Fleet Inventory Requirements (per fiscal year) _ Rule 1002	190.00
274	IMERC	304	Rule 1005- Mobile Source Emission Reduction Credit/Banking Application, Hourly Rate	264.59
275	ERC Certificate	204	ERC Banking Application	264.59
276	Environmental Document Preparation & Processing	305	Environmental Document Preparation & Processing (hourly rate)	63.00
277	Environmental Document Preparation & Processing	305	Environmental Document Preparation & Processing, California Department of Fish and Game (Environmental impact report)	850.00
278	Environmental Document Preparation & Processing	305	Environmental Document Preparation & Processing, California Department of Fish and Game (Negative declaration)	1,250.00
279	Environmental Document Preparation & Processing	305	Environmental Document Preparation & Processing, California Department of Fish and Game (County Clerk's transmitting fee)	25.00

Fee Category Abbreviations:

ATC Authority to Construct
PTO Permit to Operate
MERC Mobile Source Emission Reduction Credit
ERC Emission Reduction Credit
SEED Solutions for Environment & Economic Development

Meeting Date: 7/25/2024
Report Type: CONSENT CALENDAR
Report ID: 2024-0725-2.



Title: May 20, 2024 Administrative Headquarters Facility Ad Hoc Committee Meeting Minutes

Recommendation: Approve the May 20, 2024 Administrative Headquarters Facility Ad Hoc Committee Meeting Minutes.

Rationale for Recommendation: Minutes serve as the official record of the actions that occurred at board or committee meetings. It is the Board of Directors practice to approve the meeting minutes at subsequent Board meeting. The minutes are included as Attachment A.

Contact: Salina Martinez, Administrative Supervisor/ Clerk of the Board, 279-207-1164

Presentation: No

ATTACHMENTS:

Attachment A: May 20, 2024 Administrative Headquarters Facility Ad Hoc Committee Meeting Minutes

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/17/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/15/2024



MINUTES

ADMINISTRATIVE HEADQUARTERS FACILITY AD HOC COMMITTEE
Sacramento Metropolitan Air Quality Management District
777 12th Street, 3rd Floor
Sacramento, California

Monday

May 20, 2024

3:30 PM

DIRECTORS

Chair

Patrick Kennedy

Sarah Aquino

Eric Guerra

Caity Maple

Mai Vang

ANNOUNCEMENTS

This meeting will be held remotely over Zoom.

Join Zoom Meeting

<https://us06web.zoom.us/j/84943534605?pwd=X4TalrxQ9ppQAFeZxWbJLPjgGCo15a.1>

Meeting ID: 849 4353 4605

Passcode: 073536

Call In Number

(669) 900-6833

(408) 638-0968

CALL TO ORDER/ROLL CALL

Meeting was called to order.

Directors Present: Sarah Aquino, Eric Guerra, Patrick Kennedy, and Mai Vang.

Directors Absent: Caity Maple.

DISCUSSION CALENDAR

1. District Headquarters Relocation Status Update

Recommendation: Receive and file an update on the District's Headquarters Relocation Project.

Patrick Smith, Administrative Services Division, gave a presentation on the District Headquarters Relocation.

Received and filed

PUBLIC COMMENT

BOARD IDEAS AND COMMENTS

ADJOURN

Meeting Date: 7/25/2024
Report Type: CONSENT CALENDAR
Report ID: 2024-0725-3.



Title: Authorization for Technical Support Contract for the Transportation and Climate Change Division

Recommendation: Authorize the Air Pollution Control Officer (APCO) to execute a two-year contract with Environmental Science Associates (ESA) for environmental engineering and planning services in an amount not to exceed \$550,000, and make minor revisions to the contract, in consultation with District Counsel and within the funding limits, that may be necessary to fully implement its intent.

Rationale for Recommendation: The Transportation and Climate Change Division (TCC) relies upon technical service contractors to support division programs. After a competitive procurement process, a review panel of staff members from TCC judged ESA to be the most qualified respondent to provide general technical support for the next two years. Expected tasks include ensuring that California Environmental Quality Act documents for District projects (such as the Community Emissions Reduction Program) are technically adequate, keeping local air quality models up-to-date, and assisting with threshold review. Board approval is required for professional services contracts exceeding \$200,000.

Contact: Paul Philley, AICP - (279) 207-1122 x1214

Presentation: No

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/18/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/18/2024

Financial Considerations: This contract is in the adopted budget for Fiscal Year 24/25 at a lower amount. However, TCC will work with the District's finance team to reallocate funds from another item to cover the increased cost.

Meeting Date: 7/25/2024
Report Type: CONSENT CALENDAR
Report ID: 2024-0725-4.



Title: Quarterly Contracts Report (April 2024 – June 2024)

Recommendation: Receive and file a report on certain contracts executed by the Air Pollution Control Officer under the Non-Incentive Purchasing Authority for the quarter April 2024 – June 2024.

Rationale for Recommendation: The District provides quarterly reports in compliance with the District's Purchasing Policies, which requires it to report on all non-incentive purchases for more than \$50,000 and less than \$200,000. Contracts in excess of \$200,000 require Board approval.

The attached report includes executed contracts or contract amendments covering April 1, 2024 through June 30, 2024. All budget authorization is included in the FY 23/24 Approved Budget or occurred at the time of contract/contract amendment approvals.

Contact: Megan Shepard, Director of Administrative Services (279) 207-1143

Presentation: No

ATTACHMENTS:

Attachment 1: 2024 2nd Quarter Report

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/17/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/15/2024

ATTACHMENT 1 – 2024 2nd QUARTER REPORT

This is a quarterly report covering April 2024 through June 2024. The contracts for the 2nd Quarter are listed below.

2024 2nd Quarter Report – Certain contracts under the Non-Incentive Purchasing Authority

Contractor	Type of Agreement	Services	Amount	Term
State of California, Department of Transportation (E2013033-A)	Amendment	Air monitoring station lease for Bercut site. Term extension of ten years and funding increase of \$89,200	\$149,200	20 years Terminates: 4/30/2034
Atmospheric Analysis and Consulting Inc. (E2015036-D)	Amendment	Carbonyl analysis. Term extension of three years.	\$144,000 (no increase)	11 years Terminates: 6/30/2027
Clarity Movement Co. (2021-00000048-A)	Amendment	Low-cost sensors for South Sac-Florin community. Term extension of three years and funding increase of \$100,800.	\$195,700	6 years Terminates: 6/29/2027
Alliance Technical Group (2022-00000024-B)	Amendment	Lab analysis for PM 2.5 filters for South Sac-Florin Community. Term extension of two years and funding increase of \$60,000.	\$120,000	4 years Terminates: 6/30/2026
Gateway Community Charters Foundation (2024-00000007)	New	Air quality curriculum development and implementation services.	\$50,000	20 months Terminates: 12/31/2025
Liebert Cassidy Whitmore (2024-00000022)	New	Legal counsel – labor and employment law.	\$50,000	2 years Terminates: 3/31/2026

Meeting Date: 7/25/2024
Report Type: CONSENT CALENDAR
Report ID: 2024-0725-5.



Title: Administrative Errata to the Approved Fees for Fiscal Year 2024/2025

Recommendation: Receive and file a report amending the Approved Fees for Fiscal Year 2024/2025 (FY24/25) effective July 01, 2024 that were approved during the May 23, 2024 Board of Directors meeting.

Rationale for Recommendation: Subsequent to the adoption of the Fee Schedule for FY24/25 Fees, several errors were identified that need to be corrected. These errors include minor formatting changes and several fees where the CPI adjusted values were incorrectly calculated. To ensure proper billing for various District activities, the adopted fee schedule needs to be updated.

Contact: Amy Roberts, Enforcement and Compliance Division Director, 916-825-6840

Presentation: No

ATTACHMENTS:

Attachment 1: Administrative Errata for Approved Fees for Fiscal Year 2024/2025 (FY24/25)

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/19/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/19/2024

Discussion / Justification: On May 23, 2024, the Board of Directors approved the FY24/25 Sacramento Metropolitan Air Quality Management District Budget and Fee Schedule effective July 1, 2024. Subsequent to this meeting, several errors were identified that require correction. The scope of these errors is limited and does not have any material effect on the approved budget or to fees being applied to customer invoices since July 1, 2024. Nonetheless, it is important that these errors be corrected and officially noted in the administrative record to avoid any issues in our customer billing going forward. The adopted fee schedule will be updated to reflect the corrections shown in the attached Administrative Errata and republished.

The District is developing a new software system for its Permitting and Billing activities. In future fiscal years there will be an automated process to help eliminate errors of this type.

Administrative Errata for Approved Fees for Fiscal Year 2024/2025 (FY24/25)

Corrected Fees →

FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Fee - Approved May 23, 2024	FY 24/25 Fee **Corrected**
37	Equipment - ATC	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - ATC	1,581.30	1,206.28
38	Equipment - Renewal	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - Renewal	1,581.30	1,206.28
39	Equipment - PTO	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - PTO	1,581.30	1,206.28
40	Equipment - Change of Ownership	301	Schedule 3 (Electrical Energy), Level 1 (<150 KVA) - Change of Ownership	1,581.30	1,206.28
69	Equipment - ATC	301	Schedule 5 (Storage Container), Level 3 (>400K Gallons) - ATC	9,674.26	6064.25
71	Equipment - PTO	301	Schedule 5 (Storage Container), Level 3 (>400K Gallons) - PTO	9,674.26	6064.25
184	Equipment - ATC	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 1 (<10 Sq Ft) - ATC	845.86	846.38
185	Equipment - PTO	310	Schedule AG1-B (Agricultural Source Fuel Burning), Level 1 (<10 Sq Ft) - PTO	845.86	846.38

Missing Fees →

FeeID	Fee Category	Authority (Rule)	Fee Name	FY 24/25 Fee - Approved May 23, 2024	FY 24/25 Fee **Added**
No ID	Asbestos Renovation and Demolition	304	Failure to report change in dates which necessitates additional processing time (hourly rate)	Missing	50.00
No ID	Asbestos Renovation and Demolition	304	Failure to report change in dates which necessitates additional processing time (minimum charge)	Missing	25.00

Meeting Date: 7/25/2024
Report Type: PUBLIC HEARINGS
Report ID: 2024-0725-6.

Title: Amendments to Rule 442 - Architectural Coatings

Recommendation: Conduct a public hearing for the adoption of amendments to Rule 442 – Architectural Coatings, and: 1) determine that the adoption of amendments to Rule 442 is exempt from the California Environmental Quality Act (CEQA); 2) adopt a resolution approving amendments to Rule 442; and 3) direct staff to forward Rule 442 and all necessary supporting documents to the California Air Resources Board (CARB) for submittal to the U.S. Environmental Protection Agency (EPA) as a revision to the State Implementation Plan (SIP).

Rationale for Recommendation: The District is within the Sacramento Federal Nonattainment Area (SFNA), which is designated nonattainment for the 2008 and 2015 Ozone National Ambient Air Quality Standards (NAAQS). The Federal Clean Air Act (CAA) requires nonattainment areas to submit State Implementation Plans (SIPs) that include plans to achieve Reasonable Further Progress (RFP) milestones and attain the NAAQS by the applicable deadline.

The required plans must also include contingency measures that achieve emission reductions if the nonattainment area fails to meet an RFP milestone or fails to attain the NAAQS by the applicable deadline. These measures must trigger automatically, without any further rulemaking or other action. EPA will not approve plans that do not include contingency measures, and disapproval of plans starts a federal sanctions clock.

Staff is proposing to amend Rule 442 such that, if the contingency condition is triggered for either the 2008 or 2015 ozone NAAQS, the VOC content limits for some architectural coating categories will automatically be reduced to more stringent levels. The lower limits would be consistent with the California Air Resources Board's (CARB's) 2019 Suggested Control Measure (SCM) for Architectural Coatings. VOC emission reductions from this contingency measure, together with emission reductions from other contingency measures being considered for future adoption, will meet CAA contingency measure requirements.

Contact: Kevin J. Williams, Ph.D., Program Supervisor, Monitoring, Planning and Rules, (279) 207-1156

Presentation: Yes

ATTACHMENTS:

Resolution - Rule 442 Architectural Coatings
Exhibit A - Proposed Rule 442
Attachment 1 - Proposed Rule 442, Underline/Strikeout Version
Attachment 2 - Statement of Reasons
Attachment 3 - Evidence of Public Notice
Presentation - Amendments to Rule 442 - Architectural Coatings

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/18/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/18/2024

Discussion / Justification: The District is part of the SFNA, which is classified as a “severe” nonattainment

area for the 2008 ozone NAAQS and as a “serious” nonattainment area for the 2015 ozone NAAQS. An EPA action is pending to reclassify the area as “severe” for the 2015 ozone NAAQS. As required by the CAA, the SFNA adopted plans to achieve RFP milestones and attain these standards by their applicable attainment deadlines: for the 2008 NAAQS, by 2024, and for the 2015 NAAQS, by 2032.

In June 2023, EPA partially disapproved the SFNA's 2008 ozone NAAQS plan because it did not include contingency measures required by CAA Sections 172(c)(9) and 182(c)(9). This action started a sanctions clock for the districts of the SFNA to adopt contingency measures which, in aggregate, would result in sufficient emission reductions if the SFNA fails to meet an RFP milestone or fails to attain the 2008 NAAQS by 2024. EPA has not yet acted on the SFNA's 2015 ozone NAAQS plan; however, this plan includes a specific commitment for the District to adopt a contingency measure for architectural coatings.

The proposed amendments to Rule 442 will reduce VOC emissions from architectural coatings if contingency conditions are triggered for the 2008 or 2015 ozone NAAQS. If approved by the Board, staff will forward Rule 442 to CARB for submittal to EPA as a revision to the SIP.

Summary of Plan / Rule / Amendment: Staff is proposing to amend Rule 442 such that, if contingency conditions are triggered for the 2008 or 2015 ozone NAAQS, VOC standards will be made consistent with CARB's 2019 SCM for Architectural Coatings. This would reduce the allowable VOC content for some architectural coating categories and establish new limits on the VOC content of colorants. The proposed amendments also incorporate updated definitions and test methods to reflect the latest versions, consistent with CARB's 2019 SCM.

Financial Considerations: The proposed amendments to the rule are not expected to result in additional costs to the District.

Emissions Impact: The contingency provisions, if triggered, are estimated to reduce VOC emissions from architectural coatings by 7.8%. This would result in VOC emission reductions of 0.279 tons per summer day in 2024 and 0.123 tons per summer day in 2032.

Economic Impact: Because other California districts with large populations have adopted the 2019 SCM, coating manufacturers have already shifted their product lines to lower VOC products; therefore, staff expect that most if not all the manufacturers' costs of reformulation have already been incurred. At the time the SCM was developed, CARB estimated an average increase of 11% in the retail cost of coatings if the full cost was passed on to the consumers. Staff considers this value to be conservatively high because any additional reformulation costs are likely to be negligible.

CARB staff estimated the overall cost-effectiveness of the SCM to be \$1.85 per pound of VOC reduced, in 2019 dollars. For comparison, previously adopted District rules have cost-effectiveness values for VOC reductions ranging from \$1.31 to \$23.21 per pound of VOC reduced.

Public Outreach/Comments:

Staff held a public workshop on April 18, 2024. A public notice was emailed to all persons who have requested to receive rulemaking notices and posted on the District website on March 22, 2024. Staff also published the notice in the Sacramento Bee. The draft rule and Statement of Reasons were made available for public review at that time. The workshop was held at the District office and participants were given the option to attend in person or via Zoom. The documents were also sent to CARB and EPA for review at that time.

Staff received written comments from the American Coatings Association (ACA) and EPA. The comments and responses are included in Appendix D of the Statement of Reasons. In response to ACA comments, staff added a sell-through period for colorants. In response to EPA comments, staff corrected a reference to an analytical method.

The noticing for today's hearing included:

- A public notice in the Sacramento Bee
- A notice posted on the District website with links to the proposed rule and Statement of Reasons.

- Email notices to:
 - CARB and EPA; and
 - All persons who have requested rulemaking notices.

As of July 18, 2024, no comments been received in response to the notice for today's hearing. Any comments received prior to the public hearing will be distributed to Board members at the meeting.

Environmental Review: In the 2019 SCM, CARB relied on the environmental impact report (EIR) prepared in 2000 for the previous SCM. The earlier EIR concluded that implementing the SCM throughout California (excluding the South Coast AQMD) would have no significant adverse impacts but would have a net air quality benefit. CARB staff evaluated the potential environmental impacts in six major areas: air quality, water demand and quality, public services, transportation and circulation, solid and hazardous waste, and health hazards.

District staff reviewed the documents noted above and did not find information to suggest a different conclusion in Sacramento County. Therefore, the proposed rule is exempt from the California Environmental Quality Act (CEQA) as an action by a regulatory agency for protection of the environment (Class 8 Categorical Exemption, §15308 State CEQA Guidelines) and because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment (§15061(b)(3), State CEQA Guidelines).

California Public Resources Code §21159 requires an environmental analysis of the reasonably foreseeable methods of compliance. Compliance is expected to be achieved by the replacement of currently used coatings and solvents with compliant products. The proposed rules will not increase emissions and will not cause any other significant adverse effects on the environment; therefore, staff has concluded that no environmental impacts will be caused by compliance with the proposed rule.

RESOLUTION NO. 2024 – XXXX

Adopted by the Sacramento Metropolitan Air Quality Management District
Board of Directors

RULE 442 – ARCHITECTURAL COATINGS

BACKGROUND:

- A. The Board of Directors (Board) of the Sacramento Metropolitan Air Quality Management District (District) is authorized by Sections 40001, 40702, and 41010 of the California Health and Safety Code (HSC) to adopt, amend or repeal rules and regulations [HSC Section 40727(b)(2)].
- B. The District is within an area designated nonattainment for the 2008 and 2015 8-hr ozone National Ambient Air Quality Standards.
- C. The Board has determined that a need exists to amend Rule 442 to fulfill the contingency measure requirements of Clean Air Act Sections 172(c)(9) and 182(c)(9) [HSC Section 40727(b)(1)].
- D. The Board has determined that the meaning of Rule 442 can be easily understood by the persons affected by it [HSC Section 40727(b)(3)].
- E. The Board has determined that Rule 442 is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations [HSC Section 40727(b)(4)].
- F. The Board has determined that Rule 442 does not duplicate any existing state or federal regulations [HSC Section 40727(b)(5)].
- G. The Board has determined that Rule 442 implements the requirements of CAA Section 172(c)(9) and 182(c)(9), and HSC Sections 40150 and 40600 [HSC Section 40727(b)(6)].
- H. The Board has considered a written analysis for Rule 442 in Staff's Statement of Reasons [HSC Section 40727.2].
- I. The Board has maintained records of the rulemaking proceedings [HSC Section 40728].
- J. The Board held a duly noticed public hearing on July 25, 2024, and considered public comments on Rule 442 [HSC Sections 40725 and 40726 and 40 CFR 51.102].
- K. The Board has considered the socioeconomic impacts of Rule 442 in Staff's Statement of Reasons [HSC Section 40728.5].
- L. The Board evaluated Rule 442 to determine whether it is exempt from the California Environmental Quality Act (CEQA) as an action by a regulatory agency for protection of the environment (Class 8 Categorical Exemption, §15308 State CEQA Guidelines) and as an action in which it can be seen with certainty that there is no possibility that the activity may have a significant adverse effect on the environment (§15061(b)(3), State CEQA Guidelines).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

- Section 1. The amendment of Rule 442 is exempt from CEQA.
- Section 2. Approves and amends Rule 442 – ARCHITECTURAL COATINGS, shown in the attached Exhibit A.
- Section 3. Rule 442 (set forth in Exhibit A) is effective as of July 25, 2024.
- Section 4. Directs Staff to forward Rule 442 and all necessary supporting documents to the California Air Resources Board for submittal to the U.S. EPA as a revision to the California State Implementation Plan.
- Section 5. Exhibit A is attached to and incorporated into this Resolution.

ON A MOTION by Director _____, seconded by Director _____, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Metropolitan Air Quality Management District on July 25, 2024, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

ATTEST:

Clerk, Board of Directors
Sacramento Metropolitan Air Quality Management District

RULE 442 ARCHITECTURAL COATINGS**Adopted 12-6-78****(Amended 8-31-82, 11-29-83, 4-28-87, 10-2-90, 11-16-93, 9-5-96, 5-24-01, 9-24-15, XX-XX-24)****INDEX****100 GENERAL**

- 101 PURPOSE
- 102 APPLICABILITY
- 103 SEVERABILITY
- 110 EXEMPTION, USE OR SHIPMENT OUTSIDE DISTRICT
- 111 EXEMPTION, AEROSOL COATINGS
- 112 EXEMPTION, SMALL CONTAINERS
- 113 EXEMPTION, COLORANTS ADDED AT FACTORY OR WORKSITE

200 DEFINITIONS

- 201 ADHESIVE
- 202 AEROSOL COATING PRODUCT
- 203 ALUMINUM ROOF COATING
- 204 APPURTENANCES
- 205 ARCHITECTURAL COATING
- 206 BASEMENT SPECIALTY COATING
- 207 BITUMENS
- 208 BITUMINOUS ROOF COATING
- 209 BITUMINOUS ROOF PRIMER
- 210 BOND BREAKERS
- 211 BUILDING ENVELOPE
- 212 BUILDING ENVELOPE COATING
- 213 COATING
- 214 COLORANT
- 215 CONCRETE CURING COMPOUND
- 216 CONCRETE/MASONRY SEALER
- 217 CONTINGENCY MEASURE TRIGGER DATE
- 218 DRIVEWAY SEALER
- 219 DRY FOG COATING
- 220 EXEMPT COMPOUND
- 221 FAUX FINISHING COATING
- 222 FIRE-RESISTIVE COATING
- 223 FLAT COATING
- 224 FLOOR COATING
- 225 FORM-RELEASE COMPOUND
- 226 GRAPHIC ARTS COATING OR SIGN PAINT
- 227 HIGH-TEMPERATURE COATING
- 228 INDUSTRIAL MAINTENANCE COATING
- 229 INTERIOR STAIN
- 230 INTUMESCENT
- 231 LOW-SOLIDS COATING
- 232 MAGNESITE CEMENT COATING
- 233 MANUFACTURER'S MAXIMUM THINNING RECOMMENDATION
- 234 MARKET
- 235 MASTIC TEXTURE COATING
- 236 MEDIUM DENSITY FIBERBOARD (MDF)
- 237 METALLIC PIGMENTED COATING
- 238 MULTI-COLORED COATING
- 239 NONFLAT COATING
- 240 NONFLAT – HIGH GLOSS COATING
- 241 PARTICLEBOARD
- 242 PEARLESCENT

243	PLYWOOD
244	POST-CONSUMER COATING
245	PRE-TREATMENT WASH PRIMER
246	PRIMER, SEALER, AND UNDERCOATER
247	REACTIVE PENETRATING SEALER
248	RECYCLED COATING
249	RESIDENCE
250	ROOF COATING
251	RUST PREVENTATIVE COATING
252	SECONDARY INDUSTRIAL MATERIALS
253	SEMITRANSSPARENT COATING
254	SHELLAC
255	SHOP APPLICATION
256	SOLICIT
257	SPECIALTY PRIMER, SEALER AND UNDERCOATER
258	STAIN
259	STONE CONSOLIDANT
260	SWIMMING POOL COATING
261	TILE AND STONE SEALERS
262	TINT BASE
263	TRAFFIC MARKING COATING
264	TUB AND TILE REFINISH COATING
265	VENEER
266	VIRGIN MATERIALS
267	VOLATILE ORGANIC COMPOUND (VOC)
268	VOC ACTUAL
269	VOC CONTENT
270	VOC REGULATORY
271	WATERPROOFING MEMBRANE
272	WOOD COATINGS
273	WOOD PRESERVATIVE
274	WOOD SUBSTRATE
275	ZINC-RICH PRIMER

300 STANDARDS

301	VOC CONTENT LIMITS FOR COATINGS
302	MOST RESTRICTIVE VOC LIMITS
303	SELL-THROUGH PROVISIONS
304	PAINTING PRACTICES
305	THINNING
306	COATINGS NOT LISTED IN SECTION 301
307	VOC CONTENT LIMITS FOR COLORANTS
308	EARLY COMPLIANCE OPTION

400 ADMINISTRATIVE REQUIREMENTS

401	CONTAINER LABELING REQUIREMENTS FOR COATINGS
402	CONTAINER LABELING REQUIREMENTS FOR COLORANTS
403	CALCULATION OF VOC CONTENT

500 MONITORING AND RECORDS

501	REPORTING REQUIREMENTS
502	TESTING PROCEDURES

100 GENERAL

- 101 **PURPOSE:** To limit the emissions of volatile organic compounds from the use of architectural coatings supplied, sold, marketed, offered for sale, applied, solicited for application, or manufactured for use within the District.
- 102 **APPLICABILITY:** Except as provided in Sections 110 through 113, this rule is applicable to any person who:
- 102.1 Supplies, sells, markets, or offers for sale, any architectural coating for use within the District; or
 - 102.2 Manufactures, blends, or repackages any architectural coating for use within the District; or
 - 102.3 Applies or solicits the application of any architectural coating within the District;
- 103 **SEVERABILITY:** If a court of competent jurisdiction issues an order that any provision of this rule is invalid, it is the intent of the Board of Directors of the District that other provisions of this rule remain in full force and affect, to the extent allowed by law.
- 110 **EXEMPTION, USE OR SHIPMENT OUTSIDE DISTRICT:** This rule does not apply to any architectural coating that is supplied, sold, offered for sale, or manufactured for use outside of the District or for shipment to other manufacturers for reformulation or repackaging.
- 111 **EXEMPTION, AEROSOL COATINGS:** This rule does not apply to any aerosol coating product.
- 112 **EXEMPTION, SMALL CONTAINERS:** With the exception of Section 501, this rule does not apply to any architectural coating that is sold in a container with a volume of one liter (1.057 quart) or less provided both of the following requirements are met:
- 112.1 The container is not bundled together with other containers of the same specific coating category (listed in Section 301) to be sold as a unit that exceeds one liter (1.057 quarts), excluding containers packed together for shipping to a retail outlet.
 - 112.2 The label or any other product literature does not suggest combining multiple containers of the same specific coating category (listed in Section 301) so that the combination exceeds one liter (1.057 quarts).
- 113 **EXEMPTION, COLORANTS ADDED AT FACTORY OR WORKSITE:** Colorants added at the factory or at the worksite are not subject to the VOC limits in Section 307. In addition, containers of colorant sold at the point of sale for use in the field or on a job site are also not subject to the VOC limits in Section 307.

200 DEFINITIONS

- 201 **ADHESIVE:** Any chemical substance that is applied for the purpose of bonding two surfaces together other than by mechanical means.
- 202 **AEROSOL COATING PRODUCT:** A pressurized coating product containing pigments or resins that dispense product ingredients by means of a propellant, and is packaged in a disposable can for hand-held application, or for use in specialized equipment for ground traffic/marketing applications.
- 203 **ALUMINUM ROOF COATING:** A coating labeled and formulated exclusively for application to roofs and containing at least 84 grams of elemental aluminum pigment per liter of coating (at least 0.7 pounds per gallon). Pigment content must be determined in accordance with SCAQMD Method 318-95, incorporated by reference in Section 502.4.c.
- 204 **APPURTENANCE:** Any accessory to a stationary structure coated at the site of installation, whether installed or detached, including, but not limited to: bathroom and kitchen fixtures; cabinets; concrete forms; doors; elevators; fences; hand railings; heating

equipment, air conditioning equipment, and other fixed mechanical equipment or stationary tools; lampposts; partitions; pipes and piping systems; rain-gutters and down-spouts; stairways, fixed ladders, catwalks, and fire escapes; and window screens.

- 205 **ARCHITECTURAL COATING:** A coating to be applied to stationary structures and their appurtenances at the site of installation, to portable buildings at the site of installation, to pavements, or to curbs. Coatings applied in shop applications or to non-stationary structures such as airplanes, ships, boats, railcars, and automobiles, and adhesives are not considered architectural coatings for the purpose of this rule.
- 206 **BASEMENT SPECIALTY COATING:** A clear or opaque coating that is labeled and formulated for application to concrete and masonry surfaces to provide a hydrostatic seal for basements and other below-grade surfaces. Basement Specialty Coatings must meet the following criteria:
- 206.1 The coating must be capable of withstanding at least 10 psi of hydrostatic pressure, as determined in accordance with ASTM Standard D7088-17, incorporated by reference in Section 502.4.k; and
- 206.2 The coating must be resistant to mold and mildew growth and must achieve a microbial growth rating of 8 or more, as determined in accordance with ASTM D3273-16 and ASTM D3274-09 (2017), incorporated by reference in Section 502.4.q.
- 207 **BITUMENS:** Black or brown materials including, but not limited to, asphalt, tar, pitch, and asphaltite that are soluble in carbon disulfide, consist mainly of hydrocarbons, and are obtained from natural deposits or as residues from the distillation of crude petroleum or coal.
- 208 **BITUMINOUS ROOF COATING:** A coating which incorporates bitumens that is labeled and formulated exclusively for roofing.
- 209 **BITUMINOUS ROOF PRIMER:** A primer which incorporates bitumens that is labeled and formulated exclusively for roofing and intended for the purpose of preparing a weathered or aged surface or improving the adhesion of subsequent surfacing components.
- 210 **BOND BREAKER:** A coating labeled and formulated for application between layers of concrete to prevent a freshly poured top layer of concrete from bonding to the layer over which it is poured.
- 211 **BUILDING ENVELOPE:** The ensemble of exterior and demising partitions of a building that enclose conditioned space.
- 212 **BUILDING ENVELOPE COATING:** The fluid applied coating applied to the building envelope to provide a continuous barrier to air or vapor leakage through the building envelope that separates conditioned from unconditioned spaces. Building Envelope Coatings are applied to diverse materials including, but not limited to, concrete masonry units (CMU), oriented strand board (OSB), gypsum board, and wood substrates and must meet the following performance criteria:
- 212.1 Air Barriers formulated to have an air permeance not exceeding 0.004 cubic feet per minute per square foot under a pressure differential of 1.57 pounds per square foot (0.004 cfm/ft² @ 1.57 psf), [0.02 liters per square meter per second under pressure differential of 75 Pa (0.02 L/(s·m²) @ 75 Pa)] when tested in accordance with ASTM E2178-13, incorporated by reference in Section 502.4.v; and/or
- 212.2 Water Resistive Barriers formulated to resist liquid water that has penetrated a cladding system from further intruding into the exterior wall assembly and is classified as follows:
- a. Passes water resistance testing accordance with ASTM E331-00 (2016), incorporated by reference in Section 502.4.w; and

- b. Water vapor permeance is classified in accordance with ASTM E96/E96M-16, incorporated by reference in Section 502.4.x.
- 213 **COATING:** A material applied onto or impregnated into a substrate for protective, decorative, or functional purposes. Such materials include, but are not limited to, paints, varnishes, sealers, and stains.
- 214 **COLORANT:** A concentrated pigment dispersion in water, solvent, and/or binder that is added to an architectural coating after packaging in sale units to produce the desired color.
- 215 **CONCRETE CURING COMPOUND:** A coating labeled and formulated for application to freshly poured concrete to perform one of more of the following functions:
215.1 Retard the evaporation of water; or
215.2 Harden or dustproof the surface of freshly poured concrete.
- 216 **CONCRETE/MASONRY SEALER:** A clear or opaque coating that is labeled and formulated primarily for application to concrete and masonry surfaces to perform one or more of the following functions:
216.1 Prevent penetration of water; or
216.2 Provide resistance against abrasion, alkalis, acids, mildew, staining, or ultraviolet light; or
216.3 Harden or dustproof the surface of aged or cured concrete.
- 217 **CONTINGENCY MEASURE TRIGGER DATE:** The effective date of an EPA final rulemaking that conditions described in Clean Air Act Sections 172(c)(9) and 182(c)(9) have occurred in the District regarding the 2008 or 2015 8-hour Ozone National Ambient Air Quality Standard.
- 218 **DRIVEWAY SEALER:** A coating labeled and formulated for application to worn asphalt driveway surfaces to perform one or more of the following functions:
218.1 Fill cracks; or
218.2 Seal the surface to provide protection; or
218.3 Restore or preserve the appearance.
- 219 **DRY FOG COATING:** A coating labeled and formulated only for spray application such that overspray droplets dry before subsequent contact with incidental surfaces in the vicinity of the surface coating activity.
- 220 **EXEMPT COMPOUND:** For the purposes of this rule, “exempt compound” has the same meaning as in Rule 101—GENERAL PROVISIONS AND DEFINITIONS. Exempt compounds content of a coating must be determined by South Coast Air Quality Management District Method 303-91 (Revised 1996), incorporated by reference in Section 502.4.g.
- 221 **FAUX FINISHING COATING:** A coating labeled and formulated to meet one or more of the following criteria:
221.1 A glaze or textured coating used to create artistic effects, including, but not limited to: dirt, suede, old age, smoke damage, and simulated marble and wood grain; or
221.2 A decorative coating used to create a metallic, iridescent, or pearlescent appearance that contains at least 48 grams of pearlescent mica pigment or other iridescent pigment per liter of coating as applied (at least 0.4 pounds per gallon); or
221.3 A decorative coating used to create a metallic appearance that contains less than 48 grams of elemental metallic pigment per liter of coating as applied (less than 0.4 pounds per gallon), when tested in accordance with SCAQMD Method 318-95, incorporated by reference in Section 502.4.c; or
221.4 A decorative coating used to create a metallic appearance that contains greater than 48 grams of elemental metallic pigment per liter of coating as applied (greater

- than 0.4 pounds per gallon) and which requires a clear topcoat to prevent the degradation of the finish under normal use conditions. The metallic pigment content must be determined in accordance with SCAQMD Method 318-95, incorporated by reference in Section 502.4.c; or
- 221.5 A clear topcoat to seal and protect a Faux Finishing coating that meets the requirements of Section 221.1, 221.2, 221.3, or 221.4. These clear topcoats must be sold and used solely as part of a Faux Finish coating system, and must be labeled in accordance with Section 401.7.
- 222 **FIRE-RESISTIVE COATING:** A coating labeled and formulated to protect structural integrity by increasing the fire endurance of interior or exterior steel and other structural materials. The Fire Resistive category includes sprayed fire resistive materials and intumescent fire resistive coatings that are used to bring structural materials into compliance with federal, state, and local building code requirements. Fire Resistive coatings must be tested in accordance with ASTM E119-18ce1, incorporated by reference in Section 502.4.a. Fire Resistive coatings and testing agencies must be approved by building code officials.
- 223 **FLAT COATING:** A coating that is not defined under any other definition in this rule and that registers gloss less than 15 on an 85-degree meter or less than 5 on a 60-degree meter according to ASTM D523-14 (2018), incorporated by reference in Section 502.4.b.
- 224 **FLOOR COATING:** An opaque coating that is labeled and formulated for application to flooring, including, but not limited to, decks, porches, steps, garage floors, and other horizontal surfaces which may be subject to foot traffic.
- 225 **FORM-RELEASE COMPOUND:** A coating labeled and formulated for application to a concrete form to prevent the freshly poured concrete from bonding to the form. The form may consist of wood, metal, or some material other than concrete.
- 226 **GRAPHIC ARTS COATING OR SIGN PAINT:** A coating labeled and formulated for hand-application by artists using brush, airbrush, or roller techniques to indoor and outdoor signs (excluding structural components) and murals, including lettering enamels, poster colors, copy blockers, and bulletin enamels.
- 227 **HIGH-TEMPERATURE COATING:** A high performance coating labeled and formulated for application to substrates exposed continuously or intermittently to temperatures above 204°C (400°F).
- 228 **INDUSTRIAL MAINTENANCE COATING:** A high performance architectural coating, including primers, sealers, undercoaters, intermediate coats, and topcoats, formulated for application to substrates, including floors, exposed to one or more of the following extreme environmental conditions listed in Sections 228.1 through 228.5, and labeled as specified in Section 401.4:
- 228.1 Immersion in water, wastewater, or chemical solutions (aqueous and non-aqueous solutions), or chronic exposure of interior surfaces to moisture condensation; or
- 228.2 Acute or chronic exposure to corrosive, caustic, or acidic agents, or to chemicals, chemical fumes, or chemical mixtures or solutions; or
- 228.3 Frequent exposure to temperatures above 121°C (250°F); or
- 228.4 Frequent heavy abrasion, including mechanical wear and frequent scrubbing with industrial solvents, cleansers, or scouring agents; or
- 228.5 Exterior exposure of metal structures and structural components.
- 229 **INTERIOR STAIN:** A stain labeled and formulated exclusively for use on interior surfaces.
- 230 **INTUMESCENT:** A material that swells as a result of heat exposure, thus increasing in volume and decreasing in density.

- 231 **LOW SOLIDS COATING:** A coating containing 0.12 kilogram or less of solids per liter (1 pound or less of solids per gallon) of coating material as recommended for application by the manufacturer. The VOC content for Low Solids Coatings must be calculated in accordance with Section 403.2.
- 232 **MAGNESITE CEMENT COATING:** A coating labeled and formulated for application to magnesite cement decking to protect the magnesite cement substrate from erosion by water.
- 233 **MANUFACTURER'S MAXIMUM THINNING RECOMMENDATION:** The maximum recommendation for thinning that is indicated on the label or lid of the coating container.
- 234 **MARKET:** To facilitate sales through third party vendors including, but not limited to, catalog or ecommerce sales that bring together buyers and sellers. For the purposes of this rule, market does not mean to generally promote or advertise coatings.
- 235 **MASTIC TEXTURE COATING:** A coating labeled and formulated to cover holes and minor cracks and to conceal surface irregularities, and is applied in a single coat of at least 10 mils (at least 0.010 inch) dry film thickness.
- 236 **MEDIUM DENSITY FIBERBOARD (MDF):** A composite wood product, panel, molding, or other building material composed of cellulosic fibers (usually wood) made by dry forming and pressing of a resinated fiber mat.
- 237 **METALLIC PIGMENTED COATING:** A coating that is labeled and formulated to provide a metallic appearance. Metallic Pigmented coatings must contain at least 48 grams of elemental metallic pigment (excluding zinc) per liter of coating as applied (at least 0.4 pounds per gallon), when tested in accordance with South Coast Air Quality Management District Method 318-95, incorporated by reference in Section 502.4.c. The Metallic Pigmented Coating category does not include coatings applied to roofs or Zinc-Rich Primers.
- 238 **MULTI-COLOR COATING:** A coating that is packaged in a single container and that is labeled and formulated to exhibit more than one color when applied in a single coat.
- 239 **NONFLAT COATING:** A coating that is not defined under any other definition in this rule and that registers a gloss of 15 or greater on an 85-degree meter and 5 or greater on a 60-degree meter according to ASTM D523-14 (2018), incorporated by reference in Section 502.4.b.
- 240 **NONFLAT – HIGH GLOSS COATING:** A nonflat coating that registers a gloss of 70 or greater on a 60 degree meter according to ASTM D523-14 (2018), incorporated by reference in Section 502.4.b. Nonflat – High Gloss coatings must be labeled in accordance with Section 401.6. (This definition will sunset on the Contingency Measure Trigger Date.)
- 241 **PARTICLEBOARD:** A composite wood product panel, molding, or other building material composed of cellulosic material (usually wood) in the form of discrete particles, as distinguished from fibers, flakes, or strands, which are pressed together with resin.
- 242 **PEARLESCENT:** Exhibiting various colors depending on the angles of illumination and viewing, as observed in mother-of-pearl.
- 243 **PLYWOOD:** A panel product consisting of layers of wood veneers or composite core pressed together with resin. Plywood includes panel products made by either hot or cold pressing (with resin) veneers to a platform.

- 244 **POST-CONSUMER COATING:** Finished coatings generated by a business or consumer that have served their intended end uses, and are recovered from or otherwise diverted from the waste stream for the purpose of recycling.
- 245 **PRE-TREATMENT WASH PRIMER:** A primer that contains a minimum of 0.5 percent acid, by weight, when tested in accordance with ASTM D1613-17, incorporated by reference in Section 502.4.d, that is labeled and formulated for application directly to bare metal surfaces to provide corrosion resistance and to promote adhesion of subsequent topcoats.
- 246 **PRIMER, SEALER, AND UNDERCOATER:** A coating labeled and formulated for one or more of the following purposes:
- 246.1 To provide a firm bond between the substrate and the subsequent coatings; or
 - 246.2 To prevent subsequent coatings from being absorbed by the substrate; or
 - 246.3 To prevent harm to subsequent coatings by materials in the substrate; or
 - 246.4 To provide a smooth surface for the subsequent application of coatings; or
 - 246.5 To provide a clear finish coat to seal the substrate; or
 - 246.6 To block materials from penetrating into or leaching out of a substrate.
- 247 **REACTIVE PENETRATING SEALER:** A clear or pigmented coating that is labeled and formulated for application to above-grade concrete and masonry substrates to provide protection from water and waterborne contaminants, including but not limited to, alkalis, acids, and salts. Reactive Penetrating Sealers must penetrate into concrete and masonry substrates and chemically react to form covalent bonds with naturally occurring minerals in the substrate. Reactive Penetrating Sealers line the pores of concrete and masonry substrates with a hydrophobic coating, but do not form a surface film. Reactive Penetrating Sealers must meet all of the following criteria:
- 247.1 The Reactive Penetrating Sealer must improve water repellency at least 80 percent after application on a concrete or masonry substrate. This performance must be verified on standardized test specimens, in accordance with one or more of the following standards, incorporated by reference in Section 502.4.r: ASTM C67/C67M-18, ASTM C97/C97M-18, or ASTM C140/C140M-18a; and
 - 247.2 The Reactive Penetrating Sealer must provide a breathable waterproof barrier for concrete or masonry surfaces that does not prevent or substantially retard water vapor transmission. This performance must be verified on standardized test specimens, in accordance with ASTM E96/E96M-16 or ASTM D6490-99 (2014), incorporated by reference in Section 502.4.s; and
 - 247.3 Products labeled and formulated for vehicular traffic surface chloride screening applications must meet the performance criteria listed in the National Cooperative Highway Research Report 244 (1981), incorporated by reference in Section 502.4.t.
- Reactive Penetrating Sealers must be labeled in accordance with Section 401.8.
- 248 **RECYCLED COATING:** An architectural coating formulated such that it contains a minimum of 50% by volume post-consumer coating, with a maximum of 50% by volume secondary industrial materials or virgin materials.
- 249 **RESIDENTIAL:** Areas where people reside or lodge, including, but not limited to, single and multiple family dwellings, condominiums, mobile homes, apartment complexes, motels, and hotels.
- 250 **ROOF COATING:** A non-bituminous coating labeled and formulated for application to roofs for the primary purpose of preventing water penetration, reflecting ultraviolet light, or reflecting solar radiation.
- 251 **RUST PREVENTATIVE COATING:** A coating formulated to prevent the corrosion of metal surfaces for one or more of the following applications:
- 251.1 Direct-to-metal coating; or

251.2 Coating intended for application over rusty, previously coated surfaces.

The Rust Preventative category does not include the following:

251.3 Coatings that are required to be applied as a topcoat over a primer; or

251.4 Coatings that are intended for use on wood or any other non-metallic surface.

Rust Preventative coatings are for metal substrates only and must be labeled as such, in accordance with the labeling requirements in Section 401.5.

252 **SECONDARY INDUSTRIAL MATERIALS:** Products or by-products of the paint manufacturing process that are of known composition and have economic value but can no longer be used for their intended purpose.

253 **SEMITRANSSPARENT COATING:** A coating that contains binders and colored pigments and is formulated to change the color of the surface, but not conceal the grain pattern or texture.

254 **SHELLAC:** A clear or opaque coating formulated solely with the resinous secretions of the lac beetle (*Lacifer lacca*), and formulated to dry by evaporation without a chemical reaction.

255 **SHOP APPLICATION:** Application of a coating to a product or a component of a product in or on the premises of a factory or a shop as part of a manufacturing, production, or repairing process (e.g., original equipment manufacturing coatings).

256 **SOLICIT:** To require for use or to specify, by written or oral contract.

257 **SPECIALTY PRIMER, SEALER AND UNDERCOATER:** A coating that is formulated for application to a substrate to block water-soluble stains resulting from: fire damage; smoke damage; or water damage. Effective on and after the Contingency Measure Trigger Date, Specialty Primers, Sealers, and Undercoaters must be labeled in accordance with Section 401.9.

258 **STAIN:** A semitransparent or opaque coating labeled and formulated to change the color of a surface but not conceal the grain pattern or texture.

259 **STONE CONSOLIDANT:** A coating that is labeled and formulated for application to stone substrates to repair historical structures that have been damaged by weathering or other decay mechanisms. Stone Consolidants must penetrate into stone substrates to create bonds between particles and consolidate deteriorated material. Stone Consolidants must be specified and used in accordance with ASTM E2167-01 (2008), incorporated by reference in Section 502.4.u.

Stone Consolidants are for professional use only and must be labeled as such, in accordance with the labeling requirements in Section 401.10.

260 **SWIMMING POOL COATING:** A coating labeled and formulated to coat the interior of swimming pools and to resist swimming pool chemicals. Swimming pool coatings include coatings used for swimming pool repair and maintenance.

261 **TILE AND STONE SEALERS:** A clear or pigmented sealer that is used for sealing tile, stone or grout to provide resistance against water, alkalis, acids, ultraviolet light or straining and which meet one of the following subcategories:

261.1 Penetrating sealers are polymer solutions that cross-link in the substrate and must meet the following criteria:

- a. A fine particle structure to penetrate dense tile such as porcelain with absorption as low as 0.10 percent per ASTM C373-18, ASTM C97/C97M-18, or ASTM C642-13, incorporated by reference in Section 502.4.y;

- b. Retain or increase static coefficient of friction per ANSI A137.1 (2012), incorporated by reference in Section 502.4.z;
 - c. Not create a topical surface film on the tile or stone; and
 - d. Allow vapor transmission per ASTM E96/E96M-16, incorporated by reference in Section 502.4.aa.
- 261.2 Film forming sealers which leave a protective film of the surface.
- 262 **TINT BASE:** An architectural coating to which colorant is added after packaging in sale units to produce a desired color.
- 263 **TRAFFIC MARKING COATING:** A coating labeled and formulated for marking and striping streets, highways, or other traffic surfaces, including, but not limited to, curbs, berms, driveways, parking lots, sidewalks, and airport runways. Effective on and after the Contingency Measure Trigger Date, this coating category also includes Methacrylate Multicomponent Coatings used as traffic marking coatings. The VOC content of Methacrylate Multicomponent Coatings used as traffic marking coatings must be analyzed by the procedures in 40 CFR Part 59, Subpart D, Appendix A, incorporated by reference in Section 502.4.j.
- 264 **TUB AND TILE REFINISH COATING:** A clear or opaque coating that is labeled and formulated exclusively for refinishing the surface of a bathtub, shower, sink, or countertop. Tub and Tile Refinish coatings must meet all of the following criteria:
 - 264.1 The coating must have a scratch hardness of 3H or harder and a gouge harness of 4H or harder. This must be determined on bonderite 1000, in accordance with ASTM D3363-05 (2011)e2, incorporated by reference in Section 502.4.m; and
 - 264.2 The coating must have a weight loss of 20 milligrams or less after 1000 cycles. This must be determined with CS-17 wheels on bonderite 1000, in accordance with ASTM D4060-14, incorporated by reference in Section 502.4.n; and
 - 264.3 The coating must withstand 1000 hours or more of exposure with few or no #8 blisters. This must be determined on unscribed bonderite, in accordance with ASTM D4585/D4585M-18, and ASTM D714 (2017), incorporated by reference in Section 502.4.o; and
 - 264.4 The coating must have an adhesion rating of 4B or better after 24 hours of recovery. This must be determined on unscribed bonderite, in accordance with ASTM D4585/D4585M-18 and ASTM D3359-17, incorporated by reference in Section 502.4.l.
- 265 **veneer:** Thin sheets of wood peeled or sliced from logs for use in the manufacture of wood products such as plywood, laminated veneer lumber, or other products.
- 266 **VIRGIN MATERIALS:** Materials that contain no post-consumer coatings or secondary industrial materials.
- 267 **VOLATILE ORGANIC COMPOUND (VOC):** For the purposes of this rule, “volatile organic compound” has the same meaning as in Rule 101—GENERAL PROVISIONS AND DEFINITIONS.
- 268 **VOC ACTUAL:** The weight of VOC per volume of coating or colorant, as calculated by the procedure specified in Section 403.2.
- 269 **VOC CONTENT:** The weight of VOC per volume of coating or colorant. VOC Content is VOC Regulatory, as defined in Section 270, for all coatings or colorants except those in the Low Solids category. For coatings in the Low Solids category, the VOC Content is VOC Actual, as defined in Section 268. If the coating is a multi-component product, the VOC Content is VOC Regulatory as mixed or catalyzed. If the coating contains silanes, siloxanes, or other ingredients that generate ethanol or other VOCs during the curing process, the VOC content must include the VOCs emitted during curing.

270 **VOC REGULATORY:** VOC Regulatory is the weight of VOC per volume of coating or colorant, less the volume of water and exempt compounds, as calculated by the procedure specified in Section 403.1.

271 **WATERPROOFING MEMBRANE:** A clear or opaque coating that is labeled and formulated for application to concrete and masonry surfaces to provide a seamless waterproofing membrane that prevents any penetration of liquid water into the substrate. Waterproofing Membranes are intended for the following waterproofing applications: below-grade surfaces, between concrete slabs, inside tunnels, inside concrete planters, and under flooring materials. Waterproofing Membranes must meet the following criteria:

271.1 The coating must be applied in a single coat of at least 25 mils (at least 0.025 inch) dry film thickness; and

271.2 The coating must meet or exceed the requirements contained in ASTM C836/C836M-18, incorporated by reference in Section 502.4.p.

The Waterproofing Membrane category does not include topcoats that are included in the Concrete/Masonry Sealer category (e.g., parking deck topcoats, pedestrian deck topcoats, etc.).

272 **WOOD COATINGS:** Coatings labeled and formulated for application to wood substrates only. The Wood Coatings category includes the following clear and semitransparent coatings: lacquers; varnishes; sanding sealers; penetrating oils; clear stains; wood conditioners used as undercoats; and wood sealers used as topcoats. The Wood Coatings category also includes the following opaque wood coatings: opaque lacquers; opaque sanding sealers; and opaque lacquer undercoaters. The Wood Coatings category does not include the following: clear sealers that are labeled and formulated for use on concrete/masonry surfaces; or coatings intended for substrates other than wood.

Wood Coatings must be labeled "For Wood Substrates Only", in accordance with Section 401.11.

273 **WOOD PRESERVATIVE:** A coating labeled and formulated to protect exposed wood from decay or insect attack, that is registered with both the U.S. Environmental Protection Agency under the Federal Insecticide, Fungicide, and Rodenticide Act (7 United States Code (U.S.C.) Section 136, *et seq.*) and with the California Department of Pesticide Regulation.

274 **WOOD SUBSTRATE:** A substrate made of wood, particleboard, plywood, medium density fiberboard, rattan, wicker, bamboo, or composite products with exposed wood grain. Wood Products do not include items comprised of simulated wood.

275 **ZINC-RICH PRIMER:** A coating that meets all of the following specifications:

275.1 The coating contains at least 65 percent metallic zinc powder or zinc dust by weight of total solids; and

275.2 The coating is formulated for application to metal substrates to provide a firm bond between the substrate and subsequent applications of coatings; and

275.3 The coating is intended for professional use only and is labeled as such, in accordance with the labeling requirements in Section 401.12.

300 STANDARDS

301 **VOC CONTENT LIMITS FOR COATINGS:** Except as provided in Sections 302 and 303, no person may:

301.1 Manufacture, blend, or repackage for sale within the District; or

301.2 Supply, sell, market or offer for sale within the District; or

301.3 Solicit for application or apply within the District, any architectural coating with a VOC content in excess of the corresponding limit specified in Table 1. Limits are

expressed as VOC Regulatory, thinned to the manufacturer's maximum recommendation, excluding any colorant added to tint bases.

Table 1

Coating Category ²	VOC Content Limit ¹ , g/L	
	Current	Effective on and after Contingency Measure Trigger Date
Flat Coatings	50	
Nonflat Coatings	100	50
Nonflat – High Gloss Coatings	150	(Eliminated) ³
Specialty Coatings:		
Aluminum Roof Coatings	400	100
Basement Specialty Coatings	400	
Bituminous Roof Coatings	50	
Bituminous Roof Primers	350	
Bond Breakers	350	
Building Envelope Coatings ⁴		50
Concrete Curing Compounds	350	
Concrete/Masonry Sealers	100	
Driveway Sealers	50	
Dry Fog Coatings	150	50
Faux Finishing Coatings	350	
Fire Resistive Coatings	350	150
Floor Coatings	100	50
Form-Release Compounds	250	100
Graphic Arts Coatings (Sign Paints)	500	
High Temperature Coatings	420	
Industrial Maintenance Coatings	250	
Low Solids Coatings ¹	120	
Magnesite Cement Coatings	450	
Mastic Texture Coatings	100	
Metallic Pigmented Coatings	500	
Multi-Color Coatings	250	
Pre-Treatment Wash Primers	420	
Primers, Sealers, and Undercoaters	100	
Reactive Penetrating Sealers	350	
Recycled Coatings	250	
Roof Coatings	50	
Rust Preventative Coatings	250	
Shellacs:		
Clear	730	
Opaque	550	
Specialty Primers, Sealers and Undercoaters	100	
Stains		
Exterior/Dual	Stains (250)	100
Interior Only	Stains (250)	250
Stone Consolidants	450	
Swimming Pool Coatings	340	
Tile and Stone Sealers ⁴		100
Traffic Marking Coatings	100	
Tub and Tile Refinish Coatings	420	
Waterproofing Membranes	250	100

Coating Category ²	VOC Content Limit ¹ , g/L	
	Current	Effective on and after Contingency Measure Trigger Date
Wood Coatings	275	
Wood Preservatives	350	
Zinc-Rich Primers	340	
¹ Limits are expressed as VOC Regulatory, except for Low Solids Coatings. Limits for Low Solids Coatings are expressed as VOC Actual. ² If the coating does not meet any of the definitions for the specialty coating categories listed in Table 1, that coating will be classified as Flat, Nonflat or Nonflat - High Gloss based on its gloss level, and the corresponding VOC content limit will apply. ³ This definition will sunset on the Contingency Measure Trigger Date, and Nonflat – High Gloss Coatings will coating meet the definition of Nonflat Coatings. ⁴ Prior to the Contingency Measure Trigger Date, a specific Building Envelope Coating or Tile and Stone Sealer will be classified based on the current specialty coating definition it meets, or, if it doesn't meet any current specialty coating definition, it will be classified as Flat, Nonflat or Nonflat - High Gloss, based on its gloss level, and the corresponding VOC content limit will apply.		

- 302 **MOST RESTRICTIVE VOC LIMITS:** If a coating meets the definition in Section 200 for one or more specialty coating categories that are listed in Table 1, then that coating is not required to meet the VOC limits for Flat, Nonflat, or Nonflat-High Gloss coatings, but is required to meet the VOC limit for the applicable specialty coating listed in Table 1.

With the exception of the specialty coating categories specified in Sections 302.1 through 302.12, if a coating is recommended for use in more than one of the specialty coating categories listed in Table 1, the most restrictive (or lowest) VOC content limit applies. This requirement applies to: usage recommendations that appear anywhere on the coating container, anywhere on any label or sticker affixed to the container, or in any sales, advertising, or technical literature supplied by a manufacturer or anyone acting on their behalf.

- 302.1 Metallic pigmented coatings.
- 302.2 Shellacs.
- 302.3 Pretreatment wash primers.
- 302.4 Industrial maintenance coatings.
- 302.5 Low-solids coatings.
- 302.6 Wood preservatives.
- 302.7 High temperature coatings.
- 302.8 Bituminous roof primers.
- 302.9 Specialty primers, sealers, and undercoaters.
- 302.10 Aluminum roof coatings.
- 302.11 Zinc-rich Primers.
- 302.12 Wood coatings.

303 **SELL-THROUGH PROVISIONS:**

- 303.1 A coating manufactured prior to the Contingency Measure Trigger Date may be sold, supplied, or offered for sale until one year after the Contingency Measure Trigger Date, provided the coating complies with the version of RULE 442 – ARCHITECTURAL COATINGS, effective September 24, 2015 (incorporated by reference). This version of the rule is posted on the District's web site, www.airquality.org. In addition, such a coating may be applied at any time, both before and after the Contingency Measure Trigger Date. This Subsection 303.1 does not apply to any coating supplied in a container that does not display the date or date-code required by Section 401.1.

- 303.2 A colorant manufactured prior to the Contingency Measure Trigger Date may be sold, supplied, or offered for sale until one year after the Contingency Measure Trigger Date. In addition, such a colorant may be applied at any time, both before and after the Contingency Measure Trigger Date. This Subsection 303.2 does not apply to any colorant supplied in a container that does not display the date or date-code required by Section 402.1.
- 304 **PAINTING PRACTICES:** All architectural coating containers used to apply the contents therein to a surface directly from the container by pouring, siphoning, brushing, rolling, padding, ragging or other means, must be closed when not in use. These architectural coating containers include, but are not limited to, drums, buckets, cans, pails, trays or other application containers. Containers of any VOC-containing materials used for thinning and cleanup must also be closed when not in use.
- 305 **THINNING:** No person who applies or solicits the application of any architectural coating may apply a coating that is thinned to exceed the applicable VOC limit specified in Table 1 in Section 301.
- 306 **COATINGS NOT LISTED IN SECTION 301:** For any coating that does not meet any of the definitions for the specialty coatings categories listed in Table 1 in Section 301, the VOC content limit must be determined by classifying the coating as a Flat, Nonflat, or Nonflat - High Gloss coating, based on its gloss, as defined in Sections 223, 239 and 240 and the corresponding Flat, Nonflat, or Nonflat – High Gloss Coating VOC limit in Table 1 applies.
- 307 **VOC CONTENT LIMITS FOR COLORANTS:**
- 307.1 Effective on and after the Contingency Measure Trigger Date, no person within the District may, at the point of sale of any architectural coating subject to Section 301, add to such coating any colorant that contains VOC, expressed as VOC Regulatory, in excess of the corresponding applicable VOC limit specified in Table 2. The point of sale includes retail outlets that add colorant to a coating container to obtain a specific color.
- 307.2 Colorants added at the factory or at the job site are not subject to the VOC limits in Table 2. In addition, containers of colorant sold at the point of sale for use in the field or on a job site are also not subject to the VOC limits in Table 2.

Table 2

Colorant Added To:	VOC Content Limit¹, g/L, Effective on and after Contingency Measure Trigger Date
Architectural Coatings, excluding Industrial Maintenance Coatings	50
Solvent-Based Industrial Maintenance Coatings	600
Waterborne Industrial Maintenance Coatings	50
<u>Wood Coatings</u>	<u>600</u>
¹ Limits are expressed as VOC Regulatory.	

- 308 **EARLY COMPLIANCE OPTION:** Prior to the Contingency Measure Trigger Date, any coating that meets all the requirements of the rule that will be in effect on and after the Contingency Measure Trigger Date is considered to be in compliance with this rule.

400 ADMINISTRATIVE REQUIREMENTS

401 **CONTAINER LABELING REQUIREMENTS FOR COATINGS:** Each manufacturer of any architectural coating subject to this rule must display the information listed in Sections 401.1 through 401.12 on the coating container (or label) in which the coating is sold or distributed.

401.1 **DATE CODE:** The date the coating was manufactured, or a date code representing the date, must be indicated on the label, lid, or bottom of the container. If the manufacturer uses a date code for any coating, the manufacturer must file an explanation of each code with the Executive Officer of the California Air Resources Board, and such explanation must be made available to the Air Pollution Control Officer immediately upon request.

401.2 **THINNING RECOMMENDATIONS:** A statement of the manufacturer's recommendation regarding thinning of the coating must be indicated on the label or lid of the container. This requirement does not apply to the thinning of architectural coatings with water. If thinning of the coating prior to use is not necessary, the recommendation must specify that the coating is to be applied without thinning.

401.3 **VOC CONTENT:** Each container of any coating subject to this rule must display one of the following values in grams of VOC per liter of coating:

- a. Maximum VOC Content as determined from all potential product formulations; or
- b. VOC Content as determined from actual formulation data; or
- c. VOC Content as determined using the test methods in Section 502.1. VOC Content, as defined in Section 269, must be determined as specified in Section 403.

If the manufacturer does not recommend thinning, the container must display the VOC Content, as supplied. If the manufacturer recommends thinning, the container must display the VOC Content, including the maximum amount of thinning solvent recommended by the manufacturer.

If the coating is a multi-component product, the container must display the VOC Content as mixed or catalyzed. If the coating contains silanes, siloxanes, or other ingredients that generate ethanol or other VOCs during the curing process, the VOC Content must include the VOCs emitted during curing.

401.4 **INDUSTRIAL MAINTENANCE COATINGS:** In addition to the information specified in Sections 401.1, 401.2 and 401.3, each manufacturer of any industrial maintenance coating subject to this rule must display on the label or lid of the container in which the coating is sold or distributed one or more of the descriptions listed in Sections 401.4.a through 401.4.c.

- a. "For industrial use only."
- b. "For professional use only."
- c. "Not for residential use" or "Not intended for residential use." Section 401.4.c. will sunset on the Contingency Measure Trigger Date.

401.5 **RUST PREVENTATIVE COATINGS:** The labels of all rust preventative coatings must prominently display the statement "For Metal Substrates Only."

401.6 **NON-FLAT – HIGH GLOSS COATINGS:** The labels of all non-flat – high gloss coatings must prominently display the words "High Gloss." This section will sunset on the Contingency Measure Trigger Date.

401.7 **FAUX FINISHING COATINGS:** The labels of all clear topcoat Faux Finishing coatings must prominently display the statement "This product can only be sold and used as part of a Faux Finishing coating system."

401.8 **REACTIVE PENETRATING SEALERS:** The labels of all Reactive Penetrating Sealers must prominently display the statement "Reactive Penetrating Sealer."

401.9 **SPECIALTY PRIMERS, SEALERS, AND UNDERCOATERS:** Effective on and after the Contingency Measure Trigger Date, the labels of all specialty primers,

sealers, and undercoaters must prominently display the statement “Specialty Primer, Sealer, Undercoater.”

401.10 **STONE CONSOLIDANTS:** The labels of all Stone Consolidants must prominently display the statement “Stone Consolidant – For Professional Use Only.”

401.11 **WOOD COATINGS:** The labels of all Wood Coatings must prominently display the statement “For Wood Substrates Only.”

401.12 **ZINC RICH PRIMERS:** The labels of all Zinc Rich Primers must prominently display one or more of the descriptions listed in Sections 401.12.a through 401.12.c.

a. “For industrial use only.” This section will sunset on the Contingency Measure Trigger Date.

b. “For Professional Use Only.”

c. “Not for residential use” or “Not intended for residential use.” This section will sunset on the Contingency Measure Trigger Date.

402 CONTAINER LABELING REQUIREMENTS FOR COLORANTS: Effective on and after the Contingency Measure Trigger Date, each manufacturer of any colorant subject to this rule must display the information listed in Sections 402.1 and 402.2 on the container (or label) in which the colorant is sold or distributed,

402.1 **DATE CODE:** The date the colorant was manufactured, or a date code representing the date, must be indicated on the label, lid, or bottom of the container. If the manufacturer uses a date code for any colorant, the manufacturer must file an explanation of each code with the Executive Officer of the California Air Resources Board, and such explanation must be made available to the Air Pollution Control Officer immediately upon request.

402.2 **VOC CONTENT:** Each container of any colorant subject to this rule must display one of the following values in grams of VOC per liter of colorant:

a. Maximum VOC Content as determined from all potential product formulations; or

b. VOC Content as determined from actual formulation data; or

c. VOC Content as determined using the test methods in Section 502.1. VOC Content, as defined in Section 269, must be determined as specified in Section 403.

If the colorant contains silanes, siloxanes, or other ingredients that generate ethanol or other VOCs during the curing process, the VOC content must include the VOCs emitted during curing.

403 CALCULATION OF VOC CONTENT: For the purpose of determining compliance with the VOC content limits in Table 1 in Section 301 or Table 2 in Section 307, the VOC content of a coating or colorant must be determined by using the procedures described in Sections 403.1 or 403.2, as appropriate. The VOC content of a tint base must be determined without colorant that is added after the tint base is manufactured. If the manufacturer does not recommend thinning, the VOC Content must be calculated for the product as supplied. If the manufacturer recommends thinning, the VOC Content must be calculated including the maximum amount of thinning solvent recommended by the manufacturer. If the coating is a multi-component product, the VOC Content must be calculated as mixed or catalyzed. If the coating contains silanes, siloxanes, or other ingredients that generate ethanol or other VOCs during the curing process, the VOC Content must include the VOCs emitted during curing.

403.1 **VOC Regulatory:** VOC Regulatory, as defined in Section 270, must be determined using the following equation:

$$\text{VOC Regulatory} = (W_s - W_w - W_{ec}) / (V_m - V_w - V_{ec})$$

Where:

- VOC Regulatory = grams of VOC per liter of coating or colorant, excluding water and exempt compounds, (also known as "Coating VOC")
- W_s = weight of all volatiles, in grams
- W_w = weight of water, in grams
- W_{ec} = weight of exempt compounds, in grams
- V_m = volume of coating or colorant, in liters
- V_w = volume of water, in liters
- V_{ec} = volume of exempt compounds, in liters
- 403.2 VOC Actual: VOC Actual, as defined in Section 268, must be determined using the following equation:

$$\text{VOC Actual} = (W_s - W_w - W_{ec}) / (V_m)$$

Where:

- VOC Actual = grams of VOC per liter of coating or colorant, (also known as "Material VOC")
- W_s = weight of all volatiles, in grams
- W_w = weight of water, in grams
- W_{ec} = weight of exempt compounds, in grams
- V_m = volume of coating or colorant, in liters

500 MONITORING AND RECORDS

501 REPORTING REQUIREMENTS:

- 501.1 **ARB REQUEST OF SALES DATA:** A responsible official from each manufacturer must upon request of the Executive Officer of the ARB, or his or her delegate, provide data concerning the distribution and sales of architectural coatings. The responsible official must within 180 days provide information including, but not limited to:
- the name and mailing address of the manufacturer;
 - the name, address and telephone number of a contact person;
 - the name of the coating product as it appears on the label and the applicable coating category;
 - whether the product is marketed for interior or exterior use or both;
 - the number of gallons sold in California in containers greater than one liter (1.057 quart) and equal to or less than one liter (1.057 quart);
 - the VOC Actual content and VOC Regulatory content in grams per liter. If thinning is recommended, list the VOC Actual content and VOC Regulatory content after maximum recommended thinning. If containers less than one liter have a different VOC content than containers greater than one liter, list separately. If the coating is a multi-component product, provide the VOC content as mixed or catalyzed;
 - the names and CAS numbers of the VOC constituents in the product;
 - the names and CAS numbers of any compound in the product specifically exempted from the VOC definition, as referenced in Section 220;
 - whether the product is marketed as solvent-borne, waterborne, or 100% solids;
 - description of resin or binder in the product;
 - whether the coating is single-component or multi-component product;
 - the density of the product in pounds per gallon;
 - the percent by weight of: solids, all volatile materials, water, and any compounds in the product specifically exempted from the VOC definition, as referenced in Section 220;
 - the percent by volume of: solids, water, and any compounds in the product specifically exempted from the VOC definition, as referenced in Section 220.

501.2 All sales data listed under Section 501.1 must be maintained by the responsible official for a minimum of three years. Sales data submitted by the responsible official to the Executive Officer of the ARB may be claimed as confidential, and such information will be handled in accordance with the procedures specified in Title 17, California Code of Regulations Sections 91000-91022.

501.3 **DISTRICT INFORMATION REQUEST:** Section 501.1 does not limit the Air Pollution Control Officer's authority to request any manufacturer, supplier, wholesaler, or distributor to provide information pursuant to California Health and Safety Code Sections 40701(g) and 42303.2.

502 **TESTING PROCEDURES:**

502.1 **VOC CONTENT:** The VOC content of coatings or colorants must be determined by the following:

- a. To determine the physical properties of a coating or colorant in order to perform the calculation in Section 402, the reference method for VOC content is U.S. Environmental Protection Agency Method 24, incorporated by reference in Section 502.4.h, except as provided in Sections 502.2 and 502.3.
- b. An alternative method to determine the VOC content of coatings is South Coast Air Quality Management District Method 304-91 (Revised 1996), incorporated by reference in Section 502.4.i.
- c. The exempt compounds content must be determined by South Coast Air Quality Management District Method 303-91 (Revised 1996), BAAQMD Method 43 (Revised 2005), or BAAQMD Method 41 (Revised 2005), as applicable, incorporated by reference in Sections 502.4.g, 502.4.e, and 502.4.f, respectively.
- d. To determine the VOC content of a coating or colorant, the manufacturer may use U.S. Environmental Protection Agency Method 24, or an alternative method as provided in Section 502.2, formulation data, or any other reasonable means for predicting that the coating or colorant has been formulated as intended (e.g. quality assurance checks, recordkeeping). However, if there are any inconsistencies between the results of a Method 24 test and any other means for determining VOC content, the Method 24 test results will govern, except when an alternative method is approved as specified in Section 502.2.
- e. To determine the VOC content of a coating or colorant with a VOC content of 150 g/l or less, the manufacturer may use SCAQMD Method 313-91, incorporated by reference in Section 502.4.ab, ASTM D6886-18, incorporated by reference in Section 502.4.ac, or any other reasonable means for predicting that the coating or colorant has been formulated as intended (e.g., quality assurance checks, record keeping).
- f. The District Air Pollution Control Officer may require the manufacturer to conduct a Method 24 analysis.

502.2 **ALTERNATIVE TEST METHODS:** Other test methods demonstrated to provide results that are acceptable for purposes of determining compliance with Section 502.1, after review and approved in writing by the staffs of the District, the California Air Resources Board, and the U.S. Environmental Protection Agency, may also be used.

502.3 **METHACRYLATE TRAFFIC MARKING COATINGS:** Analysis of methacrylate multicomponent coatings used as traffic marking coatings must be conducted according to a modification of U.S. Environmental Protection Agency Method 24 (40 CFR 59, Subpart D, Appendix A), incorporated by reference in Section 502.4.j. This method has not been approved for methacrylate multicomponent coatings used for purposes other than as traffic marking coatings or for other classes of multicomponent coatings.

502.4 **TEST METHODS:** The following test methods are incorporated by reference herein, and must be used to test coatings subject to provisions of this rule:

- a. **Fire Resistance Rating:** The fire resistance rating of a fire-resistive coating must be determined by ASTM E119-18ce1, "Standard Test Methods for Fire Tests of Building Construction and Materials" (see Section 222, Fire-Resistive Coating).
- b. **Gloss Determination:** The gloss of a coating must be determined by ASTM D 523-14 (2018), "Standard Test Method for Specular Gloss" (see Sections 223, 239, and 240, Flat Coating, Nonflat Coating, and Nonflat-High Gloss Coating).
- c. **Metal Content of Coatings:** The metallic content of a coating must be determined by South Coast Air Quality Management District Method 318-95, "Determination of Weight Percent Elemental Metal in Coatings by X-Ray Diffraction," South Coast Air Quality Management District "Laboratory Methods of Analysis for Enforcement Samples," (see Sections 203, 221, and 237, Aluminum Roof, Faux Finishing, and Metallic Pigmented Coatings).
- d. **Acid Content of Coatings:** The acid content of a coating must be determined by ASTM D1613-17, "Standard Test Method for Acidity in Volatile Solvents and Chemical Intermediates Used in Paint, Varnish, Lacquer, and Related Products", (see Section 245, Pre-Treatment Wash Primer).
- e. **Exempt Compounds – Siloxanes:** Exempt compounds that are cyclic, branched, or linear completely methylated siloxanes, must be analyzed as exempt compounds for compliance with Section 502 by Bay Area Air Quality Management District Method 43, "Determination of Volatile Methylsiloxanes in Solvent-Based Coatings, Inks, and Related Materials," Bay Area Air Quality Management District Manual of Procedures, Volume III, adopted 11/6/96, (see Section 267, Volatile Organic Compound and Section 502.1.c).
- f. **Exempt Compounds – Parachlorobenzotrifluoride (PCBTF):** The exempt compound parachlorobenzotrifluoride, must be analyzed as an exempt compound for compliance with Section 502 by Bay Area Air Quality Management District Method 41, "Determination of Volatile Organic Compounds in Solvent-Based Coatings and Related Materials Containing Parachlorobenzotrifluoride, Bay Area Air Quality Management District Manual of Procedures, Volume III, adopted 12/20/95, (see Section 267, Volatile Organic Compound and Section 502.1.c).
- g. **Exempt Compounds:** The content of compounds exempt under U.S. Environmental Protection Agency Method 24 must be analyzed by South Coast Air Quality Management District Method 303-91 (Revised 1996), "Determination of Exempt Compounds," South Coast Air Quality Management District "Laboratory Methods of Analysis for Enforcement Samples, (see Section 267, Volatile Organic Compound and Section 502.1c.)
- h. **VOC Content of Coatings:** The VOC content of a coating must be determined by U.S. Environmental Protection Agency Method 24 as it exists in Appendix A of 40 CFR Part 60, "Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coatings," (see Section 502.1.a)
- i. **Alternative VOC Content of Coatings:** The VOC content of coatings may be analyzed either by U.S. Environmental Protection Agency Method 24 or South Coast Air Quality Management District Method 304-91 (Revised 1996), "Determination of Volatile Organic Compounds (VOC) in Various Materials," South Coast Air Quality Management District "Laboratory Methods of Analysis for Enforcement Samples," (see Section 502.1.b)
- j. **Methacrylate Traffic Marking Coatings:** The VOC content of methacrylate multicomponent coatings used as traffic marking coatings must be analyzed by the procedures in 40 CFR Part 59, Subpart D, Appendix A, "Determination of Volatile Matter Content of Methacrylate

- Multicomponent Coatings Used as Traffic Marking Coatings, “(see Section 502.3).
- k. **Hydrostatic Pressure for Basement Specialty Coatings:** ASTM D7088-17, “Standard Practice for Resistance to Hydrostatic Pressure for Coatings Used in Below Grade Applications Applied to Masonry”, (see Section 206.1, Basement Specialty Coating).
 - l. **Tub and Tile Refinish Coating Adhesion:** ASTM D4585/D4585-18, “Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation” and ASTM D3359-17, “Standard Test Methods for Measuring Adhesion by Tape Test” (see Section 264.4, Tub and Tile Refinish Coating).
 - m. **Tub and Tile Refinish Coating Hardness:** ASTM D3363-05 (2011)e2, “Standard Test Method for Film Hardness by Pencil Test”, (see Section 264.1, Tub and Tile Refinish Coating).
 - n. **Tub and Tile Refinish Coating Abrasion Resistance:** ASTM D4060-14, “Standard Test Methods for Abrasion Resistance of Organic Coatings by the Taber Abraser” (see Section 264.2, Tub and Tile Refinish Coating).
 - o. **Tub and Tile Refinish Coating Water Resistance:** ASTM D4585/D4585M-18, “Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation” and ASTM D714-02 (2017), “Standard Test Method for Evaluating Degree of Blistering of Paints” (see Section 264.3, Tub and Tile Refinish Coating).
 - p. **Waterproofing Membrane:** ASTM C836/C836M-18, “Standard Specification for High Solids Content, Cold Liquid-Applied Elastomeric Waterproofing Membrane for Use with Separate Wearing Course” (see Section 272, Waterproofing Membrane).
 - q. **Mold and Mildew Growth for Basement Specialty Coatings:** ASTM D3273-16, “Standard Test Method for Resistance to Growth of Mold on the Surface of Interior Coatings in an Environmental Chamber” and ASTM D3274-09 (2017), “Standard Test Method for Evaluating Degree of Surface Disfigurement of Paint Films by Fungal or Algal Growth, or Soil and Dirt Accumulation” (see Section 206.2, Basement Specialty Coating).
 - r. **Reactive Penetrating Sealer Water Repellency:** ASTM C67/C67M-18, “Standard Test Methods for Sampling and Testing Brick and Structural Clay Tile”; or ASTM C97/C97M-18, “Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone”; or ASTM C140/C140M-18a, “Standard Test Methods for Sampling and Testing Concrete Masonry Units and Related Units” (see Section 247.1, Reactive Penetrating Sealer).
 - s. **Reactive Penetrating Sealer Water Vapor Transmission:** ASTM E96/E96M-16, “Standard Test Method for Water Vapor Transmission of Materials”; or ASTM D6490-99, “Standard Test Method for Water Vapor Transmission of Nonfilm Forming Treatments Used on Cementitious Panels” (see Section 247.2, Reactive Penetrating Sealer).
 - t. **Reactive Penetrating Sealer - Chloride Screening Applications:** National Cooperative Highway Research Report 244 (1981), “Concrete Sealers for the Protection of Bridge Structures” (see Section 247.3, Reactive Penetrating Sealer).
 - u. **Stone Consolidants:** ASTM E2167-01 (2008), “Standard Guide for Selection and Use of Stone Consolidants” (see Section 259, Stone Consolidant).
 - v. **Building Envelope Coating Air Permeance of Building Materials:** ASTM E2178-13, “Standard Test Method for Air Permeance of Building Materials” (see Section 212.1, Building Envelope Coating).
 - w. **Building Envelope Coating Water Penetration Testing:** ASTM E331-00 (2016), “Standard Test Method for Water Penetration of Exterior Windows, Skylights, Doors, and Curtain Walls by Uniform Static Air Pressure Difference” (see Section 212.2.a, Building Envelope Coating).

- x. **Building Envelope Coating Water Vapor Transmission:** ASTM E96/E96M-16, "Standard Test Methods for Water Vapor Transmission of Materials" (see Section 212.2.b, Building Envelope Coating)
- y. **Tile and Stone Sealers Absorption:** ASTM C373-18, "Standard Test Methods for Determination of Water Absorption and Associated Properties by Vacuum Method for Pressed Ceramic Tile and Glass Tiles and Boil Method for Extruded Ceramic Tiles and Non-tile Fired Ceramic Whiteware Products"; or ASTM C97/C97M-18, "Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone"; or ASTM C642-13, "Standard Test Method for Density, Absorption, and Voids in Hardened Concrete" (see Section 261.1.a, Tile and Stone Sealers).
- z. **Tile and Stone Sealers – Static Coefficient of Friction:** ANSI A137.1 (2012), "American National Standard of Specifications for Ceramic Tile" (see Section 261.1.b, Tile and Stone Sealers).
- aa. **Tile and Stone Sealers Water Vapor Transmissions:** ASTM E96/E96M-16, "Standard Test Methods for Water Vapor Transmission of Materials" (see Section 261.1.d, Tile and Stone Sealers).
- ab. **VOC Content of Coatings:** South Coast AQMD Method 313-91, "Determination of Volatile Organic Compounds (VOC) by Gas Chromatography/Mass Spectrometry (GS/MS)" (see Section 502.1.e, VOC Content).
- ac. **VOC Content of Coatings:** ASTM D6886-18, "Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by Gas Chromatography" (see Section 502.1.e, VOC Content).

RULE 442 ARCHITECTURAL COATINGS

Adopted 12-6-78

(Amended 8-31-82, 11-29-83, 4-28-87, 10-2-90, 11-16-93, 9-5-96, 5-24-01, 9-24-15, XX-XX-24)~~Republished 3-24-16~~**INDEX****100 GENERAL**

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100 GENERAL

- 101 **PURPOSE:** To limit the emissions of volatile organic compounds from the use of architectural coatings supplied, sold, marketed, offered for sale, applied, solicited for application, or manufactured for use within the District.
- 102 **APPLICABILITY:** Except as provided in Sections 110 through 113, this rule is applicable to any person who:
- 102.1 Supplies, sells, markets, or offers for sale, any architectural coating for use within the District; or
 - 102.2 Manufactures, blends, or repackages any architectural coating for use within the District; or
 - 102.3 Applies or solicits the application of any architectural coating within the District;
- 103 **SEVERABILITY:** If a court of competent jurisdiction issues an order that any provision of this rule is invalid, it is the intent of the Board of Directors of the District that other provisions of this rule remain in full force and affect, to the extent allowed by law.
- 110 **EXEMPTIONS, USE OR SHIPMENT OUTSIDE DISTRICT:** This rule does not apply to:
- ~~110.1~~ ~~A~~ any architectural coating that is supplied, sold, offered for sale, or manufactured for use outside of the District or for shipment to other manufacturers for reformulation or repackaging.
- ~~110.2~~ ~~111~~ **EXEMPTION, AEROSOL COATINGS:** This rule does not apply to ~~A~~ any aerosol coating product. ~~or~~
- ~~110.3~~ ~~112~~ **EXEMPTION, SMALL CONTAINERS:** With the exception of Section 501, this rule does not apply to any architectural coating that is sold in a container with a volume of one liter (1.057 quart) or less provided both of the following requirements are met:
- ~~a~~ ~~112.1~~ The container is not bundled together with other containers of the same specific coating category (listed in Section 301) to be sold as a unit that exceeds one liter (1.057 quarts), excluding containers packed together for shipping to a retail outlet.
 - ~~b~~ ~~112.2~~ The label or any other product literature does not suggest combining multiple containers of the same specific coating category (listed in Section 301) so that the combination exceeds one liter (1.057 quarts).
- 113 **EXEMPTION, COLORANTS ADDED AT FACTORY OR WORKSITE:** Colorants added at the factory or at the worksite are not subject to the VOC limits in Section 307. In addition, containers of colorant sold at the point of sale for use in the field or on a job site are also not subject to the VOC limits in Section 307.

200 DEFINITIONS

- 201 **ADHESIVE:** Any chemical substance that is applied for the purpose of bonding two surfaces together other than by mechanical means.
- 202 **AEROSOL COATING PRODUCT:** A pressurized coating product containing pigments or resins that dispense product ingredients by means of a propellant, and is packaged in a disposable can for hand-held application, or for use in specialized equipment for ground traffic/marketing applications.
- 203 **ALUMINUM ROOF COATING:** A coating labeled and formulated exclusively for application to roofs and containing at least 84 grams of elemental aluminum pigment per liter of coating (at least 0.7 pounds per gallon). Pigment content ~~shall~~ must be determined in accordance with SCAQMD Method 318-95, incorporated by reference in Section 502.4.c.

- 204 **APPURTENANCE:** Any accessory to a stationary structure coated at the site of installation, whether installed or detached, including, but not limited to: bathroom and kitchen fixtures; cabinets; concrete forms; doors; elevators; fences; hand railings; heating equipment, air conditioning equipment, and other fixed mechanical equipment or stationary tools; lampposts; partitions; pipes and piping systems; rain-gutters and down-spouts; stairways, fixed ladders, catwalks, and fire escapes; and window screens.
- 205 **ARCHITECTURAL COATING:** A coating to be applied to stationary structures and their appurtenances at the site of installation, to portable buildings at the site of installation, to pavements, or to curbs. ~~Coatings applied in shop applications or to non-stationary structures such as airplanes, ships, boats, railcars, and automobiles, and adhesives are not considered architectural coatings for the purpose of this rule.~~
- 206 **BASEMENT SPECIALTY COATING:** ~~A clear or opaque coating that is labeled and formulated for application to concrete and masonry surfaces to provide a hydrostatic seal for basements and other below-grade surfaces. Basement Specialty Coatings must meet the following criteria:~~
- 206.1 ~~The coating must be capable of withstanding at least 10 psi of hydrostatic pressure, as determined in accordance with ASTM Standard D7088-0817, which is incorporated by reference in Section 502.4.k; and~~
- 206.2 ~~The coating must be resistant to mold and mildew growth and must achieve a microbial growth rating of 8 or more, as determined in accordance with ASTM D3273-1216 and ASTM D3274-09e1 (2017), incorporated by reference in Section 502.4.q.~~
- 207 **BITUMENS:** Black or brown materials including, but not limited to, asphalt, tar, pitch, and asphaltite that are soluble in carbon disulfide, consist mainly of hydrocarbons, and are obtained from natural deposits or as residues from the distillation of crude petroleum or coal.
- 208 **BITUMINOUS ROOF COATING:** A coating which incorporates bitumens that is labeled and formulated exclusively for roofing.
- 209 **BITUMINOUS ROOF PRIMER:** A primer which incorporates bitumens that is labeled and formulated exclusively for roofing and intended for the purpose of preparing a weathered or aged surface or improving the adhesion of subsequent surfacing components.
- 210 **BOND BREAKER:** A coating labeled and formulated for application between layers of concrete to prevent a freshly poured top layer of concrete from bonding to the layer over which it is poured.
- 211 **BUILDING ENVELOPE:** The ensemble of exterior and demising partitions of a building that enclose conditioned space.
- 212 **BUILDING ENVELOPE COATING:** The fluid applied coating applied to the building envelope to provide a continuous barrier to air or vapor leakage through the building envelope that separates conditioned from unconditioned spaces. Building Envelope Coatings are applied to diverse materials including, but not limited to, concrete masonry units (CMU), oriented strand board (OSB), gypsum board, and wood substrates and must meet the following performance criteria:
- 212.1 Air Barriers formulated to have an air permeance not exceeding 0.004 cubic feet per minute per square foot under a pressure differential of 1.57 pounds per square foot (0.004 cfm/ft² @ 1.57 psf), [0.02 liters per square meter per second under pressure differential of 75 Pa (0.02 L/(s·m²) @ 75 Pa)] when tested in accordance with ASTM E2178-13, incorporated by reference in Section 502.4.v; and/or
- 212.2 Water Resistive Barriers formulated to resist liquid water that has penetrated a cladding system from further intruding into the exterior wall assembly and is classified as follows:

- a. Passes water resistance testing accordance with ASTM E331-00 (2016), incorporated by reference in Section 502.4.w; and
 - b. Water vapor permeance is classified in accordance with ASTM E96/E96M-16, incorporated by reference in Section 502.4.x.
- 2143 COATING:** A material applied onto or impregnated into a substrate for protective, decorative, or functional purposes. ~~Such materials include, but are not limited to, paints, varnishes, sealers, and stains.~~
- 2124 COLORANT:** A concentrated pigment dispersion in water, solvent, and/or binder that is added to an architectural coating after packaging in sale units to produce the desired color.
- 243215 CONCRETE CURING COMPOUND:** A coating labeled and formulated for application to freshly poured concrete to perform one of more of the following functions:
 - 2135.1 Retard the evaporation of water; or
 - 2135.2 Harden or dustproof the surface of freshly poured concrete.
- 2146 CONCRETE/MASONRY SEALER:** A clear or opaque coating that is labeled and formulated primarily for application to concrete and masonry surfaces to perform one or more of the following functions:
 - 2146.1 Prevent penetration of water; or
 - 2146.2 Provide resistance against abrasion, alkalis, acids, mildew, staining, or ultraviolet light; or
 - 2146.3 Harden or dustproof the surface of aged or cured concrete.
- 217 CONTINGENCY MEASURE TRIGGER DATE:** The effective date of an EPA final rulemaking that conditions described in Clean Air Act Sections 172(c)(9) and 182(c)(9) have occurred in the District regarding the 2008 or 2015 8-hour Ozone National Ambient Air Quality Standard.
- 2158 DRIVEWAY SEALER:** A coating labeled and formulated for application to worn asphalt driveway surfaces to perform one or more of the following functions:
 - 2158.1 Fill cracks; or
 - 2158.2 Seal the surface to provide protection; or
 - 2158.3 Restore or preserve the appearance.
- 2169 DRY FOG COATING:** A coating labeled and formulated only for spray application such that overspray droplets dry before subsequent contact with incidental surfaces in the vicinity of the surface coating activity.
- 24720 EXEMPT COMPOUND:** For the purposes of this rule, “exempt compound” has the same meaning as in Rule 101—GENERAL PROVISIONS AND DEFINITIONS. ~~Exempt compounds content of a coating shall~~must be determined by South Coast Air Quality Management District Method 303-91 (Revised ~~1993~~1996), incorporated by reference in Section 502.4.g.
- 24821 FAUX FINISHING COATING:** A coating labeled and formulated to meet one or more of the following criteria:
 - 24821.1 A glaze or textured coating used to create artistic effects, including, but not limited to: dirt, suede, old age, smoke damage, and simulated marble and wood grain; or
 - 24821.2 A decorative coating used to create a metallic, iridescent, or pearlescent appearance that contains at least 48 grams of pearlescent mica pigment or other iridescent pigment per liter of coating as applied (at least 0.4 pounds per gallon); or
 - 24821.3 A decorative coating used to create a metallic appearance that contains less than 48 grams of elemental metallic pigment per liter of coating as applied

(less than 0.4 pounds per gallon), when tested in accordance with SCAQMD Method 318-95, incorporated by reference in Section 502.4.c; or

~~248~~21.4 A decorative coating used to create a metallic appearance that contains greater than 48 grams of elemental metallic pigment per liter of coating as applied (greater than 0.4 pounds per gallon) and which requires a clear topcoat to prevent the degradation of the finish under normal use conditions. The metallic pigment content ~~shall~~must be determined in accordance with SCAQMD Method 318-95, incorporated by reference in Section 502.4.c; or

~~248~~21.5 A clear topcoat to seal and protect a Faux Finishing coating that meets the requirements of Section ~~248~~221.1, ~~248~~221.2, ~~248~~221.3, or ~~248~~221.4. These clear topcoats must be sold and used solely as part of a Faux Finish coating system, and must be labeled in accordance with Section 401.7.

~~249~~22 **FIRE-RESISTIVE COATING:** A coating labeled and formulated to protect structural integrity by increasing the fire endurance of interior or exterior steel and other structural materials. -The Fire Resistive category includes sprayed fire resistive materials and intumescent fire resistive coatings that are used to bring structural materials into compliance with federal, state, and local building code requirements. -Fire Resistive coatings ~~shall~~must be tested in accordance with ASTM E119-~~18ce~~142a, incorporated by reference in Section 502.4.a. -Fire Resistive coatings and testing agencies must be approved by building code officials.

~~220~~3 **FLAT COATING:** A coating that is not defined under any other definition in this rule and that registers gloss less than 15 on an 85-degree meter or less than 5 on a 60-degree meter according to ASTM D523-~~08~~,14 (2018), incorporated by reference in Section 502.4.b.

~~224~~4 **FLOOR COATING:** An opaque coating that is labeled and formulated for application to flooring, including, but not limited to, decks, porches, steps, garage floors, and other horizontal surfaces which may be subject to foot traffic.

~~222~~5 **FORM-RELEASE COMPOUND:** A coating labeled and formulated for application to a concrete form to prevent the freshly poured concrete from bonding to the form. -The form may consist of wood, metal, or some material other than concrete.

~~223~~6 **GRAPHIC ARTS COATING OR SIGN PAINT:** A coating labeled and formulated for hand-application by artists using brush, airbrush, or roller techniques to indoor and outdoor signs (excluding structural components) and murals, including lettering enamels, poster colors, copy blockers, and bulletin enamels.

~~224~~7 **HIGH-TEMPERATURE COATING:** A high performance coating labeled and formulated for application to substrates exposed continuously or intermittently to temperatures above 204°C (400°F).

~~225~~8 **INDUSTRIAL MAINTENANCE COATING:** A high performance architectural coating, including primers, sealers, undercoaters, intermediate coats, and topcoats, formulated for application to substrates, including floors, exposed to one or more of the following extreme environmental conditions listed in Sections ~~225~~228.1 through ~~225~~228.5, and labeled as specified in Section 401.4:

~~225~~8.1 Immersion in water, wastewater, or chemical solutions (aqueous and non-aqueous solutions), or chronic exposure of interior surfaces to moisture condensation; or

~~225~~8.2 Acute or chronic exposure to corrosive, caustic, or acidic agents, or to chemicals, chemical fumes, or chemical mixtures or solutions; or

~~225~~8.3 Frequent exposure to temperatures above 121°C (250°F); or

~~225~~8.4 Frequent heavy abrasion, including mechanical wear and frequent scrubbing with industrial solvents, cleansers, or scouring agents; or

~~225~~8.5 Exterior exposure of metal structures and structural components.

- 229 **INTERIOR STAIN:** A stain labeled and formulated exclusively for use on interior surfaces.
- 230 **INTUMESCENT:** A material that swells as a result of heat exposure, thus increasing in volume and decreasing in density.
- 22631 **LOW-SOLIDS COATING:** A coating containing 0.12 kilogram or less of solids per liter (1 pound or less of solids per gallon) of coating material as recommended for application by the manufacturer. -The VOC content for Low Solids Coatings ~~shall~~must be calculated in accordance with Section 4023.2.
- 22732 **MAGNESITE CEMENT COATING:** A coating labeled and formulated for application to magnesite cement decking to protect the magnesite cement substrate from erosion by water.
- 22833 **MANUFACTURER'S MAXIMUM THINNING RECOMMENDATION:** The maximum recommendation for thinning that is indicated on the label or lid of the coating container.
- 234 **MARKET:** To facilitate sales through third party vendors including, but not limited to, catalog or ecommerce sales that bring together buyers and sellers. For the purposes of this rule, market does not mean to generally promote or advertise coatings.
- 22935 **MASTIC TEXTURE COATING:** A coating labeled and formulated to cover holes and minor cracks and to conceal surface irregularities, and is applied in a single coat of at least 10 mils (at least 0.010 inch) dry film thickness.
- 2306 **MEDIUM DENSITY FIBERBOARD (MDF):** A composite wood product, panel, molding, or other building material composed of cellulosic fibers (usually wood) made by dry forming and pressing of a resinated fiber mat.
- 2317 **METALLIC PIGMENTED COATING:** A coating that is labeled and formulated to provide a metallic appearance. -Metallic Pigmented coatings must contain at least 48 grams of elemental metallic pigment (excluding zinc) per liter of coating as applied (at least 0.4 pounds per gallon), when tested in accordance with South Coast Air Quality Management District Method 318-95, incorporated by reference in Section 502.4.c. -The Metallic Pigmented Coating category does not include coatings applied to roofs or Zinc-Rich Primers.
- 2328 **MULTI-COLOR COATING:** A coating that is packaged in a single container and that is labeled and formulated to exhibit more than one color when applied in a single coat.
- 2339 **NONFLAT COATING:** A coating that is not defined under any other definition in this rule and that registers a gloss of 15 or greater on an 85-degree meter and 5 or greater on a 60-degree meter according to ASTM D523-~~08~~14 (2018), incorporated by reference in Section 502.4.b.
- 23440 **NONFLAT – HIGH GLOSS COATING:** A nonflat coating that registers a gloss of 70 or greater on a 60 degree meter according to ASTM D523-~~08~~14 (2018), incorporated by reference in Section 502.4.b. Nonflat – High Gloss coatings must be labeled in accordance with Section 401.6. (This definition will sunset on the Contingency Measure Trigger Date.)
- 23541 **PARTICLEBOARD:** A composite wood product panel, molding, or other building material composed of cellulosic material (usually wood) in the form of discrete particles, as distinguished from fibers, flakes, or strands, which are pressed together with resin.
- 23642 **PEARLESCENT:** Exhibiting various colors depending on the angles of illumination and viewing, as observed in mother-of-pearl.

- 23743 PLYWOOD:** A panel product consisting of layers of wood veneers or composite core pressed together with resin. -Plywood includes panel products made by either hot or cold pressing (with resin) veneers to a platform.
- 23844 POST-CONSUMER COATING:** Finished coatings generated by a business or consumer that have served their intended end uses, and are recovered from or otherwise diverted from the waste stream for the purpose of recycling.
- 23945 PRE-TREATMENT WASH PRIMER:** A primer that contains a minimum of 0.5 percent acid, by weight, when tested in accordance with ASTM D1613-1706(2012), incorporated by reference in Section 502.4.d, that is labeled and formulated for application directly to bare metal surfaces to provide corrosion resistance and to promote adhesion of subsequent topcoats.
- 2406 PRIMER, SEALER, AND UNDERCOATER:** A coating labeled and formulated for one or more of the following purposes:
- 2406.1 To provide a firm bond between the substrate and the subsequent coatings; or
 - 2406.2 To prevent subsequent coatings from being absorbed by the substrate; or
 - 2406.3 To prevent harm to subsequent coatings by materials in the substrate; or
 - 2406.4 To provide a smooth surface for the subsequent application of coatings; or
 - 2406.5 To provide a clear finish coat to seal the substrate; or
 - 2406.6 To block materials from penetrating into or leaching out of a substrate.
- 2417 REACTIVE PENETRATING SEALER:** A clear or pigmented coating that is labeled and formulated for application to above-grade concrete and masonry substrates to provide protection from water and waterborne contaminants, including but not limited to, alkalis, acids, and salts. -Reactive Penetrating Sealers must penetrate into concrete and masonry substrates and chemically react to form covalent bonds with naturally occurring minerals in the substrate. -Reactive Penetrating Sealers line the pores of concrete and masonry substrates with a hydrophobic coating, but do not form a surface film. -Reactive Penetrating Sealers must meet all of the following criteria:
- 2417.1 The Reactive Penetrating Sealer must improve water repellency at least 80 percent after application on a concrete or masonry substrate. This performance must be verified on standardized test specimens, in accordance with one or more of the following standards, incorporated by reference in Section 502.4.r: ASTM C67-12/C67M-18, ASTM C97/C97M-0918, or ASTM C140/C140M-18a13; and
 - 2417.2 The Reactive Penetrating Sealer must provide a breathable waterproof barrier for concrete or masonry surfaces that does not ~~reduce the~~ prevent or substantially retard water vapor transmission ~~rate by more than 2 percent after application on a concrete or masonry substrate~~. This performance must be verified on standardized test specimens, in accordance with ASTM E96/E96M-1216 or ASTM D6490-99 (2014), incorporated by reference in Section 502.4.s; and
 - 2417.3 Products labeled and formulated for vehicular traffic surface chloride screening applications must meet the performance criteria listed in the National Cooperative Highway Research Report 244 (1981), incorporated by reference in Section 502.4.t.
- Reactive Penetrating Sealers must be labeled in accordance with Section 401.8.
- 2428 RECYCLED COATING:** An architectural coating formulated such that it contains a minimum of 50% by volume post-consumer coating, with a maximum of 50% by volume secondary industrial materials or virgin materials.
- 2439 RESIDENTIAL:** Areas where people reside or lodge, including, but not limited to, single and multiple family dwellings, condominiums, mobile homes, apartment complexes, motels, and hotels.

~~244~~50 **ROOF COATING:** A non-bituminous coating labeled and formulated for application to roofs for the primary purpose of preventing water penetration, reflecting ultraviolet light, or reflecting solar radiation.

~~245~~51 **RUST PREVENTATIVE COATING:** A coating formulated to prevent the corrosion of metal surfaces for one or more of the following applications:

~~245~~51.1 Direct-to-metal coating; or

~~245~~51.2 Coating intended for application over rusty, previously coated surfaces.

The Rust Preventative category does not include the following:

~~245~~51.3 Coatings that are required to be applied as a topcoat over a primer; or

~~245~~51.4 Coatings that are intended for use on wood or any other non-metallic surface.

Rust Preventative coatings are for metal substrates only and must be labeled as such, in accordance with the labeling requirements in Section 401.5.

~~246~~52 **SECONDARY INDUSTRIAL MATERIALS:** Products or by-products of the paint manufacturing process that are of known composition and have economic value but can no longer be used for their intended purpose.

~~247~~53 **SEMITRANSSPARENT COATING:** A coating that contains binders and colored pigments and is formulated to change the color of the surface, but not conceal the grain pattern or texture.

~~248~~54 **SHELLAC:** A clear or opaque coating formulated solely with the resinous secretions of the lac beetle (*Lacifer lacca*), and formulated to dry by evaporation without a chemical reaction.

~~249~~55 **SHOP APPLICATION:** Application of a coating to a product or a component of a product in or on the premises of a factory or a shop as part of a manufacturing, production, or repairing process (e.g., original equipment manufacturing coatings).

~~250~~6 **SOLICIT:** To require for use or to specify, by written or oral contract.

~~251~~7 **SPECIALTY PRIMER, SEALER AND UNDERCOATER:**

~~251~~2 A coating that is formulated for application to a substrate to block water-soluble stains resulting from: fire damage; smoke damage; or water damage. [Effective on and after the Contingency Measure Trigger Date, Specialty Primers, Sealers, and Undercoaters must be labeled in accordance with Section 401.9.](#)

~~252~~8 **STAIN:** A semitransparent or opaque coating labeled and formulated to change the color of a surface but not conceal the grain pattern or texture.

~~253~~9 **STONE CONSOLIDANT:** A coating that is labeled and formulated for application to stone substrates to repair historical structures that have been damaged by weathering or other decay mechanisms. -Stone Consolidants must penetrate into stone substrates to create bonds between particles and consolidate deteriorated material. -Stone Consolidants must be specified and used in accordance with ASTM E2167-01 (2008), incorporated by reference in Section 502.4.u.

Stone Consolidants are for professional use only and must be labeled as such, in accordance with the labeling requirements in Section 401.~~9~~10.

~~254~~60 **SWIMMING POOL COATING:** A coating labeled and formulated to coat the interior of swimming pools and to resist swimming pool chemicals. -Swimming pool coatings include coatings used for swimming pool repair and maintenance.

261 **TILE AND STONE SEALERS:** A clear or pigmented sealer that is used for sealing tile, stone or grout to provide resistance against water, alkalis, acids, ultraviolet light or straining and which meet one of the following subcategories:

261.1 Penetrating sealers are polymer solutions that cross-link in the substrate and must meet the following criteria:

- a. A fine particle structure to penetrate dense tile such as porcelain with absorption as low as 0.10 percent per ASTM C373-18, ASTM C97/C97M-18, or ASTM C642-13, incorporated by reference in Section 502.4.y;
- b. Retain or increase static coefficient of friction per ANSI A137.1 (2012), incorporated by reference in Section 502.4.z;
- c. Not create a topical surface film on the tile or stone; and
- d. Allow vapor transmission per ASTM E96/E96M-16, incorporated by reference in Section 502.4.aa.

261.2 Film forming sealers which leave a protective film of the surface.

~~255~~62 **TINT BASE:** An architectural coating to which colorant is added after packaging in sale units to produce a desired color.

~~256~~63 **TRAFFIC MARKING COATING:** A coating labeled and formulated for marking and striping streets, highways, or other traffic surfaces, including, but not limited to, curbs, berms, driveways, parking lots, sidewalks, and airport runways. Effective on and after the Contingency Measure Trigger Date, this coating category also includes Methacrylate Multicomponent Coatings used as traffic marking coatings. The VOC content of Methacrylate Multicomponent Coatings used as traffic marking coatings must be analyzed by the procedures in 40 CFR Part 59, Subpart D, Appendix A, incorporated by reference in Section 502.4.j.

~~257~~64 **TUB AND TILE REFINISH COATING:** A clear or opaque coating that is labeled and formulated exclusively for refinishing the surface of a bathtub, shower, sink, or countertop. Tub and Tile Refinish coatings must meet all of the following criteria:

~~257~~64.1 The coating must have a scratch hardness of 3H or harder and a gouge harness of 4H or harder. This must be determined on bonderite 1000, in accordance with ASTM D3363-05_(2011)e2, incorporated by reference in Section 502.4.m; and

~~257~~64.2 The coating must have a weight loss of 20 milligrams or less after 1000 cycles. This must be determined with CS-17 wheels on bonderite 1000, in accordance with ASTM D4060-~~40~~14, incorporated by reference in Section 502.4.n; and

~~257~~64.3 The coating must withstand 1000 hours or more of exposure with few or no #8 blisters. This must be determined on unscribed bonderite, in accordance with ASTM D4585/D4585M-1807, and ASTM D714-~~02~~_(~~2009~~2017), incorporated by reference in Section 502.4.o; and

~~257~~64.4 The coating must have an adhesion rating of 4B or better after 24 hours of recovery. This must be determined on unscribed bonderite, in accordance with ASTM D4585/D4585M-1807 and ASTM D3359-~~17~~09e2, incorporated by reference in Section 502.4.l.

~~258~~65 **VENEER:** Thin sheets of wood peeled or sliced from logs for use in the manufacture of wood products such as plywood, laminated veneer lumber, or other products.

~~259~~66 **VIRGIN MATERIALS:** Materials that contain no post-consumer coatings or secondary industrial materials.

~~260~~7 **VOLATILE ORGANIC COMPOUND (VOC):** For the purposes of this rule, "volatile organic compound" has the same meaning as in Rule 101—GENERAL PROVISIONS AND DEFINITIONS.

2648 VOC ACTUAL: The weight of VOC per volume of coating or colorant, as calculated by the procedure specified in Section 4023.2.

2629 VOC CONTENT: The weight of VOC per volume of coating or colorant. VOC Content is VOC Regulatory, as defined in Section 26370, for all coatings or colorants except those in the Low Solids category. -For coatings in the Low Solids category, the VOC Content is VOC Actual, as defined in Section 2648. If the coating is a multi-component product, the VOC Content is VOC Regulatory as mixed or catalyzed. If the coating contains silanes, siloxanes, or other ingredients that generate ethanol or other VOCs during the curing process, the VOC content must include the VOCs emitted during curing.

26370 VOC REGULATORY: VOC Regulatory is the weight of VOC per volume of coating or colorant, less the volume of water and exempt compounds, as calculated by the procedure specified in Section 4023.1.

26471 WATERPROOFING MEMBRANE: A clear or opaque coating that is labeled and formulated for application to concrete and masonry surfaces to provide a seamless waterproofing membrane that prevents any penetration of liquid water into the substrate. Waterproofing Membranes are intended for the following waterproofing applications: below-grade surfaces, between concrete slabs, inside tunnels, inside concrete planters, and under flooring materials. -Waterproofing Membranes must meet the following criteria:

26471.1 The coating must be applied in a single coat of at least 25 mils (at least 0.025 inch) dry film thickness; and

26471.2 The coating must meet or exceed the requirements contained in ASTM C836/C836M-1842, incorporated by reference in Section 502.4.p.

The Waterproofing Membrane category does not include topcoats that are included in the Concrete/Masonry Sealer category (e.g., parking deck topcoats, pedestrian deck topcoats, etc.).

26572 WOOD COATINGS: Coatings labeled and formulated for application to wood substrates only. The Wood Coatings category includes the following clear and semitransparent coatings: lacquers; varnishes; sanding sealers; penetrating oils; clear stains; wood conditioners used as undercoats; and wood sealers used as topcoats. -The Wood Coatings category also includes the following opaque wood coatings: opaque lacquers; opaque sanding sealers; and opaque lacquer undercoats. -The Wood Coatings category does not include the following: clear sealers that are labeled and formulated for use on concrete/masonry surfaces; or coatings intended for substrates other than wood.

Wood Coatings must be labeled "For Wood Substrates Only", in accordance with Section 401.191.

26673 WOOD PRESERVATIVE: A coating labeled and formulated to protect exposed wood from decay or insect attack, that is registered with both the U.S. Environmental Protection Agency under the Federal Insecticide, Fungicide, and Rodenticide Act (7 United States Code (U.S.C.) Section 136, *et seq.*) and with the California Department of Pesticide Regulation.

26774 WOOD SUBSTRATE: A substrate made of wood, particleboard, plywood, medium density fiberboard, rattan, wicker, bamboo, or composite products with exposed wood grain. Wood Products do not include items comprised of simulated wood.

26875 ZINC-RICH PRIMER: A coating that meets all of the following specifications:

26875.1 The coating contains at least 65 percent metallic zinc powder or zinc dust by weight of total solids; and

26875.2 The coating is formulated for application to metal substrates to provide a firm bond between the substrate and subsequent applications of coatings; and

26875.3 The coating is intended for professional use only and is labeled as such,

in accordance with the labeling requirements in Section 401.1~~4~~².

300 STANDARDS

301 **VOC CONTENT LIMITS FOR COATINGS**: Except as provided in Sections 302 and 303, no person ~~shall~~ may:

301.1 Manufacture, blend, or repackage for sale within the District; or

301.2 Supply, sell, market or offer for sale within the District; or

301.3 Solicit for application or apply within the District, any architectural coating with a VOC content in excess of the corresponding limit specified in Table 1. ~~Limits are expressed as VOC Regulatory~~, thinned to the manufacturer's maximum recommendation, excluding any colorant added to tint bases.

Table 1

Coating Category ²	VOC Content Limit ¹ , g/L	
	<u>Current</u>	<u>Effective on and after Contingency Measure Trigger Date</u>
Flat Coatings	50	
Nonflat Coatings	100	<u>50</u>
Nonflat – High Gloss Coatings	150	<u>(Eliminated)³</u>
Specialty Coatings:		
Aluminum Roof Coatings	400	<u>100</u>
Basement Specialty Coatings	400	
Bituminous Roof Coatings	50	
Bituminous Roof Primers	350	
Bond Breakers	350	
<u>Building Envelope Coatings⁴</u>		<u>50</u>
Concrete Curing Compounds	350	
Concrete/Masonry Sealers	100	
Driveway Sealers	50	
Dry Fog Coatings	150	<u>50</u>
Faux Finishing Coatings	350	
Fire Resistive Coatings	350	<u>150</u>
Floor Coatings	100	<u>50</u>
Form-Release Compounds	250	<u>100</u>
Graphic Arts Coatings (Sign Paints)	500	
High Temperature Coatings	420	
Industrial Maintenance Coatings	250	
Low Solids Coatings ¹	120	
Magnesite Cement Coatings	450	
Mastic Texture Coatings	100	
Metallic Pigmented Coatings	500	
Multi-Color Coatings	250	
Pre-Treatment Wash Primers	420	
Primers, Sealers, and Undercoaters	100	
Reactive Penetrating Sealers	350	
Recycled Coatings	250	
Roof Coatings	50	
Rust Preventative Coatings	250	
Shellacs:		
Clear	730	
Opaque	550	

Coating Category ²	VOC Content Limit ¹ , g/L	
	<u>Current</u>	<u>Effective on and after Contingency Measure Trigger Date</u>
Specialty Primers, Sealers and Undercoaters	100	
Stains		
<u>Exterior/Dual</u>	<u>Stains (250)</u>	<u>100</u>
<u>Interior Only</u>	<u>Stains (250)</u>	<u>250</u>
Stone Consolidants	450	
Swimming Pool Coatings	340	
<u>Tile and Stone Sealers⁴</u>		<u>100</u>
Traffic Marking Coatings	100	
Tub and Tile Refinish Coatings	420	
Waterproofing Membranes	250	<u>100</u>
Wood Coatings	275	
Wood Preservatives	350	
Zinc-Rich Primers	340	
¹ Limits are expressed as VOC Regulatory, except for Low Solids Coatings. Limits for Low Solids Coatings are expressed as VOC Actual. ² <u>If the coating does not meet any of the definitions for the specialty coating categories listed in Table 1, that coating will be classified as Flat, Nonflat or Nonflat - High Gloss based on its gloss level, and the corresponding VOC content limit will apply.</u> ³ <u>This definition will sunset on the Contingency Measure Trigger Date, and Nonflat – High Gloss Coatings will coating meet the definition of Nonflat Coatings.</u> ⁴ <u>Prior to the Contingency Measure Trigger Date, a specific Building Envelope Coating or Tile and Stone Sealer will be classified based on the current specialty coating definition it meets, or, if it doesn't meet any current specialty coating definition, it will be classified as Flat, Nonflat or Nonflat - High Gloss, based on its gloss level, and the corresponding VOC content limit will apply.</u>		

- 302 **MOST RESTRICTIVE VOC LIMITS:** If a coating meets the definition in Section 200 for one or more specialty coating categories that are listed in Table 1, then that coating is not required to meet the VOC limits for Flat, Nonflat, or Nonflat-High Gloss coatings, but is required to meet the VOC limit for the applicable specialty coating listed in Table 1.

With the exception of the specialty coating categories specified in Sections 302.1 through 302.12, if a coating is recommended for use in more than one of the specialty coating categories listed in Table 1, the most restrictive (or lowest) VOC content limit ~~shall apply~~^y. This requirement applies to: usage recommendations that appear anywhere on the coating container, anywhere on any label or sticker affixed to the container, or in any sales, advertising, or technical literature supplied by a manufacturer or anyone acting on their behalf.

- 302.1 Metallic pigmented coatings.
- 302.2 Shellacs.
- 302.3 Pretreatment wash primers.
- 302.4 Industrial maintenance coatings.
- 302.5 Low-solids coatings.
- 302.6 Wood preservatives.
- 302.7 High temperature coatings.
- 302.8 Bituminous roof primers.
- 302.9 Specialty primers, sealers, and undercoaters.
- 302.10 Aluminum roof coatings.
- 302.11 Zinc-rich Primers.
- 302.12 Wood coatings.

- 303 **SELL-THROUGH ~~PROVISIONS OF COATINGS:~~**
303.1 A coating manufactured prior to ~~March 24, 2016~~the Contingency Measure Trigger Date may be sold, supplied, or offered for sale until ~~March 24, 2019~~one year after the Contingency Measure Trigger Date, provided the coating complies with the version of RULE 442 – ARCHITECTURAL COATINGS, effective ~~January 1, 2004~~September 24, 2015 (incorporated by reference). This version of the rule is posted on the District's web site, www.airquality.org. In addition, such a coating may be applied at any time, both before and after ~~March 24, 2016~~the Contingency Measure Trigger Date. This ~~Sub~~Section 303.1 does not apply to any coating supplied in a container that does not display the date or date-code required by Section 401.1.
- 303.2 A colorant manufactured prior to the Contingency Measure Trigger Date may be sold, supplied, or offered for sale until one year after the Contingency Measure Trigger Date. In addition, such a colorant may be applied at any time, both before and after the Contingency Measure Trigger Date. This Subsection 303.2 does not apply to any colorant supplied in a container that does not display the date or date-code required by Section 402.1.
- 304 **PAINTING PRACTICES:** All architectural coating containers used to apply the contents therein to a surface directly from the container by pouring, siphoning, brushing, rolling, padding, ragging or other means, ~~shall~~must be closed when not in use. ~~These architectural coating containers include, but are not limited to, drums, buckets, cans, pails, trays or other application containers. Containers of any VOC-containing materials used for thinning and cleanup shall~~must also be closed when not in use.
- 305 **THINNING:** No person who applies or solicits the application of any architectural coating ~~shall~~may apply a coating that is thinned to exceed the applicable VOC limit specified in Table 1 in Section 301.
- 306 **COATINGS NOT LISTED IN SECTION 301:** For any coating that does not meet any of the definitions for the specialty coatings categories listed in Table 1 in Section 301, the VOC content limit ~~shall~~must be determined by classifying the coating as a Flat, Nonflat, or Nonflat - High Gloss coating, based on its gloss, as defined in Sections 22~~53~~, 24~~039~~39 and 24~~10~~10 and the corresponding Flat, Nonflat, or Nonflat – High Gloss Coating VOC limit in Table 1 ~~shall~~applies.
- 307 **VOC CONTENT LIMITS FOR COLORANTS:**
307.1 Effective on and after the Contingency Measure Trigger Date, no person within the District may, at the point of sale of any architectural coating subject to Section 301, add to such coating any colorant that contains VOC, expressed as VOC Regulatory, in excess of the corresponding applicable VOC limit specified in Table 2. The point of sale includes retail outlets that add colorant to a coating container to obtain a specific color.
- 307.2 Colorants added at the factory or at the job site are not subject to the VOC limits in Table 2. In addition, containers of colorant sold at the point of sale for use in the field or on a job site are also not subject to the VOC limits in Table 2.

Table 2

<u>Colorant Added To:</u>	<u>VOC Content Limit¹, g/L, Effective on and after Contingency Measure Trigger Date</u>
<u>Architectural Coatings, excluding Industrial Maintenance Coatings</u>	<u>50</u>
<u>Solvent-Based Industrial Maintenance Coatings</u>	<u>600</u>
<u>Waterborne Industrial Maintenance Coatings</u>	<u>50</u>
<u>Wood Coatings</u>	<u>600</u>
¹ Limits are expressed as VOC Regulatory.	

308 **EARLY COMPLIANCE OPTION:** Prior to the Contingency Measure Trigger Date, any coating that meets all the requirements of the rule that will be in effect on and after the Contingency Measure Trigger Date is considered to be in compliance with this rule.

400 ADMINISTRATIVE REQUIREMENTS

401 **CONTAINER LABELING REQUIREMENTS FOR COATINGS:** Each manufacturer of any architectural coating subject to this rule ~~shall~~must display the information listed in Sections 401.1 through 401.1~~42~~ on the coating container (or label) in which the coating is sold or distributed.

401.1 **DATE CODE:** The date the coating was manufactured, or a date code representing the date, ~~shall~~must be indicated on the label, lid, or bottom of the container. -If the manufacturer uses a date code for any coating, the manufacturer ~~shall~~must file an explanation of each code with the Executive Officer of the California Air Resources Board, and such explanation ~~shall~~must be made available to the Air Pollution Control Officer immediately upon request.

401.2 **THINNING RECOMMENDATIONS:** A statement of the manufacturer's recommendation regarding thinning of the coating ~~shall~~must be indicated on the label or lid of the container. -This requirement does not apply to the thinning of architectural coatings with water.- If thinning of the coating prior to use is not necessary, the recommendation must specify that the coating is to be applied without thinning.

401.3 **VOC CONTENT:**— Each container of any coating subject to this rule ~~shall~~must display one of the following values in grams of VOC per liter of coating:

- Maximum VOC Content as determined from all potential product formulations; or
- VOC Content as determined from actual formulation data; or
- VOC Content as determined using the test methods in Section 502.1. VOC Content, as defined in Section 26~~29~~, ~~shall~~must be determined as specified in Section 40~~23~~.

If the manufacturer does not recommend thinning, the container must display the VOC Content, as supplied. If the manufacturer recommends thinning, the container must display the VOC Content, including the maximum amount of thinning solvent recommended by the manufacturer.

If the coating is a multi-component product, the container must display the VOC Content as mixed or catalyzed. If the coating contains silanes, siloxanes, or other

ingredients that generate ethanol or other VOCs during the curing process, the VOC Content must include the VOCs emitted during curing.

- 401.4 **INDUSTRIAL MAINTENANCE COATINGS:** In addition to the information specified in Sections 401.1, 401.2 and 401.3, each manufacturer of any industrial maintenance coating subject to this rule ~~shall~~must display on the label or lid of the container in which the coating is sold or distributed one or more of the descriptions listed in Sections 401.4.a through 401.4.c.
- "For industrial use only."
 - "For professional use only."
 - "Not for residential use" or "Not intended for residential use." Section 401.4.c. will sunset on the Contingency Measure Trigger Date.
- 401.5 **RUST PREVENTATIVE COATINGS:** The labels of all rust preventative coatings ~~shall~~must prominently display the statement "For Metal Substrates Only."
- 401.6 **NON-FLAT – HIGH GLOSS COATINGS:** The labels of all non-flat – high gloss coatings ~~shall~~must prominently display the words "High Gloss." This section will sunset on the Contingency Measure Trigger Date.
- 401.7 **FAUX FINISHING COATINGS:** The labels of all clear topcoat Faux Finishing coatings ~~shall~~must prominently display the statement "This product can only be sold and used as part of a Faux Finishing coating system."
- 401.8 **REACTIVE PENETRATING SEALERS:** The labels of all Reactive Penetrating Sealers ~~shall~~must prominently display the statement "Reactive Penetrating Sealer."
- 401.9 **SPECIALTY PRIMERS, SEALERS, AND UNDERCOATERS:** Effective on and after the Contingency Measure Trigger Date, the labels of all specialty primers, sealers, and undercoaters must prominently display the statement "Specialty Primer, Sealer, Undercoater."
- 401.~~9~~10 **STONE CONSOLIDANTS:** The labels of all Stone Consolidants ~~shall~~must prominently display the statement "Stone Consolidant – For Professional Use Only."
- 401.~~10~~11 **WOOD COATINGS:** The labels of all Wood Coatings ~~shall~~must prominently display the statement "For Wood Substrates Only."
- 401.~~11~~12 **ZINC RICH PRIMERS:** The labels of all Zinc Rich Primers ~~shall~~must prominently display one or more of the descriptions listed in Sections 401.~~11~~12.a through 401.~~11~~12.c.
- "For industrial use only." This section will sunset on the Contingency Measure Trigger Date.
 - "For ~~p~~Professional ~~u~~Use ~~e~~Only."
 - "Not for residential use" or "Not intended for residential use." This section will sunset on the Contingency Measure Trigger Date.

402 CONTAINER LABELING REQUIREMENTS FOR COLORANTS: Effective on and after the Contingency Measure Trigger Date, each manufacturer of any colorant subject to this rule must display the information listed in Sections 402.1 and 402.2 on the container (or label) in which the colorant is sold or distributed.

- 402.1 **DATE CODE:** The date the colorant was manufactured, or a date code representing the date, must be indicated on the label, lid, or bottom of the container. If the manufacturer uses a date code for any colorant, the manufacturer must file an explanation of each code with the Executive Officer of the California Air Resources Board, and such explanation must be made available to the Air Pollution Control Officer immediately upon request.
- 402.2 **VOC CONTENT:** Each container of any colorant subject to this rule must display one of the following values in grams of VOC per liter of colorant:
- Maximum VOC Content as determined from all potential product formulations; or
 - VOC Content as determined from actual formulation data; or

c. VOC Content as determined using the test methods in Section 502.1. VOC Content, as defined in Section 269, must be determined as specified in Section 403.

If the colorant contains silanes, siloxanes, or other ingredients that generate ethanol or other VOCs during the curing process, the VOC content must include the VOCs emitted during curing.

4023 CALCULATION OF VOC CONTENT: For the purpose of determining compliance with the VOC content limits in Table 1 in Section 301 or Table 2 in Section 307, the VOC content of a coating or colorant shall be determined by using the procedures described in Sections 4023.1 or 40213.2, as appropriate. - The VOC content of a tint base shall be determined without colorant that is added after the tint base is manufactured. If the manufacturer does not recommend thinning, the VOC Content must be calculated for the product as supplied. -If the manufacturer recommends thinning, the VOC Content must be calculated including the maximum amount of thinning solvent recommended by the manufacturer. If the coating is a multi-component product, the VOC Content must be calculated as mixed or catalyzed. -If the coating contains silanes, siloxanes, or other ingredients that generate ethanol or other VOCs during the curing process, the VOC Content must include the VOCs emitted during curing.

402403.1 VOC Regulatory: VOC Regulatory, as defined in Section 26370, shall be determined using the following equation:

$$\text{VOC Regulatory} = (W_s - W_w - W_{ec}) / (V_m - V_w - V_{ec})$$

Where:

VOC Regulatory = grams of VOC per liter of coating or colorant, excluding water and exempt compounds, (also known as "Coating VOC")

W_s = weight of all volatiles, in grams

W_w = weight of water, in grams

W_{ec} = weight of exempt compounds, in grams

V_m = volume of coating or colorant, in liters

V_w = volume of water, in liters

V_{ec} = volume of exempt compounds, in liters

402403.2 VOC Actual: VOC Actual, as defined in Section 2648, shall be determined using the following equation:

$$\text{VOC Actual} = (W_s - W_w - W_{ec}) / (V_m)$$

Where:

VOC Actual = grams of VOC per liter of coating or colorant, (also known as "Material VOC")

W_s = weight of all volatiles, in grams

W_w = weight of water, in grams

W_{ec} = weight of exempt compounds, in grams

V_m = volume of coating or colorant, in liters

500 MONITORING AND RECORDS

501 REPORTING REQUIREMENTS:

501.1 ARB REQUEST OF SALES DATA: A responsible official from each manufacturer shall upon request of the Executive Officer of the ARB, or his or her delegate, provide data concerning the distribution and sales of architectural coatings. The responsible official shall within 180 days provide information including, but not limited to:

- the name and mailing address of the manufacturer;
- the name, address and telephone number of a contact person;

- c. the name of the coating product as it appears on the label and the applicable coating category;
- d. whether the product is marketed for interior or exterior use or both;
- e. the number of gallons sold in California in containers greater than one liter (1.057 quart) and equal to or less than one liter (1.057 quart);
- f. the VOC Actual content and VOC Regulatory content in grams per liter. If thinning is recommended, list the VOC Actual content and VOC Regulatory content after maximum recommended thinning. If containers less than one liter have a different VOC content than containers greater than one liter, list separately. If the coating is a multi-component product, provide the VOC content as mixed or catalyzed;
- g. the names and CAS numbers of the VOC constituents in the product;
- h. the names and CAS numbers of any compound in the product specifically exempted from the VOC definition, as referenced in Section 24720;
- i. whether the product is marketed as solvent-borne, waterborne, or 100% solids;
- j. description of resin or binder in the product;
- k. whether the coating is single-component or multi-component product;
- l. the density of the product in pounds per gallon;
- m. the percent by weight of: solids, all volatile materials, water, and any compounds in the product specifically exempted from the VOC definition, as referenced in Section 24720;
- n. the percent by volume of: solids, water, and any compounds in the product specifically exempted from the VOC definition, as referenced in Section 24720.

501.2 All sales data listed under Section 501.1 ~~shall~~must be maintained by the responsible official for a minimum of three years. Sales data submitted by the responsible official to the Executive Officer of the ARB may be claimed as confidential, and such information ~~shall~~will be handled in accordance with the procedures specified in Title 17, California Code of Regulations Sections 91000-91022.

501.3 **DISTRICT INFORMATION REQUEST:** Section 501.1 does not limit the Air Pollution Control Officer's authority to request any manufacturer, supplier, wholesaler, or distributor to provide information pursuant to California Health and Safety Code Sections 40701(g) and 42303.2.

502 TESTING PROCEDURES:

502.1 **VOC CONTENT:** The VOC content of coatings or colorants must be determined by the following:

- a. To determine the physical properties of a coating or colorant in order to perform the calculation in Section 402, the reference method for VOC content is U.S. Environmental Protection Agency Method 24, incorporated by reference in Section 502.4.h, except as provided in Sections 502.2 and 502.3.
- b. An alternative method to determine the VOC content of coatings is South Coast Air Quality Management District Method 304-91 (Revised 1996), incorporated by reference in Section 502.4.i.
- c. The exempt compounds content ~~shall~~must be determined by South Coast Air Quality Management District Method 303-91 (Revised ~~1993~~1996), BAAQMD Method 43 (Revised ~~1996~~2005), or BAAQMD Method 41 (Revised ~~1995~~2005), as applicable, incorporated by reference in Sections 502.4.g, 502.4.e, and 502.4.f, respectively.
- d. To determine the VOC content of a coating or colorant, the manufacturer may use U.S. Environmental Protection Agency Method 24, or an alternative method as provided in Section 502.2, formulation data, or any other reasonable means for predicting that the coating or colorant has been formulated as intended (e.g. quality assurance checks, recordkeeping).- However, if there are any inconsistencies between the

results of a Method 24 test and any other means for determining VOC content, the Method 24 test results will govern, except when an alternative method is approved as specified in Section 502.2.

e. To determine the VOC content of a coating or colorant with a VOC content of 150 g/l or less, the manufacturer may use SCAQMD Method 313-91, incorporated by reference in Section 502.4.ab, ASTM D6886-18, incorporated by reference in Section 502.4.ac, or any other reasonable means for predicting that the coating or colorant has been formulated as intended (e.g., quality assurance checks, record keeping).

f. The District Air Pollution Control Officer may require the manufacturer to conduct a Method 24 analysis.

502.2 **ALTERNATIVE TEST METHODS:** Other test methods demonstrated to provide results that are acceptable for purposes of determining compliance with Section 502.1, after review and approved in writing by the staffs of the District, the California Air Resources Board, and the U.S. Environmental Protection Agency, may also be used.

502.3 **METHACRYLATE TRAFFIC MARKING COATINGS:** Analysis of methacrylate multicomponent coatings used as traffic marking coatings ~~shall~~must be conducted according to a modification of U.S. Environmental Protection Agency Method 24 (40 CFR 59, ~~s~~Subpart D, Appendix A), incorporated by reference in Section 502.4.mj. -This method has not been approved for methacrylate multicomponent coatings used for purposes other than as traffic marking coatings or for other classes of multicomponent coatings.

502.4 **TEST METHODS:** The following test methods are incorporated by reference herein, and ~~shall~~must be used to test coatings subject to provisions of this rule:

a. **Fire Resistance Rating:** The fire resistance rating of a fire-resistive coating ~~shall~~must be determined by ASTM E119-~~12a~~18ce1, "Standard Test Methods for Fire Tests of Building Construction and Materials" ~~(July 2012)~~, (see Section ~~219~~22, Fire-Resistive Coating).

b. **Gloss Determination:** The gloss of a coating ~~shall~~must be determined by ASTM D 523-~~14~~ (2018)08, "Standard Test Method for Specular Gloss" ~~(June 2008)~~, (see Sections ~~220~~3, ~~233~~9, and ~~234~~40, Flat Coating, Nonflat Coating, and Nonflat-High Gloss Coating).

c. **Metal Content of Coatings:** The metallic content of a coating ~~shall~~must be determined by South Coast Air Quality Management District Method 318-95, "Determination of Weight Percent Elemental Metal in Coatings by X-Ray Diffraction," South Coast Air Quality Management District "Laboratory Methods of Analysis for Enforcement Samples," (see Sections ~~203~~, ~~218~~21, and ~~234~~7, Aluminum Roof, Faux Finishing, and Metallic Pigmented Coatings).

d. **Acid Content of Coatings:** The acid content of a coating ~~shall~~must be determined by ASTM D1613-~~06~~(2012), 17, "Standard Test Method for Acidity in Volatile Solvents and Chemical Intermediates Used in Paint, Varnish, Lacquer, and Related Products" ~~(June 2012)~~, (see Section ~~239~~45, Pre-Treatment Wash Primer).

e. **Exempt Compounds – Siloxanes:** Exempt compounds that are cyclic, branched, or linear completely methylated siloxanes, ~~shall~~must be analyzed as exempt compounds for compliance with Section 502 by Bay Area Air Quality Management District Method 43, "Determination of Volatile Methylsiloxanes in Solvent-Based Coatings, Inks, and Related Materials," Bay Area Air Quality Management District Manual of Procedures, Volume III, adopted 11/6/96, (see Section ~~260~~7, Volatile Organic Compounds ~~s~~ and Section 502.1.c).

f. **Exempt Compounds – Parachlorobenzotrifluoride (PCBTF):** The exempt compound parachlorobenzotrifluoride, ~~shall~~must be analyzed as an exempt compound for compliance with Section 502 by Bay Area Air Quality Management District Method 41, "Determination of Volatile Organic Compounds in Solvent-Based Coatings and Related Materials

- Containing Parachlorobenzotrifluoride, Bay Area Air Quality Management District Manual of Procedures, Volume III, adopted 12/20/95, (see Section 2607, Volatile Organic Compound and Section 502.1.c).
- g. **Exempt Compounds:** The content of compounds exempt under U.S. Environmental Protection Agency Method 24 ~~shall~~must be analyzed by South Coast Air Quality Management District Method 303-91 (Revised ~~1993~~1996), "Determination of Exempt Compounds," South Coast Air Quality Management District "Laboratory Methods of Analysis for Enforcement Samples, (see Section 2607, Volatile Organic Compound and Section 502.1.c.)
 - h. **VOC Content of Coatings:** The VOC content of a coating ~~shall~~must be determined by U.S. Environmental Protection Agency Method 24 as it exists in ~~a~~Appendix A of 40 ~~Code of Federal Regulations (CFR)~~ pPart 60, "Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coatings," (see Section 502.1.a)
 - i. **Alternative VOC Content of Coatings:** The VOC content of coatings may be analyzed either by U.S. Environmental Protection Agency Method 24 or South Coast Air Quality Management District Method 304-91 (Revised 1996), "Determination of Volatile Organic Compounds (VOC) in Various Materials," South Coast Air Quality Management District "Laboratory Methods of Analysis for Enforcement Samples," (see Section 502.1.b)
 - j. **Methacrylate Traffic Marking Coatings:** The VOC content of methacrylate multicomponent coatings used as traffic marking coatings ~~shall~~must be analyzed by the procedures in 40 CFR ~~p~~pPart 59, ~~s~~Subpart D, ~~a~~Appendix A, "Determination of Volatile Matter Content of Methacrylate Multicomponent Coatings Used as Traffic Marking Coatings," (see Section 502.3).
 - k. **Hydrostatic Pressure for Basement Specialty Coatings:** ASTM D7088-~~08~~17, "Standard Practice for Resistance to Hydrostatic Pressure for Coatings Used in Below Grade Applications Applied to Masonry" ~~(June 2008)~~, (see Section 206.1, Basement Specialty Coating).
 - l. **Tub and Tile Refinish Coating Adhesion:** ASTM D4585-~~07~~D4585-18, "Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation" and ASTM D3359-~~09~~e217, "Standard Test Methods for Measuring Adhesion by Tape Test" ~~(June 2009)~~, (see Section ~~257~~64.4, Tub and Tile Refinish Coating).
 - m. **Tub and Tile Refinish Coating Hardness:** ASTM D3363-05 (2011)e2, "Standard Test Method for Film Hardness by Pencil Test" ~~(June 2011)~~, (see Section ~~257~~64.1, Tub and Tile Refinish Coating).
 - n. **Tub and Tile Refinish Coating Abrasion Resistance:** ASTM D4060-~~10~~14, "Standard Test Methods for Abrasion Resistance of Organic Coatings by the Taber Abraser" ~~(February 2010)~~, (see Section ~~257~~64.2, Tub and Tile Refinish Coating).
 - o. **Tub and Tile Refinish Coating Water Resistance:** ASTM D4585/~~D4585M-18-07~~, "Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation" ~~(June 2007)~~, and ASTM D714-02 (20092017), "Standard Test Method for Evaluating Degree of Blistering of Paints" ~~(July 2009)~~, (see Section ~~257~~264.3, Tub and Tile Refinish Coating).
 - p. **Waterproofing Membrane:** ASTM C836/C836M-~~18~~12, "Standard Specification for High Solids Content, Cold Liquid-Applied Elastomeric Waterproofing Membrane for Use with Separate Wearing Course" ~~(May 2012)~~, (see Section ~~264~~72, Waterproofing Membrane).
 - q. **Mold and Mildew Growth for Basement Specialty Coatings:** ASTM D3273-~~12~~16, "Standard Test Method for Resistance to Growth of Mold on the Surface of Interior Coatings in an Environmental Chamber" ~~(February 2012)~~ and ASTM D3274-09 e4 (2017), "Standard Test Method for

- Evaluating Degree of Surface Disfigurement of Paint Films by Fungal or Algal Growth, or Soil and Dirt Accumulation" (~~March 2009~~), (see Section 206.2, Basement Specialty Coating).
- r. **Reactive Penetrating Sealer Water Repellency:** ASTM C67-~~42~~/[C67M-18](#), "Standard Test Methods for Sampling and Testing Brick and Structural Clay Tile" (~~June 2012~~); or ASTM C97/C97M-~~09~~[18](#), "Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone" (~~April 2009~~); or ASTM C140-~~13~~/[C140M-18a](#), "Standard Test Methods for Sampling and Testing Concrete Masonry Units and Related Units" (~~March 2013~~), (see Section 244.7.1, Reactive Penetrating Sealer).
 - s. **Reactive Penetrating Sealer Water Vapor Transmission:** ASTM E96/E96M-~~12~~[16](#), "Standard Test Method for Water Vapor Transmission of Materials" (~~December 2012~~); or ASTM D6490-99, "Standard Test Method for Water Vapor Transmission of Nonfilm Forming Treatments Used on Cementitious Panels" (see Section 244.7.2, Reactive Penetrating Sealer).
 - t. **Reactive Penetrating Sealer - Chloride Screening Applications:** National Cooperative Highway Research Report 244 (1981), "Concrete Sealers for the Protection of Bridge Structures" (see Section 244.7.3, Reactive Penetrating Sealer).
 - u. **Stone Consolidants:** ASTM E2167-01 (2008), "Standard Guide for Selection and Use of Stone Consolidants" (~~September 2008~~), (see Section 253.9, Stone Consolidant).
 - v. **Building Envelope Coating Air Permeance of Building Materials:** ASTM E2178-13, "Standard Test Method for Air Permeance of Building Materials" (see Section 212.1, Building Envelope Coating).
 - w. **Building Envelope Coating Water Penetration Testing:** ASTM E331-00 (2016), "Standard Test Method for Water Penetration of Exterior Windows, Skylights, Doors, and Curtain Walls by Uniform Static Air Pressure Difference" (see Section 212.2.a, Building Envelope Coating).
 - x. **Building Envelope Coating Water Vapor Transmission:** ASTM E96/E96M-16, "Standard Test Methods for Water Vapor Transmission of Materials" (see Section 212.2.b, Building Envelope Coating).
 - y. **Tile and Stone Sealers Absorption:** ASTM C373-18, "Standard Test Methods for Determination of Water Absorption and Associated Properties by Vacuum Method for Pressed Ceramic Tile and Glass Tiles and Boil Method for Extruded Ceramic Tiles and Non-tile Fired Ceramic Whiteware Products"; or ASTM C97/C97M-18, "Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone"; or ASTM C642-13, "Standard Test Method for Density, Absorption, and Voids in Hardened Concrete" (see Section 261.1.a, Tile and Stone Sealers).
 - z. **Tile and Stone Sealers – Static Coefficient of Friction:** ANSI A137.1 (2012), "American National Standard of Specifications for Ceramic Tile" (see Section 261.1.b, Tile and Stone Sealers).
 - aa. **Tile and Stone Sealers Water Vapor Transmissions:** ASTM E96/E96M-16, "Standard Test Methods for Water Vapor Transmission of Materials" (see Section 261.1.d, Tile and Stone Sealers).
 - ab. **VOC Content of Coatings:** South Coast AQMD Method 313-91, "Determination of Volatile Organic Compounds (VOC) by Gas Chromatography/Mass Spectrometry (GS/MS)" (see Section 502.1.e, VOC Content).
 - ac. **VOC Content of Coatings:** ASTM D6886-18, "Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by Gas Chromatography" (see Section 502.1.e, VOC Content).

**SACRAMENTO METROPOLITAN
AIR QUALITY MANAGEMENT DISTRICT**

STATEMENT OF REASONS

Rule 442, Architectural Coatings

**Proposed Amendments
June 24, 2024**

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RULE JUSTIFICATION

Health Effects

Ground-level ozone or “smog” is one of the air pollutants regulated by both federal and state laws. It is a colorless gas formed in the presence of sunlight when precursor pollutants (nitrogen oxides and volatile organic compounds) mix. The high ozone season is from May through October for the Sacramento region.

Ground-level ozone is a strong irritant that adversely affects human health. Breathing ozone can reduce lung function and worsen respiratory problems. Ozone exposure has been associated with increased susceptibility to respiratory infections, cardiac-related effects, medical visits, school absenteeism, and can contribute to premature death, especially in people with heart and lung disease. Ozone can also cause damage to crops and natural vegetation by acting as a chemical oxidizing agent.

Ground level ozone is formed by photochemical reactions involving two types of precursor pollutants: volatile organic compounds (VOCs) and nitrogen oxides (NOX). VOCs and NOx are emitted by many types of sources, including on-road and off-road combustion engine vehicles, power plants, industrial facilities, gasoline stations, organic solvents (including those found in architectural coatings), and consumer products.

Legal Mandates

The District is within the Sacramento Federal Nonattainment Area (SFNA), which is classified as “severe” nonattainment for the 2008 National Ambient Air Quality Standard (NAAQS) for ozone (NAAQS)¹. For the 2015 ozone NAAQS, the SFNA area is currently classified as “serious” nonattainment²; however, the SFNA air districts have recently requested a voluntarily bump up to a severe nonattainment classification because additional time is needed to meet the standard. The U.S. Environmental Protection Agency (EPA) is expected to take action to reclassify the SFNA in a final rule. Title 40 of the Code of Federal Regulations, Subpart X, requires nonattainment areas to comply with the requirements for a “severe” ozone nonattainment area that are contained in Clean Air Act (CAA) Sections 182(c) and (d), which require that a plan be submitted to EPA that demonstrates attainment of the standard by the applicable attainment date and includes all control measures necessary for attainment and reasonable further progress (RFP).

In 2017, the air districts of the SFNA adopted the Sacramento Regional 2008 NAAQS 8-hour Ozone Attainment and Reasonable Further Progress Plan (2008 Ozone NAAQS Plan)³ to attain the 2008 ozone NAAQS by 2024. The RFP milestone years are 2017, 2020, and 2023. The plan

¹ “Implementation of the 2008 National Ambient Air Quality Standards for Ozone: Nonattainment Area Classifications Approach, Attainment Deadlines and Revocation of the 1997 Ozone Standards for Transportation Conformity Purposes, Final Rule.” 77 Federal Register (FR) 30088, May 21, 2012.

² “Additional Air Quality Designations for the 2015 Ozone National Ambient Air Quality Standards, Final Rule.” 83 FR 25776, June 4, 2018.

³ *Sacramento Regional 2008 NAAQS 8-hour Ozone Attainment and Reasonable Further Progress Plan*. El Dorado County Air Quality Management District (AQMD), Feather River AQMD, Placer County Air Pollution Control District (APCD), SMAQMD, Yolo Solano AQMD, July 24, 2017.

to attain the 2015 ozone NAAQS by 2032 was adopted in 2023⁴. The RFP milestone years are 2023, 2026, and 2029.

CAA Sections 172(c)(9) and 182(c)(9) require ozone NAAQS attainment plans to include “contingency measures,” which are to be triggered automatically if EPA promulgates a final rule finding that an ozone nonattainment area fails to meet RFP in the milestone years or attain the ozone standard by the attainment year. Contingency measures are intended to provide additional emission reductions in these circumstances to help achieve the standards. For many years, states relied on excess emission reductions from rules that had already been adopted to satisfy the contingency measure requirements. However, recent court decisions^{5,6,7} have held that this approach doesn’t meet CAA requirements because contingency measures must be unadopted measures that, when triggered, take effect without further action by the district, state, or EPA.

In June 2023, EPA partially disapproved⁸ the 2008 Ozone NAAQS Plan because it did not include contingency measures consistent with CAA Sections 172(c)(9) and 182(c)(9). To obtain approval, the districts of the SFNA must submit contingency measures that, in aggregate, achieve sufficient emission reductions. The 2015 Ozone NAAQS Plan specifically included a commitment for the District to adopt a contingency measure that would reduce VOC emissions from architectural coatings by 0.123 tons per day in 2032.

Staff is proposing to amend Rule 442 such that, if the contingency condition is triggered for either the 2008 or 2015 ozone NAAQS, the VOC content limits for some architectural coating categories will automatically be reduced to more stringent levels. The levels would be set to follow the California Air Resources Board’s (CARB’s) 2019 Suggested Control Measure (SCM) for Architectural Coatings⁹. The adoption of the proposed amendments to Rule 442 will meet CAA contingency measure requirements. If approved by EPA, the amendments to Rule 442 will be subject to federal enforcement and citizen’s civil legal actions under CAA Sections 113 and 304.

Rule 442 Background

For 2024, the summer season VOC emissions from architectural coatings in Sacramento County are estimated to be 3.581 tons per summer day, based on the emission inventory¹⁰ developed for the 2008 Ozone NAAQS Plan. The summer season VOC emissions for 2032 are projected to be 1.576 tons per summer day, based on the emission inventory¹¹ developed for the 2015 Ozone NAAQS Plan.

⁴ *Sacramento Regional 2015 NAAQS 8-hour Ozone Attainment and Reasonable Further Progress Plan*. El Dorado County AQMD, Feather River AQMD, Placer County APCD, SMAQMD, Yolo Solano AQMD, October 17, 2023.

⁵ *Bahr v. EPA*, 836 F.3d 1218 (9th Cir. 2016).

⁶ *Association of Irrigated Residents v. EPA*, 10 F.4th 937 (9th Cir. 2021).

⁷ *Sierra Club, et al. v. EPA*, 985 F.3d 1055 (D.C. Cir. 2021).

⁸ 88 FR 39179, June 15, 2013.

⁹ “Suggested Control Measure for Architectural Coatings.” CARB, May 23, 2019. <https://ww2.arb.ca.gov/our-work/programs/coatings/architectural-coatings/suggested-control-measure>.

¹⁰ “CEPAM: California 2016 Ozone SIP Baseline Emission Projections – Version 1.05, Sacramento Nonattainment Area Tool.” CARB. December 8, 2016 (see Appendix D).

¹¹ “CEPAM: California 2019 Ozone SIP Baseline Emission Projections – Version 1.04, Sacramento Nonattainment Area Tool.” CARB. April 7, 2022 (see Appendix D).

Rule 442, Architectural Coatings, limits emissions of VOC from the application of coatings to stationary structures and their accessories. Architectural coatings include interior and exterior house coatings, stains, industrial maintenance coatings, concrete/masonry sealers, traffic marking coatings, and many other coating products. Architectural coatings are typically applied at industrial, commercial, and residential facilities by painting professionals and residential consumers. The rule establishes maximum VOC content limits for specific categories of architectural coatings and prohibits the application of coatings that exceed the VOC limits. The rule prohibits manufacturers and suppliers from selling architectural coatings within the Sacramento Air Quality Management District (SMAQMD or District) that do not comply with the rule. This rule was first adopted on December 6, 1978, and last amended on September 24, 2015.

CARB's 2019 SCM for Architectural Coatings

Control of VOC emissions from architectural coatings in California is primarily the responsibility of the local air districts. CARB is responsible for serving as an oversight agency and providing assistance to the districts, such as developing the SCM for Architectural Coatings. The SCM is a model rule that CARB encourages local districts to adopt into a formal regulation. The purpose of the SCM is to promote uniformity among district rules, improve enforceability, and achieve additional reductions of VOC emissions from the application of architectural coatings. SMAQMD and 14 other California districts have architectural coating rules based on the 2007 Architectural Coatings SCM.

On May 23, 2019, CARB updated its SCM for Architectural Coatings. The 2019 SCM has lower VOC limits for several categories of architectural coatings compared to the 2007 SCM, as well as new VOC limits for colorants and will achieve additional emission reductions. CARB developed the VOC limits based on technical information from the statewide 2013 architectural coating survey and in consultation with air districts and industry stakeholders. In order to comply with the coating limits, CARB anticipated that manufacturers would reformulate coatings using water or exempt compounds. CARB also found that many manufacturers had large volumes of products that already meet the VOC limits. Since the time the 2019 SCM was adopted by CARB, the architectural coatings rules of three districts – San Diego County Air Pollution Control District (effective 1/1/2022), San Joaquin Valley Unified Air Pollution Control District (effective 1/1/2022), and Ventura County Air Pollution Control District (effective 7/1/21) – have been amended to incorporate the 2019 SCM requirements.

Differences between the 2019 SCM and 2007 SCM

The 2019 SCM updates the 2007 SCM to reflect current coating technology. The 2019 SCM lowers the VOC limits for architectural coatings, improves definitions for many categories, establishes new VOC content limits for colorants, and removes the coating categories for non-flats, stains, floor, and some other specialty coatings. The new and changed VOC content limits in the 2019 SCM, compared to the 2007 SCM, are shown in Table 1.

Table 1: New/Changed VOC Content Limits

Coating Category	VOC Content Limits (g/L)	
	2007 SCM	2019 SCM
Nonflat Coatings	100	50
Nonflat – High Gloss Coatings	150	Nonflat Coatings (100)
Specialty Coatings:		
Aluminum Roof Coatings	400	100
Building Envelope Coatings ¹		50
Dry Fog Coatings	150	50
Fire Resistive Coatings	350	150
Floor Coatings	100	50
Form-Release Compounds	250	100
Stains Exterior/Dual Interior Only	Stains (250) Stains (250)	100 250
Tile and Stone Sealers ¹		100
Waterproofing Membranes	250	100

¹ Building Envelope Coatings and Tile and Stone Sealers are new categories in the 2019 SCM.

CARB staff concluded that the 2019 SCM VOC limits are technologically and commercially feasible, as illustrated by the high levels of product availability already at or below the proposed VOC limits. Consumers are purchasing and using these products without significant concerns.

Differences Between the SCM and SCAQMD Rule 1113¹²

In the development of the 2019 SCM, CARB staff considered the feasibility of proposing SCAQMD Rule 1113 VOC limits that were effective January 1, 2019. Most of the VOC limits from SCAQMD Rule 1113 were included in the SCM. However, some of the coating categories required a higher VOC limit than the corresponding VOC limit in SCAQMD Rule 1113. Industrial Maintenance Coatings, Metallic Pigmented Coatings, Rust Preventative Coatings, Zinc-Rich Primers, and Concrete Curing Compounds have a higher limit in the SCM due to the following reasons: 1) the SCM requires feasibility in a variety of climates, 2) the SCM does not contain a VOC exemption for tertiary butyl acetate (TBAC) for Industrial Maintenance coatings, due to concerns about its

¹² California Air Resources Board. *Staff Report for Proposed Updates to the Suggested Control Measure for Architectural Coatings*. pp 36-38. April 2019. https://ww2.arb.ca.gov/sites/default/files/2020-06/Staff_Report_4-19-2019_complete_remediated.pdf.

potential carcinogenicity, and 3) the SCM does not contain an exemption for stains and lacquers when they are used at high elevations.

SUMMARY OF RULE 442 AMENDMENTS

Staff is proposing to amend Rule 442 to incorporate contingency measure provisions that, if triggered, would automatically establish more stringent requirements, consistent with the 2019 SCM, that further reduce emissions of VOC from architectural coating operations. The “Contingency Measure Trigger Date” is the effective date of a final EPA rule finding that the SFNA fails to meet RFP in a milestone year or attain the standard by the attainment year of either the 2008 or 2015 ozone NAAQS. The contingency measure requirements that would take effect are consistent with the 2019 Architectural Coatings SCM.

The proposed contingency provisions consist of lowering VOC limits for several existing coating categories, setting VOC limits for two new coating categories, and establishing VOC limits for colorants. In addition, the amendments include three new coating category definitions, update existing definitions, and update test methods to reflect the latest versions. Although some rule revisions are effective on the date of adoption, the proposed amendments will have no effect on compliance with the current rule unless the contingency measure provisions are triggered.

The following is a summary of proposed changes that would take effect on the Contingency Measure Trigger Date.

- Adds, amends, or eliminates coating categories, consistent with the SCM, including:
 - Establishes VOC limits for colorants added to coatings at the point of sale for:
 - Architectural Coatings, excluding Industrial Maintenance Coatings
 - Solvent-Based Industrial Maintenance Coatings
 - Waterborne Industrial Maintenance Coatings
 - Wood Coatings(note: Colorants added at the factory or at the worksite are exempt from the colorant VOC limits. Containers of colorants sold for use in the field or on a job site are also not subject to VOC limits.)
 - Reduces the VOC limits for nine coating categories.
 - Eliminates the Nonflat – High Gloss coating category. Coatings that are now covered by this category would then be considered Nonflat coatings.
- Adds administrative requirements for colorants:
 - Date code
 - VOC content
- Adds container labeling requirements for:
 - Building Envelope Coatings
 - Tile and Stone Sealers
- Allows one year to sell products manufactured prior to the Contingency Measure Trigger Date

Although these provisions will take effect immediately on the Contingency Measure Trigger Date, this is not expected to be burdensome because the District will be aware of the conditions leading to an EPA contingency measure finding well ahead of EPA's publication of its draft finding. Prior to issuing a final determination, EPA would issue a proposed rulemaking with a public comment

period. There will be an additional period between publication of a proposed finding and a final finding. In the event the District anticipates that the contingency measure provisions may be triggered by a forthcoming EPA determination, the District will commence outreach and coordination with the affected industry including manufacturers, retailers, and wholesalers with notices on the District's web site and compliance advisories sent by email and U.S. mail. The District will be able to keep manufacturers, distributors and sellers informed as the process moves along, so there will be sufficient time for them to prepare for the new requirements.

In addition to the contingency provisions, the amendments will include changes that are consistent with the 2019 SCM and would take effect immediately upon adoption, because they would not affect compliance with the current rule.

- Adds the term “markets,” consistent with the SCM, to the applicability section to clarify that the rule also applies to mail order coatings and e-commerce companies (e.g., Amazon, E-Bay) who do not sell coatings themselves but market them for sale,
- Adds or amends coating categories, consistent with the SCM, including:
 - Adds two coating categories that are currently regulated in different categories. New VOC limits for these categories will not take effect until the Contingency Measure Trigger Date.
 - Building Envelope Coatings
 - Tile and Stone SealersThese coatings are currently classified based on the specific, current specialty coating definitions they meet. If they don't meet any current specialty coating definitions, they are classified as Flat, Nonflat or Nonflat - High Gloss based on their gloss level.
 - Separates the Stains coating category into Exterior/Dual and Interior Only stains.
 - Amends definitions of coating categories, consistent with SCM, including:
 - Reactive Penetrating Sealer. [According to CARB's staff report for the 2019 SCM, the California Department of Transportation (Caltrans 2013) conducted a series of tests¹³ on potential Reactive Penetrating Sealers, and none could meet one of the criteria listed in the 2007 SCM definition, i.e., that the coating category must not reduce the water vapor transmission rate by more than two percent after application on a concrete or masonry substrate. Therefore, CARB revised that criterion such that a Reactive Penetrating Sealer “must provide a breathable waterproof barrier for concrete or masonry surfaces that does not prevent or substantially retard water vapor transmission.”]
 - Traffic Marking Coating, to clarify the specified procedure for analyzing VOC content of Methacrylate Traffic Marking Coatings used as Traffic Marking Coatings.
- Adds or amends test methods to more updated/current versions, consistent with the SCM.
 - VOC Content determination
 - The SCM designates acceptable methods for determining compliance with requirements. EPA Method 24 is the official method for verifying the VOC content of architectural coatings.

¹³ California Department of Transportation, Report on Reactive Penetrating Sealers for Concrete, May 28, 2013. (Caltrans 2013).

- The SCM allows for the use of alternative test methods, but manufacturers must first obtain written approval from the District, CARB, and EPA.
- New test methods to verify compliance with the proposed changes.

Proposed Changes to VOC Content Limits On and After Contingency Measure Trigger Date

Table 2 shows the current VOC content limits together with VOC content limits that would take effect on the Contingency Measure Trigger Date. Coating categories listed in boldface indicate that the proposed limits are new or more stringent than the current version of Rule 442

If the coating does not meet any of the definitions for the specialty coating categories listed in Table 2, that coating will be classified as Flat or Nonflat based on its gloss level, and the corresponding VOC content limit will apply.

Table 2: Proposed VOC Content Limits for Coatings

Coating Category ²	VOC Content Limits (g/L) ¹	
	Current Rule 442	Effective on and after Contingency Measure Trigger Date
Flat Coatings	50	
Nonflat Coatings	100	50
Nonflat – High Gloss Coatings	150	(Eliminated) ³
Specialty Coatings:		
Aluminum Roof Coatings	400	100
Basement Specialty Coatings	400	
Bituminous Roof Coatings	50	
Bituminous Roof Primers	350	
Bond Breakers	350	
Building Envelope Coatings⁴		50
Concrete Curing Compounds	350	
Concrete/Masonry Sealers	100	
Driveway Sealers	50	
Dry Fog Coatings	150	50
Faux Finishing Coatings	350	
Fire Resistive Coatings	350	150
Floor Coatings	100	50
Form-Release Compounds	250	100
Graphic Arts Coatings (Sign Paints)	500	
High Temperature Coatings	420	
Industrial Maintenance Coatings	250	
Low Solids Coatings ¹	120	
Magnesite Cement Coatings	450	
Mastic Texture Coatings	100	
Metallic Pigmented Coatings	500	
Multi-Color Coatings	250	
Pre-Treatment Wash Primers	420	
Primers, Sealers, and Undercoaters	100	
Reactive Penetrating Sealers	350	

Coating Category ²	VOC Content Limits (g/L) ¹	
	Current Rule 442	Effective on and after Contingency Measure Trigger Date
Recycled Coatings	250	
Roof Coatings	50	
Rust Preventative Coatings	250	
Shellacs: Clear Opaque	730 550	
Specialty Primers, Sealers and Undercoaters	100	
Stains		
Exterior/Dual	Stains (250)	100
Interior Only	Stains (250)	250
Stone Consolidants	450	
Swimming Pool Coatings	340	
Tile and Stone Sealers⁴		100
Traffic Marking Coatings	100	
Tub and Tile Refinish Coatings	420	
Waterproofing Membranes	250	100
Wood Coatings	275	
Wood Preservatives	350	
Zinc-Rich Primers	340	
¹ Limits are expressed as VOC Regulatory, except for Low Solids Coatings. Limits for Low Solids Coatings are expressed as VOC Actual. ² If the coating does not meet any of the definitions for the specialty coating categories listed in Table 2, that coating will be classified as Flat, Nonflat or Nonflat - High Gloss based on its gloss level, and the corresponding VOC content limit will apply. ³ This definition will sunset on the Contingency Measure Trigger Date, and Nonflat – High Gloss Coatings will coating meet the definition of Nonflat Coatings. ⁴ Prior to the Contingency Measure Trigger Date, a specific Building Envelope Coating or Tile and Stone Sealer will be classified based on the current specialty coating definition it meets, or, if it doesn't meet any of the current specialty coating definitions, it will be classified as Flat, Nonflat or Nonflat - High Gloss based on its gloss level, and the corresponding VOC content limit will apply.		

Table 3 shows new VOC content limits colorants, consistent with the SCM, that would take effect on the Contingency Measure Trigger Date.

Table 3: Proposed VOC Content Limits for Colorants

Colorant Added To	VOC Content Limits (g/L) ¹	
	Current Rule 442	Effective on and after Contingency Measure Trigger Date
Architectural Coatings, excluding Industrial Maintenance Coatings	No Limit	50
Solvent-Based Industrial Maintenance Coatings	No Limit	600
Waterborne Industrial Maintenance Coatings	No Limit	50

Colorant Added To	VOC Content Limits (g/L) ¹	
	Current Rule 442	Effective on and after Contingency Measure Trigger Date
Wood Coatings	No Limit	<u>600</u>
¹ Limits are expressed as VOC Regulatory.		

For simplicity, if the contingency measure provisions are triggered, the proposed rule will be republished and posted onto the District web site after the Contingency Measure Trigger Date without the definitions, coating categories, recordkeeping requirements, and any other requirements that are no longer applicable after the Contingency Measure Trigger Date. In addition, the version of Rule 442 that was adopted on September 24, 2015, will be posted and maintained on the District web site indefinitely. This will facilitate compliance with the sell-through provision.

Sell-Through Period

Coatings that are manufactured prior to the Contingency Measure Trigger Date and meet the rule in effect prior to that date may be sold for up to one year after the Contingency Measure Trigger Date. Colorants that are manufactured prior to the Contingency Measure Trigger date may be sold for up to one year after the Contingency Measure Trigger Date. Manufacturers and retailers will have ample notice that the contingency measure will be triggered before a final EPA rule has been published. Coatings and colorants purchased during the sell-through period may be applied at any time, before or after the sell-through period has ended.

Early Compliance Provision

Staff is proposing an early compliance provision. The purpose of this provision is to allow coatings and colorants that will comply with the contingency provisions of the rule to be sold and used even before the Contingency Measure Trigger Date.

A detailed list of changes is included in Table A-1 in Appendix A.

EMISSIONS IMPACT

Staff used the emissions inventories that were developed for the 2008 and 2015 Ozone NAAQS Plans to estimate VOC emission reductions from the proposed contingency measure. In the staff report for the 2019 SCM¹⁴, CARB estimated that the SCM would reduce VOC emissions by 1.46 tons per day in aggregate from all air districts with rules based on the 2007 SCM, out of a total emissions inventory of 18.64 tons per day for these districts. This is an emission reduction of 7.8%. Because Rule 442 is based on the 2007 SCM, Staff calculated emission reductions by multiplying the District's emissions by 7.8%. Table 4 shows the VOC emissions and reductions for the attainment years for the 2008 ozone NAAQS (2024) and the 2015 ozone NAAQS (2032). The emission inventories shown do not include emissions from thinning solvents, cleanup

¹⁴ California Air Resources Board. Staff Report for Proposed Amendments to the Suggested Control Measure for Architectural Coatings. April 2019 (CARB 2019).

solvents, or additives; the proposed amendments to the rule do not change VOC limits for these materials. The 2024 VOC emission reductions are 0.279 tons per day and the 2032 emission reductions are 0.123 tons per day, which will contribute to needed reductions from contingency measures as well as satisfy the District's specific commitment for an architectural coating contingency measure in the 2015 NAAQS Plan.

Table 4: VOC Emissions Inventory and Emission Reductions for Architectural Coatings

Category	VOC Emissions Inventory and Emission Reductions (tons per summer day)			
	2024		2032	
	Emissions ¹⁵	Reductions	Emissions ¹⁶	Reductions
Architectural Coatings (minus additives and thinning and cleanup solvents)	3.581	0.279	1.576	0.123

Note: The emission reductions are calculated by multiplying the emissions by 7.8%.

According to CARB, 58% of the emissions reductions from the 2019 SCM are attributable to just two coating categories: External/Dual Stains and Nonflat Coatings.

ECONOMIC IMPACT

Cost and Cost Effectiveness

California Health and Safety Code (HSC) §40703 requires the District to consider and make public its findings relating to the cost effectiveness of implementing an emission control measure.

Rule 442 applies to those who supply, sell, market, offer for sale, manufacture, blend, repackage, apply or solicit the application of architectural coatings within the District. Adoption of the proposed amendments may result in increased costs for manufacturers, suppliers, sellers and/or users of architectural coatings.

CARB expects that manufacturers will comply with the revised VOC limits by reformulating their products by replacing some of the VOC solvent with water or exempt compounds, or by increasing the amount of resin and pigment solids. However, many manufacturers already have large volumes of complying products, and no reformulation would be required to meet the proposed

¹⁵ From "CEPAM: California 2016 Ozone SIP Baseline Emission Projections – Version 1.05, Sacramento Nonattainment Area Tool." CARB. December 8, 2016 (see Appendix D).

¹⁶ From "CEPAM: California 2019 Ozone SIP Baseline Emission Projections – Version 1.04, Sacramento Nonattainment Area Tool." CARB. April 7, 2022 (see Appendix D).

limits. CARB estimated that coating manufacturers will incur both one-time and recurring costs, with a total annualized cost of three million dollars per year in 2019 dollars statewide (outside of SCAQMD).

Staff expects that most or all of the cost of reformation has already been incurred. VOC content limits as low as those in the 2019 SCM, and for some coatings even lower, have been in effect in the South Coast Air Quality Management District since 2014. Since the time the 2019 SCM was adopted by CARB, the architectural coatings rules of three districts have been amended to incorporate the SCM requirements: San Diego County Air Pollution Control District (Rule 67.0.1, February 10, 2021), San Joaquin Valley Unified Air Pollution Control District (Rule 4601, April 16, 2020), and Ventura County Air Pollution Control District (Rule 74.2, 11/10/2020).

CARB staff estimated the overall cost-effectiveness of the SCM to be \$1.85 per pound of VOC reduced, in 2019 dollars. In comparison, the cost-effectiveness of the 2007 architectural coatings SCM had an overall cost effectiveness of \$1.12 per pound of VOC reduced (\$1.38 per pound in 2019 dollars).

In year 2019 dollars, previously adopted District rules have cost effectiveness values for VOC reductions ranging from \$1.31 per pound of VOC reduced (for the 8/21/1990 adoption of Rule 452, Can Coating) to as much as \$23.21 per pound of VOC reduced (for the 12/17/1991 adoption of Rule 449, Transfer of Gasoline into Vehicle Fuel Tanks).

Incremental Cost Effectiveness

Pursuant to California HSC §40920.6(a)(3), the District is required to perform incremental cost effectiveness analysis prior to adopting requirements for Best Available Retrofit Control Technology (BARCT) or a “feasible measure” requirement pursuant to California HSC §40914. The District is required to identify one or more potential control options that achieve the emission reduction objective for the regulation. The potential control options identified are 1) adopting more stringent VOC limits for additional coating categories that are in effect in SCAQMD, 2) requiring the use of VOC capture and control systems, or 3) restricting the small container exemption in addition to the proposed adoption of the 2019 SCM VOC limits. Each potential control option is discussed below.

Adopting Additional SCAQMD VOC Limits: As stated previously, during the development of the SCM, CARB considered the feasibility of the VOC limits that have been in effect in SCAQMD Rule 1113 since January 1, 2019. For most categories, the VOC limits in the 2019 SCM are consistent with the SCAQMD rule. For a few other categories, CARB determined that SCAQMD Rule 1113 VOC limits would not in general be feasible throughout all areas of the state. The SCAQMD has a relatively mild, warm climate, which provides advantages for developing low-VOC coatings with acceptable performance and durability. However, in Northern California and other parts of the state, the climate can have far greater extremes of temperature and humidity. For these areas, coatings must withstand harsher climates and it can be more difficult to develop low-VOC products. The most significant coating categories for which the lower SCAQMD Rule 1113 VOC limits were not included in the SCM are Industrial Maintenance Coatings, Metallic Pigmented Coatings, Rust Preventative Coatings, Zinc-Rich Primers, and Concrete Curing Compounds.

In addition, SCAQMD Rule 1113 contains a limited VOC exemption for tertiary-butyl acetate (TBAC) specifically for use in Industrial Maintenance Coatings, meaning that manufacturers do

not have to include TBAC when calculating the VOC content of Industrial Maintenance Coatings. CARB staff did not include a similar exemption for TBAC (nor has the District in its list of exempt compounds) due to potential toxicity health concerns identified by the Office of Environmental Health Hazard Assessment.

For the reasons noted above, Staff has concluded that implementing the lower limits for additional coating categories in SCAQMD Rule 1113, beyond those included in the SCM, is not feasible in the District.

VOC Capture and Control Systems: Installation of VOC capture and control systems is not feasible. Users of architectural coatings move from one site to another. It would be infeasible to install capture and control systems at each location for the short duration of the coating application. In addition, many coatings are applied to exterior surfaces where VOC capture would be virtually impossible.

Restricting the Small Container Exemption for Certain Coating Categories: Coatings sold in containers with a volume of one liter or less have been exempt from VOC limits in all previous architectural coating SCMs and, until recently, in all air districts in California. In 2016, SCAQMD amended Rule 1113 to phase out the small container exemption for 23 coating categories over a four-year period ending on January 1, 2020. In addition, San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) added a contingency measure to Rule 4601 on April 16, 2020, that, if triggered would eliminate the small container exemption for the following 13 coating categories:

- Bituminous Roof Coatings
- Flat Coatings in containers larger than eight fluid ounces
- Magnesite Cement Coatings
- Multi-Color Coatings
- Nonflat Coatings in containers larger than eight fluid ounces
- Pre-Treatment Wash Primers
- Reactive Penetrating Sealers
- Shellacs (Clear and Opaque)
- Stone Consolidants
- Swimming Pool Coatings
- Tub and Tile Refinishing Coatings
- Wood Coatings, including Lacquers, Varnishes, and Sanding Sealers
- Wood Preservatives

CARB staff assisted District staff in analyzing the emissions impact of eliminating the small container exemption for the same categories listed in SJVAPCD's contingency measure¹⁷. CARB estimated that the additional emissions reduction achieved by eliminating the small container exemption would be 4.3% of the emissions remaining after adopting the SCM limits, or 0.14 tons per summer day in 2024 and 0.062 tons per summer day for 2032.

The cost effectiveness of these additional emissions reductions is uncertain. The staff report for the 2016 amendments to SCAQMD Rule 1113, which included limitations on the small container exemption, estimated the cost effectiveness of all rule revisions to be \$0.58 per pound of VOC reduced; however, that figure also included the cost and emissions reductions due to lowering

¹⁷ Email from Glenn Villa, CARB, to Kevin Williams, SMAQMD, June 1, 2021.

the VOC limits for some coating categories. When SJVUAPCD amended Rule 4601 in 2020, the staff report stated that the compliance costs for manufacturers to reformulate coatings currently sold under the small container exemption will have already been incurred by the time the contingency measure would be triggered.

Staff has not included restrictions on the small container in the proposed revisions to Rule 442, for two main reasons. First, Staff considers the existing exemption to be effective in addressing niche applications and touch-up. Second, because the districts surrounding the SMAQMD have not restricted the small container exemption in their architectural coating rules, these products will continue to be available for purchase in nearby areas, reducing the effectiveness of this alternative.

SOCIOECONOMIC IMPACT

California HSC §40728.5 requires a district to perform an assessment of the socioeconomic impacts before adopting, amending, or repealing a rule that will significantly affect air quality or emission limitations. The District Board is required to actively consider the socioeconomic impacts of the proposal and make a good faith effort to minimize adverse socioeconomic impacts. California HSC §40728.5 defines “socioeconomic impact” to mean the following:

1. The type of industry or business, including small business, affected by the proposed rule or rule amendments.
2. The impact of the proposed rule or rule amendments on employment and the economy of the region.
3. The range of probable costs, including costs to industry or business, including small business.
4. The availability and cost-effectiveness of alternatives to the proposed rule or rule amendments.
5. The emission reduction potential of the rule or regulation.
6. The necessity of adopting, amending, or repealing the rule or regulation to attain state and federal ambient air standards.

Type of industry or business, including small business, affected by the proposed rule

Rule 442 applies to any business that manufactures, markets, blends, repackages, or sells architectural coatings and to any person/business that applies any architectural coating within the District. The proposed amendments have the potential to affect coating manufacturers, retail and wholesale coating distributors, and any other entity that blends or repackages architectural coatings. It applies to government agencies, commercial businesses, non-profit organizations, residents, and any other consumers who apply, contract or solicit application or use of architectural coatings, such as homeowners, painting contractors, construction companies, and building maintenance contractors. Many small businesses apply architectural coatings to either their own structures or as professional painters and will be affected by the proposed amendments if the contingency provisions are triggered.

Impact of rule amendments on employment and economy in the District

There is one manufacturer of architectural coatings within the District, and many marketers, distributors, wholesalers, blenders, repackagers, and retailers of architectural coatings. There may also be suppliers of coating ingredients and manufacturing equipment. Marketers,

distributors, wholesalers, blenders, repackagers, sellers, and commercial coatings businesses would be able to pass on most of their costs to consumers.

CARB analyzed the economic impacts during the development of the SCM. Profitability impacts were estimated by calculating the decline in the return on owner's equity (ROE). ROE is calculated by dividing the net profit by the net worth. A reduction of more than 10 percent in ROE is considered to indicate a potential for significant adverse economic impacts. Assuming that coating manufacturers will have to absorb all costs associated with the SCM, the measure is expected to result in an average ROE decline of three percent, which is not considered to be a significant impact.

CARB also analyzed the scenario in which all cost increases are passed on to the consumer. In this scenario, CARB estimated an average increase of \$3.82 per gallon, or 11%, in the retail cost of coatings. However, this is a conservatively high estimate of the cost increase, because many consumers may choose to buy the available compliant coatings at current prices instead of the reformulated coatings. The competition from the currently available compliant coatings will limit the ability of manufacturers to pass on all their costs to consumers due to competition from the currently available compliant coatings.

Because other California districts with large populations have adopted the 2019 SCM, paint manufacturers have already shifted their product lines to lower VOC products. Therefore, CARB's economic estimates represent an upper limit for the impact on the District, and Staff concludes that the employment in the paint and coating industry is unlikely to change significantly because of the proposed amendments.

Range of probable costs, including costs to industry or business, including small business, of the proposed rule

CARB estimated nonrecurring costs such as R&D, testing, one-time marketing, and equipment purchases. These costs were annualized and added to annual recurring costs, such as increases or decreases in raw material costs, labeling, packaging and reporting. They found a statewide total of \$3 million per year, in 2019 dollars, in costs to implement the SCM proposal. Based on population, the proposed amendments are estimated to cost approximately \$0.53 million per year in the District. CARB staff estimated that most affected businesses would be able to absorb the costs of the proposed amendments. There should be no disproportionate cost impact on small businesses unless they are operating with small or no margin of profitability.

Availability and cost effectiveness of alternatives to the proposed rule

Staff identified four alternatives to the proposed amendments to Rule 442:

- not amending the rule,
- adopting more stringent VOC limits for additional coating categories that are in effect in SCAQMD
- requiring the use of VOC capture and control systems, or
- restricting the small container exemption in addition to the proposed adoption of the 2019 SCM VOC limits.

If the rule is not amended, there will be no compliance costs. However, the District will not achieve emission reductions that are needed to help meet CAA contingency measure requirements, and will not fulfill its specific contingency measure commitment included in the 2015 NAAQS Plan to achieve 0.123 tons of VOC per summer day in 2032 from architectural coatings. As a result, these

plans will not satisfy the CAA Sections 172(c)(9) and 182(c)(9) contingency measure requirements and will be disapproved by EPA.

As discussed in the Incremental Cost Effectiveness section, Staff determined that it is not feasible to adopt the more stringent VOC limits in SCAQMD Rule 1113 for additional coating categories beyond those included in the 2019 SCM. Staff also determined that requiring the use of VOC capture and control systems is not feasible.

Emission reduction potential of the proposed rule

The proposed amendments to Rule 442 are estimated to achieve emission reductions of VOC of 0.279 tons per summer day by 2024 or 0.123 tons per summer day by 2032 if the contingency measure is triggered (see Emissions Impact section).

Necessity of adopting the rule

The proposed amendments to Rule 442 are necessary to help the SFNA meet the CAA contingency measure requirements for the 2008 and 2015 NAAQS Plans.

PUBLIC OUTREACH/COMMENTS

Staff held a public workshop to discuss the proposed amendments on April 18, 2024. A public notice for the workshop was sent (via letter or email) to all persons who have requested to receive rulemaking notices. The notice was also published in the "Insight" section of the Sacramento Bee and posted on the District web site. The draft rule and statement of reasons were available for public review at that time. The notice, draft rule, and statement of reasons were also sent to CARB and EPA.

Staff received written comments from EPA and the American Coatings Association. EPA had several comments, to which Staff has responded. In response to comments by the American Coatings Association, Staff added a sell-through period for colorants. All comments and responses are included in Appendix C.

ENVIRONMENTAL REVIEW

In this rule amendment, the District proposes to lower the VOC content limits of architectural coatings as suggested by the CARB SCM. In the 2019 SCM, CARB relied on the environmental impact report (EIR) prepared in 2000 for the previous SCM¹⁸. The earlier EIR concluded that implementing the SCM throughout California (excluding the South Coast AQMD) would have no significant adverse impacts but would have a net air quality benefit. CARB staff evaluated the potential environmental impacts in six major areas: air quality, water demand and quality, public services, transportation and circulation, solid and hazardous waste, and health hazards.

¹⁸ *Final Program Environmental Impact Report For: Suggested Control Measure for Architectural Coatings*. CARB, June 2000.

District Staff reviewed the documents noted above and did not find information to suggest a different conclusion in Sacramento County. Therefore, the proposed rule is exempt from the California Environmental Quality Act (CEQA) as an action by a regulatory agency for protection of the environment (Class 8 Categorical Exemption, §15308 State CEQA Guidelines) and because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment (§15061(b)(3), State CEQA Guidelines).

California Public Resources Code §21159 requires an environmental analysis of the reasonably foreseeable methods of compliance. Compliance is expected to be achieved by the replacement of currently used coatings and solvents with compliant products. The proposed rules will not increase emissions and will not cause any other significant adverse effects on the environment; therefore, Staff has concluded that no environmental impacts will be caused by compliance with the proposed rule.

FINDINGS

The California HSC, Division 26, Air Resources, requires local districts to comply with a rule adoption protocol as set forth in §40727 of the Code. This section contains six findings that the District must make when developing, amending, or repealing a rule. These findings and their definitions are listed in the following table.

Finding	Finding Determination
Authority: The District must find that a provision of law or of a state or federal regulation permits or requires the District to adopt, amend, or repeal the rule.	The District is authorized to adopt and amend Rule 442 by California Health and Safety Code (HSC) Sections 40001, 40702, 40716, 41010, and 41013. [HSC Section 40727(b)(2)].
Necessity: The District must find that the rulemaking demonstrates a need exists for the rule, or for its amendment or repeal.	The amendment of Rule 442 is necessary to help meet CAA Sections 172(c)(9) and 182(c)(9) contingency measure requirements for the SFNA's 2008 and 2015 NAAQS Plans.
Clarity: The District must find that the rule is written or displayed so that its meaning can be easily understood by the persons directly affected by it.	Staff has reviewed the proposed rule and determined that it can be understood by the affected parties. In addition, the record contains no evidence that people directly affected by the rule cannot understand the rule. [HSC Section 40727(b)(3)].
Consistency: The rule is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.	The proposed rule does not conflict with, and is not contradictory to, existing statutes, court decisions, or state or federal regulations. [HSC Section 40727(b)(4)].
Non-Duplication: The District must find that either: 1) The rule does not impose the same requirements as an existing state or federal regulation; or (2) that the duplicative requirements are necessary or proper to execute the powers and duties granted to, and imposed upon, the District.	The proposed rule regulates the same coating materials as the National Rule for Architectural Coatings (40 CFR Part 59, Subpart D). However, the proposed standards are more stringent and do not duplicate federal requirements. [HSC Section 40727(b)(5)].

Finding	Finding Determination
Reference: The District must refer to any statute, court decision, or other provision of law that the District implements, interprets, or makes specific by adopting, amending or repealing the rule.	In adopting the proposed rule, the District is implementing the requirements of CAA Section 172(c)(9) and 182(c)(9), and HSC Sections 40150, and 40600. [HSC 40727(b)(6).]
Additional Informational Requirements: In complying with HSC Section 40727.2, the District must identify all federal requirements and District rules that apply to the same equipment or source type as the proposed rule or amendments.	No other District rules apply to the same equipment or source type. Appendix B includes comparisons with federal requirements (National VOC Emissions Standards for Architectural Coatings and BACT). [HSC Section 40727.2].

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Ventura County Air Pollution Control District. *Staff Report – Proposed Amendments to APCD Rule 74.2, Architectural Coatings*. July 27, 2009.

**APPENDIX A:
LIST OF CHANGES TO RULE 442**

NEW SECTION NUMBER	EXISTING SECTION NUMBER	PROPOSED CHANGES
101	Same	Added “marketed” for consistency with the rule and SCM applicability.
102	Same	Revised references to section number with exemptions.
102.1	Same	Added “markets,” consistent with the SCM.
110-112	110.1 – 110.2	For clarity, separated existing Section 110 exemptions into individual exemption Sections 100, 111, and 122 for Use or Shipment Outside District, Aerosol Coatings, and Small Containers.
112.1	110.3.a	For consistency with the SCM, added language to clarify that an exempt small container cannot be bundled together “with other containers of the same specific coating category” to be sold as a unit that exceeds one liter.
112.2	110.3.b	For consistency with the SCM, added language to clarify that the label or product literature for an exempt small container cannot suggest combining multiple containers “of the same specific coating category” so that the combination exceeds one liter.
113	N/A	Consistent with the SCM, added an exemption from VOC limits for colorants that are added at the factory or worksite, and for colorant containers sold for use in the fields or on a job site.
203	Same	Replaced “shall” with “must” for clarity.
206.1	Same	Removed “which is” to make consistent with other sections and updated the test method to the latest version.
206.2	Same	Updated the methods to the latest versions.
211	N/A	Added definition of “Building Envelope,” consistent with the SCM.
212	N/A	Added definition of “Building Envelope Coating,” consistent with the SCM.
213-216	211-214	Sections renumbered.
217	N/A	Added definition of “Contingency Measure Trigger Date,” which is the date of an EPA final rulemaking that conditions described in CAA Sections 172(c)(9) and 182(c)(9) have occurred in the District regarding the 2008 and 2015 8-hour ozone NAAQS. These CAA sections require severe nonattainment areas to include contingency measures in the SIP and to implement those measures if the area fails to make reasonable further progress, or to attain the NAAQS by the attainment date.
218-219	215-216	Sections renumbered.
220	217	Replaced “shall” with “must” for clarity and updated the test method to the latest version.

NEW SECTION NUMBER	EXISTING SECTION NUMBER	PROPOSED CHANGES
221	218	Section renumbered.
221.4	218.4	Replaced “shall” with “must” for clarity.
221.5	218.5	Updated references to renumbered sections.
222	219	Replaced “shall” with “must” for clarity and updated the test method to the latest version.
223	220	Updated the test method to the latest version.
224-227	221-224	Sections renumbered.
228	225	Section renumbered and updated references to renumbered sections.
229	N/A	Added definition of “Interior Stain,” consistent with the SCM.
230	N/A	Added definition of “Intumescent,” consistent with the SCM.
231	226	Replaced “shall” with “must” for clarity and updated references to renumbered sections
232-233	227-228	Sections renumbered.
234	N/A	Added definition of “Market,” consistent with the SCM.
235-238	229-232	Sections renumbered.
239	233	Updated the test method to the latest version.
240	234	Updated the test method to the latest version and added a provision to sunset on the Contingency Measure Trigger Date.
241-244	235-238	Sections renumbered.
245	239	Updated the test method to the latest version.
246-247	240-241	Sections renumbered.
247.1	241.1	Updated the test methods to the latest versions.
247.2	241.2	Revised language to specified that a Reactive Penetrating Sealer must “provide a breathable waterproof barrier for concrete or masonry surfaces that does not prevent or substantially retard water vapor transmission rate,” consistent with the SCM. Updated the test method to the latest version and added an alternative test method, consistent with the SCM.
248-256	242-259	Sections renumbered.
257	251	Added that new labeling requirements for Specialty Primers, Sealers, and Undercoaters take effect on the Contingency Measure Trigger Date.
258	252	Section renumbered.
259	253	Section renumbered and updated reference to renumbered section.
260	254	Sections renumbered.
261	N/A	Added definition of “Tile and Stone Sealers,” consistent with the SCM.
262	255	Section renumbered.

NEW SECTION NUMBER	EXISTING SECTION NUMBER	PROPOSED CHANGES
263	256	Added that effective on the Contingency Measure Trigger Date, Traffic Marking Coatings also includes Methacrylate Multicomponent Coatings used as traffic marking coatings and included the method for analyzing them, consistent with the SCM.
264	257	Section renumbered.
264.2-264.4	257.2-257.4	Updated the test methods to the latest versions.
265-267	258-260	Sections renumbered.
268	261	Added “or colorant” to the definition of VOC Actual, which will be necessary after the Contingency Measure Trigger Date. Updated reference to renumbered section.
269	262	Added “or colorant” to the definition of VOC Content, which will be necessary after the Contingency Measure Trigger Date. Updated references to renumbered sections.
270	263	Added “or colorant” to the definition of VOC Regulatory, which will be necessary after the Contingency Measure Trigger Date. Updated reference to renumbered section.
271	264	Section renumbered.
271.2	264.2	Updated the test method to the latest version.
272	265	Sections renumbered. Updated the test method to the latest version.
273-275	266-268	Sections renumbered.
275.3	268.3	Updated the test method to the latest version.
301	Same	Added “FOR COATINGS” to section title to distinguish it from Section 307, VOC CONTENT LIMITS FOR COLORANTS, which takes effect on the Contingency Measure Trigger Date. Changed “no person shall” to “no person may” for clarity.
301.2	Same	Added “market” for consistency with the SCM.
Table 1	Same	Alongside the current VOC limits, added a column for more stringent limits that will take effect on the Contingency Measure Trigger Date.
Table 1	Same	The Nonflat – High Gloss Coatings category will be eliminated on the Contingency Measure Trigger Date and these coatings will fall under the Nonflat Coatings category,
Table 1	Same	Added Building Envelope Coatings category. This category currently does not have its own limit, but will be a new category if the contingency measure is triggered.
Table 1	Same	Separated the Stain category into Exterior/Dual Stains and Interior Only stains. Currently, these two categories have the same VOC limit but will have different limits on and after the Contingency Measure Trigger Date.
Table 1	Same	Added footnote to clarify definitions that will sunset on the Contingency Measure Trigger Date.

NEW SECTION NUMBER	EXISTING SECTION NUMBER	PROPOSED CHANGES
Table 1	Same	Added Tile and Stone Sealers category. This category currently does not have its own limit, but will be a new category if the contingency measure is triggered.
302	Same	Replaced “shall apply” with “applies” for clarity.
303.1	303	Provided for sell-through of coatings manufactured before the Contingency Measure Trigger Date for an additional one year, provided that the coating complies with the version of Rule 442 that became effective on September 24, 2015.
303.2	N/A	Added sell-through provision for colorants.
304	Same	Replaced “shall” with “must” for clarity.
305	Same	Replaced “shall” with “may” for clarity.
306	Same	Replaced “shall” with “must” for clarity and updated references to renumbered sections.
307	Same	Consistent with the SCM, added VOC limits for colorants. These limits will take effect on the Contingency Measure Trigger Date.
308	N/A	Added an early compliance option. This allows coatings that meet the requirements of the rule that will be in effect on and after the Contingency Measure Trigger Date to be considered in compliance prior to the Contingency Measure Trigger Date.
401	Same	Added “FOR COATINGS,” replaced “shall” with “must” for clarity and updated reference to renumbered section.
401.1-401.2	Same	Replaced “shall” with “must” for clarity.
401.3	Same	Replaced “shall” with “must” for clarity and updated reference to renumbered section.
401.4	Same	Replaced “shall” with “may” for clarity.
401.4.c	Same	Added a provision to sunset this section on the Contingency Measure Trigger Date. This will make the labeling requirements for industrial maintenance coatings consistent with the SCM.
401.5	Same	Replaced “shall” with “must” for clarity.
401.6	Same	Replaced “shall” with “must” for clarity. Added provision to sunset this labeling requirement on the Contingency Measure Trigger Date, when the definition of this coating category will also sunset (Section 240).
401.7-401.8	Same	Replaced “shall” with “must” for clarity.
401.9	N/A	Added new labeling requirement for Specialty Primers, Sealers, and Undercoaters, consistent with the SCM. This requirement will be effective on and after the Contingency Measure Trigger Date.
401.10-401.11	401.9-401.10	Replaced “shall” with “must” for clarity.
401.12	401.11	Replaced “shall” with “must” for clarity and updated reference to renumbered section.

NEW SECTION NUMBER	EXISTING SECTION NUMBER	PROPOSED CHANGES
401.12.a	401.11.a	Added a provision to sunset this section on the Contingency Measure Trigger Date, consistent with the SCM.
401.12.b	401.11.b	Capitalized "Professional Use Only" for clarity.
401.12.c	401.11.c	Added a provision to sunset this section on the Contingency Measure Trigger Date, consistent with the SCM.
402	N/A	Added labeling requirements for Colorants, consistent with the SCM. The requirements will take effect on the Contingency Measure Trigger Date.
403	402	Added "or colorant" to calculate VOC content of colorants to determine compliance with new colorant VOC limits in Table 2. Replaced "shall" with "must" for clarity and updated references to renumbered sections.
501.1	Same	Replaced "shall" with "must" for clarity.
501.1.h	Same	Updated reference to renumbered section.
501.1.m- 501.1.n	Same	Updated references to renumbered sections.
501.2	Same	Replaced "shall" with "must" in the first sentence and replaced "shall" with "will" in the second sentence for clarity.
502.1.a- 502.1.d, 502.1.f	502	For clarity and consistency with the SCM, divided existing Section 502.1 into subsections. Added "or colorant" to specify the testing procedures to be used to determine the VOC content of colorants, which is needed to determine compliance with new colorant VOC limits in Table 2. Replaced "shall" with "must" for clarity. Updated the methods to the latest versions.
502.1.e	N/A	Consistent with the SCM, added new method that may be used to determine the VOC content of a coating or colorant with a VOC content of 1250 g/l or less.
502.3	Same	Replaced "shall" with "must" for clarity and corrected section number of the method that is incorporated by reference.
502.4	Same	Replaced "shall" with "must" for clarity.
502.4.a- 502.4.u	Same	Replaced "shall" with "must" for clarity. Updated the methods to the latest versions. Updated references to renumbered sections.
502.4.v- 502.4.ac	N/A	Consistent with SCM, added test methods for determining physical properties of two new coating categories – Building Envelope Coatings and Tile and Stone Sealers. Added two new methods for determining the VOC content of coatings.

**APPENDIX B:
COMPARISON OF PROPOSED RULE REQUIREMENTS WITH OTHER AIR POLLUTION
CONTROL REQUIREMENTS**

California Health and Safety Code (HSC) §40727.2 requires air districts to provide a written analysis to: 1) identify all existing federal air pollution control requirements, including Best Available Control Technology (BACT) for new or modified equipment, that apply to the same equipment or source type as the proposed rule, and 2) identify any of the District's existing or proposed rules that apply to the same equipment or source type. The analysis shall compare the following elements:

- Averaging provisions, units, and any other pertinent provisions associated with emission limits.
- Operating parameters and work practice requirements.
- Monitoring, reporting, and recordkeeping requirements, including test methods, format, content, and frequency.
- Any other element that the air district determines warrants review.

The EPA National Rule for Architectural Coatings and BACT are the two existing federal air pollution control requirements applicable to the analysis. Table B-1 contains the required analysis and Table B-2 compares the VOC limits proposed for Rule 442 with EPA's National Rule and BACT (the SCM).

Comparison with BACT: The 2019 SCM for Architectural Coatings is considered BACT. The proposed amendments to Rule 442 implement the SCM standards.

Comparison with the National Rule: CAA Section 183(e) requires EPA to regulate emissions from the categories of consumer and commercial products that, in the aggregate, account for 80% of the VOC emissions from consumer and commercial products. To reduce VOC emissions from architectural coatings, EPA issued a national architectural coatings rule (40 CFR Part 59, Subpart D) that became effective on September 11, 1999. The National Rule applies only to manufacturers and importers of architectural coatings, whereas proposed Rule 442 applies to distributors, retailers, and end users as well.

Table B-1:
40727.2 Matrix for Proposed Amendments to Rule 442 Architectural Coatings

Comparative Requirements			
Elements of Comparison	Proposed Rule 442	Best Available Control Technology (BACT)	National Volatile Organic Compound Emission Standards for Architectural Coatings 40 CFR Part 59, Subpart D
Applicability	The provisions of this rule shall apply to any person who supplies, sells, offers for sale, manufactures, blends, or repackages any architectural coating for use within the District, as well as any person who applies, or solicits application of any architectural coating within the District.	The 2019 SCM is considered BACT. SCM has same applicability as proposed rule.	Any architectural coating manufactured on or after September 13, 1999, for sale or distribution within the United States.
Exemptions	Any architectural coating that is supplied, sold, offered for sale, or manufactured for use outside of the District or for shipment to other manufacturers for reformulation or repackaging. Any aerosol coating product. Coating in container with a volume of one liter or less provided containers are not bundled as a unit that exceeds one liter.	Any architectural coating that is supplied, sold, offered for sale, or manufactured for use outside of the District or for shipment to other manufacturers for reformulation or repackaging. Coating in container with a volume of one liter or less.	Coating in a non-refillable aerosol container. Coating that is collected and distributed at a paint exchange. Coating that is sold in a container with a volume of one liter or less. Tonnage exemption allows each manufacturer and importer to sell or distribute limited quantities of architectural coatings that do not comply with the VOC limits and for which no exceedance fee is paid.
VOC Content Standards & Units	See Table B-2. Units are in g/L.	See Table B-2. Units are same as proposed rule.	See Table B-2. Units are same as proposed rule.
Application Methods	None.	None.	None.
Averaging Provisions	None.	None.	No averaging provisions but a manufacturer may pay an exceedance fee to manufacture or import a coating in excess of an applicable VOC content limit.

Comparative Requirements			
Elements of Comparison	Proposed Rule 442	Best Available Control Technology (BACT)	National Volatile Organic Compound Emission Standards for Architectural Coatings 40 CFR Part 59, Subpart D
Operating parameters & Work Practice Requirements	Closed containers when not in use. Thinning of any architectural coating shall not exceed the applicable VOC limit.	Same as proposed rule.	None.
Monitoring/ Testing	VOC Content: EPA Method 24 Various ASTM Test methods specified in Section 502.4 of rule Alternative test methods acceptable with approval by District, CARB, and EPA	Same as proposed rule.	VOC Content: EPA Method 24 Other test methods approved on a case-by-case basis.
Monitoring/ Recordkeeping	No monitoring requirements. Records of distribution and sales date must be maintained by each manufacturer.	Same as proposed rule.	No recordkeeping requirements except for recycled coatings. For recycled coatings, records of volume of coatings received for recycling, including unusable coatings, and virgin coatings used with recycled coatings, and volume of final recycled coatings. Records must be retained for a period of 3 years.
Reporting	Each manufacturer shall, upon request of CARB, provide data concerning distribution and sales.	Same as proposed rule.	Manufacturers and importers must file an initial notification report listing the coatings they manufacture or import.
Labeling Requirements	Each coating shall display the following: date code, thinning recommendations, VOC content, and applicable labels required by various coating categories.	Same as proposed rule.	Each coating shall display the following: date code, thinning recommendations, and VOC content. For industrial maintenance coatings, additional description of use. Additional labeling requirement for recycled coatings stating what percent of coating is post-consumer.

**Table B-2:
Comparison of VOC Content Limits in Proposed Rule 442, CARB SCM, and National Architectural Coatings Rule**

Coating Category	Limits VOC Regulatory, g/l		
	Rule 442 after contingency measure trigger date	CARB SCM	EPA's National Rule
Flat Coatings	50	50	250
Nonflat coatings	50	50	380
Nonflat – High Gloss	Eliminated	Eliminated	
Specialty Coatings:			
Aluminum Roof Coatings	100	100	500 ¹
Basement Specialty Coatings	400	400	600 ²
Bituminous Roof Coatings	50	50	500 ³
Bituminous Roof Primers	350	350	
Bond Breakers	350	350	600
Building Envelope Coatings	50	50	NA ⁴
Concrete Curing Compounds	350	350	350
Concrete/Masonry Sealers	100	100	600 ⁵
Driveway Sealers	50	50	500 ⁶
Dry Fog Coatings	50	50	400
Faux Finishing Coatings	350	350	700 ⁷
Fire Resistive Coatings	150	150	850(clear) 450(opaque) ⁸
Floor Coatings	50	50	400
Form-Release Compounds	100	100	450
Graphic Arts Coatings (Sign Paints)	500	500	500
High Temperature IM Coatings	420	420	650
Industrial Maintenance (IM) Coatings	250	250	450
Low Solids Coatings	120	120	120
Magnesite Cement Coatings	450	450	600
Mastic Texture Coatings	100	100	300
Metallic Pigmented Coatings	500	500	500
Multi-Color Coatings	250	250	580
Pre-Treatment Wash Primers	420	420	780
Primers, Sealers, and Undercoaters	100	100	350 (nonflat) 400 (quick-dry) ⁹
Reactive Penetrating Sealers	350	350	600 ¹⁰
Recycled Coatings	250	250	¹¹
Roof Coatings	50	50	250
Rust Preventative Coatings	250	250	400
Shellacs:			
Clear	730	730	730
Opaque	550	550	550

Coating Category	Limits VOC Regulatory, g/l		
	Rule 442 after contingency measure trigger date	CARB SCM	EPA's National Rule
Specialty Primers, Sealers and Undercoaters	100	100	350 (nonflat) 400 (quick-dry) ¹²
Stains	Exterior/Dual 100 Interior Only 250	Exterior/Dual 100 Interior Only 250	550 (clear) 350 (opaque)
Stone Consolidants	450	450	NA ¹³
Swimming Pool Coatings	340	340	600
Tile and Stone Sealers	100	100	NA ¹⁴
Traffic Marking Coatings	100	100	150
Tub and Tile Refinish Coatings	420	420	450 ¹⁵
Waterproofing Sealers/Membranes	100	100	600
Wood Coatings	275	275	400-725 ¹⁶
Wood Preservatives	350	350	550 (clear) 350(opaque)
Zinc-Rich IM Primers	340	340	500 ¹⁷

¹ Aluminum roof coatings are classified as metallic pigmented coatings in the National Architectural Coating Rule (National Rule).

² Basement specialty coatings are classified as waterproofing sealers and treatments coatings in the National Rule.

³ Bituminous roof coatings/sealers are classified as bituminous or mastic texture coatings in the National Rule.

⁴ Building Envelope Coatings are classified based on the specific specialty coating definition they meet in the National Rule, or, if not meeting any specialty coating definition, as Flat or Nonflat.

⁵ Concrete/masonry sealers are classified as waterproofing sealers and treatments coatings in the National Rule.

⁶ Driveway sealers are classified as bituminous coatings and mastics in the National Rule.

⁷ Faux finishing coatings are classified as faux finishing/glazing coatings in the National Rule.

⁸ The National Rule combined fire-retardant coatings and fire resistive coatings into one coating category, "Fire-retardant/resistive coatings."

⁹ Primers, sealers, and undercoaters are classified as non-flat primers and undercoaters and quick-dry primers, sealers, and undercoaters in the National Rule.

¹⁰ Reactive penetrating sealers are classified as waterproofing sealers and treatments coatings in the National Rule.

¹¹ The VOC content limits for recycled coatings are the same as for non-recycled coatings in the same coating category. However, the VOC content of a recycled coating may be adjusted downward based on the percentage of post-consumer coating content.

¹² Specialty primers, sealers, and undercoaters are classified as non-flat primers and undercoaters and quick-dry primers, sealers, and undercoaters in the National Rule.

¹³ Stone Consolidants are classified based on the specific specialty coating definition they meet in the National Rule, or, if not meeting any specialty coating definition, as Flat or Nonflat.

¹⁴ Tile and Stone Sealers are classified based on the specific specialty coating definition they meet in the National Rule, or, if not meeting any specialty coating definition, as Flat or Nonflat.

¹⁵ Tub and tile refinish coatings are classified as industrial maintenance coatings in the National Rule.

¹⁶ Wood coatings are classified as conversion varnish, lacquers, sanding sealers, sealers, and varnishes in the National Rule.

¹⁷ Zinc-rich IM primers are classified as metallic pigmented coatings in the National Rule.

APPENDIX C: COMMENTS AND RESPONSES

Public Workshop for Rule 442

April 18, 2024, 1:30 PM

Attendees:

Allen Jerard Beltran Dineros
Cynthia Ball
Daisy Perault, PCAPCD
Heather Estes
K. Kelly Pederson

Molly Burns
Patrick Lutz
Peter Angelonides, FRAQMD
Sondra Spaethe - Feather River AQMD
Yushuo Chang, PCAPCD

Oral Comments from the Public Workshop

There were no comments received during the public workshop.

Written Comments from U.S. EPA, Region 9 (April 10, 2024)

Comment #1: Sections 502.1e and 502.4ab reference, "South Coast AQMD Method 313, 'Determination of Volatile Organic Compounds (VOC) by Gas Chromatography/Mass Spectrometry/Flame Ionization Detection (GS/MS/FID)'". Method 313 should instead be referenced as South Coast AQMD Method 313-91 in order to more clearly match the title of the test method.

Response: After further discussion with EPA, it was agreed that the latest EPA-approved method is South Coast AQMD Method 313-91, Determination of Volatile Organic Compounds (VOC) by Gas Chromatography/Mass Spectrometry (GS/MS). The proposed rule was revised accordingly.

Comment #2: Other areas (i.e., SCAQMD Rule 1113, section f; SJVUAPCD Rule 4601, section 4.3) have wider coverage of non-exempt small-container materials. We suggest an optional recommendation in which the following categories are non-exempt when sold in containers having capacities of one liter (1.057 quarts) or less, in order to obtain additional reductions:

1. Bituminous Roof Coatings
2. Flat Coatings that are sold in containers having capacities greater than eight fluid ounces
3. Magnesite Cement Coatings
4. Multi-Color Coatings
5. Nonflat Coatings that are sold in containers having capacities greater than eight fluid ounces.
6. Pre-Treatment Wash Primers
7. Reactive Penetrating Sealers
8. Shellacs (Clear and Opaque)
9. Stone Consolidants
10. Swimming Pool Coatings
11. Tub and Tile Refinishing Coatings

12. Wood Coatings, including Lacquers, Varnishes, and Sanding Sealers
13. Wood Preservatives.

Response: We acknowledge that restriction of the small container exemption would provide additional emission reductions. However, we have not proposed this restriction for two main reasons. First, we consider the existing exemption to be effective in addressing niche applications and touch-up. Second, because the districts surrounding the SMAQMD have not restricted the small container exemption in their architectural coating rules, these products will continue to be available for purchase in nearby areas, reducing the effectiveness of this alternative. See the section titled “Restricting the Small Container Exemption for Certain Coating Categories” in this Statement of Reasons.

Comment #3: Additionally, we would like to highlight that the rule only requires records to be provided upon request. And Section 501 contains language that may prevent public access to records needed to verify compliance. In May 2023, EPA finalized a limited approval/limited disapproval of rules in Colorado’s RACT SIP because they only required records to be available “upon request,” potentially precluding the public from being able to enforce the SIP. This decision is currently under reconsideration, and we anticipate more guidance in the future as part of the reconsideration process.

Response: We acknowledge that more guidance will be available in the future following the reconsideration of the decision on Colorado’s RACT SIP. However, that guidance is not yet available. In addition, it isn’t clear how a decision on Colorado’s RACT SIP, which concerns stationary sources, will be applied to a point-of sale rule such as Rule 442.

Written Comments from American Coatings Association (ACA) (April 12, 2024)

Comment #4: SMAQMD’s Statement of Reasons for Rule 442 states:

In the event the District anticipates that the contingency measure provisions may be triggered by a forthcoming EPA determination, the District will commence outreach and coordination with the affected industry including manufacturers, retailers, and wholesalers with notices on the District’s web site and compliance advisories sent by email and U.S. mail. The District will be able to keep manufacturers, distributors and sellers informed as the process moves along, so there will be sufficient time for them to prepare for the new requirements.

ACA appreciates this assurance so that industry is informed and prepared if the new requirements and standards are triggered. Industry will need a reasonable amount of time to adjust production, labeling, distribution networks, and other supply chain processes in order to ensure compliance.

Manufacturers, distributors, and retail stores employ extensive computer systems that require upgrades to incorporate new formulations and ensure non-compliant products are not sold into jurisdictions with new VOC rules.

Manufacturers also need sufficient time to properly communicate these changes to their distributors and retail customers to ensure compliance with new VOC limits. If SMAQMD's contingency measure is triggered, industry will need adequate notification and time to ensure compliance.

Response: We agree that manufacturers, distributors, and retailers need sufficient time to implement the new requirements should the contingency provisions be triggered. We are committed to providing timely notification if we anticipate a triggering event. In addition, the contingency provisions in the proposed rule provide a sell-through period of one year after the contingency measure trigger date.

Comment #5: ACA requests that SMAQMD extend the sell-through provision in section 303 of the proposal to three years after the contingency measure trigger date. This timeframe is consistent with CARB's 2019 AIM SCM (section 5.3) and most AIM coatings rules throughout the U.S. In addition, most architectural coatings have expiry periods of several years. A three-year sell-through period would provide additional time for manufacturers, distributors, and retailers to cycle through their inventory.

Response: EPA's guidance on contingency measures requires that emission reductions begin no later than the second year following the trigger date. Therefore, a sell-through period longer than one year will cause EPA to disapprove our rule. We understand the concern of the industry and will make efforts to let industry know ahead of time whether contingency measures will be triggered, based on air quality data collected from our monitoring stations.

Comment #6: Lastly, SMAQMD did not include a sell-through period for colorants. ACA encourages SMAQMD to consider adding a three-year sell-through provision for colorants. Again, this timeframe is consistent with CARB's 2019 AIM SCM (section 5.3) and would allow additional time for industry to cycle through its inventory.

Response: We agree that a sell-through period for colorants should be added to the rule. We have added a one-year sell-through provision for colorant in section 303.2 of the proposed rule, consistent with CARB's 2019 SCM.

**APPENDIX D:
VOC EMISSION INVENTORY FOR ARCHITECTURAL COATINGS**

Sources:

"CEPAM: California 2016 Ozone SIP Baseline Emission Projections – Version 1.05, Sacramento Nonattainment Area Tool." CARB. December 8, 2016. Accessed March 6, 2024.

"CEPAM: California 2019 Ozone SIP Baseline Emission Projections – Version 1.04, Sacramento Nonattainment Area Tool." CARB. April 7, 2022. Accessed March 6, 2024.

CEPAM: EXTERNAL ADJUSTMENT REPORTING TOOL

Emission Projections by Summary Category

(Includes approved external emission adjustments)

Season: Summer

Reactive Organic Gas

Base Year: 2012

Units: Tons/Day

PRELIMINARY DRAFT: SUBJECT TO CHANGE

[Download this data as a comma delimited file.](#)

SACRAMENTO METROPOLITAN AQMD DISTRICT

EMISSIONS INVENTORY CATEGORY	2024
520-520-9100-0000 520-ARCHITECTURAL COATINGS 9100-OIL BASED (ORGANIC SOLVENT BASED) COATINGS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.156
520-520-9105-0000 520-ARCHITECTURAL COATINGS 9105-OIL BASED PRIMERS_SEALERS_AND_UNDERCOATERS 0000-SUB-CATEGORY UNSPECIFIED	0.038
520-520-9106-0000 520-ARCHITECTURAL COATINGS 9106-OIL BASED QUICK DRY PRIMERS_SEALERS_AND_UNDERCOATERS 0000-SUB-CATEGORY UNSPECIFIED	0.046
520-520-9108-0000 520-ARCHITECTURAL COATINGS 9108-OIL BASED SPECIALTY PRIMER_SEALER_AND_UNDERCOATER 0000-SUB-CATEGORY UNSPECIFIED	0.064
520-520-9109-0000 520-ARCHITECTURAL COATINGS 9109-OIL BASED BITUMINOUS ROOF PRIMER 0000-SUB-CATEGORY UNSPECIFIED	0.013
520-520-9112-0000 520-ARCHITECTURAL COATINGS 9112-OIL BASED SANDING SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.014
520-520-9113-0000 520-ARCHITECTURAL COATINGS 9113-OIL BASED WATERPROOFING SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.029

520-520-9118-0000 520-ARCHITECTURAL COATINGS 9118-OIL BASED WATERPROOFING CONCRETE/MASONRY SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.079
520-520-9122-0000 520-ARCHITECTURAL COATINGS 9122-OIL BASED FAUX FINISHING 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9126-0000 520-ARCHITECTURAL COATINGS 9126-OIL BASED RUST PREVENTATIVE 0000-SUB-CATEGORY UNSPECIFIED	0.214
520-520-9131-0000 520-ARCHITECTURAL COATINGS 9131-OIL BASED STAINS - CLEAR/SEMITRANSSPARENT 0000-SUB-CATEGORY UNSPECIFIED	0.321
520-520-9136-0000 520-ARCHITECTURAL COATINGS 9136-OIL BASED STAINS - OPAQUE 0000-SUB-CATEGORY UNSPECIFIED	0.004
520-520-9141-0000 520-ARCHITECTURAL COATINGS 9141-OIL BASED VARNISH - CLEAR/SEMITRANSSPARENT 0000-SUB-CATEGORY UNSPECIFIED	0.174
520-520-9153-0000 520-ARCHITECTURAL COATINGS 9153-OIL BASED QUICK DRY ENAMEL COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.134
520-520-9157-0000 520-ARCHITECTURAL COATINGS 9157-OIL BASED LACQUERS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.052
520-520-9159-0000 520-ARCHITECTURAL COATINGS 9159-OIL BASED FLAT COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9160-0000 520-ARCHITECTURAL COATINGS 9160-OIL BASED NONFLAT - LOW GLOSS/MEDIUM GLOSS 0000-SUB-CATEGORY UNSPECIFIED	0.017
520-520-9161-0000 520-ARCHITECTURAL COATINGS 9161-OIL BASED HIGH GLOSS NONFLAT COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.007
520-520-9164-0000 520-ARCHITECTURAL COATINGS 9164-OIL BASED BITUMINOUS ROOF COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.004

520-520-9165-0000 520-ARCHITECTURAL COATINGS 9165-OIL BASED CONCRETE CURING COMPOUNDS 0000-SUB-CATEGORY UNSPECIFIED	0.006
520-520-9166-0000 520-ARCHITECTURAL COATINGS 9166-OIL BASED DRY FOG COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.010
520-520-9169-0000 520-ARCHITECTURAL COATINGS 9169-OIL BASED FLOOR COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.005
520-520-9170-0000 520-ARCHITECTURAL COATINGS 9170-OIL BASED FORM RELEASE COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.042
520-520-9171-0000 520-ARCHITECTURAL COATINGS 9171-OIL BASED HIGH TEMPERATURE COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.002
520-520-9172-0000 520-ARCHITECTURAL COATINGS 9172-OIL BASED INDUSTRIAL MAINTENANCE COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.188
520-520-9173-0000 520-ARCHITECTURAL COATINGS 9173-OIL BASED METALLIC PIGMENTED COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.096
520-520-9174-0000 520-ARCHITECTURAL COATINGS 9174-OIL BASED ROOF COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9176-0000 520-ARCHITECTURAL COATINGS 9176-OIL BASED TRAFFIC COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.013
520-520-9177-0000 520-ARCHITECTURAL COATINGS 9177-OIL BASED WOOD PRESERVATIVES 0000-SUB-CATEGORY UNSPECIFIED	0.033
520-520-9200-0000 520-ARCHITECTURAL COATINGS 9200-WATER BASED COATINGS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.031
520-520-9205-0000 520-ARCHITECTURAL COATINGS 9205-WATER BASED PRIMERS_SEALERS_AND_UNDERCOATERS 0000-SUB-CATEGORY UNSPECIFIED	0.207

520-520-9206-0000 520-ARCHITECTURAL COATINGS 9206-WATER BASED QUICK DRY PRIMERS_SEALERS_AND_UNDERCOATERS 0000-SUB-CATEGORY UNSPECIFIED	0.000
520-520-9208-0000 520-ARCHITECTURAL COATINGS 9208-WATER BASED SPECIALTY PRIMER_SEALER_AND_UNDERCOATER 0000-SUB-CATEGORY UNSPECIFIED	0.012
520-520-9209-0000 520-ARCHITECTURAL COATINGS 9209-WATER BASED BITUMINOUS ROOF PRIMER 0000-SUB-CATEGORY UNSPECIFIED	0.000
520-520-9212-0000 520-ARCHITECTURAL COATINGS 9212-WATER BASED SANDING SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9213-0000 520-ARCHITECTURAL COATINGS 9213-WATER BASED WATERPROOFING SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.040
520-520-9218-0000 520-ARCHITECTURAL COATINGS 9218-WATER BASED WATERPROOFING CONCRETE/MASONRY SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.018
520-520-9222-0000 520-ARCHITECTURAL COATINGS 9222-WATER BASED FAUX FINISHING 0000-SUB-CATEGORY UNSPECIFIED	0.018
520-520-9223-0000 520-ARCHITECTURAL COATINGS 9223-WATER BASED FORM RELEASE COMPOUNDS 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9226-0000 520-ARCHITECTURAL COATINGS 9226-WATER BASED RUST PREVENTATIVE 0000-SUB-CATEGORY UNSPECIFIED	0.004
520-520-9231-0000 520-ARCHITECTURAL COATINGS 9231-WATER BASED STAINS - CLEAR/SEMITRANSSPARENT 0000-SUB-CATEGORY UNSPECIFIED	0.018
520-520-9236-0000 520-ARCHITECTURAL COATINGS 9236-WATER BASED STAINS - OPAQUE 0000-SUB-CATEGORY UNSPECIFIED	0.022
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520-520-9257-0000 520-ARCHITECTURAL COATINGS 9257-WATER BASED LACQUERS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.013
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520-520-9260-0000 520-ARCHITECTURAL COATINGS 9260-WATER BASED NONFLAT - LOW GLOSS/MEDIUM GLOSS 0000-SUB-CATEGORY UNSPECIFIED	0.755
520-520-9261-0000 520-ARCHITECTURAL COATINGS 9261-WATER BASED HIGH GLOSS NONFLAT COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.057
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520-520-9273-0000 520-ARCHITECTURAL COATINGS 9273-WATER BASED METALLIC PIGMENTED COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.002
520-520-9274-0000 520-ARCHITECTURAL COATINGS 9274-WATER BASED ROOF COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.014
520-520-9276-0000 520-ARCHITECTURAL COATINGS 9276-WATER BASED TRAFFIC COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.068

520-520-9277-0000 520-ARCHITECTURAL COATINGS 9277-WATER BASED WOOD PRESERVATIVES 0000-SUB-CATEGORY UNSPECIFIED	0.000
520-522-8302-0000 522-THINNING AND CLEANUP SOLVENTS 8302-THINNING SOLVENTS - COATINGS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.231
520-522-8310-0000 522-THINNING AND CLEANUP SOLVENTS 8310-ADDITIVES 0000-SUB-CATEGORY UNSPECIFIED	0.022
520-522-8350-0000 522-THINNING AND CLEANUP SOLVENTS 8350-CLEANUP SOLVENTS - COATINGS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.519
** GRAND TOTAL FOR SACRAMENTO METROPOLITAN AQMD DISTRICT	4.353

Notes:

- Migration ID: 2016_SIP_V105_SAC
- AF Migration Table: AF_MASTERSP16SAC0Z105

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CEPAM: EXTERNAL ADJUSTMENT REPORTING TOOL

Emission Projections by Summary Category

(Includes approved external emission adjustments)

Season: Summer

Reactive Organic Gas

Base Year: 2017

Units: Tons/Day

PRELIMINARY DRAFT: SUBJECT TO CHANGE

[Download this data as a comma delimited file.](#)

SACRAMENTO METROPOLITAN AQMD DISTRICT

EMISSIONS INVENTORY CATEGORY	2032
520-520-9100-0000 520-ARCHITECTURAL COATINGS 9100-OIL BASED (ORGANIC SOLVENT BASED) COATINGS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.017
520-520-9105-0000 520-ARCHITECTURAL COATINGS 9105-OIL BASED PRIMERS_SEALERS_AND_UNDERCOATERS 0000-SUB-CATEGORY UNSPECIFIED	0.002
520-520-9106-0000 520-ARCHITECTURAL COATINGS 9106-OIL BASED QUICK DRY PRIMERS_SEALERS_AND_UNDERCOATERS 0000-SUB-CATEGORY UNSPECIFIED	0.000
520-520-9108-0000 520-ARCHITECTURAL COATINGS 9108-OIL BASED SPECIALTY PRIMER_SEALER_AND_UNDERCOATER 0000-SUB-CATEGORY UNSPECIFIED	0.009
520-520-9109-0000 520-ARCHITECTURAL COATINGS 9109-OIL BASED BITUMINOUS ROOF PRIMER 0000-SUB-CATEGORY UNSPECIFIED	0.006
520-520-9112-0000 520-ARCHITECTURAL COATINGS 9112-OIL BASED SANDING SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9113-0000 520-ARCHITECTURAL COATINGS 9113-OIL BASED WATERPROOFING SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.046

520-520-9118-0000 520-ARCHITECTURAL COATINGS 9118-OIL BASED WATERPROOFING CONCRETE/MASONRY SEALERS 0000-SUB-CATEGORY UNSPECIFIED	0.070
520-520-9122-0000 520-ARCHITECTURAL COATINGS 9122-OIL BASED FAUX FINISHING 0000-SUB-CATEGORY UNSPECIFIED	0.002
520-520-9124-0000 520-ARCHITECTURAL COATINGS 9124-OIL BASED MASTIC TEXTURE 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9126-0000 520-ARCHITECTURAL COATINGS 9126-OIL BASED RUST PREVENTATIVE 0000-SUB-CATEGORY UNSPECIFIED	0.035
520-520-9131-0000 520-ARCHITECTURAL COATINGS 9131-OIL BASED STAINS - CLEAR/SEMITRANSSPARENT 0000-SUB-CATEGORY UNSPECIFIED	0.200
520-520-9136-0000 520-ARCHITECTURAL COATINGS 9136-OIL BASED STAINS - OPAQUE 0000-SUB-CATEGORY UNSPECIFIED	0.056
520-520-9141-0000 520-ARCHITECTURAL COATINGS 9141-OIL BASED VARNISH - CLEAR/SEMITRANSSPARENT 0000-SUB-CATEGORY UNSPECIFIED	0.165
520-520-9153-0000 520-ARCHITECTURAL COATINGS 9153-OIL BASED QUICK DRY ENAMEL COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.000
520-520-9157-0000 520-ARCHITECTURAL COATINGS 9157-OIL BASED LACQUERS (UNSPECIFIED) 0000-SUB-CATEGORY UNSPECIFIED	0.008
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520-520-9161-0000 520-ARCHITECTURAL COATINGS 9161-OIL BASED HIGH GLOSS NONFLAT COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.012

520-520-9164-0000 520-ARCHITECTURAL COATINGS 9164-OIL BASED BITUMINOUS ROOF COATINGS 0000-SUB-CATEGORY UNSPECIFIED	0.001
520-520-9165-0000 520-ARCHITECTURAL COATINGS 9165-OIL BASED CONCRETE CURING COMPOUNDS 0000-SUB-CATEGORY UNSPECIFIED	0.000
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** GRAND TOTAL FOR SACRAMENTO METROPOLITAN AQMD DISTRICT	1.949

Notes:

- Migration ID: SIP2019_V104_SAC
- AF Migration Table: AF_MASTERSP19SAC0Z104

CONTACT US

(800) 242-4450 | helpline@arb.ca.gov
 1001 I Street, Sacramento, CA 95814
 P.O. Box 2815, Sacramento, CA 95812

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Liane M. Randolph

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The Beaufort Gazette
The Belleville News-Democrat
Bellingham Herald
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Bradenton Herald
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Durham | The Herald-Sun
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Attention: Felix Trujillo Jr
SACRAMENTO METRO AIR QUALITY
777 12TH STREET, 3RD FLOOR
SACRAMENTO, CA 95814

finance@airquality.org

NOTICE OF PUBLIC HEARING
AVISO DE AUDIENCIA PÚBLICA

SACRAMENTO METROPOLITAN AIR QUALITY
MANAGEMENT DISTRICT

Proposed Revisions to Rule 442 – Architectural Coatings
Revisiones propuestas a la Regla 442 –
Recubrimientos arquitectónicos

The Board of Directors of the Sacramento Metropolitan Air Quality Management District (District) will conduct a public hearing on July 25, 2024, at 9:00 a.m. in Room 1450 (Board of Supervisors' Chambers), County Administration Building, 700 H Street, Sacramento, CA 95814.

The Board of Directors will consider the adoption of amendments to Rule 442 – ARCHITECTURAL COATINGS. Rule 442 limits the emissions of volatile organic compounds (VOCs) from the use of architectural coatings (paints). The rule applies to those who supply, sell, manufacture, blend, repack, or apply any architectural coating within Sacramento County.

The federal Clean Air Act requires State Implementation Plans for ozone nonattainment areas to include contingency measures that are automatically triggered if additional emissions reductions are needed to achieve National Ambient Air Quality Standards for ozone. The proposed changes to Rules 442 will add contingency provisions that, if triggered, will achieve VOC emission reductions. The proposed contingency provisions will incorporate the California Air Resources Board's 2019 Suggested Control Measure for Architectural Coatings. If approved, the amended rule will be submitted to the U.S. Environmental Protection Agency to be included in the State Implementation Plan. This notice, the public hearing, and the proposed adoption are intended to satisfy the requirements of the federal Clean Air Act Section 110 and Title 40 of the Code of Federal Regulations Part 51.

Copies of this notice, the proposed rule, and the Statement of Reasons are posted on the SMAQMD web site (www.airquality.org). A paper copy of the materials can be viewed at the SMAQMD office or purchased for a cost of 25¢ per page plus mailing costs. You can also subscribe to e-mail notifications at www.airquality.org/Air-Quality-Health/Public-Outreach/Subscribe.

By this notice, all interested parties are specifically requested to provide comments on the proposed amendments to Rule 442. You may submit your comments by mail to the Sacramento Metropolitan AQMD, 777 12th Street, 3rd Floor, Sacramento, CA 95814, Attention: Ananya Srinivas (279) 207-1133 or by e-mail to ASrinivas@airquality.org. Oral testimony may be directed to the Board of Directors at the public hearing.

AVISO DE AUDIENCIA PÚBLICA

Revisiones propuestas a la Regla 442 –
Recubrimientos arquitectónicos

La Junta Directiva del Distrito Metropolitano de la Calidad del Aire de Sacramento (Distrito) llevará a cabo una audiencia pública el 25 de julio de 2024 a las 9:00 a.m. en el cuarto número 1450 (Junta de Cámaras de Supervisores), Edificio de Administración del Condado, 700 H Street, Sacramento, CA 95814.

El Directorio considerará la adopción de modificaciones a la Regla 442 – REVESTIMIENTOS ARQUITECTÓNICOS. La Regla 442 limita las emisiones de compuestos orgánicos volátiles (VOC, por sus siglas en inglés) procedentes del uso de revestimientos arquitectónicos (pinturas). La regla se aplica a quienes suministran, venden, fabrican, mezclan, reenvasan o aplican cualquier revestimiento arquitectónico dentro del condado de Sacramento.

La Ley federal del Aire Limpio (Clean Air Act) requiere que los Planes de Implementación Estatales para áreas de incumplimiento de ozono incluyan medidas de contingencia que se activan automáticamente si se necesitan reducciones de emisiones para alcanzar los Estándares Nacionales de Calidad del Aire Ambiental para el ozono. Los cambios propuestos a la Regla 442 agregarán disposiciones de contingencia que, si se activan, lograrán reducciones de emisiones de VOC. Las disposiciones de contingencia propuestas incorporarán la Medida de control sugerida para revestimientos arquitectónicos de 2019 de la Junta de Recursos del Aire de California (CARB, por sus siglas en inglés). Si se aprueba, la regla enmendada se presentará a la Agencia de Protección Ambiental de EE. UU. para que se incluya en el Plan de implementación estatal. Este aviso, la audiencia pública y la adopción propuesta tienen como objetivo satisfacer los requisitos de la Sección 110 de la Ley federal del Aire Limpio y el Título 40 del Código de Regulaciones Federales, Parte 51.

Copias de este aviso, la regla propuesta y la exposición de motivos están publicadas en el sitio web de SMAQMD (www.airquality.org). Se puede ver una copia impresa de los materiales en la oficina de SMAQMD o comprarla por un costo de 25 centavos por página más los costos de envío. También puede suscribirse para recibir notificaciones por correo electrónico en www.airquality.org/Air-Quality-Health/Public-Outreach/Subscribe.

Mediante este aviso, se solicita específicamente a todas las partes interesadas que brinden comentarios sobre las enmiendas propuestas a la Regla 442. Puede enviar sus comentarios por correo a Sacramento Metropolitan AQMD, 777 12th Street, 3rd Floor, Sacramento, CA 95814, Atención: Ananya Srinivas (279) 207-1133 o por correo electrónico a ASrinivas@airquality.org. El testimonio oral podrá dirigirse a la Junta Directiva en la audiencia pública.
IPL0180150
Jun 25 2024

DECLARATION OF PUBLICATION
(C.C.P.2015.5)

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the printer and principal clerk of the publisher of The Sacramento Bee, printed and published in the City of Sacramento, County of Sacramento, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Sacramento, State of California, under the date of September 26, 1994, Action No. 379071; that the notice of which the annexed is a printed copy, has been published in each issue thereof and not in any supplement thereof on the following dates, to wit:

1 insertion(s) published on:
06/25/24

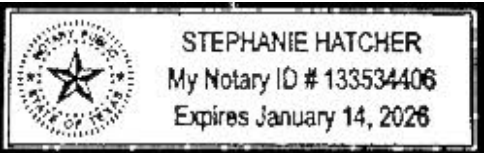
Legals Clerk

COUNTY OF DALLAS
STATE OF TEXAS

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Sacramento, California, on 7/2/2024.

Stephanie Hatcher

Notary Public in and for the state of Texas, residing in Dallas County



Extra charge for lost or duplicate affidavits.
Legal document please do not destroy!

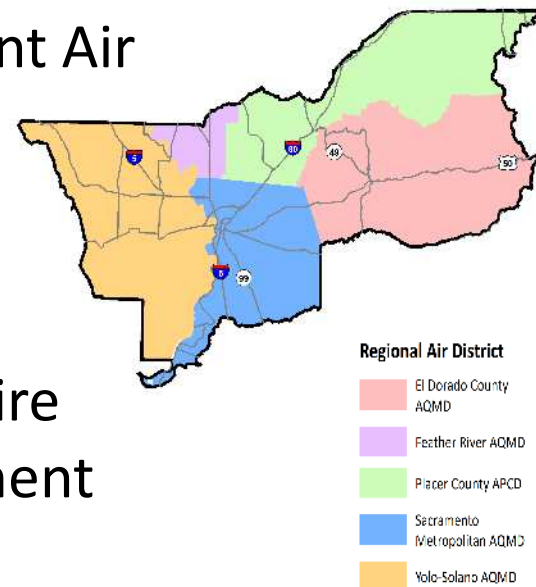
Amendments to Rule 442 Architectural Coatings

Ananya Srinivas, Air Quality Engineer
Board Meeting, July 25, 2024



Why Amend Rule 442?

- Region is Severe nonattainment for both the 2008 and 2015 Ozone National Ambient Air Quality Standard
- State Implementation Plans (SIP) require Contingency Measures in case attainment goals are not met (Clean Air Act)

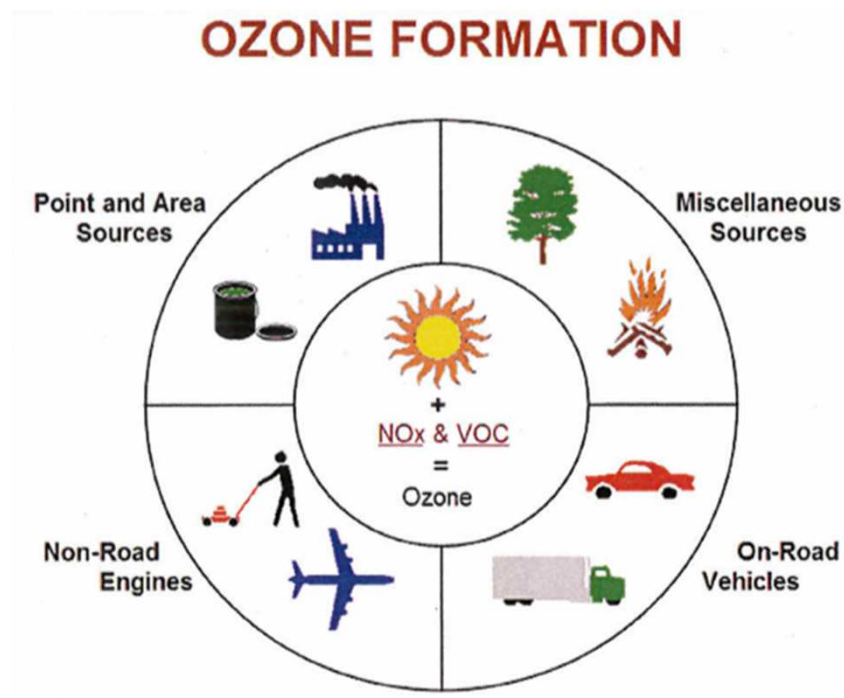


Ozone Formation

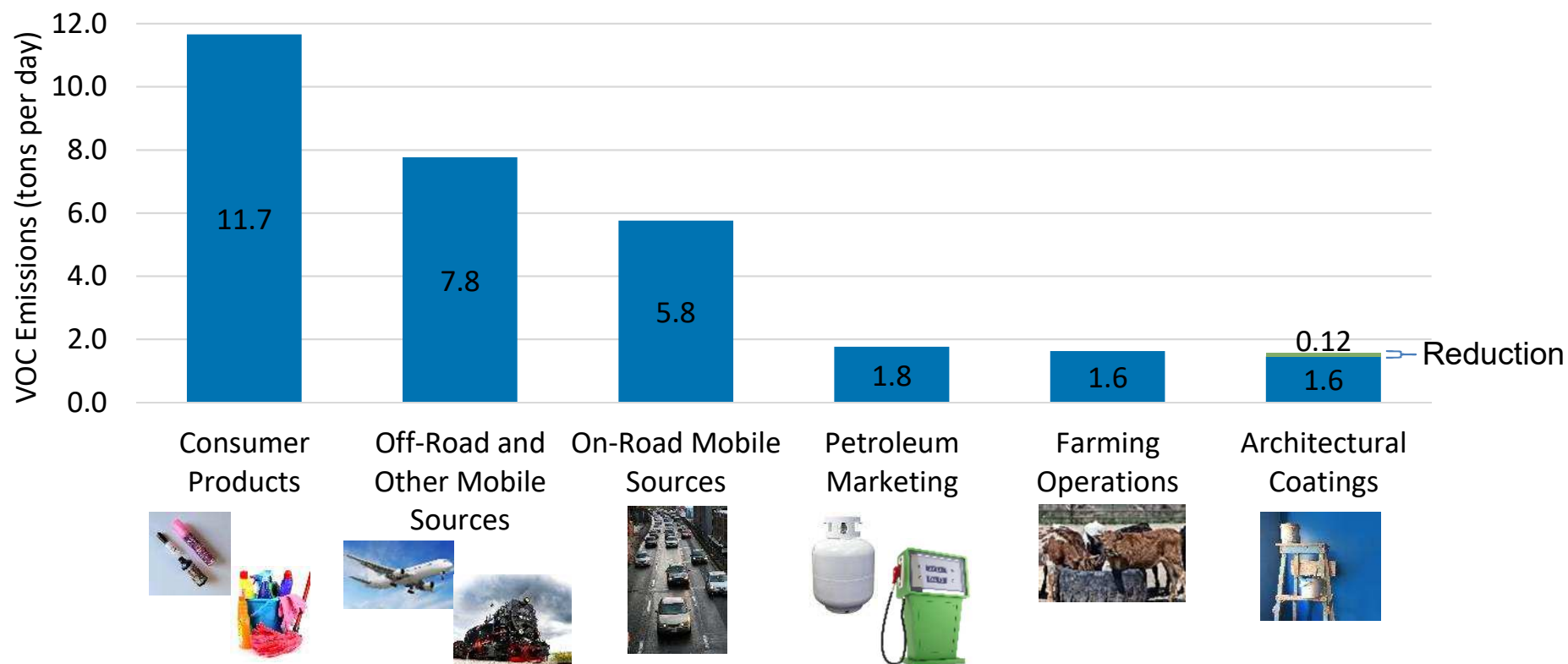
$\text{NO}_x + \text{VOC} + \text{sunlight} = \text{ozone}$

NO_x – nitrogen oxides

VOC – volatile organic compounds

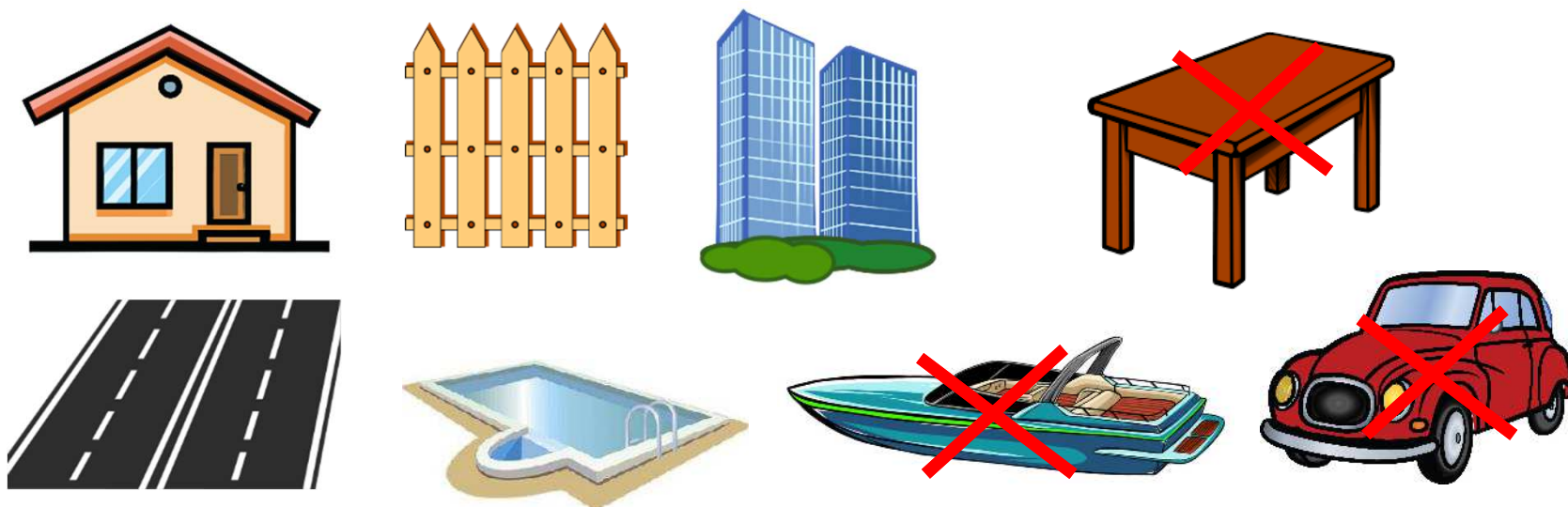


VOC Emissions Inventory and Reductions



What are architectural coatings?

- Paints, primers, stains applied to stationary structures
- NOT for mobile equipment

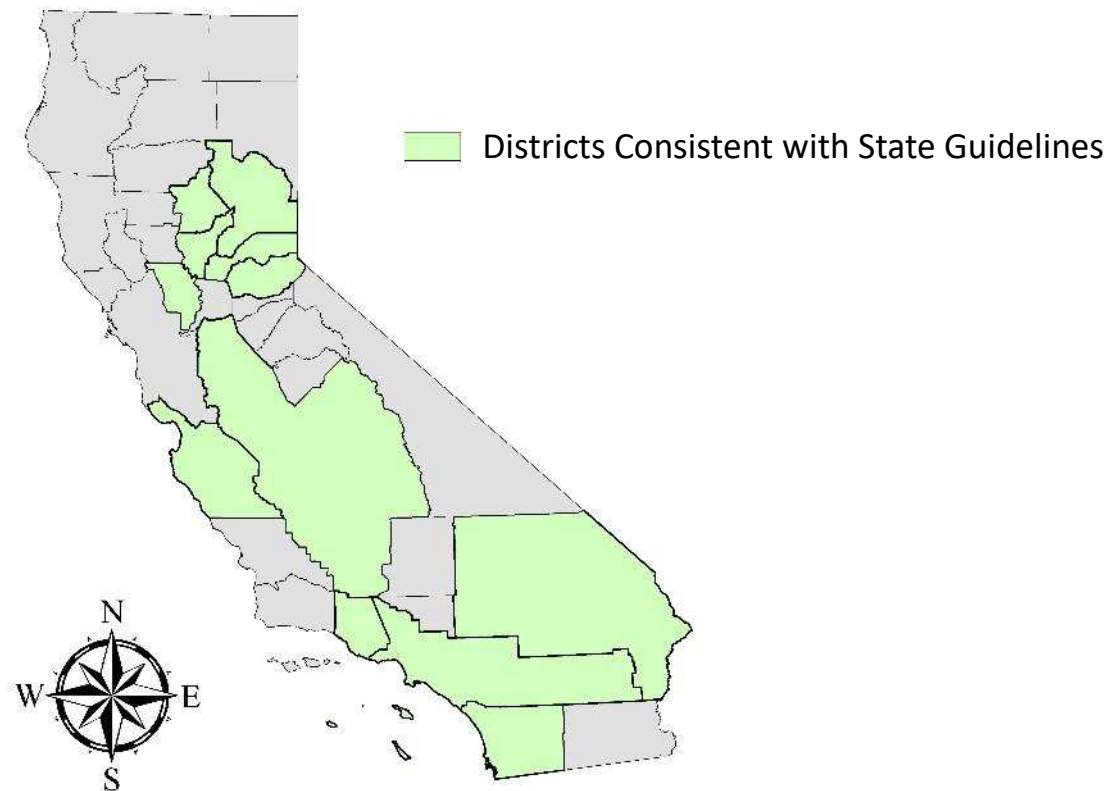


How is Rule 442 being changed?

- Consistent with most recent state guidelines
- Lower VOC limits
- New categories
- Provide a one-year sell through



Where Have These Guidelines Been Adopted?



Who does Rule 442 affect?

- Manufacturers, marketers, distributors
- Consumers — coating users



Cost Effectiveness

- Emission reductions of 7.8%
- Compliant products available
- CARB: retail cost increase $\leq 11\%$
- Cost effectiveness of \$2.21 per pound of VOC reduced



Outreach

- Public Workshop: April 18, 2024
- Today's Hearing
- Both noticed through the *Sacramento Bee*, District website, and by email



U.S. EPA Region 9 Comments

- **Comment:** Suggest restricting small container exemptions
- **Response:** Minimal benefit, staff does not recommend these restrictions
- **Comment:** Concern about the ability to verify rule compliance if records are only provided upon request
- **Response:** No change is proposed, will wait for additional guidance from EPA

American Coatings Association (ACA) Comments

- **Comment:** Suggested an extension of the sell-through period to three years
- **Response:** Due to needing to achieve reductions a year after triggering the measure staff does not recommend extending sell-through period



Recommendations

- Conduct a public hearing
- Determine the amendments to Rule 442 are exempt from the CEQA
- Approve the resolution adopting amended Rule 442
- Direct staff to forward amended rule to CARB for submittal to US EPA

Meeting Date: 7/25/2024
Report Type: DISCUSSION / INFORMATION
Report ID: 2024-0725-7.



Title: Land Use and Climate Program Updates; Communities, Climate, and Tools

Recommendation: Receive and file a report on the current activities in the Climate and Land Use section of the Transportation and Climate Change Division.

Rationale for Recommendation: The Transportation & Climate Change Division is comprised of the Mobile Source, Climate Change, Land Use programs. Primary functions include land use and transportation planning and project review, and participation in regional climate change mitigation and adaptation efforts. This item is informational and no board action is necessary.

Contact: Raef Porter, Transportation & Climate Change, Program Manager, 916-588-0175

Presentation: Yes

ATTACHMENTS:

Presentation: Land Use and Climate Program Updates; Communities, Climate, and Tools

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/18/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/18/2024

Discussion / Justification: Staff will provide an update on the Climate Pollution Reduction Grant, the CAPCOA handbook and strategies around community land use, heat impacts, and climate change.



Land Use and Climate Program Update

Communities, Climate, and Tools

Board of Directors Meeting

July 25, 2024

Presenter: Roberto Ramirez, Assistant Air Quality
Planner Transportation and Climate Change Division



Climate Pollution Reduction Grants

Capital Region Climate Priorities Plan - submitted

- 24 measures across three categories
 - (Natural & Working Lands, Transportation, & Built Environment)
- Collaboration with 7 county region (SACOG Region & Nevada County)

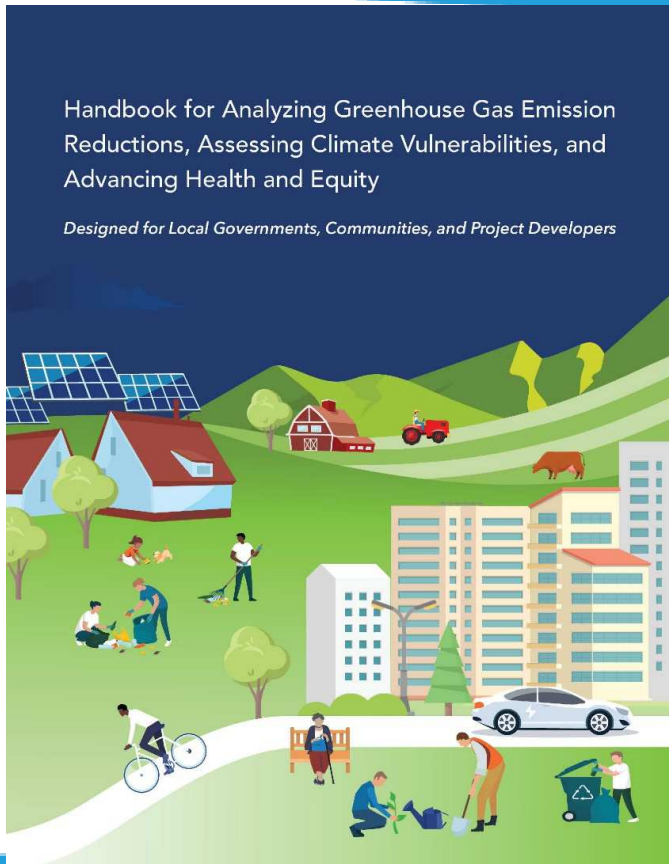
Phase II Implementation Grant - submitted

- Infill development with affordable housing, zero-emission transportation, & carbon sequestration through agriculture
- Requested \$93M with awards announcement anticipated Summer 2024

Capital Region Comprehensive Climate Action Plan

- Focuses on implementation & workforce development
- Kickoff meeting today, July 25, 2024

Proposed Update for CAPCOA Handbook in October 2024



T-55: Infill Development

T-56: Active Modes of Transportation for Youth

T-40: Establish a School Bus Program

T-22-D: Transition Conventional to Electric Bikeshare

T-46: Provide Transit Shelters

E-21: Install Cool Pavement

E-26: Biomass Energy

S-3: Require Edible Food Recovery Program Partnerships with Food Generators

N-7: Wildfire Resilience & Management

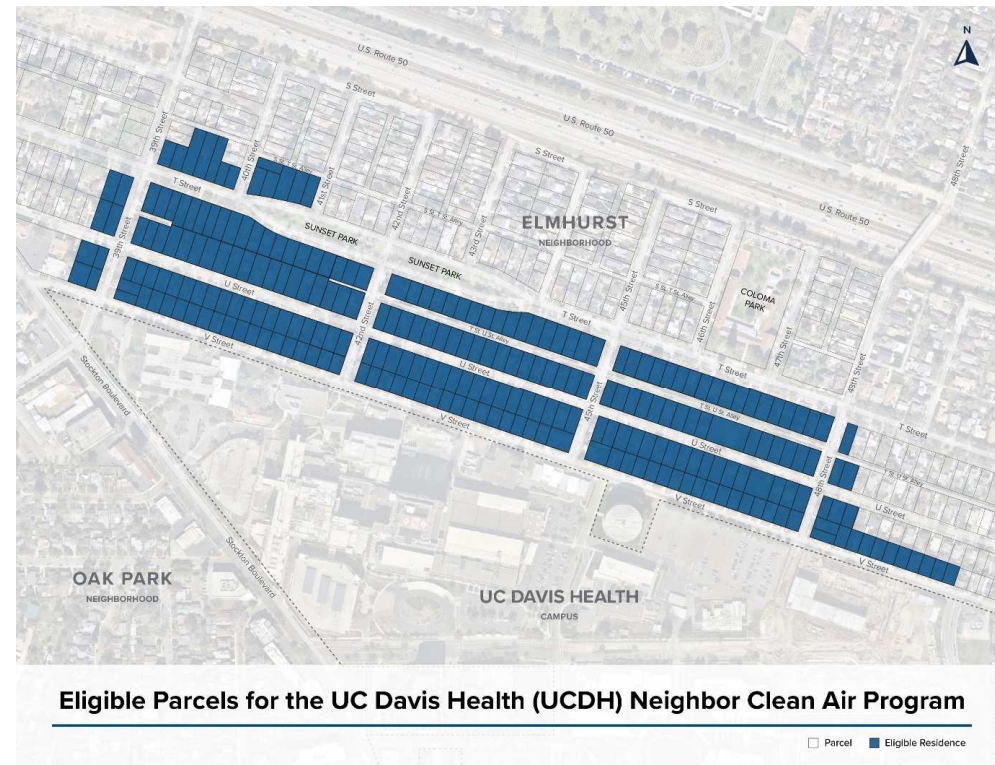
N-8: Agricultural Equipment Efficiency

M-6: Off-Road Equipment Efficiency

UC Davis Health Neighbor - Clean Air Program

- High Efficiency Particulate Air (HEPA) portable purifiers are provided at no-cost to residents impacted by construction at Med Center.
- Impacts & mitigation identified as part of environmental review process (CEQA).
- Program (implemented by Breathe CA) is highlighted in the CAPCOA Handbook as a model for other projects as measure

CE-4: Portable Indoor Air Filtration for Nearby Residents During Construction



Closures, free rides and cooling centers: How Sacramento is responding to extreme heat

THE SACRAMENTO BEE BY HANNAH POUKISH
UPDATED JULY 01, 2024 4:22 PM

 Sacramento area cooling centers ★
 This map was made with Google My Maps. [Create your own.](#)



HEAT WAVE CANCELATIONS



 **The Dirt Davis** is in Davis.
5 hours ago · 🌐

event cancellations are on the rise this week, along with the temperature 🌡️ scroll for tips on beating the heat!

schedule adjustments to note

- davis farmers market: closed wednesday.
- kiwanis kiddie parade on july 4: cancelled.
- spork food hub: earlier hours, 10-3.
- davis craft and vintage on july 7: cancelled.

we've got info on how to stay cool and safe as temperatures hover in the 110's this week 🍷

stay cool at [@citydavisca](#) pools! 🇺🇸

a limited number of free pool passes are available at both manor and arroyo pools for families facing financial troubles

Preparing the Sacramento Region for our Climate Future



MaRTy is a mobile biometeorological instrument platform developed by Arizona State University & funded in partnership with City of Elk Grove & Sac Metro Air District.

- Measures air temperature, humidity, wind speed & direction, GPS coordinates, & Mean Radiant Temperature.
- Informs guidance to make new-growth areas & existing-communities more resilient to extreme heat.
- Data from MaRTy will help determine appropriate treatments for future projects and support future grant applications.

SACRAMENTO METROPOLITAN
**AIR QUALITY
MANAGEMENT DISTRICT**

Cool Pavement Overview for Developers

Why Cool Pavements?
Pavements make up 45% of the City of Sacramento, with over 50% of those pavements classified as roads. Conventional asphalt pavements can have temperatures of 120°F-150°F in the summer, radiating this excess heat into the surrounding air, especially at night. Using cool pavements—or replacing pavements with vegetation—can help to lower temperatures and have multiple benefits: reduced roadway maintenance costs, cooler stormwater runoff, greater visibility at night for lighter-colored pavements, and public health benefits. Urbanized areas in Sacramento range from 3 to 9 degrees Fahrenheit warmer than surrounding areas, and these higher temperatures can lead to heat stress, heat stroke, and even heat mortality, especially for the elderly, the young, and those with pre-existing health conditions.

Recommended Standard & Design Considerations
To avoid glare issues for vehicle traffic, ground-level surfaces such as roadways and adjacent walls should not exceed a solar reflectance of 0.35.

Cool pavement technologies may not be appropriate in high pedestrian-use areas. Increased reflectance of solar radiation, while reducing heat storage, increases thermal load on pedestrians. This is also true of areas with sensitive infrastructure, such as EV charging stations, where unshaded, highly reflective materials may increase battery thermal load. However, leading research suggests shaded cool pavements will decrease both thermal load on nearby objects and provide after-sunset cooling.

Regional Examples

Roseville: Roller Compacted Concrete
In 2019, the city of Roseville piloted the use of [Roller Compacted Concrete \(RCC\)](#) to repave one residential, one arterial, and one industrial road. RCC saved the city \$1 Million in installation costs and with a lifespan of 20-25 years will reduce maintenance costs for the city. As of summer 2024, the treated roads have not experienced a single failure.



Image 1: Roseville RCC Pilot Project Example

City of Elk Grove
In the Summer of 2020, the [City of Elk Grove treated a downtown parking lot with a new layer of cool pavement \(CoolSeal by GuardTop\)](#) and monitored both surface and air temperatures over the following two summers. They found a significant decrease in surface temperatures and small increase

Meeting Date: 7/25/2024
Report Type: DISCUSSION / INFORMATION
Report ID: 2024-0725-8.



Title: Carl Moyer and Clean Cars 4 All Program Updates

Recommendation: Receive and file a report on the current activities of the Carl Moyer and Clean Cars 4 All Programs in the Transportation and Climate Change Division.

Rationale for Recommendation: The Transportation and Climate Change Division administers several programs for residents, businesses, and public agencies intent on improving air quality in the Sacramento region. This item is informational and no board action is necessary.

Contact: Raef Porter, Transportation & Climate Change, Program Manager, 916-588-0175

Presentation: Yes

ATTACHMENTS:

Presentation: Carl Moyer and Clean Cars 4 All Program Updates

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/18/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/18/2024

Discussion / Justification: Staff will provide an update of the current Carl Moyer Program solicitation, the Charlene McGhee Memorial Lawn and Garden Program, and Clean Cars 4 All Program.

SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

Carl Moyer and Clean Cars 4 All Program Updates

Board of Directors Meeting

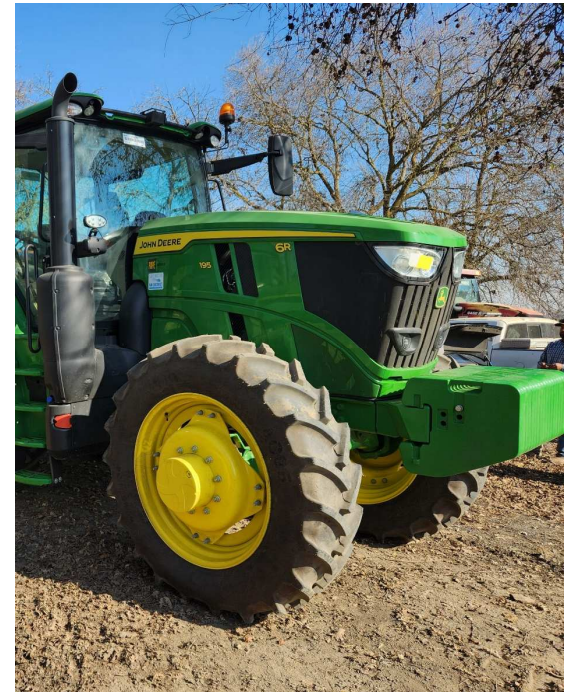
July 25, 2024

Presenter: Celida Lizarraga, Air Quality Engineer

Current Carl Moyer Grant Solicitation Update

Carl Moyer Program – Current Grant Solicitation

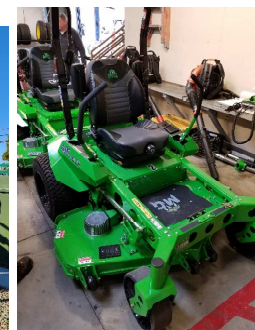
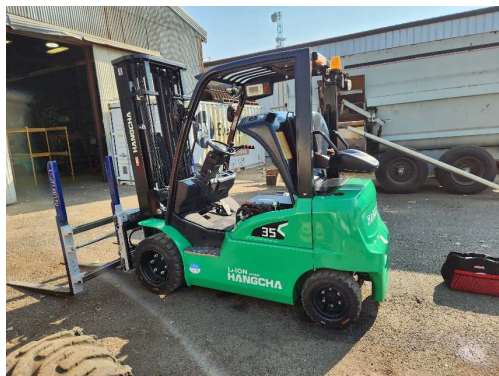
- Solicitation reopened on June 24th, 2024
- Grants for cleaner heavy-duty vehicles, equipment, and supporting infrastructure
- Over **\$10 million** in grant incentive funding for Sac County businesses and agencies
- High priority for low-income communities
- Zero-emission projects get higher funding limits



SACRAMENTO METROPOLITAN



Carl Moyer Program – Eligible Projects in Sac County



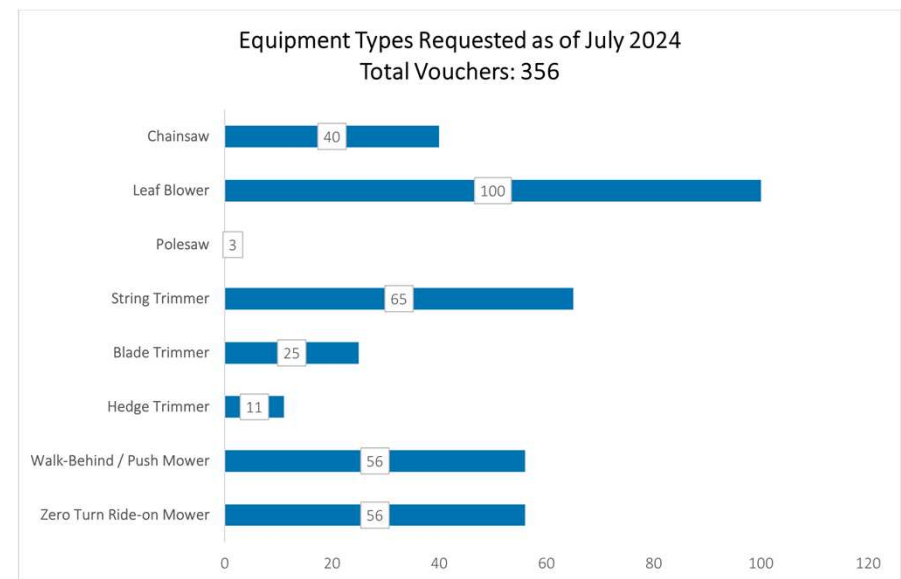
SACRAMENTO METROPOLITAN



Charlene McGhee Memorial Lawn and Garden Program

Charlene McGhee Memorial Lawn and Garden Program Overview

- Voucher program to trade in old polluting equipment for zero-emission equipment
- Over **\$1.2 million** allocated to the program with **\$450k** remaining
- **\$840k** toward zero-emission ride-on mowers
- Next steps: Residential program



La Familia + United Latinos + Air District

- Event targeted towards Latino, Spanish-speaking community
- Program vendors and merchants brought equipment to test
- Featured on CBS, KCRA, and Univision



SACRAMENTO METROPOLITAN



Clean Cars 4 All

CC4A – Meadowview Farmers Market



Outreach Success

- First Meadowview Market
- Lots of interest in program

Program relaunch August

- County-wide
- Up to \$12,000 incentive
- Now includes E-Bikes

Meeting Date: 7/25/2024
Report Type: AIR POLLUTION CONTROL OFFICER'S REPORT
Report ID: 2024-0725-9.



Title: Air Pollution Control Officer Presentation

Recommendation: Receive and file a presentation from the Air Pollution Control Officer.

Rationale for Recommendation: A primary responsibility of the Air Pollution Control Officer / Executive Director (APCO) is to keep the Board of Directors informed of important or incidental matters related to the Air District. Therefore, the APCO regularly presents to the Board during public meetings noteworthy items such as past successes, progress of current activities and future endeavors, updates regarding relevant legislation, anticipated media events, and material internal changes.

Contact: Alberto Ayala, Executive Director/Air Pollution Control Officer, 279-207-1122

Presentation: Yes

ATTACHMENTS:

Presentation: Air Pollution Control Officer Report

Attachment 1: 7-25-24 Memo Re: Continuation of District's Current Hybrid Work Model

Attachment 2: 7-10-24 Memo Re: Recommendation to Continue Current Hybrid Work Model

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 7/18/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 7/18/2024

SACRAMENTO METROPOLITAN

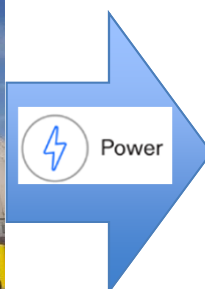


Air Pollution Control Officer Report

Board of Directors Meeting
July 25, 2024

Air quality permitting of first fuel cell system for SacSewer's BioGen Facility Project

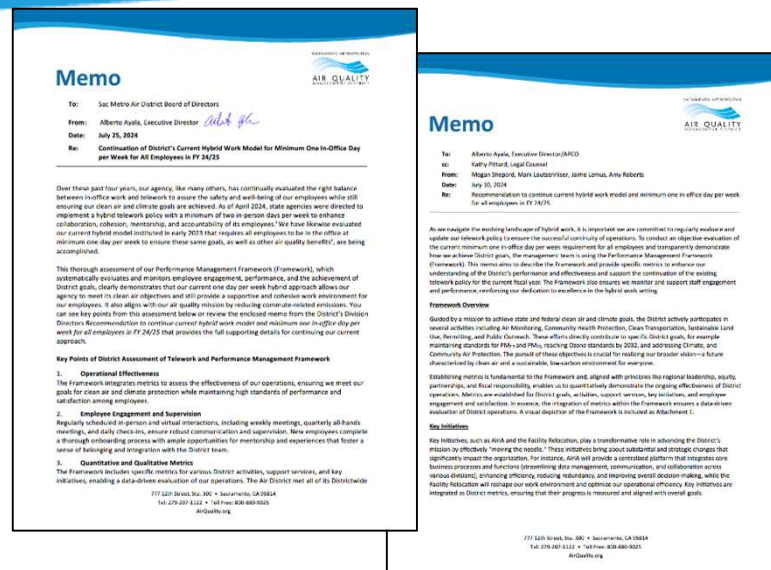
- Fuel cell produces clean electricity from “waste” gas
- Fuel cell technical assessment by Air District complete
- Biogen permit to be issued by end of August
- SacSewer begins construction in September



Hybrid work model recommendation for FY 24/25

- Hybrid 1 in-office day work model is working
- Performance management framework
- Agency goals and trackable metrics in 10 categories of programmatic priorities
- Achieving goals for employee collaboration, cohesion, communication, mentorship
- Management supervision and accountability
- Individual employee development plans
- Retain benefits of avoided commute miles/pollution

Recommendation: continue minimum 1 in-office day per week hybrid work model



- 🎯 = Meeting target goal metric
- 🎯 = Not currently on target, work in progress
- ✂ = Future goal, work in progress

AB 617 Community Air Protection in South Sacramento-Florin

- California ARB considering transition of South Sacramento-Florin to a “Community Emission Reduction Plan (CERP)” community
- CERP is next step in AB 617 process
- ARB board meeting today at 4pm
- Community Steering Committee has voted in favor
- Air District Board to testify in support: Chair Kennedy, Director Vang, Director Maple
- Air District staff to testify in support: Janice Lam-Snyder, Director, Community Air Protection
- Broad community support: Valley Vision, United Latino, Community Resource Project
- *Let the work continue!*



Sac Metro Air District joins Regional Host Committee



CALIFORNIA
STEWARDSHIP
NETWORK

THRIVING REGIONS • THRIVING STATE



SACRAMENTO METROPOLITAN



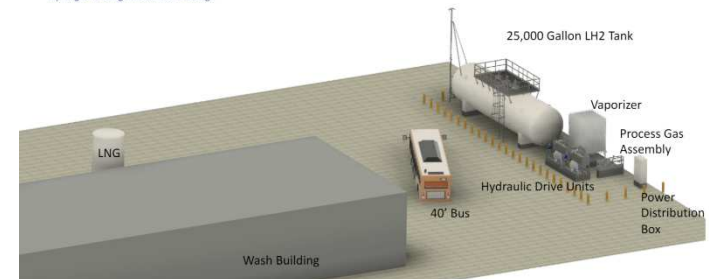
SacRT receives award for zero-emission fuel cell electric buses (FCEB)

- Congratulations!
- \$77m from Federal Transit Administration
- 29 zero-emission FCEBs (first in our region)
- Maintenance facility
- Workforce development program
- 4-agency partnership pulling for SacRT:
 - \$10M from SACOG
 - \$3M from Sac Metro Air District
- “Hydrogen is ‘Swiss army knife’ of our decarbonization toolkit”*

McClellan Garage (BMP-2) Rendering



Hydrogen Fueling Infrastructure Design




*10/16/23 letter to Secretary Yellen from US Senators Whitehouse, Heinrich, Merkley, Welch, Warren, Sanders, Booker, and Markey



Memo

To: Sac Metro Air District Board of Directors

From: Alberto Ayala, Executive Director 

Date: July 25, 2024

Re: Continuation of District's Current Hybrid Work Model for Minimum One In-Office Day per Week for All Employees in FY 24/25

Over these past four years, our agency, like many others, has continually evaluated the right balance between in-office work and telework to assure the safety and well-being of our employees while still ensuring our clean air and climate goals are achieved. As of April 2024, state agencies were directed to implement a hybrid telework policy with a minimum of two in-person days per week to enhance collaboration, cohesion, mentorship, and accountability of its employees.ⁱ We have likewise evaluated our current hybrid model instituted in early 2023 that requires all employees to be in the office at minimum one day per week to ensure these same goals, as well as other air quality benefitsⁱⁱ, are being accomplished.

This thorough assessment of our Performance Management Framework (Framework), which systematically evaluates and monitors employee engagement, performance, and the achievement of District goals, clearly demonstrates that our current one day per week hybrid approach allows our agency to meet its clean air objectives and still provide a supportive and cohesive work environment for our employees. It also aligns with our air quality mission by reducing commute-related emissions. You can see key points from this assessment below or review the enclosed memo from the District's Division Directors *Recommendation to continue current hybrid work model and minimum one in-office day per week for all employees in FY 24/25* that provides the full supporting details for continuing our current approach.

Key Points of District Assessment of Telework and Performance Management Framework

1. Operational Effectiveness

The Framework integrates metrics to assess the effectiveness of our operations, ensuring we meet our goals for clean air and climate protection while maintaining high standards of performance and satisfaction among employees.

2. Employee Engagement and Supervision

Regularly scheduled in-person and virtual interactions, including weekly meetings, quarterly all-hands meetings, and daily check-ins, ensure robust communication and supervision. New employees complete a thorough onboarding process with ample opportunities for mentorship and experiences that foster a sense of belonging and integration with the District team.

3. Quantitative and Qualitative Metrics

The Framework includes specific metrics for various District activities, support services, and key initiatives, enabling a data-driven evaluation of our operations. The Air District met all of its Districtwide

and Divisional goals, except for a few that have experienced operational challenges unrelated to the telework policy. Employee success and engagement are monitored through performance reviews, with most employees consistently achieving "Meets" or "Exceeds" expectations. The District has experienced minimal performance issues, attesting to the high standards upheld by our expert workforce.

Conclusion

Based on the comprehensive evaluation of operations provided by implementation of the Framework, we recommend to the Board continuance of the current hybrid work environment with a minimum of one in-office day per week as the most appropriate and effective strategy for FY 24/25. This arrangement will ensure continued operational success and alignment with our air and climate goals while supporting employee satisfaction and flexibility. As we move forward, and as outlined in the Framework, we will continue to review and assess our current approach and adjust as needed. We expect to return to the Board next year with our recommendation for the following fiscal year.

Enclosure:

Memo: Recommendation to continue current hybrid work model and minimum one in-office day per week for all employees in FY 24/25 (July, 10 2024)

ⁱ Patterson, Ann. State of California Office of the Governor Cabinet Secretary. (2024, April 10). Letter to Cabinet Secretaries. <https://calattorneys.org/wp-content/uploads/2024/04/2024-April-10-Letter-to-Cabinet-Secretaries.pdf>

ⁱⁱ Sac Metro Air District. (2023, February 28). Sac Metro Air District Highlights Air Quality Benefits of Teleworking and Teleconferencing as COVID Emergency Ends [Press release]. <https://www.airquality.org/Communications/Documents/02-28-23%20Teleworking%20Study%20Release.pdf#search=telework>

Memo



To: Alberto Ayala, Executive Director/APCO
cc: Kathy Pittard, Legal Counsel
From: Megan Shepard, Mark Loutzenhiser, Jaime Lemus, Amy Roberts
Date: July 10, 2024
Re: Recommendation to continue current hybrid work model and minimum one in-office day per week for all employees in FY 24/25

As we navigate the evolving landscape of hybrid work, it is important we are committed to regularly evaluate and update our telework policy to ensure the successful continuity of operations. To conduct an objective evaluation of the current minimum one in-office day per week requirement for all employees and transparently demonstrate how we achieve District goals, the management team is using the Performance Management Framework (Framework). This memo aims to describe the Framework and provide specific metrics to enhance our understanding of the District's performance and effectiveness and support the continuation of the existing telework policy for the current fiscal year. The Framework also ensures we monitor and support staff engagement and performance, reinforcing our dedication to excellence in the hybrid work setting.

Framework Overview

Guided by a mission to achieve state and federal clean air and climate goals, the District actively participates in several activities including Air Monitoring, Community Health Protection, Clean Transportation, Sustainable Land Use, Permitting, and Public Outreach. These efforts directly contribute to specific District goals, for example maintaining standards for PM_{2.5} and PM₁₀, reaching Ozone standards by 2032, and addressing Climate, and Community Air Protection. The pursuit of these objectives is crucial for realizing our broader vision—a future characterized by clean air and a sustainable, low-carbon environment for everyone.

Establishing metrics is fundamental to the Framework and, aligned with principles like regional leadership, equity, partnerships, and fiscal responsibility, enables us to quantitatively demonstrate the ongoing effectiveness of District operations. Metrics are established for District goals, activities, support services, key initiatives, and employee engagement and satisfaction. In essence, the integration of metrics within the Framework ensures a data-driven evaluation of District operations. A visual depiction of the Framework is included as Attachment 1.

Key Initiatives

Key Initiatives, such as AiriA and the Facility Relocation, play a transformative role in advancing the District's mission by effectively "moving the needle." These initiatives bring about substantial and strategic changes that significantly impact the organization. For instance, AiriA will provide a centralized platform that integrates core business processes and functions (streamlining data management, communication, and collaboration across various divisions), enhancing efficiency, reducing redundancy, and improving overall decision-making, while the Facility Relocation will reshape our work environment and optimize our operational efficiency. Key Initiatives are integrated as District metrics, ensuring that their progress is measured and aligned with overall goals.

Achieving Goals for Employee Collaboration, Cohesion, Communication, Mentorship, Supervision, and Accountability

The District relies on the expertise of its employees for the implementation of key programs and initiatives. Their overall job performance and satisfaction are therefore fundamental to the District reaching its mission. When we apply the Framework and its metrics, we find that the established frequency of regularly scheduled contact with staff in addition to the one in-office day per week provide more than ample opportunities for communication, enhanced collaboration, and for staff to feel engaged and aligned with our mission. These opportunities for staff engagement also provide the management team with sufficient supervision and accountability. For new employees, ensuring this level of engagement is occurring is especially critical to promote a sense of belonging and integration with the District team and our air quality mission. Connection and communication at all levels of District leadership is also key in a hybrid environment. Frequent leadership meetings, which periodically occur in person, ensure a comprehensive communication framework for managers to engage in mission-critical discussions and stay abreast of important District matters. We find that employees new to the District are finding plenty of mentorship opportunities. A full listing of in-person and virtual interactions for employees and management is included below (Table 1). While we are confident in the effectiveness of this approach, we are committed to continuous improvement. To validate the effectiveness of these interactions on employee engagement and job satisfaction, we will continue to survey employees to gather feedback and adjust as needed to improve involvement and alignment to better achieve our mission. In addition, qualitative metrics related to employee engagement and job satisfaction have been developed to track progress in this important area.

Table 1. Engagement opportunities for District leadership and staff at various group levels and frequencies. Engagement level shows the interaction level, e.g., Districtwide means all staff may participate in these events, whereas Individual level is a personal interaction of staff with their leadership teams and co-workers. The frequency of interactions is the typical frequency but may occur more or less often based on the needs of the individual or the team.

Event/Activity	Engagement Level	Frequency
All Hands meetings	Districtwide	Quarterly, Ad-hoc
Employee Appreciation Events	Districtwide	Biannually
Group Potlucks & Team-building Events	Districtwide	Ad-hoc
Conferences & Training	Districtwide	As needed
Open-door District Culture/Walkarounds	Districtwide	Ad-hoc
Executive Management Meeting	District Leadership Team	Weekly
Operations Meetings (Directors/Managers)	District Leadership Team	Biweekly
Leadership Meetings (Districtwide)	District Leadership Team	Quarterly
Division Meetings	Division	Bimonthly; Ad-hoc
Division Leadership Meetings	Division	Weekly/Biweekly (minimum)
Section Meetings	Division	Monthly, Ad-hoc
Section Leadership Meetings	Division	Monthly
Unit Meetings	Division	Monthly, Ad-hoc
Group Potlucks & Team-building Events	Division	Ad-hoc
Off-site Group Events	Division	Annually
New Hire Lunch with Supervisor	Individual	As needed
APCO Meet & Greet with New Hires	Individual	As needed
Additional in-office time for New Hires	Individual	Variable
Supervisor and Staff 1:1 Meetings	Individual	Weekly/Biweekly (minimum)
Supervisor Ride-Along (w/ Field Staff)	Individual	Monthly
Manager and Director 1:1 Meetings	Individual	Weekly/Biweekly (minimum)
Daily check-in/check-out protocols	Individual	Daily

Individualized Training	Individual	As needed
Coaching meetings	Individual	As needed
Ad-hoc in-person interactions	Individual	Weekly/Daily for some staff

Collaboration and Individual Employee Plans

At the heart of achieving the District's goals are the individual contributions of each employee. Recognizing this, we prioritize setting individual goals and plans with every employee. This ensures that each staff member's efforts directly contribute to the attainment of broader District goals. Periodic reviews are conducted to assess progress and make necessary adjustments, guaranteeing that employees remain on track in fulfilling their objectives. By working together and staying focused, we give our workforce a key role in achieving the District's mission.

Moreover, it is noteworthy that most of our employees consistently achieve "Meets" or "Exceeds" expectations in their annual performance reviews, reflecting a commitment to excellence. The District has experienced minimal performance issues, attesting to the high standards upheld by our workforce. This positive trend confirms that our employees are actively helping the District achieve its goals all while performing and ensuring the continuity of operation in a hybrid, one in-office day per week telework model.

Conclusion

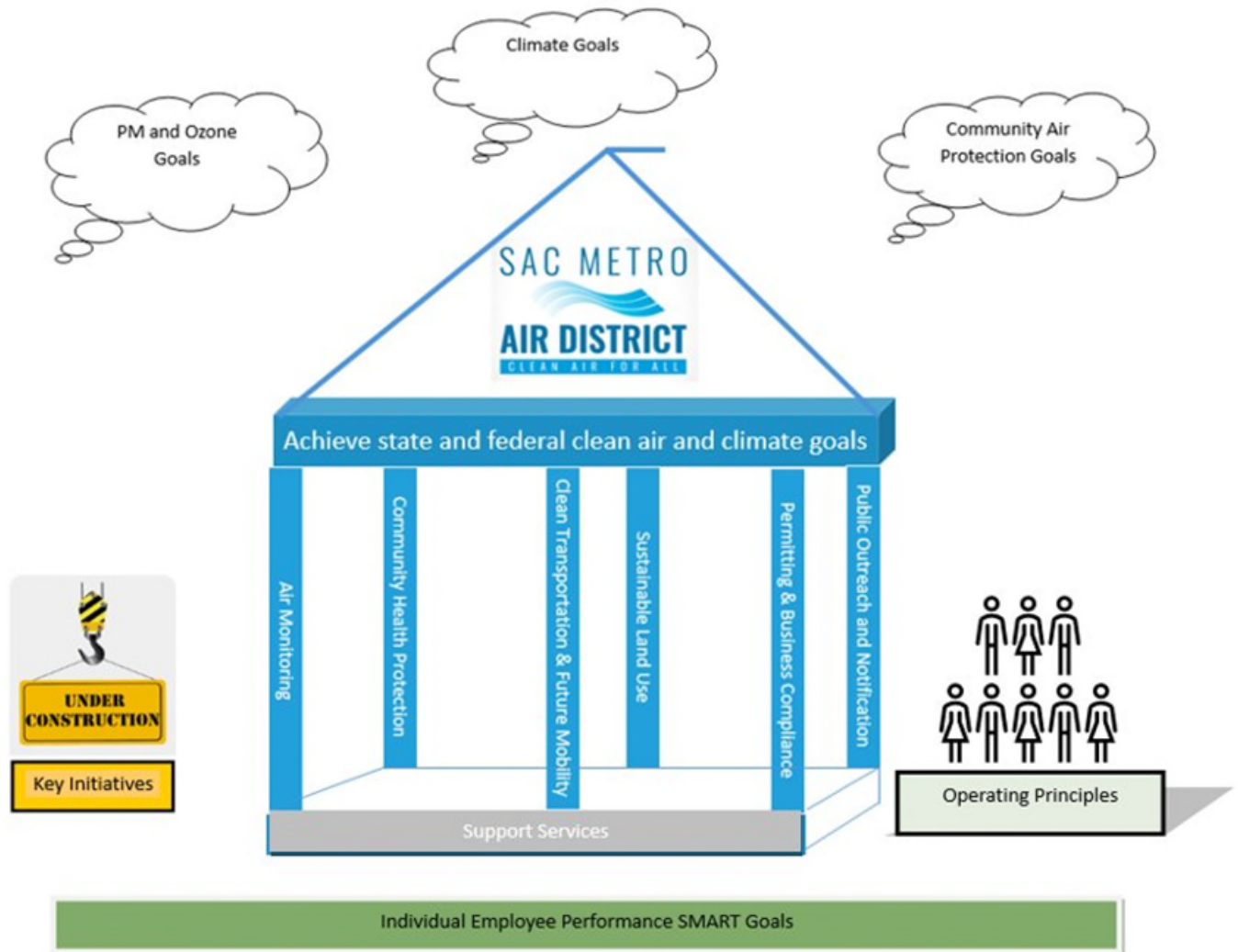
The hybrid work model has evolved through the last four years as private, state, and local government workplaces went from fully remote in the early years of the COVID-19 pandemic to a point where they are now evaluating the best working model to balance employee satisfaction and flexibility while ensuring staff development, collaboration and accountability. Recently the, California Governor's Office issued a letter to state agencies requiring employees to be in the office two days per week beginning June 17, 2024.¹ As an air agency, the District has been an advocate of a hybrid model that minimizes commute miles and maximizing the inherent air quality benefits from the teleworking model.² Since early 2023, most employees have been required to be in the office at minimum one day per week unless their job duties require them to be onsite more regularly, e.g., Information Services, Air Monitoring, and Front Office staff. By implementing the Framework, we find that the goals of the District and the employee benefits to in-person work can be achieved satisfactorily while continuing the District's existing telework policy of one in-office day per week.

The Performance Management Framework is in place to assure this minimal in-office hybrid model allows for the necessary employee support, integration, engagement, communication, and oversight that serves as the foundation of the District realizing its vision and mission. This is demonstrated qualitatively and quantitatively by the Districtwide Metrics Summary in Attachment 2. By actively monitoring performance in the hybrid work environment, we not only show the accomplishment of District tasks but also highlight the importance of employee job satisfaction for the District to operate at its optimum. This focus ensures each team member, whether a seasoned veteran or a new employee, feels valued, supported, and aligned with common goals, reinforcing our success in the hybrid work setting. Through this methodical approach, the District will continue to evaluate and improve upon its Framework and employee engagement strategies.

¹ Patterson, Ann. State of California Office of the Governor Cabinet Secretary. (2024, April 10). Letter to Cabinet Secretaries. <https://calattorneys.org/wp-content/uploads/2024/04/2024-April-10-Letter-to-Cabinet-Secretaries.pdf>

² Sac Metro Air District. (2023, February 28). Sac Metro Air District Highlights Air Quality Benefits of Teleworking and Teleconferencing as COVID Emergency Ends [Press release]. <https://www.airquality.org/Communications/Documents/02-28-23%20Teleworking%20Study%20Release.pdf#search=telework>

PERFORMANCE MANAGEMENT FRAMEWORK

**Operating Principles:**

- ❖ Maximize program effectiveness while balancing environmental and economic considerations
- ❖ Provide regional leadership in protecting public health and the environment
- ❖ Integrate equity and environmental justice in decision-making for all air quality and climate change considerations
- ❖ Develop and enhance diverse partnerships
- ❖ Recruit, develop, and retain excellent diverse staff
- ❖ Influence, develop, and implement innovative programs, and promote resilience and sustainability throughout the region
- ❖ Increase the public's role in improving air quality and reducing carbon
- ❖ Ensure fiscal responsibility and viability

DISTRICTWIDE GOALS & METRICS SUMMARY

Results Key:


= Meeting target goal metric


















= Not currently on target, work in progress










= Future goal, work in progress

CATEGORY	GOAL	METRICS	FY23/24 RESULTS
Districtwide	(Air Quality Standards) Clean the air to meet state and federal health standards and improve public health of Sacramento County communities.	Maintain a standard of 35 ug/m3 for PM _{2.5} Maintain a standard of 150 ug/m3 for PM ₁₀ Meet the standard of 75 ppb for Ozone by 2024 Meet the standard of 70 ppb for Ozone by 2032 Meet standard of 9 ug/m3 for annual PM2.5 by 2032	
	(Climate) Support state efforts to reduce greenhouse gases by enforcing the Oil and Gas Methane Regulation Program as described in the CARB-District MOU.	Perform appropriate level of work on an annual basis to enforce the O&G Regulation per our MOU with CARB (0.1 FTE)	
	(Climate) Support state efforts to reduce greenhouse gases by enforcing the Landfill Methane Gas Regulation Program as described in the CARB-District MOU.	Submit implementation and enforcement activities report to CARB annually	
	(Community Air Protection) Develop new community focused program to more effectively reduce exposure to air pollution and preserve public health.	Meet Community Air Monitoring Plan (CAMP) objectives <ul style="list-style-type: none"> Collect and analyze air monitoring data Share air quality information with the public Community Emission Reduction Plan (CERP) by 2026	
Air Monitoring	Clean air and public awareness	Maintain stations to state and federal standards. Maintain quality of data for demonstration of air quality standards. Maintain public access to data for informed decisions	
Community Health Protection	Achieve compliance and reduce pollution exposure through the effective resolution of violations.	≥ 85% of violations will be resolved within a year of issuance ≥ 95% of all violations will be settled through the Mutual Settlement Program (MSP)	

CATEGORY	GOAL	METRICS	FY23/24 RESULTS
	Reduce public exposure and decrease non-compliant operations by investigating public complaints promptly.	Take action on ≥ 98% of public complaints within 2 business days of receiving the complaint	
	Reduce public exposure to asbestos through an oversight and inspection program of demolition and renovation projects	Inspect 65% of demolition and renovation projects where asbestos is identified	
	Increase knowledge of and public access to stationary source emission data by collecting annual reports from permit holders	≥ 80% of all annual reports are received by the end of each calendar year	
	Ensure the public has access to emission data from permitted sources	Process 100% of annual reports that are received by the due date for submittal of emission data to CARB by August 1	
	Provide the public with the results and progress of the AB2588 “Toxics Hot Spots” program	Annual submission of AB 2588 Report to the Board	
	Assure the AB2588 “Toxics Hot Spots” program requirements are completed on a timely basis to help fulfill the goals of the program to reduce exposure to toxic air contaminants.	Process 80% of Emission Inventory Plans and Reports by statutory deadlines	
Clean Transportation & Future Mobility	Ensure Carl Moyer clean transportation project solicitation is advertised to community-based organizations, the public, and private businesses to reduce vehicle equipment pollution in the region.	Encumber 100% of Current Allocation-Year Moyer Funds by June 30. Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year or work with CARB on program extension.	
	Assist income qualified residents in Sacramento County in their transition to cleaner modes of transportation.	Liquidate 100% of Clean Cars 4 All funds by the contract deadline.	
	Audit projects and conduct usage surveys to close out incentive projects.	Close out 100% of projects that meet usage requirements.	
Sustainable Land Use	Influence local land use policies and actions to reduce construction and operational emissions throughout the region, especially in areas with sensitive populations.	Meet with each jurisdiction at least quarterly to discuss projects of significance.	

CATEGORY	GOAL	METRICS	FY23/24 RESULTS
	Reduce construction and operational emissions throughout the region and utilize funds for other beneficial air quality programs.	Review construction permits and invoice 100% of projects that require construction mitigation.	
	Influence statewide land use policies to allow the Air District to meet state and federal air quality and climate goals.	Meet with statewide planning groups and agencies monthly to discuss policies, tools, and actions.	
Permitting & Business Compliance	Review and process permit applications promptly and by statutory deadlines per District Rules.	≥ 80% of Permit Applications (Authority to Construct) are processed within 180 Days	
	Issue Permits to Operate promptly and by statutory deadlines per District Rules.	≥ 90% of Permits to Operate are issued within two years of obtaining an Authority to Construct (excluding extended and re-instated ATCs)	
	Assure compliance with permitted sources and reduce levels of air pollution from stationary sources by performing regularly occurring inspections.	≥ 90% of assigned compliance inspections are completed in a calendar year.	
	Assure major and synthetic minor sources are in compliance with federal obligations.	100% of FCE Facility Compliance inspections completed for Major and Synthetic Minor Sources in a federal fiscal year (Oct – Sep).	
Public Outreach & Notification	Increase awareness of 1) the District as a respected and engaged clean air and climate action agency in the region, and 2) programs and availability of public funding.	Implement District incentive brand/promotional guidelines for all incentive projects; create and distribute quarterly Newsletters, collateral materials, and social posts of noteworthy events/activities.	
	Secure annual funding for and implement the Spare The Air program to reduce vehicle emissions to reach clean air standards.	Sufficient revenue received for the program; STA comprehensive education/outreach/advertising campaign implemented; forecast provided and distributed daily.	
Support Services	Ensure District funds are managed appropriately and provide financial transparency.	Board resolution approving the ACFR reflecting an unmodified "clean" opinion no later than January 31 each year and posted on the District website.	
	Produce an annual budget and regular reports to effectively manage District operations and facilitate decision-making.	Balanced budget approved by Board in May of each year and quarterly financial report provided to the executive team.	

CATEGORY	GOAL	METRICS	FY23/24 RESULTS
	Ensure employees have the technology solutions, equipment, and information to perform their work efficiently and effectively.	Infrastructure uptime 99%; Patches and updates are applied monthly; IT project plan implemented and updated every 2 years.	
	Enhance IT security, redundancy, and resilience to safeguard sensitive information and systems from unauthorized access, ensuring data integrity, confidentiality, and availability.	Microsoft security score is above 60; Security Maturity Assessment indicates an average score of 2.5 or higher; Quarterly failover tests are conducted and meet all required standards.	
Job Satisfaction & Engagement	(Overall Job Satisfaction) Recruit and retain excellent District staff.	The annual turnover rate is less than or equal to 5% (excluding retirements and employees released during probation).	
	(Overall Job Satisfaction) Employees feel aligned with the agency's mission and indicate they are satisfied with how their work contributes to air quality and public health goals.	Annual employee survey results show that ≥ 90% of employees are satisfied with their contribution to the mission of the District and the impact their work has on achieving clean air goals.	
	(Hybrid Work Environment) Employees have consistent and substantive contact with their supervisor, team members, and other district staff, and opportunities for cross-functional collaboration through team-building activities to ensure adequate levels of communication, coaching, and employee support.	Annual employee survey results show that ≥ 90% of employees are satisfied with the level of contact with supervisor, team members, other district staff, and opportunities for cross-functional collaboration through team-building activities.	
	(Hybrid Work Environment) Employees are satisfied with the District's hybrid and remote policies and practices.	Annual employee survey results show that ≥ 90% of are satisfied with currently instituted hybrid/remote work policies and practices	
Key Initiatives (one-time projects with a discrete end date)	Implement AiriA software solution, integrating core business processes and functions, enhancing efficiency, and reducing redundancy.	AiriA Permitting/Billing modules live by September 2024, and the remaining modules live by June 2026.	
	Reshape the work environment and optimize operational efficiency by relocating the District Headquarters.	The current headquarters is sold, and staff is relocated into the new headquarters within two years.	