

LAKE COUNTY AIR QUALITY MANAGEMENT DISTRICT

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-MEMORANDUM-

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

DATE: May 21, 2026

FROM: Douglas Gearhart, APCO

A handwritten signature in blue ink, appearing to read "Doug", is written over the "FROM:" line.

SUBJECT: **Sitting as the Lake County Air Quality Management District Board of Directors, Agenda Item: LCAQMD FY 26/27 Draft Budget Hearing June 9, 2026 @ 10:00am, Budget Units #8799 & #8798.**

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

The above referenced, June 9, 2026, draft budget hearing is intended to meet the requirements of California Health and Safety Code (H&SC) Section 40131.

Actions and Awareness

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

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

Category #1 – Requested Board Action

A. The purpose of this hearing is to review, take public comment on, and consider the District's FY 2026/2027 draft budget (See Attachment 1 and 2). The draft budget does include some anticipated funds from the newly adopted fee rule, and is utilizing unexpended fund balance carryover from salary savings to balance until the new fees are fully implemented. The final budget is to be considered for adoption at a later date.

Recommendation: That the Board of Directors approve the FY 26/27 Draft Budget proposed for the District.

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

Recommendation: That the Board of Directors continue to be on record as opposed to any further State subvention cuts to the District, and is in support of the District pursuing increased State subvention funding to cover Legislative/State mandates.

C. The District is mandated to enforce Local, State, and Federal air quality laws, rules, and regulations in order to meet and maintain attainment status and protect public health and welfare pursuant to the Federal Clean Air Act and State Implementation Plan. As such, much of the District's activities are mandated, such as the permitting program, enforcement activities, air monitoring, complaint program, Hearing Board activities, air toxics emissions inventory, as well as numerous State and Federal reporting requirements. Pursuant to the 2003 Program Audit and Action Plan adopted by this Board on January 30, 2008, the District's highest priorities are placed on potential health impacts and complaints of health impacts, followed by State and Federal mandates. Air monitoring activities are a significant priority, as this is essential to maintaining our attainment status, which is still at risk due to

EPA/ARB policy changes and District staffing levels. To comply with State and Federal monitoring requirements, the District needs a minimum of four staff, a manager, an APCO, and forty to sixty staff hours per week to ensure defensible air monitoring data. Requests for District assistance continues to increase as the need for monitoring data and meteorological information is needed to protect the communities and schools affected by emergency events. With the cuts at NOAA/NWS, obtaining accurate forecasts and assistance when needed is becoming more challenging, so District staff will be required to perform more forecasting to keep the public informed of potential impacts from pollution sources.

Recommendation: That the Board of Directors continue their policy directive that health impacts, health risks, health based complaints, and mandated programs/requirements be given top priority, followed by activities that have regulatory time frames, and other funded activities.

Category #2 – Board Awareness

A. The new Fee Rules are being phased in as adopted. As the fee rule was not adopted until September 2025, many stationary sources have not paid an increased annual renewal fee. During FY 25/26, the sources that have been affected by the increased fees are burn permits, retail gasoline stations, permit applications, serpentine/asbestos notifications, CEQA reviews, and area sources. All sources have been notified of the fee increases that will occur in FY 26/27. No permits have been dropped as a result of the fee increase. Some permits have dropped resulting from equipment failures, removal or other changes that occurred. The fees collected thus far have helped to reduce the one time funding utilized to maintain a stable budget. The revenue projected for FY 26/27 should support the hiring of an additional staff person, once annual permit renewal fees are paid this fall. During FY 25/26, revenue from burn permits increased \$75,000 which more closely covers the actual costs of the program, and will help cover the costs of the online permit system upgrades and ADA compliance modifications needed in FY 26/27. CEQA review fees increased \$5,000, Asbestos Notification fees increased \$14,000, Area Source fees increased \$1,000, and Serpentine Dust Control Plan fees increased \$1,000. Change of Ownership and other Administrative changes increased \$23,000. Permit applications increased \$10,400. Retail Gasoline Station Fees increased \$33,600 for the annual renewals which included the initial step of fee increases. These areas make up the bulk of the revenue increases.

B. The geothermal operations in Lake County are changing. The Geysers Air Monitoring Program (GAMP) is undergoing a major change. As part of this change, the District is taking on the contract manager role from the Northern Sonoma County AQMD. GAMP is funded by industry as an alternative to individual monitoring

networks for each facility. In order to ensure public trust, the contracts and funding will be held by the District and the expenditures are paid by GAMP funds so no public funds are utilized. A special purpose fund has been established to accomplish this separation. A draft GAMP MOU is anticipated by the end of 2026, and will be brought to this Board for discussion once available.

C. The State Legislature's and ARB's "one size fits all Districts" philosophy continues to manifest itself in all kinds of program elements from monitoring, open burning, air toxics, number and timing of inspections, complaint response time, greenhouse gas programs, and non-program specific activities such as the truck and bus rule. This approach is a problem. At current staffing and workload, we are unable to stay engaged with and encourage the State to recognize that rural and attainment programs need to be different from urban programs in order to be effective and efficient. When staffing and workload allow, District staff will reengage with State and Federal officials to ensure attainment and rural programs are represented.

D. Air Toxic and other ARB mandated programs and elements: Air Toxics reporting and actions under the State's mandated reporting requirements has significantly increased workload for District staff and businesses throughout Lake County and will result in the required permitting of smaller sources. Each year, additional sources are added to the mandatory reporting program by the State. So each year, additional workload is added to incorporate those new sources into the program. Staff continues to work on the annual Hotspots report, which generally takes 3 to 6 months to complete. In addition there are several other emissions inventory programs that all require different data sets, different source types, and have to be completed separately.

E. In the coming years, EPA is mandating an asset management program for all air monitoring equipment. This will require tracking, reporting, defined repair frequency, defined useful life and replacement schedules. Currently the District has over 15 devices that are likely to fall into this program, each between \$25k and \$50k, so a 5 to 10 year replacement schedule is a significant financial impact. The District does not agree with EPA policy to replace equipment just because it has reached a certain age especially if the equipment is still certified and operating effectively. Guidance on end of life replacement requirements is pending. We are still waiting for details and will keep the Board informed as they develop, but the tracking program is required. The District is planning for upgrades to data collection systems that will eliminate much of the manual data processing and tracking of equipment as required by EPA. This process is being worked on as staff time permits.

F. Particulate Monitoring Program: The Federal and State Quality Assurance requirements for mandated air monitoring is increasing annually and requires

considerable staff time to ensure we maintain our attainment status designation. Maintaining our attainment status is essential to retain our local regulatory exemptions and alternative compliance options for businesses, agricultural operations, and local government. Due to the significant number of wildfire and smoke events in prior years, the EPA and ARB denied our waiver request made in 2025 to continue our 1 in 6 monitoring schedule that would allow us to continue with our existing monitoring system. The District will apply for the waiver again in 2026 and is hopeful the waiver will be granted as the wildfire data should no longer impact the data set.

G. Ozone air monitoring programs are being significantly impacted by changes at ARB. ARB is no longer providing calibration and support services for our ozone systems. This will result in the District purchasing additional calibration equipment and the hiring of additional staff to perform calibrations and data audits of our own data sets in order to comply with State and Federal Quality Assurance requirements. These duties must be performed by a staff person that is not the operator of the equipment, which adds to our staffing needs and technical skills required.

In Summary: The proposed budget units for the District are currently balanced however, costs have increased significantly over the past 5 years. The fee increases that were approved in September 2025 will greatly assist the District in funding the required additional staffing for the State and Federal mandates. The District budget is balanced with both salary savings and the new fee schedule. The above action items and informational items are presented to prepare for future costs, impacts, and workloads. Further details of the District's operations are attached as mentioned. (Attachment 1 - Budget #8799 and Attachment 2 - Budget #8798). The legal notice for this draft budget hearing was published in the Lake County Record Bee on May 7, 2026 (See Attachment 3) as required by CA H&SC.

Recommendations:

- 1) That the Board of Directors approve the FY 26/27 Draft Budget proposed for the District;***
- 2) That the Board of Directors continue to be on record as opposed to any further State subvention cuts to the District, and is in support of the District pursuing increased State subvention funding to cover Legislative/State mandates;***
- 3) That the Board of Directors continue their policy directive that health impacts, health risks, health based complaints, and mandated programs/requirements be given top priority, followed by activities that have regulatory time frames, and other funded activities.***

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

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