



Great Basin Unified Air Pollution Control District

2016-2017 Fiscal Year SB270 Budget and Fee Assessment

Draft – March 31, 2016

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Revision date: March 31, 2016

**2016-17 Fiscal Year
SB 270 Budget and Fee Assessment**

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Budget and Fee Assessment Summary

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Introduction

The annual SB 270 fee assessment is the Great Basin Unified Air Pollution Control District's estimate of the reasonable cost of maintaining the level of effort necessary to address violations of state and federal air quality standards due to water-gathering activities by the City of Los Angeles (City) within the District's boundaries (Inyo, Mono and Alpine Counties). The assessment is a reasonable fee as provided for in Section 42316 of the California Health and Safety Code. The fee funds the cost of monitoring air quality impacts caused by the City's water-gathering activities, the development of air quality plans, monitoring the City's implementation of control measures, enforcing control measure performance, and control measure research. The fee includes the costs associated with all District employees working on SB 270 matters, general recurring operating costs, the cost of enforcing air quality requirements, long-term or ongoing project costs, funding for dust source research and consulting (professional services) and material/equipment costs. For 2016-17 the fee includes costs for equipment and consulting associated with the implementation of the 2016 SIP Board Order¹ scheduled to be considered for adoption on April 13, 2016, the Phase 9/10² EIR, the December 2014 Stipulated Judgment³ and the 2010 Coso Junction Maintenance Plan⁴.

SB 270 Fee Components

The SB 270 fee includes the estimated cost of all District employees (wages and benefits), operating costs (rent, utilities, insurance, supplies, travel and professional services associated with regular budget activities) and equipment costs associated with the City's efforts to control the air pollution caused by its water-gathering activities. The proposed fee total is \$4,613,000. Compared to the 2015-16 fee total of \$5,737,000 the proposed fee total represents a decrease of 19.59% (-\$1,124,000). The 2016-17 budget contains estimates in each category to meet commitments made by the District in the 2016 SIP Board Order¹, Phase 9/10² EIR, December 2014 Stipulated Judgment³ and 2010 Coso Junction Maintenance Plan⁴ including: 1) maintenance and replacement of air monitoring equipment at Owens Lake; 2) consultant fees necessary to carry out committed regulatory and compliance tasks at Owens and Mono Lakes; and 3) the December 2014 Stipulated Judgment³ to implement the terms of the stipulation and agreement. Consultant fees from the 2015-16 fiscal year for an Owens Lake Scientific Advisory Panel (OLSAP) under the 2014 Stipulated Judgment will be held aside (\$750,000). It is anticipated that use of these OLSAP fees is deferred until July 2017. The assessment is summarized in Table 2 and details on some of the categories are shown in Table 3. The personnel associated with the SB 270 assessment are summarized in Table 4. A summary of the assessment components is shown in Table 1. A graphic comparison of this year's assessment with previous years is shown in Figure 1. The 19.59% (-\$1,124,000) decrease in the proposed fee from the 2015-16 fee is due in large part to deferment of the OLSAP, decreased legal fees and elimination of an Air Monitoring Technician I contract employee position.

¹ 2016 Owens Valley PM10 Planning Area Demonstration of Attainment State Implementation Plan (2016 SIP).

² Owens Lake Dust Mitigation Program – Phase 9/10 Project Environmental Impact Report (Phase 9/10 EIR).
Previous Project Name: Owens Lake 2011 SCRD and 2012 SCRD Dust Control Measures Projects.

³ Sacramento County Superior Court No. 34-2013-80001451-CU-WM-GDS (2014 Stipulated Judgment)

⁴ See 2010 PM₁₀ Maintenance Plan and Redesignation Request for the Coso Junction Planning Area (CJPA).

Windblown dust from uncontrolled areas at Owens Lake have been found to contribute to exceedances of the federal PM₁₀ standard in the CJPA. Costs associated with air quality monitoring in the CJMP are included in the SB270 budget and fee for operation of the Owens Lake monitoring network.

The 2014 Stipulated Judgment provides for financial support by the LADWP of the Owens Lake Scientific Advisory Panel (OLSAP, Item 12.G). Initial funding for the OLSAP was made pursuant to fee orders by the District per California Health & Safety Code §42316 for fiscal year 2015-16. Funding for OLSAP is not included in this budget as these funds from 2015-16 remain unspent due to deferment. Activation of the OLSAP may require an addition fee order for that may vary based on the statement of work and tasks submitted to the National Academy of Sciences. The LADWP is responsible for providing additional funding to the OLSAP for reporting and analyzing new and relevant testing data up to \$2,000,000 annually.

Compared to 21 years ago in 1995, the proposed FY 2016-17 SB 270 estimated budget and fee assessment has decreased a total of \$73,414 (-1.57%). Compared to the 2007 assessment of \$5,816,250 when the City and District were implementing the 2006 Settlement Agreement, the FY 2015-16 assessment is \$1,203,250 less (-20.69%). Since 1995, the California consumer price index has increased by 62.1% and by 14.8% since 2007.

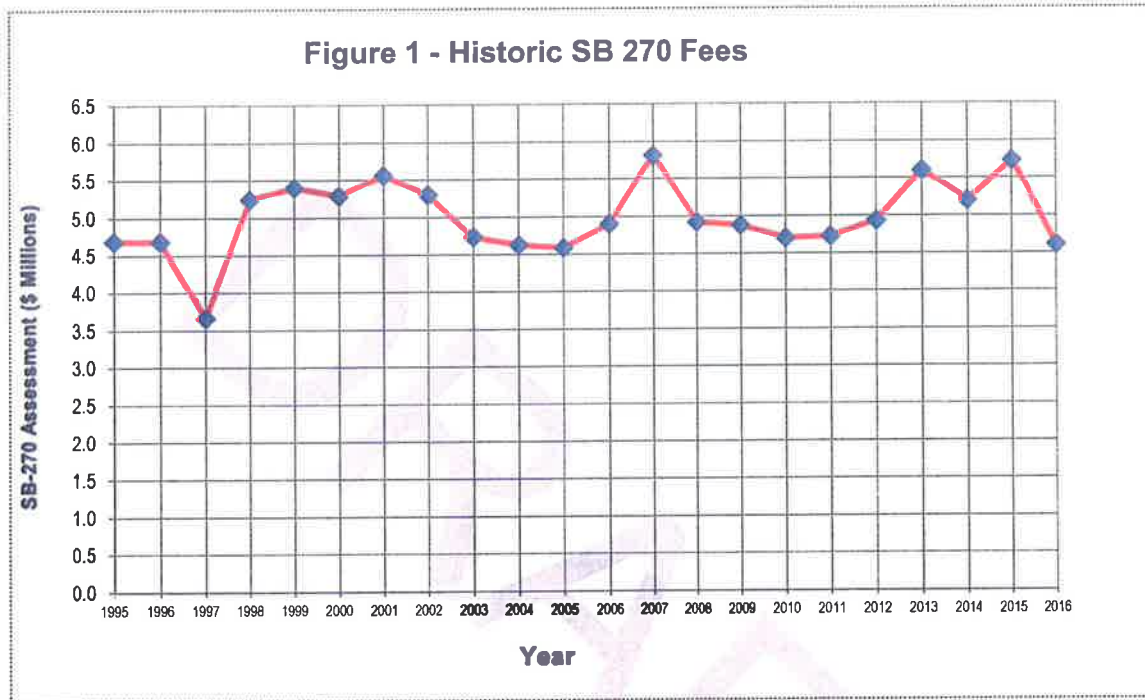
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TABLE 1

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FY 2016-17 SB 270 Total Fee Summary

	2015-16	2016-17	% Change
Assessment Expenses			
I. Employee Costs	2,723,000	2,612,000	-4.08%
II. Operating & Compliance	1,440,000	1,451,000	0.76%
III. Materials & Equipment	24,000	150,000	0.00%
Sub-Total SB 270 Fee	4,187,000	4,213,000	0.62%
			26,000
IV. Special Legal Fee Assessment	800,000	400,000	-50.00%
V. OLSAP Assessment	750,000	0	-100.00%
			-750,000
Total SB 270 Fee Assessment	5,737,000	4,613,000	-19.59%
			-1,124,000
Less Reserve Policy Credit	(213,337)	0	
SB 270 Fee Due	5,523,663	4,613,000	-16.49%
			-910,663



Year	Amount
1995	4,686,414
1996	4,682,317
1997	3,666,543
1998	5,246,725
1999	5,403,643
2000	5,295,089
2001	5,561,270
2002	5,300,597
2003	4,739,313
2004	4,631,000
2005	4,591,000

Year	Amount
2006	4,903,825
2007	5,816,250
2008	4,922,265
2009	4,876,300
2010	4,703,600
2011	4,730,000
2012	4,934,550
2013	5,601,000
2014	5,200,000
2015	5,737,000
2016	4,613,000

Fee Assessment Details

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Fee Assessment Details

Introduction

The 2016-17 proposed SB 270 fee total is \$4,613,000. Compared to the 2015-16 fee total of \$5,737,000 the proposed assessment represents a decrease of 19.59% (-\$1,124,000). The assessment is summarized in Table 2 and details on some of the categories are shown in Table 3. The 2016-17 budget contains cost estimates in each category to meet commitments made by the District in the 2016 SIP Board Order and Phase 9/10 EIR, the 2014 Stipulated Judgment, and the 2010 Coso Junction Maintenance Plan including: 1) maintenance and replacement of air monitoring equipment at Owens Lake; 2) staff and consulting costs necessary to enforce mandatory regulatory and compliance requirements; and 3) legal fees related to the December 2014 Stipulated Judgment and recent 2016 SIP to implement the terms of the stipulation, agreement, and order. The Stipulated Judgment entered by the California Superior Court on December 30, 2014 (2014 Stipulated Judgment) included resolutions of several dust control matters at Owens Lake⁵.

The LADWP appealed the District's fee orders for FY 2011-12⁶, FY 2012-13 and FY 2013-14 to the California Air Resources Board (CARB). Administrative hearings were held before CARB in June of 2013 regarding the fee orders issued for FY 2011-12 and FY 2012-13. On February 10, 2014, a settlement agreement was entered into by the LADWP and District along with a Stipulated Judgment that was entered in Kern County Superior Court resolving the disputed fee orders and related matters. See 'Legal Fee Assessment' section for additional information.

I. Employee Costs

Since SB 270 was incorporated into the California Health & Safety Code in 1983, the District has assessed fees to the LADWP for the cost of employees and employee overhead associated with the development, implementation and enforcement of dust controls associated with the LADWP's water-gathering activities in the District. For FY 2016-17, it is proposed that the SB 270 fee assessment pay for a total of 19.35 full-time-equivalent employees (FTE), including eighteen (18.00) regular employees and 1.35 benefited contract employees (See Table 4 - Employee Time Allocation). This is a decrease of 1.50 FTE (-7.75%) compared to FY 2015-16 and a reduction of 3.37 FTEs (-17.42%) since FY 2008-09.

Total employee costs are estimated to be \$2,612,000 a decrease of 58% (\$-111,000) over FY 2015-16. The decrease is primarily attributable to the reduced costs of retirement as a result of interest savings from Unfunded Accrued Liability (UAL) side fund liability payoff and elimination of an Air Monitoring Technician I contract employee position. Additional monitoring requirements under the 2014 Stipulated Judgment have been successfully accomplished at current District staffing levels. However, with an anticipated 2016 SIP adoption, if future needs require additional staffing, the number of personnel may increase and/or personnel may be hired into a standing vacant position. This category includes an allocation of wages, retirement, medical benefits, taxes, unfunded liability for future retiree medical insurance and workers compensation insurance. On February 1, 2016 the District adopted and partially funded an IRS §115 trust under Governmental Accounting Standards Board (GASB) 68 requirements for prefunding pension benefit expenses through a Pension Rate Stabilization

⁵ 2011 SCRD, 2012 SCRD, 2013 SCRD, 2014 SCRD (2014 Stipulated Judgment p. 17-18).

⁶ FY 2011-12 fee order for \$250,000 on appeal with CARB (Appeal No. 3).

Program (PRSP) trust with Public Agency Retirement Services (PARS). This enables the District to deposit funds for normal and future expenses associated with accrued pension expenses with the potential to realize better earnings. The initial deposit will allow earnings to grow and provide an avenue for the District to pay down its overall Net Pension Liability (NPL) resulting in interest savings. It is also anticipated this PRSP will offset unexpected retirement rate increases in the future and allow the District to continue to pay down its overall NPL, provided regular contributions are made. Although annual Actuarial Determined Contributions were initially proposed by the District for adoption with the initial deposit, LADWP requested they continue funding these liabilities with their preferred pay-as-you-go method. In 2009 the District adopted and partially funded an IRS §115 trust under Governmental Accounting Standards Board (GASB) 45 requirements. A revised actuarial valuation was completed in 2015 regarding the unfunded retiree medical liability (Table 1, Item I.E). Due to higher returns than expected, it was recommended that the annual required contribution be zero for a few years with another review in two or three years. In prior years, LADWP has been assessed the cost of the unfunded liability of SB 270 retiree medical costs when warranted by current valuations. Since inception of the trust in 2009, the annualized 5-year return through January 31, 2016, was 4.4%. In 2016-17, it is anticipated that a limited contribution may be needed to adjust for increased costs or other factors such as annual normal service costs (present value of benefits accruing in the current year). This price-index-adjusted contribution expense may be funded out of general reserves or expensed to the budget annually.

At this time, it is expected that 19.35 FTE is adequate to continue implementing terms under the 2014 Stipulated Judgment. The 2014 Stipulated Judgment approved a dust control measure called Tillage with BACM Back-up (TwB2), which requires staff time to monitor these areas. LADWP is currently operating close to 4 square miles of the lake using TwB2 and each of these areas are required by the 2014 Stipulated Judgment to be inspected on a regular basis. The FY 15-16 budget included two FTE contract positions to help cover the expected increase of workload the Stipulated Judgment required. One contract position was filled and the second one was not. The second position was to aid in the operation of required TEOM monitors for the TwB2 areas. LADWP currently runs these sites, therefore the second position was never filled and has subsequently been eliminated from FY 2016-17 as a contract position. Pending adoption of 2016 SIP, monitoring requirements and demand will increase due to additional provisions for water conservation, specifically Dynamic Water Management and Brine BACM. If the 2016 SIP is adopted and associated monitoring requirements are unable to be accomplished with current staffing levels, an additional FTE may be necessary and funding budgeted for beginning FY 2017-18. Other factors reflected in the employee costs section include regular promotion opportunities, regular step increases, retirement expenses, payroll taxes and workers compensation insurance.

The FY 2016-17 budget also proposes a decrease of the current contract Administrative Clerk from 1.0 to 0.45 FTE. The Administrative Clerk will continue to aid staff in the Bishop and Keeler offices.

The FY 2016-17 budget proposes 11.15 FTEs to perform air quality monitoring and dust source identification at Owens Lake and Mono Lake, including design, purchasing, installation, data collection, maintenance, calibration, filter weighing, quality assurance, data review, and supervision. There are 2.95 FTEs to do data processing and analysis, preparation of maps and

figures, maintenance of the GIS system, operation of the Owens Lake Health Advisory Network, and purchasing and maintenance of all computer hardware/software. There are 2.90 FTEs to cover all administrative tasks such as policy recommendations to the Board, overall supervision, project design and management, contract management, document preparation, technical supervision, engineering design, compliance enforcement, government agency coordination, budget preparation, technical support to legal consultants, risk manager, personnel manager and public information. There are 2.35 FTEs to act as administrative assistants, receptionist, document copier, mail clerk, file clerk, supply clerk, billing clerk, fiscal supervisor, fiscal clerk/technician, safety clerk, and board clerk.

II. Operating Costs

This category includes a proportional allocation of rent for all offices (two offices in Bishop and the Keeler office), utilities, insurance, office supplies and equipment, travel and professional services. Materials and equipment in this category generally have a cost of less than \$5,000 each and/or a short life. Estimated operating costs are \$1,451,000 which represents an increase of \$11,000 or -0.76% compared to FY 2015-16. Items in this category that require more explanation are described below.

II.C. – Equipment: Scientific, Computer, Software, Furniture, Office, Safety & General (<\$5,000)

This category encompasses items costing \$5,000 or less and includes new scientific equipment (calibration devices, etc.) and related equipment (electronic test equipment, digital multimeters, etc.), computer equipment (including printers, scanners and parts), software (upgrades, data logger, GIS, accounting software, anti-virus), furniture, office machines and safety equipment. This budget accommodates a five-year tech refresh cycle to replace antiquated District computers and tablets, this year amounting to \$30,000. District computers are protected from computer virus and malware by Symantec Antivirus. This budget provides for the renewal of a three-year Symantec Anti-virus subscription at \$1700. Email, document storage and productivity tools are provided by Google Apps for Work at \$10/user per month, totaling \$2880. This category also includes the expense of off-site data backups via Backblaze and Amazon Glacier. Backblaze is PC cloud backup at \$50/year/computer, totaling \$1550. Server cloud backup is via Amazon Glacier, billed by gigabyte, forecasted at \$2000. In addition, monies are budgeted for replacement of wind, humidity, temperature, barometric pressure and precipitation equipment as the sensors in the field age and breakdown. The budget includes funds for new Sensit and set-ups as well as installing a radio network for the Mono Lake Sensit array. This budget also includes funds for Induced Particulate Emissions Testing (IPET) accessories, Sharp sensors, and UAV parts. The District developed IPET program is required by the 2014 Stipulated Judgment for TwB2 compliance monitoring and will also be a requirement for DMW and Brine BACM compliance monitoring. Under provisions of the Board Order 130916-01 A.2., four Cultural Resource Areas (CRAs) have been removed from Phase 7a project areas. These removed areas now referred to as Phase 7b areas have been avoided for dust control mitigation and are required to have sand motion monitoring, mapping, vegetation monitoring and disturbance monitoring. In summary, the cost to purchase, maintain and upgrade items in this category for FY 2016-17 will be \$95,500. This is a decrease of \$30,000 (-23.9%) from 2015-16.

II.G.2. – Leases and Rents

Budgeted rental and lease costs is estimated at \$110,000 [no change].

II.H. – Maintenance of Equipment – Labor

Included in this category are: annual certifications of laboratory equipment, including balances and standard weights. These certifications are a requirement for the District to maintain an EPA-certified laboratory for particulate matter filter processing (Title 40 CFR Part 50, App. L, Sec. 8.1; QA Guidance Document 2.12, Nov. 1998, Sec. 7.2 and 7.3). Additionally, all calibration and audit equipment used by the District's air monitoring technicians must be certified annually. These devices (the District owns 12) must be sent out to the manufacturer for certification. These certifications are required by EPA regulations for all entities conducting air quality monitoring (Title 40 CFR Part 50 App. L, Sec. 9.2.2). This category also includes vehicle maintenance, i.e. tires, oil changes, tune-ups, etc. for the District's 15 vehicles allocated to SB270 activities. There has been an increase in the cost of safety respirator screen (II.H.5) due to the use of an outside consultant to conduct the annual safety training. The consultant is certified and ensures that the District's respirator safety program complies with the requirements Title 29 CFR Part 1910.134. There is a decrease of \$6,000 or -17.07% for estimated expenses as older vehicles requiring maintenance have been replaced. (\$35,000)

II.I. – Maintenance of Equipment – Materials

The District operates twenty-one (21) or more (depending on special projects) PM monitors in the Owens Lake and Mono Basin networks. Items included in this category for those monitors include: pumps, filters, solar panels, batteries, air inlets, bearings, rebuild kits, and other associated equipment. This category also includes the cost to maintain or upgrade 120+ Owens and Mono Lake Sensit sand-motion monitoring sites (including solar panels, regulators, batteries, radio communication, network communication, camera replacement and other associated equipment), purchase parts for existing ATV's, vehicles, plus monitoring stations (shelters, tubes, rails, pipes). The more than 16 year old Sensit network is performing much better than expected in the harsh Owens Lake environment but does require continual repairs and replacements as newer more reliable dataloggers are developed. Approximately 1/3 of the Owens lake Sensit network has been upgraded. It is estimated that it will take another three years to upgrade the entire Sensit network. Other upgrades include the decade old lake-wide wireless network, more reliable, cheaper communications systems have been developed in the last decade. To keep up with the demand for fast, reliable data acquisition some older units are in need of replacement. Further, maintenance items have been included for the 17 meteorological stations with sensors that can be repaired and/or refurbished and 12 camera sites. Additional funds have been included for the aging TEOM PM monitoring network. Most of these monitors are 15 or more years old and, thus, require more expensive maintenance components. \$135,000 has been budgeted for this category (+\$40,000 or 42.11%).

II.K.12 – Owens Lake Scientific and Historic Consulting

\$10,000 is budgeted for technical support on issues related to science and history of Owens Lake. These funds are budgeted for services to support the District on scientific issues related to the character, nature and development of Owens Lake.

II.K.13 – Owens Lake Air Quality Modeling

The District has retained the services of Mr. Ken Richmond to conduct Owens and Mono Lake air quality modeling since the 1990's. Mr. Richmond leads a team of scientists for Environ International Corp which recently merged with Ramboll, a Denmark based firm.

The proposed assessment includes \$250,000 for Ramboll Environ to assist the District with the preparation and review of particulate matter air quality modeling at Owens and Mono Lakes and to perform air quality model-related investigations needed to support the Owens and Mono Lake PM₁₀ State Implementation Plans. Air quality modeling is used to help identify areas that cause or contribute to air quality violations at Owens and Mono Lake and is required as part of the Owens Lake Dust ID Program pursuant to District Board Order #080128-01, the 2014 Stipulated Judgment and the 2016 Owens Valley PM10 SIP. The budget is the same as last year at \$250,000.

II.K.14 – Dust Compliance Measurement & Enforcement Consulting

The work tasks in this portion of the budget are for work associated with evaluation of dust control areas on Owens Lake via remote sensing. Because of the large aerial extent of the dust controls on Owens Lake, the District uses satellite imagery to evaluate the LADWP's ongoing compliance with the performance requirements associated with the managed vegetation, shallow flooding and brine BACM dust control measures. This component of the assessment is for professional services associated with compliance analysis efforts. District staff conducts much of the shallow flooding compliance analyses in-house as opposed to through a consultant but is still in need of technical assistance by remote sensing professionals in the evaluation of managed vegetation and brine BACM areas as well as in the review, development and evaluation of possible new methodologies and in data analysis.

For 2016-17, the amount budgeted for professional remote sensing services from DRI is \$150,000. The primary work to be completed with these funds includes the following main tasks: 1) Development of a compliance evaluation methodology for the Hybrid dust control areas; 2) Technical assistance and review of the 2016 compliance call for Managed Vegetation; 3) Technical assistance in the evaluation of compliance monitoring for Brine BACM; 4) Assistance in the review and evaluation of the results from the LADWP's shallow flooding wetness cover tests; 5) Assistance with monitoring of TwB2 areas; and 6) General consulting services.

II.K.15 – Dust Compliance Measurement & Enforcement: Satellite Imagery

\$40,000 is budgeted for purchase of satellite images for compliance monitoring and enforcement of Owens Lake dust control areas. The imagery purchased with these funds will be used to assist in determining compliance of dust control areas with performance criteria required in the 2016 SIP. It is anticipated that these funds will be used to purchase high resolution imagery for analysis of brine BACM areas, hybrid managed vegetation areas, sprinkler shallow flooding areas and shallow flooding wetness cover test areas.

II.K.16. and II.K.17 – Environmental Consulting Services

The funds in this portion of the 2016-17 budget are to assist District staff with ongoing environmental compliance monitoring and special environmental consulting. The primary work to be completed with these funds includes the following two main tasks: 1) tracking of requirements and provisions in the 2014 Stipulated Judgment, 2016 SIP and environmental impact mitigation measures associated with Owens Lake dust controls, and 2) archaeological and environmental services related to the Cultural Resource Task Force per the 2013 Stipulated Order of Abatement (2013 SOA) for Phase 7a, the 2014 Stipulated Judgment for Phase 9/10, and the 2016 SIP. The budget contains \$70,000 for the environmental compliance tracking services. Additionally, for FY 2016-17, \$100,000 is budgeted for the

environmental consultant to provide archeological and environmental services related to the Cultural Resource Task Force.

The total budget for environmental consulting services is estimated at \$170,000. A more detailed description of environmental consultant work efforts can be found in the Workplan - Additional Details Regarding Professional Services section.

II.L. – Supplies and Tools

Budgeted items for this category include office supplies, general use supplies, computer supplies and in-field supplies and materials. Items in this category typically have a limited operating life. Backup meteorological and flow rate calibration and audit equipment and miscellaneous tools are required for the District to maintain all of the monitoring equipment in good operating order. Many of the District's meteorological systems are more than 10 years old, as is the equipment used to audit them. It is important to keep the calibration and audit equipment in good working order and to have funds available to procure additional equipment, should the aging equipment in use fail. \$30,000 (no change) has been budgeted for the Supplies and Tools category.

II.N. – Utilities

This category includes all communications and internet services for the Bishop and Keeler offices. Both facilities are directly connected to Digital 395; connection costs are included in this category. Additional wireless business services, data acquisition and wireless modem communications with ambient air quality monitoring sites, and telemetry data lines for remote data collection are also included. Peripheral computing and personal remote device connections are also maintained with these services.

Each District facility that houses electronic equipment must maintain the temperature within certain limits for the equipment to properly function. In the environment in the Eastern Sierra, this results in significant costs for heating in the winter, when night time temperatures regularly fall well below freezing, and for cooling in the summer, when the temperatures frequently exceed 100°F. In the case of the monitoring stations that house EPA monitors, the criteria are very restrictive with regard to station temperatures (EPA Quality Assurance Handbook Volume II, Appendix D, December 2013).. Maintaining the station temperatures within the limits for collection of valid data results in high electrical costs. The utilities category budget is estimated at \$61,000 [no change].

II.O – Project Demonstration: Control Measure Testing

Testing Engineered Roughness to Control Dust Emissions from Owens Lake

\$100,000 is budgeted for a contract with the Desert Research Institute (DRI) to continue to study and investigate the testing of “engineered roughness elements” (ERE) as a waterless approach to controlling the lake bed surface and dust emissions. If such control effectiveness can be achieved, it could potentially translate into dust control strategies that are not only cost effective but also water efficient.

III. – Materials and Equipment Costs

This category includes materials and equipment not associated with general support. This equipment has a higher per item cost (more than \$5,000 each or as a whole) and a longer life. Materials and equipment costs in this category for 2012-13 totaled \$10,000, nothing was

budgeted for FY 2013-14 or 2014-15 and \$24,000 was budgeted for FY 2015-16. Due to specific equipment purchases planned for FY 2016-17, \$115,000 is budgeted.

III.A. – Equipment: Scientific, Computer, Office, & General (>\$5,000)

This category encompasses items costing more than \$5,000 and includes new or replacement scientific equipment, air monitors and related parts, certain computer equipment, software (office upgrades, data logger, GIS, accounting, anti-virus), furniture, office machines and safety equipment. The current copier, scanner and fax machine is now 6 years old. It has been used extensively the past 5 years and frequently breaks down requiring servicing during critical use periods. The reliability, quality and usefulness has deteriorated and warrants purchase or leasing of a new machine during 2015-16 at a cost not to exceed \$24,000 (including taxes, delivery, monthly maintenance and toner supplies).

The air quality monitoring equipment the District currently uses will typically have an operational lifespan of five to seven years, given the harsh environment in which it functions. Some of the older monitors currently in operation were purchased in 1999, are worn out and need replacement. Equipment failures are likely given the age of the monitoring equipment currently in place. In order to address these failures and avoid data loss, which would jeopardize the District's ability to determine the efficacy of the LADWP mitigation measures, sufficient funds need to be budgeted for replacement equipment each year. During the 2008-2009 fiscal year, the District started capital accrual accounts for equipment replacement. In order to minimize the impact that wholesale equipment replacement would cause in any single budget year, District staff proposed spreading the equipment replacement over several years, thereby reducing the impact in any one year and smoothing out year-to-year budget variations.

Additional accrual account funds were removed from the FY2012-13 budget due to the fact that the company that produced the TEOM monitors (Rupprecht & Patashnick) was purchased by Thermo Fisher Environmental. Thermo will discontinue support of the R&P model 1400a(AB), which comprises all the monitors in the District's current stock, in 2020. Thermo has produced an upgraded version of the TEOM that collects both PM2.5 and PM10 data that recently passed EPA certification for PM10, PM2.5 and PM10-2.5 monitoring. Since FY 2012-2013, staff has determined the more prudent course was to postpone accruals for instrument purchase until two upgraded TEOM PM2.5/PM10 monitors could be tested by District staff. The District has procured two of these monitors and continues testing them at the White Mountain Research Center and Keeler sites, comparing them with the existing monitors at the two locations. These tests will continue until an adequate data set is collected to make determination regarding replacement monitors for the District's aging TEOM monitors.

The District operates over eleven (11) air quality monitoring sites on and around the Owens Lake. Much of the equipment in these monitoring stations have been in continuous operation for more than a decade. Currently the Owens Lake Air Quality Monitoring Technicians have no dedicated work area at the District's Keeler Field office to perform maintenance and testing of equipment. This budget includes \$30,000 for the construction of an electronics workshop in Keeler. This shop will enable District staff the ability to test and repair monitoring equipment in a dedicated shop location. The only testing areas currently available are located within staff offices which are limited in size and inadequate.

Funds in the amount of \$61,000 were added to this budget item (III.A.4 Mono Network Upgrades) for the procurement and installation of a new monitoring shelter in the community of Lee Vining to replace the existing filter-based monitor. A TEOM continuous monitor will be placed in the new shelter and will provide hourly-resolved PM10 concentration data which can be used for more accurate modeling of the impacts of emissions from Mono Lake on the community of Lee Vining.

III.B. – Vehicles and ATVs

The District relies on off-road vehicles and all-terrain vehicles (ATVs) for transportation from and to monitoring stations at Owens Lake and Mono Lake. The District policy on replacement of vehicles states that field vehicles may be replaced after they have accumulated 110,000 miles, or when staff determines significant maintenance and/or safety issues warrant replacement. Staff may determine that vehicles be kept beyond the 110,000 mile limit but must inspect the vehicles regularly and annually reassess them. Funding for one Keeler Office replacement off-road vehicle is budgeted for FY 2016-17. No funding is budgeted for ATVs.

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Workplan

The following efforts will take place under the SB 270 Assessment:

Air Quality Monitoring

For fiscal year 2016-17 the SB 270 program will operate 25 air quality monitors (21 TEOMs and 4 Partisols in operation; of these 3 TEOMs are portable and ready for deployment) at 14 separate sites at Owens Lake and 2 sites at Mono Lake. These sites have been selected by District staff and approved by the EPA. They were selected in accordance with Title 40 CFR Part 58, Sections 58.3, 58.10, 58.13, 58.14, 58.20, and Appendix D. These stations are operated in accordance with Title 40 CFR Part 58 Appendix A. In addition to the air quality monitors, there are 21 meteorological sites at Owens Lake and one at Mono Lake (many of the meteorological sites are located at air monitoring sites). District personnel are responsible for the operation and maintenance of the monitoring equipment as well as installing and removing filters, weighing filters, validating data, conducting quality control checks, conducting quality assurance audits, and data reporting.

Dust ID Program

The District will continue to operate the Owens Lake and Mono Lake Dust Identification Programs. The effort at Owens Lake consists of operating approximately 120+ Sensit sand motion sensing devices on the lake bed, and within the Keeler Dunes, mapping the location of dust emissions during dust storms, time-lapse video recording of dust events and GPS mapping the location of emission areas on the lake bed after dust storms.

The Dust ID program at Mono Lake consists of 10 Sensit sites collocated with Cox Sand Catchers (CSCs), seventeen (17) additional CSC-only sites and two cameras. The purpose of this network is to characterize the exposed playa source area contribution to the PM₁₀ impacts on the northeast shore of Mono Lake. This year's budget includes funds to add a radio network to collect data from the 10 Sensit sites. This will improve data quality, and will streamline data collection and site visits.

The Dust ID Program at Owens Lake is an ongoing effort to identify dust source areas at the Lake, and to quantify their dust emissions and impacts on air quality. The program was initiated in 1999 and includes an extensive network of erosion monitoring equipment, time lapse cameras, PM₁₀ monitors, and meteorological towers. The Dust ID Program also provides resources for personnel to map source area boundaries and dust plumes, and to collect and analyze the information.

The Dust ID Program at Owens Lake is a required component of the 2016 SIP Board Order and 2010 Coso Junction Maintenance Plan and is the primary method used to identify dust source areas that cause or contribute to exceedances of the PM₁₀ standard. These would include any new additional BACM contingency areas that may need control or already controlled areas that are out of compliance with SIP and Maintenance Plan requirements.

TABLE 2

160314

FY 2016-17 SB 270 Fee

EXPENSES	2015-16	2016-17	% change
I. Employee Costs			
A. Employee Wages	1,636,000	1,550,000	-5.26%
B. Retirement	434,000	375,000	-13.59%
C. Insurance Benefits	351,000	390,000	11.11%
D. Taxes	286,000	280,000	-2.10%
E. Retiree Medical Insurance Unfunded Liability	0	0	0.00%
F. Worker's Compensation Insurance	16,000	17,000	6.25%
Employee Costs	2,723,000	2,612,000	-4.08%
			-111,000
II. Operating & Compliance			
A. Advertising - Legal Notices & Ads	5,000	5,000	0.00%
B. Dues, Subscriptions, Education, Use Tax & Fees	26,000	26,000	0.00%
C. Equipment: Computer, Furniture, General, Office, Safety, Scientific, Software (<\$5,000 ea)	125,500	95,500	-23.90%
D. Fuel & Gasoline	31,000	31,000	0.00%
E. Health & Safety	4,000	4,000	0.00%
F. Insurance - Liability, Fire & Casualty	46,000	46,000	0.00%
G. Leases & Rents: Equipment, Office, Site, Storage	110,000	110,000	0.00%
H. Maintenance & Repairs of Equipment - Labor	34,000	35,000	2.94%
I. Maintenance & Repairs of Equipment - Materials	95,000	135,000	42.11%
J. Postage & Shipping	4,000	4,000	0.00%
K. Professional & Special Services	750,500	750,500	0.00%
L. Supplies & Tools (In-Field, Office, General Use)	30,000	30,000	0.00%
M. Transportation & Travel	18,000	18,000	0.00%
N. Utilities	61,000	61,000	0.00%
O. Project Demonstration: Control Measure Testing	100,000	100,000	0.00%
Operating & Compliance Costs	1,440,000	1,451,000	0.76%
			11,000
III. Materials & Equipment			
A. Equipment: Computer, Furniture, General, Office, Scientific, Software, Furniture (>\$5,000 ea)	24,000	115,000	379.17%
B. Vehicles & ATVs	0	35,000	0.00%
Materials & Equipment Costs	24,000	150,000	
			126,000
Expenses Total (Parts I, II, III)	4,187,000	4,213,000	0.62%
			26,000
IV. Legal Fee			
A. Legal services to implement terms of the 2014 Stipulated Judgement between District and LADWP (Sacramento County Superior Court Case No. 34-2013-80001451-CU-WM-GDS) and the 2016 Owens Valley Planning Area PM10 State Implementation Plan Governing Board Order 160413-01.			
Legal Fee Assessment	800,000	400,000	-50.00%
			-400,000
V. Owens Lake Scientific Advisory Panel			
A. 2014 Stipulated Judgment (Article 12.G)	750,000	0	-100.00%
SB 270 Total Fee Assessment (Parts I - V)	5,737,000	4,613,000	-19.59%
			-1,124,000
General Fund Reserves Balance as of March 31, 2015	1,360,737		
General Fund Reserves Balance as of March 31, 2016		572,405	
Reserve Policy Amount @ 20% of FY Costs	1,147,400	922,600	
Credit to SB 270 Fee Assessment	213,337	-	
FY 2015-2016 SB 270 Fee Due	5,523,663	4,613,000	-16.49%
			-910,663

FY 2016-2017 DETAILS

TABLE 3

II.C. - Equipment (<\$5k)		SB270
1	Computers, Printers, Scanners, Parts	27,000
2	Furniture	500
3	General Use & Safety	1,000
4	Office Communications	1,000
5	Scientific (SB270: Sensit site, Wind sensors, Sharp sensors, IPE)	45,000
6	Software (ESRI, Exlris, FileMaker, Pix4D etc)	21,000
7	Audio Visual Equipment & Conferencing	-
Equipment (<\$5k)		95,500
II.G. - Leases & Rents		SB270
1	Bishop - Main Office	73,000
2	Bishop - Tech Workspace	7,000
3	Bishop / White Mtn Research	-
4	Equipment	3,000
5	Keeler - Office (Owens Lake)	9,000
6	Keeler - Office Portable Trailer (Owens Lake)	7,000
7	Lone Pine - Site	1,000
8	Mammoth Lakes - Site	-
9	Mono Lake - Simis Site + Storage Site	2,000
10	Olancha - Site w/ Utilities	3,000
11	Parking	3,000
12	Storage	2,000
Leases & Rents		110,000
II.H. - Maintenance & Repairs of Equipment - Labor		SB270
1	Scientific: monitor repairs, lab certifications, calibrations	19,000
2	Vehicles: tires, tune-ups, oil changes, repairs, washing	10,000
3	General: offices, equipment, maintenance	1,000
4	Transportation/Installation of short-term monitors	-
5	Safety respiratory screen	5,000
M&R-Labor		35,000
II.I. - Maintenance & Repairs of Equipment - Materials		SB270
1	Scientific: monitors, repair parts, equipment, lab, QA	35,000
2	Vehicles: parts, equipment, tires	5,000
3	General: office equipment parts, batteries, miscellaneous	5,000
4	Sensit, camera and wireless network maint, UAV maint	90,000
M&R-Materials		135,000
II.K. - Professional & Special Services		SB270
1	Board Stipend	4,200
2	Board Stipend - Hearing Board	1,000
3	Payroll & Financial Software Support	4,000
4	Human Resources Consulting	3,000
5	Independent Fiscal Auditor	7,500
6	Inyo Co. Auditor: Fiscal Support	5,100
7	Inyo Co. Counsel: Legal	11,000
8	Janitorial Services	8,000
9	Consulting Services: IT, Data Mgmt, Web	7,700
10	Air Monitoring Consulting Services	4,000
11	Legal Services: General	25,000
12	Owens Lake Science and History	10,000
13	Owens Lake Air Quality Modeling Consulting	250,000
14	Dust Compliance Measurement & Enforcement Consulting	200,000
15	Dust Compliance Measurement & Enforcement: Satellite Imagery	40,000
16	Environmental Consulting (Compliance & Site Surveys)	70,000
17	Environmental Consulting (Cultural Resources Task Force)	100,000
Professional & Special Services		750,500

FY 2015-2016 DETAILS

TABLE 3

II.N. - Utilities		<u>SB270</u>
1	Electric/Water/Gas/Trash	22,500
2	Communications/Internet/Telephone	30,500
3	Cell Phones	8,000
	Utilities	<u>61,000</u>

II.O. - Project Demonstration: Control Measure Testing		<u>SB270</u>
1	Engineered Roughness Elements: Consulting & Prof. Services	100,000
2		-
	Control Measure Testing	<u>100,000</u>

III.A. - Equipment: Scientific, Computer, Office, Furniture(>\$5k)		<u>SB270</u>
1	Replacement PM Filter Monitors, @\$18,000 ea.	-
2	Backup TEOM Replacement, @\$36,000 ea.	-
3	Mono Network Upgrades	61,000
4	Owens Lake PM Monitoring Network Upgrades	30,000
5	Replacement Lab Temp/RH Control System	-
6	Copier, Scanner & Fax Machine	24,000
	Equipment (>\$5k)	<u>115,000</u>

III.B - Vehicles & ATVs		<u>SB270</u>
1	Replacement Vehicles (Capital Expenditure Fund)	35,000
2	Replacement ATVs	-
		<u>35,000</u>

TABLE 4

160314

FY 2016-17 Employee Time Allocation	District	SB-270	FTE	
Regular Employees				
Air Pollution Control Officer	0.10	0.90		
Deputy Air Pollution Cont Officer	0.20	0.80		
Air Quality Specialist II	2.00	-		
Director Technical Services	-	1.00		
Field Services Technician II	0.30	1.70		
Sr. Systems & Research Analyst	0.05	0.95		
Systems Research Analyst	0.10	2.90		
Senior Scientist	0.20	0.80		
Admin. Projects Manager	0.15	0.85		
Admin Asst/ Board & Permit Clerk	0.25	0.75		
Fiscal Services Technician	0.15	0.85		
Air Monitoring Specialist	0.15	0.85		
Air Monitoring Technical Specialist	-	1.00		
Air Monitoring Tech II	-	2.00		
Air Monitoring Tech II	0.35	2.65		
Subtotal Regular Employees	4.00	18.00	22.00	
	0.50	-0.50	0.00	
Contract Employees				
Administrative Clerk	0.10	0.35		
Field Services Technician	-	1.00		
Subtotal Contract Employees	0.10	1.35	1.45	
TOTAL 2016-17 FTE	4.10	19.35	23.45	-1.55
TOTAL 2015-16 FTE	4.15	20.85	25.00	2.55
TOTAL 2014-15 FTE	4.11	18.34	22.45	-0.92
TOTAL 2013-14 FTE	3.56	19.81	23.37	1.00
TOTAL 2012-13 FTE	3.51	18.86	22.37	-1.50
TOTAL 2011-12 FTE	3.58	20.29	23.87	-0.75
TOTAL 2010-11 FTE	3.55	21.07	24.62	-1.75
TOTAL 2009-10 FTE	3.66	22.71	26.37	0.00
TOTAL 2008-09 FTE	3.65	22.72	26.37	

Additional Details Regarding Professional Services Items II.K.12, II.K.14, II.K.15, II.K.16, and II.K.17

The Professional Services sub-budget contains funds for contracts with consultants for technical support in remote sensing techniques for dust control measure compliance development and enforcement, for science and history of Owens Lake, for testing of Engineered Roughness Elements as a measure for dust control on Owens Lake and for environmental services associated with the implementation of the 2008 SIP EIR and now the 2014 Stipulated Judgment. Additional details on the scope of work for these contracts are provided below.

II.K.16 & II.K.17 – Environmental Consulting Services

There are two main items to be included in budget category II.K.16 and II.K.17. The first item consists of work related to the tracking of provisions and requirements in the 2016 SIP and environmental impacts and mitigation measures from previous EIRs (\$70,000). The second item consists of technical work and professional services related to the Cultural Resource Task Force (CRTF) (\$100,000). The total amount of the two items in budget category II.K.16 and 17 is \$100,000. In FY 2015-16 the District solicited proposals for this work. Through the selection process, the District retained TEAM Engineering from Bishop, CA. The District plans on continuing to use the services of TEAM Engineering for this work in 2016-17.

The 2016 Owens Valley SIP and multiple EIRs completed for dust controls on Owens Lake contain a considerable number of dust control compliance requirements and mandatory mitigation measures. The efficient implementation of the 2016 SIP and multiple EIRs involves coordination, communication, and reporting among the District, the LADWP, and other public agencies. These other agencies mainly include the California State Lands Commission and the California Department of Fish and Wildlife.

The 2016 SIP contains several new dust control measures that may be implemented by LADWP on Owens Lake. These new dust control measures allow the LADWP to reduce the amount of water used on the lake bed but make the implementation and operation of the dust control project more complicated. As the 2016 SIP is implemented, the District will be responsible for ensuring compliance with dozens of requirements for Owens Lake dust controls. Multiple monitoring and reporting requirements are included in the 2016 SIP to make sure the new dust control measures are performing such that there are no exceedances of the PM10 standard at the regulatory shoreline.

The work in this portion of the 2016-17 budget involves tracking the dust control measure requirements included in the 2016 SIP to ensure the timely implementation and reporting and completeness of required provisions for dust controls on the lake bed. The work in this portion of the budget also includes reviewing the adequacy of compliance reports submitted to the District by the LADWP in fulfillment of mitigation measure requirements from the multiple EIRs to avoid and/or reduce environmental impacts. . The budget contains a \$70,000 for both the tracking of 2016 SIP requirements and environmental compliance monitoring and reporting as well as for assistance with general environmental issues.

For FY 2016-17, the environmental consultant will also provide archeological and environmental services related to the Cultural Resource Task Force (CRTF) per the 2013 Stipulated Order of Abatement (SOA), 2014 Stipulated Judgement and Phase 9/10 Dust Control project. As the District has no archeological expertise and the CRTF is dealing with complex technical and legal archeological issues, the District must retain outside assistance. The budget contains \$100,000 for work related to the CRTF.

II.K.14. – Dust Control Measure Compliance and Enforcement – DRI

Remote Sensing. The FY 2016-17 budget contains funds for dust control measure compliance enforcement and for technical support by the Desert Research Institute (DRI) of the District's remote sensing efforts (\$150,000). Work tasks provide for consultation services with District staff for compliance measurements for the existing Managed Vegetation area on the southern portion of Owens Lake, compliance measurements of existing Brine BACM areas, development of a method for determining compliance of the new complex Managed Vegetation areas that are part of Phase 7a with performance requirements, work on the TwB2 monitoring and the Shallow Flooding Wetness Cover Tests as well as general consulting services. Each task is discussed in more detail below.

Remote Sensing Work Tasks: (\$150,000)

Managed Vegetation Compliance

An evaluation of the saltgrass vegetation cover on the Managed Vegetation dust control measure on the southern portion of Owens Lake will be completed with satellite imagery. This evaluation of the saltgrass cover will be performed in 2016-17 for the 2016 growing season using the routine developed by DRI. District staff plans to run the 2016 Managed Vegetation calls while being trained in the DRI routine. A portion of the funds budgeted in II.K.14 are to provide the District with technical support from DRI in the training and review of the 2016 Managed Vegetation compliance call.

Additionally, the LADWP has created new Managed Vegetation areas as part of the Phase 7a Project. These areas were planted in fall of 2015 as part of a transition from Shallow Flooding to Managed Vegetation. The Phase 7a Managed Vegetation areas vary substantially from the original Managed Vegetation area in that it consists of several different plant species that provide both vertical and horizontal variation. Due to this structural and compositional diversity, the current approved compliance determination method is not capable of accurately evaluating the compliance conditions for the complex vegetation areas. The District is working on developing a new vegetation compliance method that can be applied to the new complex vegetation areas. A portion of the funds budgeted in II.K.14 are to provide the District with technical support from DRI in the development of this proposed new vegetation compliance method as well as conducting a compliance call for the existing Managed Vegetation area on the southern portion of the lake bed.

Brine BACM Compliance

The 2016 SIP allows the LADWP to implement a new dust control measure that utilizes the abundant salts present on Owens Lake to create a mix of stable surfaces similar to those found in the Brine Pond. Implementation of Brine BACM will allow LADWP to reduce the amount of water used on Owens Lake while still providing the level of dust

control required. The new Brine BACM dust control measure requires that each Brine area consist of a mix of three stable surfaces including: water, evaporite crust, and thick capillary crust. Each component surface has specific conditions in order to meet the required performance criteria.

An evaluation of the Brine BACM dust control measure will be completed with a combination of interpretation of aerial photographs or high resolution satellite imagery combined with field measurements. This evaluation of the Brine BACM cover conditions will be performed in 2016-17 using the method developed by DRI. District staff plans to run the Brine BACM calls while being trained in the DRI routine. A portion of the funds budgeted in II.K.14 are to provide the District with technical support from DRI for conducting compliance calls on the Brine BACM dust control areas.

Monitoring of Shallow Flooding Wetness Cover Tests and TwB2

The LADWP is conducting tests of Shallow Flooding using sprinklers in order to refine the curve that relates control efficiency to wetness cover. The work plan for the testing calls for regular wetness cover measurements across the four test areas using airborne SWIR sensors. Additionally, the LADWP has converted about 4 square miles of Shallow Flooding to TwB2 per the 2014 Stipulated Judgment. The roughness, emissivity, and clod cover of the TwB2 areas will be monitored regularly throughout the project. The District plans to use the professional services of experts at DRI to assist in data analysis and evaluation of results from both the Shallow Flooding Wetness Cover Tests and the TwB2 areas. A portion of the DRI II.K.14 budget will be used to provide technical support in this effort.

II.K.15. – Satellite Images

As discussed above, District staff will be conducting the Shallow Flooding dust control compliance determinations in 2016-17. Due to the large areal extent of the dust control areas (currently approximately 45 square miles), the only practical way to conduct the compliance determinations is through analysis of satellite imagery. The current method used for compliance determinations on the Shallow Flooding areas generally uses LandSat8 satellite imagery. This imagery is obtained at no cost from the USGS. However, this free imagery is only available on a regular schedule (every 16 days) and has a horizontal resolution of 30 meters. This frequency and spatial resolution is sufficient most of the time, but restricts the District in its ability to conduct wetness calls in the Shallow Flooding areas during cloudy periods and during certain times of year when higher resolution is needed.

Fortunately, there are other satellite platforms that can provide the same information as LandSat which can be tasked to collect an image of Owens Lake on a specific date. However, unlike the LandSat images which are free, there is a cost alternate imagery. The District plans to use the LandSat image overpasses as the primary compliance tool for the Shallow Flooding areas in 2016-17. The alternate platform images will be used for compliance analyses of the Shallow Flooding areas when needed either due to weather conditions making the use LandSat impossible or “on demand” when there is a concern that certain areas are not meeting the dust control wetness requirements and also in the spring when higher resolution data is needed in order to determine the compliance of sprinkler areas.

Additionally, the District has need to purchase high resolution satellite imagery as part of the compliance monitoring method determination for the Brine BACM and complex Managed Vegetation dust control areas. There is \$40,000 budgeted in II.K.15 for purchase of satellite imagery for the 2016-17 year.

II.K.16. – Owens Lake Scientific and Historic Consulting

\$10,000 is budgeted in II.K.16 for technical support on issues related to science and history of Owens Lake. These funds are budgeted for services to support the District on scientific issues related to the character, nature and development of Owens Lake.

Additional Details Regarding: Project Demonstration: Control Measure Testing, Item II.O.

During the 2013-14 fiscal year, the District and LADWP worked cooperatively on a research project conducted by DRI on the development of a potential new waterless dust control measure. The project, termed the Engineered Roughness Element (ERE) project, involves the placement of solid object (roughness elements) in an array on the lake bed surface to reduce dust emissions from the area. The District considers the ERE measure to be promising for effective temporary as well as permanent dust control on the lake bed. A small-scale pilot test of the measure was conducted from February 2014-June 2014 in the Phase 7a area T1A-4. Due to construction of the required Shallow Flooding area in T1A-4 by the LADWP, the Phase 1 project was removed from the test area after just over 4 months of data collection. The second phase of the project (Phase 2) began in the spring of 2015 and continues through spring 2016 in a small portion of the T-26 Shallow Flooding cells on the northeastern portion of the lakebed.

The District anticipates ERE testing will be adequate with completion of current studies previously budgeted. Successful data collection and control measure evaluation have been conducted to determine the effectiveness of EREs for dust controls on the lakebed. As such, additional funds will only be required for further study and evaluation of variations to the design of ERE object. Unless further study is not desired by the LADWP, funds budgeted for 2016-17 (\$100,000) will provide additional data collection and analysis by DRI.

IV. Legal Fee Assessment

During FY 2015-16, the District incurred legal services costs to implement terms of the 2014 Stipulated Judgment between District and LADWP (Sacramento County Superior Court Case No. 34-2013-80001451-CU-WM-GDS) and to develop the 2016 Owens Valley Planning Area PM10 State Implementation Plan (SIP), Governing Board Order 160413-01 and Rule 433 – Control of Particulate Emissions at Owens Lake.

SUMMARY

Fees

In 2012, the LADWP failed to pay \$1,141,164 in SB270 fees ordered by the District. The District was forced to file a lawsuit in Inyo County Superior Court on August 31, 2012 (which was transferred to Kern County Superior Court, Case No. S-1500-CV-277962, SPC) to compel LADWP to pay. The Court ordered the LADWP to make the payment and it did so on January 24, 2013. A trial on the merits of the case was scheduled for October 21, 2013 and was continued until February 10, 2014. Trial was averted by entry of a Stipulated Judgment on February 13, 2014 and a Settlement Agreement by which LADWP paid \$1,350,000 to the District as an environmental public benefit payment for solar power to public service districts and \$1.2MM to support District activities to reduce air pollution emissions. The LADWP and District agreed, among other things, that several categories of fees under Health & Safety Code Section 42316 are legally valid. Included are the District's legal fees to respond to LADWP's administrative comments, appeals, lawsuits and other legal challenges related to H&S Section 42316 as well as costs of government (i.e. employee costs and overhead). The Stipulated Judgment for the District also required the LADWP to dismiss four (4) fee order appeals before CARB.

Dust Control Measures

On December 16, 2014, the Sacramento County Superior Court issued a ruling denying LADWP's petition requesting that CARB's 2011 SCR D decision in favor of the District, be overturned. On December 30, 2014, the Sacramento Superior Court approved a stipulated judgment (2014 Stipulated Judgment⁷) in favor of the District requiring completion of dust control measures at Owens Lake. This ruling follows prior decisions by other courts in favor of the District, the California Air Resources Board, and the State Lands Commission, which were sued by LADWP. The 2014 Stipulated Judgment negotiated between the District Governing Board and the LADWP Commission settles the dispute initiated with the 2011 SCR D. It brings closure to a long series of legal battles primarily between the District and the LADWP that started in 2011. More importantly, it will result in LADWP completing dust control measures on 48.6 square miles of the Owens Lake bed, while also saving water, and ultimately it will bring the Owens Valley into compliance with the federal air quality standard.

LADWP and the District made many new commitments that are contained in the 2014 Stipulated Judgment. District and LADWP staff have a common goal, which is to get the final dust control measures implemented and to do it in a way that will help LADWP reduce the amount of water used at Owens Lake. As discussed in earlier sections, there are additional costs for personnel, equipment and professional services for dust control measures and monitoring tasks to be carried

⁷Sacramento County Superior Court No. 34-2013-80001451-CU-WM-GDS

out over the next three to five years. A significant requirement of the agreement is the preparation and amendment of the District adopted Board Order No. 080128-01 (2008 SIP Order) during FY 2015-16. To prepare the 2016 SIP amendment, the District required assistance from its long standing legal counsel in this complicated endeavor. The amendment required extensive background knowledge and detailed review of the previous 2008 SIP Board Order and amendments that were made in 2011 and 2013.

It is estimated that \$400,000 will be needed for legal services to assist the District during FY 2016-17. This amount is an estimate of a reasonable fee to allow the District to respond to any unanticipated legal challenges with necessary and appropriately qualified legal counsel. SB 270 provides for the annual assessment of fees related to the above projects and other related activities. It is difficult to anticipate the total estimated budget for legal services actions in part because of unpredictable circumstances that could arise not only by LADWP but from other private or public agencies. The District cannot be placed in a position of underestimating the total cost to respond to any and all legal actions. The District must carry out its legal duties under California law to protect the environment and public health. It should be noted that unexpended SB 270 fees can either be re-directed to other approved costs or are credited back to the LADWP the following fiscal year.

V. Owens Lake Scientific Advisory Panel (OLSAP)

The 2014 Stipulated Judgment provides for financial support by the LADWP of the Owens Lake Scientific Advisory Panel (OLSAP). Funding for the OLSAP will be made pursuant to fee orders by the District per California Health & Safety Code §42316. The fee order for OLSAP may vary based on the statement of work and tasks submitted to the National Academy of Sciences (NAS). Annual funding for the NAS to create and direct the OLSAP to address the tasks provided by the sponsors may range from \$500,000 to \$750,000. Additional funding up to \$2,000,000 annually may be provided by LADWP for field studies and additional projects that are deemed necessary to address the tasks given to the OLSAP. OLSAP funding for FY 2015-16 was \$750,000 and these funds were unexpended due to mutual agreement between the District and LADWP to defer the panel until mid-2017. These funds will be carried over to FY 2016-17 and should the need arise to establish and seek OLSAP's support prior to the end of deferment period, \$750,000 for engagement is available. If the OLSAP requires additional funding for field work or other investigations in 2016-17, the District and LADWP will consider a supplemental assessment under SB-270 to obtain the necessary funds.

