

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3900	Department Air Resources Board	Priority No. 10
Budget Request Name 3900-010-BCP-BR-2016-GB		Program 3510-CLIMATE CHANGE 3500-MOBILE SOURCE	Subprogram N/A

Budget Request Description
 Refrigerant Management Program—Technical Adjustment

Budget Request Summary

The Air Resources Board requests a net zero redirection of \$695,000 per year collected from facilities subject to annual implementation fees under the AB 32 Refrigerant Management Program to fund 4.0 existing positions that are meeting the implementation needs of the Refrigerant Management Program and currently funded under the Cost of Implementation Account to the Air Pollution Control Fund. In addition to this net zero re-direction of funding for existing positions, ARB requests a net zero redirection of \$180,000 in contract funding for continued maintenance and support of the Refrigerant Registration and Reporting System.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed N/A	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Bart Croes <i>Bart E. Croes</i>	Date 1/6/16	Reviewed By Alice Stebbins <i>Alice Stebbins</i>	Date 1-6-16
Department Director Richard W. Corey <i>R. Corey</i>	Date 1/6/2016	Agency Secretary Matthew Rodriguez <i>M. Rodriguez</i>	Date 1/6/16

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Original Signed By: Ellen Moratti	Date submitted to the Legislature
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Analysis of Problem

A. Budget Request Summary

In order to maintain effective Refrigerant Management Program (RMP) implementation and service to the regulated community, the Air Resources Board (ARB) request a net zero redirection of the funding source for 1.0 Air Resource Engineer (ARE) and 2.0 Air Pollution Specialists (APS) from the Cost of Implementation Account (COIA) to the Air Pollution Control Fund (APCF), and for 2.0 half-time Permanent Intermittent (PI) Air Resource Technician IIs (ART II) under COIA to convert to 1.0 Full-Time (FT) ART IIs under RMP. RMP fees, which are deposited into the APCF, have been collected for four years and are now a stable funding source that can be used to meet the implementation needs of the Program.

In addition, ARB requests a net zero redirection of \$180,000 in contract funding from COIA to APCF for maintenance and support of the Refrigerant Registration and Reporting System (R3).

The total authority for the redirection of the 4.0 positions and contract funding is \$695,000.

B. Background/History

The California Global Warming Solutions Act of 2006 (AB 32) directed ARB to design measures that achieve real, quantifiable, cost-effective reductions of greenhouse gas (GHG) emissions and return California to 1990 emission levels by 2020. In December 2009, ARB adopted the RMP regulation to achieve significant GHG emission reductions from large commercial stationary refrigeration systems as one of the discrete early action measures required by AB 32. The provisions of the regulation became effective January 1, 2011. The goal of the RMP regulation is to reduce the emissions of high global warming potential (GWP) refrigerants through periodic leak inspections of refrigeration systems and timely repairs when leaks are found. The RMP regulation applies to stationary facilities with refrigeration systems with a charge of more than 50 pounds of a high-GWP refrigerant. It also applies to refrigerant transactions by refrigerant distributors, wholesalers, and reclaimers.

The RMP regulation contains an annual fee provision with the intent that the monies collected would be used for implementation and enforcement by ARB.

In 2011, RMP recordkeeping requirements began for all facilities with stationary refrigeration systems using more than 50 pounds of refrigerant. Beginning in 2012, large facilities ($\geq 2,000$ pounds of refrigerant charge) were required to register, report, and pay annual fees of \$370. Certain large facilities are required to operate automatic leak detection systems. Beginning in 2014, medium-size facilities (≥ 200 pounds and $< 2,000$ pounds of refrigerant charge) were required to register, report, and pay annual fees of \$170. Beginning in 2016, small-size facilities (≥ 50 pounds and < 200 pounds of refrigerant charge) will be required to register, but not report or pay annual fees. A total of approximately \$854,000 is being collected by the program on an annual basis and deposited into the APCF. Approximately \$1,800,000 has been collected in fees during Fiscal Year 2012-13 through 2014-15 reporting cycles.

The amount of fees collected will increase as more facilities come into compliance. Program staff has concluded that there exist thousands of facilities potentially subject to the regulation for which outreach, follow-up site visits, and enforcement action is required to achieve the expected emission reductions of 5 million metric tons of carbon dioxide equivalent (MMT CO_2e) necessary to achieve 2020 and longer-term GHG reduction targets for California.

Currently, RMP staff resources consist of:

- 1.0 ARE
- 2.0 APS
- 2.0 PI ART IIs

These staff resources are funded under COIA (ARE, APSs) and the temporary help blanket (ART IIs). In addition, COIA supports the contract needs of the RMP, which includes maintenance of the R3 reporting tool, outreach and enforcement activities by local air districts, and performance and economic evaluations of low-GWP and low-leak refrigeration systems that are the preferred long-term strategy to reduce GHG emissions from this sector.

Analysis of Problem

Resource History

Program Budget	PY - 2	PY - 1	PY	CY	BY	BY+
Large Facilities subject to fee	400	400	400	400	400	400
Medium Facilities subject to fee	0	0	4,000	4,000	4,000+	4,000+
Revenue Collected	\$138,000	\$782,000	\$854,000	\$854,000	\$854,000+	\$854,000+
Revenue Accrued	\$138,000	\$920,000	\$1,774,000	\$2,628,000	\$0	\$0
COIA Positions – ARE/APS	5	4	3	3	0	0
Blanket Positions – PI ART II	0	1	2	2	0	0
COIA Contracts	\$700,000	\$500,000	\$300,000	\$200,000	\$0	\$0
RMP Positions – ARE/APS	na	na	na	na	3	3
RMP Positions – ART II	na	na	na	na	1	1
RMP Contracts	na	na	na	na	\$180,000	\$180,000

C. State Level Considerations

No other State departments will be affected by these requests to redirect the funding source for personnel and contract monies in this proposal. This proposal will allow ARB to continue to serve the regulated community while meeting the requirements of AB 32 for significant GHG reductions by 2020. The over 4,000 facilities that comply with the regulatory requirement to pay the annual fee are expected to support the use of the annual and accrued revenue to fund efforts to prevent non-compliant companies from obtaining unfair advantage over companies that operate within the law regarding RMP implementation and enforcement.

D. Justification

ARB has determined that the workload for 1.0 FT ARE, 2.0 FT APSs, and 1.0 FT ART II is fully justified as they are currently carrying the RMP workload. ARB is making an effort to reduce budgetary pressure on COIA and recognize the permanent, ongoing need for our temporary help staff. If RMP were to lose the 2.0 PI ART II positions, the program would not be able to help the regulated community to track and report refrigerant usage, pay fees, and follow best practices for refrigerant leak detection and repair. Nor would RMP be able to continue efforts to identifying potential non-complying facilities for follow-up by enforcement staff at ARB or air districts that have contracts with ARB for this purpose. PI ARTs often leave, either to return to school or for full-time positions elsewhere, resulting in inefficiencies related to training new staff. If the 2.0 PI ART II positions are replaced with 1.0 FT ART II position, there will be additional benefits of staffing stability and availability, including decreased training costs, increased continuity, and increased efficiency.

E. Outcomes and Accountability

With 1.0 ARE, 2.0 APSs, and by replacing 2.0 PI ART II with 1.0 FT ART position, ARB would be able to maintain workflow by stabilizing the compliance assistance efforts to currently registered facilities as well as enforcement actions on unregistered and non-compliant facilities. Moreover, these positions will ensure smooth compliance with the 2016 regulatory timeline, when thousands of small facilities (≥ 50 pounds and < 200 pounds of refrigerant charge) are required to register with ARB. The majority of the facilities in this category are small businesses that will have a greater and continuous need for compliance assistance as their staff is often unfamiliar with environmental regulatory requirements.

Contracts to maintain the R3 on-line registration and reporting tool will update and enhance the tool to meet the compliance needs of the regulated community. Annual reports submitted will no longer be incomplete due to lack of understanding of the data fields. Complete reporting with accurate data is critical to evaluate compliance and monitor the rule effectiveness. With thousands of small facilities registering in 2016, additional enhancements will be made to make the tool even more user-friendly. The enforcement module of the tool will be updated to allow ARB and air district enforcement staff to use the tool to report, monitor, and track the enforcement activities.

Analysis of Problem

This BCP is the request for the re-direction of the funding source for the program. Also, no changes in the current program functions or actions are expected.

F. Analysis of All Feasible Alternatives

Alternative #1: Approve a net zero funding redirection and obtain spending authority to use money collected in the APCF.

Approval will utilize the RMP fees currently accruing in the APCF for the purpose for which they were collected and decrease the COIA funds currently being used for RMP. This alternative would provide stable resources for ARB to enforce the RMP regulatory requirements, support reductions of high-GWP refrigerants, help to fulfill ARB's commitment to AB 32, and help fulfill the Governor's commitment to long-term GHG emission reductions. This alternative would make the most effective use of limited resources in the implementation of this regulatory program. It would also contribute to consistent statewide enforcement of the regulation. The cost of this proposal would be funded through the fees currently assessed on affected facilities. No new funding is sought for this proposal. Additionally, the enforcement contracts with air districts would extend ARB's inspection reach by leveraging air district resources in areas that are geographically remote to ARB headquarters in Sacramento and El Monte. This recommendation is based on the regulation that was adopted by the Board in December 2009.

Alternative 2: Fund local air districts to conduct enforcement.

RMP revenue currently being collected is insufficient to be a continuous funding source for all air districts, and air districts would be unable to absorb the added enforcement workload on their own.

Alternative 3: Fund new enforcement positions at ARB.

This alternative would do nothing to reduce budgetary pressure on COIA or decrease the temporary help blanket.

Alternative 4: Deny BCP.

Failure to approve the BCP will result in the RMP staff and contracts continuing to be funded by COIA fees.

G. Implementation Plan

This is a net zero re-redirection of the funding source and will not result in changes to program functions or actions. In 2015, approximately \$854,000 in RMP fee payments were collected and deposited into the APCF. Annual fee payments will increase beyond \$854,000 as more facilities are brought into compliance.

H. Supplemental Information

N/A

I. Recommendation

Alternative #1 is recommended for the following reasons:

- Approval of this BCP allows the annual and accrued funds from the RMP implementation fee to be used for its intended purpose of ensuring compliance with the RMP regulation that implements one of the discrete early action measures of AB 32.
- This action will help with ARB's efforts to reduce budgetary pressure on the COIA fees.
- Replacing 2.0 PI ART II positions with 1.0 FT ART position would result in increased efficiency and effectiveness; a transient, intermittent workforce would be replaced by a permanent, consistent workforce with increased productivity.

Analysis of Problem

- One of ARB's major goals is to contribute towards global climate protection by meeting GHG emission reduction goals. An effective RMP will ensure that companies are following best practices and fulfill the large GHG reduction potential of the commercial stationary refrigeration sector.

Air Resources Board			Attachment A Workload Justification			
Fund: Cost of Implementation (FY 2015-16) to Refrigerant Management Program (FY 2016-17)						
Position Title: Air Resources Engineer (1.0 PY)						
Workload Measure	FY 2016-17			FY 2017-18		
Description of task	Number of Times the task was performed	Number of hours needed to complete task	Total number of annual hours	Number of times the task was performed	Number of hours needed to complete task	Total number of annual hours
Review comprehensive databases, apply industry and size filters, and look at Google images to identify facilities affected by the rule	10	80	800	10	80	800
Conduct investigations and field inspections; audit reports and records of reporting entities	20	16	320	20	16	320
Draft and execute contracts with air districts: provide list of facilities, ongoing support, track and review progress	2	80	200	2	80	200
Coordinate with ARB Enforcement and Air Districts on enforcement cases for resolution; verify return to compliance	20	10	200	20	10	200
Provide oversight, support and training to air districts enforcing the regulation	2	100	200	2	100	200
Coordinate with regulatory development staff: communicate enforcement needs and suggested regulation amendments based on enforcement activities	2	40	80	2	40	80
Total Hours (1PY)			1,800			1,800

1.0 Position Equivalent = 1,800 hours

Numbers are based on current workload experience under COI funding

Air Resources Board				Attachment A Workload Justification		
Fund: Cost of Implementation (FY 2015-16) to Refrigerant Management Program (FY 2016-17)						
Position Title: Air Resources Specialist (2.0 PY)						
Workload Measure	FY 2016-17			FY 2017-18		
Description of task	Number of Times the task was performed	Number of hours needed to complete task	Total number of annual hours	Number of times the task was performed	Number of hours needed to complete task	Total number of annual hours
Conduct outreach activities: contact trade associations, publish materials, update webpages, conduct industry meetings and webinars	10	40	400	10	40	400
Provide compliance assistance: prepare fact sheets, guidance documents, training manuals and videos, on call support, industry notifications, reporting tool	30	30	900	30	30	900
Review annual reports, track compliance, and analyze data for enforcement priorities	20	80	1,600	20	80	1,600
Develop and manage research contracts.	2	200	400	2	200	400
Prepare and present correspondence and technical reports.	10	10	100	10	10	100
Data analysis for regulatory development and amendments.	5	40	200	5	40	200
Total Hours (2PY's)			3,600			3,600

1.0 Position Equivalent = 1,800 hours

Numbers are based on current workload experience under COI funding

Air Resources Board				Attachment A Workload Justification		
Fund: Cost of Implementation (FY 2015-16) to Refrigerant Management Program (FY 2016-17)						
Position Title: Air Resources Technician II (1.0 PY)						
Workload Measure	FY 2016-17			FY 2017-18		
Description of task	Number of Times the task was performed	Number of hours needed to complete task	Total number of annual hours	Number of times the task was performed	Number of hours needed to complete task	Total number of annual hours
Conduct outreach activities: Draft outreach materials, send letters with industry surveys, assist staff with industry meetings and webinars	5	30	150	5	30	150
Provide compliance assistance: continuous hotline support, respond to industry emails	275	2	550	275	2	550
Data entry of thousands of surveys into master database, file survey responses; analyze data to refine rule applicability criteria	5	100	500	5	100	500
Review annual reports, track and follow-up with non-compliant facilities, and assist with case investigations and potential enforcement actions	7.5	60	450	7.5	60	450
Prepare and present correspondence and technical reports.	5	10	50	5	10	50
Data analysis for regulatory development and amendments.	5	20	100	5	20	100
Total Hours (1PY)			1,800			1,800

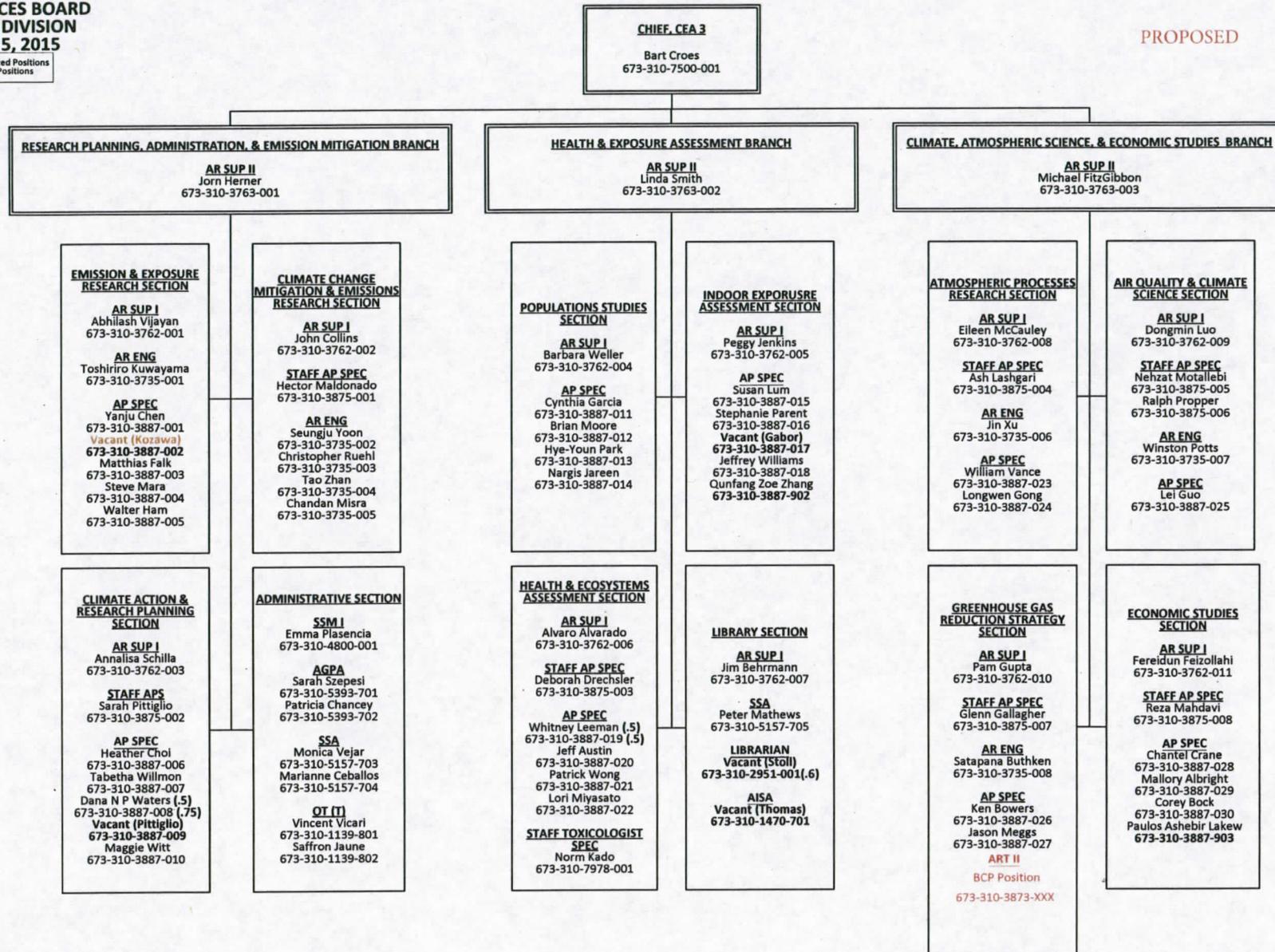
1.0 Position Equivalent = 1,800 hours

Numbers are based on current workload experience under COI funding

**AIR RESOURCES BOARD
RESEARCH DIVISION
AUGUST 5, 2015**

70.85 Authorized Positions
2 Blanket Positions

PROPOSED



**AIR RESOURCES BOARD
RESEARCH DIVISION
AUGUST 5, 2015**

70.85 Authorized Positions

CURRENT

