

APPROVED BUDGET

FISCAL YEAR 2018/19



SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

SACRAMENTO, CALIFORNIA

APPROVED BUDGET

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2018/19 BUDGET

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777 12th Street, 3rd Floor
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For the Fiscal Year Beginning

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The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Sacramento Metropolitan Air Quality Management District for its annual budget for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. The District believes its current budget continues to conform to program requirements, and will be submitting it to GFOA to determine its eligibility for another award.

FY 2018/19 Budget prepared by
Administrative Services Division
Finance section in conjunction with District Staff

Division Manager
Jamille Moens

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

(HYPERLINKS ARE ACTIVE)

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SECTION 1 - Executive Director/APCO Letter

May 24, 2018

Honorable Board Chair, Governing Board, and Breathers in the
Sacramento Metropolitan Air Quality Management District
Sacramento, California

Dear Chair Terry, Board members, and Breathers:

I respectfully present the Fiscal Year 2018/19 (FY18/19) Approved Budget for the Sacramento Metropolitan Air Quality Management District (District). The Approved Budget is balanced and reflects a total for FY18/19 of \$46.1 million, including \$21.7 million for the General Fund, \$1.1 million for the Proprietary Fund, and \$23.3 million for the Special Revenue Fund. The FY18/19 Approved District Budget is a net increase of \$8.5 million from the FY17/18 Amended Budget with a \$588,644 decrease in General Fund, \$21,900 decrease in Proprietary Fund and \$9.6 million increase in the Special Revenue Fund.

Fluctuating state and federal programs and their associated funding streams require the District to regularly adjust its budget as some programs cease while others begin. For example, the Sacramento Emergency Clean Air and Transportation (SECAT) program is an important block grant to the District administered by the Sacramento Area Council of Governments (SACOG). The existing SECAT funding is expected to be exhausted in three or four years. When that happens, the District will have two options. One option will position the District in direct competition with transit agencies and local governments for transportation funding in open SACOG solicitations. Or, under its Green Region Initiative, SACOG may be able to continue a block grant for air quality. In either option, an efficient, viable, and permanent solution is desired as the SECAT program has been instrumental for achieving emissions reductions for regional air quality attainment. Going forward, SECAT is expected to be a key enabling local funding source to leverage additional state resources for community air protection as described below.

Our region is becoming a hub for climate action and a test bed for programs effective at mitigating air and greenhouse gas (GHG) pollution. As a result, the District is receiving new California climate investments for many innovative efforts such as our first-in-the-state Car Share/Ride Hail Program (\$5 million), a Clean Cars for All Program (\$5 million), Community Air Protection (\$3 million), and Agricultural Vehicle Emission Reduction Program (\$1 million). These programs, along with the local match such as the SECAT incentives, will help our local businesses and residents become a part of the clean air and climate solutions for which California is well-known. In fact, our state's global leadership on climate policy is expanding the scope of local agencies like our District.

Over the last few years, we have witnessed the growing importance of local action to achieve resilience, adapt to our changing climate, and reduce GHG emissions, which are now included in many federal, state, and local regulatory frameworks for various sectors such as power and transportation. With a growing demand in our District anticipated from ready-projects that will outstrip available funding, the District is working proactively in collaboration with our public/private partners to bring additional Cap and Trade investments to the capital region. Bringing charging and fueling infrastructure for near-zero and zero emission vehicles for heavy-duty applications in both private and public fleets is a key opportunity for our region. Additional investments will advance our clean air efforts, support continued low-carbon development and GHG reductions, particularly in the transportation sector, and promote adaptation related activities such as the Alliance of Regional Collaborative for Climate Adaptation and the Capital Region Climate Readiness Collaborative. Finally, new opportunities are emerging around the Electrify America (EA) Green Cities initiative for Sacramento, enabled by the Volkswagen settlement. The District is working in coordination with the City of Sacramento and others in order to support and amplify the EA investments in zero emission vehicles and infrastructure.

The District's priorities continue to be attainment and maintenance of the federal health-based ambient air quality standards, improvement of core programs such as permitting and enforcement, and tracking state and federal programs and legislation in order to engage effectively on matters affecting the District. New legislation recently signed into state law will lead to a fundamental shift in the way we do business for air quality, placing a renewed emphasis on community-level air monitoring and protection of those disproportionately impacted by pollution through targeted incentives for cleaner technologies. Also, we want to strengthen key partnerships that assist the District in achieving our mission. These efforts are detailed in Section 2 – Budget Overview. Furthermore, the District, just like many other organizations facing the greying of America, is entering a period of considerable change in personnel.

During the current fiscal year, several highly experienced managers and staff in key positions have retired and more are projected to retire over the next several years. Succession planning, recruitment, and training will be critical to ensuring continued excellence in the conduct of the District's mission and maintaining the high level of service that our businesses and residents expect.

We are also trying to keep up with the pace of technology. The District is continuing major initiatives to improve information technology and financial systems that will generate greater workload efficiencies, enhance transparency, and provide a better service to our stakeholders. These efforts are expected to continue through FY17/18 and into FY18/19. One of our core functions is air monitoring. Thus, the District must also replace aging infrastructure (stations and instruments) in our ambient air monitoring network and keep up with evolving science and trends such as the emergence of new low-cost sensors for saturation monitoring at the hyper-local level.

The funding cuts expected or proposed by the Trump Administration to state programs administered by the United States Environmental Protection Agency (EPA) are very concerning to the District. Thus, we will be tracking changes to funding and EPA staffing in the federal budget and in federal legislation in order to be able to engage effectively with both our state representatives and congressional delegation and provide evidence-based analysis of potential fiscal impacts and favorable options for the District. We are also concerned with the rollback of several environmental protections by the federal government, in particular recent or expected actions to undo requirements for cleaner trucks and power plants. Our environment cannot afford these rollbacks. The District leadership, working in concert with our Board of Directors (Board), our lobbyist, and regional partners, will continue to actively advocate for our cause before our state and federal partners. Our goal is to not backtrack on the clean air progress that we have made, to ensure our ability to continue to carry out our air quality mission, to preserve adequate funding for programs and staff, and to advance on the actions that make us part of the solution for reducing air and climate pollution in our state and county.

The District benefits from a number of important regional partnerships that support and extend our capabilities and effectiveness for reaching our clean air goals. Thus, we will continue to promote greater cooperation with sister agencies like SACOG and Sacramento Regional Transit. We are also continually working to enhance our initiatives with key partners such as the Sacramento Plug-in Vehicles Collaborative, the Cleaner Air Partnership managed by Valley Vision, Breathe California Sacramento Region, WalkSacramento, the Sacramento Area Bike Advocates, and Sacramento Clean Cities Coalition.

I am confident that the District's highly committed professionals, with the full support and leadership of our Board, will enable our agency to successfully navigate the challenges in the new fiscal year and put us on a path to continue to advance on our vision of clean air for all and a low-carbon future.

Respectfully submitted,



Alberto Ayala, Ph.D., M.S.E.
Executive Director/Air Pollution Control Officer

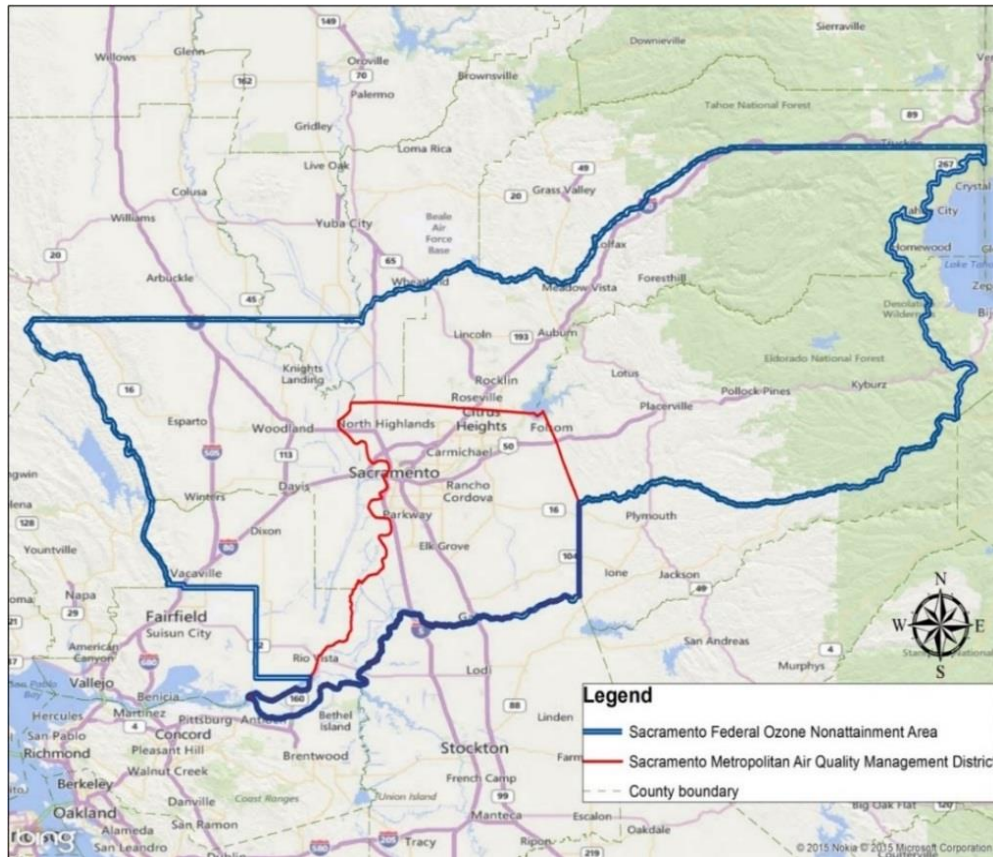
SECTION 2 - Budget Overview

The District is pleased to present its FY18/19 Approved Budget. The Budget Overview section provides a profile of the District along with a description of its strategic direction, performance measures and key initiatives. This section also includes information on the District’s transition to a new financial system, a summary of the FY18/19 Approved Budget, and a discussion of the factors affecting the District’s financial condition. The FY18/19 Approved Budget totals \$46.1 million and includes 103 total authorized full-time equivalent (FTE) positions with 98 funded and 5 unfunded.

DISTRICT PROFILE

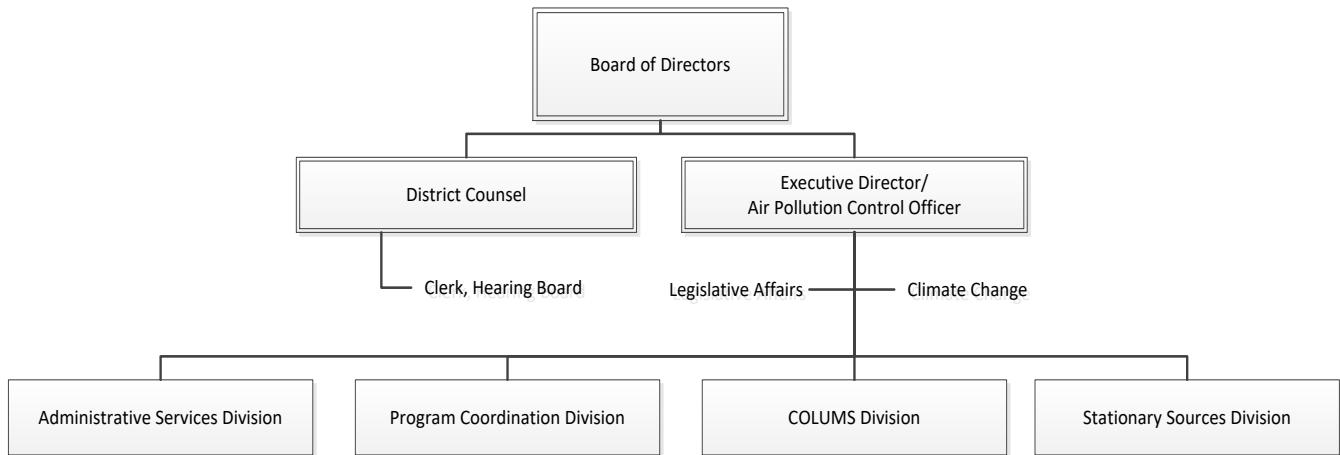
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air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

Map of the Sacramento Federal Ozone Nonattainment Area



The District’s Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member each from the cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency’s Executive Director/APCO and District Counsel. The District’s organizational structure is comprised of six divisions as shown in the following organizational chart. Additional information can be found in Section 6 – Organizational Overview.

Organization Chart



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

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

Sacramento County’s population of approximately 1.5 million, as of July 2017, represents roughly 63% of the SFNA’s population of approximately 2.4 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA and the makeup of the SFNA (by percent) by county.

Population in Sacramento Federal Ozone Nonattainment Area

County	SFNA portion of the County	Population		County in SFNA/Total SFNA ²
		County ¹	SFNA/County	
El Dorado	154,482	186,123	83%	6.4%
Placer	370,225	381,675	97%	15.4%
Sacramento	1,519,381	1,519,381	100%	63.2%
Solano	135,566	437,309	31%	5.7%
Sutter	3,554	98,720	4%	0.2%
Yolo	219,468	219,468	100%	9.1%
Total	2,402,676	2,842,676	-	100.0%

¹ 7/1/2016 estimate from California Department of Finance Demographic Research Unit

² Percentage values are rounded to 1 decimal point

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

Mobile sources include cars, trucks, delivery vehicles, big rigs, and “off-road” sources, such as construction, locomotives, mining, and agricultural equipment. In 2018, these mobile sources are projected to contribute approximately 44% of the Volatile Organic Compounds (VOC) (compared to 45% in 2017) and 86% of the Oxides of Nitrogen (NO_x) emissions (compared to 87% in 2017), while stationary (industrial) sources contribute about 25% of the VOC emissions (compared to 24% in 2017) and 10.3% of the NO_x emissions (compared to 9.6% in 2017) in the Sacramento region. (Emissions projections were calculated using CEPAM – version 1.05 for the SFNA.) Increasingly stringent state and federal regulations will help to reduce the impact of motor vehicle fuel and engine emissions on air quality in the future, but as growth in the Sacramento region brings more vehicles in, mobile sources will continue to be a major factor in the region’s air quality problem.

STRATEGIC DIRECTION

The Strategic Direction serves as a roadmap that guides the District’s work and provides the tools necessary to protect public health, ensure compliance with a stringent regulatory environment, effectively manage resources, and provide excellent customer service. Importantly, this roadmap also helps communicate the District’s vision to staff, its Board of Directors, and the public. Maintaining the trust of stakeholders is paramount, and the Strategic Direction provides a sound basis for approved expenditure, investment, and support while ensuring transparency and accountability.

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

PERFORMANCE MEASURES

The District tracks select performance measures. These metrics provide broad measures of the District’s effectiveness, efficiency, timeliness, and productivity in critical activities. While key initiatives may change from year to year, performance measures generally reflect progress in core business operations over multiple years.

Most performance measures require multi-divisional participation and, in many cases, one performance measure supports multiple strategic goals; therefore, the performance measures are included in this section rather than in the Organizational Overview. The following table lists key performance measures:

FY18/19 Performance Measures

Performance Measures	FY16/17 Actual	FY17/18 Projected	FY18/19 Target
Update 33% of Area Source Methodologies	Yes	Yes	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	2	4	3
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter (Monitoring Sites)	7yes/2no	4yes/3no ¹	6yes/1no ²
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	>95%	>65%	85%
Percentage of Permits to Operate Issued within Two years of Obtaining an Authority to Construct	>95%	>95%	>95%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process	98%	>95%	>95%
Percentage of Annual Inspections Completed (Federal Fiscal Year (FFY))	68%	75%	80%
Perform 100% On-Site Audits of Participating Wood Change-Out Retailers	Yes	Yes	Yes
Perform 5% On-Site Random Audits of Wood Change Outs	Yes	Yes	Yes
Provide Confirmation Letter for Construction Mitigation Plans within Four Business Days of a Complete Submittal	100%	100%	100%
Number of LUTRAN Newsletters Published Each Year	4	4	4
Notify Media and Public the Day Before Every Declared Spare The Air Day	100%	100%	100%
Provide Daily Air Quality Forecast Public Everyday by Noon	100%	100%	100%
Encumber 100% of Current Allocation-Year Moyer Funds by June 30 of the Allocation Year	100%	100%	100%
Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year	100%	100%	100%
Perform a 5% On-Site Random Annual Audit of All Operational Incentive Projects	100%	100%	100%
Non-Retirement Employee Annual Turnover Rate	≤5%	≤5%	≤5%
Percent of Planned Training Completed for All Staff	100%	100%	N/A
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
Receive Unmodified Audit Opinion for the Comprehensive Annual Financial Report (CAFR)	Yes	Yes	Yes
Receive the GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes
Complete the Budget Year within the Approved/Amended Budget	Yes	Yes	Yes
Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting	0	0	0

¹ The Stockton and Goldenland Air Monitoring Stations were terminated in November 2016 and May 2017, respectively.

² The Del Paso Manor Air Monitoring Station trailer is anticipated to be replaced and data completeness is expected to be impacted.

STRATEGIC INITIATIVES

Along with tracking key performance measures, strategic initiatives are undertaken in support of the Strategic Direction. The initiatives are developed, reviewed, and updated annually to ensure that the work of the District evolves as conditions change, adapting to new opportunities and challenges. Major FY18/19 District Initiatives are detailed below. In addition, several key operational initiatives by program area are highlighted in Section 6 – Organizational Overview.

Advancing on the Region's Climate Actions

As the global concentrations of carbon dioxide and other greenhouse gases continue to rise to unprecedented levels and the effects of a changing climate become more apparent with every new record-setting wildfire or extreme storm, the lack of a credible international agreement on climate change amplifies the importance and urgency of action at the sub-national and regional level. California's climate change program is second to none. As it continues to evolve and improve, regional agencies like the District have a key and growing role to play. In fact, implementation of the State's climate agenda depends on local action.

The District is active in climate change mitigation, adaption, and regional coordinated planning. For mitigation of GHG emissions from one of the largest sources, the District will continue to promote and explore ways to expand its efforts to invest in cleaner, lower-carbon technologies. The District's long history with effective mobile source incentive programs is an asset for the California Climate Investments program, in particular, for directing funding for low carbon transportation solutions. The ultimate goal is electrification of transportation and the transition to a sustainable transportation energy future enabled by batteries and fuel cells.

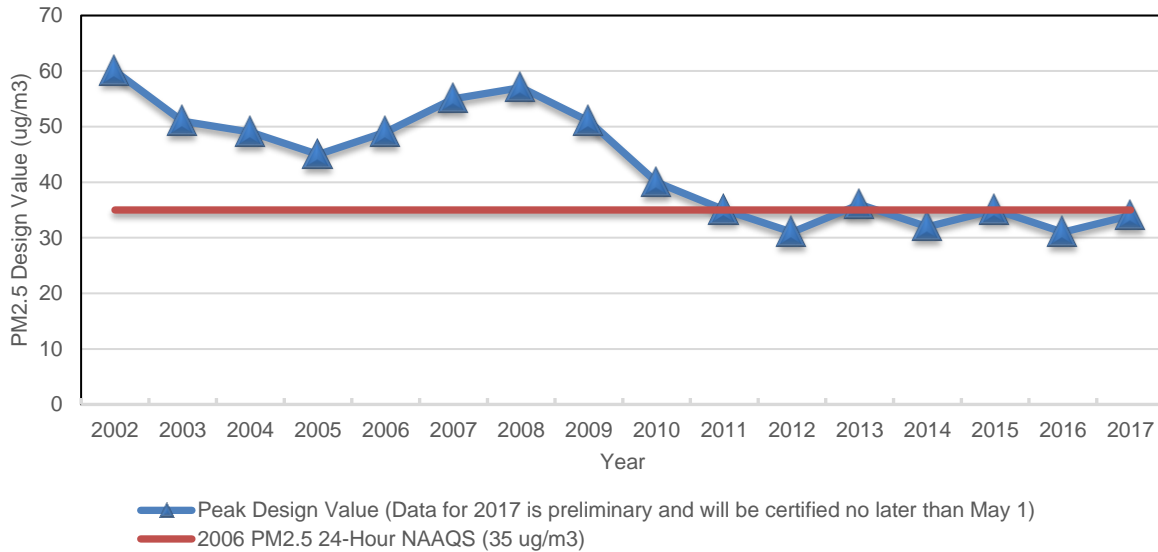
The District is also at the forefront of regional collaboration on adaptation and resilience. Strong collaborations and new research efforts are helping the District understand the role and importance of climate effects like extreme heat events. Previous studies have determined that the Sacramento region's most significant vulnerability to climate change is extreme heat. The District will conduct studies to understand heat islands in the region and develop action plans. The District is also committed to support new efforts by various entities geared towards a comprehensive and coordinated regional climate strategy. The Sacramento Mayor's Climate Commission initiative and SACOG's Green Region plan are examples of two emerging opportunities where the District intends to engage and contribute its unique perspectives on air quality, public health, and low-carbon development.

Ambient Air Quality Attainment Goals

To fulfill the District's strategic goal for protecting public health, it will continue to prioritize work toward attainment of the ambient air quality standards. Since mid-2012, EPA has recognized that the Sacramento region has met two federal air quality standards: the 1979 federal 1-hour ozone standard (in October 2012) and the 24-hour PM_{2.5} (in December 2015). Most recently, Sacramento and its four partner District's in the SFNA adopted the Sacramento Regional 2008 8-hour Ozone Attainment and Reasonable Further Progress Plan. This Plan was approved by the California Air Resources Board (CARB) and submitted to EPA on December 18, 2017. The Plan is a significant achievement for the region. It shows further progress towards air quality attainment primarily through the implementation of existing rules and policies. It also serves as an example of sensible air quality management by balancing the needs of the environment and local businesses.

In addition, the District adopted the 1979 1-Hour Redesignation Substitution Request for the 1979 1-hour ozone standard, which shows the region has met this standard. This request was submitted to CARB to be forwarded to EPA. Effective June 9, 2017, EPA found that the Sacramento PM_{2.5} Nonattainment Area attained the 2006 24-hour PM_{2.5} National Ambient Air Quality Standard (NAAQS) by the attainment date of December 31, 2015 (82 FR 21711) as referenced above. As shown in the following chart, the District remains in attainment. Because ambient daily PM_{2.5} concentrations over the last several years have oscillated persistently very close to the health standard, all efforts going forward will be focused on staying in attainment. Furthermore, it is clear the region will need to secure additional emission reductions whenever possible in order for pollution concentrations to begin to trend down. Key sources of particle pollution include the transportation sector and wood burning.

24-hour PM_{2.5} Design Value: SFNA (2002-2017)



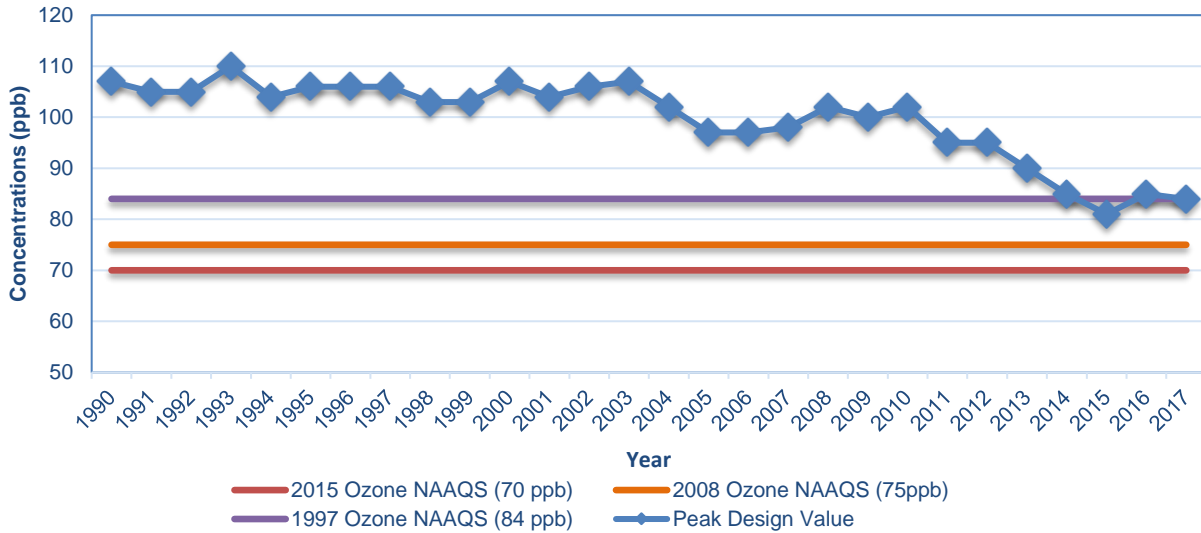
While it has been a significant challenge and a strain on District resources, controlling pollution from wood smoke on key days in the fall and winter is essential to maintaining the federal daily PM_{2.5} standard. Consequently, the District’s Wood Smoke Program, including “Check Before You Burn”, continues to be a priority. From previous public opinion surveys conducted by the District, the public (even many who comply with the program) generally does not believe that wood smoke is dangerous to human health, particularly to sensitive populations like children and the elderly. This led the District to routinely include messages from scientists, medical professionals, and public health experts talking about the dangers of exposure to particles in wood smoke in the “Check Before You Burn” campaign. In the future, the District will seek the help of local organizations, public health practitioners, and elected representatives to get the word out about “Check Before You Burn” and the importance of the prohibitory no burn rule.

The District also has in place a long-standing and successful program of financial incentives for emission reductions. Over the last two decades, the District has administered hundreds of millions of dollars in State and local investments towards cleaner vehicles, engines, and equipment in the region. These investments have generated substantial reductions in PM emissions that have contributed to eliminating several hundred tons of particle pollution every year. Those efforts need to continue. Thus, the District will very proactively pursue additional opportunities to bring more local and State investments into the region. This will allow the District to expand its efforts to clean up trucks, tractors, buses, locomotives, and other sources that contribute significantly to PM and other pollution.

In terms of ambient ozone pollution, since approximately the early 2000s, the region has experienced a decline in 8-hour ozone exceedances and in the ozone design value concentrations. The current federal standard for ozone (2015 NAAQS) is 70 parts per billion (ppb). The following graph shows the ozone design value for the peak monitoring site in the District’s regional network in each year and the general trend from 1990 to the present. The overall 28-year trend line indicates stubbornly stable concentrations for the first half of the period and a very encouraging decline over the latter part, from 110 ppb, or 40 ppb above the standard, down to 84 ppb, or 14 ppb above the current standard. Obviously the continuation of the decline in ambient ozone concentrations in the capital region remains one of the most important priorities for the District. While, as described above, the District has an approved attainment plan for the 2008 75 ppb ozone standard, challenging work remains ahead in order to make progress towards attainment of the most current and health-protective 2015 ozone standard.

The solution is continued reductions of smog precursor emissions, namely NO_x and VOCs, from familiar sources. For instance, the transportation sector is the single largest source of NO_x emissions in the SFNA. Investments towards lower PM and cleaner vehicles and engines as described above will yield multiple co-benefits by also bringing reductions of various other pollutants like NO_x and GHGs. VOCs almost evenly come from a handful of sources including consumer products in addition to vehicles and equipment. The District will begin analysis for the implementation plan for the recently adopted 2015 ozone standard in the next couple of years.

8-hour O3 Design Value: SFNA (1990-2017)



Advocacy

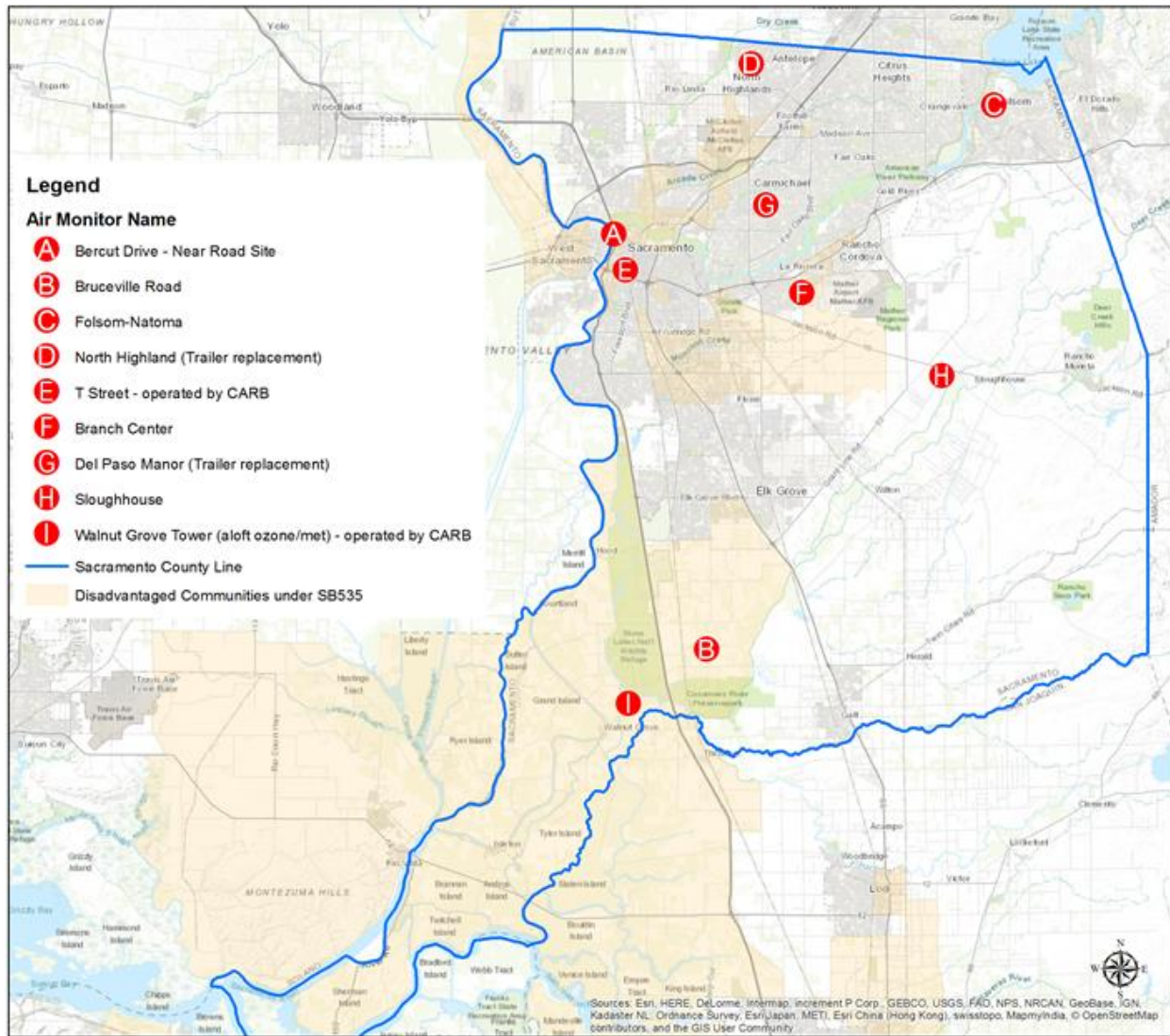
Advocating before the state legislature and other decision makers for the District’s priorities is a key strategy that is ramping up in the next year. The range of issues of interest to the District that the legislature is contemplating in the next session runs the gamut from policy to deal with wildfires, to compliance and penalties, to direction and funding for a multitude of District programs like buses, freight, and incentives in general. A great deal of legislative attention is being placed on California’s Cap and Trade Program and, in particular, the allocation of allowances that the program is generating. The District expects to continue to strengthen its advocacy voice in order to ensure the adequate consideration of the Sacramento region’s priorities when funding decisions are made by the administration and the legislature. To be more effective and compliment the efforts of District staff, the Board of Directors recently procured the professional services of a leading firm, DiMare, Brown, Hicks & Kessler (DBHK). Together, DBHK and the District are already expanding engagement directly with members of the legislature, flagging legislation, and identifying opportunities to weigh in on various measures. This process will be an on-going effort; a standard business practice for the District.

Partnerships

The District does not go about its business alone; it benefits from existing public-private partnerships with very deep roots in the business community, health and environmental advocates, and civil society at large. These partnerships help convey the importance of District programs for the region, and the District plans to expand on these efforts, continuing to work with and support the growing partnerships with entities like the Local Government Commission, Breathe California - Sacramento Region, and the Cleaner Air Partnership (CAP). The CAP, administered by Valley Vision, is a long-standing and key regional effort that encompasses strong voices like the Sacramento Metro Chamber of Commerce and leading industry entities like Teichert, Union Pacific, Sutter Health, and SMUD. For statewide coordination with its peers, the District is an active member in a leadership role of the California Air Pollution Control Officers Association (CAPCOA). This is a key association that advocates for the general interests of the 35 local air districts in California before the legislature, the administration, and various agencies at the state and federal level. Finally, the District is also prioritizing strengthening the bonds with sister agencies in the region like SACOG and Sacramento Regional Transit. All of these agencies are linked by transportation and, as a sustainable future for the Sacramento region is contemplated, there is a strong impetus and a genuine desire for coordination and mutual support.

Capital Projects

The District’s monitoring sites are used to collect monitoring data for criteria pollutants to determine compliance with the National Ambient Air Quality Standards and to support regional air quality forecasting. Improvements to air monitoring stations are planned including the replacement of one aging air monitoring trailer. The replacement station will meet the newest monitoring requirements and replaces one of the District’s oldest stations that has experienced significant water intrusion and roof damage impacting the monitoring equipment and the ability to collect data. In addition, a new mobile air monitoring station is scheduled to be added to the existing air monitoring network as part of the District’s AB617 efforts. Below is a map of the existing air monitoring stations.



TRANSITION TO NEW FINANCIAL SYSTEM

The District currently uses Sacramento County’s SAP system (COMPASS) for processing financial transactions. In May of 2016, the Board authorized the District to execute a contract for the purchase and implementation of an Enterprise Resource Planning (ERP) financial application to integrate and automate the District’s financial processes. The District purchased a hosted solution, Tyler Technologies New World (New World) ERP, and will be using New World beginning July 1, 2018.

The new system will continue to record payables and deposits against approved budgets as it is currently done in COMPASS. However, New World offers much more functionality; it will centralize and automate current manual processes that include: miscellaneous billing and receivables; revenue/cash receipting; procurement processing; requisition processing; bid and quote tracking; contract accounting; budgetary accounting; encumbrance accounting; project accounting; asset management; and grant management. Moreover, the new centralized financial system will provide real-time data for accurate and timely reporting. The migration to the New World

solution provided the opportunity to restructure the District's Chart of Accounts creating the ability to generate detailed level of reporting within funds, divisions, programs, projects, grants and base accounts. This additional functionality/reporting will serve as a robust management tool for budgeting, forecasting and program costing analysis.

The transition to New World resulted in new numbers/names for District funds and accounts. While the majority of the fund structure remains the same, some accounting practices are changing and one new fund has been created. The primary accounting practice that is changing is the treatment of the administrative allocation for the incentive project grants. The Special Revenue fund, formerly called the Emission Technology fund, will recognize all grant funds (including the administrative allocation) into the Special Revenue fund and transfer the administrative allocation to the General fund. Currently, the administrative allocation is recognized directly as revenue in the General fund. The new fund is the Debt Service Fund; the District will now be able to track the long-term debt for the purchase of its building and any future debt, if incurred, through this Fund. Below is a table noting the major terminology changes of the two systems.

Financial Systems – Translation Table

Current County Financial System (COMPASS)	New ERP Financial System (New World)
Consolidated District Budget	District Budget
Operating 570A	General Fund 100
New	Debt Service Fund 200
Covell Building 570B	Proprietary Fund 400
Emission Technology 570C	Special Revenue Fund 500
Object Level	Classification
Salaries and Benefits	Employee Services
Capital Expenditures	Capital Projects
Lease Obligation	Principal
Interest on Certificates of Participation	Interest Expense

DISTRICT BUDGET SUMMARY

The Board is required to adopt an annual budget by July 1 of each fiscal year, with the annual budget serving as the foundation for the District's financial planning and control. Budgets are adopted on a modified accrual basis that include encumbrances and expenditures. FY18/19 Approved Budget, reflecting the new chart of accounts, totals \$46.1 million and includes 103 total authorized full-time equivalent (FTE) positions with 98 funded and 5 unfunded. The following table is a summary of the FY18/19 Approved District Budget by fund:

District Budget by Fund¹

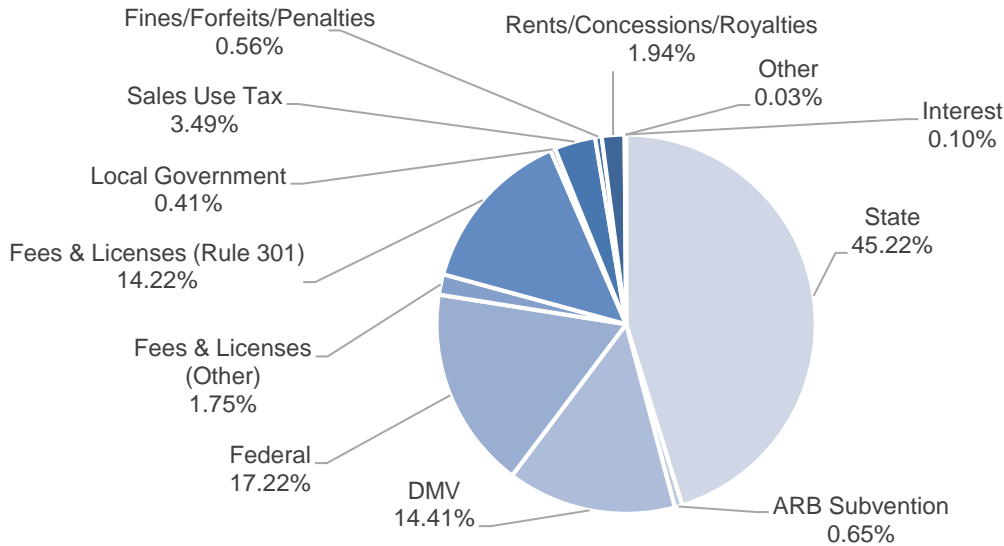
Fund	FY17/18 Amended Budget	FY18/19 Approved Budget	Variance
General	\$18,321,369	\$19,349,440	\$1,028,071
Proprietary	1,004,981	1,073,637	68,656
Special Revenue	14,385,244	33,080,129	18,694,885
Total Revenues	\$33,711,594	\$53,503,206	\$19,791,612
General	\$22,345,540	\$21,756,896	\$(588,644)
Proprietary	1,085,644	1,063,744	(21,900)
Special Revenue	14,188,516	23,280,728	9,092,212
Total Expenditures	\$37,619,700	\$46,101,368	\$8,481,668
Current Surplus/(Deficit)	\$(3,908,106)	\$7,401,838	\$11,309,944

¹The District is implementing a new financial system which affects its Chart of Accounts generating new fund types and names as well as new/revised revenue and expense accounts and classifications. See "Transition to New Financial System" in this Section.

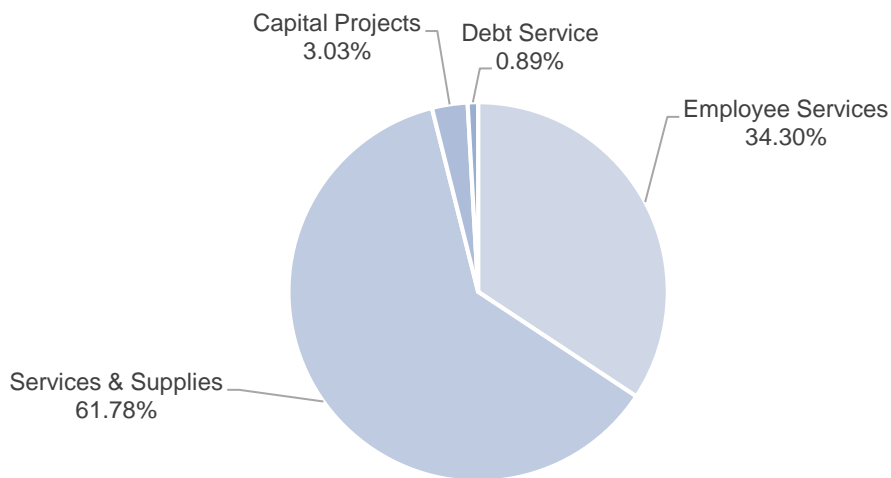
The Approved Budget reflects the District's mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections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

Below are charts detailing the revenues and expenditures by classification as a percentage of the total FY18/19 Approved District Budget:

District Budget – Revenues by Classification



District Budget – Expenditures by Classification



Staffing

The District proposes the staffing changes shown in the table below.

Approved Position Changes

Fund	Classification	FTE Change (Funded Status)	Description
General	Air Quality Specialist	1.0	Move position from unfunded to funded status to meet new air monitoring regulatory requirements
General	Assistant to the Air Pollution Control Officer	-1.0	Move position from funded to unfunded status to create additional salary savings
Total		0.0	

Collaborations

The District receives numerous requests for funding from various organizations for a variety of events. Partnering with key agencies in the region continues to be a District priority. The FY18/19 Approved Collaboration budget is \$145,500. The Board has granted the Executive Director/APCO flexibility to fund events throughout the year so that the District can respond in a timely manner to such requests. Funds are disbursed to sponsored organizations upon receipt of a valid invoice. Approved collaborations will be included in the Quarterly Contracting Report that is presented to the Board each quarter. Detailed descriptions of historical and anticipated collaborations for FY18/19 can be found in the Appendices. (See Appendix B – Description of Collaborations.)

Recurring and Nonrecurring Capital Projects

The District currently budgets capital projects on an annual basis. Through the new ERP financial system's asset accounting process, the District will be able to incorporate a multi-year project funding mechanism in subsequent budgets. Currently being done manually, the new system will maintain the inventory of all assets with depreciation schedules, classifications and real-time interaction, providing enhanced reconciliation reports.

For FY18/19, the District is proposing a Capital Project expenditures budget of \$1.4 million, comprised of \$1.2 million in General Fund and \$235,000 in the Proprietary Fund.

FY18/19 Capital Project Expenditures Budget

Program	FY18/19 Approved
Information Systems Total	\$ 83,200
Air Monitoring Total	1,081,000
General Fund Total	1,164,200
Covell Building Total	235,000
Proprietary Fund Total	235,000
Total Capital Projects	\$ 1,399,200

The capital projects proposed for Information Systems target replacement of equipment that has reached its useful life expectancy, address expiring support contracts, and upgrade software to current technology. These are recurring capital projects that have been projected in the five-year forecast. The District is transitioning from on-premise technology solutions, requiring significant investment in maintenance and replacement of hardware, to hosted solutions over the next few years. This will shift resources from capital budgets to operating budgets, and reduce the requirement for recurring capital purchases. It is anticipated to create efficiencies in Information Systems human resources allowing a shift to end-user support in adjusting to and more effectively utilizing the new technology.

Air Monitoring's capital projects are related to the District's network of seven air monitoring stations. The following is a summary of the proposed air monitoring projects in FY18/19: Del Paso Manor trailer and equipment upgrades; purchase of a new mobile air monitoring station; and repair or replacement of air monitoring equipment as needed. Capital expenditures related to air monitoring structures and equipment will average \$260,750 per year for the four years following FY18/19. The replacement of the air monitoring station and bringing on line one new mobile air monitoring station are nonrecurring projects. It is anticipated the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities. The new mobile station will be a new asset and

require minimal annual maintenance for many years. The equipment for the air monitoring stations is a recurring capital expense and is expected to be needed as the equipment reaches the end of their lifecycle.

To help reduce FY18/19 pressure on limited budget resources, the District is delaying replacement of scheduled fleet vehicles, comprised of assigned cars and vans to inspectors as well as pool vehicles used by District staff, until FY19/20. Vehicles slated to be replaced following FY18/19 will be changed out with new zero- and low-emission vehicles consistent with the District's mission and to reduce fuel expenses. While fleet replacement is a recurring capital expense, the capital has been estimated to have an operational life of roughly 10 years and anticipated to cost an average of \$88,000 per year for four years.

With \$1.2 million in proposed capital expenditures for FY18/19, there will be an impact on the General Fund as this represents an increase over the FY17/18 budget of 32% or \$284,400. District staff is optimistic that part of the funding for the air monitoring equipment will be provided by Measure A, EPA 103 PM_{2.5} and EPA 105 Photochemical Assessment Monitoring Stations (PAMS) funds.

Proposed capital projects for the Covell Building are in the Proprietary Fund and are necessary for the maintenance and repair of the District's administrative facility. Funding for these recurring capital expenses comes from rent income. The District expects to establish a project to begin setting aside funding for larger anticipated non-recurring projects, such as ADA improvements and installation of electric vehicle infrastructure.

District recurring and non-recurring projects are included in the District's five-year forecast. Multi-year projects are expected to be established in the near future with annual appropriation being made towards the capital project accounts each year.

FACTORS AFFECTING FY18/19 FINANCIAL CONDITION

While the FY18/19 Approved Budget provides resources to adequately fund core operations, the District is facing financial challenges. The five-year forecast indicates that the General Fund will operate at a deficit with projected expenditures exceeding projected revenues for the next several years. The imbalance is due primarily to, in order of importance, employee services expenses outpacing major funding sources like DMV, which has remained fairly flat as there is no inflation escalator, requirements to upgrade aging air monitoring infrastructure, implementation costs of grant programs not being fully covered, and unfunded mandates.

To address the issue, the District has taken action to mitigate the General Fund deficit by implementing a temporary hiring freeze, reducing capital expenditures, and "right-sizing" funding for professional services and collaborations. The anticipated employee services savings from the hiring freeze have not been programmed into the FY18/19 budget as the District is continuing to analyze its programs and staffing needs. However, significant salary savings are expected in FY18/19. A salary savings of \$1.6 million is reflected in subsequent years of the five-year forecast.

The Approved Budget will cover major programs and result in a surplus of \$7.4 million; this is the net effect of a \$2.4 million deficit in the General Fund, \$9,893 surplus in the Proprietary Fund, and \$9.8 million surplus in the Special Revenue Fund. The next schedule presents the major revenue and expenditure changes from the FY17/18 Amended Budget to the FY18/19 Approved Budget followed by brief descriptions of those changes.

District Major Changes – FY17/18 Amended Budget to FY18/19 Approved Budget

Description	Variance ¹
State	\$ 11,766,709
Federal	7,290,832
Fees & Licenses (Rule 301)	501,238
Sales/Use Tax	98,244
Interest	(30,000)
Total Revenues	\$ 19,627,023
Employee Services	\$ 841,788
Business Meetings	93,620
Collaborations	(48,700)
IS Data Processing	97,123
Rent/Lease - Real Property	813,573
Temporary Staffing	42,726
Maintenance & Repairs	(244,100)
Incentive Projects	7,144,626
Capital Projects	220,400
Transfer Out	(806,573)
Total Expenditures	\$ 8,154,483

¹ Revenues and Expenditures (changes) reflects a decrease

The FY18/19 Approved Budget totals revenue of \$53.5 million, an increase of \$19.8 million from FY17/18. The major changes in revenue are as follows (approximated to the thousands):

- Increase in State revenue of \$11.8 million, with the majority increase in Goods Movement Emission Reduction Program (GMERP) Locomotive grant of \$10.5 million, and with one-time grant funding Assembly Bill (AB) 617 of \$750,000, Cap and Trade Greenhouse Gas Reduction Fund (GGRF)/Air Quality Improvement Program (AQIP) of \$600,000
- Increase in Federal revenue, SECAT phase III of \$7.3 million
- Increase in Fees and Licenses (Rule 301) of \$500,000 due to 3% Consumer Price Index (CPI) increase
- Increase in Measure A sales/use Tax of \$98,000 based on Sacramento Transportation Authority (STA) budget
- Decrease in Interest of \$30,000 due to reduction in fund balance

The FY18/19 Approved Budget totals expenditures of \$46.1 million, an increase of \$8.5 million from FY17/18. The major changes in expenditure are as follows (approximated to the thousands):

- Increase of \$841,000 in Employee Services due to 3% Cost of Living Adjustment (COLA), increase in retirement and group insurance cost
- Increase of \$93,000 in Business Meetings, including travel and lodging, for the leadership team, a portion of which is budgeted to be reimbursed by organizations requesting District participation
- Decrease of \$48,000 in Collaborations while retaining sufficient funds to support partnerships
- Increase of \$97,000 in IS Data Processing for updating expiring infrastructure equipment for data storage and virtual server environment, in addition to workflow processing
- Increase of \$813,000 in Rent/Lease and a decrease of \$806,000 in Transfer Out is a result of the building rent being categorized in different expense accounts, creating an actual net increase in Rent/Lease of \$7,000
- Increase of \$42,000 in Temporary Staffing to support Administrative operations
- Decrease of \$244,000 in Maintenance and Repairs expenditures which reflects a reallocation to new expense account types resulting in a net change of an increase of \$39,000 in Maintenance and Repairs
- Increase of \$7.3 million in Incentive Projects including one-time grants and SECAT funding
- Increase of \$220,000 in Capital Projects mainly due to the scheduled replacement of air monitoring stations and aging air monitoring equipment

Note: 3% COLA was the initial assumption for Employee Services budget – 3.1% (indexed to U.S. Bureau of Labor Statistics, Western CPI for all Urban Consumers, February 2017-February 2018) is the actual per agreement with the employee association. The budget will remain the same with the change being addressed through salary savings.

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SECTION 3 - Budget Process

This section discusses the District's budget process and practices as well as District financial policies and fiscal strategies. State law requires that the District adopt its budgets in an open process in order to educate the public about the costs and benefits of air quality improvement. To ensure that the District can meet its immediate and long-term needs to support its mission of achieving clean air goals, the District develops annual budgets alongside multi-year financial plans. This section provides an understanding of the processes that guide the District's annual budget in support of its strategic goals and long-term planning. Common budget terms can be found in the Appendices. (See Appendix C – Glossary)

ANNUAL BUDGET CYCLE

The District operates on a fiscal year that runs from July 1st through June 30th of the following year. Annual budgets, as required by state law, are adopted on a modified accrual basis of accounting. The appropriated budget is prepared by fund, function, and division. The District's division managers may make transfers of appropriations within a classification (e.g. employee services, services and supplies, capital outlay and transfers) within the same fund. Transfers of appropriations between classifications require the approval of the Board. The legal level of budgetary control is the classification level.

Budget development begins with a mid-year review of the current budget in the November – December time frame. In December, budget preparation packets are distributed to each of the District divisions, who, with guidance from the Executive Director/APCO, Administrative Services Manager, and District Controller, prepare budget packets which typically includes revenue projections, requests for outside professional services, a staffing distribution, a budget narrative demonstrating accomplishments for the current budget year, and key goals and objectives for the upcoming budget year. Divisions may also submit requests for fixed assets, staffing additions, or other items that may differ from typical operating expenditures in nature or cost.

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

The budget is publicly noticed 30 days before and is presented at each of two public hearings, according to California Health and Safety Code Section 40131, typically taking place during the Board meetings in April and May. A presentation of the Proposed Budget is made to the Board during the April public hearing. The Board may ask questions, make comments, provide direction, and receive requests from members of the public to speak. The second public hearing in May follows basically the same process as the first hearing. District staff comments on material differences, should they exist, from the previously presented Proposed Budget. The Board may provide direction and vote to approve the budget. Approval of the budget requires a quorum of Board members and a majority of the voting quorum. Once the budget is approved, staff prepares the Approved Budget for printing and posting on the District website.

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

FY2018/19 Budget Development Schedule

Approval of the Comprehensive Annual Financial Report (CAFR) and Audit	October 2017
FY2017/18 mid-year review	November 2017
Budget submissions from Division Managers	January 2018
Budget Notices posted on District website and sent to regulated sources	March 2018
Meetings with Board of Directors Budget Committee	March & April 2018
First public hearing / presentation of Proposed Budget to Board of Directors	April 2018
Second public hearing / vote of the Board to approve the Budget	May 2018
Approved Budget document printed and posted on District website	June 2018

FINANCIAL MANAGEMENT POLICIES

The District financial management policies are in compliance with the direction provided by the California Health & Safety Code and the District Board resolutions regarding budget practices and strategies. Below is an overview of key financial policies.

California Health & Safety Code (HSC)

District Budget Adoption (HSC §40131) – The District shall prepare, and make available to the public at least 30 days prior to public hearing, a summary of its budget and any supporting documents, including, but not limited to, a schedule of fees to be imposed by the district to fund its programs. The district shall notify each person who was subject to fees imposed by the district in the preceding year of the availability of information. The District shall notice and hold a public hearing for the exclusive purpose of reviewing the budget and of providing the public with the opportunity to comment upon the proposed district budget.

Stationary Source Permit Fees (HSC §42311) – The District may adopt a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover the cost of district programs related to permitted stationary sources. The fees assessed may not exceed, for any fiscal year, the actual costs for District programs for the immediately preceding fiscal year with an adjustment not greater than the change in the annual California CPI, as determined pursuant to Section 2212 of the Revenue and Taxation Code, for the preceding year. Any revenues received by the District pursuant to the fees, which exceed the cost of the programs, shall be carried over for expenditure in the subsequent fiscal year, and the schedule of fees shall be changed to reflect that carryover.

District Board Resolutions

Unrestricted Stationary Source Fund Balance – Unrestricted stationary source fund balance reserve is authorized up to a maximum of three months operating expenditures.

Purchasing Policies and Procedures – The District complies with Board adopted purchasing policies and procedures to procure materials, supplies, equipment, and services in the District's best interest through diligent action and fair dealing, thus securing the best price within a reasonable time frame to adequately meet the District's needs. Purchasing protocols and contracting authority are outlined in these procedures.

Collaborations – The Executive Director/APCO is authorized to approve collaboration requests, including sponsorship of events, throughout the year in an amount not exceed \$25,000 for each request. This policy aligns with the *Funding Contributions to Other Entities* section of the District Purchasing Policies and Procedures, which allows the Executive Director/APCO to provide funds to other public entities if the funds will be used to further the mission of the District in amounts not to exceed \$25,000.

Investments – The District's funds are invested in the Sacramento County Pooled Investment Fund through an agreement between the District and Sacramento County. The Sacramento County Department of Finance provides the Board of Supervisors with an annual investment policy with the purpose of establishing cash and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. As part of its transition to the new financial system, the District is anticipating investing District funds in the Local Agency Investment Fund (LAIF) in the California State Treasurer's Office, and adopt the LAIF policy for the Pooled Investment Fund for managing District cash and investments.

Capital Projects – The District defines capital projects as items valued at \$5,000 or more and having a useful life of at least three years.

BUDGET PRACTICES & STRATEGIES

The District uses the following guidelines in its budgeting practices:

- Management presents a “balanced” budget to the Board annually, where funding sources match expenditures, and include revenues and expenditures for the prior year (actual), current year (budget), and upcoming year (approved budget)
- Limited term funding sources are not typically applied to ongoing commitments
- The Board authorizes a schedule of all regular, limited-term, and proposed positions for the upcoming (budget) year

- Requests for additional positions or an increase in regular work hours of proposed part-time positions must be presented in a formal written justification. Such requests will typically be included as part of the budget process, but may be proposed for Board approval outside of the budget process if there is a critical need
- Board approval is required to amend the budget once it is adopted if there is a need to add funds to the budget or to move funds between classification levels
- Board approval is obtained for all capital projects, normally through the budget process
- Budgets are adopted on a basis that include encumbrances and expenditures. Annual appropriations lapse at the fiscal year end if they have not been expended or encumbered
- The budget is adopted on the modified accrual basis of accounting, which is recognized as the generally accepted method of accounting for State and Local Governments. Using this method of accounting, revenues are recognized when they are measurable and available, and expenditures are recorded when the related fund liability is incurred. Modified accrual accounting can also divide available funds into separate entities within the organization to ensure the money is spent where it was anticipated

In addition, the District strives to apply the following strategies:

- Maintain sufficient unencumbered fund balance to allow for cash flow requirements, contingencies for unforeseen operational or capital needs, economic uncertainties, local disasters and other financial hardships or downturns in the economy
- Ensure budget reflects the mission of the District, is fiscally sound and provides resources that realistically fund operations
- Perform multi-year projections of funding sources and ongoing expenditures to promote long-term planning of resource uses
- Proactively oversee revenues and cost-effectively control ongoing operating costs
- Work with the Board to establish major goals in support of the District's mission which provide short-term and long-term direction to staff, determine the allocation of resources, and establish priorities
- Obligate the District to long-term debt only with sufficient justification and prior Board approval
- Monitor fund balances to ensure sustainable balances
- Review Stationary Source fund balance on an ongoing basis to ensure that the maximum fund balance limit set by the Board is not exceeded

FINANCIAL FORECAST AND PLANNING

The purpose of financial forecasting is to evaluate current and future fiscal trends and conditions to help guide policy and programmatic decisions. It also makes stakeholders aware of long-term issues and the impetus to confront them. Long-term forecasts and analysis are used to identify long-term imbalances. Financial strategies are then developed to counteract these imbalances.

The District annually reviews and updates a five-year financial projection using the following methods:

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

The District forecast shows a structural deficit over the next five years. In addition to the operational and capital expenditures pressures identified in the forecast, the District is in the process of developing plans for Board consideration to fund reserves, and pension and retiree medical benefits in compliance with the Governmental Accounting Standards Board. Given the lack of significant revenue growth above expected expenditures, the fiscal reality is that current expenditure commitments are unsustainable. Long-term sustainability requires that annual operating costs increases be held to a level at or below annual revenue growth. To that end, several immediate actions have been taken to address the current imbalance including implementation of a temporary hiring freeze and reductions in capital and professional services expenditures.

The District's near-term financial plan is to conduct in-depth program costing analysis, evaluate and seek out potential revenue sources (including Cap and Trade funds and other grants as they become available), advocate

for an increase in the allocation to administer grant programs, and work with legislators to ensure all mandates are adequately funded. Meanwhile the most critical District projects will continue to be funded.

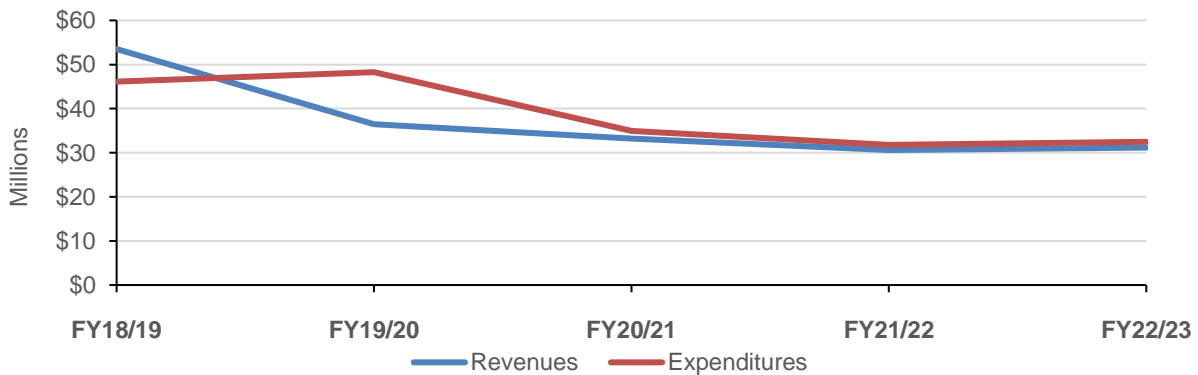
In addition to these actions, as part of the annual review, staff evaluates the need to increase fees. In July 2013, the Board approved a multi-year fee increase program to ensure sufficient funding for specific programs and to generate a stable and prudent fund balance; FY17/18 was the last year of the multi-year increase. These adjustments have significantly contributed to the maintenance of core District programs. To ensure continued progress towards meeting air quality attainment and climate goals and maintaining a stable reserve, the FY18/19 Approved Fee Schedule reflects a CPI increase of 3.0% to fees that allow for this adjustment. Moreover, it may be necessary to consider new fees in the future to continue funding critical programs. Below are tables and charts reflect the District's five-year forecast and fund balance projections, and are followed by the forecast assumptions.

**District Budget
Five-Year Forecast**

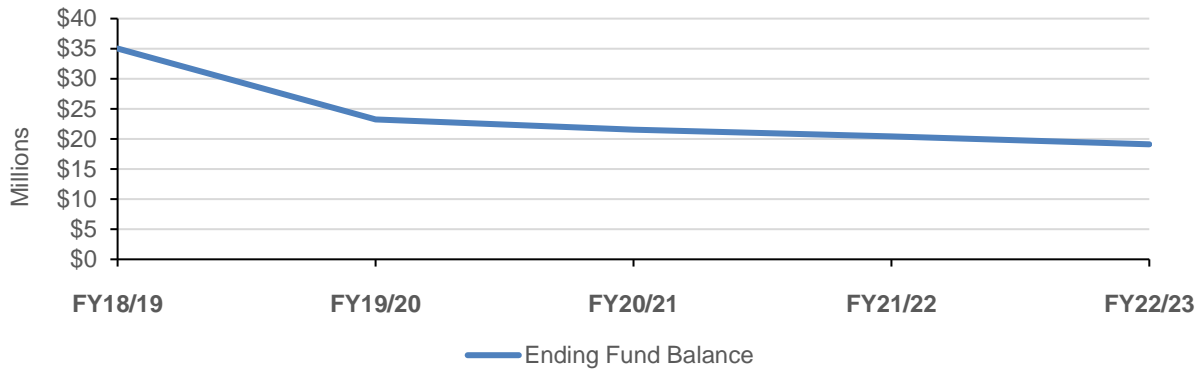
Account	FY17/18 Amended Budget	FY17/18 EOY Projection	FY18/19 Approved Budget	FY19/20 Projection	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection
Beginning Fund Balance	\$ 27,312,044	\$ 27,312,044	\$ 27,625,432	\$ 35,027,270	\$ 23,263,158	\$ 21,565,858	\$ 20,399,179
Revenues	\$ 33,711,594	\$ 35,613,997	\$ 53,503,206	\$ 36,503,271	\$ 33,238,856	\$ 30,608,850	\$ 31,167,573
Total Revenues	\$ 33,711,594	\$ 35,613,997	\$ 53,503,206	\$ 36,503,271	\$ 33,238,856	\$ 30,608,850	\$ 31,167,573
Employee Services	\$ 14,969,998	\$ 14,203,156	\$ 15,811,786	\$ 14,945,957	\$ 15,396,286	\$ 15,768,830	\$ 16,403,592
Services & Supplies	20,256,485	18,862,785	28,481,538	32,151,881	18,519,520	15,276,568	15,389,927
Debt Service	407,844	407,844	408,844	409,544	410,350	405,931	410,591
Capital Projects	1,178,800	1,020,250	1,399,200	760,000	610,000	324,200	254,000
Transfers	806,573	806,573	-	-	-	-	-
Total Expenditures	\$ 37,619,700	\$ 35,300,608	\$ 46,101,368	\$ 48,267,382	\$ 34,936,156	\$ 31,775,529	\$ 32,458,110
Current Surplus/(Deficit)	\$ (3,908,106)	\$ 313,388	\$ 7,401,838	\$ (11,764,112)	\$ (1,697,300)	\$ (1,166,679)	\$ (1,290,537)
Ending Fund Balance	\$ 23,403,938	\$ 27,625,432	\$ 35,027,270	\$ 23,263,158	\$ 21,565,858	\$ 20,399,179	\$ 19,108,643

District Budget

Revenues and Expenditures Five-Year Forecast



District Budget – Fund Balance Five-Year Forecast



The preceding forecast uses the FY18/19 Approved Budget as a base and assumes the following (rounded to the thousands):

Revenues:

- DMV projected increase at 2% per year (reflects anticipated increase in motor vehicle registrations)
- Stationary Sources permit and renewal fees increase current fees at 3% CPI, plus anticipated new permit applications totaling \$100,000 per year from FY19/20 forward
- Measure A sales tax revenue forecast is provided by Sacramento Transportation Authority and projected to increase an average of approximately 5% per year
- Land Use Mitigation Fees will remain flat at \$116,000 per year
- EPA 103 and EPA 105 are projected with a 15% decrease in funding for FY18/19 and projected increases of 3% and 5% respectively starting in FY 19/20
- Civil Settlement remain flat at \$350,000 per year
- CARB Subvention (population based) will remain flat at \$340,000 per year

Expenditures:

- Employee Services increase an average of 3.75% with COLAs, health insurance, and retirement costs; however, salary savings of \$1.6 million annually, adjusted for COLAs, is programmed into the forecast beginning in FY19/20
- General expenditures are increased by a projected CPI of 2% per year
- While transfers occur between funds, the transfers net to zero. Administrative allocations in the Special Revenue Fund transfer to the General Fund to off-set the program implementation costs, and resources transfer from the Proprietary Fund to the Debt Service Fund to pay the Certificates of Participation (COPs)
- Professional Services – Consulting projected at \$3 million per year

General Fund

The General Fund has historically been referred to as the Operating Fund, and reflects financial activity that is non-proprietary (business-like) and non-special revenues and expenditures. Primary revenue sources in this fund are State, CARB Subvention, Federal, Fees & Licenses, Local Government, Measure A, and Fines/Forfeits/Penalties. Major expenditure categories are Employee Services, Services & Supplies, and Capital Projects.

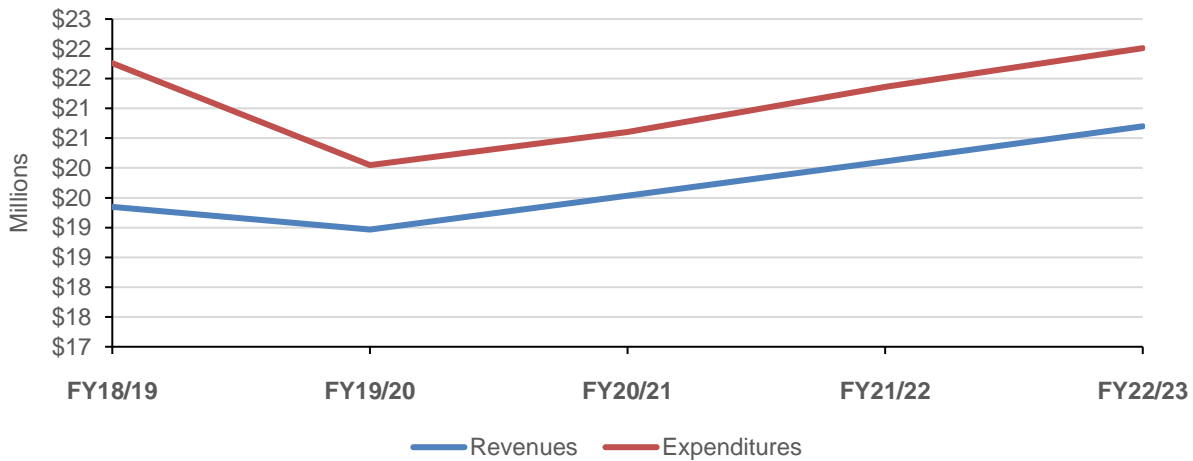
With implementation of the new financial system, the General Fund has a few revenue and classification changes. The administration portion of grants is now recognized in the Special Revenue Fund, as part of the total grant, and then transferred into the General Fund, reducing expenditures associated with implementing Special Revenue Fund programs. Starting in FY18/19, this change has reduced the State DMV \$2 and Federal SECAT revenues historically recognized in the General Fund and instead, is classified as a ‘Transfer In’ to the General Fund. It also increases the historical revenue recognized in the Special Revenue Fund, as it now includes the administrative allocation.

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

General Fund (100) Five-Year Forecast

Account	FY17/18 Amended Budget	FY17/18 EOY Projection	FY18/19 Approved Budget	FY19/20 Projection	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection
Beginning Fund Balance	\$ 10,308,730	\$ 10,308,730	\$ 9,488,215	\$ 7,080,759	\$ 5,999,185	\$ 4,928,036	\$ 3,675,370
Revenues	\$ 18,321,369	\$ 20,019,653	\$ 19,349,440	\$ 18,966,666	\$ 19,533,804	\$ 20,107,913	\$ 20,699,758
Total Revenues	\$ 18,321,369	\$ 20,019,653	\$ 19,349,440	\$ 18,966,666	\$ 19,533,804	\$ 20,107,913	\$ 20,699,758
Employee Services	\$ 14,969,998	\$ 14,203,156	\$ 15,811,786	\$ 14,945,957	\$ 15,396,286	\$ 15,768,830	\$ 16,403,592
Services & Supplies	5,687,169	5,053,639	6,728,496	5,809,184	5,893,459	5,980,263	6,069,671
Capital Projects	881,800	776,800	1,164,200	660,000	510,000	224,200	154,000
Transfers	806,573	806,573	(1,947,586)	(1,366,901)	(1,194,793)	(612,714)	(616,060)
Total Expenditures	\$ 22,345,540	\$ 20,840,168	\$ 21,756,896	\$ 20,048,239	\$ 20,604,952	\$ 21,360,579	\$ 22,011,203
Current Surplus/(Deficit)	\$ (4,024,171)	\$ (820,515)	\$ (2,407,456)	\$ (1,081,574)	\$ (1,071,149)	\$ (1,252,666)	\$ (1,311,446)
Ending Fund Balance	\$ 6,284,559	\$ 9,488,215	\$ 7,080,759	\$ 5,999,185	\$ 4,928,036	\$ 3,675,370	\$ 2,363,924

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



Debt Service Fund

The Debt Service Fund reflects the amount of cash needed for repayment of interest and principal for a loan/bond. Proprietary Fund resources are transferred to the Debt Service Fund to repay the Certificates of Participation (COPs) used to fund the purchase of the Covell building. The table shows the repayment of the COPs principal and interest from FY17/18 to FY22/23. The COPs are scheduled to be fully paid off in FY26/27.

Debt Service (200) Five-Year Forecast

Account	FY17/18 Amended Budget	FY17/18 EOY Projection	FY18/19 Approved Budget	FY19/20 Projection	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection
Debt Service	\$ 407,844	\$ 407,844	\$ 408,844	\$ 409,544	\$ 410,350	\$ 405,931	\$ 410,591
Transfers	(407,844)	(407,844)	(408,844)	(409,544)	(410,350)	(405,931)	(410,591)
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current - Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

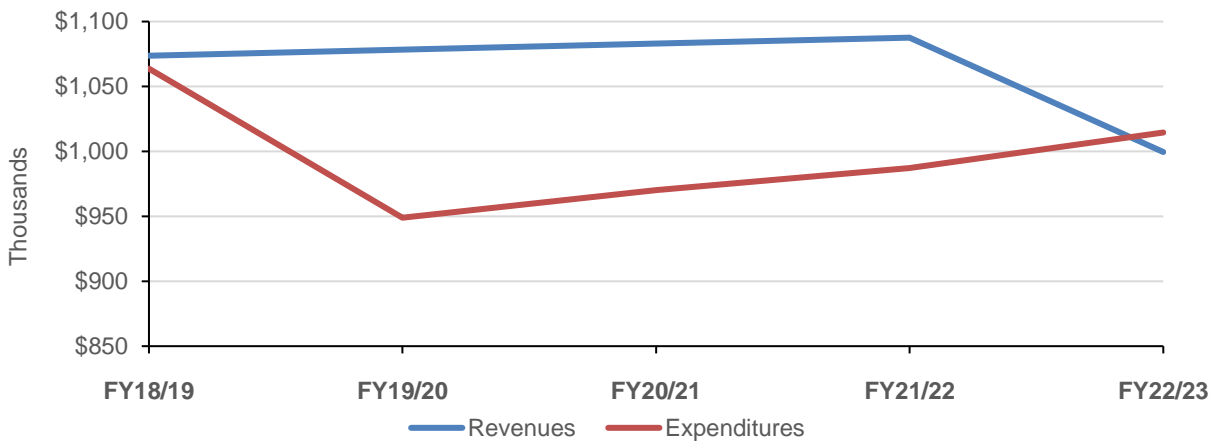
Proprietary Fund

The Proprietary Fund is expected to be fairly stable in the five-year forecast, shown in the following table and chart, as the District building is relatively new and annual maintenance is anticipated to be consistent. Moving forward, major rehabilitation and replacement projects will be identified along with expected funding sources. The main funding source for capital projects in the Proprietary Fund is rental income. The existing tenant lease agreement expires in FY22/23; the District intends to renew the lease agreement or secure a new tenant to backfill the vacancy.

Proprietary Fund (400) Five-Year Forecast

Account	FY17/18 Amended Budget	FY17/18 EOY Projection	FY18/19 Approved Budget	FY19/20 Projection	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection
Beginning Fund Balance	\$ 2,379,892	\$ 2,379,892	\$ 2,310,120	\$ 2,320,013	\$ 2,449,368	\$ 2,562,102	\$ 2,662,418
Revenues	\$ 1,004,981	\$ 1,004,399	\$ 1,073,637	\$ 1,078,293	\$ 1,082,949	\$ 1,087,605	\$ 999,529
Total Revenues	\$ 1,004,981	\$ 1,004,399	\$ 1,073,637	\$ 1,078,293	\$ 1,082,949	\$ 1,087,605	\$ 999,529
Services & Supplies	\$ 380,800	\$ 422,876	\$ 419,900	\$ 439,395	\$ 459,865	\$ 481,358	\$ 503,926
Capital Projects	297,000	243,450	235,000	100,000	100,000	100,000	100,000
Transfers	407,844	407,844	408,844	409,544	410,350	405,931	410,591
Total Expenditures	\$ 1,085,644	\$ 1,074,170	\$ 1,063,744	\$ 948,939	\$ 970,215	\$ 987,289	\$ 1,014,517
Current Surplus/(Deficit)	\$ (80,663)	\$ (69,772)	\$ 9,893	\$ 129,354	\$ 112,734	\$ 100,316	\$ (14,988)
Ending Fund Balance	\$ 2,299,229	\$ 2,310,120	\$ 2,320,013	\$ 2,449,368	\$ 2,562,102	\$ 2,662,418	\$ 2,647,430

Proprietary Fund (400) Revenues and Expenditures Five-Year Forecast



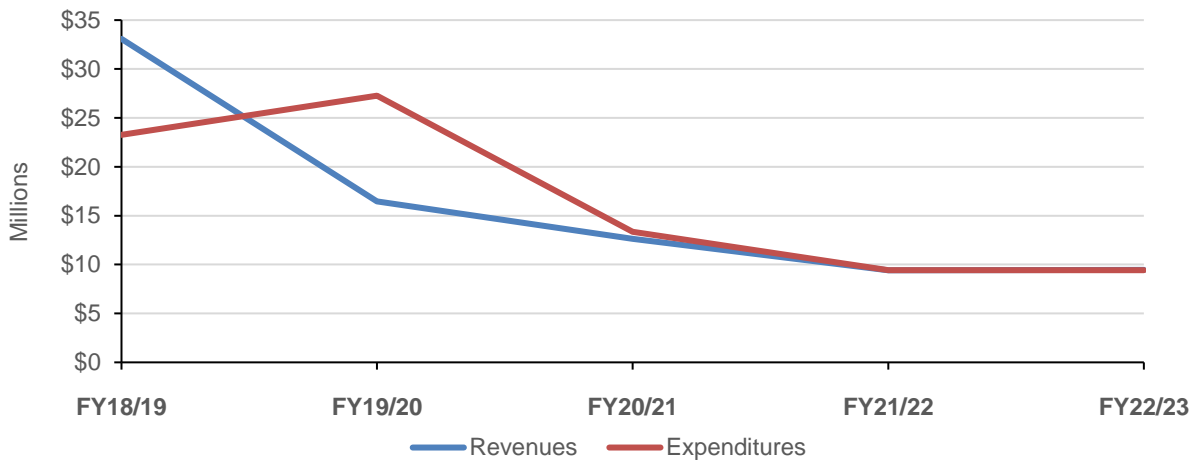
Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of restricted revenue sources, predominantly low-emission incentive grants. The five-year forecast, following, is projected using historical grant amounts and anticipated grant amounts in the near-term. While the next few years are expected to be stable with respect to funding, there is growing uncertainty as to the sustainability of new potential funding to replace current one-time grants.

Special Revenue Fund (500) Five-Year Forecast

Account	FY17/18 Amended Budget	FY17/18 EOY Projection	FY18/19 Approved Budget	FY19/20 Projection	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection
Beginning Fund Balance	\$ 14,623,422	\$ 14,623,422	\$ 15,827,097	\$ 25,626,498	\$ 14,814,606	\$ 14,075,721	\$ 14,061,392
Revenues	\$ 14,385,244	\$ 14,589,945	\$ 33,080,129	\$ 16,458,312	\$ 12,622,103	\$ 9,413,332	\$ 9,468,286
Total Revenues	\$ 14,385,244	\$ 14,589,945	\$ 33,080,129	\$ 16,458,312	\$ 12,622,103	\$ 9,413,332	\$ 9,468,286
Services & Supplies	\$ 14,188,516	\$ 13,386,270	\$ 21,333,142	\$ 25,903,302	\$ 12,166,195	\$ 8,814,947	\$ 8,816,330
Transfers	-	-	1,947,586	1,366,901	1,194,793	612,714	616,060
Total Expenditures	\$ 14,188,516	\$ 13,386,270	\$ 23,280,728	\$ 27,270,204	\$ 13,360,989	\$ 9,427,660	\$ 9,432,390
Current Surplus/(Deficit)	\$ 196,728	\$ 1,203,675	\$ 9,799,401	\$ (10,811,892)	\$ (738,886)	\$ (14,328)	\$ 35,897
Ending Fund Balance	\$ 14,820,150	\$ 15,827,097	\$ 25,626,498	\$ 14,814,606	\$ 14,075,721	\$ 14,061,392	\$ 14,097,289

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



The projection assumes the following:

- DMV \$2 – projected increase at 2% per year (reflects anticipated increase in motor vehicle registrations)
- Moyer – Receive \$4 million in FY18/19 and \$6.6 million in FY19/20 thru FY22/23 due to DMV registration (AB1274) increase
- Sacramento Regional Zero Emission School Bus – One-time grant \$7.4 million grant in FY17/18 thru FY18/19
- SECAT Phase 3 – Receive \$7.3 million in FY18/19 and \$6.4 million in FY19/20
- SECAT Phase 4 – Receive \$3.3 million in FY20/21
- Targeted Car Sharing and Mobility Options in Disadvantage Communities Pilot Project (GHG – CarShare) – One-time grant \$2.4 million in FY16/17 thru FY18/19
- FY18/19 One-time grants include:
 - \$3 million of AB 134 Community Assistance Protection Program (CAPP)
 - \$3.3 million of Enhanced Fleet Modernization Program (EFMP) Plus-Up Pilot Project
 - \$10 million of GMERP Locomotive; Initially budgeted in FY17/18 and amended to be removed from FY17/18 and budgeted in FY18/19 (long build-times associated with locomotive manufacturing were contributing factors to the delay)

Capital Projects Forecast

The District budgets capital expenditures on an annual basis and does not currently have a mechanism for funding multi-year capital projects. The District is developing a long-term assets management program and implementing a financial system capable of budgeting multi-year projects to allow for improved financial planning/reporting of its larger assets. Use of the multi-year projects tracking functionality is anticipated in the FY19/20 budget.

Projected capital projects in the General Fund include expenditures related to the District's network of seven air monitoring stations. Structures and equipment related to air monitoring will average \$260,750 per year for the next four years starting with FY19/20. The District also plans to replace fleet with new zero- or low-emission vehicles, which will average \$88,000 per year for the next four years starting with FY19/20. Information Systems capital expenditures reflect a 20% increase requirement in storage over five years, and server and computer replacements averaging \$47,280 per year.

In FY18/19, capital projects for the Covell Building include upgrades for the second floor tenant, windows, building entry doors, and upgrades for the break and mail rooms. Capital projects will average \$100,000 per year for the next four years starting with FY19/20 to address general maintenance and begin appropriating for major building asset repairs/replacements.

Capital Projects Five-Year Forecast

Program	Type	FY17/18 Amended Budget	FY17/18 EOY Projection	FY18/19 Approved Budget	FY19/20 Projection	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection
Air Monitoring	Trailers/Structures	\$ 350,000	\$ 350,000	\$ 350,000	\$ 200,000	\$ 150,000	\$ -	\$ -
	Equipment	294,000	294,000	381,000	312,000	232,000	83,000	66,000
	Mobile Station	-	-	350,000	-	-	-	-
Fleet	Fleet Replacement	-	-	-	88,000	88,000	88,000	88,000
Information Systems	IT Network Infrastructure	132,800	132,800	83,200	60,000	40,000	53,200	-
General Fund Total		776,800	776,800	1,164,200	660,000	510,000	224,200	154,000
Covell Building	Repairs/Upgrades	\$ 297,000	\$ 243,450	\$ 235,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Proprietary Fund Total		297,000	243,450	235,000	100,000	100,000	100,000	100,000
Total All Funds		\$1,073,800	\$1,020,250	\$1,399,200	\$ 760,000	\$ 610,000	\$ 324,200	\$ 254,000

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SECTION 4 - Fund Information

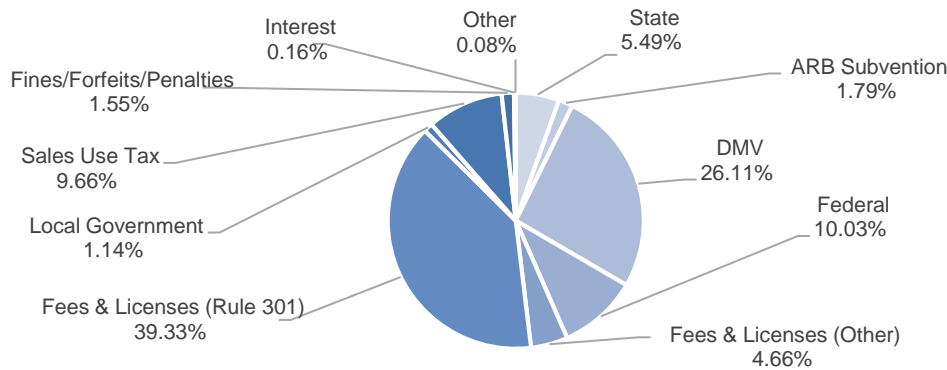
This section contains descriptions of District funds and associated budgets as approved for FY18/19. Historical trends of revenues, expenditures and fund balance are presented to provide context for the approved budget. The District has four funds: General, Debt Service, Proprietary, and Special Revenue. Each fund serves a specific purpose as noted below. A detailed description of funding sources can be found in the Appendices. (See Appendix A – Description of Funding Sources)

Fund	Name	Purpose	Primary Funding Source
100	General	Records all inflows and outflows, not associated with special-purpose funds, for core administrative and operational activities	Permit fees, DMV, Measure A, Federal & State Grants (EPA, CMAQ, CARB)
200	Debt Service	Reflects amount of cash needed for repayment of interest and principal for a loan/bond	Proprietary Fund rent revenue to repay the Certificates of Participation for the Covell Building purchase
400	Proprietary	Accounts for District business-like activities	Covell Building rental income
500	Special Revenue	Records the proceeds from certain revenue sources for which fund usage is restricted	Moyer, GMERP, DMV, SECAT, Enhanced Fleet Modernization, GHG-CarShare

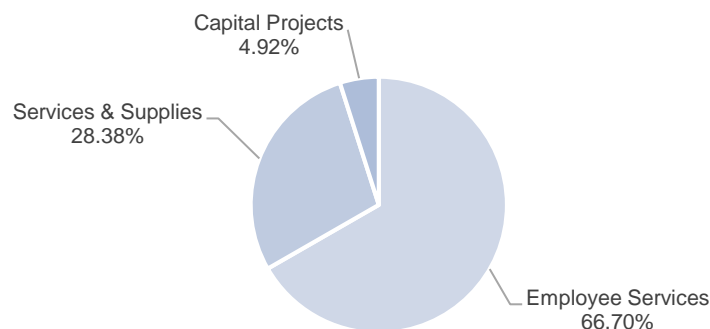
GENERAL FUND 100

The total FY18/19 Approved General Fund Budget is \$21.8 million. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Approved General Fund Budget.

General Fund Budget – Revenues by Classification



General Fund Budget – Expenditures by Classification



The General Fund Budget includes new revenues of \$19.3 million and use of fund balance of \$2.4 million. Historically, the District has performed under budget and therefore, has not fully expended the amount of fund balance budgeted; due to the temporary hiring freeze, a similar performance is anticipated for FY18/19.

There is a projected increase in new revenue from FY17/18 of \$1,028,071. The major factors in the change are:

- \$522,902 Air Resources Board Oil & Gas grant, Proposition 1B (GMERP), Assembly Bill 617
- \$66,500 San Juan Unified School District
- \$501,238 Increase in permit fees (Stationary Sources Rule 301)
- \$98,244 Increase in Measure A sales tax revenue
- \$160,813 Decrease in other revenues

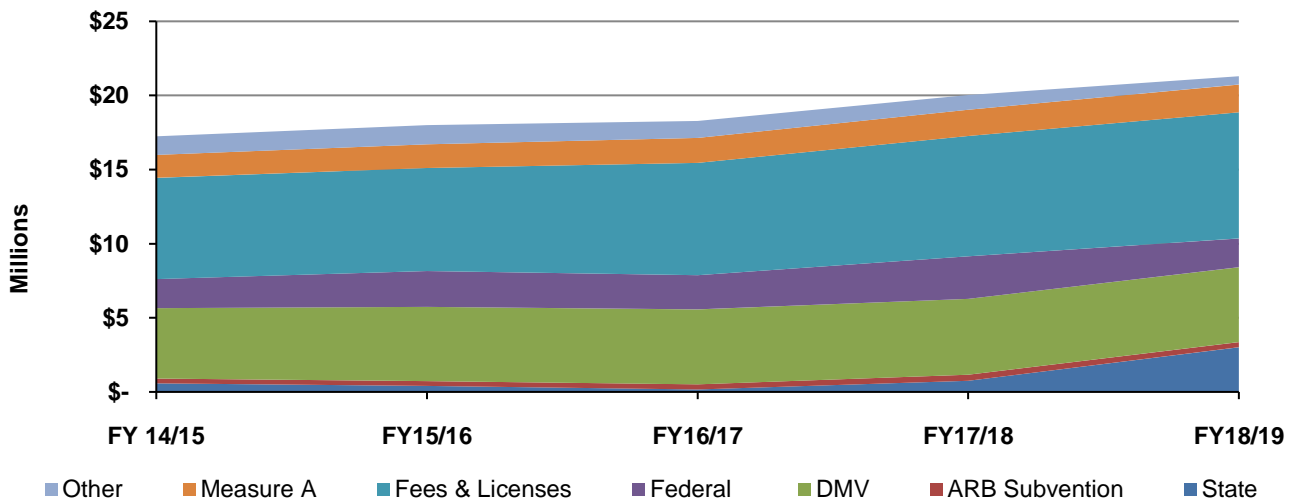
General Fund Trend

The Five-Year Trend graph displays revenues by account types reflects the transition of all revenue accounts in the new financial system accounting structure. The trend shows DMV \$4 and Measure A increasing gradually over time with the strengthening economy, Stationary Source renewal fees show a pronounced increase due to a multi-year fee increase, while federal grant revenue has fluctuated due to one-time grants and changes in EPA 103 and EPA 105 funding.

DMV \$4 revenue is dependent on the number of new vehicle registrations in the State of California with the District receiving \$4 per registration. Measure A is a sales tax proposition that allocates a portion of the sales tax collected to the District for emission reduction activities and community education. Stationary Source fees are collected from businesses that have equipment that emit pollutants into the air; these fees are based on type and size of the equipment and the amount of pollutants emitted. The EPA has historically provided federal grants to the District to enforce federal air pollution rules and regulations; these grants are restricted to specific usage and may consist of one-time grants.

The decrease in FY18/19 is primarily attributable to the new accounting treatment of recognizing special revenue grant administration funds in the Special Revenue Fund as opposed to the General Fund.

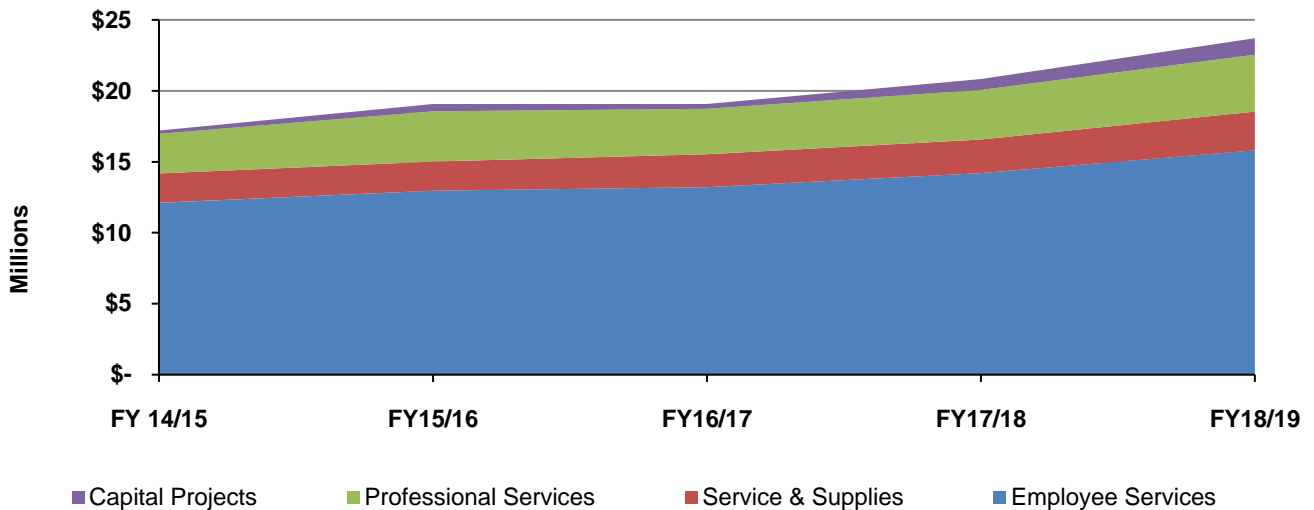
General Fund – Five-Year Revenues



The need to replace the aging air monitoring network and technology infrastructure has caused an increase in Capital Projects. Professional Services and Services & Supplies have remained fairly stable while Employee Services have increased, keeping pace with the cost of living and addressing health care and pension costs.

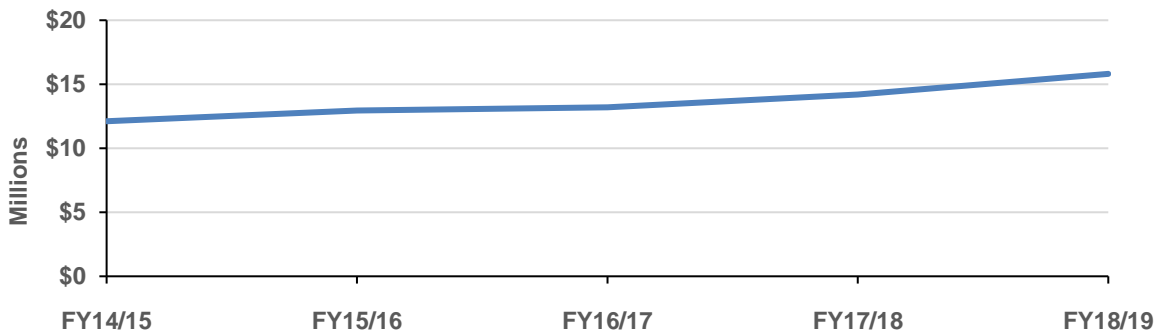
The following graph illustrates the five-year expenditure trend for the General Fund by classification.

General Fund – Five-Year Expenditures



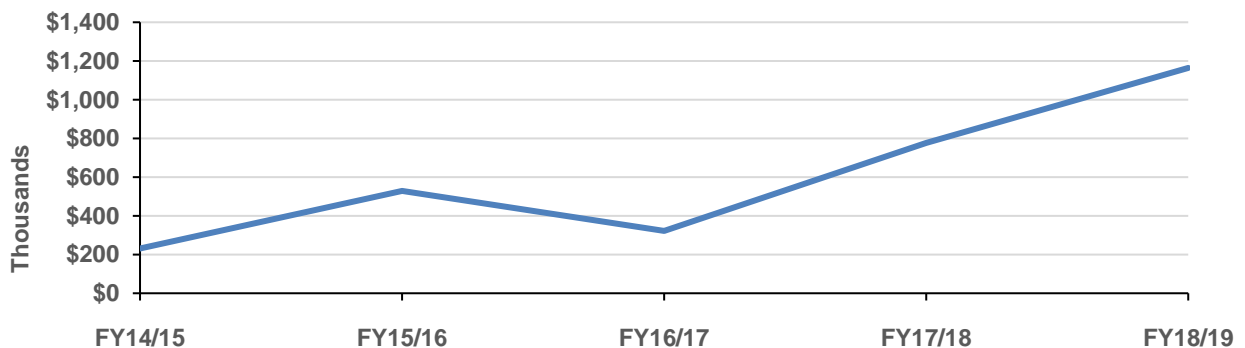
The graph below shows salaries and benefits increasing gradually due primarily to cost of living adjustments (averaging 2.3% per year) and increases in pension and healthcare costs.

General Fund – Five-Year Trend of Salaries and Benefits



Capital projects were between \$230,000 and \$780,000 from FY14/15 to FY17/18. Upgrades for the District’s aging air monitoring station network and the requirement for a new mobile air monitoring station contributed to an increase in capital projects for FY18/19.

General Fund – Five-Year Trend of Capital Projects



DEBT SERVICE FUND 200

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

The District issued Certificates of Participation (COPs) in February 2002 in the amount of \$5,835,000 and refinanced the original COPs in March of 2012 through new COPs issued by California Special District Association Finance Corporation in the amount of \$4,350,000 with the interest rates ranging from 2.75% to 4% with a bond premium of \$72,382, which will be amortized over the life of the COPs. The debt is supported by rent paid by the District as well as other tenants of the Covell Building. The rent expense in the General Fund is projected to be stable over the life of the debt. However, if other tenants vacate, rent expense in the General Fund may increase to cover the debt payments and ensure solvency of the Proprietary Fund. The details of that debt obligation are covered below. The District does not anticipate incurring any additional long-term debt at this time.

The principal balance outstanding on June 30, 2018 will be \$3,125,000. In FY18/19, a \$305,000 principal payment will be made. The purchase obligation is scheduled to be fully paid off in FY26/27. The principal and interest payments are included in the Debt Service Fund budget. The certificates mature as shown in the table below:

Debt Repayment Schedule

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$305,000	\$103,844	\$408,844
2020	315,000	94,544	409,544
2021	325,000	85,350	410,350
2022	330,000	75,931	405,931
2023	345,000	65,591	410,591
2024	355,000	53,100	408,100
2025	370,000	38,600	408,600
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
Totals	\$3,125,000	\$548,359	\$3,673,359

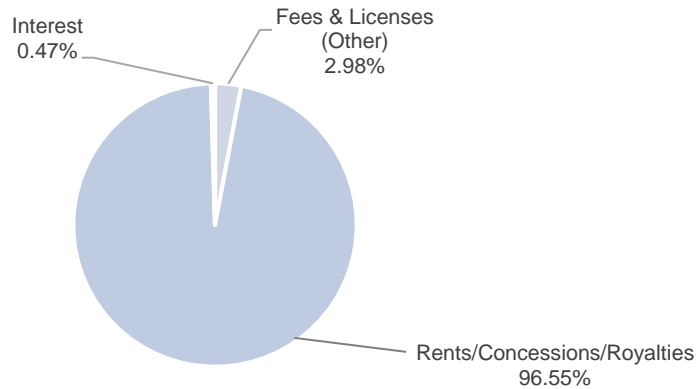
PROPRIETARY FUND 400

The Proprietary Fund supports the financial activities of the District administration (Covell) building. The Covell Building is a three story commercial office building, located at 777 12th Street in Sacramento, California, containing two floors of office space and a first floor parking garage. The District moved into the building as a tenant in 1999, and purchased the building in 2002 through the issuance of the aforementioned COPs along with other funding.

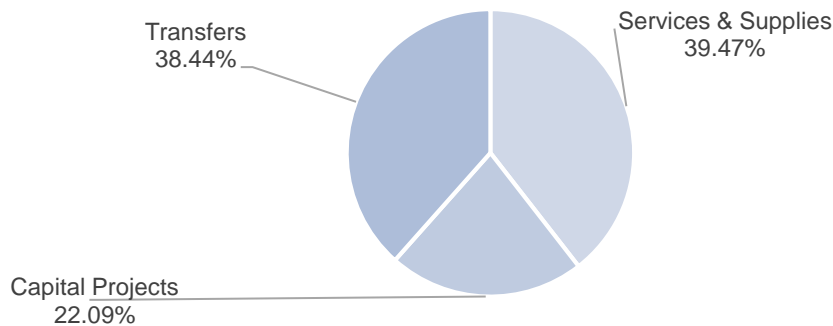
The District occupies roughly 23,000 square feet, including the entire third floor and about 4,000 square feet on the second floor, leaving approximately 15,000 rentable square feet available for tenants. Currently, one tenant occupies approximately 9,700 square feet, leaving 5,300 vacant and available for lease. The District is in discussions with a prospective tenant for the vacant space and has projected rent revenue for this space in the FY18/19 Approved Budget.

The total FY18/19 Approved Proprietary Fund Budget is \$1.1 million. Following are charts detailing the revenues and expenditures by classification as a percentage of the total Approved Proprietary Fund Budget.

Proprietary Fund Budget – Revenues by Classification



Proprietary Fund Budget – Expenditures by Classification



The Proprietary Fund supports the Covell Building activities with FY18/19 projected revenues of \$1.1 million and projected expenditures of \$1.1 million. The District’s share of the rent is \$806,573. While there is a projected increase of \$68,656 over FY 17/18 budgeted revenue, due to anticipated new tenant rent, expenses decreased. The projected expenditures are allocated at \$419,900 for operating expense and \$235,000 for capital projects which includes funding for general and new-tenant improvements, building repairs, ADA updates, sidewalk repairs and for various other items.

Proprietary Fund Trend

Building revenues consist primarily of tenant rents. There is also revenue generated from daily/monthly parking passes, though this is less than 3% of the total revenue.

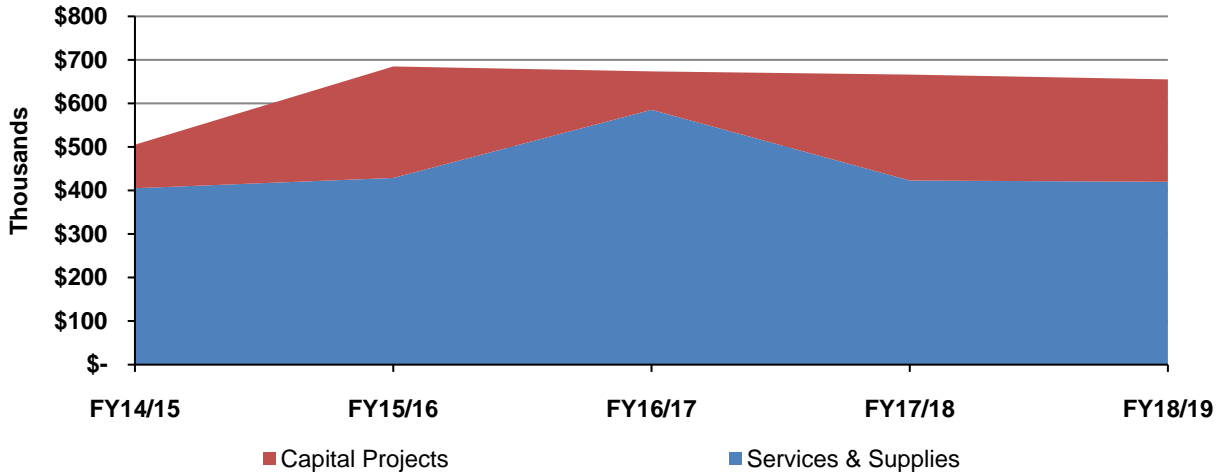
Five-Year Trend of Rent Revenues

Account	FY14/15 Actuals	FY15/16 Actuals	FY16/17 Actuals	FY17/18 Projected	FY18/19 Approved
District Rent	\$ 806,573	\$ 806,573	\$ 806,573	\$ 806,573	\$ 806,573
Tenant Rent	\$ 82,019	\$ 137,319	\$ 212,225	\$ 161,408	\$ 230,064
Total Rent	\$ 888,592	\$ 943,892	\$ 1,018,798	\$ 967,981	\$ 1,036,637

The building is currently 83% occupied. The COPs financing stipulates that the portion of space funded with the COPs can only be let to other government agencies. In consulting Bond Counsel, the District learned that the Internal Revenue Service allows up to 10% of the COPs financed space to be leased to non-governmental tenants. Moreover, there is an alternative to convert the COPs to 501(c)3 bonds, which would allow the District to lease to governmental or 501(c)3 non-profits. This significantly broadens the potential tenant base for the District.

Discussions are underway with prospective tenants and it is expected that the space will be leased within the first quarter of FY18/19.

Five-year Trend of Proprietary Capital Projects and Services & Supplies



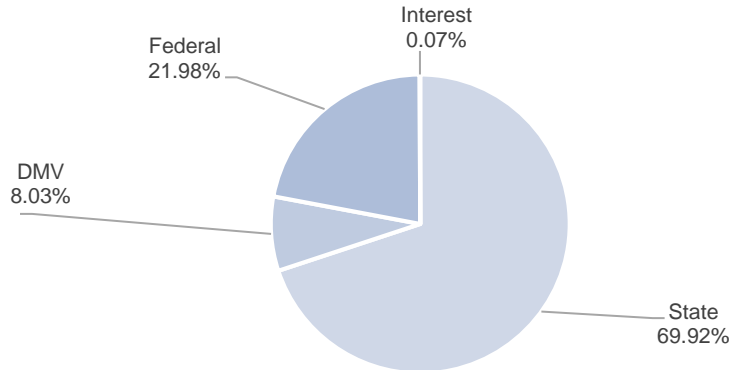
Expenditures for building operations were up slightly in FY14/15 due to payment of commission for securing a new tenant. Capital projects increased gradually in FY13/14 and FY14/15 for upgrades to the elevator, the replacement of an HVAC system, and the addition of security cameras. The significant increase in FY15/16 was for numerous projects including flooring replacement, HVAC & electrical upgrades, FY16/17 expenditures were for the Covell Building refresh projects and other improvements. FY17/18 and FY18/19 expenses are projected with a slight increase to match the rate of inflation. Capital Projects projection includes building upgrades for 2nd floor tenant, window replacements and other improvements.

SPECIAL REVENUE FUND 500

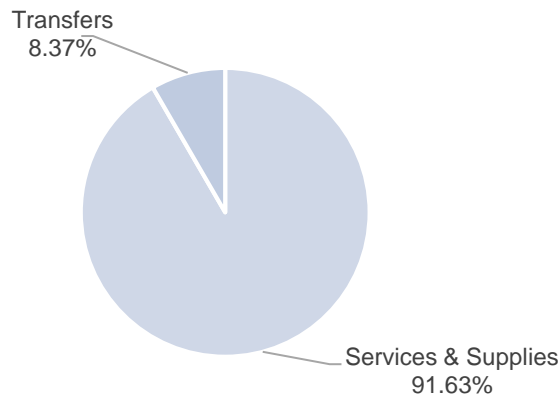
The Special Revenue Fund accounts for financial activity of restricted funds, generally reflecting grants to provide businesses incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light duty on-road vehicles, and owners of off-road equipment, such as that used in agriculture and construction, to modernize their equipment with lower or zero-emission options. Options include re-power, retrofit, and replacement of the equipment.

The total FY18/19 Special Revenue Fund Budget is \$23.3 million. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Approved Special Revenue Fund Budget.

Special Revenue Fund – Revenues by Classification



Special Revenue Fund – Expenditures by Classification

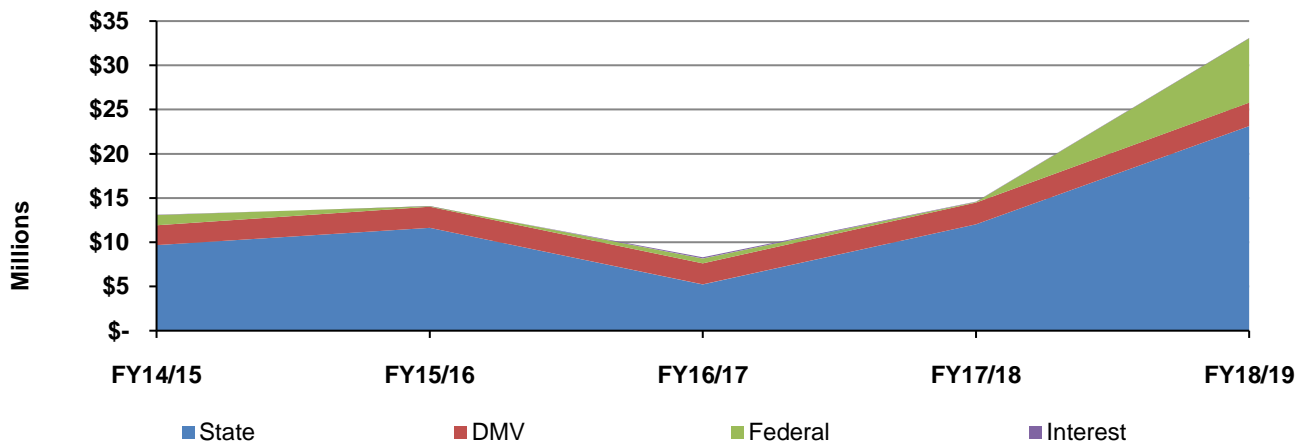


Special Revenue Trend

The Special Revenue Fund has received the majority of its revenue from DMV surcharges, Moyer, GMERP Heavy Duty Trucks and Sacramento Regional Zero Emission School Bus. Funding for the Special Revenue Fund is much more volatile than the General or Proprietary Funds due to one-time grants and the nature of funding received. DMV \$2 and Moyer funds, however, are stable revenue streams. One-time grants anticipated in FY18/19 include: AB 134 CAPP; GMERP Locomotive; EFMP; Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER); and GHG – CarShare.

The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account types.

Special Revenue Fund – Five-Year Revenues

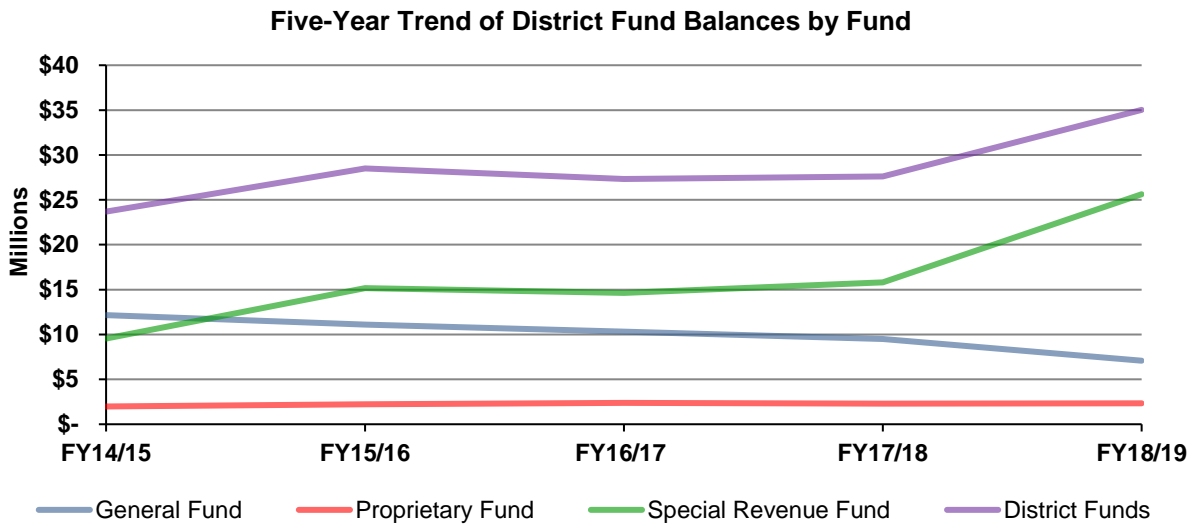


FUND BALANCE

The District closely manages each fund balance to ensure they remain at adequate and sustainable levels. The General Fund is the primary operating fund and uses of fund balance are associated primarily with the increase in employee services and capital projects requirements, along with inadequate administrative allocations for implementing grant-related programs. The fund balance for the General Fund has gradually decreased over recent years and therefore, the District is implementing steps to mitigate this trend by holding vacant positions open and reducing its professional services and capital projects expenditures. Management will closely evaluate and prioritize District programs to ensure resources are allocated appropriately to continue the essential functions of the District.

The Proprietary Fund is stable with the revenues from building rent covering the expenditures and capital projects. The Special Revenue Fund is more fluid with the fluctuation of state and federal revenues, mainly representing one-time grants for the incentive program. Large federal and state grants for multiple years temporarily increase the

fund balance; however, these funds are restricted to specific grant projects and are expected to be fully expended. The graph below shows the fund balance trends for each of the Funds and for the District overall.



SECTION 5 - Budget Schedules

This section presents budget schedules for the District Budget and each of the District funds. The budget tables show the Approved and Amended FY17/18 Budgets, the FY17/18 Amendments, the FY18/19 Approved Budget, as well as the variance between the FY17/18 Amended and FY18/19 Approved budgets.

Also included in this section are the schedules for FY18/19 Approved Capital Projects and the Summary of Financial Sources, Uses, and Fund Balance, which shows the projected year-end fund balance for the current year and FY18/19.

DISTRICT BUDGET

District Budget – Revenues and Expenditures

Account	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
State	\$ 20,826,800	\$ (8,399,417)	\$ 12,427,383	\$ 24,194,092	\$ 11,766,709
ARB Subvention	412,541	-	412,541	346,536	(66,005)
DMV	7,554,528	-	7,554,528	7,710,290	155,762
Federal	5,161,629	(3,240,000)	1,921,629	9,212,461	7,290,832
Fees & Licenses (Other)	850,188	-	850,188	934,462	84,274
Fees & Licenses (Rule 301)	7,108,362	-	7,108,362	7,609,600	501,238
Local Government	298,459	-	298,459	220,936	(77,523)
Sales Use Tax	1,771,248	-	1,771,248	1,869,492	98,244
Fines/Forfeits/Penalties	300,000	-	300,000	300,000	-
Rents/Concessions/Royalties	967,981	-	967,981	1,036,637	68,656
Interest	85,000	-	85,000	55,000	(30,000)
Other	14,275	-	14,275	13,700	(575)
Total Revenues	\$ 45,351,011	\$ (11,639,417)	\$ 33,711,594	\$ 53,503,206	\$ 19,791,612
Employee Services	\$14,969,998	\$ -	\$14,969,998	\$15,811,786	\$841,788
Services & Supplies	31,545,167	(11,288,682)	20,256,485	28,481,538	8,225,053
Capital Projects	1,178,800	-	1,178,800	1,399,200	220,400
Debt Service	407,844	-	407,844	408,844	1,000
Transfers	806,573	-	806,573	-	(806,573)
Total Expenditures	\$ 48,908,382	\$ (11,288,682)	\$ 37,619,700	\$ 46,101,368	\$ 8,481,668
Current Surplus/(Deficit)	\$ (3,557,371)	\$ (350,735)	\$ (3,908,106)	\$ 7,401,838	\$ 11,309,944

GENERAL FUND BUDGET

General Fund 100 – Revenues and Expenditures

Account	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
State	\$ 890,720	\$ (350,735)	\$ 539,985	\$ 1,062,887	\$ 522,902
ARB Subvention	412,541	-	412,541	346,536	(66,005)
DMV	5,151,682	-	5,151,682	5,052,615	(99,067)
Federal	1,861,629	-	1,861,629	1,941,212	79,583
Fees & Licenses (Other)	818,188	-	818,188	902,462	84,274
Fees & Licenses (Rule 301)	7,108,362	-	7,108,362	7,609,600	501,238
Local Government	298,459	-	298,459	220,936	(77,523)
Sales Use Tax	1,771,248	-	1,771,248	1,869,492	98,244
Fines/Forfeits/Penalties	300,000	-	300,000	300,000	-
Interest	45,000	-	45,000	30,000	(15,000)
Other	14,275	-	14,275	13,700	(575)
Total Revenues	\$ 18,672,104	\$ (350,735)	\$ 18,321,369	\$ 19,349,440	\$ 1,028,071
Employee Services	\$ 14,969,998	\$ -	\$ 14,969,998	\$ 15,811,786	\$ 841,788
Services & Supplies	5,687,169	-	5,687,169	6,728,496	1,041,327
Capital Projects	881,800	-	881,800	1,164,200	282,400
Transfers	806,573	-	806,573	(1,947,586)	(2,754,159)
Total Expenditures	\$ 22,345,540	\$ -	\$ 22,345,540	\$ 21,756,896	\$ (588,644)
Current - Surplus/(Deficit)	\$ (3,673,436)	\$ (350,735)	\$ (4,024,171)	\$ (2,407,456)	\$ 1,616,715

General Fund 100 – Revenue Account Detail by Type

Account	Type	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
	101 ARB - Oil & Gas	\$ -	\$ -	\$ -	\$ 42,000	\$ 42,000
	104 ARB - Other	-	-	-	761,500	761,500
	106 State - General	-	-	-	259,387	259,387
	199 ARB - GMERP	552,500	(350,735)	201,765	-	(201,765)
	199 ARB - Moyer	338,220	-	338,220	-	(338,220)
4001	State Total	890,720	(350,735)	539,985	1,062,887	522,902
	103 ARB - Subvention	412,541	-	412,541	346,536	(66,005)
4002	ARB Subvention Total	412,541	-	412,541	346,536	(66,005)
	105 DMV \$4	4,984,206	-	4,984,206	5,052,615	68,409
	199 DMV \$ 2	167,476	-	167,476	-	(167,476)
4003	DMV Total	5,151,682	-	5,151,682	5,052,615	(99,067)
	111 EPA 103	37,350	-	37,350	78,800	41,450
	112 EPA 105	1,194,279	-	1,194,279	1,195,912	1,633
	113 FHW - CMAQ	600,000	-	600,000	600,000	-
	115 Federal - General	30,000	-	30,000	66,500	36,500
4101	Federal Total	1,861,629	-	1,861,629	1,941,212	79,583
	102 ARB PERP	130,000	-	130,000	125,000	(5,000)
	121 Asbestos Plan Fee	234,000	-	234,000	320,000	86,000
	122 Agricultural Burning Field Crops	11,000	-	11,000	12,000	1,000
	123 Air Toxics - Hot Spots	180,000	-	180,000	248,000	68,000
	124 Land Use Mitigation Fee	173,437	-	173,437	116,000	(57,437)
	125 Permit Processing Fees	68,906	-	68,906	62,074	(6,832)
	126 Planning Service Charges	6,000	-	6,000	9,788	3,788
	127 SEED Loan Fees - Non Labor	14,845	-	14,845	9,600	(5,245)
4201	Fees & Licenses (Other) Total	818,188	-	818,188	902,462	84,274
	125 Permit Processing Fees	6,963,362	-	6,963,362	7,492,600	529,238
	128 Title V Permit Fee	145,000	-	145,000	117,000	(28,000)
4202	Fees & Licenses (Rule 301) Total	7,108,362	-	7,108,362	7,609,600	501,238
	143 Local Govt Agencies	198,459	-	198,459	77,736	(120,723)
	160 SECAT - Enhanced Infill	100,000	-	100,000	91,200	(8,800)
	161 Other	-	-	-	52,000	52,000
4301	Local Government Total	298,459	-	298,459	220,936	(77,523)
	141 Measure A	1,771,248	-	1,771,248	1,869,492	98,244
4401	Sales/Use Tax Total	1,771,248	-	1,771,248	1,869,492	98,244
	151 Civil Settlement	300,000	-	300,000	300,000	-
4501	Fines/Forfeits/Penalties Total	300,000	-	300,000	300,000	-
	131 Interest	45,000	-	45,000	30,000	(15,000)
4701	Interest Total	45,000	-	45,000	30,000	(15,000)
	161 Other	14,275	-	14,275	13,700	(575)
4801	Other Total	14,275	-	14,275	13,700	(575)
Total Revenues		\$ 18,672,104	\$ (350,735)	\$ 18,321,369	\$ 19,349,440	\$ 1,028,071

General Fund 100 – Expenditure Detail by Account

Account	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
5101 Salaries & Wages-Regular	\$ 10,619,426	\$ -	\$ 10,619,426	\$ 10,981,357	\$ 361,931
5102 Salaries & Wages-Extra Help	112,605	-	112,605	145,892	33,287
5103 Salaries & Wages-Hearing Board/BOD	10,000	-	10,000	10,000	-
5104 Salaries & Wage-OT	85,540	-	85,540	106,912	21,372
5105 Salaries & Wages-Premium Pay	76,592	-	76,592	57,083	(19,509)
5120 Retirement	1,771,165	-	1,771,165	1,944,425	173,260
5121 FICA/Medicare (OASDHI)	711,917	-	711,917	761,574	49,657
5122 Group Insurance	1,457,249	-	1,457,249	1,672,928	215,679
5123 Workers Compensation Insurance	95,000	-	95,000	95,000	-
5124 Unemployment (SUI)	30,504	-	30,504	31,615	1,111
5127 Employee Assistance Program	-	-	-	5,000	5,000
Employee Services Total	14,969,998	-	14,969,998	15,811,786	841,788
5201 Advertising, Comm & Outreach	33,770	-	33,770	40,200	6,430
5202 Alternative Transit	73,979	-	73,979	76,000	2,021
5203 Audio - Video	5,018	-	5,018	4,500	(518)
5204 Banking & Finance	56,046	-	56,046	56,000	(46)
5205 Books/Periodicals/Subscriptions	43,661	-	43,661	41,880	(1,781)
5206 Breakroom Supplies	7,815	-	7,815	6,000	(1,815)
5207 Business Meetings	172,440	-	172,440	266,060	93,620
5210 Education & Training	45,243	-	45,243	65,280	20,037
5211 Food	-	-	-	2,000	2,000
5212 Fuel and Lubricants	14,254	-	14,254	15,100	846
5216 IS Data Processing Services	161,208	-	161,208	258,331	97,123
5217 IS Hardware	99,770	-	99,770	107,100	7,330
5219 IS Mobile Devices/Services	27,909	-	27,909	28,546	637
5221 IS Software	141,960	-	141,960	152,160	10,200
5222 IS Supplies	28,800	-	28,800	26,600	(2,200)
5225 Legal Services	132,950	-	132,950	132,950	-
5226 Liability Insurance	62,135	-	62,135	65,000	2,865
5227 Maintenance & Repairs	6,908	-	6,908	11,000	4,092
5228 Medical Services	1,285	-	1,285	1,500	215
5229 Membership Dues	31,900	-	31,900	39,580	7,680
5230 Miscellaneous	6,967	-	6,967	8,000	1,033
5231 Office Equipment/Furniture	17,241	-	17,241	15,000	(2,241)
5233 Office Supplies	50,038	-	50,038	51,539	1,501
5234 Parking	-	-	-	1,000	1,000
5235 Postage/Shipping/Messenger	27,118	-	27,118	24,200	(2,918)
5236 Printing	12,002	-	12,002	10,600	(1,402)
5237 Prof Srvc - Consulting	4,085,553	-	4,085,553	4,001,133	(84,420)
5240 Recognition	5,110	-	5,110	4,500	(610)
5241 Rent/Lease - Real Property	15,000	-	15,000	828,573	813,573
5242 Rent/Lease Equipment	23,408	-	23,408	25,000	1,592
5243 Safety Supplies	3,766	-	3,766	10,080	6,314
5245 Telephone Services	11,307	-	11,307	15,400	4,093
5246 Temporary Staffing	81,795	-	81,795	124,521	42,726
5247 Tools/ Small Equipment	144,235	-	144,235	159,010	14,775
5248 Utilities	21,000	-	21,000	19,500	(1,500)
5249 Vehicle Maintenance	35,578	-	35,578	34,653	(925)
Services & Supplies Total	5,687,169	-	5,687,169	6,728,496	1,041,327
6002 FA-Computer & Network	132,800	-	132,800	83,200	(49,600)
6003 FA-General Equipment	294,000	-	294,000	381,000	87,000
6004 FA-Lab Equipment	-	-	-	-	-
6006 FA-Monitoring Structures	350,000	-	350,000	700,000	350,000
6007 FA-Vehicles	105,000	-	105,000	-	(105,000)
Capital Projects Total	881,800	-	881,800	1,164,200	282,400
7007 Transfer In	-	-	-	(1,947,586)	(1,947,586)
7008 Transfer Out	806,573	-	806,573	-	(806,573)
Transfers Total	806,573	-	806,573	(1,947,586)	(2,754,159)
Total Expenditures	\$ 22,345,540	\$ -	\$ 22,345,540	\$ 21,756,896	\$ (588,644)

DEBT SERVICE FUND BUDGET**Debt Service Fund 200 – Revenues and Expenditures**

Account	FY 17/18 Approved	FY 17/18 Amendments	FY 17/18 Amended	FY 18/19 Approved	Approved - Amended Variance
Debt Service	\$ 407,844	\$ -	\$ 407,844	\$ 408,844	\$ 1,000
Transfers	(407,844)	-	(407,844)	(408,844)	(1,000)
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Current - Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -

Debt Service Fund 200 – Expenditure by Detail Account

Account	FY 17/18 Approved	FY 17/18 Amendments	FY 17/18 Amended	FY 18/19 Approved	Approved - Amended Variance
5301 Principal	\$ 295,000		\$ 295,000	\$ 305,000	\$ 10,000
5302 Interest Expense	112,844	-	112,844	103,844	(9,000)
Debt Service Total	407,844	-	407,844	408,844	1,000
7007 Transfer In	(407,844)	-	(407,844)	(408,844)	(1,000)
Transfers Total	(407,844)	-	(407,844)	(408,844)	(1,000)
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

PROPRIETARY FUND BUDGET**Proprietary Fund 400 – Revenues and Expenditures**

Account	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
Fees & Licenses (Other)	\$ 32,000	\$ -	\$ 32,000	\$ 32,000	\$ -
Rents/Concessions/Royalties	967,981	-	967,981	1,036,637	68,656
Interest	5,000	-	5,000	5,000	-
Total Revenues	\$ 1,004,981	\$ -	\$ 1,004,981	\$ 1,073,637	\$ 68,656
Services & Supplies	380,800	-	380,800	419,900	39,100
Capital Projects	297,000	-	297,000	235,000	(62,000)
Transfers	407,844	-	407,844	408,844	1,000
Total Expenditures	\$ 1,085,644	\$ -	\$ 1,085,644	\$ 1,063,744	\$ (21,900)
Current - Surplus/(Deficit)	\$ (80,663)	\$ -	\$ (80,663)	\$ 9,893	\$ 90,556

Proprietary Fund 400 – Revenue Account Detail by Type

Account	Type	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
401	Parking Fees	\$ 32,000	\$ -	\$ 32,000	\$ 32,000	\$ -
4201	Fees & Licenses (Other) Total	32,000	-	32,000	32,000	-
401	Building Rent	967,981	-	967,981	1,036,637	68,656
4601	Rents/Concessions/Royalties Total	967,981	-	967,981	1,036,637	68,656
401	Interest Income	5,000	-	5,000	5,000	-
4701	Interest Total	5,000	-	5,000	5,000	-
	Total Revenues	\$ 1,004,981	\$ -	\$ 1,004,981	\$ 1,073,637	\$ 68,656

Proprietary Fund 400 – Expenditure Detail by Account

Account	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
5204 Banking & Finance	\$ -	\$ -	\$ -	\$ 700	\$ 700
5227 Maintenance & Repairs	380,800	-	380,800	136,700	(244,100)
5234 Parking	-	-	-	118,000	118,000
5238 Property Management	-	-	-	30,000	30,000
5244 Tax/Lic/Assessment	-	-	-	30,000	30,000
5248 Utilities	-	-	-	85,500	85,500
5250 Security	-	-	-	19,000	19,000
Services & Supplies Total	380,800	-	380,800	419,900	39,100
6001 FA-Building & Grounds	-	-	-	10,000	10,000
6005 FA-Leasehold Improvement	297,000	-	297,000	225,000	(72,000)
Capital Projects Total	297,000	-	297,000	235,000	(62,000)
7008 Transfer Out	407,844	-	407,844	408,844	1,000
Transfers Total	407,844	-	407,844	408,844	1,000
Total Expenditures	\$ 1,085,644	\$ -	\$ 1,085,644	\$ 1,063,744	\$ (21,900)

SPECIAL REVENUE FUND BUDGET

Special Revenue Fund 500 – Revenues and Expenditures

Account	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
State	\$ 19,936,080	\$ (8,048,682)	\$ 11,887,398	\$ 23,131,205	\$ 11,243,807
DMV	2,402,846	-	2,402,846	2,657,675	254,829
Federal	3,300,000	(3,240,000)	60,000	7,271,249	7,211,249
Interest	35,000	-	35,000	20,000	(15,000)
Total Revenues	\$ 25,673,926	\$ (11,288,682)	\$ 14,385,244	\$ 33,080,129	\$ 18,694,885
Services & Supplies	\$ 25,477,198	\$ (11,288,682)	\$ 14,188,516	\$ 21,333,142	\$ 7,144,626
Transfers	-	-	-	1,947,586	1,947,586
Total Expenditures	\$ 25,477,198	\$ (11,288,682)	\$ 14,188,516	\$ 23,280,728	\$ 9,092,212
Current - Surplus/(Deficit)	\$ 196,728	\$ -	\$ 196,728	\$ 9,799,401	\$ 9,602,673

Special Revenue Fund 500 – Revenue Account Detail by Type

Account	Type	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
	502 ARB - Cap & Trade	\$ 5,685,128	\$ 1,945,770	\$ 7,630,898	\$ 8,220,336	\$ 589,438
	503 ARB - GMERP	10,108,452	(9,994,452)	114,000	10,606,920	10,492,920
	504 ARB - Moyer	4,142,500	-	4,142,500	4,098,875	(43,625)
	507 State - General	-	-	-	205,074	205,074
4001	State Total	19,936,080	(8,048,682)	11,887,398	23,131,205	11,243,807
	501 DMV \$2	2,402,846	-	2,402,846	2,657,675	254,829
4003	DMV Total	2,402,846	-	2,402,846	2,657,675	254,829
	511 FHW-SECAT	3,300,000	(3,240,000)	60,000	7,271,249	7,211,249
4101	Federal Total	3,300,000	(3,240,000)	60,000	7,271,249	7,211,249
	530 Interest	35,000	-	35,000	20,000	(15,000)
4701	Interest Total	35,000	-	35,000	20,000	(15,000)
	Total Revenues	\$ 25,673,926	\$ (11,288,682)	\$ 14,385,244	\$ 33,080,129	\$ 18,694,885

Special Revenue Fund 500 – Expenditure Detail by Account

Account	FY17/18 Approved	FY17/18 Amendments	FY17/18 Amended	FY18/19 Approved	Approved - Amended Variance
5214 Incentive Projects	\$ 25,477,198	\$ (11,288,682)	\$ 14,188,516	\$ 21,333,142	\$ 7,144,626
Services & Supplies Total	25,477,198	(11,288,682)	14,188,516	21,333,142	7,144,626
7008 Transfer Out	-	-	-	1,947,586	1,947,586
Transfer Total	-	-	-	1,947,586	1,947,586
Total Expenditures	\$ 25,477,198	\$ (11,288,682)	\$ 14,188,516	\$ 23,280,728	\$ 9,092,212

CAPITAL PROJECTS

Capital Projects Budget – by Programs/Funds

Program	Type	FY 18/19 Approved
	Network Servers	\$ 9,000
	Network Storage Switches	7,000
	Network Switches	17,200
	Routers/Switches/PIX Firewall Maintenance	20,000
	Storage Replacement (SAN)	30,000
Total Information Systems		\$ 83,200
	Carbonyl Sampler	23,000
	Del Paso Manor Station Replacement	350,000
	Placeholder to replace 2 NO2 Analyzer	60,000
	Placeholder to replace 2 PM2.5 BAMS	80,000
	Purchase 1 Zero Air Generators	10,000
	Purchase H2 Generator	15,000
	Purchase Meteorological Instruments	12,000
	Purchase Mobile Monitoring Trailer and Equipment	350,000
	Purchase N2 Generator	12,000
	Purchase Sodar	68,000
	Replace 1 Calibrator	30,000
	Replace 1 CO Analyzer	16,000
	Replace 1 Ozone Analyzer	15,000
	Replacement of 1 NOY Analyzer	40,000
Total Air Monitoring		\$ 1,081,000
	Total General Fund	\$ 1,164,200
	Building Improvements	\$70,000
	Space Planning and Reconfiguration	50,000
	Breakroom and Mailroom	25,000
	Window Replacements	60,000
	Sidewalk Repairs	10,000
	Building Entry Doors	20,000
Total Proprietary Fund		\$ 235,000
	Total Proprietary Fund	\$ 235,000
	Total All Capital Projects	\$ 1,399,200

SUMMARY OF FINANCIAL SOURCES, USES AND FUND BALANCE

Fund	Type	Fund Balance 6/30/2017	FY17/18 Projected Revenues	FY17/18 Projected Expenditures	Fund Balance Sources/(Uses)	Projected Fund Balance 6/30/2018
100	General Fund	\$ 10,308,730	\$ 20,019,653	\$ 20,840,168	\$ (820,515)	\$ 9,488,215
400	Proprietary Fund	2,379,892	1,004,399	1,074,170	(69,771)	2,310,121
500	Special Revenue Fund	14,623,422	14,589,945	13,386,270	1,203,675	15,827,097
Total		\$ 27,312,044	\$ 35,613,997	\$ 35,300,608	\$ 313,388	\$ 27,625,432

Fund	Type	Projected Fund Balance 6/30/2018	FY18/19 Projected Revenues	FY18/19 Projected Expenditures	Fund Balance Sources/(Uses)	Projected Fund Balance 6/30/2019
100	General Fund	\$ 9,488,215	\$ 19,349,440	\$ 21,756,896	\$ (2,407,456)	\$ 7,080,759
400	Proprietary Fund	2,310,121	1,073,637	1,063,744	9,893	2,320,014
500	Special Revenue Fund	15,827,097	33,080,129	23,280,728	9,799,401	25,626,498
Total		\$ 27,625,433	\$ 53,503,206	\$ 46,101,368	\$ 7,401,838	\$ 35,027,271

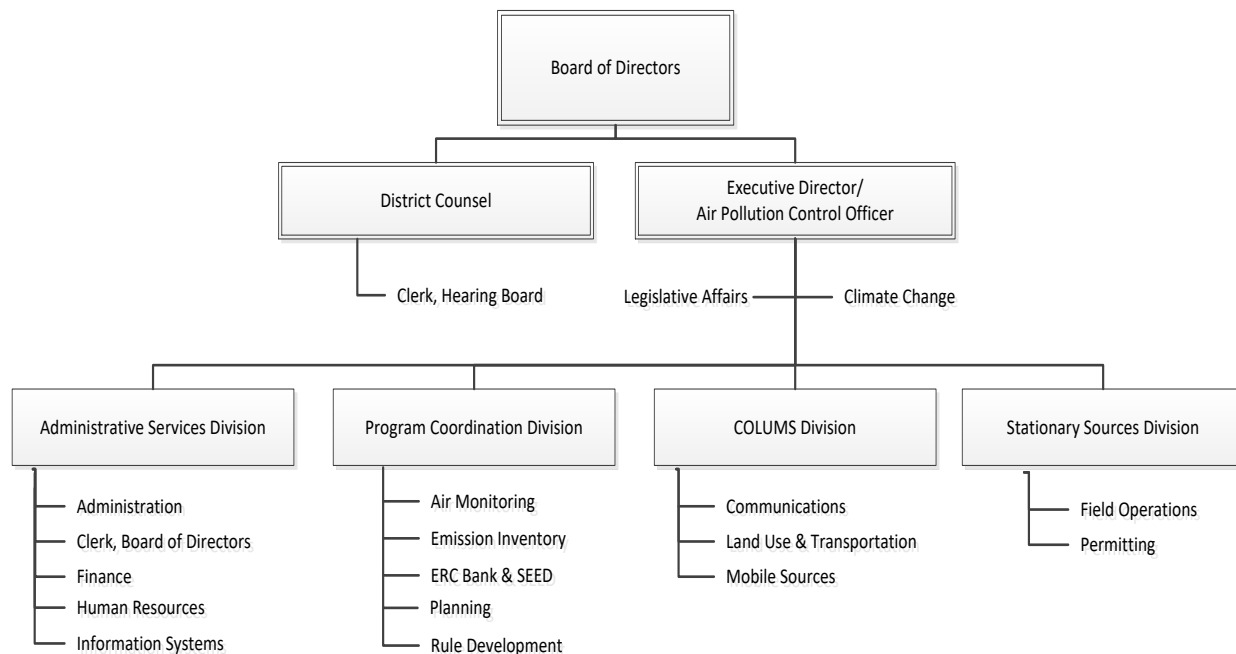
SECTION 6 - Organizational Overview

This section includes the District’s organizational structure and staffing as well division functions, program summaries, key initiatives and accomplishments. The District is organized into divisions which administer various programs and undertake initiatives to support the District’s mission and strategic goals.

ORGANIZATIONAL STRUCTURE

The District Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member each from the Cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency’s Executive Director/APCO and District Counsel. The District’s organizational structure is comprised of six divisions: Executive Office, District Counsel, Administrative Services; Program Coordination; Communications, Land Use & Mobile Sources (COLUMS); and Stationary Sources.

Organization Chart



STAFFING

The District currently has 103 approved FTE positions, of which 98 are funded and 5 are unfunded. The FY18/19 Approved Budget includes funding one Limited-Term Air Quality Specialist to perform the work associated with AB 617. In addition, it is approved to move the Assistant to the Executive Director/APCO from funded to unfunded status retaining a total approved staffing level of 103 approved FTE positions, with no change to the total funded and unfunded positions. While the Approved Budget includes 103 FTE, it is anticipated that several positions will remain vacant. The District has taken action to mitigate the General Fund deficit by implementing a temporary hiring freeze while it analyzes its programs and staffing needs. Significant salary savings are expected in FY18/19; the amount of the anticipated savings will be known once a determination is made about which positions will be filled and which will remain vacant.

The following two staffing tables represents the approved FTE positions for FY18/19 by classification and by operating division. Following the staffing tables, there is the approved Pay Schedule, which reflects the contract approved cost of living adjustments.

Positions by Classification

Classification	FY16/17 Amended	FY17/18 Amended	Changes	FY18/19 Approved
Administrative Specialist I/II	2.0	2.00		2.00
Administrative Supervisor / Clerk of the Board	1.0	1.00		1.00
Air Pollution Control Officer	1.0	1.00		1.00
Air Quality Engineer	20.50	20.50		20.50
Air Quality Instrument Specialist I/II	3.00	3.00		3.00
Air Quality Planner / Analyst	11.00	10.00		10.00
Air Quality Specialist	19.60	19.60	1.00	20.60
Assistant to the Air Pollution Control Officer	1.00	1.00	-1.00	0.00
Communications & Marketing Specialist	1.90	1.90		1.90
Controller	1.00	1.00		1.00
District Counsel	1.00	1.00		1.00
Division Manager	4.00	4.00		4.00
Financial Analyst	1.00	1.00		1.00
Fiscal Assistant I/II	1.00	1.00		1.00
Human Resources Officer	1.00	1.00		1.00
Human Resources Technician I/II	2.00	2.00		2.00
Information Systems Analyst	2.00	3.00		3.00
Information Systems Manager	1.00	1.00		1.00
Legal Assistant I/II	1.00	1.00		1.00
Office Assistant I/II	2.00	3.00		3.00
Program Manager	5.00	5.00		5.00
Program Supervisor	12.00	12.00		12.00
Senior Accountant	1.00	1.00		1.00
Statistician	1.00	1.00		1.00
Funded Total	97.00	98.00	0.00	98.00
Administrative / Legal Analyst	1.00	1.00		1.00
Air Quality Engineer	1.00	1.00		1.00
Air Quality Planner / Analyst	0.00	1.00		1.00
Air Quality Specialist	1.00	1.00	-1.00	0.00
Assistant to the Air Pollution Control Officer	0.00	0.00	1.00	1.00
Office Assistant I/II	1.00	0.00		0.00
Program Supervisor	1.00	1.00		1.00
Unfunded Total	5.00	5.00	0.00	5.00
Total Funded & Unfunded	102.00	103.00	0.00	103.00

FY17/18 amendments: Unfund AQ Planner and fund Office Assistant; Add Limited-Term Information Systems Analyst.
 FY18/19: Fund 1 LT Specialist in PCD (previously backfilling vacant Specialist). Move Assistant to Executive Director/APCO from funded to unfunded.

Positions by Operating Division

Classification	Administrative Services	COLUMNS	Program Coordination	Stationary Sources	Total FTE
Administrative Specialist I/II	2.0	-	-	-	2.0
Administrative Supervisor / Clerk of the Board	1.0	-	-	-	1.0
Air Pollution Control Officer	1.0	-	-	-	1.0
Air Quality Engineer	-	6.0	5.5	9.0	20.5
Air Quality Instrument Specialist I/II	-	-	3.0	-	3.0
Air Quality Planner / Analyst	0.0	8.0	2.0	-	10.0
Air Quality Specialist	-	4.0	4.0	12.6	20.6
Assistant to the Air Pollution Control Officer	0.0	-	-	-	0.0
Communications & Marketing Specialist	-	1.9	-	-	1.9
Controller	1.0	-	-	-	1.0
District Counsel	1.0	-	-	-	1.0
Division Manager	1.0	1.0	1.0	1.0	4.0
Financial Analyst	1.0	-	-	-	1.0
Fiscal Assistant I/II	1.0	-	-	-	1.0
Human Resources Officer	1.0	-	-	-	1.0
Human Resources Technician I/II	2.0	-	-	-	2.0
Information Systems Analyst	3.0	-	-	-	3.0
Information Systems Manager	1.0	-	-	-	1.0
Legal Assistant I/II	1.0	-	-	-	1.0
Office Assistant I/II	3.0	-	-	-	3.0
Program Manager	1.0	1.0	1.0	2.0	5.0
Program Supervisor	-	4.0	3.0	5.0	12.0
Senior Accountant	1.0	-	-	-	1.0
Statistician	-	-	1.0	-	1.0
Funded Total	22.0	25.9	20.5	29.6	98.0
Administrative / Legal Analyst	1.0	-	-	-	1.0
Air Quality Engineer	-	-	1.0	-	1.0
Air Quality Planner / Analyst	1.0	-	-	-	1.0
Air Quality Specialist	-	-	-	-	0.0
Assistant to the Air Pollution Control Officer	1.0	-	-	-	1.0
Office Assistant I/II	0.0	-	-	-	0.0
Program Supervisor	1.0	-	-	-	1.0
Unfunded Total	4.0	-	1.0	0.0	5.0
Total Funded & Unfunded	26.0	25.9	21.5	29.6	103.0

**Pay Schedule
Effective July 1, 2018**

	Monthly	
	Minimum	Maximum
Administrative / Legal Analyst	7,282.36	8,851.75
Administrative Specialist I	5,657.15	6,876.30
Administrative Specialist II	6,128.52	7,449.25
Administrative Supervisor / Clerk of the Board	6,865.39	9,184.24
Air Pollution Control Officer	16,707.48	16,707.48
Air Quality Engineer (Assistant)	6,504.73	7,906.54
Air Quality Engineer (Associate)	7,554.91	9,183.04
Air Quality Instrument Specialist I	5,386.98	6,547.91
Air Quality Instrument Specialist II	6,195.26	7,530.38
Air Quality Planner / Analyst (Assistant)	6,504.73	7,906.54
Air Quality Planner / Analyst (Associate)	7,554.91	9,183.04
Air Quality Specialist (Assistant)	6,504.73	7,906.54
Air Quality Specialist (Associate)	7,554.91	9,183.04
Assistant to the Air Pollution Control Officer	8,011.21	9,737.68
Communications & Marketing Specialist (Assistant)	6,504.73	7,906.54
Communications & Marketing Specialist (Associate)	7,554.91	9,183.04
Controller	8,211.95	11,004.39
District Counsel	19,066.28	19,066.28
Division Manager	10,427.28	13,973.13
Financial Analyst	6,620.56	8,047.33
Fiscal Assistant I	3,687.50	4,482.18
Fiscal Assistant II	4,056.34	4,930.51
Human Resources Officer	6,865.39	9,184.24
Human Resources Technician I	4,396.95	5,344.52
Human Resources Technician II	5,056.97	6,146.78
Information Systems Analyst (Assistant)	6,078.78	7,388.80
Information Systems Analyst (Associate)	6,990.28	8,496.73
Information Systems Manager	9,071.58	12,156.40
Legal Assistant I	4,585.77	5,574.03
Legal Assistant II	5,043.91	6,130.90
Office Assistant I	3,048.68	3,705.69
Office Assistant II	3,418.82	4,155.60
Program Manager	9,071.58	12,156.40
Program Supervisor	7,891.10	10,575.12
Senior Accountant	6,620.56	8,047.33
Statistician	7,554.91	9,183.04

DIVISION FUNCTIONS AND KEY INITIATIVES

The District’s organizational structure aligns with its vision and mission and supports the complex relationship between tasks, workflows, responsibilities, and authorities. Divisions develop key initiatives each year to support the District’s mission and strategic goals. The following are descriptions of each Division’s main programs followed by their key initiatives.

Offices of the Executive Director/APCO and District Counsel

Program Summary

Program	Description
<p>Executive Director/APCO</p>	<p>Under direction from the Board, the Executive Director/APCO is responsible for overall management and operation of the agency. This includes overseeing establishment of program priorities, policies and procedures; formulation of a strategic vision and mission objectives; day-to-day administration; guiding legislative affairs; and development and implementation of air quality and climate change programs to advance the capital region towards clean air and a low-carbon future.</p> <p>Air Quality — The District is the central planning and regulatory agency for moving the region towards attainment of all health-based, federally mandated ambient air quality standards. The Executive Office provides direction for all District environmental management activities including rules and policies, implementing permitting and enforcement programs, monitoring ambient air quality, designing plans, and conducting analyses and research to understand and control sources of toxics and other emissions to protect public health.</p> <p>Climate Change — The District is contributing to the State climate goals by advancing the region’s efforts on low-carbon development, sustainability, mitigation, resilience, and adaptation. The Executive Office guides the agency’s actions on land use management; mitigation of greenhouse gas emissions through strategic investments in low-carbon transportation solutions; engagement in state and federal climate policies and programs; partnering with other air districts and organizations on research and demonstrations; and building a regional collaborative to help prepare for extreme weather and the changing climate.</p> <p>Legislative Affairs — The Executive Office leads the District’s advocacy efforts before legislators, agencies and other entities, and provides direction to the agency’s lobbyist. In collaboration with the District lobbyist, the Executive Office proactively monitors and analyzes state and federal legislation with a potential impact on air quality and climate change programs in the capital region.</p>
<p>District Counsel</p>	<p>Under direction from the Board, the District Counsel provides legal services to the Board and District management and staff.</p> <p>Legal/Administrative — Advises staff on various legal issues including human resources, air quality enforcement, new legislation, and contracts. Reviews all proposed resolutions, rules and regulations, and other Board matters for legal adequacy. Represents the District before the Hearing Board and in litigation activities.</p> <p>Clerk, Hearing Board — Provides administrative support to the District’s Hearing Board, which is a quasi-judicial panel that hears petitions for variances, and abatement orders, as well as appeals of the Executive Officer’s permit and emission reduction credit determinations. Members are appointed by, but act independently of, the Sacramento Metropolitan Air Quality Management District Board. The Hearing Board membership includes a person from the medical profession, a professional engineer, an attorney, and two at large members of the public.</p>

Executive Director/APCO and District Counsel Key Initiatives

Air Quality

- Advance the agency’s regional leadership in reducing pollution from stationary, mobile, and other sources in concert with adopted implementation plans for achieving clean air standards
- Strengthen long-standing public-private partnerships and regional collaborative efforts for clean air
- Expand the District’s sphere of influence by promoting a strong clean air agenda before jurisdictions in the region including the business community, the county, cities, and other sister governmental agencies

Climate Change

- Formulate a climate vision for the District that begins to focus more sharply on regional actions and programs for greenhouse gas reductions, resilience, and adaptation
- Support better mobility, active transportation like bicycling and walking, and carbon-sensitive livability in our communities
- Participate in the transformation of transportation by championing strategic public investments in zero and near-zero emission technologies
- Begin to more deeply integrate climate change as a priority area in the District portfolio of programs

Legislative Affairs

- Engage state legislators, legislative staff, administration officials, local elected officials, and other key regional leaders to advocate for the District's priorities for clean air and Cap and Trade investments for the region
- Execute the effective transition to acquire the services of a new and experienced lobbying firm to represent the District and provide legislative advocacy services

Legal/Administrative

- Review and revise Rules of Procedure
- Develop processes to address newly formed SADEA General-Confidential Unit
- Review and revise stationary source and enforcement policies
- Develop Best Available Control Technology working group
- Provide legal support to all divisions in development, implementation and enforcement of air quality plans and rules

Clerk, Hearing Board

- Review and revise Hearing Board Handbook
- Streamline internal Hearing Board Order issuance process

Administrative Services Division

Program Summary

Program	Description
Administration	<p>Asset Management — Oversees building management contracts, parking garage, tenant improvements and vehicle fleet acquisition and maintenance. Handles building and air monitoring facilities maintenance, rehabilitation, and replacement needs.</p> <p>Document Management and Reception — Greets customers; answers questions and directs inquiries to appropriate staff; logs complaints, permit information and records into databases; and compiles receipts. Purchases and maintains office supplies and equipment. Processes public information requests. Coordinates document retention and storage consistent with records retention policy.</p>
Clerk, Board of Directors	<p>Maintains the official record of the Board of Directors' meetings. Schedules Board meetings, prepares meeting agenda and packets, archives action summaries, and provides administrative services to the Executive Director/APCO.</p>
Finance	<p>Ensures compliance with accounting regulations and requirements, manages the development of the District's annual operating budgets, coordinates financial audits by source agencies and independent auditors, ensures timely and accurate tracking of payroll expenditures, and provides financial reports to management and the operating divisions. Provides oversight of Measure A, DMV, EPA 103 and 105 grants, CMAQ, SECAT, Moyer and other grant funds.</p> <p>Finance is also responsible for contract administration – develops new contracts and contract amendments, oversees the request for proposals process, develops and maintains contract database, prepares routine contract status reports.</p>
Human Resources	<p>Conducts recruitments and provides guidance in the retention of high quality staff, ensures compliance with federal and state employment law and regulations, coordinates personnel related training, addresses employee issues or concerns, communicates District personnel policy, processes payroll, and administers district benefits.</p>
Information Systems	<p>Provides technology solutions, manages the information technology network, coordinates hardware and software acquisition and maintenance services, provides desktop support, maintains the District website, and oversees related contracts.</p>

Administrative Services Key Initiatives

Administration

- Implement a comprehensive process to manage the District's major assets that identifies short and long-term needs and requirements related to the District's facilities, vehicle fleet and computer equipment
- Develop and implement a district-wide document management strategy that includes the necessary systems, policies and procedures to appropriately manage paper and electronic documents

Finance

- Develop additional budgetary and financial reporting policies, e.g. reserves, and enhance internal controls through increased use of analytics
- Enhance bench strength by cross-training staff in budgetary and financial analysis and reporting;
- Research funds investment opportunities
- Launch New World ERP financial system

Human Resources

- Attract and retain talented and engaged employees by promoting an environment which allows and encourages employees to excel through effective and open communication, performance management and recognition, continuous learning and employee wellness

Information Systems

- Enhance the District’s information management: leverage available technologies to implement workflow automation to streamline several business processes; and integrate data management systems and apply data retention schedules to ensure optimum management of district data

Communications Office, Land Use and Mobile Sources (COLUMS) Division

Program Summary

Program	Description
<p>Communications Office</p>	<p>Engages and informs residents and organizations about Sacramento's air quality problem and educates them on how their actions can help improve air quality and protect public health. This is achieved through comprehensive public education programs, marketing and community outreach, advisory notices and informational material. The Communications Office (Office) manages both routine and emergency media relations and social media for the District.</p> <p>Manages and directs “Spare The Air”, a voluntary program that asks residents to reduce emissions by reducing driving. The Office conducts annual survey research to document emission reductions achieved through the program. The Office also manages communications for the mandatory “Check Before You Burn” program. In addition, the Office manages other key communications coordination with Federal, State and local agencies, special projects such as personal monitors. The office supports Home Energy Conservation (weatherization), clean fuels, Cap & Trade projects, other ad hoc and ongoing programs and assists other divisions with their Communications needs.</p>
<p>Land Use and Transportation</p>	<p>Promotes clean air and public health by providing technical assistance and advocacy in the land use and transportation sectors. Works to reduce mobile source and area emissions through reduction in vehicle trips, miles traveled, and increased energy efficiency by developing and implementing strategies that influence transportation planning and programming, land use planning, and project development.</p> <p>Works on climate change mitigation and adaptation through regional coordination, tracking state policy, supporting local action, and building a regional collaborative to respond to the impacts and opportunities of climate change.</p> <p>Reduces exposure to toxic air contaminants through best practices and mitigation measures implemented by lead agencies on construction and operations of projects.</p>
<p>Mobile Sources</p>	<p>Develops and implements strategies and demonstrates technology available to fleet owners and the public aimed at reducing emissions from vehicular sources.</p>

COLUMS Key Initiatives

Communications

- Increase the number of “Spare The Air” and “Check Before You Burn” App downloads and the number of “Spare The Air” Partners in all facets of the community
- Provide timely, important information to the public, Board of Directors, stakeholders and partners during smoke caused by wildfires or other local fires
- Respond to all media inquiries within two hours
- Assist with publicizing and promoting District rules, programs and incentives to the community.

Land Use and Transportation

- Actively seek additional funding sources to support transportation demand management, low vehicle miles traveled developments, and low-carbon transportation
- Encourage all jurisdictions within Sacramento County to adopt qualified Climate Action Plans
- Ensure all projects exceeding thresholds of significance mitigate to appropriate emissions target and verify implementation of all required measures
- Update all guidance, tools, and reviewed documents to be consistent with the state of the practice
- Build a strong regional collaborative to improve resilience to extreme heat, drought, flood, wildfire, and other impacts, focusing specifically on efforts to reduce the urban heat island effect, improve public health, increase business resilience, and bridge the urban-rural divide

Mobile Sources

- Work with CAPCOA and CARB on the Clean Transportation Incentive Programs to provide additional flexibility for the various programs
- Successfully transition all SECAT administration to the District (currently split between SACOG and the District) and prepare for Buy America Provisions
- Develop infrastructure projects to support Low- and Zero-emission technologies
- Work with CAPCOA to address mobile emission impacts in AB 617 identified communities and determine funding opportunities to mitigate emission impacts
- Work with CAPCOA, CARB and Electrify America on developing Volkswagen Mitigation Funding Guidelines
- Leverage the CivicSpark program to reduce air pollution and vehicle miles traveled while building local capacity for action on climate adaptation and mitigation
- Support and expand the Home Energy Conservation Program
- Support and expand the Clean Cities program to enhance the District's Low- and Zero-emission programs through additional marketing, outreach, and workshop support

Program Coordination Division

Program Summary

Program	Description
Air Monitoring	Performs continuous monitoring of criteria pollutants and their precursors (ozone, hydrocarbons, carbon monoxide, nitrogen oxides, sulfur oxides, lead, and inhalable particulate matter (PM ₁₀ and PM _{2.5})), meteorological conditions, and other air quality indicators at eight sites throughout the County.
Emission Inventory	Estimates actual emissions from stationary and area sources, assists with evaluations of mobile source emissions. Provides data used in rule development and developing State Implementation Plans.
Emission Reduction Credit Bank & SEED	Maintains the registry of stationary and mobile source credit banks, coordinates and assists credit generators and users, identifies new opportunities for credit use, includes the military base and essential public services accounts, implements Project SEED and the Wood Stove/Fireplace replacement incentive program.
Planning & Data Analysis	Develops plan to ensure compliance with state and federal clean air acts, prepares the District's annual report on progress toward achieving state and federal clean air standards, participates in air quality studies to assess effectiveness of control strategies, and project future air quality.
Rule Development	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans.

Program Coordination Key Initiatives

Air Monitoring

- Replace one air monitoring station
- Develop and implement a community based air monitoring strategy under AB 617
- Ensure air monitoring complies with all state and federal quality assurance and control requirements

Emission Inventory

- Review and update 1/3 of the area source emission inventories in the District
- Update inventories for all point sources emitting greater than 10 tons of any one pollutant
- Develop more accurate methodologies to estimate emissions from area sources

Emission Reduction Credit Bank & SEED

- Replace dirty fireplaces and wood stoves; work to secure additional funding from the state's Cap and Trade program revenues, and banking and selling emissions reduction credits from the Wood Smoke Change-Out Program
- Continue to provide SEED loans to area businesses for emission offsets and alternative compliance

Planning & Data Analysis

- Develop and submit to the State the 2017 Annual Progress Report
- Prepare and develop community selection criteria and priority for AB 617 implementation
- Prepare and submit Exceptional Even Mitigation Plan

Rule Development

- Present for Board consideration new rules or rule amendments affecting residential and commercial adhesives, Liquefied Petroleum Gas transfer and dispensing, and composting operations
- Present for Board consideration a plan for best available retrofit control technology implementation at AB 617 sources

Stationary Sources Division

Program Summary

Program	Description
<p>Field Operations</p>	<p>Field Operations is comprised of four main areas:</p> <p>Asbestos — Ensures compliance with federal and local regulations regarding the handling and removal of asbestos containing materials at renovation and demolition sites, ensures compliance with the State Airborne Toxic Control Measure for naturally occurring asbestos</p> <p>Enforcement — Inspects stationary sources of air pollution for compliance with District, state, and federal rules and regulations, responds to public complaints, performs various compliance duties to enforce Rule 421, administers the Mutual Settlement Program to resolve violations in lieu of litigation, refers and coordinates legal action with District Counsel, serves on Sacramento County Environmental Crimes Task Force to facilitate inter-agency coordination and referral of criminal violations of District rules and regulations.</p> <p>PERP — Enforces the State’s Portable Equipment Registration Program within the County of Sacramento.</p> <p>Compliance Assistance — Assists businesses in complying with air quality regulations via advisories, workshops, and free facility reviews.</p>
<p>Permitting</p>	<p>Permitting ensures compliance with applicable local, state, and federal regulations by reviewing project proposals, granting conditional approvals, inspecting completed projects, and authorizing operation only after verifying that the equipment can operate in compliance with all applicable regulations. Permitting section is also responsible for Title V and Toxics.</p> <p>Title V — Title V is the federal permitting program implemented by the District.</p> <p>Toxics — Works with sources to help them understand and comply with complex state and federal regulations, maintains the “Hot Spots” toxics emissions inventory, and ensures that toxic emissions from facilities are within acceptable levels.</p>

Stationary Sources Key Initiatives

Field Operations Productivity

- Assist in procurement and implementation of a line-of-business solution to improve efficiency through the development of an automated inspection prioritization program, work assignment and tracking programs, quality assurance measures, and integrated inter-agency data acquisition and submittal capability
- Work with fire agencies to develop protocol for approving training burns that protect air quality and communities from excess smoke, while recognizing the training needs of fire agency personnel
- Implement CARB’s GHG Oil & Gas inspection program
- Update the Mutual Settlement Guideline document
- Continue staff development through internal and external training efforts
- Work with the Program Coordination Division to streamline the internal review of templates and Best Available Control Technology (BACT) determinations
- Process all permits for the oil and gas industry by December 31, 2018
- Develop and implement a strategy to review and issue Title V permits without impacting the New Source Review permitting program
- Continue the review of facilities under the Air Toxics “Hot Spots” program

ACCOMPLISHMENTS BY DISTRICT PROGRAMS

In FY17/18, the District achieved numerous accomplishments in pursuit of its strategic goals as outlined in Section 3 – Budget Process. The following are the highlights:

Administrative
Completed eight recruitments
Coordinated Leadership II training for District staff
Provided the DiSC training for District staff
Implemented digital employee personal file system
Processed various requests for proposals, contracts, amendments and memorandums of understanding and purchase requests
Implemented an automated workflow process to manage and track public record requests
Implemented a new enterprise financial accounting system
Implemented a new enterprise travel and expense report solution
Developed fleet asset management program
Communications, Land Use and Mobile Sources
Updated the Project Review Principles via Board Adoption to ensure alignment with community and stakeholder values
Chaired the CAPCOA Mobile Sources Grants and Incentives Committee and submitted various comments at CARB Board meetings, public workshops, and the annual symposium meetings
Provided comments and/or testimony on various project documents , including the California Water Fix
District liaison for the CAPCOA Public Outreach Committee
Participated in the Breathe California Sacramento Region steering committee to plan and organize Breathe Fest, their annual clean air event
Developed a white paper for the Sacramento Region on the advantages of climate action plans for jurisdictions and developers alike, in streamlining the review process as well as delivering economic, health, and safety benefits.
Initiated statewide working group at CAPCOA regarding environmental documents related to roadways
Participated on the Sacramento County Environment Justice Element Advisory Committee
Worked with Rebuilding Together to retrofit and weatherize 180 homes throughout Sacramento County
Collaborated with the City of Sacramento in pursuit of the Volkswagen Green Cities designation
Partnered with Twin Rivers, Sacramento City and Elk Grove Unified School Districts to deploy the largest fleet of electric school buses (29) in the United States to date
Partnered with Natomas Unified School District and Breathe California Sacramento Region to divert over 250 tons of food waste from four elementary schools
Awarded a \$487,775 SB1 Adaptation Planning Grant from Caltrans to evaluate the regional urban heat island effect and develop mitigation strategies to reduce the impact of heat for the transportation infrastructure and active transportation users

Developed Harborcraft, Dredge and Barge Emission Factor Calculator
Organized and executed two press conferences that promoted Cap & Trade funded projects (CarShare and EV School Buses), which attracted local, regional, state, national and international media
Updated the Roadway and Railway Toxics Protocol via board adoption, and provided guidance and tools so local decision makers and the public can take effective exposure reduction measures
Promoted the Sac Region Air Quality App, which the public downloaded 8,500 times in 2017
Increased the number of Spare The Air partners by 201, a 5.63% increase from the previous year
Produced and distributed an air pollution forecast to the public everyday of calendar year 2017
Notified the public of 17 Spare The Air days during the 2017 ozone season and 45 days when burn restrictions were in place
Partnered with Sacramento Housing Redevelopment Agency and Mutual Housing to successfully deploy the "Our Community CarShare" program within three disadvantaged communities, each community containing two charging stations and two electric vehicles. Received an additional one million dollars from CARB for expansion of the program as a result.
Successfully completed a Mobile Source program and fiscal audit conducted by the CARB and the Department of Finance with zero findings
Program Coordination
Completed and submitted report for the Sacramento Community Wood Smoke Toxics Study
Conducted three Community Wood Smoke Toxics Study workshops for stakeholders and community group on results and recommendations
Commenced the Folsom air monitoring station replacement with completion projected near the end of FY17/18, and terminated two redundant monitoring stations
Assisted in the organization of the CAPCOA Sensor Symposium
Submitted the Sacramento Regional 2008 8-hour Ozone Attainment and Reasonable Further Progress Plan to CARB and EPA for approval
Submitted the Redesignation Substitution request for the 1979 1-hour Ozone Standard to CARB and EPA
Funded the replacement of 20 high-polluting wood stoves and fireplaces in low-income households with cleaner appliances
Proposed rules, subsequently adopted by the Board, that establish emissions standards for plastic parts coatings and miscellaneous combustion sources
Submitted annual emission inventories to CARB for 65 point sources
Updated area source emission inventories and submitted them to CARB
Provided loans of emission reduction credits to three Sacramento area businesses
Permitting/Title V/Toxics
Issued 146 Authority to Construct permits and 112 Permits to Operate and published 14 new BACT determinations during the first half of FY17/18 (Jul 1, 2017 – Dec 31, 2017)
Worked closely with the Compliance Assistance staff to ensure that all facilities subject to new National Emissions Standards for Hazardous Air Pollutants are notified of the new requirements
Submitted the Air Toxics "Hot Spots" report to the Board in January 2018

Continued the ongoing effort to enhance the Stationary Source database including the addition or modification of tables, reports, forms, etc. to better meet the needs of the District

Stationary Sources Field Operations

During the federal fiscal year ending September 30, 2017: Conducted 3,007 annual permit inspections; completed 98% of all major source and 68% of minor source inspections under the annual permit inspection program; responded to 892 public complaints concerning air quality issues, 55% of which were odor related; performed 130 inspections of PERP equipment; successfully resolved 153 cases, with only 2% of cases where a settlement offer was sent to a violator being sent to legal

From Nov 2017 through the beginning of 2018, 298 violations were issued for burning on a no burn day; responded to 211 complaints related to burning on a no burn day; inspection staff performed surveillance on Stage 1 and 2 days; new surveillance deployment techniques continue to improve non-compliance detection

During the period July 2017 through December 2017, received and filtered 988 potential new building project notifications from the County that could need asbestos abatement; reviewed approximately 380 notifications from the County and City building department ACELA system; reviewed and approved 3 asbestos dust mitigation plans for development projects occurring in areas known to have naturally occurring asbestos; consultation services were performed on a daily basis; performed multiple training sessions with City building department and industry staff

Provided compliance assistance by translating Rule 421 information into multiple languages and by developing a Rule 407 tip card and having it available on the District's website in multiple languages

Continued Fire Agency-Air District meetings to foster a cooperative relationship between the agencies; coordinated on burn requests on no burn days

SECTION 7 - Statistical Information

OPERATIONAL STATISTICS

The District measures numerous operational activities. A few notable statistics are listed in the table below. The totals, unless otherwise noted, are for July 2016 – June 2017.

Emission Reduction Credit (ERC)				
ERC Applications	4			
Transfer Applications	0			
Inter-district credit transfer	1			
SEED Loans	6			
Alternate Compliance Applications	2			
Loan Renewals	2			
Emission Inventory				
Emission Statements & 185 Fee Sources Updated	18			
Facility Surveys	50			
Permit Emission Evaluations	771			
Area Source Category Updates	40			
Wood Stove/Fireplace Assistance Program				
	Low Income	Non-Low Income		
Approved Vouchers (projected)	18	0		
Devices Changed Out (projected)	6	0		
Mobile Sources Emission Reductions from Moyer (since 1998) & SECAT (since 2000)				
<u>Funding Source</u>	<u>Engines</u>	<u>NO_x – tons/day</u>	<u>PM₁₀ – tons/day</u>	<u>ROG – tons/day</u>
SECAT	2,701	2.98	0.31	0.47
Moyer	2,385	5.62	0.52	0.86
Moyer/DMV	31	0.06	NA	0.01
Moyer/EPA	114	0.10	0.01	0.01
EPA	99	0.09	NA	0.01
DMV/Measure A/Lower Emission School Bus	610	0.53	0.04	0.06
Construction Mitigation	39	0.13	0.01	0.02
GGRF (EV School Bus)	29	NA	NA	NA
Other Funds	16	NA	NA	NA
Goods Movement Emission Reduction/Proposition 1B	507	NA	NA	NA
Prop 1B Lower Emission School Bus Program	473	NA	NA	NA
Prop 1B Lower Emission School Bus Program/DMV Match	48	NA	NA	NA
Grand Total¹	7,023	9.51	0.89	1.42

¹The totals reflect the time period from Program inception through 12/31/2016 and include active projects in process, not all of which move forward to completion.

Air Monitoring Program					
	<u>NCORE</u>	<u>PAMS</u>	<u>SLAMS</u>	<u>Special Purpose</u>	<u>Meteorological</u>
Station Monitoring Activities	1	3	8	5	6
Parameters Monitored	9	16	35	7	7

FINANCIAL STATISTICS

Balances of Governmental Funds (Modified Accrual)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,110	\$ 171,675	\$ 190,202
Restricted	16,317,844	9,789,530	2,858,052	12,144,152	12,169,654	11,350,172	10,998,388	10,287,274	8,796,696	8,061,391
Assigned	320,000	320,000	2,407,273	320,000	320,000	320,000	320,000	320,000	320,000	320,000
Unrestricted	5,751,365	8,666,336	7,906,636	-	-	-	792,734	1,395,878	1,798,521	1,737,137
Total General Fund	\$ 22,389,209	\$ 18,775,866	\$ 13,171,961	\$ 12,464,152	\$ 12,489,654	\$ 11,670,172	\$ 12,111,122	\$ 12,158,262	\$ 11,086,892	\$ 10,308,730
Emission Technology Fund										
Restricted	\$ -	\$ -	\$ 9,064,562	\$ 9,211,835	\$ 9,267,343	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422
Total Emission Technology Fund	\$ -	\$ -	\$ 9,064,562	\$ 9,211,835	\$ 9,267,343	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422

Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 9,069,286	\$ 9,471,327	\$ 8,025,308	\$ 7,451,650	\$ 8,071,327	\$ 7,929,307	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145
Intergovernmental	7,754,619	13,564,665	16,058,522	11,162,826	34,081,710	25,879,092	10,507,331	14,342,930	15,445,047	9,232,418
Licenses/Permits	6,405,970	8,371,169	6,705,683	6,479,071	6,180,051	6,015,064	6,741,800	7,416,470	7,646,441	8,001,079
Use of Money/Property	1,086,702	515,419	268,262	230,368	204,424	193,112	18,965	60,372	(31,188)	226,170
Total Revenue	\$24,316,577	\$31,922,580	\$31,057,775	\$25,323,915	\$48,537,512	\$40,016,575	\$25,603,010	\$30,353,348	\$32,051,002	\$26,600,812
Expenditures										
Current:										
Stationary Sources	\$ 5,122,449	\$ 8,944,106	\$ 6,114,436	\$ 5,822,646	\$ 5,843,577	\$ 5,758,644	\$ 5,741,059	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202
Mobile Source	11,261,327	11,647,191	13,088,034	12,207,527	34,704,891	28,394,103	11,475,645	14,932,141	11,367,756	11,916,194
Program Coordination	3,474,737	4,575,926	4,334,342	4,285,664	3,959,488	3,780,971	3,832,332	3,943,621	4,571,752	4,734,782
Strategic Planning	3,695,608	3,906,272	4,041,810	3,547,825	3,643,128	3,684,435	3,770,076	3,918,802	4,517,235	4,168,340
Capital Outlay	226,666	119,082	18,498	20,789	305,418	290,995	259,652	239,283	529,002	322,275
Total Expenditures	\$23,780,787	\$29,192,577	\$27,597,120	\$25,884,451	\$48,456,502	\$41,909,148	\$25,078,764	\$29,050,073	\$27,487,084	\$27,940,793
Excess (Deficiency) of Revenue Over Expenditures	\$ 535,790	\$ 2,730,003	\$ 3,460,655	\$ (560,536)	\$ 81,010	\$ (1,892,573)	\$ 524,246	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)
Other Financing Sources (Uses)										
Transfer Out	-	456,966	-	-	-	-	-	-	-	-
Gain On Sale of Capital Assets	-	-	-	-	-	-	-	16,270	-	-
Net Change In Fund Balances	\$ 535,790	\$ 2,273,037	\$ 3,460,655	\$ (560,536)	\$ 81,010	\$ (1,892,573)	\$ 524,246	\$ 1,319,545	\$ 4,563,918	\$ (1,339,981)

Statement of Net Position by Component (Accrual Basis)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Investment In Capital Assets, Net of Related Debt	\$ 624,503	\$ 594,518	\$ 447,263	\$ 327,593	\$ 507,625	\$ 653,680	\$ 764,943	\$ 792,677	\$ 1,111,788	\$ 1,196,123
Restricted	18,471,262	16,840,972	20,451,561	20,834,838	20,864,065	19,018,128	18,732,929	14,705,749	19,374,392	18,788,183
Unrestricted	3,150,700	1,142,535	946,120	-	-	-	792,734	(900,807)	(157,287)	605,026
Total Governmental Activities Net Position	\$22,246,465	\$18,578,025	\$21,844,944	\$21,162,431	\$21,371,690	\$19,671,808	\$20,290,606	\$14,597,619	\$20,328,893	\$20,589,332
Business-type Activities										
Investment In Capital Assets, Net of Related Debt	\$ 335,681	\$ 85,216	\$ 142,689	\$ 438,929	\$ 403,041	\$ 113,259	\$ 93,109	\$ 232,801	\$ 613,133	\$ 820,602
Restricted	-	431,776	427,031	433,754	424,243	416,252	416,293	418,340	416,382	416,575
Unrestricted	323,454	802,936	990,954	762,937	909,129	1,094,081	1,274,390	1,331,412	1,190,967	1,142,715
Total Business-Type Activities Net Position	\$ 659,135	\$ 1,319,928	\$ 1,560,674	\$ 1,635,620	\$ 1,736,413	\$ 1,623,592	\$ 1,783,792	\$ 1,982,553	\$ 2,220,482	\$ 2,379,892
Primary Government										
Net Investment In Capital Assets	\$ 960,184	\$ 679,734	\$ 589,952	\$ 766,522	\$ 910,666	\$ 766,939	\$ 858,052	\$ 1,025,478	\$ 1,724,921	\$ 2,016,725
Restricted	18,471,262	17,272,748	20,878,592	21,268,592	21,288,308	19,434,380	19,149,222	15,124,089	19,790,774	19,204,758
Unrestricted	3,474,154	1,945,471	1,937,074	762,937	909,129	1,094,081	2,067,124	430,605	1,033,680	1,747,741
Total Primary Government Net Position	\$22,905,600	\$19,897,953	\$23,405,618	\$22,798,051	\$23,108,103	\$21,295,400	\$22,074,398	\$16,580,172	\$22,549,375	\$22,969,224

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/Fixed Assets	Interfund Charges	Contingency	Total
07-08	\$ 10,959,562	22,329,068	360,400	840,000	450,000	\$ 34,939,030
08-09	\$ 12,183,771	13,507,796	110,400	5,142,528	450,000	\$ 31,394,495
09-10	\$ 12,199,760	8,128,192	38,000	3,851,831	-	\$ 24,217,783
10-11	\$ 11,584,777	6,425,969	43,500	1,407,642	-	\$ 19,461,888
11-12	\$ 11,946,558	6,619,728	317,000	704,652	-	\$ 19,587,938
12-13	\$ 11,997,789	5,552,842	397,000	679,789	-	\$ 18,627,420
13-14	\$ 12,472,301	5,132,405	180,532	806,871	-	\$ 18,592,109
14-15	\$ 13,018,613	5,670,628	564,532	1,071,655	-	\$ 20,325,428
15-16	\$ 13,396,624	6,807,818	768,332	806,573	-	\$ 21,779,347
16-17	\$ 13,898,555	6,520,859	1,747,000	806,573	-	\$ 22,972,987

The budgeted expenditures represent the adopted budget adjusted for Board approved modifications based on new or modified expenditures.

Schedule of General Government Revenues by Source

Fiscal Year	Taxes	Intergovernmental	Licenses/Permits	Use of Money & Property	Total
07-08	\$ 9,069,286	7,754,619	6,405,970	1,086,702	\$ 24,316,577
08-09	\$ 9,471,327	13,564,665	8,371,169	515,419	\$ 31,922,580
09-10	\$ 5,810,923	3,653,527	6,705,683	116,135	\$ 16,286,268
10-11	\$ 5,498,449	3,998,568	6,479,071	59,403	\$ 16,035,491
11-12	\$ 5,940,636	4,289,423	6,180,051	44,337	\$ 16,454,447
12-13	\$ 5,862,442	3,637,602	6,015,064	64,380	\$ 15,579,488
13-14	\$ 6,095,314	4,082,326	6,741,800	9,934	\$ 16,929,374
14-15	\$ 6,283,412	3,516,824	7,416,470	25,241	\$ 17,241,947
15-16	\$ 6,609,429	3,739,523	7,779,365	5,438	\$ 18,133,755
16-17	\$ 6,764,376	3,437,689	8,001,079	81,700	\$ 18,284,844

Permit Revenue

Year	Active Permits	Actual Revenue
2008	4,060	\$ 2,381,639
2009	4,183	\$ 3,345,143
2010	4,242	\$ 3,501,857
2011	4,238	\$ 4,366,411
2012	4,247	\$ 4,224,561
2013	4,269	\$ 4,419,326
2014	4,331	\$ 4,754,372
2015	4,346	\$ 4,767,562
2016	4,344	\$ 5,136,508
2017	4,397	\$ 5,519,271

Full-Time Equivalent Employees as of June 30

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Classification:</u>										
Accountant I/II	1	1	1	1	-	-	-	-	-	-
Administrative Assistant I/II	2	2	2	2	2	2	2	2	2	2
Administrative/Legal Analyst	1	1	1	-	-	-	-	-	-	-
Executive Director/APCO	1	1	1	1	1	1	1	1	1	1
Air Quality Engineer	21.5	21.5	21.5	21.5	20.5	19.5	19.5	19.5	20.5	20.50
Air Quality Instrument Specialist I/II	3	3	3	3	3			3	3	3
Air Quality Planner/Analyst	10.5	11	12	11	10	10	10	10	11	11
Air Quality Specialist	22.5	21.5	20.6	18.6	18.6	18.6	18.6	18.6	18.6	19.60
Communications & Marketing Specialist	2.85	2.85	2.85	1.85	1.85	1.85	1.85	1.90	1.9	1.90
Clerical Services Supervisor	1	1	1	1	1	1	1	1	1	1
District Accountant/Controller	1	1	1	1	1	1	1	1	1	1
District Counsel	1	1	1	1	1	1	1	1	1	1
District Counsel Legal Assistant	1	1	1	1	1	1	1	1	1	1
Division Manager	4	4	4	4	3	3	3	4	4	4
Executive Assistant/Clerk to the Board	1	1	1	1	1	1	1	1	1	1
Financial Analyst	-	-	-	-	1	1	1	1	1	1
Fiscal Assistant I/II	1	1	1	1	1	1	1	1	1	1
Human Resources Officer	1	1	1	1	1	1	1	1	1	1
Information Systems Administrator	1	1	1	1	1	1	1	1	1	-
Information Systems Analyst	2	2	2	2	2	2	2	2	2	2
Information Systems Manager	-	-	-	-	-	-	-	-	-	1
Office Assistant I/II	3	3	3	3	2	2	2	2	2	2
Human Resource Assistant I/II	2	2	2	2	2	2	2	2	2	2
Program Coordinator	13	13	13	13	12	12	12	12	12	12
Program Supervisor	5	5	5	5	5	5	5	5	5	5
Senior Accountant	1	1	1	1	1	1	1	1	1	1
Statistician	1	1	1	1	1	1	1	1	1	1
Total Funded Positions	104.35	103.85	103.95	98.95	93.95	92.95	92.95	94.00	96.00	97.00
<u>Positions Unfunded</u>										
Administrative/Legal Analyst	-	-	-	1	1	1	1	1	1	1
Air Quality Planner/Analyst	-	-	-	-	1	1	1	1	-	-
Air Quality Specialist	-	-	1	2	2	2	2	2	2	1
Air Quality Engineer	-	-	-	-	1	2	2	2	1	1
Division Manager	-	-	-	-	1	1	1	-	-	
Office Assistant I/II	-	-	-	-	1	1	1	1	1	1
Program Coordinator	-	-	-	-	1	1	1	1	1	1
Total Positions Unfunded	-	-	1	3	8	9	9	8	6	5
Total Funded + Unfunded	104.35	103.85	104.95	101.95	101.95	101.95	101.95	102.00	102.00	102.00

Note: Funded positions may vary from budget due to changes in staffing during the fiscal year

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SECTION 8 - Appendices

APPENDIX A – DESCRIPTION OF FUNDING SOURCES

Agricultural Burning — Burn permit fees collected from growers and other agricultural interests to partially fund field elements of the Agricultural Burn Program implemented by the Agriculture Commissioner.

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

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

CARB School Bus Program — Grant funds provided by CARB and/or local DMV fees (AB923) to provide incentives for public school districts to: replace pre-1986 model year diesel buses with new lower-emission buses; retrofit existing buses with technologies to reduce particulate emissions, and; replace expiring tanks on Compressed Natural Gas (CNG) buses.

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

CARB Walnut Grove Tower — CARB funds 100% of the contractor cost to operate the Walnut Grove ozone and meteorological monitoring station.

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

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

Congestion Mitigation and Air Quality Improvement (CMAQ) Match — Financial support from the air districts to provide matching funds for CMAQ grants.

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

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

EPA 105 Grant — Revenues are restricted to uses achieving the program objectives as submitted to USEPA, but may not be used to cover costs associated with Title V permitting. Allowed uses include: compliance & enforcement, air monitoring, transportation & land use programs, development & maintenance of AIRS data, and California Air Pollution Control Officers Association (CAPCOA) grant funding.

EPA Voluntary Diesel Retrofit Program — Funds projects that implement EPA and CARB verified, or innovative usage of verified pollution control technologies, or engine replacement in reducing emissions from state, local, tribal-controlled or other diesel fleets. The agricultural equipment replacement program, the on-road renewable compressed natural gas fleet modernization program and the replacement of diesel agricultural pumps with electric pumps are funded by this program.

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

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

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

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

Moyer (Carl Moyer Memorial A.Q. Standards Attainment) Program — As a result of State legislation, funds are available through California Smog Check and new tire purchase fees and are administered through CARB. After successful reauthorization efforts in 2013, funding for the program will be available until 2024. Revenues are used to provide market-based incentives for the introduction and use of lower emission technologies for heavy-duty vehicles, off-road vehicles and equipment, and locomotive engines.

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

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

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

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

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

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

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

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

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

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

Sacramento Regional Zero-Emission School Bus Deployment Project — Grant funds used to deploy 29 state-of-the-art zero-emission school busses with 29 electrical vehicle supply equipment charging ports in Disadvantaged Communities in the Greater Sacramento Region, including Elk Grove, Sacramento City, and Twin Rivers Unified School Districts.

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

Initial Fees — Process initial ERCs.

Loan Fees — Meet Rule 205 mandates, which require, via an RFP process, additional emission reductions to be secured.

Renewal Fees — Process ERC renewals, oversee ERC contracts and operate S.E.E.D. revenue disbursement process.

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

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

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

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

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

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

Variations — Fees collected when permitted sources apply for variations from District rules. Revenues are to be used to partially cover costs of Hearing Board meetings.

APPENDIX B – DESCRIPTION OF COLLABORATIONS

Association of Commuter Transportation Awards – The Association of Commuter Transportation (ACT) is a non-profit organization that brings together transportation professionals in support of alternative modes of transportation. ACT's work directly supports the goals of the District to reduce emissions. This allocation will support the annual ACT award event.

Alliance of Regional Collaborative for Climate Adaptation – The Alliance of Regional Collaborative for Climate Adaptation (ARCCA) advances a regional approach to building resilience to climate impacts in key issues (fire, water, flood, agriculture) across the state by sharing information and best practices, developing stronger, more effective partnerships, and fostering dialogue across the urban-rural divide. Sacramento is one of five regions interacting with state agencies to ensure that regional level resilience activities receive appropriate attention and funding in state planning efforts. ARCCA's effort is also key to advancing the urban/rural interface dialogue in the region so important for supporting healthy forest resources to counter water, flood and fire impacts on our communities. This funding is the District share of the cost of this effort.

CALSTART – A member-supported organization of more than 175 firms, fleets and agencies worldwide dedicated to supporting a growing high-tech, clean transportation industry that cleans the air, creates jobs, cuts imported oil and reduces global warming emissions. CALSTART provides services and consulting to spur advanced transportation technologies, fuels, systems and the companies that make them.

Capital Bike Month Picnic – This event, an important part of May is Bike Month, helps encourage people to replace car trips with bicycle trips and serves as an anchor for other regional rides, such as Rancho Cordova's Mayor's Bike Ride to the Capitol.

Capital Region Climate Readiness Collaborative – The Capital Region Climate Readiness Collaborative (CRC) is a regional network designed to promote greater coordination and cooperation at the local and regional level to adapt to current and future impacts of climate change. Through this collaborative, leadership from regional and local government, the business community, academia, labor, and environmental and community groups can work together to inform state and federal policymakers about the latest research and resources available to assist communities in the Sacramento region.

The CRC's purpose is to provide a better understanding of existing research on local impacts, identify and fill information gaps, share information, foster partnerships, develop strategies to reduce risk and increase community resilience, assist in accessing resources, and promote businesses related to a green economy by encouraging sustainable communities and economic development.

Environmental Council of Sacramento

Earth Day Sacramento – The Environmental Council of Sacramento (ECOS) is a coalition of environmental and civic organizations supporting efforts to coordinate land use and transportation to discourage sprawl, thereby improving air quality. On Earth Day each year ECOS hosts an event that attracts upwards of 10,000 people.

Environmentalist of the Year Award - Each year ECOS hosts an event recognizing leadership in environmental stewardship. Awards are given to individuals, companies, public officials & developers of environmentally-conscious projects.

Friends of Light Rail – The Friends of Light Rail advocates for the expansion of Sacramento's transit system and implementation of transit friendly land use policies and projects. Friends of Light Rail efforts directly improve air quality by decreasing auto use through increased transit ridership. This funding supports their annual event to recognize successful projects and leaders.

Green Capitol Alliance – Valley Vision – The Green Capitol Alliance is a coordinated effort between business, agencies, local governments, education institutions, and non-profits to coordinate a range of overlapping programs that will advance green business, a sustainable community and a workforce to support this work. This funding is the District share to support the effort.

Home Energy Conservation – Rebuilding Together Sacramento is the Sacramento region chapter of a national nonprofit organization that uses volunteers with professional supervision to help low-income, frequently elderly, frail or partially disabled residential homeowners perform basic maintenance on their homes. The District has partnered with Rebuilding Together Sacramento, the Sacramento Association of Realtors® and the Environmental and Civil Engineering Department at UC Davis to form the Home Energy Conservation (HEC) program. Using the same workforce and serving the same clientele, HEC performs Tier 1 energy upgrades such as weather stripping, LED-for-incandescent light bulb swaps, insulating water heaters and exposed hot water lines, and other simple, low-cost upgrades. The total cost, including program administration, is under \$200 per home with estimated CO2 reductions of approximately one ton per year per home and utility savings of approximately \$360 per year per home.

Local Government Commission – The Local Government Commission (LGC) is a non-profit, non-partisan membership organization that provides technical support to public officials regarding sustainability, including land use and energy strategies. The LGC hosts many conferences each year, including a Yosemite Ahwahnee Principles Conference and a national planner's conference, which are often attended by District Board members. One Board member is on the LGC Board of Directors.

Capital Region Local Policy Makers Program – These events allow elected officials from the region to discuss issues of mutual concern and learn about strategies to reduce emissions, including more walkable communities and transit-oriented development. The events include presentations by experts in various planning areas that are significant to sustainable growth and successful lines of communication of new initiatives and innovative concepts.

Yosemite Policymakers Conference – This is an annual conference that focuses on providing elected officials access to current and innovative thinkers on important sustainability issues relevant to cities and counties across California. The District generally sponsors the attendance of a couple of Board members each year, increasing their knowledge and awareness of critical topics as well as providing the District the ability to provide input on the agendas. Examples of sustainability topics covered include: reducing fire danger and the resultant air quality issues; providing water resources in a constrained environment; sustainable forest management; strategies for providing low income housing; responding to homelessness; and innovative software tools for managing resources and informing the public.

New Partners for Smart Growth Conference – Funding supports LGC efforts to assist public officials to implement strategies that result in more livable communities.

Mutual Housing – Incorporated in 1988, Mutual Housing was formed as a partnership of neighborhood residents, business representatives, housing advocates, and local government dedicated to improving housing opportunities for lower income families. Mutual Housing helps residents become electric-car users through a convenient, on-site sharing program at a time when most low-income communities lack any access to car battery chargers. As a sustainable housing developer and community builder, Mutual Housing is in a unique position to help residents become early adopters of green technologies.

Power House Science Center – The Powerhouse Science Center promotes science and learning among students and provides millions of dollars for the local economy. Partnership with the Center offers an opportunity to have air quality information and exhibits in the facility and potential leverage with other state and federal air quality funding partnerships.

RioVelo Bicycle Festival – The River District Property and Business Improvement District hosts a bicycle festival at the Township 9 Bike Park, near the junction of 7th Street and the Twin Rivers trail along the American River. This collaboration is an urban bicycle festival that uses recreational cycling as a gateway to utilitarian cycling.

Sacramento Tree Event – The District has many programs working with the Sacramento Tree Foundation and partners with them for their annual event.

State of Regional Transit Event – Sacramento Regional Transit (RT) is a consistent and important partner with the District in cleaning up the air in Sacramento. This event helps highlight RT planning and programs at an event well attended by many key leaders and staff in the region.

Toast to Clearing the Air Event – This is an event sponsored by the Coalition for Clean Air recognizing key progressive businesses across the state, including a number that are key partners to the District.

Valet Bike Parking Program – This program is operated by Sacramento Area Bicycle Advocates (SABA) and the Folsom Chapter. Over the past four years they have provided valet bike parking services at more than 60 events including the Amgen Tour of California, California Capital Air show, Earth Day, Sacramento Bike fest, Friday Night Concerts and the Salmon Festival. SABA parked 9,000+ bikes in the first two years. SABA's valet bike parking has been recognized by Sacramento Magazine as a Best of Sacramento, "Best Relief from Parking Grief" and received a Clean Air Award from Breathe California Sacramento Emigrant Trails. This is a program that truly gives residents the option to bike to events and safely store their bikes, taking many cars off the road in the process.

APPENDIX C – GLOSSARY

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

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

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

Amended Budget – Authorized adjustments made to the approved budget within the same fiscal year.

Balanced Budget – The amount of budgeted expenditures is equal to the amount of budgeted revenues.

Budget – A financial plan for a defined period of time, usually a year and summarizes planned expenses, revenues, and resources.

Capital Assets – Property of any kind, tangible or intangible, that has an initial useful life extending beyond a single reporting period (fiscal year), e.g., land, buildings, vehicles, and machinery.

Capital Improvement – A specific undertaking involving procurement, construction or installation of facilities or related equipment which improves, preserves, enhances or modernizes the District's property, has a useful life of at least three years, and costs at least \$5,000.

Cash Basis – An accounting basis wherein revenue are recorded in the period they are actually received and expenses when paid.

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

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

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

Debt Issue – Issuance of bonds and other debt instruments to finance municipal improvements and services.

Debt Service Fund (200) – The costs of paying the principal and interest on borrowed money according to a predetermined payment schedule.

Direct Cost – A cost that can be attributed to a specific good or service.

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

Employee Services – The personnel costs of the District, including pay and benefits, such as health insurance, social security costs, retirement contribution, workers' compensation, unemployment insurance, etc.

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

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

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

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

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

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

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

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

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

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

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

Naturally Occurring Asbestos (NOA) – Occurs in rocks and soil as a result of natural geological processes. Natural weathering and human activities may disturb NOA-bearing rock or soil and release mineral fibers into the air, which pose a greater potential for human exposure by inhalation.

Office of Budget and Management (OMB) – Releases circulars that govern how federal funds are used and accounted for by the District.

Other Post-Employment Benefits (OPEB) – Benefits that an employee will begin to receive at the start of retirement, not including pension benefits.

Oxides of Nitrogen – Highly reactive gas forming quickly from emissions from cars, trucks and buses, power plants, and off-road equipment.

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

Proprietary Fund (400) – Accounts for the District's business-like activities and currently reflects the financial activities of the District's administrative facility, the Covell Building.

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

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

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

Services and Supplies – Costs of contractual or outside services, office supplies, utilities and equipment.

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

Types of Funds – Restricted funds are restricted by legal or contractual requirements to a specific area. Unrestricted funds are not restricted by legal or contractual requirements and may be used in multiple areas. Assigned funds are intended for a specific purpose but do not meet the criteria to be classified as restricted. Unassigned funds are all spendable amounts in the District's General Funds not contained in the other classifications.

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

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



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