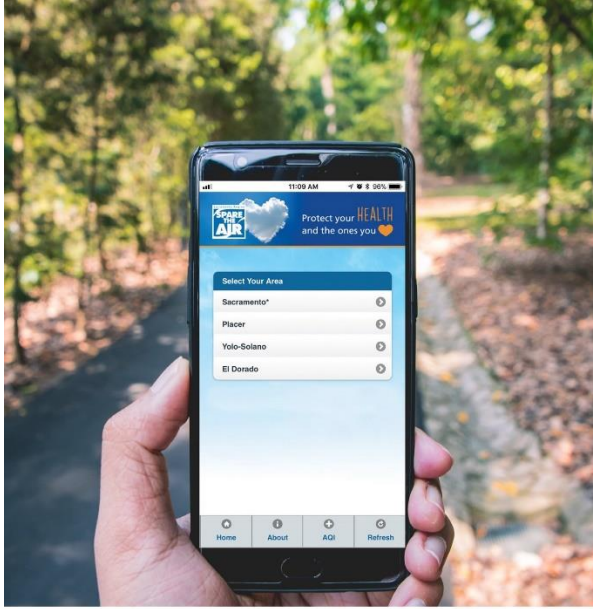


# APPROVED BUDGET

## FISCAL YEAR 2020/21



SACRAMENTO METROPOLITAN



AIR QUALITY  
MANAGEMENT DISTRICT

SACRAMENTO, CALIFORNIA



# APPROVED BUDGET

## SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2020/21 BUDGET

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Council Member  
City of Sacramento

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Council Member  
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City of Elk Grove

Larry Carr  
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City of Sacramento

Donald Terry  
Council Member  
City of Rancho Cordova

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### Executive Director / Air Pollution Control Officer

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

### District Counsel

Kathrine Pittard

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777 12<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Sacramento, CA 95814



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
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**Sacramento Metro Air Quality Management District  
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For the Fiscal Year Beginning

**July 1, 2019**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Sacramento Metropolitan Air Quality Management District for its annual budget for the fiscal year beginning July 1, 2019. 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 submit it to GFOA to determine its eligibility for another award.

FY 2020/21 Budget was prepared by the 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](http://www.airquality.org)*

(HYPERLINKS ARE ACTIVE)

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# SECTION 1 - Executive Director/APCO Letter

May 28, 2020

Honorable Board Chair, Governing Board, and Sacramento County residents  
Sacramento, California

Dear Chair Guerra, Board Members, and Sacramento County residents:

We respectfully present the Fiscal Year 2020/2021 (FY20/21) Approved Budget for the Sacramento Metropolitan Air Quality Management District (District). The Approved Budget is balanced and reflects a total for FY20/21 of \$56.2 million, including \$22.4 million for the General Fund, \$1.3 million for the Proprietary Fund, and \$32.5 million for the Special Revenue Fund. The FY20/21 Approved District Budget is a net decrease of \$3.3 million from the FY19/20 Approved Budget with a \$529,187 decrease in the General Fund, \$119,789 increase in the Proprietary Fund and \$2.9 million decrease in the Special Revenue Fund.

At the time of this writing, we are in the middle of the unprecedented and very challenging COVID-19 crisis. Our agency, like others, has implemented all measures mandated by state emergency orders and by Sacramento County Health and other local authorities to protect our employees, our families, our clients, and the community we serve. The District remains open for business, although not physically and under teleworking conditions. We are maintaining only essential functions in our offices and in the field, including our ambient air monitoring station network. If there were a silver lining to the crisis, sheltering-in-place has led to a noticeable improvement in regional air quality. But, clearly, a crisis of this magnitude is not how we want to meet our clean air and climate change goals. We want to get back to a time when we can support a thriving and green local economy with opportunity for all our residents.

Despite good air quality now, the business of fighting air and climate pollution does not cease. The most effective and rapid approach for emission reductions is the use of incentives for funding lower-emitting vehicles and other clean technologies. Most of this funding comes from state of California programs, which are expected to be curtailed significantly due to the crisis. Thus, the District will be exploring opportunities for stimulus funding in the federal response to the crisis. Specifically, District staff anticipates the CARES Act to include funding opportunities to advance economic activity while realizing emission reduction benefits.

We continue to conduct essential and legally required functions such as planning, permitting, ambient air monitoring, inspections of emission sources and clean technology projects, and implementation of various federal and state programs, which are still on-going. Front and center in our priorities is to do our part for the demonstration of transportation conformity so the region can continue to be eligible for state and federal highway funds. Risking stating the obvious, we find ourselves wondering often about the outcome of the crisis, but we choose to remain hopeful and believe we will all pull through and eventually get back on our feet. However, while we clearly expect a major economic downturn, it is not feasible to fully assess the fiscal impacts on time for release of next year's budget.

District staff will be analyzing our programs and how to best manage the anticipated decline in revenues in the next few weeks, completing an initial recession budget impact analysis for the Board of Directors (Board) consideration and direction during the FY20/21 budget hearings. Subsequently, staff will present a budget status update for the Board in October and, if required, a budget amendment for FY20/21 to the Board meeting in January 2021. Meanwhile, the FY20/21 approved budget is a bridge to keep the District in a "*holding pattern*" so staff has time to assess the full impact of the COVID-19 recession. Judicious belt-tightening cuts and strict reductions over the last two years have put the agency's budget for FY20/21 in as safe a position as possible given the circumstances.

We continue to rely primarily on permit fees, vehicle registration fees, a local measure, and state and federal grants to fund the District's operations. Even without the COVID-19 crisis, these funds were already under significant strain given growing demands for local match funding, the rising costs of doing business and the lack of full cost-recovery



in many of our programs. In addition, some of our most important initiatives lack a continuous appropriation from the state. For example, the Sacramento Emergency Clean Air and Transportation (SECAT) program has been one of our most important tools for achieving cost-effective emission reductions toward attainment of the National Ambient Air Quality Standards. It is a block grant to the District administered by Caltrans under the Federal Highways Administration's Congestion Mitigation and Air Quality Improvement Program. Unfortunately, SECAT funding is expected to sunset soon and no new permanent replacement source has been identified. A second example is the Community Air Protection Program, Assembly Bill 617 (AB 617, C. Garcia, 2017). This state program is a paradigm shift in air quality management. It calls for new targeted efforts to address the health burdens from exposure to highly localized air pollution for the benefit of low-income and disadvantaged communities. The program launches several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. The state has identified the South Sacramento-Florin community as our inaugural AB 617 community. Our community is one of 10 across the state. Most importantly, AB 617 promotes the use of state funds (i.e., subsidies for cleaner technology) to reduce the emissions affecting AB 617 communities. In January, Governor Newsom proposed \$200 million for statewide AB 617 incentives for FY20/21. Besides a lack of a continuous appropriation for AB 617, the current crisis is expected to lead to a deep cut in these incentives, putting a significant strain on communities and the air districts, including ours, who are trying to help them.

The District's five-year forecast also continues to show a significant funding gap between revenues and expenditures, which the crisis will only exacerbate. However, given the uncertainties due to the crisis, we will re-examine the forecast assumptions after staff completes the recession budget impact analysis. To the extent possible, the District will continue to help the region with its future mobility efforts and the transition to sustainability, livability, and prosperity. In the next fiscal year, we will fund and deploy cleaner and zero emission vehicles, especially electric school buses, electric micro-shuttles for Sacramento Regional Transit's (Sac RT) new on-demand services, and battery-electric and fuel cell electric trucks, and hydrogen fueling and electric charging infrastructure. The large-scale teleworking resulting from sheltering-in-place has been a stark reminder of the benefits of becoming less dependent on single-occupant vehicle trips and the importance of active transportation. In the next fiscal year, we are not anticipating impeding the growth of cutting-edge mobility programs such as Our Community Car Share and Clean Cars 4 All or restoring bread-and-butter initiatives like the Agricultural Vehicle Emission Reduction Program.

It is very difficult to contemplate more dire news now, but the next wildfire season is right around the corner. The dry weather and below-average precipitation in the region are stark reminders of the need to remain vigilant and prepared. The deadly Camp Fire in 2018 prompted a legislative local response. Assembly Bill 661 Wildfire Smoke Air Pollution Emergency Plan (K. McCarty, 2019) calls on our District to work in coordination with the Sacramento County Health Officer and other authorities to develop a plan for improved coordination and response. Although the District requested state funds for this work and has received none, we will continue working on the AB 661 plan because our residents demand it.

In addition to low-carbon transportation initiatives, climate change activities for the District will revolve around supporting regional collaborations such as the Mayors' Commission on Climate Change, the Capital Region Climate Readiness Collaborative, and the Alliance of Regional Collaborative for Climate Adaptation. The District and collaborators just completed a leading study of the urban heat island effect in the region, including adaptation strategies. We expect to conduct broad public outreach to share the study findings so we can be better prepared for the adverse changes in our regional climate and weather due to global warming.

Federal policies that roll back environmental protections such as the recently completed Safer, Affordable, Fuel Efficient Vehicle Rule by the National Highway Traffic Safety Administration and the U.S. Environmental Protection Agency continue to be a significant concern. This federal action challenges California's authority to set its own vehicle emission standards; leads to dirtier, higher-pollution passenger cars; and makes meeting air quality and transportation conformity standards much more difficult. Thus, the District has joined other local and state air agencies to fight against these and other ill-conceived federal actions that hurt public health and the environment.

We cannot forget our regional partners. The District is fortunate to enjoy strong bonds with sister agencies like the other regional air districts, the Sacramento Area Council of Governments, the Sacramento Municipal Utility District, Sacramento Regional Transit, the Sacramento Transportation Authority as well as with not-for-profit partners like Valley Vision, Breathe California Sacramento Region, the Sacramento Plug-in Vehicles Collaborative, the Cleaner Air Partnership, and the Sacramento Clean Cities Coalition to name a few. These partnerships enable the District to carry out its mission more effectively. Also, these are likely the type of connections the region will need to rely on to help our communities emerge from the COVID-19 pandemic.



In closing, I am proud of our staff and the agency as a whole and the way it is confronting the crisis. This approved budget for FY20/21 is a practical step forward and will allow us time to assess the COVID-19 recession impacts on the agency. Judicious steps in the recent past to deal with our fiscal challenges turned out to be the very actions that now provide us time to judiciously assess and respond appropriately. The commitment of our staff to our mission remains unbroken. With continued support from the Board of Directors and our community, I know the District is in for the “*long game*” and its vision of clean air and a low-carbon future for all.

Respectfully,



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

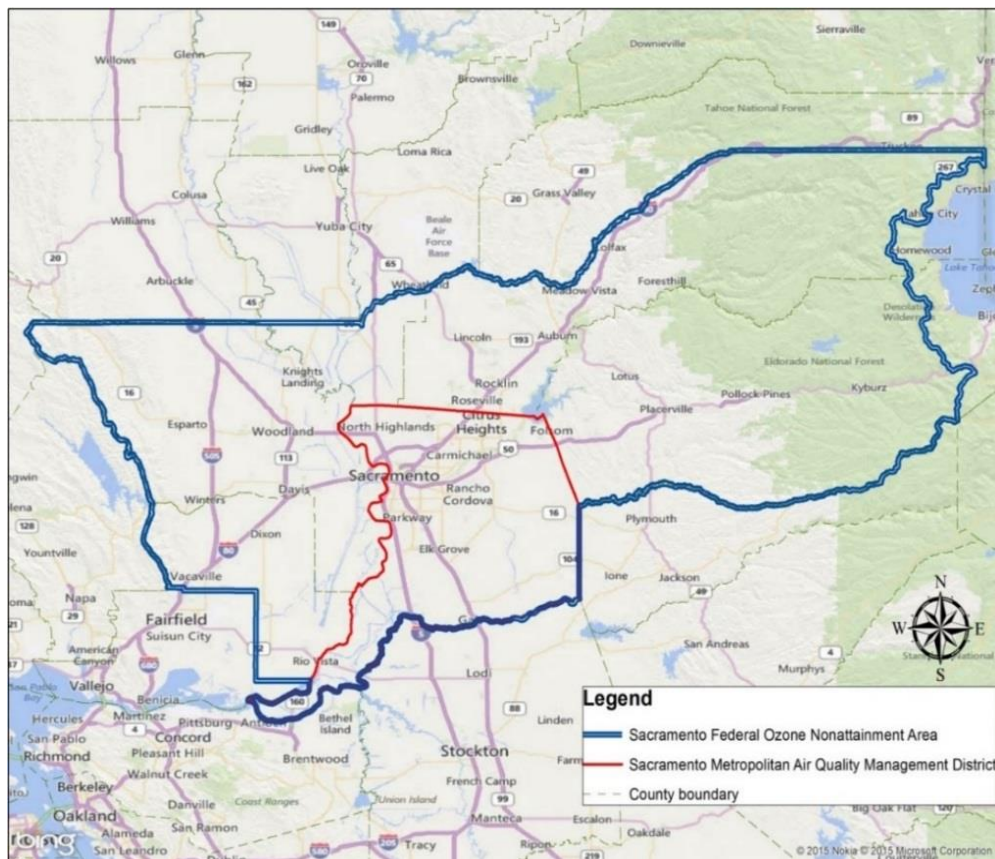
## SECTION 2 - Budget Overview

The District is pleased to present its FY20/21 Approved Budget. The Budget Overview section provides a profile of the District, a summary of the FY20/21 Approved Budget, and a description of the District’s strategic direction, performance measures and key initiatives. This section also includes a discussion of the factors affecting the District’s financial condition. The FY 20/21 Approved Budget total \$56.2 million and includes 102.6 total authorized full-time equivalent (FTE) positions with 94.1 funded and 8.5 unfunded. Expense budgets by fund are as follows: General Fund totals \$22.4 million, Proprietary Fund totals \$1.3 million, and Special Revenue Fund totals \$32.5 million.

### DISTRICT PROFILE

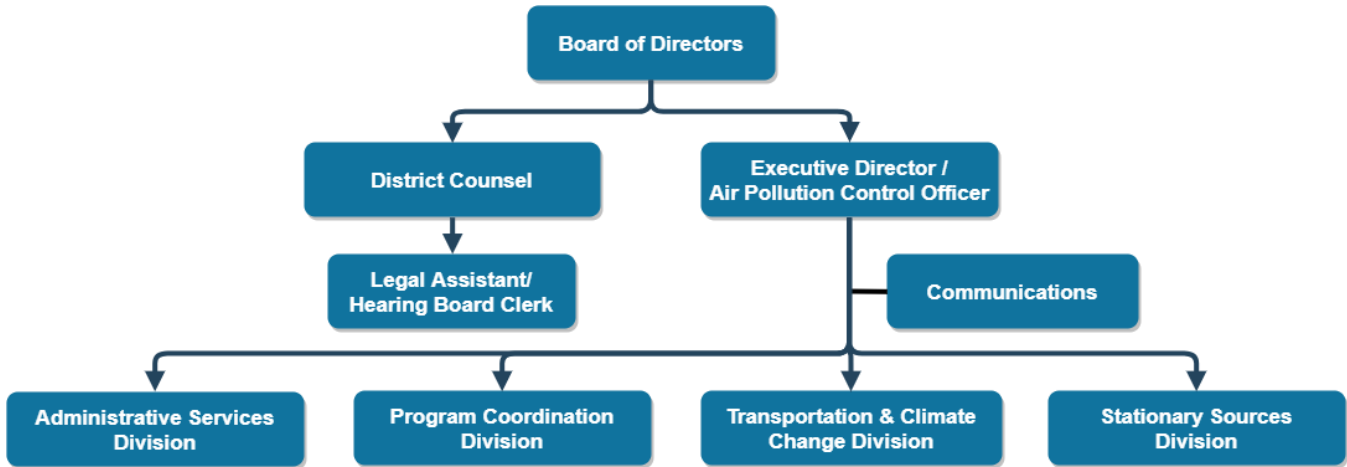
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air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

**Map of the Sacramento Federal Ozone Nonattainment Area**



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

**Organization Chart**



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

While air quality in the SFNA currently does not meet the federal health standards for ozone, or the more stringent California standards for ozone and particulate matter (PM<sub>10</sub> and PM<sub>2.5</sub>), 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 1.6 million, as of July 2019, represents roughly 63% of the SFNA’s population of approximately 2.5 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA and the makeup of the SFNA (by percent) by county.

**Population in Sacramento Federal Ozone Nonattainment Area**

County	SFNA portion of the County	Population		County in SFNA/Total SFNA <sup>2</sup>
		County <sup>1</sup>	SFNA/County	
El Dorado	158,704	191,210	83%	6.5%
Placer	382,895	394,737	97%	15.6%
Sacramento	1,553,253	1,553,253	100%	63.0%
Solano	137,065	442,145	31%	5.6%
Sutter	3,729	103,580	4%	0.2%
Yolo	222,868	222,868	100%	9.1%
<b>Total</b>	<b>2,458,514</b>	<b>2,907,793</b>	-	<b>100.0%</b>

<sup>1</sup> 7/1/2019 estimate from California Department of Finance Demographic Research Unit [http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-6/documents/E-6\\_Report\\_July\\_2010-2019w.xlsx](http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-6/documents/E-6_Report_July_2010-2019w.xlsx) on 02/05/2020.

<sup>2</sup> Percentage values are rounded to 1 decimal point

<sup>3</sup> The SFNA/County ratio is based on 2010 Census results.

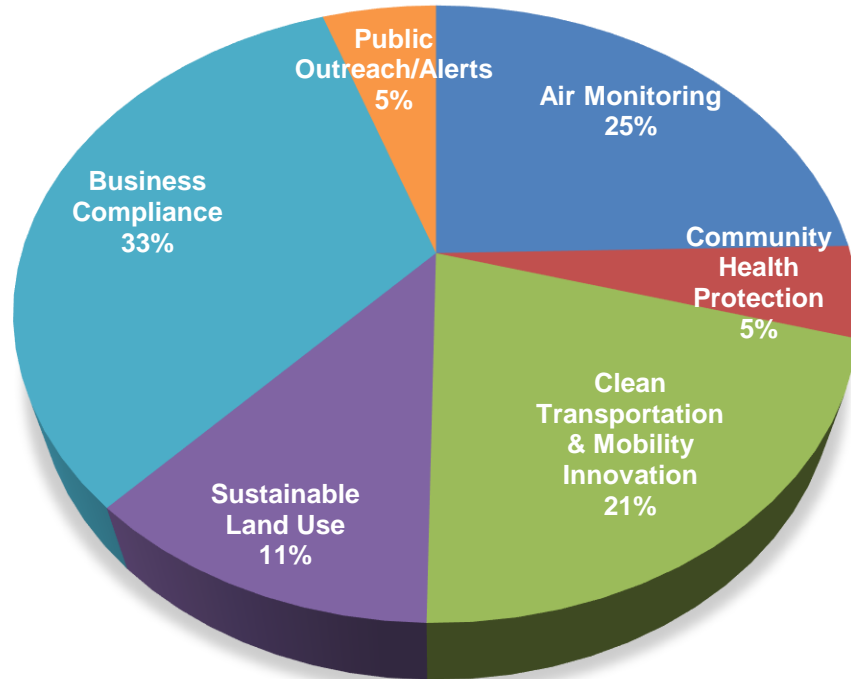
A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains, and sunny days can act to enhance smog formation and effectively trap pollutants in the Sacramento Valley Basin. The Sacramento region has relatively few “smokestack” industries (stationary sources) compared to the Bay Area and Southern California. Therefore, even if all of these stationary sources were to shut down, 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 2019, these mobile sources are projected to contribute approximately 43% of the Volatile Organic Compounds (VOC) (compared to 44% in 2018) and 86% of the Oxides of Nitrogen (NO<sub>x</sub>) emissions (same in 2018). Meanwhile, stationary (industrial) sources contribute about 26% of the VOC emissions (compared to 25% in 2018) and 11% of the NO<sub>x</sub> emissions (compared to 10% in 2018) 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 brings more vehicles into the Sacramento region, mobile sources will continue to be a major factor in the region's air quality problem.

The District has several key functional areas in which it operates to support its mission to achieve state and federal clean air and climate goals. The chart below describes these areas and the percentage of the total operating budget allocated to each of these functions.

**Allocation of FY20/21 Operating Expenses by District Function**



To assist in understand the breadth of activities of the District, a brief summary for each function is listed below.

***Air Monitoring***

- Compliance with air quality planning for approval of federal transportation plans and funding by SACOG
- Real time air quality data for the community – summer ozone forecasts, winter *Check Before You Burn* program
- Measurement and reporting of impacts from wildfire and other events
- Compliance with state and federal requirements

***Community Protection***

- Prompt investigation of air quality complaints
- Protects the public from asbestos with yearly oversight activities of renovation, demolition and abatement projects
- Help reduce exposure to toxic smoke by inspecting illegal burns and enforcing the *Check Before You Burn* program

***Clean Transportation & Future Mobility***

- Drives the local economy with more than \$250M invested in regional clean transportation projects
- Priority projects target heavy and light duty vehicles, school buses, transit buses, mobility hubs & infrastructure
- Programs reduce annual NO<sub>x</sub> & PM emissions
- Transforming transportation toward zero emissions
- Drives innovation in mobility and connected, autonomous, electric, and shared vehicles

**Sustainable Land Use**

- Provides local jurisdictions with air quality and climate change technical assistance
- Reviews and comments on land use projects
- Efforts reduce NOx and PM in development projects
- Monitors operational and construction air quality mitigation

**Business Compliance**

- Issues permits to ensure local businesses comply with air quality rules
- Performs inspections of permitted businesses
- Assures a fair playing field for all businesses by enforcing clean air rules

**Public Outreach/Alerts**

- Provides air quality forecasts and real-time readings to the media and public 365 days per year
- Notifies the public when air is unhealthy due to smoke from wildfires
- Provides 24/7 air quality information via the Sac Region Air Quality App
- Works with Sac County Public Health to distribute health and air pollution info

**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. The FY20/21 Approved Budget totals \$49.2 million in revenue and \$56.2 million in expenditures and includes 102.6 total authorized full-time equivalent (FTE) positions with 94.1 funded and 8.5 unfunded.

The following table is a summary of the FY20/21 Approved District Budget by fund:

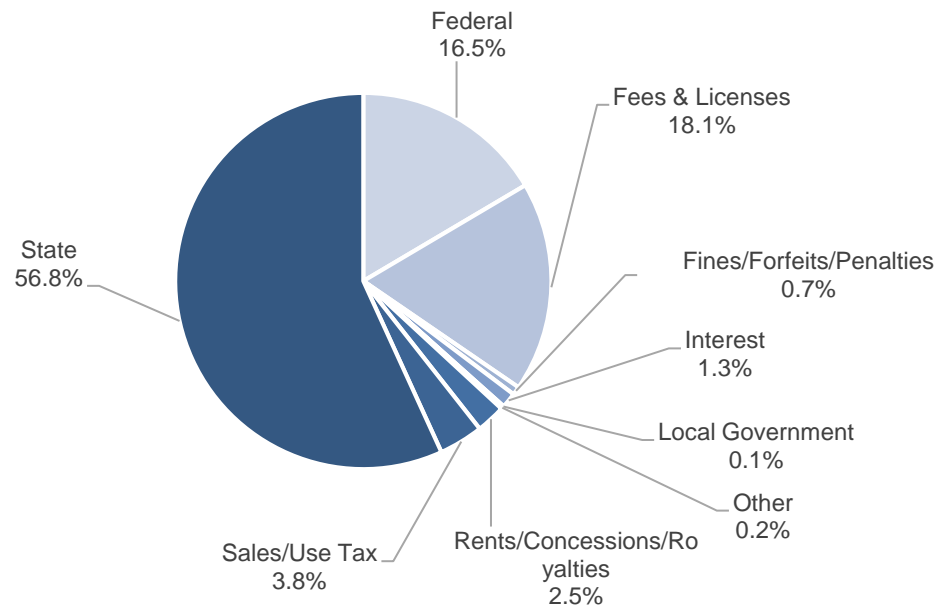
**District Budget by Fund**

Fund	FY19/20 Approved Budget	FY20/21 Approved Budget	Variance
General (100)	\$20,002,534	\$20,700,171	\$697,637
Covell Building Proprietary (400)	1,224,965	1,276,601	51,636
Special Revenue (500)	44,232,788	27,202,925	(17,029,863)
<b>Total Revenues</b>	<b>\$65,460,287</b>	<b>\$49,179,697</b>	<b>\$(16,280,590)</b>
General (100)	\$22,966,789	\$22,437,602	\$(529,187)
Covell Building Proprietary (400)	1,156,812	1,276,601	119,789
Special Revenue (500)	35,350,305	32,487,349	(2,862,956)
<b>Total Expenditures</b>	<b>\$59,473,906</b>	<b>\$56,201,552</b>	<b>\$(3,272,354)</b>
<b>Current Surplus/(Deficit)</b>	<b>\$5,986,381</b>	<b>\$(7,021,855)</b>	<b>\$(13,008,236)</b>

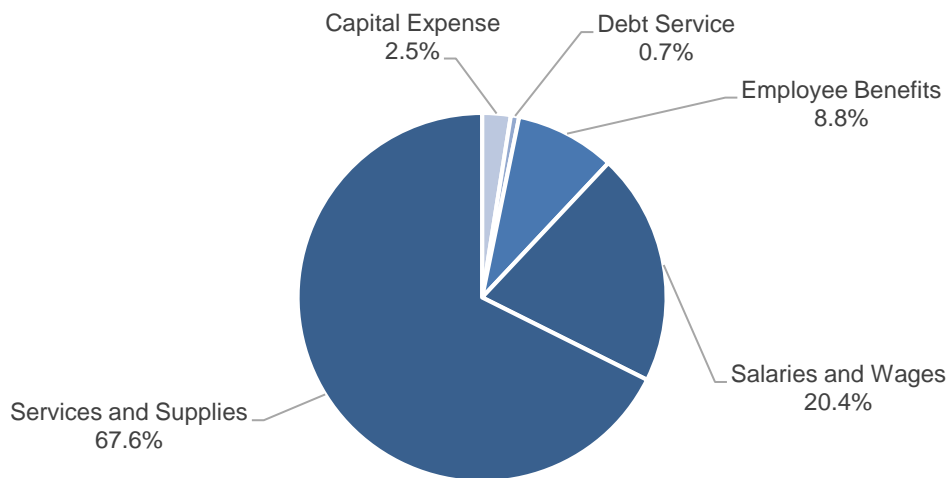
The Approved Budget reflects the District’s mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections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

The following charts detail the revenues and expenditures by classification as a percentage of the total FY20/21 Approved District Budget.

**District Budget – Revenues by Classification (\$49.2 million)**



**District Budget – Expenditures by Classification (\$56.2 million)**



The notable changes in revenues and expenditures in the FY20/21 Approved Budget from the FY19/20 Approved Budget for the General, Covell Building Proprietary and Special Revenue funds are listed below.

**General Fund**

- Increase in Federal revenue of \$156,652 mainly in the EPA 105 grant.
- Increase in Fees, Licenses and Mitigation fees of \$505,338 mainly due to an anticipated 3.3% CPI adjustment. The Board approved the 3.3% CPI for FY20/21 with a one-year postponement. The fee increase will be effective July 1, 2021.



- Decrease in Measure A sales/use Tax revenue of \$102,139 based on a Sacramento Transportation Authority (STA) early estimate for FY20/21.
- Increase \$90,832 in interest revenue due to expected returns for monies reinvested in the Local Agency Investment Fund (LAIF).
- Reduction of \$309,611 in Employee Services expenditures due to a decrease in funded headcount of 5.4 FTE in FY20/21, offset by 3.1% Cost of Living Adjustment (COLA) and increases in retirement and group insurance costs.
- Increase in Professional Services of \$649,959 (mainly related to meeting grant obligations), offset by decreases in Repairs and Maintenance (\$110,500) and Incentive Projects (\$217,000).
- Reduction of capital project expenses of \$921,000, primarily related to less capital planned for the Del Paso Manor air monitoring station, the Community Air Protection Program AB 617 and back up air monitoring equipment.
- Decrease of Interfund Charges (less of a credit to expense) of \$395,263. This represents Special Revenue grant administrative expenses transferred from the General Fund to the Special Revenue Fund.

**Covell Building Proprietary Fund**

- Increase \$42,396 of Rent Revenue, mainly for rent charged to the District.
- Net increase of \$113,500 in Capital Expenses that includes HVAC unit replacement, parking booth construction, and safety enhancements.

**Special Revenue Fund**

- Decrease in Federal revenue, FHW SECAT Phase III of \$6.9 million.
- Decrease in State revenues of \$10.0 million primarily due to a decline of \$6.2M in the Community Air Protection Program AB 134, a \$1.7 million decrease in FARMER incentives and a reduction of \$4.1 million in Goods Movement Emission Reduction (GMERP) Locomotive, offset by an increase of \$2.0 million in the Cap-and-Trade Greenhouse Gas Reduction Fund (GGRF) Clean Cars 4 All program.
- Increase of \$50,000 in interest revenue due to reinvestment with LAIF.

**Staffing**

The FY20/21 Approved Budget reflects a reduction of 5.4 funded FTE while maintaining a status quo staffing plan of total positions as shown in the table below.

**Approved Position Changes**

Budget Status	Appointment	FY19/20 Approved	FY20/21 Approved
Funded	Regular	92.0	88.1
	Limited-term	7.5	6.0
<b>Total Funded</b>		<b>99.5</b>	<b>94.1</b>
Unfunded	Regular	3.0	7.0
	Limited-term	0.0	1.5
<b>Total Unfunded</b>		<b>3.0</b>	<b>8.5</b>
<b>Total</b>		<b>102.5</b>	<b>102.6</b>

**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 expenditure, investment, and support while ensuring transparency and accountability.

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

**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:

**FY20/21 Performance Measures**

Performance Measures	FY18/19 Actual	FY19/20 Projected	FY20/21 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	3	1	4
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter (Monitoring Sites)	2yes/5no <sup>12345</sup>	4yes/3no <sup>6</sup>	6yes/1no <sup>7</sup>
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	>94%	>93%	95%
Percentage of Permits to Operate Issued within Two years of Obtaining an Authority to Construct (excluding extended and re-instated ATCs)	>99%	100%	100%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process	96%	>95%	>98%
Percentage of Annual Inspections Completed (Federal Fiscal Year)	80%	80%	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	3	3
Notify Media and Public the Day Before Every Declared Spare The Air Day	100%	100%	100%

Performance Measures (continued)	FY18/19 Actual	FY19/20 Projected	FY20/21 Target
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%	100%
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
Receive Unmodified Audit Opinion for the Comprehensive Annual Financial Report	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	5	0	0

<sup>1</sup>A storm caused structural damage to the Bruceville Air Monitoring Station's meteorological tower which greatly impacted data completeness.

<sup>2</sup>Vandalism at Bercut caused the NO<sub>2</sub> analyzer to malfunction.

<sup>3</sup>NO<sub>y</sub> analyzer at Del Paso Mano malfunctioned.

<sup>4</sup>The tower for the NO<sub>y</sub> analyzer at Folsom was damaged in a storm.

<sup>5</sup>The NO<sub>2</sub> analyzer at North Highlands was taken to Bercut as it is a higher priority site, after storm damage in 2018.

<sup>6</sup>The Folsom Natoma Air Monitoring Station will be replaced, and data completeness will likely be impacted.

<sup>7</sup>The Del Paso Manor Air Monitoring Station will be replaced, and data completeness will likely be impacted.

## KEY INITIATIVES

Strategic initiatives are programs and activities undertaken in direct support of the agency's mission and 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 FY20/21 District Initiatives are described below. They are similar to the previous year, with a few important new work streams. In addition, several key operational initiatives by program area are highlighted in Section 7 – Organizational Overview.

### Advancing on the Region's Climate Actions

As the global concentrations of carbon dioxide and other greenhouse gases (GHG) 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. To mitigate GHG emissions from one of the largest sources, the transportation sector, the District will continue to promote and explore ways to expand its efforts to invest in cleaner, zero and near zero emission 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 zero emission transportation technologies and the transition to a sustainable transportation energy future enabled by renewable electricity and hydrogen as new sustainable transportation fuels and batteries and fuel cells for motive power.

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 continues conducting studies to understand heat islands in the region and develop action plans. The District is also committed to supporting new efforts by various entities geared towards a comprehensive and coordinated regional climate strategy. Examples of emerging opportunities where the District intends to engage and contribute its unique perspectives on air quality, climate change, public health, zero and near zero emission technologies development, mobility, and equity include: the Sacramento Municipal Utility District's (SMUD) recently adopted commitment to carbon neutrality by 2040 and its future California Mobility Center, the Sacramento and West Sacramento Mayors' Climate Commission, SACOG's Green Means Go pilot plan, and local jurisdiction's General Plans and Climate Action Plans.

### 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. Significant 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. Since procuring the services of a legislative advocate, Arc Strategies, the District has expanded engagement directly with members of the legislature, flagging legislation, and identifying opportunities to weigh in on various measures.

### Partnerships

The District does not go about its business alone; it benefits from existing public-private partnerships with deep roots in the business community, health and environmental advocates, and the community it serves. These partnerships help convey the importance of District programs for the region, and the District plans to expand 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 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 California's 35 local air districts before the legislature, the administration, and various agencies at the state and federal level. The District is also prioritizing the strengthening of 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.

Given the importance of partnerships, the District funds a variety of events and programs from the numerous requests it receives from various organizations. The FY20/21 Approved Budget includes \$189,500 for this purpose. 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. Funded collaborations are included in the Quarterly Contracting Report that is presented to the Board each quarter. Detailed descriptions of historical and anticipated collaborations for FY20/21 can be found in Appendix C – Description of Collaborations.

### Ambient Air Quality Attainment Goals

To fulfill the District's strategic goal for protecting public health, the District will continue to prioritize work toward attainment and maintenance of the National Ambient Air Quality Standards (NAAQS). Once the region attains a NAAQS and EPA has approved a re-designation request, the region is required to show maintenance of that standard for 20 years.

In the Sacramento Region, ambient ozone pollution has improved since the early 2000s, causing a decrease in the number of 8-hour ozone exceedances and a gradual decline in the ozone design values. The continuation of the decline in ambient ozone concentrations in the capital region remains one of the most important priorities for the District. The United States Environmental Protection Agency (EPA) has recognized that the Sacramento region has met the federal 1979 1-hour ozone standard in October 2012.

The Sacramento region continues to work in attaining all federal health standards. For the 1997 NAAQS of 84 ppb, the Sacramento Region was designated as nonattainment and had an attainment deadline of June, 2019 to attain the standard. However, due to wildfires in 2018, the region was unable to attain the standard but is continuing to work collaboratively with its four partner districts in the Sacramento Federal Nonattainment Area (SFNA), California Air Resources Board (CARB) and EPA on demonstrating regional attainment.

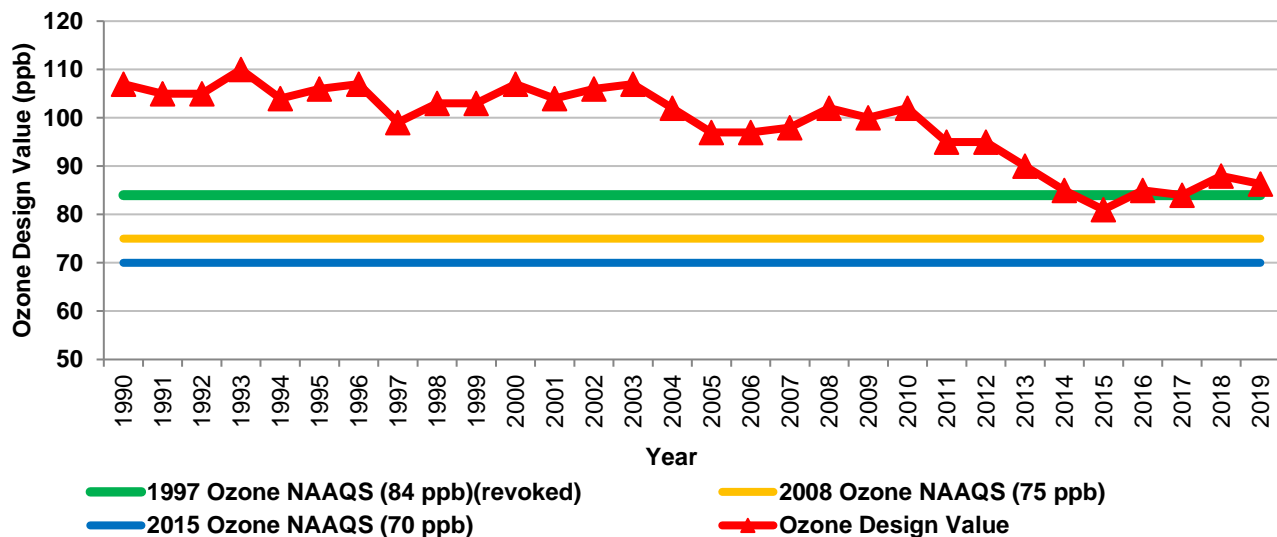
In 2017, the Sacramento Region adopted the Sacramento Regional 2008 8-hour Ozone Attainment and Reasonable Further Progress Plan to address the 2008 NAAQS of 75 ppb. This Plan was approved by the CARB and submitted to EPA on December 18, 2017. The Plan is a significant achievement for the region. It 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.

Approval of this plan has been delayed by the EPA because of additional regulatory requirements that are currently being addressed by the District and its four district partners in the SFNA as part of recent court decisions.

Although much progress has been made in the region, challenging work remains for the District in order to make progress towards attainment of the most current and health-protective 2015 ozone standard of 70 ppb. The District will begin development of the 2015 NAAQS 8-hour Ozone Attainment Plan in the upcoming year. The solution is continued reductions of ozone precursor emissions, namely NO<sub>x</sub> and VOCs, from familiar sources. The transportation sector is the single largest source of NO<sub>x</sub> emissions in the SFNA. Investments towards cleaner vehicles and engines will yield multiple co-benefits by producing reductions of other pollutants like GHGs. VOCs almost evenly come from a handful of sources including consumer products in addition to vehicles and equipment.

As previously stated, the ozone design values have seen a gradual decline since the early 2000s. The Peak 8-hour Ozone Design Value chart shows the highest annual ozone design value for the peak monitoring site in the SFNA's regional air monitoring network from 1990 to 2019. The overall 30-year trend line indicates stubbornly stable concentrations for the first half of the period and an encouraging decline over the latter part, from 110 ppb (40 ppb above the most stringent standard) down to 84 ppb (14 ppb above the most stringent standard). For 2018, the Sacramento region was impacted by numerous wildfires where they caused unusually high ozone concentrations at the monitoring sites. Six days affected by wildfires in 2018 would have regulatory impacts and were not included in calculating the preliminary 2018 and 2019 ozone design values. The impacts of wildfires to the region pose another challenge in attaining the ozone standards, especially when wildfires have become more frequent in the past years.

**8-hour O3 Design Value: SFNA (1990-2019)**



Sources: 1990-2018 Design Values were extracted from AQS Report (AMP 480) downloaded on January 27, 2020. The design values are based on 2015 National Ambient Air Quality Standard.

Preliminary 2019 Design Values were calculated based on the CARB AQMIS (<https://www.arb.ca.gov/aqmis2/aqdselect.php>) downloaded on Jan 8, 2020.

\*A Design Value is a 3-year average of 4<sup>th</sup> highest ambient ozone concentration at a monitor.

The SFNA was impacted by wildfires in summer 2018 which causes unusual high ozone concentration. The peak design value calculation in this chart excluded the high ozone reading due to wildfires between July 26, 2018 and August 25, 2018.

For fine particulate matter (PM<sub>2.5</sub>), EPA found that the Sacramento PM<sub>2.5</sub> Nonattainment Area attained the 2006 24-hour PM<sub>2.5</sub> NAAQS of 35 µg/m<sup>3</sup> by the attainment date of December 31, 2015 (82 FR 21711). Ambient daily PM<sub>2.5</sub> concentrations from 2011 to 2017 have fluctuated very close to the health standard. Because of the wildfires in 2018, the District will only remain in attainment for the standard provided that the unusually high PM<sub>2.5</sub> days were found to occur as a result of an exceptional event. Ambient daily PM<sub>2.5</sub> concentrations are not yet available for 2019, but preliminary values suggest that there were no exceptionally high values because of wildfire or other exceptional events.

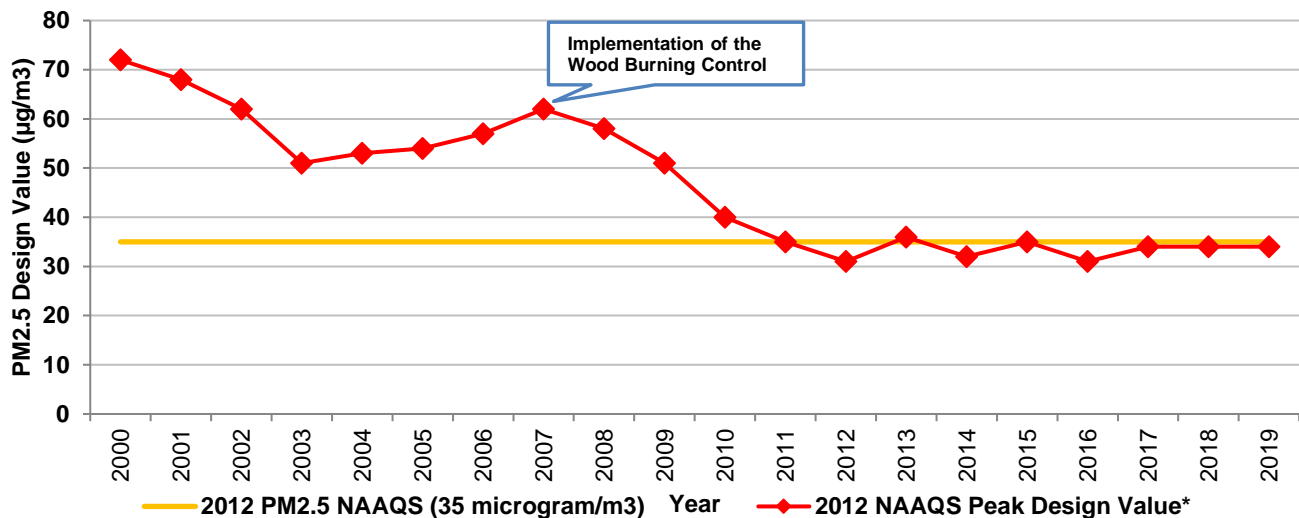
While it has been a significant challenge and a strain on District resources, controlling pollution from wood smoke on key days in the late fall and winter is essential to maintaining the federal daily PM<sub>2.5</sub> standard. Consequently, the District's Wood Smoke Program, including "Check Before 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 24-hour PM<sub>2.5</sub> Design Value trend chart shows the District will remain in attainment for the PM<sub>2.5</sub> 24-hour standard of 35 ug/m<sup>3</sup>, provided an exceptional event demonstration be completed to show that PM<sub>2.5</sub> values were impacted by wildfire and be excluded from attainment determination because of their regulatory impact. 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 particle pollution concentrations to begin to trend down. Key sources of particle pollution include the transportation sector and wood burning.

**24-hour PM<sub>2.5</sub> Design Value: SFNA (PM<sub>2.5</sub>) (2000-2018)**



Sources:  
2000-2018 Design Values were extracted from AQS Report (AMP 480) downloaded on January 27, 2020.

Notes:  
\*The SFNA-PM<sub>2.5</sub> was impacted by Camp Wildfire in November 2018, which causes unusual high ambient PM<sub>2.5</sub> concentration. The peak design value calculation in this chart excluded the days with high ambient concentrations between November 9, 2018 and November 16, 2018.

Assembly Bill 661 (Wildfire Smoke Air Pollution Emergency Plan)

A new paradigm emerged from the unprecedented impact in the region from wildfire smoke, especially the 2018 Camp Fire that resulted in record levels of particle pollution in the Sacramento region. The air pollution effects seen in the Sacramento Valley from the deadly Camp Fire gave rise to an urgent need for tighter coordination in the region by all entities involved in response. Assembly Bill 661 (K. McCarty, Wildfire Smoke Air Pollution Emergency Plan), which was signed by the Governor on October 2, 2019, calls on the District to work in coordination with the Sacramento County Health Officer and other public and private entities to develop a plan for improved coordination and access to information related to responding to a future wildfire air pollution event. The bill authorizes the District to conduct public education, marketing, demonstration, monitoring, research, and evaluation programs or projects with respect to wildfire smoke impact control measures. The District has already prioritized this work and began meeting with regional partners at the start of 2020. The work will continue in earnest with a goal of getting the final plan approved by our Board by the Spring of 2021.

Community Air Protection Program (AB 617)

One important work stream is the statewide Community Air Protection Program AB 617. This Program recognizes a paradigm shift in air quality management in California. It calls for new state and local programs to address the health burdens from exposure to highly localized air pollution more effectively in the low-income and disadvantaged communities that have been most disproportionately impacted. The program launched several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. In September 2018 the state identified the South Sacramento-Florin community as the District’s inaugural AB 617 community. Perhaps most importantly, AB 617 designates state funds for financial incentives (i.e., subsidies for cleaner



technology) that can be targeted to reduce, specifically, the emissions affecting AB 617 communities. Last year, the state allocated nearly \$250 million for incentives and, in the current fiscal year, Governor Newsom has proposed a similar amount in his first state budget for additional incentives. For the District, the sum of all existing programs translates into a portfolio of programs approximating \$30 million that we anticipate deploying into the Sacramento region for FY20/21. These incentives are intended primarily for achieving sorely needed emission reductions towards NAAQS attainment, but they can also help the region advance on its broader economic and social goals.

As mentioned, AB 617 also requires enhanced emission reporting by our permitted sources. The ARB adopted a new regulation in 2019 requiring a small subset of businesses to report additional information about criteria and toxic emissions. This year, the ARB is pursuing an amendment to that regulation. The expected changes would require that same level of emission reporting from almost all permitted sources in the County and impact small businesses in particular. The District is tracking this rulemaking process closely and working with the State on the regulatory language. The District is also engaging with business partners and other agencies that can help bring awareness to impacted businesses. There is also a concerted effort to streamline internal processes and improve technology to help the District tackle the increased workload this regulation will require.

The District has in place a successful, long-standing 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, eliminating several hundred tons of particle pollution every year. Those efforts need to continue. The District will proactively pursue additional opportunities to bring more state and local investments into the region, allowing the District to expand its efforts to clean up trucks, tractors, buses, locomotives, and other sources that contribute significantly to PM and other pollution.

#### Capital Project – Air Monitoring Network

The ambient air monitoring network is critical District infrastructure and improvements are planned for various stations as well as the replacement of three aging air monitoring trailers over the next several years. Stations are used to collect monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites will be an important foundation for the future monitoring approach under Community Air Protection Program AB 617. The replacement stations will meet the newest monitoring requirements and replaces the District's oldest stations that have experienced significant water intrusion and roof damage affecting the monitoring equipment and the ability to collect data. Recently, a new mobile air monitoring station was added to the existing air monitoring network as part of the District's AB 617 efforts.

#### **FACTORS AFFECTING FY20/21 FINANCIAL CONDITION**

The FY20/21 Approved Budget was developed prior to the full emergence of the COVID-19 pandemic. COVID-19 created significant uncertainty in the health of the economy. As a result, the District expects there will be impacts to the financial status of the District in FY20/21 and beyond. The full extent of the impact is unknown at this time and will be closely evaluated throughout the coming year. To this end, the District will provide the Board regular updates on financial results and accelerate the midyear review to October 2020. If a budget amendment is warranted, the District will present the Board with a budget amendment in January 2021.

While the FY20/21 Approved Budget provides adequate resources to fund core operations, the District is facing other financial challenges beyond those that may arise from the pandemic. The District's five-year forecast continues to identify some significant funding gaps between revenues and expenditures, which will require prompt attention by the District Board of Directors. Additional resources are needed in the near-term to maintain core programs and fulfill new state mandates. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases and the lack of full cost-recovery for many of the District's programs.

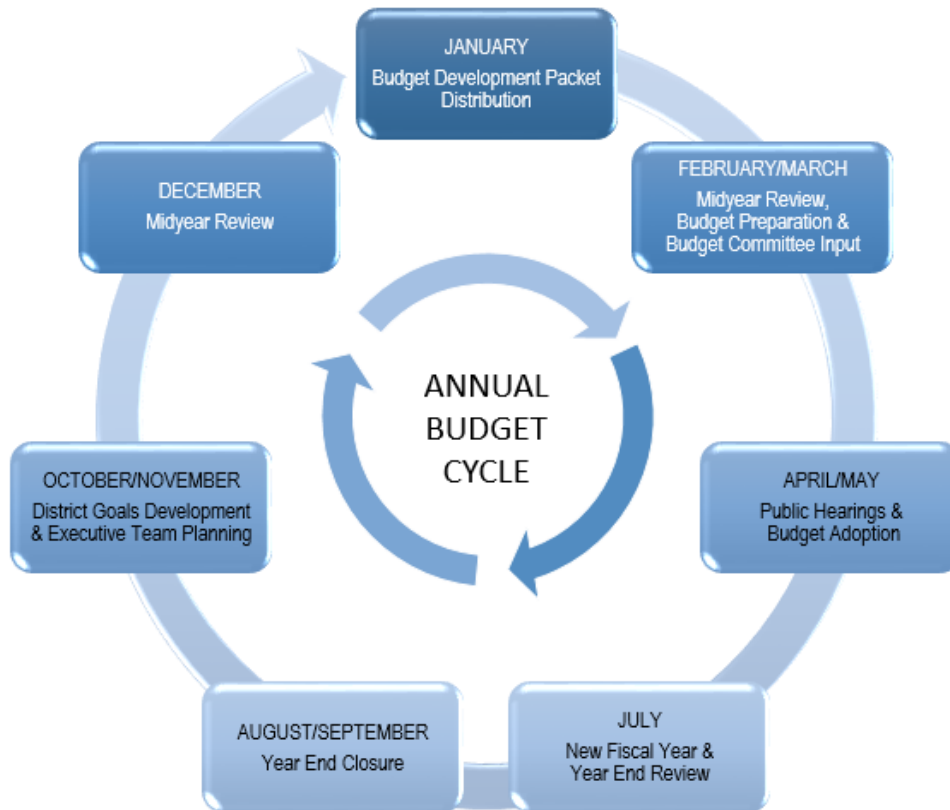
To address the issue, the District implemented a temporary hiring freeze to evaluate and prioritize District programs, "right-sized" funding for professional services and collaborations, and developed a strategy to secure new funding. Staff presented its funding strategy and staffing plan to the Board. The Board approved converting several regular status positions to limited-term positions so that the District could move forward to fill critical positions on a limited-term basis until ongoing funding can be secured. Staff will work with the Board into FY20/21 and beyond on the funding strategies detailed in the General Fund Forecast section of this budget.

There are also some exciting opportunities for the District, most notably the new statewide Community Air Protection Program (CAPP) AB 617, discussed in the Executive Director letter and Key Initiatives section, for which the District anticipates continuing to receive funding for program operations as well as incentive projects. While the future appropriations are not yet known, the District has forecasted several million dollars annually for this new program.

## SECTION 3 - Budget Process

This section discusses the District’s budget process and practices. 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. 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. In addition to the budget process, the District establishes and follows Board adopted Financial Management Policies, now consolidated and included in this budget document as Appendix A. There are also common terms used throughout the budget document that can be found in Appendix D – Glossary.

### ANNUAL BUDGET CYCLE



The District operates on a fiscal year that runs from July 1 through June 30 of the following year. The budget is prepared by fund, division and program. The District may make transfers of appropriations within a classification (e.g. employee services, services and supplies, capital expense and transfers) or across classifications within the same fund. Transfers of appropriations between funds require the approval of the Board. The legal level of budgetary control is the fund level.

Budget development begins with a mid-year review of the current budget in November/December. In December, each of the District divisions, with guidance from the Executive Director/APCO, Administrative Services Manager, and District Controller, begin to 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 capital projects, staffing additions, or other items that may differ from typical operating expenditures in nature or cost.

The Administrative Services Division reviews and refines the information and integrates it into the draft budget. The Executive Team, along with several Program Managers, 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 in advance and is presented at each of two public hearings, consistent with California Health and Safety Code Section 40131, typically taking place during the Board meetings in April and May. The Proposed Budget is presented 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 a similar 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 30<sup>th</sup>. 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.

#### **FY2020/21 Budget Development Schedule**

Approval of the Comprehensive Annual Financial Report (CAFR) and Audit	October
Mid-year review	December
Budget submissions from Division Managers	January
Budget Notices posted on District website and sent to regulated sources	March
Meetings with Board of Directors Budget Committee	February/March
First public hearing / presentation of Proposed Budget to Board of Directors	April
Second public hearing / vote of the Board to approve the Budget	May
Approved Budget document printed and posted on District website	June
New fiscal year in accordance with Approved Budget	July 1

#### **BUDGET PRACTICES & STRATEGIES**

In addition to budget related Financial Management Policies, the District follows the budget practices noted below:

- Management presents a “balanced” budget to the Board annually, where funding sources (including use of reserves) match expenditures, and include revenues and expenditures for the prior year (actual), current year (budget), and upcoming year (approved budget)
- One-time 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 for Board approval, usually as part of the budget process
- Board approval is obtained for all capital expenses, normally through the budget process
- Budgets are adopted on a basis that includes encumbrances and expenditures and annual appropriations lapse at the fiscal year end if they have not been expended or encumbered
- Board approval is required to amend the budget once it is adopted if there is a need to add funds to the budget or to move resources between funds

Moreover, the District strives to apply the following strategies:

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

**BASIS OF BUDGETING**

The District's basis of budgeting is modified accrual, which is recognized as the generally accepted method of accounting for State and Local 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.

## SECTION 4 – Financial Planning

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.

### 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
- Trend Analysis
- Anticipated operational changes
- Grant documentation and review
- Estimates from other governments

The District forecast shows a structural deficit over the next five years. 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 cost increases be held to a level at or below annual revenue growth and/or additional revenues are secured.

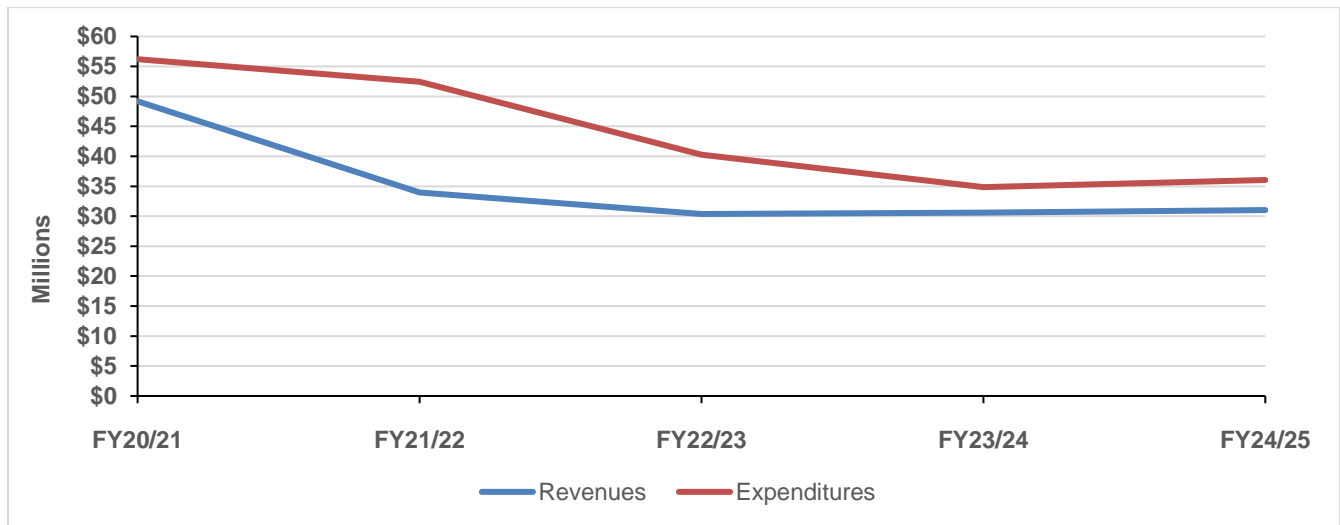
The District's near-term financial plan is to conduct in-depth program costing analysis, continue to identify and implement operational efficiencies, and evaluate and seek out potential revenue sources as detailed in the General Fund Forecast section below, including fee increases. In July 2013, the 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 FY20/21 Approved Fee Schedule reflects a CPI increase of 3.3% to fees that allow for this adjustment. Per Board direction, the FY 20-21 fee adjustment is to be postponed one year with an effective date of July 1, 2021. Revenues have not been adjusted in the Approved Budget to reflect this change; rather a mid-year amendment is anticipated to reflect this and other COVID-19 impacts. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District's five-year forecast and fund balance projections, followed by the forecast assumptions.

### BUDGET FORECAST

#### District Budget – Five-Year Forecast

Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	FY21/22 Forecast	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast
<b>Beginning Fund Balance</b>	<b>\$ 41,773,037</b>	<b>\$ 41,773,037</b>	<b>\$ 61,124,044</b>	<b>\$ 54,102,189</b>	<b>\$ 35,587,257</b>	<b>\$ 25,682,391</b>	<b>\$ 21,407,747</b>
<b>Revenues</b>							
Revenues	\$ 65,460,287	\$ 58,205,414	\$ 49,179,697	\$ 33,940,929	\$ 30,372,381	\$ 30,577,308	\$ 31,004,321
<b>Revenues Total</b>	<b>\$ 65,460,287</b>	<b>\$ 58,205,414</b>	<b>\$ 49,179,697</b>	<b>\$ 33,940,929</b>	<b>\$ 30,372,381</b>	<b>\$ 30,577,308</b>	<b>\$ 31,004,321</b>
<b>Expenses</b>							
Operating Expense	\$ 56,851,362	\$ 37,457,193	\$ 54,385,702	\$ 50,932,895	\$ 38,953,844	\$ 33,625,002	\$ 34,699,962
Capital Expense	2,213,000	987,670	1,405,500	1,117,035	912,812	818,850	962,999
Debt Service	409,544	409,544	410,350	405,931	410,591	408,100	408,600
<b>Expenses Total</b>	<b>\$ 59,473,906</b>	<b>\$ 38,854,407</b>	<b>\$ 56,201,552</b>	<b>\$ 52,455,861</b>	<b>\$ 40,277,247</b>	<b>\$ 34,851,952</b>	<b>\$ 36,071,561</b>
Surplus / (Deficit)	\$ 5,986,381	\$ 19,351,007	\$ (7,021,855)	\$ (18,514,932)	\$ (9,904,866)	\$ (4,274,644)	\$ (5,067,240)
<b>Ending Fund Balance</b>	<b>\$ 47,759,418</b>	<b>\$ 61,124,044</b>	<b>\$ 54,102,189</b>	<b>\$ 35,587,257</b>	<b>\$ 25,682,391</b>	<b>\$ 21,407,747</b>	<b>\$ 16,340,507</b>

**District Budget – Revenues and Expenditures Five-Year Forecast**



**General Fund Forecast**

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

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

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

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

**General Fund (100) Five-Year Forecast**

Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	FY21/22 Forecast	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast
<b>Beginning Fund Balance</b>	\$ 12,333,184	\$ 12,333,184	\$ 14,486,844	\$ 12,749,413	\$ 9,772,316	\$ 5,794,260	\$ 706,228
<b>Revenues</b>							
Revenues	\$ 20,002,534	\$ 21,184,514	\$ 20,700,171	\$ 20,628,797	\$ 20,942,807	\$ 21,280,471	\$ 21,683,234
<b>Revenues Total</b>	\$ 20,002,534	\$ 21,184,514	\$ 20,700,171	\$ 20,628,797	\$ 20,942,807	\$ 21,280,471	\$ 21,683,234
<b>Expenses</b>							
Operating Expense	\$ 23,177,660	\$ 19,800,403	\$ 23,174,210	\$ 23,890,447	\$ 25,395,855	\$ 26,413,570	\$ 27,473,935
Capital Expense	1,905,500	782,000	984,500	774,045	590,422	669,500	617,949
Interfund Charges	(2,116,371)	(1,551,549)	(1,721,108)	(1,058,598)	(1,065,414)	(714,568)	(519,029)
<b>Expenses Total</b>	\$ 22,966,789	\$ 19,030,854	\$ 22,437,602	\$ 23,605,894	\$ 24,920,863	\$ 26,368,503	\$ 27,572,854
Surplus / (Deficit)	\$ (2,964,255)	\$ 2,153,660	\$ (1,737,431)	\$ (2,977,097)	\$ (3,978,056)	\$ (5,088,031)	\$ (5,889,620)
<b>Ending Fund Balance</b>	\$ 9,368,929	\$ 14,486,844	\$ 12,749,413	\$ 9,772,316	\$ 5,794,260	\$ 706,228	\$ (5,183,392)



The preceding General Fund forecast assumes the following:

Revenues:

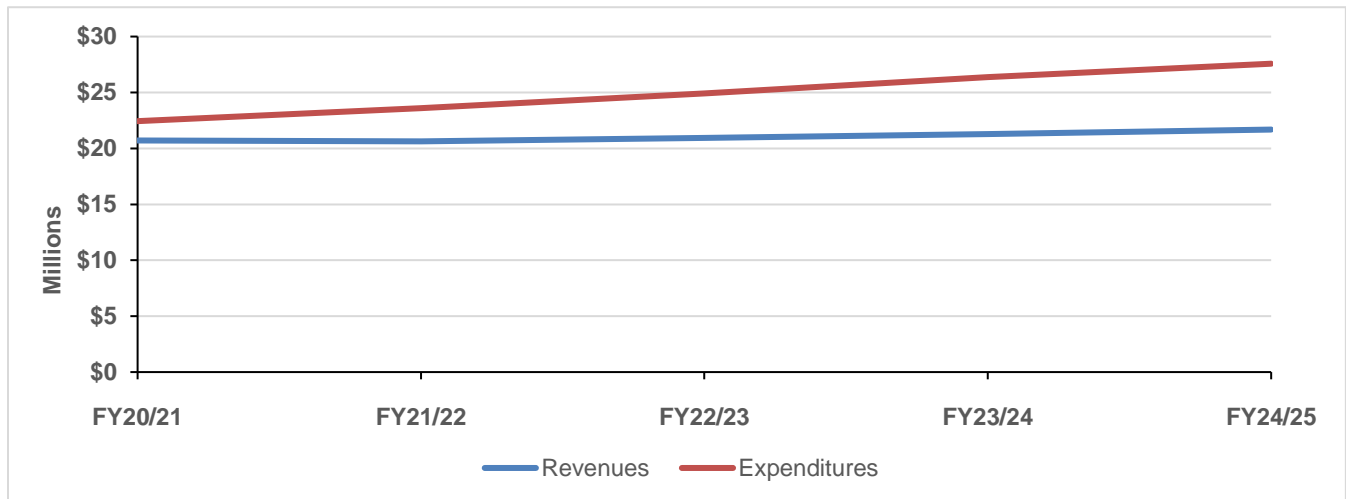
- Federal revenue is stable for FY 21/22 and FY 22/23 and then increases by CPI of 3% for remaining outlook.
- State revenue held constant throughout the forecast five-year period
- Sales/Use Tax (Measure A) amounts are in accordance with most recent STA forecast.
- Interest revenue declines in accordance with the decrease in fund balance
- All other revenue increased by annual 3% CPI
- No new revenue is included in the base five-year forecast

Expenditures:

- Over the next four years, an increase of 6.0 FTE is projected to backfill positions held vacant for past few years
- Employee Services increases an average of 3% per year for wages, benefits and retirement contributions<sup>1</sup>
- General Services & Supplies are increased by a projected CPI of 3% per year, after adjustment in FY21/22 for one-time items included in the FY20/21 Approved Budget. Professional services increased by \$100,000 per year starting in FY21/22 to enhance partnerships and collaboration activities reduced in prior years
- Non-Departmental Services & Supplies includes \$500,000 annually beginning in FY21/23 to reduce the unfunded pension and health retirement liabilities
- Capital expenditures include replacement of elements of an aging fleet and air monitoring network.
- Interfund charges are eligible grant administrative funds received as part of the grants in the Special Revenue Fund and are transferred to the General Fund to offset the program implementation costs and vary significantly based on the annual grant portfolios

<sup>1</sup> CalPERS (District retirement program) contributions: In addition to the discount rate changes, CalPERS also implemented a significant change in how employers remit required contributions. The District is required to remit the Normal Cost (NC) through payroll, while sending the Unfunded Accrued Liability (UAL) as a lump sum payment in July. The NC Rate represents the annual cost associated with service accrual for the upcoming fiscal year, for active employees. This is paid biweekly through payroll based on filled positions. The UAL represents the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date.

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



Potential Revenue Strategies

Over the past year, staff worked diligently to identify the top priorities, long-term costs associated with those priorities, and potential strategies to generate additional revenue to fund the priorities. The following programs/projects are among the highest priorities for the District:

- Advance Sacramento region's climate action through District program, regional collaboration and advocacy
- Continue working towards meeting attainment goals, tracking state and federal programs and legislation to provide input on matters affecting the District, and fostering key partnerships that assist the District in achieving its mission
- Ensure effective implementation of new Community Air Protection Program Incentives related to Assembly Bill AB 617/AB 134
- Expand Cap-and-Trade Investments for clean, low-carbon technology with deployment of programs such as Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program on/off road program, Clean Cars 4 All (CC4A) scrap and replace program, and Green Region projects
- Restore leadership support for Cap-and-Trade/GGRF mobile projects and legacy incentive programs; stabilize planning, land use, construction mitigation, GHG, and CEQA review, as well as Sacramento Center for Future Mobility efforts
- Restore resources to enforce rules and regulations to previous capacity for maximum effectiveness, provide compliance assistance, and ensure high level of responsiveness to public complaints
- Maintain an efficient permitting program that ensures permits are well-written and issued in a timely manner
- Implement a more robust database system for core program areas to enhance effectiveness and quality of work
- Maintain legacy incentive programs such as Moyer and SECAT
- Attract, retain and energize talent to ensure continuity and maintenance of the high-level of service that residents and businesses expect
- Implement and achieve "steady-state" of the new financial system, and continue to deploy additional technology solutions to enable the District to work more efficiently, enhance transparency and provide greater self-service to all its stakeholders
- Address aging infrastructure by replacing air monitoring stations, purchasing new air monitoring equipment and allocating funding to the Covell Building Proprietary Fund for replacement of windows, HVAC units and other major asset replacements
- Ensure proper documentation and compliance with District policies and procedures

Preliminary assessments of new funding strategies to address the projected deficit, as well as possible implementation timelines, were performed and shared with the Board of Directors during previous Board meetings and budget deliberations. In some cases, the revenue generated from the various strategies is restricted to funding only specific programs. The overall objective is to generate revenue from various sources to ensure sufficient funding for programs in each of three main categories: stationary, mobile and other. The revenue strategies, the general restrictions for the use of the funds, and a summary of various programs that need funding from these sources of revenue, is shown in the table below followed by a description of each strategy.

Type	Use Category	Programs in Need of Funding
New Measure A (2020)	Mobile	Air Monitoring and Future Mobility Low-Carbon Projects
Full Cost Recovery Fees	Stationary and Other	Permitting, Enforcement, Planning, Rule Development and Air Monitoring
Incentive Administrative Allocation	Mobile	Incentive Project Development and Deployment
New DMV Surcharge	Mobile	Clean Air Transportation Incentives, Air Quality Public Outreach & Communication
Per Capita Fee	All	Check Before You Burn, Land Use and Transportation Planning, Public Complaint Response, CAPP Monitoring

*Measure A 2020 (Mobile)* – The Sacramento Transportation Authority has convened the Professional Advisory Group (PAG) to advise on a potential 2020 supplemental transportation sales tax measure, Measure A. District staff currently participate on the PAG and one objective is to assist in the development of the expenditure plan and ensure a fair share of the Measure A 2020 expenditures for Air District projects. The Measure is moving forward through the process to be eligible to be placed on the November 2020 ballot. The District is currently scheduled to receive 2.2% of the net sales tax proceeds if the Measure passes.

*Full Cost Recovery - Rule 301, 304, etc. (Stationary and Other)* – The District collects various fees for Stationary Source related programs. Not all fees fully recover the associated program costs. The goal is to identify these fees and propose adjustments sufficient to fully cover program expenses.

*Incentive Administrative Allocation (Mobile)* – The District receives funding for numerous incentive grant programs established under the Health and Safety Code. The funding provisions limit the amount of funds that can be allocated to indirect costs, and the current allocation does not cover the cost of implementing these programs. Currently, the provisions state that “not more than 6.25 percent of the moneys allocated ... to a district with a population of one million or more may be used by the district for indirect costs” but allow smaller districts to allocate 12.5% of the funds to indirect costs. Sacramento County has almost 1.5 million residents and is limited to the 6.25% allocation. This funding strategy would seek to increase that allocation to 12.5%.

*New Department of Motor Vehicle (DMV) Surcharge (Mobile)* – The District currently receives DMV funds authorized under CHSC §41801. This funding strategy would increase the DMV surcharge, which is capped at \$6, as well as the associated administrative allocation, which is 6.25%. Four dollars of the fee is used to implement reductions in emissions from vehicular sources, including a clean fuels program and motor vehicle use reduction measures. The remaining two-dollar portion is used to implement specific incentive programs that achieve emission reductions from vehicular sources and off-road engines. The \$4 fee was implemented in 30 years ago in 1990 and the fee has never had a CPI adjustment, and program costs are rapidly outpacing this revenue source. In addition, the 6.25% administrative cost allowance does not cover the costs of implementing district programs funded by the DMV fees.

*Per Capita Fee (All)* – Under California Health and Safety Code (CHSC) §40701.5(b), the Board is authorized to assess an annual per capita fee on the county and on those cities within the District that have a member on the Board. Per capita fees mean that the cities and county are charged a set amount for each person residing in their jurisdiction. Staff presented the per capita fee to the Board in 2019 and were directed to pursue other funding strategies and bring this item back at a future date for Board consideration. For purposes of the forecast, staff assumes a phase in approach of a per capita fee starting with \$.50 in FY24/25.

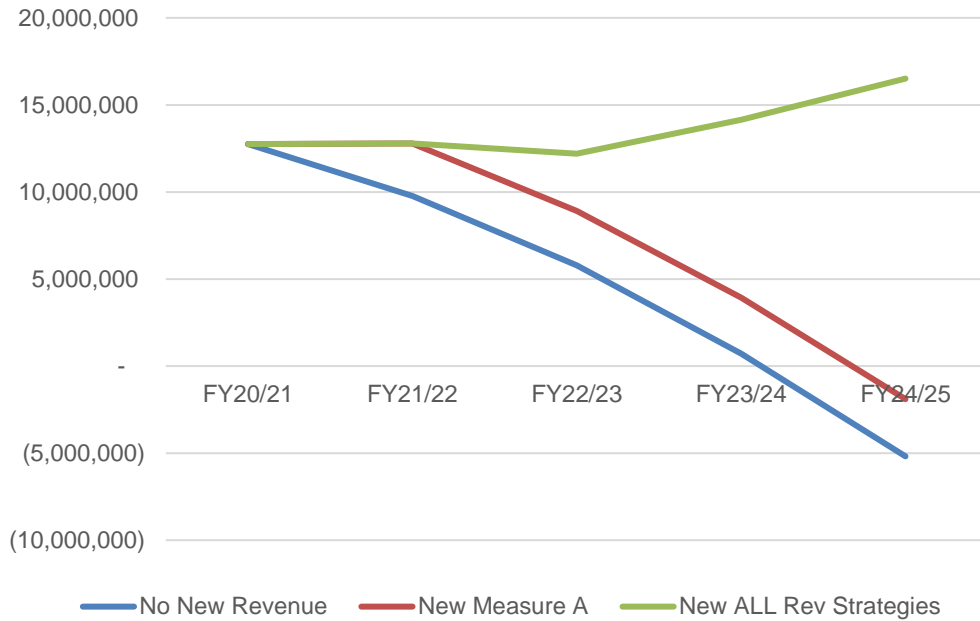
Staff has constructed an order of magnitude estimate for the potential revenue from each of these funding strategies for the five-year forecast as noted in the table below.

**Potential New Funding Strategies**

Funding Strategy	FY20/21 Approved	FY21/22 Forecast	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast
New Measure A Sales Tax	\$ -	\$ 3,013,648	\$ 3,116,032	\$ 3,218,201	\$ 3,285,783
Permitting Fee Increase (Full Cost Recovery)	-	-	274,415	565,295	873,381
Incentive Administrative Allocation	-	-	-	2,000,000	2,060,000
DMV	-	-	-	1,250,000	1,287,500
Per Capita Fee	-	-	-	-	750,000
<b>New Revenue Total</b>	<b>\$ -</b>	<b>\$ 3,013,648</b>	<b>\$ 3,390,447</b>	<b>\$ 7,033,496</b>	<b>\$ 8,256,664</b>

The effect of the injection of these new revenue sources is significant as can be seen by the change in the use of fund balance for the General Fund in the chart that follows.

**General Fund (100) – Impact on Fund Balance Five-Year Forecast with New Revenue**



**Proprietary Fund Forecast**

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 the Proprietary Fund is rent income. The existing tenant lease agreements expire in FY22/23 and in FY23/24; the District intends to renew the lease agreement or secure a new tenant to backfill the vacancy.

**Proprietary Fund (400) Five-Year Forecast**

Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	FY21/22 Forecast	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast
<b>Beginning Fund Balance</b>	\$ 3,309,762	\$ 3,309,762	\$ 3,503,005	\$ 3,503,005	\$ 3,503,005	\$ 3,503,005	\$ 3,503,005
<b>Revenues</b>							
Revenues	\$ 1,224,965	\$ 1,233,500	\$ 1,276,601	\$ 1,207,530	\$ 1,205,348	\$ 1,043,987	\$ 1,254,784
<b>Revenues Total</b>	\$ 1,224,965	\$ 1,233,500	\$ 1,276,601	\$ 1,207,530	\$ 1,205,348	\$ 1,043,987	\$ 1,254,784
<b>Expenses</b>							
Operating Expense	\$ 439,768	\$ 425,043	\$ 445,251	\$ 458,609	\$ 472,367	\$ 486,538	\$ 501,134
Capital Expense	307,500	205,670	421,000	342,990	322,390	149,350	345,050
Debt Service	409,544	409,544	410,350	405,931	410,591	408,100	408,600
<b>Expenses Total</b>	\$ 1,156,812	\$ 1,040,257	\$ 1,276,601	\$ 1,207,530	\$ 1,205,348	\$ 1,043,988	\$ 1,254,784
Surplus / (Deficit)	\$ 68,153	\$ 193,243	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Ending Fund Balance</b>	\$ 3,377,915	\$ 3,503,005	\$ 3,503,005	\$ 3,503,005	\$ 3,503,005	\$ 3,503,005	\$ 3,503,005

The preceding Proprietary Fund forecast assumes the following:

Revenues:

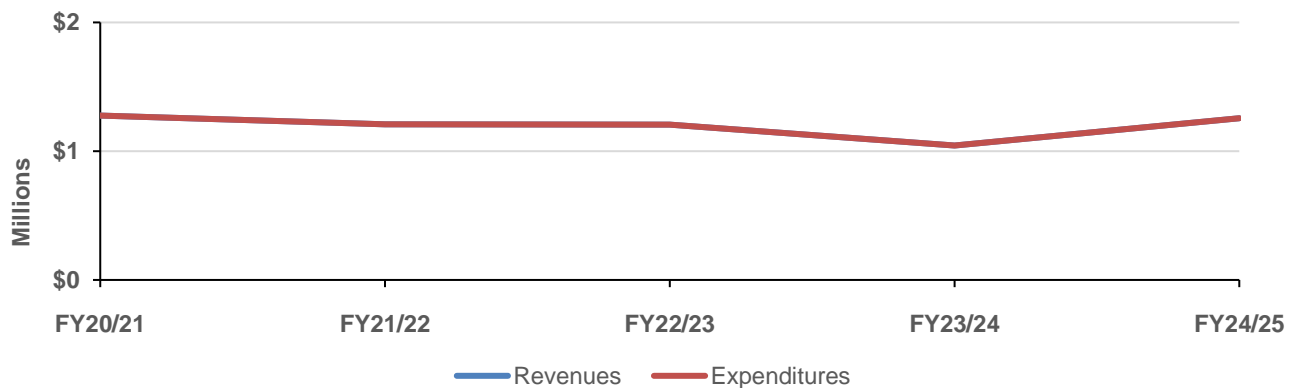
- Revenues include rents from a single tenant with separate leases for each of two suites on the second floor, the District to which it pays itself, and from parking fees
- The building fund is an Internal Service Fund since the majority of its revenue is from the District. As such, overall District rent revenue adjusts to ensure that the fund balance is at breakeven each year.

- The forecast anticipates that the external tenants will renew their tenant leases expiring in FY22/23 and in FY23/24; staff is confident the tenant will exercise their option to renew and intends to secure a new tenant in the event the space is vacated

Expenses:

- Service & Supplies represent the day-to-day costs of operating the building and include utilities, custodial services, parking & property management fees, general repairs and maintenance, etc., and reflect an average annual increase of 3%
- Non-recurring HVAC system upgrades, roof improvements, building system overhauls and interior reconfigurations are planned beginning in FY21/22; capital expenditures decline in FY23/24 upon completion of the HVAC upgrades
- Debt service forecast reflects the principal and interest payments on Certificates of Participation (COPs) issued for the purchase of the building and will be fully paid off in FY26/27

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



**Special Revenue Fund Forecast**

The Special Revenue Fund accounts for the proceeds of restricted revenue sources, predominantly low-emission incentive grants. The following five-year forecast is projected using historical grant amounts and anticipated grant amounts in the near-term. Special Revenue funding decreases for the next three years and then stabilizes in FY23/24. There is growing uncertainty as to the sustainability of new potential funding to replace current one-time grants.

**Special Revenue Fund (500) Five-Year Forecast**

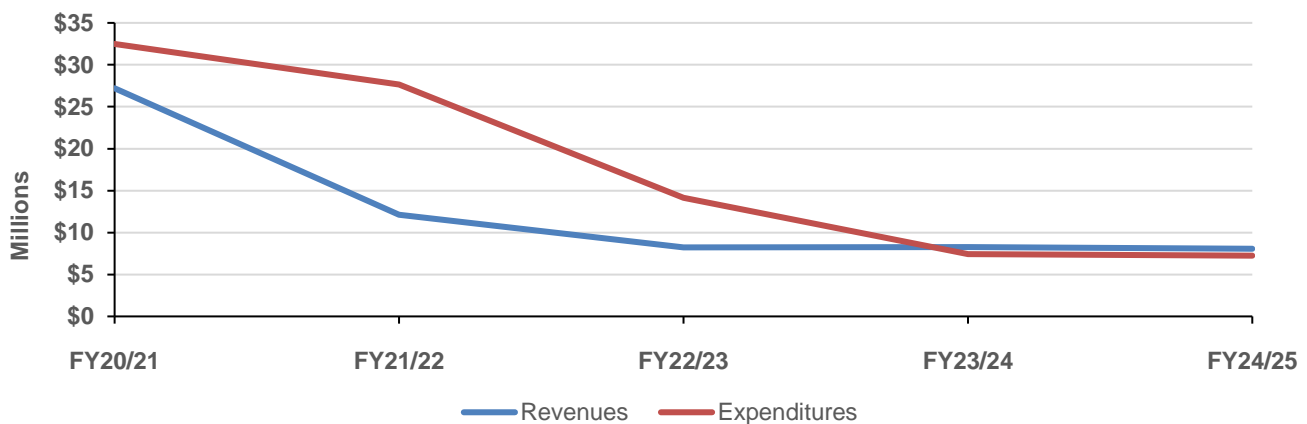
Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	FY21/22 Forecast	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast
<b>Beginning Fund Balance</b>	\$ 26,130,091	\$ 26,130,091	\$ 43,134,195	\$ 37,849,771	\$ 22,311,936	\$ 16,385,126	\$ 17,198,514
<b>Revenues</b>							
Revenues	\$ 44,232,788	\$ 35,787,400	\$ 27,202,925	\$ 12,104,602	\$ 8,224,227	\$ 8,252,850	\$ 8,066,303
<b>Revenues Total</b>	<b>\$ 44,232,788</b>	<b>\$ 35,787,400</b>	<b>\$ 27,202,925</b>	<b>\$ 12,104,602</b>	<b>\$ 8,224,227</b>	<b>\$ 8,252,850</b>	<b>\$ 8,066,303</b>
<b>Expenses</b>							
Operating Expense	\$ 33,233,934	\$ 17,231,747	\$ 30,766,241	\$ 26,583,839	\$ 13,085,622	\$ 6,724,894	\$ 6,724,894
Interfund Charges	2,116,371	1,551,549	1,721,108	1,058,598	1,065,414	714,568	519,029
<b>Expenses Total</b>	<b>\$ 35,350,305</b>	<b>\$ 18,783,296</b>	<b>\$ 32,487,349</b>	<b>\$ 27,642,437</b>	<b>\$ 14,151,036</b>	<b>\$ 7,439,462</b>	<b>\$ 7,243,923</b>
Surplus / (Deficit)	\$ 8,882,483	\$ 17,004,104	\$ (5,284,424)	\$ (15,537,835)	\$ (5,926,809)	\$ 813,388	\$ 822,380
<b>Ending Fund Balance</b>	<b>\$ 35,012,574</b>	<b>\$ 43,134,195</b>	<b>\$ 37,849,771</b>	<b>\$ 22,311,936</b>	<b>\$ 16,385,126</b>	<b>\$ 17,198,514</b>	<b>\$ 18,020,894</b>

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

- DMV \$2 – Receive \$2.6 million in FY21/22 through FY24/25
- Moyer – Receive \$5.1 million in FY21/22 through FY24/25
- Sacramento Regional Zero Emission School Bus – Receive \$300,000 in FY 21/22 then no funds thereafter.
- SECAT Phase 3 – No additional receipts beyond FY 20/21; Green Region – Receive \$2.5 million in FY21/22
- Targeted Car Sharing and Mobility Options in Disadvantaged Communities Pilot Project (GHG – CarShare) – One-time grant \$900,000 in FY20/21, no additional funds in later years.
- Community Air Protection Program (CAPP) AB 134 – Receive \$6.8 million in FY20/21 and \$1 million in FY21/22. No additional revenues for the remaining of the forecast period.

The implementation of incentive projects fluctuates over time resulting in a more volatile expenditure pattern as shown below.

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



### Capital Expenditures Forecast

The District currently budgets capital expenses on an annual basis. The asset accounting component of New World allows the District to incorporate a multi-year project funding mechanism, and it is anticipated to be utilized in subsequent budgets starting with FY21/22. District recurring and non-recurring projects are included in the five-year forecast and include capital expenses primarily related to the air monitoring network, fleet, information systems equipment and improvements to the District’s administrative building as noted in the table below.

### Capital Expenses Five-Year Forecast

Fund Program	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	FY21/22 Forecast	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast
<b>General Fund (100)</b>							
Air Monitoring	\$ 1,749,500	\$ 767,000	\$ 939,000	\$ 669,500	\$ 473,800	\$ 499,550	\$ 509,850
Fleet	100,000	-	40,000	92,700	92,700	92,700	92,700
Information Systems	56,000	15,000	5,500	11,845	23,922	77,250	15,399
<b>Subtotal</b>	<b>\$ 1,905,500</b>	<b>\$ 782,000</b>	<b>\$ 984,500</b>	<b>\$ 774,045</b>	<b>\$ 590,422</b>	<b>\$ 669,500</b>	<b>\$ 617,949</b>
<b>Proprietary Fund (400)</b>							
Building Improvements	\$ 307,500	\$ 205,670	\$ 421,000	\$ 342,990	\$ 322,390	\$ 149,350	\$ 345,050
<b>Subtotal</b>	<b>\$ 307,500</b>	<b>\$ 205,670</b>	<b>\$ 421,000</b>	<b>\$ 342,990</b>	<b>\$ 322,390</b>	<b>\$ 149,350</b>	<b>\$ 345,050</b>
<b>Total Capital Expense</b>	<b>\$ 2,213,000</b>	<b>\$ 987,670</b>	<b>\$ 1,405,500</b>	<b>\$ 1,117,035</b>	<b>\$ 912,812</b>	<b>\$ 818,850</b>	<b>\$ 962,999</b>



**Significant Capital Expenses in the Forecast and Impacts on Operating Budgets**

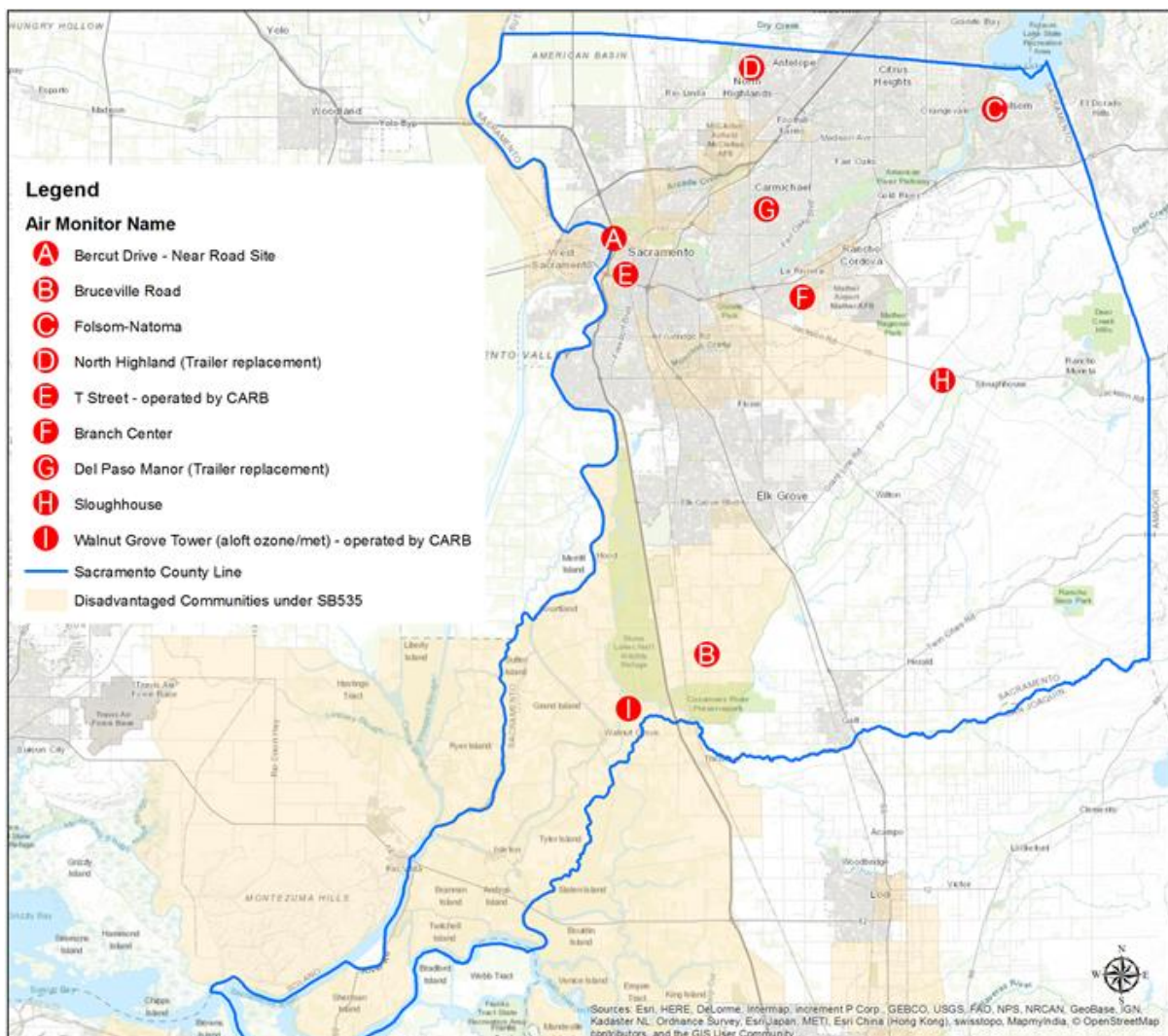
Air Monitoring Stations

Capital expenses for air monitoring relate to the District’s network of seven air monitoring stations and the Community Air Protection Program AB 617. The Del Paso Manor station (G) replacement is scheduled to begin in FY20/21 and be completed in FY21/22, followed by both the Bruceville station (B) and North Highland station (D) over the remainder of the forecast period. The replacement of the air monitoring stations is a nonrecurring expense. It is anticipated the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities. The mobile station will be placed in service in early FY20/21 and will require minimal annual maintenance for many years.

The air monitoring capital expenditures associated with the Community Air Protection Program AB 617 is forecasted to be \$100,000 for FY20/21. Future capital expenditures for this program are unknown therefore, no additional capital has been forecasted. However, the District anticipates the inclusion of additional communities in Sacramento to participate in the State’s Community Air Protection Program within the next four years. If additional Sacramento communities are selected to participate, and capital projects are required, the District anticipates to fully recover funding from the State to implement these capital projects in identified communities.

The replacement of equipment for the air monitoring stations is a significant annual recurring capital expense as it reaches the end of its useful life. The District’s air monitoring asset replacement program is necessary to reduce future maintenance costs and provide uninterrupted monitoring to meet the District’s network obligations. Below is a map of the existing air monitoring stations.

**Map of Air Monitoring Stations**



Rule 301 (Permitting and Enforcement) Fleet

The FY20/21 budget includes funds to replace one aging fleet vehicle. As vehicles are changed out, they will be replaced with zero- and low-emission vehicles consistent with the District’s goal of reducing vehicle emissions and fuel expenses. Fleet replacement is a recurring capital expense. The average annual forecast is \$90,000 per year. Fleet vehicles have an estimated operational life of 10-15 years. The fleet replacement strategy is to incorporate new near- zero-emission vehicles which is anticipated to reduce operated expenses related to fuel and maintenance.

Information Systems

Information Systems capital expenditures reflect a replacement of a storage solutions, servers and computer replacements. The annual average forecast is \$31,200 per year. The capital expenses approved for Information Systems targets replacement of equipment that has reached its useful life expectancy, expiring support contracts, and software upgrades to current technology. These are recurring capital expenses and have been projected in the five-year forecast. The District is transitioning from on-premise technology solutions that require significant investment in maintenance and replacement of hardware, to virtualized and hosted solutions over the next few years. This will shift resources from capital budgets to operating budgets, and reduce recurring capital purchases. It is also anticipated to create efficiencies for Information Systems staff that will allow for a greater focus on end-user support and more effective use of the new technologies.

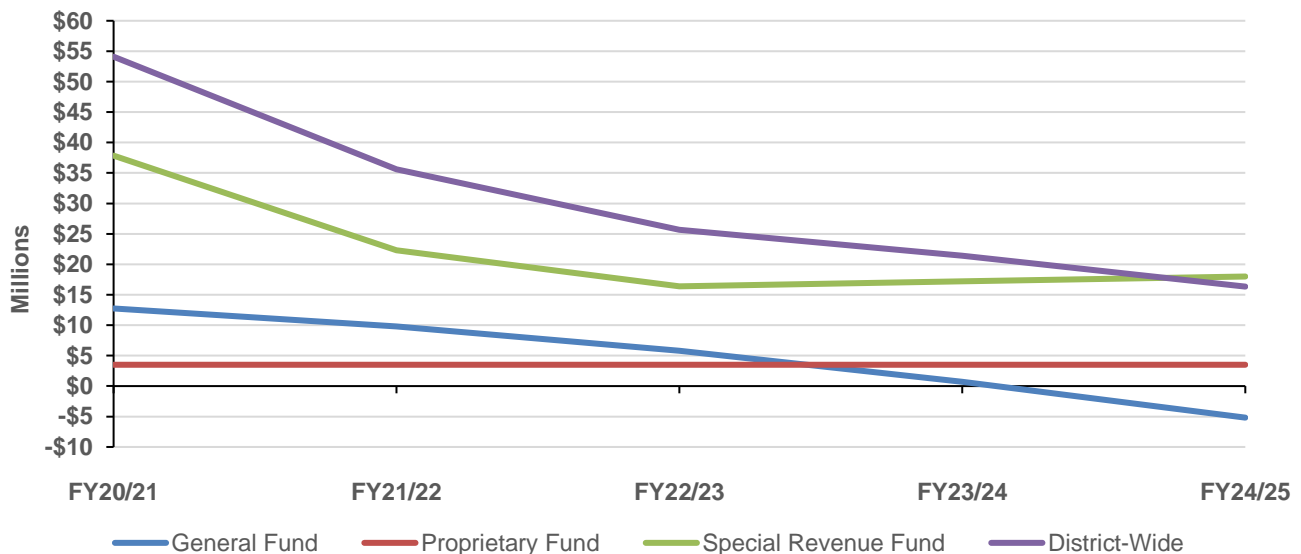
Covell Building

Primary capital expenses for the Covell Building include expenditures HVAC furnaces, safety enhancements, and annual appropriations to a multi-year capital program to fund major non-recurring building improvements. Funding for these capital expenses comes from rent income. Replacement of HVAC air conditioning units are planned for FY21/22 and FY 22/23 and average \$173,000 per year; the capital budget is expected to decline sharply starting in FY23/24 after the HVAC improvements are completed. The replacement of the cooling system components is expected to decrease operating costs in the future such as maintenance and utilities. The safety enhancements are expected to mitigate risk exposure and related losses moving forward as well as contribute to employee satisfaction.

**FUND BALANCE FORECAST**

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

**District Budget – Fund Balance Five-Year Forecast**



## SECTION 5 - Fund Information

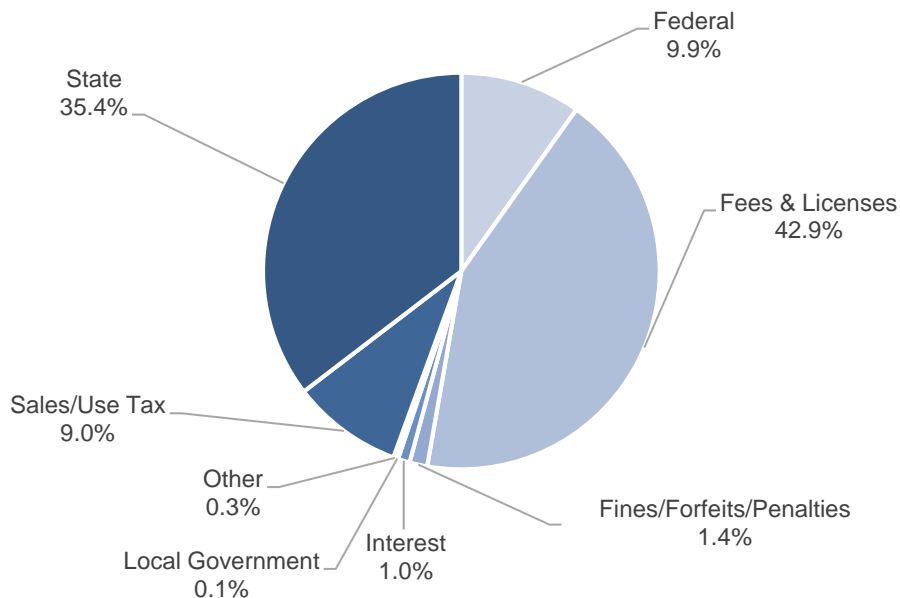
This section contains descriptions of District funds and associated approved budgets for FY20/21. Historical trends of revenues and expenditures, as well as fund balances, are presented to provide context for the approved budget. The District has three funds: General, Proprietary, and Special Revenue. Each fund serves a specific purpose as noted below. A detailed description of funding sources can be found in the Appendices. (See Appendix 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)
400	Proprietary	Internal Service Fund that accounts for District business-like activities (Covell Administrative Building)	Covell Building rental income
500	Special Revenue	Records the proceeds from certain revenue sources for which fund usage is restricted	Moyer, GMERP, DMV, SECAT, Enhanced Fleet Modernization, GHG-CarShare, CAPP, School Bus

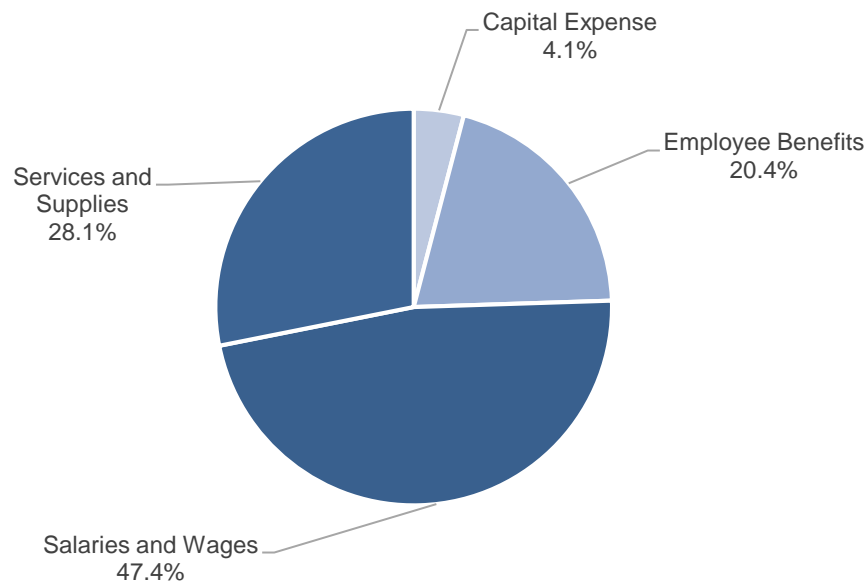
### GENERAL FUND 100

The total FY20/21 Approved General Fund Budget is \$21 million in revenue and \$22 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total General Fund Budget.

**General Fund Budget – Revenues by Classification (\$21 million)**



**General Fund Budget – Expenditures by Classification (\$22 million)**



The General Fund Budget includes new revenues of \$21 million and expenditures of \$22 million resulting in a use of fund balance of \$2 million. Historically, the District has performed under budget for expenditures due to savings in Employees Services and Professional Services, and therefore, has not fully expended the amount of fund balance budgeted. The District anticipates filling all vacant positions and has “right-sized” Professional Services. Therefore, use of fund balance for FY20/21 is projected to be more fully utilized than historical trends.

**General Fund Trends**

The Five-Year Revenues Trend graph displays revenues by account type.

The trend shows federal grant revenues decreasing gradually over time dependent on changes in EPA 103 and EPA 105 funding. The EPA has historically provided federal grants to the District to enforce federal air pollution rules and regulations; these grants are restricted to specific usage and may consist of one-time grants.

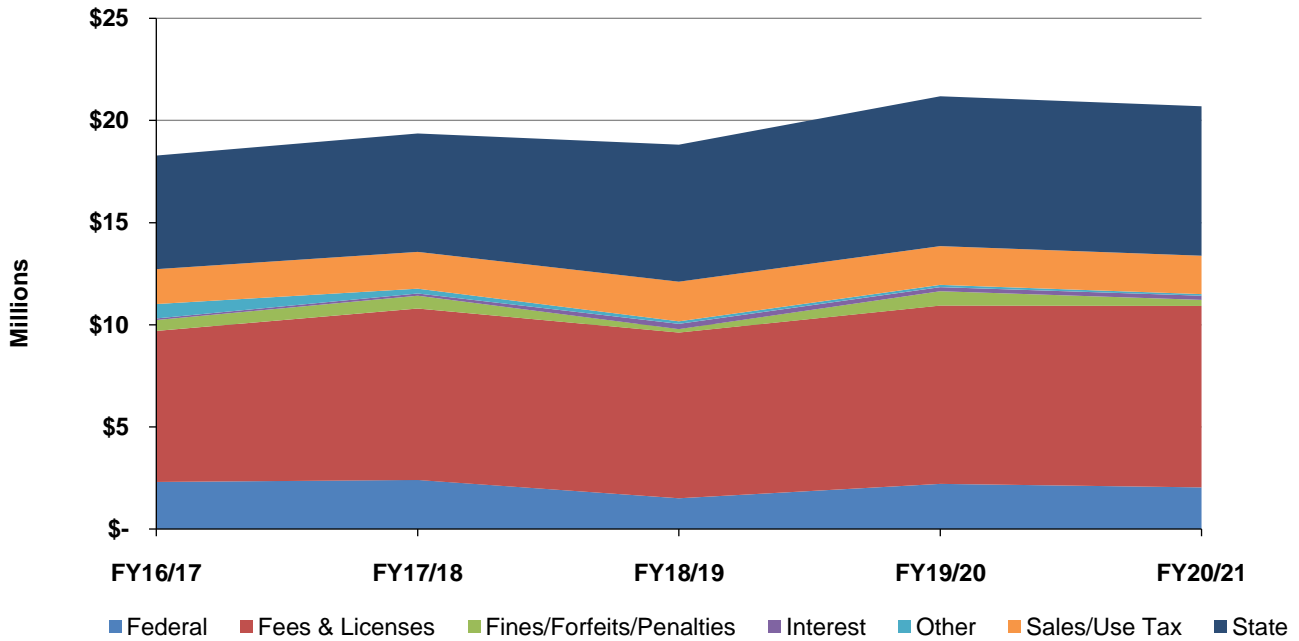
Stationary Source fees are collected from businesses that have equipment that emit pollutants into the air; these fees are based on type and size of the equipment and the amount of pollutants emitted. Stationary Source fees and license revenues were initially proposed to increase in FY20/21 based on the approved 3.3% CPI rate increase. However, the Board postponed the fee increase for one year and approved the CPI increase to go into effect July 1, 2021.

State revenues show an upward trend over the period. Included in this category is the DMV \$4 surcharge and state grants. DMV \$4 revenue is dependent on the number of new vehicle registrations in the State of California with the District receiving \$4 per registration.

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

The administration portion of grant revenue is 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. Beginning in FY18/19 with the implementation of the new financial system, this change 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.

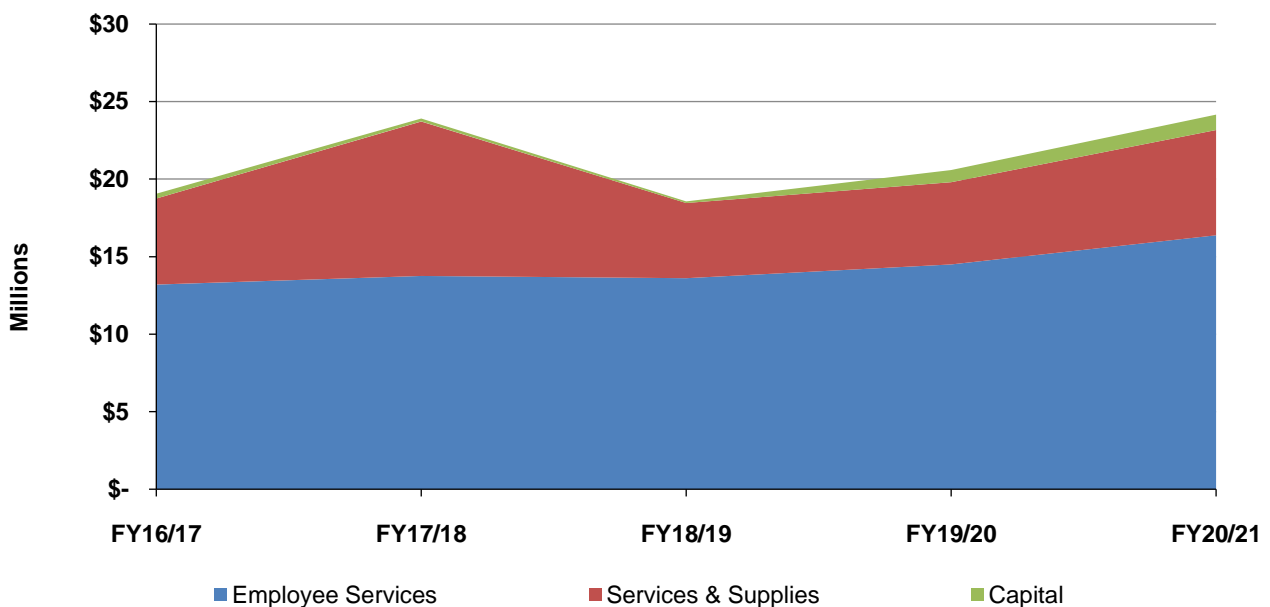
**General Fund – Five-Year Revenues Trend**



The Five-Year Expenditure Trend of the General Fund graph shown below reflects an increase in Employee Services (Salaries, Wages and Employee Benefits) keeping pace with the cost of living and addressing health care and pension costs. For FY20/21 Services and Supplies is expected to increase mainly due to additional professional consulting fees, some related to grant commitments. Capital outlays will increase in FY20/21 mainly due to additional investments in air monitoring stations.

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

**General Fund – Five-Year Expenditures Trend**

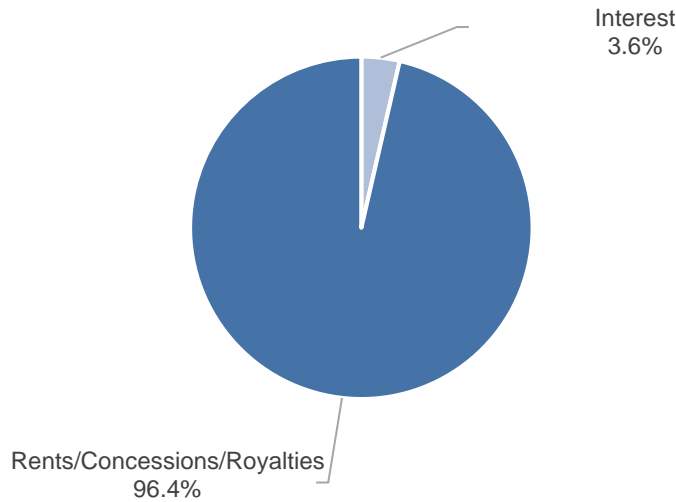


**PROPRIETARY FUND 400**

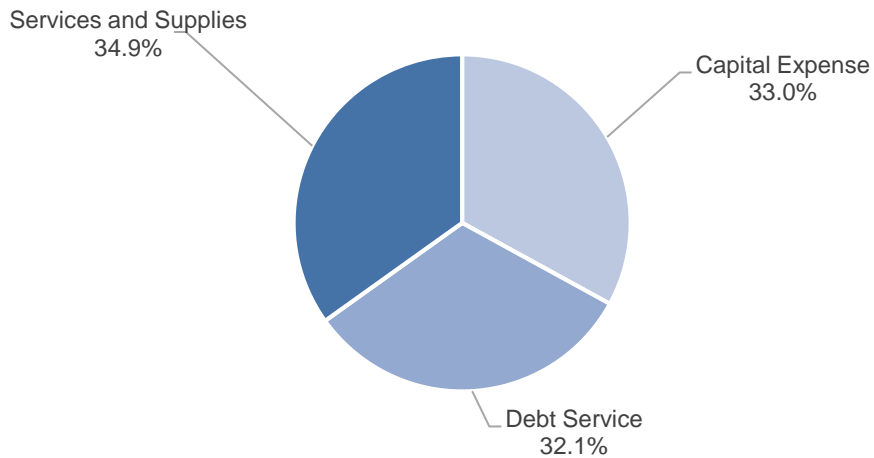
The Proprietary Fund is an Internal Service supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12<sup>th</sup> Street in Sacramento, California, containing two floors of office space with paid parking on the first floor. The District moved into the building as a tenant in 1999 and purchased the building in 2002 through the issuance of the aforementioned Certificates of Participation (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, with a single tenant occupying the remaining 15,000 rentable square feet on the second floor.

The total FY20/21 Approved Proprietary Fund Budget is \$1.3 million in revenue and \$1.3 million in expenditures. Following are charts detailing the revenues and expenditures by classification as a percentage of the total Proprietary Fund Budget.

**Proprietary Fund Budget – Revenues by Classification (\$1.3 million)**



**Proprietary Fund Budget – Expenditures by Classification (\$1.3 million)**





The Approved Proprietary Fund Budget for FY20/21 includes projected revenues of \$1.3 million and projected expenditures of \$1.3 million. Starting in FY20/21, the District's share of building rent will increase by approximately \$34,092 (from \$806,573 to \$840,665). Overall, rent revenue, which accounts for nearly all Proprietary Fund revenues, is projected to increase by \$41,636 over FY19/20 budgeted rent revenue. The budget expenditures are comprised of \$445,7251 for services and supplies (day-to-day operating expenses), \$421,000 for capital expenses and \$410,350 for debt service. Expenses are projected to increase \$119,789 over the prior year budget, which is comprised of approximately \$5,483 in services and supplies and \$113,500 in capital expenses.

### **Debt Service**

The District issued \$5,835,000 worth of Certificates of Participation (COPs) in February 2002 and refinanced the original COPs in March of 2012. The new COPs, issued by California Special District Association Finance Corporation, were issued for \$4,350,000, with the interest rates ranging from 2.75% to 4% and a bond premium of \$72,382 to be amortized over the life of the COPs. The debt is supported by rent paid by the District and that of the 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 District may "incur" long-term debt, such as the purchase of real property, but is not authorized to "issue" long-term debt. The District does not have a formal debt issuance policy with criteria such as debt limits and level of authority required to incur new debt. The District's only long-term debt is for the purchase of its building, and the financial activity is recorded in the Proprietary Fund. The District does not anticipate incurring any additional long-term debt at this time.

The principal balance outstanding on June 30, 2020 will be \$2,505,000. In FY20/21, a \$325,000 principal payment will be made. The purchase obligation will be fully paid off in FY26/27. The principal and interest payments are included in the Proprietary Fund budget. The certificates mature as shown in the table below:

### **Debt Repayment Schedule**

Fiscal Year Ending June 30	Principal	Interest	Total
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
<b>Totals</b>	<b>\$2,505,000</b>	<b>\$349,972</b>	<b>\$2,854,972</b>

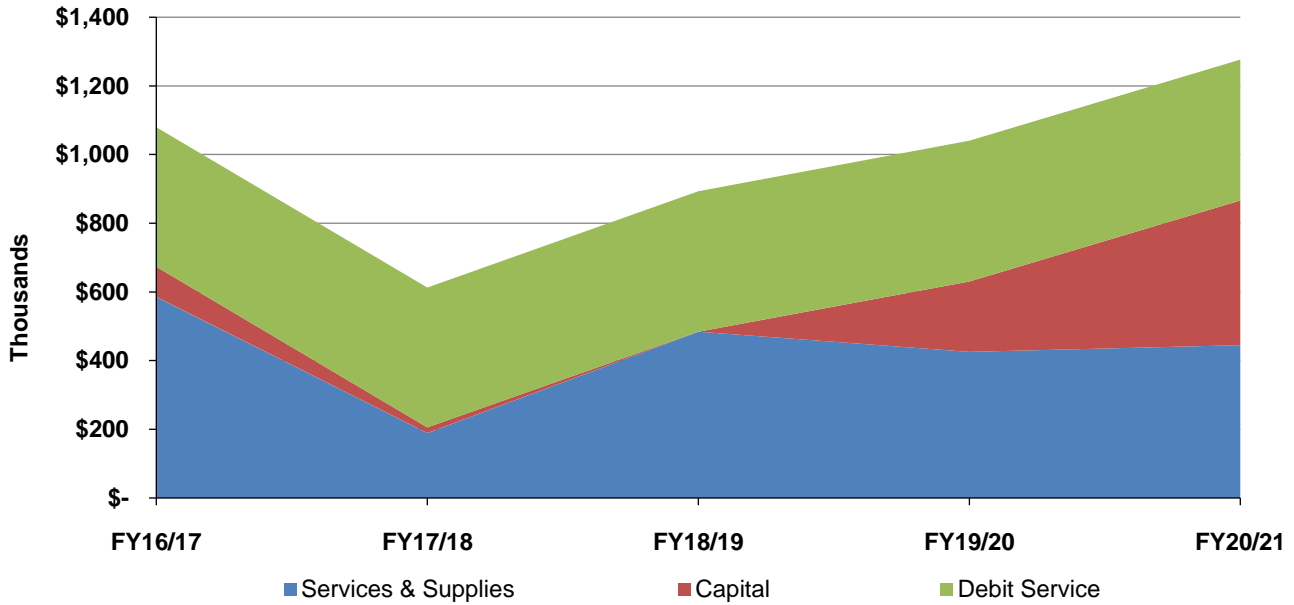
### **Proprietary Fund Trends**

Building revenues consist primarily of tenant rents. There is also revenue generated from daily/monthly parking passes, though this is less than 2% of the total revenue. The building is currently 100% occupied, roughly 60% by the District and the remaining 40% by a single tenant.

### **Proprietary Fund – Five-Year Trend of Rent Revenues**

Account	FY16/17 Actuals	FY17/18 Actuals	FY18/19 Actuals	FY19/20 Projection	FY20/21 Approved
District Rent	\$ 806,573	\$ 806,573	\$ 806,573	\$ 806,573	\$ 840,665
Tenant Rent	212,225	218,997	244,550	381,927	389,936
<b>Total Rents</b>	<b>\$ 1,018,798</b>	<b>\$ 1,025,570</b>	<b>\$ 1,051,123</b>	<b>\$ 1,188,500</b>	<b>\$ 1,230,601</b>

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



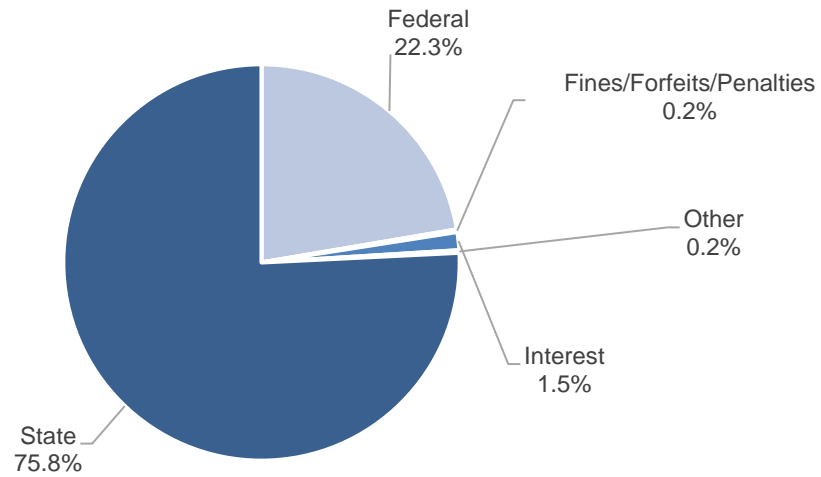
There was an increase in capital expenditures in FY19/20 for ADA modifications, sidewalk repairs, expansion of the air-monitoring lab and an improvement allowance for a new tenant. Capital expenses in FY20/21 include funding for building improvements, HVAC replacements, parking booth construction, safety enhancements.

**SPECIAL REVENUE FUND 500**

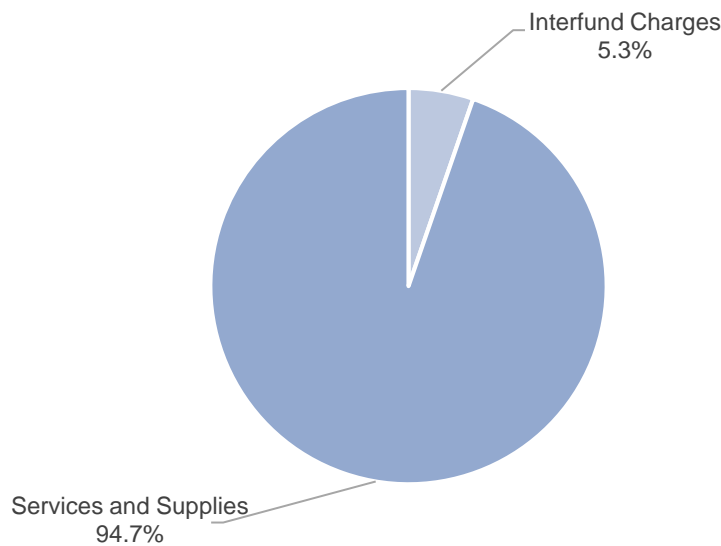
The Special Revenue Fund accounts for financial activity of restricted funds, generally reflecting grants to provide businesses incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light duty on-road vehicles, and owners of off-road equipment, such as that 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. In addition, awards are made to programs such as GHG – CarShare in which residents in disadvantaged communities have access to low- and zero-emission transit options.

The total FY20/21 Approved Special Revenue Fund Budget is \$27.2 million in revenue and \$32.5 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Special Revenue Fund budget.

**Special Revenue Fund – Revenues by Classification (\$27.2 million)**



**Special Revenue Fund – Expenditures by Classification (\$32.5 million)**

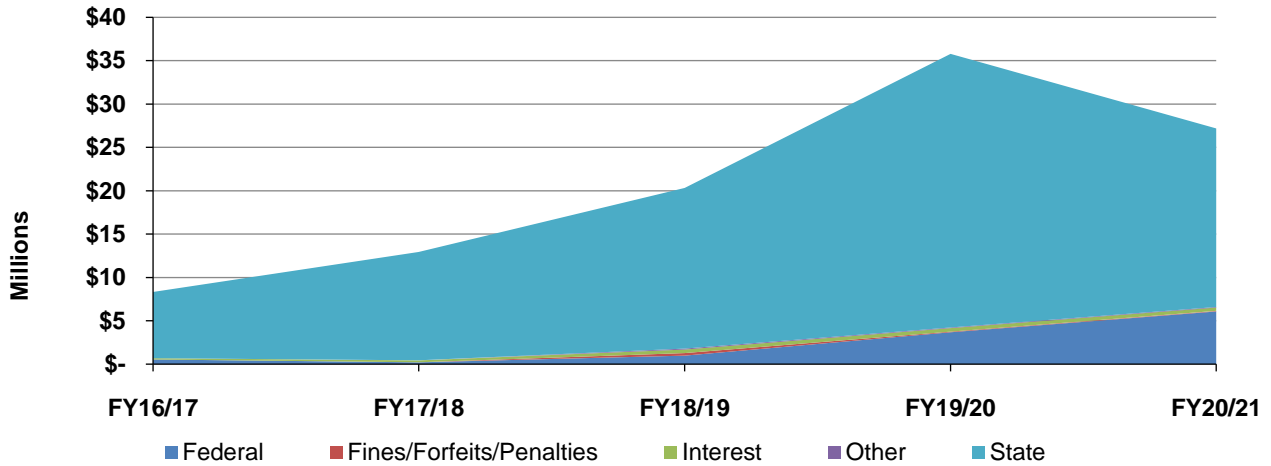


**Special Revenue Trends**

The majority of Special Revenue Funds are from DMV surcharges, and state and federal grants including Moyer, GMERP Heavy Duty Trucks & Locomotive, Community Air Protection Program AB 134, Clean Cars 4 All, SECAT Phase III and SECAT Green Region. Funding for the Special Revenue Fund is much more volatile than the General or Proprietary Funds due to one-time grants and the nature of funding received. DMV \$2 and Moyer (included in the State revenue) are stable and ongoing revenue streams. However, historically one-time grants, such as GMERP

(State revenue) and SECAT (Federal revenue), contributed to the increased revenues over time. The significant decrease in revenues for FY20/21 is a result of state grants that are ending (GMERP Locomotive) and a large reduction for the state funded Community Air Protection Program. The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account types.

**Special Revenue Fund – Five-Year Revenues Trend**

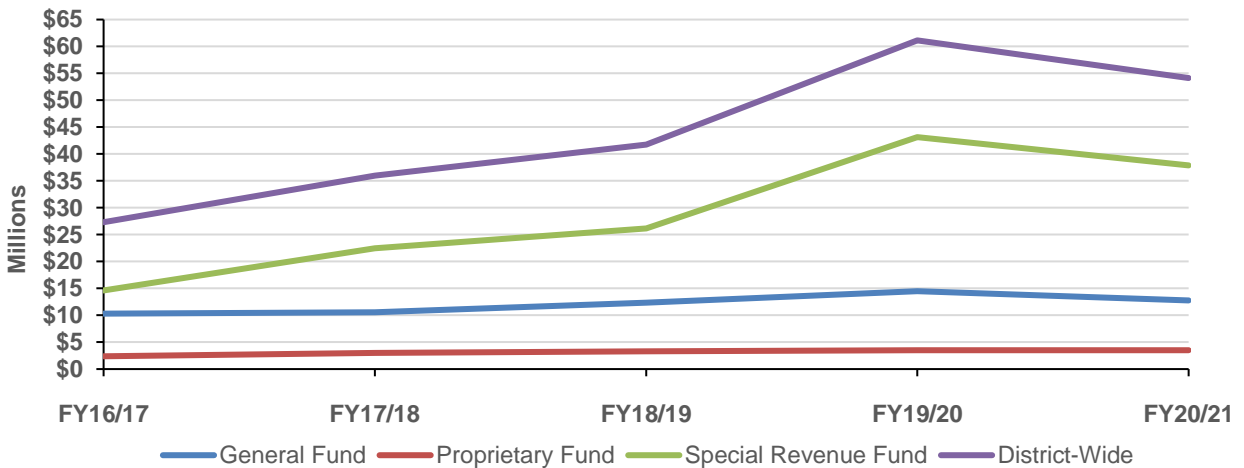


**FUND BALANCE**

The District closely manages each fund balance to ensure they remain at adequate and sustainable levels. The fund balance for the General Fund has gradually decreased over recent years primarily due to increases in employee services, capital expenses requirements, and inadequate administrative allocations for implementing grant-related programs. The District implemented steps to mitigate this trend by temporarily holding vacant positions open and reducing its professional services and capital expenditures. Management will closely evaluate and prioritize District programs to ensure resources are allocated appropriately to continue the essential functions of the District, while pursuing additional funding.

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

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



## SECTION 6 - Budget Schedules

This section presents budget schedules for the District Budget and each of the District funds. The budget tables show the FY18/19 Actuals, FY19/20 Approved, the FY19/20 Projections, the FY20/21 Approved budgets, as well as the variance between the FY19/20 and FY20/21 Approved budgets.

Also included in this section are the schedules for FY20/21 Approved Capital Expenses and the Summary of Financial Sources, Uses, and Fund Balance, which shows the projected year-end fund balance for the current year and FY20/21.

### DISTRICT BUDGET

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

Classification	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Revenues</b>					
Federal	\$ 2,486,983	\$ 14,883,857	\$ 5,891,538	\$ 8,115,509	\$ (6,768,348)
Fees & Licenses	8,131,621	8,375,412	8,723,985	8,880,750	505,338
Fines/Forfeits/Penalties	449,192	367,000	777,723	357,000	(10,000)
Interest	730,398	495,168	645,000	646,000	150,832
Local Government	28,459	28,459	28,459	28,459	-
Other	203,230	255,408	159,537	109,825	(145,583)
Rents/Concessions/Royalties	1,029,386	1,188,965	1,188,500	1,230,601	41,636
Sales/Use Tax	1,940,485	1,973,139	1,897,028	1,871,000	(102,139)
State	25,214,214	37,892,879	38,893,644	27,940,553	(9,952,326)
<b>Revenues Total</b>	<b>\$ 40,213,968</b>	<b>\$ 65,460,287</b>	<b>\$ 58,205,414</b>	<b>\$ 49,179,697</b>	<b>\$ (16,280,590)</b>
<b>Expenses</b>					
Salaries and Wages	\$ 9,723,069	\$ 11,837,840	\$ 10,406,450	\$ 11,448,073	\$ (389,767)
Employee Benefits	3,896,597	4,850,411	4,096,204	4,930,567	80,156
Services and Supplies	20,423,952	40,163,111	22,954,539	38,007,062	(2,156,049)
Capital Expense	114,570	2,213,000	987,670	1,405,500	(807,500)
Debt Service	408,844	409,544	409,544	410,350	806
<b>Expenses Total</b>	<b>\$ 34,567,031</b>	<b>\$ 59,473,906</b>	<b>\$ 38,854,407</b>	<b>\$ 56,201,552</b>	<b>\$ (3,272,354)</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 5,646,937</b>	<b>\$ 5,986,381</b>	<b>\$ 19,351,007</b>	<b>\$ (7,021,855)</b>	

**GENERAL FUND BUDGET**

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

Classification	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Revenues</b>					
Federal	\$ 1,504,926	\$ 1,883,857	\$ 2,216,538	\$ 2,040,509	\$ 156,652
Fees & Licenses	8,109,884	8,375,412	8,723,985	8,880,750	505,338
Fines/Forfeits/Penalties	171,186	300,000	700,000	300,000	-
Interest	257,342	109,168	200,000	200,000	90,832
Local Government	28,459	28,459	28,459	28,459	-
Other	95,230	54,378	81,550	53,000	(1,378)
Sales/Use Tax	1,940,485	1,973,139	1,897,028	1,871,000	(102,139)
State	6,705,032	7,278,121	7,336,954	7,326,453	48,332
<b>Revenues Total</b>	<b>\$ 18,812,544</b>	<b>\$ 20,002,534</b>	<b>\$ 21,184,514</b>	<b>\$ 20,700,171</b>	<b>\$ 697,637</b>
<b>Expenses</b>					
Salaries and Wages	\$ 9,723,069	\$ 11,837,840	\$ 10,406,450	\$ 11,448,073	\$ (389,767)
Employee Benefits	3,896,597	4,850,411	4,096,204	4,930,567	80,156
Services and Supplies	4,836,833	6,489,409	5,297,749	6,795,570	306,161
Capital Expense	114,570	1,905,500	782,000	984,500	(921,000)
Interfund Charges	(1,513,730)	(2,116,371)	(1,551,549)	(1,721,108)	395,263
<b>Expenses Total</b>	<b>\$ 17,057,337</b>	<b>\$ 22,966,789</b>	<b>\$ 19,030,854</b>	<b>\$ 22,437,602</b>	<b>\$ (529,187)</b>
<b>Source / (Use) Fund Balance</b>	<b>\$ 1,755,207</b>	<b>\$ (2,964,255)</b>	<b>\$ 2,153,660</b>	<b>\$ (1,737,431)</b>	



## General Fund 100 – Revenues by Account

Classification Account	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Revenues</b>					
<b>Federal</b>					
EPA 103	\$ 63,514	\$ 78,800	\$ 81,773	\$ 81,773	\$ 2,973
EPA 105	1,073,256	1,205,057	1,448,649	1,358,736	153,679
Federal	30	-	-	-	-
FHW-CMAQ	368,126	600,000	686,116	600,000	-
<b>Subtotal Federal</b>	<b>1,504,926</b>	<b>1,883,857</b>	<b>2,216,538</b>	<b>2,040,509</b>	<b>156,652</b>
<b>Fees &amp; Licenses</b>					
Ag Burn	11,476	12,000	10,000	12,000	-
Asbestos	310,083	330,000	327,200	340,300	10,300
Fees & Licenses	20,587	28,000	8,513	22,000	(6,000)
Mitigation Fees	72,934	84,412	328,330	224,892	140,480
Rule 301	7,297,383	7,507,000	7,679,335	7,917,394	410,394
SEED Loan-Non Labor	34,145	64,000	10,479	30,000	(34,000)
SEED Renewal	36,938	53,000	53,216	60,000	7,000
Title V	116,502	71,000	101,339	65,276	(5,724)
Toxics AB2588	209,836	226,000	205,573	208,888	(17,112)
<b>Subtotal Fees &amp; Licenses</b>	<b>8,109,884</b>	<b>8,375,412</b>	<b>8,723,985</b>	<b>8,880,750</b>	<b>505,338</b>
<b>Fines/Forfeits/Penalties</b>					
Civil Settlement	75	-	-	-	-
Fines/Forfeits/Penalties	171,111	300,000	700,000	300,000	-
<b>Subtotal Fines/Forfeits/Penalties</b>	<b>171,186</b>	<b>300,000</b>	<b>700,000</b>	<b>300,000</b>	<b>-</b>
<b>Interest</b>					
Interest Earned	257,342	109,168	200,000	200,000	90,832
<b>Subtotal Interest</b>	<b>257,342</b>	<b>109,168</b>	<b>200,000</b>	<b>200,000</b>	<b>90,832</b>
<b>Local Government</b>					
Local Government	28,459	28,459	28,459	28,459	-
<b>Subtotal Local Government</b>	<b>28,459</b>	<b>28,459</b>	<b>28,459</b>	<b>28,459</b>	<b>-</b>
<b>Other</b>					
Auction	69,192	10,000	44,725	10,000	-
Other	26,038	44,378	36,825	43,000	(1,378)
<b>Subtotal Other</b>	<b>95,230</b>	<b>54,378</b>	<b>81,550</b>	<b>53,000</b>	<b>(1,378)</b>
<b>Sales/Use Tax</b>					
Sales/Use Tax	1,940,485	1,973,139	1,897,028	1,871,000	(102,139)
<b>Subtotal Sales/Use Tax</b>	<b>1,940,485</b>	<b>1,973,139</b>	<b>1,897,028</b>	<b>1,871,000</b>	<b>(102,139)</b>
<b>State</b>					
ARB Oil & Gas	112,000	42,000	42,000	42,000	-
ARB PERP	146,401	155,000	147,719	150,000	(5,000)
ARB Subvention	349,458	349,457	353,025	355,991	6,534
DMV	5,018,331	5,000,000	5,030,877	5,043,454	43,454
State	1,078,842	1,731,664	1,763,333	1,735,008	3,344
<b>Subtotal State</b>	<b>6,705,032</b>	<b>7,278,121</b>	<b>7,336,954</b>	<b>7,326,453</b>	<b>48,332</b>
<b>Revenues Total</b>	<b>\$ 18,812,544</b>	<b>\$ 20,002,534</b>	<b>\$ 21,184,514</b>	<b>\$ 20,700,171</b>	<b>\$ 697,637</b>

**General Fund 100 – Expenses by Account**

Classification Account	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Expenses</b>					
<b>Salaries and Wages</b>					
Salaries & Wages-Extra Help	\$ 68,308	\$ 115,688	\$ 75,954	\$ 126,486	\$ 10,798
Salaries & Wages-OT	65,922	160,618	59,432	112,186	(48,432)
Salaries & Wages-Premium Pay	55,259	58,304	56,138	66,935	8,631
Salaries & Wages-Regular	9,533,580	11,503,230	10,214,926	11,142,466	(360,764)
<b>Subtotal Salaries and Wages</b>	<b>9,723,069</b>	<b>11,837,840</b>	<b>10,406,450</b>	<b>11,448,073</b>	<b>(389,767)</b>
<b>Employee Benefits</b>					
Employee Assistance Program	3,086	5,000	3,079	4,998	(2)
FICA/Medicare-Employer OASDHI	658,924	802,152	682,446	800,039	(2,113)
Group Insurance	1,415,739	1,739,849	1,467,977	1,687,268	(52,581)
Retirement	1,733,040	2,180,283	1,841,588	2,319,336	139,053
Unemployment-SUI	14,795	33,128	30,980	38,926	5,798
Workers Compensation Insurance	71,013	89,999	70,134	80,000	(9,999)
<b>Subtotal Employee Benefits</b>	<b>3,896,597</b>	<b>4,850,411</b>	<b>4,096,204</b>	<b>4,930,567</b>	<b>80,156</b>
<b>Services and Supplies</b>					
<b>Subtotal Services and Supplies</b>	<b>4,836,833</b>	<b>6,489,409</b>	<b>5,297,749</b>	<b>6,795,570</b>	<b>306,161</b>
<b>Capital Expense</b>					
FA-Computer & Network	-	56,000	15,000	5,500	(50,500)
FA-General Equipment	6,117	1,024,500	57,000	-	(1,024,500)
FA-Lab Equipment	69,038	-	510,000	594,000	594,000
FA-Monitoring Structures	39,414	725,000	200,000	345,000	(380,000)
FA-Vehicles	-	100,000	-	40,000	(60,000)
<b>Subtotal Capital Expense</b>	<b>114,570</b>	<b>1,905,500</b>	<b>782,000</b>	<b>984,500</b>	<b>(921,000)</b>
<b>Interfund Charges</b>					
Transfer-In	(1,513,730)	(2,116,371)	(1,551,549)	(1,721,108)	395,263
<b>Subtotal Interfund Charges</b>	<b>(1,513,730)</b>	<b>(2,116,371)</b>	<b>(1,551,549)</b>	<b>(1,721,108)</b>	<b>395,263</b>
<b>Expenses Total</b>	<b>\$ 17,057,337</b>	<b>\$ 22,966,789</b>	<b>\$ 19,030,854</b>	<b>\$ 22,437,602</b>	<b>\$ (529,187)</b>

Note: Services and supplies expenses by account presented on next page.

## General Fund 100 – Expenses by Account (Continued)

Classification Account	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Expenses</b>					
<b>Services and Supplies</b>					
Advertising, Comm & Outreach	\$ 1,247,199	\$ 1,326,704	\$ 1,205,704	\$ 1,185,704	\$ (141,000)
Alternative Transit	65,410	63,647	81,845	89,944	26,297
Audio-Video	-	2,000	-	-	(2,000)
Banking & Finance	12,418	3,000	825	1,200	(1,800)
Books/Periodicals/Subscriptions	36,028	50,564	35,889	28,514	(22,050)
Breakroom Supplies	4,783	5,000	4,500	4,800	(200)
Business Meetings	151,282	277,500	129,600	202,400	(75,100)
Collaborations	470,996	514,395	469,927	493,645	(20,750)
Document Storage & Handling	44,095	20,000	24,000	25,000	5,000
Education & Training	23,684	94,500	40,639	105,200	10,700
Food	2,358	5,000	-	-	(5,000)
Fuel & Lubricants	13,419	13,500	13,100	15,200	1,700
Graphic Design	-	10,000	1,500	6,000	(4,000)
Incentive Projects	24,946	217,000	12,380	-	(217,000)
Internship	21,000	14,000	14,000	14,250	250
IS Data Processing Services	28,248	60,420	37,100	65,320	4,900
IS Hardware	95,751	112,800	140,199	148,583	35,783
IS Internet	60,980	59,880	60,000	39,240	(20,640)
IS Mobile Devices/Services	41,863	41,480	32,600	41,480	-
IS SaaS-Software as a Service	56,693	89,053	109,798	123,207	34,154
IS Software	82,093	161,584	138,500	131,059	(30,525)
IS Supplies	16,378	21,600	24,000	24,000	2,400
Lab Analysis	41,515	167,000	154,500	199,000	32,000
Laboratory Equipment & Supplies	35,577	45,000	140,000	179,000	134,000
Legal Services	9,090	122,000	33,000	120,000	(2,000)
Legislative Advocacy	61,100	75,000	66,500	75,000	-
Maintenance & Repairs	25,474	141,000	29,600	30,500	(110,500)
Medical Services	674	1,500	1,500	2,800	1,300
Membership Dues	53,598	43,682	43,890	45,073	1,391
Mileage/Parking	578	33,160	30,910	32,560	(600)
Miscellaneous	59,846	6,400	72	6,400	-
Office Equipment/Furniture	9,477	14,000	10,000	17,000	3,000
Office Services	10	2,000	1,500	3,000	1,000
Office Supplies	21,353	23,000	15,500	16,750	(6,250)
Postage/Shipping/Messenger	19,389	30,500	20,056	21,600	(8,900)
Printing	7,813	22,100	11,000	16,500	(5,600)
Prof Svc-Consulting	933,378	1,336,759	1,054,921	1,986,718	649,959
Property & Liability Insurance	87,949	90,000	103,214	147,250	57,250
Property Management	6,622	75,000	3,500	75,000	-
Public Notices	10,657	27,500	8,900	33,200	5,700
Recognition	5,887	6,200	6,420	8,100	1,900
Recording Fees	7,800	15,000	9,000	10,100	(4,900)
Recruitment	6,994	10,000	20,000	10,000	-
Rent/Lease-Equipment	3,658	8,400	2,200	4,200	(4,200)
Rent/Lease-Real Property	819,977	828,573	827,621	886,665	58,092
Safety Supplies	2,936	4,080	4,511	5,580	1,500
Stipends	2,700	3,500	4,000	4,000	500
Telephone Services	42,971	33,028	33,028	33,028	-
Temporary Staffing	6,581	50,000	26,000	10,000	(40,000)
Tools/Small Equipment	10,287	58,400	1,000	8,500	(49,900)
Utilities	13,545	23,000	23,000	25,000	2,000
Vehicle Maintenance	29,772	30,000	36,300	38,300	8,300
<b>Subtotal Services and Supplies</b>	<b>4,836,833</b>	<b>6,489,409</b>	<b>5,297,749</b>	<b>6,795,570</b>	<b>306,161</b>

**PROPRIETARY FUND BUDGET**

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

Classification	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Revenues</b>					
Fees & Licenses	\$ 21,737	\$ -	\$ -	\$ -	\$ -
Interest	42,237	36,000	45,000	46,000	10,000
Rents/Concessions/Royalties	1,029,386	1,188,965	1,188,500	1,230,601	41,636
<b>Revenues Total</b>	<b>\$ 1,093,360</b>	<b>\$ 1,224,965</b>	<b>\$ 1,233,500</b>	<b>\$ 1,276,601</b>	<b>\$ 51,636</b>
<b>Expenses</b>					
Services and Supplies	\$ 484,126	\$ 439,768	\$ 425,043	\$ 445,251	\$ 5,483
Capital Expense	-	307,500	205,670	421,000	113,500
Debt Service	408,844	409,544	409,544	410,350	806
<b>Expenses Total</b>	<b>\$ 892,969</b>	<b>\$ 1,156,812</b>	<b>\$ 1,040,257</b>	<b>\$ 1,276,601</b>	<b>\$ 119,789</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 200,391</b>	<b>\$ 68,153</b>	<b>\$ 193,243</b>	<b>\$ -</b>	

## Proprietary Fund 400 – Revenues and Expenses by Account

Classification Account	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Revenues</b>					
<b>Fees &amp; Licenses</b>					
Fees & Licenses	\$ 21,737	\$ -	\$ -	\$ -	\$ -
<b>Subtotal Fees &amp; Licenses</b>	<b>21,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest</b>					
Interest Earned	42,237	36,000	45,000	46,000	10,000
<b>Subtotal Interest</b>	<b>42,237</b>	<b>36,000</b>	<b>45,000</b>	<b>46,000</b>	<b>10,000</b>
<b>Rents/Concessions/Royalties</b>					
Parking	36,675	90,620	90,155	89,860	(760)
Rents/Concessions/Royalties	992,711	1,098,345	1,098,345	1,140,741	42,396
<b>Subtotal Rents/Concessions/Royalties</b>	<b>1,029,386</b>	<b>1,188,965</b>	<b>1,188,500</b>	<b>1,230,601</b>	<b>41,636</b>
<b>Revenues Total</b>	<b>\$ 1,093,360</b>	<b>\$ 1,224,965</b>	<b>\$ 1,233,500</b>	<b>\$ 1,276,601</b>	<b>\$ 51,636</b>
<b>Expenses</b>					
<b>Services and Supplies</b>					
Banking & Finance	\$ 14,759	\$ 100	\$ 1,505	\$ 1,540	\$ 1,440
IS Hardware	4,823	2,500	-	2,500	-
IS Internet	3,035	3,500	4,351	4,500	1,000
Maintenance & Repairs	57,975	49,110	36,168	31,120	(17,990)
Mileage/Parking	142,092	143,788	134,418	140,000	(3,788)
Office Equipment/Furniture	5,181	-	1,366	1,500	1,500
Office Services	69,546	71,500	79,199	78,791	7,291
Property & Liability Insurance	16,945	17,000	16,173	25,900	8,900
Property Management	54,087	25,000	24,420	25,200	200
Security	18,137	16,000	18,310	20,700	4,700
Tax/Lic/Assessment	5,052	8,200	6,437	7,000	(1,200)
Telephone Services	7,232	8,400	6,000	6,000	(2,400)
Utilities	85,262	94,670	96,696	100,500	5,830
<b>Subtotal Services and Supplies</b>	<b>484,126</b>	<b>439,768</b>	<b>425,043</b>	<b>445,251</b>	<b>5,483</b>
<b>Capital Expense</b>					
FA-Building & Grounds	(52,815)	-	-	-	-
FA-Leasehold Improvement	52,815	307,500	205,670	421,000	113,500
<b>Subtotal Capital Expense</b>	<b>-</b>	<b>307,500</b>	<b>205,670</b>	<b>421,000</b>	<b>113,500</b>
<b>Debt Service</b>					
Interest Expense	103,844	94,544	94,544	85,350	(9,194)
Principal	305,000	315,000	315,000	325,000	10,000
<b>Subtotal Debt Service</b>	<b>408,844</b>	<b>409,544</b>	<b>409,544</b>	<b>410,350</b>	<b>806</b>
<b>Expenses Total</b>	<b>\$ 892,969</b>	<b>\$ 1,156,812</b>	<b>\$ 1,040,257</b>	<b>\$ 1,276,601</b>	<b>\$ 119,789</b>

**SPECIAL REVENUE FUND BUDGET**

**Special Revenue Fund 500 – Summary of Revenues, Expenditures and Budgeted Fund Balances**

Classification	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Revenues</b>					
Federal	\$ 982,057	\$ 13,000,000	\$ 3,675,000	\$ 6,075,000	\$ (6,925,000)
Fines/Forfeits/Penalties	278,006	67,000	77,723	57,000	(10,000)
Interest	430,819	350,000	400,000	400,000	50,000
Other	108,000	201,030	77,987	56,825	(144,205)
State	18,509,181	30,614,758	31,556,690	20,614,100	(10,000,658)
<b>Revenues Total</b>	<b>\$ 20,308,063</b>	<b>\$ 44,232,788</b>	<b>\$ 35,787,400</b>	<b>\$ 27,202,925</b>	<b>\$ (17,029,863)</b>
<b>Expenses</b>					
Interfund Charges	\$ 1,513,730	\$ 2,116,371	\$ 1,551,549	\$ 1,721,108	\$ (395,263)
Services and Supplies	15,102,994	33,233,934	17,231,747	30,766,241	(2,467,693)
<b>Expenses Total</b>	<b>\$ 16,616,724</b>	<b>\$ 35,350,305</b>	<b>\$ 18,783,296</b>	<b>\$ 32,487,349</b>	<b>\$ (2,862,956)</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 3,691,339</b>	<b>\$ 8,882,483</b>	<b>\$ 17,004,104</b>	<b>\$ (5,284,424)</b>	

**Special Revenue Fund 500 – Revenues and Expenses by Account**

Classification Account	FY 18/19 Actuals	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Revenues</b>					
<b>Federal</b>					
FHW-SECAT	\$ 982,057	\$ 13,000,000	\$ 3,675,000	\$ 6,075,000	\$ (6,925,000)
<b>Subtotal Federal</b>	<b>982,057</b>	<b>13,000,000</b>	<b>3,675,000</b>	<b>6,075,000</b>	<b>(6,925,000)</b>
<b>Fines/Forfeits/Penalties</b>					
Fines/Forfeits/Penalties	278,006	67,000	77,723	57,000	(10,000)
<b>Subtotal Fines/Forfeits/Penalties</b>	<b>278,006</b>	<b>67,000</b>	<b>77,723</b>	<b>57,000</b>	<b>(10,000)</b>
<b>Interest</b>					
Interest Earned	430,819	350,000	400,000	400,000	50,000
<b>Subtotal Interest</b>	<b>430,819</b>	<b>350,000</b>	<b>400,000</b>	<b>400,000</b>	<b>50,000</b>
<b>Other</b>					
Auction	108,000	201,030	77,987	56,825	(144,205)
<b>Subtotal Other</b>	<b>108,000</b>	<b>201,030</b>	<b>77,987</b>	<b>56,825</b>	<b>(144,205)</b>
<b>State</b>					
DMV	2,549,976	2,350,000	2,564,647	2,607,220	257,220
State	15,959,205	28,264,758	28,992,043	18,006,880	(10,257,878)
<b>Subtotal State</b>	<b>18,509,181</b>	<b>30,614,758</b>	<b>31,556,690</b>	<b>20,614,100</b>	<b>(10,000,658)</b>
<b>Revenues Total</b>	<b>\$ 20,308,063</b>	<b>\$ 44,232,788</b>	<b>\$ 35,787,400</b>	<b>\$ 27,202,925</b>	<b>\$ (17,029,863)</b>
<b>Expenses</b>					
<b>Services and Supplies</b>					
Advertising, Comm & Outreach	\$ 5,288	\$ -	\$ -	\$ -	\$ -
Incentive Projects	15,097,706	33,233,934	16,932,247	30,536,241	(2,697,693)
Prof Svc-Consulting	-	-	299,500	230,000	230,000
<b>Subtotal Services and Supplies</b>	<b>15,102,994</b>	<b>33,233,934</b>	<b>17,231,747</b>	<b>30,766,241</b>	<b>(2,467,693)</b>
<b>Interfund Charges</b>					
Transfer-Out	1,513,730	2,116,371	1,551,549	1,721,108	(395,263)
<b>Subtotal Interfund Charges</b>	<b>1,513,730</b>	<b>2,116,371</b>	<b>1,551,549</b>	<b>1,721,108</b>	<b>(395,263)</b>
<b>Expenses Total</b>	<b>\$ 16,616,724</b>	<b>\$ 35,350,305</b>	<b>\$ 18,783,296</b>	<b>\$ 32,487,349</b>	<b>\$ (2,862,956)</b>



## CAPITAL EXPENSE BUDGET

## Capital Expenses – by Fund

Fund Description	FY20/21 Approved
<b>100 General</b>	
Aethalometer	\$ 30,000
Air Monitoring Station Maintenance A/C Unit	20,000
ASA 1515 Replacements Firewall	5,500
Carbon Monoxide - Trace	18,000
CSN Monitor	18,000
Gas Calibrators	60,000
H <sub>2</sub> Generator	40,000
Meteorological Pole	15,000
Meteorological System	12,000
N <sub>2</sub> Generator	30,000
NO <sub>y</sub> Analyzer	80,000
Ozone Monitors	22,000
Placeholder for AB617 Equipment	100,000
Placeholder for Backup Analyzers	65,000
Placeholder for NMHC	26,000
Placeholder for Sodar	68,000
Replacement of Del Paso Manor Air Monitoring Station	325,000
Vehicle Replacement (Pool/Fleet)	40,000
Zero Air Generator	10,000
<b>100 General Subtotal</b>	<b>\$ 984,500</b>
<b>400 Proprietary</b>	
Multi Year Building Improvement	\$ 100,000
Facility Enhancements	30,000
HVAC	60,000
Miscellaneous - Annual Improvements	151,000
Parking Booth Construction	25,000
Safety Enhancements	30,000
Security Upgrades	5,000
SSD Manager Office	20,000
<b>400 Proprietary Subtotal</b>	<b>\$ 421,000</b>
<b>Capital Expenses Total</b>	<b>\$ 1,405,500</b>

**SUMMARY OF FINANCIAL SOURCES, USES AND FUND BALANCE**

Fund	Type	Fund Balance 06/30/19	FY19/20 Projected Revenues	FY19/20 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/20
100	General Fund	\$ 12,333,184	\$ 21,184,514	\$ 19,030,854	\$ 2,153,660	\$ 14,486,844
400	Proprietary Fund	3,309,762	1,233,500	1,040,257	193,243	3,503,005
500	Special Revenue Fund	26,130,091	35,787,400	18,783,296	17,004,104	43,134,195
	<b>Total</b>	<b>\$ 41,773,037</b>	<b>\$ 58,205,414</b>	<b>\$ 38,854,407</b>	<b>\$ 19,351,007</b>	<b>\$ 61,124,044</b>

Fund	Type	Projected Fund Balance 06/30/20	FY20/21 Approved Revenues	FY20/21 Approved Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/21
100	General Fund	\$ 14,486,844	\$ 20,700,171	\$ 22,437,602	\$ (1,737,431)	\$ 12,749,413
400	Proprietary Fund	3,503,005	1,276,601	1,276,601	-	3,503,005
500	Special Revenue Fund	43,134,195	27,202,925	32,487,349	(5,284,424)	37,849,771
	<b>Total</b>	<b>\$ 61,124,044</b>	<b>\$ 49,179,697</b>	<b>\$ 56,201,552</b>	<b>\$ (7,021,855)</b>	<b>\$ 54,102,189</b>

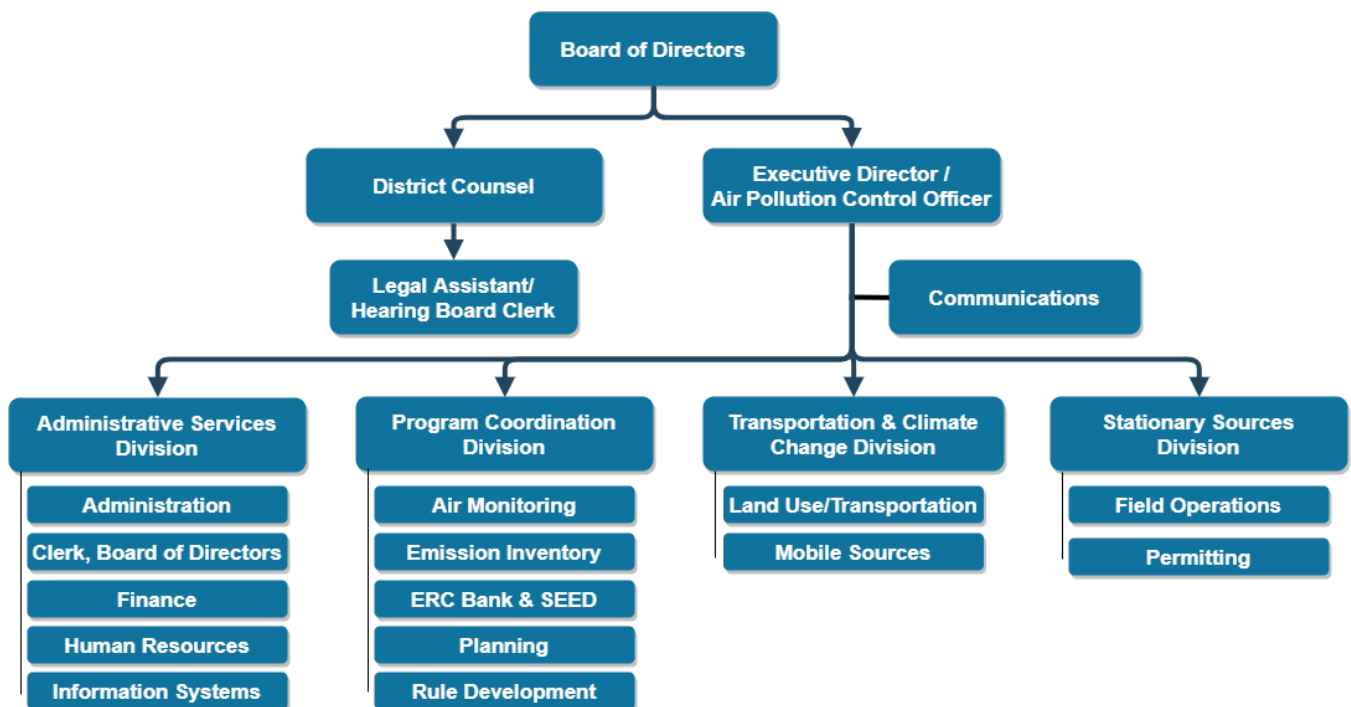
# SECTION 7 - Organizational Overview

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

## ORGANIZATIONAL STRUCTURE

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

**Organization Chart**



**STAFFING**

The District is proposing 102.6 FTE positions, of which 94.1 are funded and 8.5 are unfunded. This is a decrease of 5.4 funded FTE from FY19/20 to address the continuing budget challenges. In addition, one position was reclassified resulting in the increase by one FTE in the Administrative Specialist classification and a decrease by one FTE in the Fiscal Assistant classification. The following two staffing schedules represents the approved FTE positions for FY20/21 by classification and by operating division.

**Positions by Classification**

Classification	FY 18/19 Amended	FY 19/20 Approved	Change	FY20/21 Approved
<b>FUNDED</b>				
<b>Regular</b>				
Admin Supervisor/Clerk of Board	1.0	1.0		1.0
Administrative Specialist	2.0	2.0	1.0	3.0
Air Pollution Control Officer	1.0	1.0		1.0
Air Quality Engineer	19.5	19.5	-4.0	15.5
Air Quality Instrument Specialist	3.0	3.0		3.0
Air Quality Planner/Analyst	10.0	10.0		10.0
Air Quality Specialist	18.6	18.6		18.6
Communication & Marketing Specialist	0.9	0.9	0.1	1.0
Controller	1.0	1.0		1.0
District Counsel	1.0	1.0		1.0
Division Manager	4.0	4.0		4.0
Financial Analyst	1.0	1.0		1.0
Fiscal Assistant	1.0	1.0	-1.0	-
Human Resource Technician	1.0	1.0		1.0
Human Resources Officer	1.0	1.0		1.0
Information Systems Analyst	2.0	2.0		2.0
Information Systems Manager	1.0	1.0		1.0
Legal Assistant	1.0	1.0		1.0
Office Assistant	3.0	3.0		3.0
Program Manager	5.0	5.0		5.0
Program Supervisor	12.0	12.0		12.0
Senior Accountant	1.0	1.0		1.0
Statistician	1.0	1.0		1.0
<b>Limited Term</b>				
Air Quality Engineer/Specialist/Planner	5.5	5.5	-0.5	5.0
Communication & Marketing Specialist	1.0	1.0	-1.0	-
Information Systems Analyst	1.0	1.0		1.0
<b>FUNDED Total</b>	<b>99.5</b>	<b>99.5</b>	<b>-5.4</b>	<b>94.1</b>
<b>UNFUNDED</b>				
<b>Regular</b>				
Air Quality Engineer	1.0	1.0	4.0	5.0
Air Quality Specialist	1.0	1.0		1.0
Human Resource Technician	1.0	1.0		1.0
<b>Limited Term</b>				
Air Quality Engineer/Specialist/Planner	0.0	0.0	0.5	0.5
Communication & Marketing Specialist	0.0	0.0	1.0	1.0
<b>UNFUNDED Total</b>	<b>3.0</b>	<b>3.0</b>	<b>5.5</b>	<b>8.5</b>
<b>Total Funded and Unfunded</b>	<b>102.5</b>	<b>102.5</b>	<b>0.1</b>	<b>102.6</b>

## Positions by Operating Division

Classification	ASD	DC	EXEC	PCD	SSD	TCC	Total FTE
<b>FUNDED</b>							
<b>Regular</b>							
Admin Supervisor/Clerk of Board	1.0	-	-	-	-	-	1.0
Administrative Specialist	3.0	-	-	-	-	-	3.0
Air Pollution Control Officer	-	-	1.0	-	-	-	1.0
Air Quality Engineer	-	-	-	2.5	8.0	5.0	15.5
Air Quality Instrument Specialist	-	-	-	3.0	-	-	3.0
Air Quality Planner/Analyst	-	-	-	2.0	-	8.0	10.0
Air Quality Specialist	-	-	-	3.0	11.6	4.0	18.6
Communication & Marketing Specialist	-	-	1.0	-	-	-	1.0
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
Human Resource Technician	1.0	-	-	-	-	-	1.0
Human Resources Officer	1.0	-	-	-	-	-	1.0
Information Systems Analyst	2.0	-	-	-	-	-	2.0
Information Systems Manager	1.0	-	-	-	-	-	1.0
Legal Assistant	-	1.0	-	-	-	-	1.0
Office Assistant	3.0	-	-	-	-	-	3.0
Program Manager	1.0	-	-	1.0	2.0	1.0	5.0
Program Supervisor	-	-	1.0	3.0	5.0	3.0	12.0
Senior Accountant	1.0	-	-	-	-	-	1.0
Statistician	-	-	-	1.0	-	-	1.0
<b>Limited Term</b>							
Air Quality Engineer/Specialist/Planner	-	-	-	3.0	-	2.0	5.0
Information Systems Analyst	1.0	-	-	-	-	-	1.0
<b>FUNDED Total</b>	<b>18.0</b>	<b>2.0</b>	<b>3.0</b>	<b>19.5</b>	<b>27.6</b>	<b>24.0</b>	<b>94.1</b>
<b>UNFUNDED</b>							
<b>Regular</b>							
Air Quality Engineer	-	-	-	3.0	1.0	1.0	5.0
Air Quality Specialist	-	-	-	-	1.0	-	1.0
Human Resource Technician	1.0	-	-	-	-	-	1.0
<b>Limited Term</b>							
Air Quality Engineer/Specialist/Planner	-	-	-	-	0.5	-	0.5
Communication & Marketing Specialist	-	-	1.0	-	-	-	1.0
<b>UNFUNDED Total</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>	<b>3.0</b>	<b>2.5</b>	<b>1.0</b>	<b>8.5</b>
<b>Total Funded and Unfunded</b>	<b>19.0</b>	<b>2.0</b>	<b>4.0</b>	<b>22.5</b>	<b>30.1</b>	<b>25.0</b>	<b>102.6</b>

**PAY SCHEDULE**

The following pay schedule includes a cost of living adjustment (COLA) of 3.1% consistent with the terms of the Memorandum of Understanding between Management and SADEA, and the Unrepresented Personnel Resolution.

**Pay Schedule  
Effective July 1, 2020**

Classification	Monthly	
	Minimum	Maximum
Administrative Specialist I	\$ 5,972.50	\$ 7,259.61
Administrative Specialist II	\$ 6,470.14	\$ 7,864.50
Administrative Supervisor/Clerk of the Board	\$ 7,248.09	\$ 9,696.20
Air Pollution Control Officer *	\$ 18,914.08	\$ 18,914.08
Air Quality Engineer (Assistant)	\$ 6,867.33	\$ 8,347.28
Air Quality Engineer (Associate)	\$ 7,976.05	\$ 9,694.94
Air Quality Instrument Specialist I	\$ 5,687.27	\$ 6,912.91
Air Quality Instrument Specialist II	\$ 6,540.61	\$ 7,950.15
Air Quality Planner/Analyst (Assistant)	\$ 6,867.33	\$ 8,347.28
Air Quality Planner/Analyst (Associate)	\$ 7,976.05	\$ 9,694.94
Air Quality Specialist (Assistant)	\$ 6,867.33	\$ 8,347.28
Air Quality Specialist (Associate)	\$ 7,976.05	\$ 9,694.94
Communications & Marketing Specialist (Assistant)	\$ 6,867.33	\$ 8,347.28
Communications & Marketing Specialist (Associate)	\$ 7,976.05	\$ 9,694.94
Controller	\$ 9,577.27	\$ 12,834.04
District Counsel *	\$ 20,127.94	\$ 20,127.94
Division Manager	\$ 11,008.53	\$ 14,752.05
Financial Analyst	\$ 6,989.61	\$ 8,495.91
Human Resources Officer	\$ 7,248.09	\$ 9,696.20
Human Resources Technician I	\$ 4,642.06	\$ 5,642.45
Human Resources Technician II	\$ 5,338.87	\$ 6,489.43
Information Systems Analyst (Assistant)	\$ 6,417.63	\$ 7,800.67
Information Systems Analyst (Associate)	\$ 7,379.95	\$ 8,970.38
Information Systems Manager	\$ 9,577.27	\$ 12,834.04
Legal Assistant I	\$ 4,841.40	\$ 5,884.75
Legal Assistant II	\$ 5,325.07	\$ 6,472.66
Office Assistant I	\$ 3,218.63	\$ 3,912.26
Office Assistant II	\$ 3,609.40	\$ 4,387.25
Office Assistant III	\$ 4,042.52	\$ 4,913.72
Program Manager	\$ 9,577.27	\$ 12,834.04
Program Supervisor	\$ 8,330.99	\$ 11,164.62
Senior Accountant	\$ 6,989.61	\$ 8,495.91
Statistician	\$ 7,976.05	\$ 9,694.94

\* These salaries are based on individual contracts approved by the Board

**DIVISION BUDGETS**

The budgets for the six operating and support divisions, and the Non-Departmental division, are presented below. All positions are budgeted in the General Fund. The Special Revenue Fund issues incentive awards and transfers grant administration funds to the General Fund to cover project administration expenses incurred in the General Fund. The approved division expenditures by classification for the District and each fund are shown below.

**DISTRICTWIDE – Expenditures by Division by Classification**

Division Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Administrative Services</b>				
Salaries and Wages	\$ 1,858,794	\$ 1,676,760	\$ 1,875,550	\$ 16,756
Employee Benefits	758,373	699,360	794,876	36,503
Services and Supplies	1,461,647	1,204,257	1,433,112	(28,535)
Capital Expense	56,000	15,000	5,500	(50,500)
<b>Subtotal Administrative Services</b>	<b>4,134,814</b>	<b>3,595,377</b>	<b>4,109,038</b>	<b>(25,776)</b>
<b>District Counsel</b>				
Salaries and Wages	309,106	317,267	318,699	9,593
Employee Benefits	128,887	104,746	142,760	13,873
Services and Supplies	147,904	61,926	151,884	3,980
<b>Subtotal District Counsel</b>	<b>585,897</b>	<b>483,939</b>	<b>613,343</b>	<b>27,446</b>
<b>Executive Office</b>				
Salaries and Wages	581,123	504,227	477,873	(103,250)
Employee Benefits	239,986	174,524	216,704	(23,282)
Services and Supplies	1,696,345	1,480,954	1,478,794	(217,551)
<b>Subtotal Executive Office</b>	<b>2,517,454</b>	<b>2,159,705</b>	<b>2,173,371</b>	<b>(344,083)</b>
<b>Non-Departmental</b>				
Employee Benefits	-	3,977	4,200	4,200
Services and Supplies	1,366,701	1,365,190	1,463,526	96,825
Capital Expense	307,500	205,670	421,000	113,500
Debt Service	409,544	409,544	410,350	806
<b>Subtotal Non-Departmental</b>	<b>2,083,745</b>	<b>1,984,381</b>	<b>2,299,076</b>	<b>215,331</b>
<b>Program Coordination</b>				
Salaries and Wages	2,531,224	2,266,426	2,333,681	(197,543)
Employee Benefits	1,044,311	856,750	986,358	(57,953)
Services and Supplies	1,169,975	553,051	1,153,368	(16,607)
Capital Expense	1,719,500	740,000	939,000	(780,500)
<b>Subtotal Program Coordination</b>	<b>6,465,010</b>	<b>4,416,227</b>	<b>5,412,407</b>	<b>(1,052,603)</b>
<b>Stationary Sources</b>				
Salaries and Wages	3,537,859	2,990,580	3,480,984	(56,875)
Employee Benefits	1,449,986	1,186,653	1,522,498	72,512
Services and Supplies	362,968	308,118	388,910	25,942
Capital Expense	130,000	27,000	40,000	(90,000)
<b>Subtotal Stationary Sources</b>	<b>5,480,813</b>	<b>4,512,351</b>	<b>5,432,392</b>	<b>(48,421)</b>
<b>Transportation &amp; Climate Change</b>				
Salaries and Wages	3,019,734	2,651,190	2,961,286	(58,448)
Employee Benefits	1,228,868	1,070,194	1,263,171	34,303
Services and Supplies	33,957,571	17,981,043	31,937,468	(2,020,103)
<b>Subtotal Transportation &amp; Climate Change</b>	<b>38,206,173</b>	<b>21,702,427</b>	<b>36,161,925</b>	<b>(2,044,248)</b>
<b>Expenses Total</b>	<b>\$ 59,473,906</b>	<b>\$ 38,854,407</b>	<b>\$ 56,201,552</b>	<b>\$ (3,272,354)</b>



**FUND 100 – General Fund Expenditures by Division by Classification**

Division Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Administrative Services</b>				
Salaries and Wages	\$ 1,858,794	\$ 1,676,760	\$ 1,875,550	\$ 16,756
Employee Benefits	758,373	699,360	794,876	36,503
Services and Supplies	1,461,647	1,204,257	1,433,112	(28,535)
Capital Expense	56,000	15,000	5,500	(50,500)
<b>Subtotal Administrative Services</b>	<b>4,134,814</b>	<b>3,595,377</b>	<b>4,109,038</b>	<b>(25,776)</b>
<b>District Counsel</b>				
Salaries and Wages	309,106	317,267	318,699	9,593
Employee Benefits	128,887	104,746	142,760	13,873
Services and Supplies	147,904	61,926	151,884	3,980
<b>Subtotal District Counsel</b>	<b>585,897</b>	<b>483,939</b>	<b>613,343</b>	<b>27,446</b>
<b>Executive Office</b>				
Salaries and Wages	581,123	504,227	477,873	(103,250)
Employee Benefits	239,986	174,524	216,704	(23,282)
Services and Supplies	1,696,345	1,480,954	1,478,794	(217,551)
<b>Subtotal Executive Office</b>	<b>2,517,454</b>	<b>2,159,705</b>	<b>2,173,371</b>	<b>(344,083)</b>
<b>Non-Departmental</b>				
Employee Benefits	-	3,977	4,200	4,200
Services and Supplies	926,933	940,147	1,018,275	91,342
<b>Subtotal Non-Departmental</b>	<b>926,933</b>	<b>944,124</b>	<b>1,022,475</b>	<b>95,542</b>
<b>Program Coordination</b>				
Salaries and Wages	2,531,224	2,266,426	2,333,681	(197,543)
Employee Benefits	1,044,311	856,750	986,358	(57,953)
Services and Supplies	1,169,975	553,051	1,153,368	(16,607)
Capital Expense	1,719,500	740,000	939,000	(780,500)
<b>Subtotal Program Coordination</b>	<b>6,465,010</b>	<b>4,416,227</b>	<b>5,412,407</b>	<b>(1,052,603)</b>
<b>Stationary Sources</b>				
Salaries and Wages	3,537,859	2,990,580	3,480,984	(56,875)
Employee Benefits	1,449,986	1,186,653	1,522,498	72,512
Services and Supplies	362,968	308,118	388,910	25,942
Capital Expense	130,000	27,000	40,000	(90,000)
<b>Subtotal Stationary Sources</b>	<b>5,480,813</b>	<b>4,512,351</b>	<b>5,432,392</b>	<b>(48,421)</b>
<b>Transportation &amp; Climate Change</b>				
Salaries and Wages	3,019,734	2,651,190	2,961,286	(58,448)
Employee Benefits	1,228,868	1,070,194	1,263,171	34,303
Services and Supplies	723,637	749,296	1,171,227	447,590
Interfund Charges	(2,116,371)	(1,551,549)	(1,721,108)	395,263
<b>Subtotal Transportation &amp; Climate Change</b>	<b>2,855,868</b>	<b>2,919,131</b>	<b>3,674,576</b>	<b>818,708</b>
<b>Expenses Total</b>	<b>\$ 22,966,789</b>	<b>\$ 19,030,854</b>	<b>\$ 22,437,602</b>	<b>\$ (529,187)</b>

**FUND 400 – Proprietary Fund Expenditures by Division by Classification**

Division Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Non-Departmental</b>				
Services and Supplies	\$ 439,768	\$ 425,043	\$ 445,251	\$ 5,483
Capital Expense	307,500	205,670	421,000	113,500
Debt Service	409,544	409,544	410,350	806
<b>Subtotal Non-Departmental</b>	<b>\$ 1,156,812</b>	<b>\$ 1,040,257</b>	<b>\$ 1,276,601</b>	<b>\$ 119,789</b>
<b>Expenses Total</b>	<b>\$ 1,156,812</b>	<b>\$ 1,040,257</b>	<b>\$ 1,276,601</b>	<b>\$ 119,789</b>

**FUND 500 – Special Revenue Fund Expenditures by Division by Classification**

Division Classification	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
<b>Transportation &amp; Climate Change</b>				
Services and Supplies	\$ 33,233,934	\$ 17,231,747	\$ 30,766,241	\$ (2,467,693)
Interfund Charges	2,116,371	1,551,549	1,721,108	(395,263)
<b>Subtotal Transportation &amp; Climate Change</b>	<b>\$ 35,350,305</b>	<b>\$ 18,783,296</b>	<b>\$ 32,487,349</b>	<b>\$ (2,862,956)</b>
<b>Expenses Total</b>	<b>\$ 35,350,305</b>	<b>\$ 18,783,296</b>	<b>\$ 32,487,349</b>	<b>\$ (2,862,956)</b>

**PROGRAM BUDGETS**

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

**FUND 100 – General Fund Expenditures by Program**

Program	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
Administration	\$ 1,026,202	\$ 943,187	\$ 998,784	\$ (27,418)
Agricultural	101,358	92,418	127,878	26,520
Air Monitoring	3,919,769	2,307,925	2,985,082	(934,687)
Asbestos	277,780	288,309	300,519	22,739
Asbestos NOA	1,551	1,957	4,130	2,579
Board of Directors	29,500	10,542	19,020	(10,480)
Communications	1,520,311	1,370,655	1,311,462	(208,849)
Complaints	299,051	149,999	250,757	(48,294)
District Counsel	585,897	483,939	613,293	27,396
Emission Credit Program	110,724	162,890	35,834	(74,890)
Emission Inventory	341,859	247,100	237,580	(104,279)
Exchange Programs	279,447	13,522	23,622	(255,825)
Finance	964,487	919,279	1,000,932	36,445
GHG	959,001	981,414	648,559	(310,442)
Government Affairs	304,145	300,000	304,145	-
Hearing Board	14,500	4,902	14,660	160
Human Resources	329,567	350,937	345,003	15,436
Information Systems	1,510,413	1,081,974	1,462,224	(48,189)
Non-Departmental	926,933	944,124	1,022,475	95,542
PERP	112,244	25,527	74,129	(38,115)
Planning	1,138,307	1,330,953	1,494,010	355,703
Rule 301	4,328,728	3,783,435	4,303,422	(25,306)
Rule 421	433,164	207,118	285,418	(147,746)
Rule Development	659,169	345,151	619,077	(40,092)
SECAT-Infill Streamline	85,019	30,742	85,019	-
Strategic Partners	678,923	590,362	627,882	(51,041)
Title V	80,194	39,972	102,875	22,681
Toxics AB2588	89,979	87,049	134,229	44,250
Transportation Planning & Assist	1,611,452	1,631,301	2,065,280	453,828
Vehicle & Equipment Technology	247,115	304,171	940,302	693,187
<b>Program Expenses Total</b>	<b>\$ 22,966,789</b>	<b>\$ 19,030,854</b>	<b>\$ 22,437,602</b>	<b>\$ (529,187)</b>

**FUND 400 – Proprietary Fund Expenditures by Program**

Program	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
Covell Building	\$ 1,156,812	\$ 1,040,257	\$ 1,276,601	\$ 119,789
<b>Program Expenses Total</b>	<b>\$ 1,156,812</b>	<b>\$ 1,040,257</b>	<b>\$ 1,276,601</b>	<b>\$ 119,789</b>

**FUND 500 – Special Revenue Fund Expenditures by Program**

Program	FY 19/20 Approved	FY 19/20 Projection	FY20/21 Approved	Variance FY21 Approved FY20 Approved
GHG	\$ 12,043,889	\$ 6,983,446	\$ 18,511,724	\$ 6,467,835
Vehicle & Equipment Technology	23,306,416	11,799,850	13,975,625	(9,330,791)
<b>Program Expenses Total</b>	<b>\$ 35,350,305</b>	<b>\$ 18,783,296</b>	<b>\$ 32,487,349</b>	<b>\$ (2,862,956)</b>

**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, Communications and District Counsel**

Program	Description
<p><b>Executive Director/APCO</b></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 for all.</p> <p><b>Air Quality</b> — The District is the lead planning agency for moving the region towards attainment of all health-based, federally mandated ambient air quality standards. The Executive Office provides direction for all environmental management activities including development of rules and policies, permitting and enforcement programs, monitoring ambient air quality, planning, and analysis and research to understand and control sources of toxics and other emissions to protect public health.</p> <p><b>Climate Change</b> — The District is contributing to meeting the state’s 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; collaborating with other air districts and organizations on research and demonstrations; and building a regional collaborative to help prepare for extreme weather and our changing climate.</p> <p><b>Legislative Affairs</b> — The Executive Office leads the District’s legislative advocacy at the local, state, and federal level and provides direction to the agency’s legislative advocate. In collaboration with the District legislative advocate, the Executive Office monitors and analyzes state and federal legislation with a potential impact on air quality and climate change programs in the capital region.</p> <p><b>Communications</b> — Engages and informs residents and organizations about Sacramento’s air quality and what actions are needed to protect public health by reducing emissions. Activities include comprehensive public education programs, marketing and community outreach, advisory notices and informational material. The communication office manages routine and emergency media relations and social media; manages and directs “Spare The Air” and “Check Before You Burn” programs; conducts annual survey research to document emission reductions achieved through the program; manages other key communications coordination with Federal, State and local agencies and special projects; and supports clean fuels, Cap &amp; Trade projects, AB 617 outreach and implementation and other ad hoc and ongoing programs.</p>
<p><b>District Counsel</b></p>	<p>Under direction from the Board, the District Counsel provides legal services to the Board and District management and staff.</p> <p><b>Legal/Administrative</b> — 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><b>Clerk, Hearing Board</b> — 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>

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**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

**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
- Assist with publicizing and promoting District rules, programs and incentives to the community

**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
- 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	Description
Administration	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.  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.
Clerk, Board of Directors	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.
Finance	Ensures compliance with accounting regulations and requirements, manages the development of the District's annual operating budgets, coordinates financial audits by source agencies and independent auditors, ensures timely and accurate tracking of payroll expenditures, oversees grant administration, provides financial reports to management and the operating divisions, and administers contracts – develops new contracts and contract amendments, oversees the request for proposals process, develops and maintains contract database, prepares routine contract status reports.
Human Resources	Conducts recruitments and provides guidance in the retention of high-quality staff, ensures compliance with federal and state employment law and regulations, coordinates personnel related training, addresses employee issues or concerns, communicates District personnel policy, processes payroll, and administers district benefits.
Information Systems	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.

**Administrative Services Key Initiatives**

**Administration**

- Finalize and implement the asset management plan for facilities, fleet and computer equipment
- Complete building refresh, including safety enhancements
- Develop systems and processes to ensure compliance with Records Retention Schedule

**Finance**

- Formally document additional financial reporting policies (e.g. fixed asset inventory, cash management and allowable costs)
- Implement miscellaneous billing and fixed assets modules in the enterprise financial accounting system

**Human Resources**

- Facilitate effective recruitment and employee-focused activities to attract and retain talented and engaged employees
- Develop and implement a consolidated administrative policies document

**Information Systems**

- Upgrade Tyler New World and SharePoint Public Website, convert District Intranet “Skynet” to online, migrate select VOIP telephones to mobile, and implement Office365 Teams.
- Secure vendor and initiate the development phase of the Permitting and Enforcement software solution

**Transportation and Climate Change Division**



Program	Description
Climate Change	<p>Promotes clean air and public health by providing technical assistance and advocacy in the land use and transportation sectors. Works to reduce mobile source and area emissions through 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>
Transportation	<p>Develops and implements strategies and demonstrates innovative zero and near-zero emission technology available to fleet owners and the public aimed at reducing emissions from vehicular sources.</p>

**Transportation and Climate Change Key Initiatives**

**Climate Change**

- 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

**Transportation**

- Work with CAPCOA and CARB on the Clean Transportation Incentive Programs to provide additional flexibility for the various programs
- Develop infrastructure projects to support zero and near-zero emission technologies
- Collaborate with agency partners to develop an electric vehicle charging mobility hub strategy for Sacramento
- Work with CAPCOA to address mobile emission impacts in AB 617 identified communities and determine funding opportunities to mitigate emission impacts
- Collaborate with Community Based Organizations to determine mobility needs within low income and disadvantaged communities
- Develop electric vehicle charging mobility hubs that support transportation deserts and community needs with projects like CarShare, Jump Bike, micro-transits, and the electric-mobility library vehicle
- 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

**Program Coordination Division**

Program	Description
<b>Air Monitoring</b>	Performs continuous monitoring of criteria pollutants and their precursors (ozone, hydrocarbons, carbon monoxide, nitrogen oxides, sulfur oxides, lead, and inhalable particulate matter (PM <sub>10</sub> and PM <sub>2.5</sub> )), meteorological conditions, and other air quality indicators at eight sites throughout the County. Continue community scale monitoring for the South Sacramento-Florin community selected as one of the first AB 617 communities.
<b>Emission Inventory</b>	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.
<b>Emission Reduction Credit Bank &amp; SEED</b>	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.
<b>Planning &amp; Data Analysis</b>	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. Work with communities to assess and submit communities for consideration under AB 617.
<b>Rule Development</b>	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans and for Best Available Retrofit Control Technologies (BARCT) under AB 617, performs comparative analyses of District rules with RACT, BARCT, and BACT standard, and develops new control measures and strategies to incorporate into air quality plans.

**Program Coordination Division Key Initiatives**

**Air Monitoring**

- Finish the replacement one air monitoring station
- Working collaboratively with the AB 617 steering committee to develop a community air monitoring plan (CAMP) and deploy community scale air monitoring
- Ensure air monitoring complies with all state and federal quality assurance and control requirements
- Prepare and submit the 2020 Annual Network Plan
- Prepare and submit the Five-Year Network Assessment

**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
- Collect emission inventory data for sources subject to CARB's Criteria and Toxic Reporting (CTR) regulation

**Emission Reduction Credit Bank & SEED**

- Maintain the credit registry when credits are sold or used, and evaluate applications for new credits from voluntary emission reduction activities
- Replace high-polluting 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**

- Continue to work with the Air Quality Steering Committee for the selected AB 617 community
- Design and implement the community air monitoring plan in the selected AB617 community
- Prepare and submit an Exceptional Event request and demonstration for the 2018 wildfires
- Prepare and submit the second 10-year PM<sub>10</sub>

**Rule Development**

- Prepare rules subject to implement Best Available Retrofit Control Technology for sources subject to AB 617
- Evaluate potential Reasonably Available Control Measures (RACM) for inclusion in the ozone attainment plan
- Prepare and submit to CARB/EPA a document (known as the RACT SIP”), which includes regulatory analysis and certifies that the District’s current rules implement controls that are at least as stringent as federal guidance for Reasonably Available Control Technology

**Stationary Sources Division**

Program	Description
<p><b>Field Operations</b></p>	<p>Field Operations is charged with enforcing local, state and federal air pollution regulations to ensure business and residents are in compliance with the laws. Field Operations encompasses a wide variety of programs that impact business and residents throughout Sacramento County.</p> <p><b>Asbestos</b> — Regulates commercial construction and land development projects to ensure the safe handling and removal of asbestos in building materials and naturally occurring asbestos.</p> <p><b>Public Complaints</b> — Investigates public complaints of illegal air pollution.</p> <p><b>Permitted inspections</b> — Regularly inspects businesses to verify compliance with permit requirements and air quality regulations.</p> <p><b>Compliance Assistance</b> — Assists businesses in complying with air quality regulations via advisories, workshops, and free facility reviews.</p> <p><b>Burning</b> — Regulates the different types of burning that occurs in Sacramento, such as agricultural burning, wood burning (Check Before You Burn) and other outdoor burning.</p> <p><b>Violation Resolution</b> — Field Operations promotes compliance and swift resolution of violations by administering a Mutual Settlement Program that resolves violations in lieu of litigation.</p> <p><b>State Programs</b> — Field Operations partners with the California Air Resources Board to inspect and enforce regulations that apply to many different types of sources such as portable engines, natural gas wells and businesses that use commercial refrigerant.</p>
<p><b>Permitting</b></p>	<p>Permitting ensures compliance with applicable local, state, and federal regulations by reviewing project proposals, granting conditional approvals, and authorizing operation by verifying that the equipment can operate in compliance with all applicable regulations. The permitting section is also responsible for federal Title V permitting and working on programs related to toxic air emissions.</p> <p><b>Title V</b> — Title V is the federal permitting program for major sources of air pollution and is implemented by the District’s permitting section.</p> <p><b>Criteria &amp; Toxic Air Emissions</b> — Permitting staff work with sources to help them understand and comply with complex state and federal regulations, maintain the “Hot Spots” toxics emissions inventory, and ensure that toxic emissions from facilities are within acceptable levels. The permitting section also works in conjunction with the Program Coordination Division on the CARB Criteria &amp; Toxics Reporting Regulation to collect, evaluate, and disseminate information with regards to air pollution from permitted stationary sources in Sacramento County.</p>

**Stationary Sources Key Initiatives**

- Increase awareness of emissions from permitted sources in Sacramento County by implementing the California Air Resources Board’s (CARB) Criteria and Toxics Reporting regulations, which will eventually make actual emissions of certain permitted sources more readily available
- Increase efficiency and data quality while lessening the reporting burden for permitted sources by creating a streamlined approach for criteria and toxics emission data submittal and review
- Implement a new database system that will increase staff efficiency, improve quality control and enhance management processes
- Enhance and improve communication and outreach to our business sector through coordination with business partners and other business-related entities, with a goal to improve understanding of regulations and increase compliance rates
- Increase protection for public health by exploring and potentially implementing an enhanced Asbestos program
- Update Division Policies & Procedures to ensure consistency and proper program implementation
- Coordinate with local fire agencies on planned burning to facilitate wildfire prevention while protecting the air and communities from excess smoke

- Continue implementation of CARB's GHG Oil & Gas inspection program
- Continue staff development through internal and external training efforts
- Update Best Available Control Technology (BACT) determinations every two years to continue to advance on air quality goals
- Review and process permit and Title V permit applications in a timely manner that meets statutory guidelines
- Participate in the development and implementation of the Wildfire Smoke Air Pollution Emergency Plan (AB 661) to improve coordination between Sacramento County agencies and businesses during these types of emergency events
- Participate in the development and implementation of the Wildfire Smoke Air Pollution Emergency Plan (AB 661) to improve coordination between Sacramento County agencies and businesses during these types of emergency events

**ACCOMPLISHMENTS BY DISTRICT PROGRAMS**

In FY19/20, the District achieved numerous accomplishments in pursuit of its strategic goals. The following are the highlights:

<b>Administrative</b>
Conducted recruitments for and filled nine positions
Created and implemented plan for employee wellness sessions conducted by a third-party provider
Developed plan to transition to a new benefit provider offering employees additional benefits and reducing costs
Implemented E-Sign documents and workflow solution
Formalized financial management policies (See Appendix A)
Implemented Office 365/One Drive/Skype/Advanced Threat Protection software solution
Deployed use of enterprise financial accounting system budget module to the organization
Completed first year audit with newly appointed external audit firm
Updated the Records Retention Policy
Completed Air Monitoring Laboratory expansion
Completed ADA modifications and installed upgrades charging stations in the Parking Garage
<b>Communication</b>
Produced and distributed an air pollution forecast to the public everyday of calendar year 2019
Promoted the Sac Region Air Quality App, which the public has downloaded over 29,000 times, an 8.7% annual increase
Distributed nearly 95,900 pieces of Spare The Air outreach materials and over 1,300 pieces of Check Before You Burn outreach materials in 2019
Increased the number of Spare The Air partners by 115 for a total of over 4,013 partners
Notified the public of 6 Spare The Air days during the 2019 ozone season and 10 days when burn restrictions were in place
District liaison for the CAPCOA Public Outreach Committee
Coordinated the Clean Cars 2 All Press conference that was covered by every Sacramento television station and the major talk radio station. Coverage resulted in exceptional public interest for the program
Coordinated Sacramento's first Clean Air Day celebration, which resulted in 800 students receiving "clean air" messages during an interactive school assembly
<b>Transportation and Climate Change</b>
Updated the Greenhouse Gas Thresholds for operational land use projects
Partnered in 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 land use projects documents, including the California Water Fix
Created a report on the impact of the urban heat island in the Sacramento region and appropriate measures to reduce the urban heat island effect

Worked with the City of Sacramento for a first-in-the-region citywide transit-oriented development ordinance
Partnered with transit agencies to deploy enhanced bus shelters, lighting, seating and shade
Initiated statewide working group at CAPCOA regarding environmental documents related to roadways
Participated on the Sacramento County and City of Sacramento Environment Justice advisory groups
SECAT Program is funding 100 new zero emission medium-duty and heavy-duty trucks. Program is highly successful and is deploying the latest innovative and transformative technology.
Partnered with Twin Rivers, Sacramento City and Elk Grove Unified School Districts to deploy the largest fleet of electric school buses (28) in the United State to date. Additionally, we have no received applications for electric school busses that now total over 100.
Press Event and Pilot successfully completed for the launce of the Clean Cars 4 All program in the Sacramento County
Community Air Protection Incentive Year 1 & 2 funding is fully allocated. Program highlights include funding electric school buses, EVSE infrastructure, and the largest dollar truck project in agency history with Pepsico by deploying 21 zero emission electric heavy-duty Tesla trucks with supporting infrastructure totaling \$6.2 million in our AB 617 community. These projects bring tremendous benefits to the disadvantaged communities most in need.
Assisted the Program Coordination Division with the formation of the AB 617 Steering Committee Meeting
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 Harbor Craft, Dredge and Barge Emission Factor Calculator
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
“Our Community CarShare” program continues to grow and expand within our disadvantaged communities. Program now includes several sites with charging stations and electric vehicles. Program now includes a new program featuring prepaid alternative transit options (ATO) card which allow Carshare participants to use transit and ride hail services. ATO card is funded at amounts between \$100 & \$125 on a monthly basis per person. “Our community CarShare” program has now received a total of \$7 million dollars from CARB as a result of its success.
<b>Program Coordination</b>
Hosting at least monthly collaborative steering committee meetings for work on the design of the Community Air Monitoring Plan (CAMP) including deployment of sensor technology. Developed a draft CAMP with community input for the selected AB 617 community.
Installation of 21 low cost sensors in the South Sacramento-Florin AB 617 community
Created a webpage for displaying low cost sensor data in the selected AB 617 community
Completed the Folsom air monitoring station replacement
Submitted the 2019 Annual network Plan to EPA
Maintained the District’s NCore, PAMS, SLAMS, and special purpose monitoring stations
Completed the EPA Technical Systems Audit
Submitted exceptional event initial notification to CARB and EPA to request exclusion of days that were impacted by the wildfires in 2018 and may have regulatory impacts



Begun work on the regional ozone plan for the federal 2015 Ozone NAAQS of 70 ppb
Approved 26 vouchers for fireplace replacements from low-income households and funded the replacement of 15 high-polluting wood stoves and fireplaces in these homes with cleaner appliances
Performed comparative analysis of District rules with Reasonably Available Control Technology (RACT) standards
Performed comparative analysis of AB 617 BARCT standards with California district and state rules for Oil and Gas Production
Performed 209 facility inventory surveys and completed annual emission inventories to CARB for point sources
Performed survey of all permitted sources in the AB 617 community and submitted the inventory to CARB
Updated area source emission inventories and submitted them to CARB
Provided loans of emission reduction credits to five Sacramento area businesses and renewed 30 loans
<b>Stationary Sources</b>
Issued 132 Authority to Construct permits and 185 Permits to Operate and published 9 new BACT determinations during the first half of FY19/20 (Jul 1, 2019 – Dec 31, 2019)
Continued to enforce 100% of all wood-burning curtailment days for the Check Before you Burn program, resulting in 91 violations for FFY 18/19
Performed targeted compliance assistance efforts to companies directly impacted by new regulations (CTR). Enhanced our business outreach by increasing communication with our business networks
Reviewed 10 AB 2588 health risk assessments for existing core facilities and identified 15 new core facilities. Reviewed and screened toxics data for more than 1,300 diesel engines. Presented 2018 Annual Air Toxics “Hot Sports” Report to the Board in September 2019
Focused on improving efficiency and integrating new technology solutions through upgrades in imaging software and renewing efforts to implement a new database for permitting and enforcement programs
Conducted a total of 3,585 inspections, including annual, source tests, and portable equipment during the 18/19 Federal Fiscal Year (FFY), Oct 2018-Sept 2019
Completed 100% of all major source inspections
Responded to 857 public complaints
Successfully resolved more than 95% of 193 issued violations through our Mutual Settlement Program
Reviewed and processed 1,743 asbestos notifications, which included 277 demolitions and 355 asbestos abatement projects
Reviewed and approved 5 asbestos dust mitigation plans for development projects and monitored ongoing naturally occurring asbestos sites
Continued our efforts to reduce greenhouse gas pollutants by continuing our partnership with CARB to enforce the State Oil and Gas regulation and the Refrigerant Management program that helps to reduce emissions from oil and gas production sites and refrigerants at commercial facilities, respectively

# SECTION 8 - Statistical Information

## FINANCIAL STATISTICS

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

### Balances of Governmental Funds (Modified Accrual)

	2010	2011	2012	2013	2014	2015 (a)	2016	2017	2018	2019
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580
Restricted	2,858,052	12,144,152	12,169,654	11,350,172	10,998,388	10,287,274	8,796,696	8,061,391	7,811,623	9,365,087
Assigned	2,407,273	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
Unrestricted	7,906,636	-	-	-	792,734	1,395,878	1,798,521	1,737,137	2,043,980	2,495,517
<b>Total General Fund</b>	<b>\$ 13,171,961</b>	<b>\$ 12,464,152</b>	<b>\$ 12,489,654</b>	<b>\$ 11,670,172</b>	<b>\$ 12,111,122</b>	<b>\$ 12,158,262</b>	<b>\$ 11,086,892</b>	<b>\$ 10,308,730</b>	<b>\$ 10,577,983</b>	<b>\$ 12,333,184</b>
Special Revenue Fund (b)										
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	\$ 22,438,751	\$ 26,130,091
<b>Total Special Revenue Fund</b>	<b>\$ 9,064,562</b>	<b>\$ 9,211,835</b>	<b>\$ 9,267,343</b>	<b>\$ 8,194,251</b>	<b>\$ 8,277,548</b>	<b>\$ 9,549,952</b>	<b>\$ 15,185,241</b>	<b>\$ 14,623,422</b>	<b>\$ 22,438,751</b>	<b>\$ 26,130,091</b>

Note: (a) GASB Statement 54 replaced the categories that previously had been used to classify fund balance. This schedule reclassifies un-spendable from restricted per that statement.

### Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	
<b>REVENUES</b>										
Taxes	\$ 8,025,308	\$ 7,451,650	\$ 8,071,327	\$ 7,929,307	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904	
Intergovernmental	16,058,522	11,162,826	34,081,710	25,879,092	10,507,331	14,342,930	15,445,047	9,232,418	13,718,592	
Licenses/Permits	6,705,683	6,479,071	6,180,051	6,015,064	6,741,800	7,416,470	7,646,441	8,001,079	8,395,134	
Use of Money/Property	268,262	230,368	204,424	193,112	18,965	60,372	(31,188)	226,170	1,004,824	
<b>Total Revenue</b>	<b>\$ 31,057,775</b>	<b>\$ 25,323,915</b>	<b>\$ 48,537,512</b>	<b>\$ 40,016,575</b>	<b>\$ 25,603,010</b>	<b>\$ 30,353,348</b>	<b>\$ 32,051,002</b>	<b>\$ 26,600,812</b>	<b>\$ 32,304,454</b>	
<b>EXPENDITURES</b>										
Current:										
Stationary Sources	\$ 6,114,436	\$ 5,822,646	\$ 5,843,577	\$ 5,758,644	\$ 5,741,059	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548	
Mobile Source	13,088,034	12,207,527	34,704,891	28,394,103	11,475,645	14,932,141	11,367,756	11,916,194	8,048,476	
Program coordination	4,334,342	4,285,664	3,959,488	3,780,971	3,832,332	3,943,621	4,571,752	4,734,782	4,384,116	
Strategic Planning	4,041,810	3,547,825	3,643,128	3,684,435	3,770,076	3,918,802	4,517,235	4,168,340	4,861,221	
Capital Outlay	18,498	20,789	305,418	290,995	259,652	239,283	529,002	322,275	200,510	
<b>Total Expenditures</b>	<b>\$ 27,597,120</b>	<b>\$ 25,884,451</b>	<b>\$ 48,456,502</b>	<b>\$ 41,909,148</b>	<b>\$ 25,078,764</b>	<b>\$ 29,050,073</b>	<b>\$ 27,487,084</b>	<b>\$ 27,940,793</b>	<b>\$ 24,219,871</b>	
Excess (Deficiency) of Revenue	\$ 3,460,655	\$ (560,536)	\$ 81,010	\$ (1,892,573)	\$ 524,246	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583	
<b>OTHER FINANCING SOURCES (USES)</b>										
	-	-	-	-	-	16,270	-	-	-	
<b>Net change in fund balances</b>	<b>\$ 3,460,655</b>	<b>\$ (560,536)</b>	<b>\$ 81,010</b>	<b>\$ (1,892,573)</b>	<b>\$ 524,246</b>	<b>\$ 1,319,545</b>	<b>\$ 4,563,918</b>	<b>\$ (1,339,981)</b>	<b>\$ 8,084,583</b>	

Note: For FY 19 activity categories were redefined so this table includes the nine-year period ending 06/30/2018. See below for FY 19 Changes in Net Position.  
Source: CAFR Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

**Changes in Fund Balance of Governmental Funds for FY 2019 (Modified Accrual)**

	2019	
<b>REVENUES</b>		
Taxes	\$	1,940,485
Intergovernmental		27,729,654
Licenses/Permits		8,109,883
Use of Money/Property		1,340,691
<b>Total Revenue</b>	<b>\$</b>	<b>39,120,713</b>
<b>EXPENDITURES</b>		
Current:		
Business Compliance	\$	6,771,994
Air Monitoring		3,545,919
Sustainable Land Use		2,347,083
Clean Transportation and Mobility Innovation		18,826,749
Community Health Protection		2,067,758
Capital Outlay		114,569
<b>Total Expenditures</b>	<b>\$</b>	<b>33,674,072</b>
<b>Net change in fund balances</b>	<b>\$</b>	<b>5,446,641</b>

Note: For FY 19 activity categories were redefined so this table includes only the current period ending 06/30/2019. See above for additional nine-year historical trend.

Source: CAFR Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

**Statement of Net Position by Component (Accrual Basis)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018 (a)	2019 (b)
<b>Governmental Activities</b>										
Investment in capital assets, net of related debt	\$ 447,263	\$ 327,593	\$ 507,625	\$ 653,680	\$ 764,943	\$ 792,677	\$ 1,111,788	\$ 1,196,123	\$ 1,170,111	\$ 2,245,913
Restricted	20,451,561	20,834,838	20,864,065	19,018,128	18,732,929	14,705,749	19,374,392	18,788,183	30,250,374	35,923,948
Unrestricted	946,120	-	-	-	792,734	(900,807)	(157,287)	605,026	(5,625,047)	(2,935,982)
<b>Total governmental activities net position</b>	<b>21,844,944</b>	<b>21,162,431</b>	<b>21,371,690</b>	<b>19,671,808</b>	<b>20,290,606</b>	<b>14,597,619</b>	<b>20,328,893</b>	<b>20,589,332</b>	<b>25,795,438</b>	<b>35,233,879</b>
<b>Business-type Activities</b>										
Investment in capital assets, net of related debt	142,689	438,929	403,041	113,259	93,109	232,801	613,133	820,602	984,226	-
Restricted	427,031	433,754	424,243	416,252	416,293	418,340	416,382	416,575	420,495	-
Unrestricted	990,954	762,937	909,129	1,094,081	1,274,390	1,331,412	1,190,967	1,142,715	1,575,033	-
<b>Total business-type activities net position</b>	<b>1,560,674</b>	<b>1,635,620</b>	<b>1,736,413</b>	<b>1,623,592</b>	<b>1,783,792</b>	<b>1,982,553</b>	<b>2,220,482</b>	<b>2,379,892</b>	<b>2,979,754</b>	<b>-</b>
<b>Primary government</b>										
Net investment in capital assets	589,952	766,522	910,666	766,939	858,052	1,025,478	1,724,921	2,016,725	2,154,337	2,245,913
Restricted	20,878,592	21,268,592	21,288,308	19,434,380	19,149,222	15,124,089	19,790,774	19,204,758	30,670,869	35,923,948
Unrestricted	1,937,074	762,937	909,129	1,094,081	2,067,124	430,605	1,033,680	1,747,741	(4,050,014)	(2,935,982)
<b>Total primary government net position</b>	<b>\$23,405,618</b>	<b>\$22,798,051</b>	<b>\$23,108,103</b>	<b>\$21,295,400</b>	<b>\$22,074,398</b>	<b>\$16,580,172</b>	<b>\$22,549,375</b>	<b>\$22,969,224</b>	<b>\$28,775,192</b>	<b>\$35,233,879</b>

Notes: (a) Reflects the new accounting treatment from pension and health liability.  
 (b) The Proprietary Fund was more properly classified as an Internal Service Fund for FY 19 and is included in Governmental Activities component for that year.

Source: CAFR Net Position Financial Statement

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/Fixed Assets	Interfund Charges	Contingency	Total
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
17-18	\$ 14,969,998	5,687,169	881,800	806,573	-	\$ 22,345,540
18-19	\$ 15,811,786	6,728,496	1,164,200	(1,947,586)	-	\$ 21,756,896

### Schedule of General Government Revenues by Source

Fiscal Year	Taxes (a)	Intergovernmental (a)	Licenses/ Permits	Use of Money & Property	Increase in Fair Value of Investments	Misc	Total
09-10	\$ 5,810,923.00	3,653,527	6,705,683	116,135	-	-	\$ 16,286,268
10-11	\$ 5,498,449.00	3,998,568	6,479,071	59,403	-	-	\$ 16,035,491
11-12	\$ 5,940,636.00	4,289,423	6,180,051	44,337	-	-	\$ 16,454,447
12-13	\$ 5,862,442.00	3,637,602	6,015,064	64,380	-	-	\$ 15,579,488
13-14	\$ 6,095,314.00	4,082,326	6,741,800	9,934	-	-	\$ 16,929,374
14-15	\$ 6,283,412.00	3,516,824	7,416,470	25,241	-	-	\$ 17,241,947
15-16	\$ 6,609,429.00	3,739,523	7,779,365	5,438	-	-	\$ 18,133,755
16-17	\$ 6,764,376.00	3,437,689	8,001,079	81,700	-	-	\$ 18,284,844
17-18	\$ 6,859,462.00	3,336,946	9,016,456	153,968	-	-	\$ 19,366,832
18-19	\$ 1,940,485.00	8,238,416	8,281,069	290,216	-	-	\$ 18,750,186

Notes: Prior to FY 19, the DMV surcharge was included in the tax revenue category. Starting in FY 19, the DMV surcharge is more appropriately classified as Intergovernmental revenue.

Source: CAFR Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

### Permit Revenue

Year	Active Permits (a)	Actual Revenue (a)
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
2018	4,411	\$ 6,185,455
2019	4,461	\$ 6,606,227

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

Source: Sacramento Metropolitan Air Quality Management District

**Full-Time Equivalent Employees as of June 30**

Classification	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Accountant I/II	1.0	1.0	-	-	-	-	-	-	-	-
Administrative Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-	-
Administrative/Legal Analyst	1.0	-	-	-	-	-	-	-	-	-
Administrative Specialist I/II	-	-	-	-	-	-	-	-	2.0	2.0
Administrative Supervisor/Clerk of the Board	-	-	-	-	-	-	-	-	1.0	1.0
Air Pollution Control Officer /Executive Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Air Quality Engineer	21.5	21.5	20.5	19.5	19.5	19.5	20.5	20.5	20.5	19.5
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	-	-	-	5.5
Air Quality Instrument Specialist I/II	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Air Quality Planner/Analyst	12.0	11.0	10.0	10.0	10.0	10.0	11.0	11.0	10.0	10.0
Air Quality Specialist	20.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	19.6	18.6
Assistant Air Pollution Control Officer	-	-	-	-	-	-	-	1.0	1.0	-
Communications & Marketing Specialist	2.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Clerical Services Supervisor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
District Accountant/Controller	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
District Counsel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Division Manager	4.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Executive Assistant/Clerk to the Board	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Financial Analyst	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resource Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-	-
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resource Technician I/II	-	-	-	-	-	-	-	-	2.0	1.0
Information Systems Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Information Systems Analyst	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Information Systems Manager	-	-	-	-	-	-	-	1.0	1.0	1.0
Legal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Office Assistant I/II	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Program Coordinator	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	-	-
Program Manager	-	-	-	-	-	-	-	-	5.0	5.0
Program Supervisor	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	12.0	12.0
Senior Accountant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Statistician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Subtotal Funded Positions</b>	<b>104.0</b>	<b>99.0</b>	<b>94.0</b>	<b>93.0</b>	<b>93.0</b>	<b>94.0</b>	<b>96.0</b>	<b>97.0</b>	<b>98.0</b>	<b>99.5</b>
Administrative/Legal Analyst	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Air Quality Engineer	-	-	1.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Air Quality Planner/Analyst	-	-	1.0	1.0	1.0	1.0	-	-	1.0	-
Air Quality Specialist	1.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Division Manager	-	-	1.0	1.0	1.0	-	-	-	-	-
Human Resource Technician I/II	-	-	-	-	-	-	-	-	-	1.0
Office Assistant I/II	-	-	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Program Coordinator	-	-	1.0	1.0	1.0	1.0	1.0	-	-	-
Program Supervisor	-	-	-	-	-	-	-	1.0	1.0	-
<b>Subtotal Unfunded Positions</b>	<b>1.0</b>	<b>3.0</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>	<b>8.0</b>	<b>6.0</b>	<b>5.0</b>	<b>5.0</b>	<b>3.0</b>
<b>Total Funded + Unfunded Positions</b>	<b>105.0</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>103.0</b>	<b>102.5</b>

# SECTION 9 - Appendices

## APPENDIX A – FINANCIAL MANAGEMENT POLICIES

### PURPOSE

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

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

### GOVERNING AUTHORITY

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

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

### POLICIES

#### *Budget Adoption*

The District shall prepare and make available to the public at least 30 days 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 in accordance with California Health and Safety Code (HSC §40131). The District shall notify each person who was subject to fees imposed by the District in the preceding year of the availability of information. The District shall notice and hold two public hearings at a meeting of the Sacramento Metropolitan Air Quality Management District Board for the exclusive purpose of reviewing the budget and of providing the public with the opportunity to comment upon the proposed District budget.

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

#### *Structurally Balanced Budget*

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

### *Budget Amendments*

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

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

### *General and Internal Service Funds Reserves*

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

### *Debt Management*

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

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

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

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

### *Investments*

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

Per California Government Code §53646(a)(2), the District may annually present to the Board a statement of investment policy for consideration at a public meeting. The Investment Policy of the Pooled Money Investment Account (PMIA) is published by the Office of State Treasurer. The LAIF represents one of three primary sources of funds in the PMIA. Therefore, the PMIA Investment Policy applies to investments made in the LAIF and staff annually presents the PMIA to the Board for consideration.

### *Long-Term Financial Planning*

Each year, staff perform multi-year (for the next three to five years) forecasts of operating expenditures and revenue, and capital expenditures to promote long-term planning of resources. The forecast will be updated



and included in the annual budget process. As part of the budget message, the APCO will advise the Board of potential long-term positive and adverse trends along with his/her analysis of the trends.

#### *Accounting, Auditing and Financial Reporting*

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

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

#### *Internal Control and Risk Management*

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

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

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

#### *Procurement*

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

#### *Capital Asset Management*

The District shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life. For the purpose of this policy, a fixed asset is defined as land, building structures, leasehold improvements, vehicles, equipment, machinery, furnishings or other property having a value in excess of \$25,000 and are intended for long-term use. Capital leases, in which the District intends to assume ownership rights when the lease is paid off and the purchase would meet the fixed asset criteria, will be accounted for as fixed assets regardless of the financing procedure used.

Fixed assets are initially recorded as assets, and are then subject to the following general types of accounting transactions:

- Periodic depreciation (for tangible assets) or amortization (for intangible assets)
- Impairment write-downs (if the value of an asset declines below its net book value)

- Disposition (once assets are disposed of)

The District maintains a schedule of, and for financial reporting purposes has established, a minimum capitalization limit for individual capital assets with values in excess of \$5,000 and having a useful (depreciable life) of three years or more. All items with an original value of \$5,000 or less, or with an estimated useful life of three years or less, are recorded as operating expenditures.

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

#### *Petty Cash*

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

#### *Collaborations*

The APCO is authorized to approved collaboration requests, i.e., provide funds to other entities when funds will be used to further the mission of the District, in accordance with the District's Purchasing Policy and within the approved collaboration budget.

#### *User Fees and Charges*

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

#### *Memorandum of Understanding (MoU)*

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

#### *Grants*

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

#### *Federal Awards*

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

In addition to the Cost Principles related to allowable costs, the District is responsible for maintaining internal controls regarding the management of Federal program funds, and ensuring that subgrantees are aware of the

cash management and requirements in 2 CFR part 200, subpart D. The District will monitor their own cash drawdowns and those of their subrecipients to assure substantial compliance to the standards of timing and amount of advances. In addition, the District will minimize the amount of time between the drawdown and the expenditure of funds from their bank accounts. Funds must be drawn only to meet a District's immediate cash needs for each individual grant.

#### *Acceptance of Non-District Funds*

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

## APPENDIX B – DESCRIPTION OF FUNDING SOURCES

**Agricultural Burning** — Burn permit fees 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.

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

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

**Community Air Protection Program Incentives** – Authorized by AB 134, funded by the Greenhouse Gas Reduction Fund, and overseen by the Air Resources Board, this program conducts stakeholder and community outreach in impacted communities designated by the Sac Metro Air District to guide the spending of incentives funds on eligible emission-reducing projects impacting these communities.

**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 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.

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

**Enhanced Fleet Modernization Program (EFMP)** – Volkswagen Settlement Funds: The Volkswagen (VW) Environmental Mitigation Trust (Trust) provides about \$423 million for California to mitigate the excess nitrogen oxide (NOX) emissions caused by VW's use of illegal emissions testing defeat devices in certain VW diesel vehicles. The Plan describes the eligible mitigation actions from the list specified in the Consent Decree that will be funded from the State's allocation of the Trust. Senate Bill (SB) 92, passed in June 2017, directs CARB to strive to ensure that 35 percent of California's allocation benefit low-income or disadvantaged communities that are disproportionately impacted by air pollution. The approved Plan exceeds that target; at least 50 percent of the total funding is expected to benefit low-income or disadvantaged communities.

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

**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 12<sup>th</sup> 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** — 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.

**Oil and Gas** - Grant received by CARB to fund the District for enforcement activities performed by the District. The District and CARB have a memorandum of agreement for the District to enforce CARB's Oil and Gas regulation in Sacramento County.

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

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**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.

**Refrigerant Management Program** - Agreement between CARB and the District in which the District performs inspections of Refrigerant Management Facilities in Sacramento County.

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

**Sacramento Emergency Clean Air & Transportation (SECAT)** —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 fees consist 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 Re-inspection Fees** — Initial and renewal fees are based on the assumption of one annual inspection, and as such, an hourly rate fee is collected for any equipment/site requiring additional inspections, whether for non-compliance issues, and/or additional source tests, etc.

**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.

**Variances** — Fees collected when permitted sources apply for variances from District rules. Revenues are to be used to help cover the costs of Hearing Board meetings.



## APPENDIX C – 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.

**Community Resource Project (CRP)** – Annual Golf tournament Breakfast – SMAQMD supports CRP's Charity Golf Tournament to raise funds to improve opportunities for people in need through energy efficiency, health, and education. CRP is transitioning their fleet to zero emission, to reduce their carbon footprint while improving the living environment of low-income people.

### 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.

**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 annual conference 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.



**Mutual Assistance Network (MAN)** – Annual Christmas in the park – As a part of Assembly Bill 617, the Community Air Protection program, the SMAQMD supports MAN with their effort to empower and support MAN’s focus to expand commercial, financial and employment opportunities for neighborhood residents and improve physical, public safety and social conditions.

**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 7<sup>th</sup> 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 ACT** – ACT Breakfast Conference – As part of Assembly Bill 617, the Community Air Protection program, the SMAQMD support’s Sacramento ACT’s advocacy in transforming communities, identify issues, and change conditions to create justice and equity.

**Sacramento Clean Cities Coalition (SCCC)** – NorCal Clean Fleet Technology Conference & Expo – The Sacramento Clean Cities Coalition (SCCC) is a non-profit organization committed to reducing the use of fossil petroleum in the transportation sector through education and training programs. The Sacramento Air District’s support of the SCCC helps accelerate the introduction of low-and-zero-emission fuels and technologies.

**Sacramento Tree Event** – The District has many programs working with the Sacramento Tree Foundation and collaborates 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 program gives residents the option to bike to events and safely store their bikes, taking many cars off the road in the process.

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**APPENDIX D – GLOSSARY**

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

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

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

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

**Audit** – An official inspection of an organization' accounts, typically by an independent body.

**Balanced Budget** – The amount of budgeted expenditures is equal to the amount of budgeted revenues sources (including reserves).

**Bond Premium** – Amount of bond proceeds in excess of the face value of the bond.

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

**Capital Expenses/Expenditures** – 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.

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

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

**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 used as a basis for adjusting fees; the CPI value for fee adjustments is obtained through the California Division of Labor Statistics and Research, All Urban Consumers.

**Debt Service** – The amount of money required in a given period to pay the principal and interest on a debt (borrowed money), generally 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 expenses.

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

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

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

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

**Modified Accrual 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.

**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.

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

**Resolution** – A formal declaration, usually after voting, by an organization (District 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 spendable funds in the District's General Fund not included in the other fund classifications.

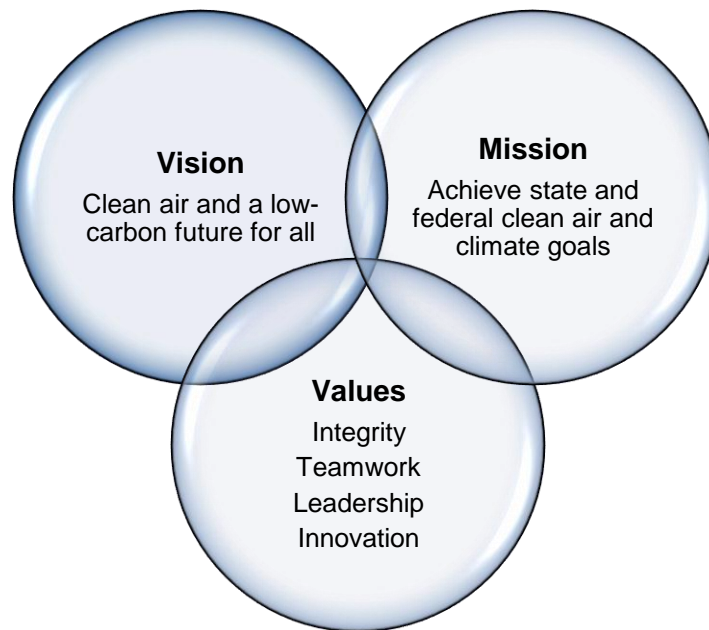
**Variance** – The difference between the budgeted or baseline amount of expense or revenue, and the actual amount.

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

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VISION = SOME DAY

MISSION = EVERY DAY



*Sac Metro Air District working hard for your health.*

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Council Member, City of Sacramento

Sue Frost, Vice Chair  
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