

# APPROVED BUDGET

## FISCAL YEAR 2021/22



SACRAMENTO METROPOLITAN



AIR QUALITY  
MANAGEMENT DISTRICT

SACRAMENTO, CALIFORNIA



# APPROVED BUDGET

## SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2021/22 BUDGET

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Mai Vang  
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City of Sacramento

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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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Sacramento, CA 95814



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

**July 1, 2020**

*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, 2020. 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 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 2021/22 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)

**TABLE OF CONTENTS**

**SECTION 1 - EXECUTIVE DIRECTOR/APCO LETTER .....1**

**SECTION 2 - BUDGET OVERVIEW .....4**

    DISTRICT PROFILE .....4

    DISTRICT BUDGET SUMMARY .....7

    STRATEGIC DIRECTION .....10

    STRATEGIC INITIATIVES .....11

**SECTION 3 - BUDGET PROCESS .....17**

    ANNUAL BUDGET CYCLE .....17

    BUDGET PRACTICES & STRATEGIES .....18

    BASIS OF BUDGETING .....19

**SECTION 4 – FINANCIAL PLANNING .....20**

    FINANCIAL FORECAST AND PLANNING .....20

    BUDGET FORECAST .....21

    FUND BALANCE FORECAST .....29

**SECTION 5 - FUND INFORMATION .....30**

    GENERAL FUND 100 .....30

    PROPRIETARY FUND 400 .....32

    SPECIAL REVENUE FUND 500 .....35

    FUND BALANCE .....37

**SECTION 6 - BUDGET SCHEDULES .....38**

    DISTRICT BUDGET .....38

    GENERAL FUND BUDGET .....39

    PROPRIETARY FUND BUDGET .....43

    SPECIAL REVENUE FUND BUDGET .....45

    CAPITAL EXPENSE BUDGET .....46

    SUMMARY OF FINANCIAL SOURCES, USES AND FUND BALANCE .....47

**SECTION 7 - ORGANIZATIONAL OVERVIEW .....48**

    ORGANIZATIONAL STRUCTURE .....48

    STAFFING .....49

    PAY SCHEDULE .....51

    DIVISION BUDGETS .....52

    PROGRAM BUDGETS .....55

    DIVISION FUNCTIONS AND KEY INITIATIVES .....57

    DIVISION ACCOMPLISHMENTS .....64

    PERFORMANCE MEASURES .....67

**SECTION 8 - STATISTICAL INFORMATION .....68**

    FINANCIAL STATISTICS .....68

**SECTION 9 - APPENDICES** .....73

APPENDIX A – FINANCIAL MANAGEMENT POLICIES .....73

APPENDIX B – DESCRIPTION OF FUNDING SOURCES .....78

APPENDIX C – GLOSSARY .....81

# SECTION 1 - Executive Director/APCO Letter

May 27, 2021

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

Dear Chair Guerra, Vice-Chair Kennedy, Board Directors, and Sacramento County residents:

We are pleased to present the Fiscal Year 2021/2022 (FY21/22) Approved Budget for the Sacramento Metropolitan Air Quality Management District (District). The Approved Budget is balanced and reflects a total for FY21/22 of \$63.5 million, including \$24.1 million for the General Fund, \$1.2 million for the Proprietary Fund, and \$38.2 million for the Special Revenue Fund. The FY21/22 Approved District Budget is a net increase of \$7.3 million from the FY20/21 Approved Budget with a \$1.7 million increase in the General Fund, \$118,819 decrease in the Proprietary Fund, and \$5.7 million increase in the Special Revenue Fund. The successful completion of this approved budget suggests that the business of protecting the health of residents in the greater Sacramento region from the harmful effects of air and climate pollution must continue. However, the work and planning that went into this budget were conducted during an unprecedented year. We did our job, albeit with heavy hearts.

We continue to live in turbulent times. This past year brought us unimaginable social unrest unleashed by many unjust, racially-motivated killings and other injustices against people of color in communities near and far from our home base. We witnessed pervasive and massive racial inequities that still exist in our society. And, unfortunately, it is not over when we consider the recent growth of racism and violence against Asian, Asian American, and Pacific Islander people. District staff, as members of a tight-knit community of public sector professionals in the Sacramento region committed to serving an ethnically diverse constituency, has been deeply impacted by all these events. Undoubtedly, the same events will influence and re-shape the core principles of our work next year and in years to come. The recent wave of racist violence prompted the agency to re-affirm and take a stand against vile acts of hate and to denounce racism, xenophobia, and any form of discrimination. Internally, the agency is re-affirming its policies for a supportive, professional, and discrimination-free work environment. We are re-enforcing our efforts for inclusion and diversity and taking our commitment for equity and justice outside and into the work we do for the communities we serve.

Of course, the social unrest played out against the backdrop of the COVID pandemic that disproportionately decimated some sectors of our regional economy. Although we are not completely out of the woods yet, the light at the end of the long tunnel leading us out of the crisis is finally looking brighter. Similar to many public and private entities in the Sacramento region, we have managed to ensure the continuity of our operations by implementing successfully near-complete teleworking and office lockdown procedures to ensure the safety of agency staff and the public we serve. The District has stayed and remains open for business under remote work conditions. We continue to maintain only essential functions in our office and in the field, including some compliance inspection work and running our ambient air monitoring station network. However, in anticipation of California fully re-opening soon, the District is in the process of developing a return-to-office plan to be implemented for our return to "normal" in the second half of this calendar year.

Through the pandemic year, the business of fighting air and climate pollution never ceased. And given the new federal government, we find ourselves in a very unique position. For the first time in a long time, our agency and other air agencies can work with the new federal government as a partner. President Biden has identified climate change and environmental justice as two of four "day-one" priorities. These are also two of the most important policy initiatives for the District in the upcoming year and beyond. Thus, we welcome the opportunity to join other regions and states as we engage with the Biden/Harris administration in the work towards an integrated clean air and climate strategy for our nation. The federal government's interest in huge national infrastructure investments presents an opportunity for the District and its partners in the greater Sacramento region. It can mean a chance to scale up efforts to reach mass-market penetration of zero-emission climate solutions including electrification of buildings,

transportation, and other sectors that have traditionally relied heavily on fossil energy. Indeed, the investments being contemplated can usher in a new era for the US green economy. Working with our sister agencies, we are in the process of developing an integrated regional strategy for electric vehicles (EV) and infrastructure meant to put the greater Sacramento region in a competitive position for the new federal dollars. The transformation towards a sustainable transportation energy future will take time, energy, and lots of resources, but we have a unique opportunity at the moment to expand and accelerate any and all actions for decarbonizing our local economy.

In the world of vehicles and equipment, the most effective and rapid approach for air and climate pollution reductions is still the use of public dollars for fleet modernization - funding for zero or lower-emitting vehicles and engines for use in every application possible. New federal dollars could help scale up and speed the deployment of EVs for public and private fleets in our District. Historically, most of our funding for EV and infrastructure incentives comes from state of California programs. Thus, we will continue to prioritize the success of these state-funded efforts to better compete for additional funding in the future, including potentially new federal resources.

Through the social unrest, violence, and COVID crisis, the District has managed to 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. 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, especially now as the region prepares for new federal infrastructure investments. Although a major economic downturn due to the pandemic is expected once the buffering effects of federal stimulus funding begin to subside, there still seems to be limited understanding of when and how deep the broader effects of a COVID recession will hit local economies. In our case, the District is tracking a number of financial and operational indicators such as permit cancellations to assess potential economic impacts. Thus far, these indicators suggest a modest reduction in District revenues and a small increase in unplanned expenditures to enable the transition to teleworking. Thus, we believe more time is needed to assess the pandemic recession and its direct impact on the District. If necessary, District staff is prepared to bring to the Board of Directors any budget adjustments or other mid-course fiscal corrections. Thankfully, judicious belt-tightening restrictions over the last two years have put the agency's budget for FY21/22 in as safe a position as possible given the circumstances. We are prepared to continue to weather the storm.

The agency is funded primarily by permit fees, vehicle registration fees, a local tax measure, and state and federal grants. Even before the COVID crisis, these funds were under strain given the growing demands imposed on the District by new state mandates that come without adequate funding, the need for local match funding, the rising costs of doing business, and the lack of full cost-recovery in many of our programs. Some of our most important initiatives lack a continuous appropriation from the state or other sources. For example, the Sacramento Emergency Clean Air and Transportation (SECAT) program has been one of our most important local tools for achieving cost-effective emission reductions toward attainment of the National Ambient Air Quality Standards. The District appreciates funding recently awarded by the Sacramento Area Council of Governments (SACOG) to maintain the program for another year or two. Beyond that, SECAT is expected to sunset as no permanent funding source for the program 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 formally identified our South Sacramento-Florin community – an area of approximately 140,000 Sacramento residents occupying 27 square miles - as an AB 617 community, one of 13 across the state. AB 617 promotes the use of incentives for cleaner technology to reduce the air pollution affecting AB 617 communities. While the Governor has included funding in his proposed FY21/22 state budget for AB 617 implementation and incentives, the amount is only about half of what is needed, and it is still one-time funding. Next year, we will all be back here, advocating to the state to fund its own program.

The District's five-year forecast shows a persistent funding gap between revenues and expenditures, which the COVID crisis could exacerbate. Thus, District leadership will continue to work with the Budget and Personnel Committee to identify viable funding solutions or strategies. Invariably, an increase in existing fees or new fees for our permitted businesses to cover the myriad of newly mandated programs imposed on the District may be necessary. In the meantime, we remain laser-focused on our commitment to carry out our mission for clean air and low-carbon development. We will help the region chart a path towards the future of mobility and the transition to sustainability, livability, and prosperity. In the next fiscal year, we will continue to fund and deploy cleaner and zero-emission vehicles, especially electric school buses, 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. We will prioritize the growth of cutting-edge mobility programs such as our first Mobility Hub that recently broke ground in Del Paso Heights, the new hydrogen fuel cell locomotive project at the Port of West Sacramento, and Our Community Car Share and Clean Cars 4 All programs that are exclusively benefiting low-income and historically underserved residents. We will also work to prop up traditional but still very important initiatives like our Agricultural Equipment Emission Reduction Program.

Wildfires are a reality and a part of the new “normal.” Thus, the District will continue its efforts to develop and implement Assembly Bill 661- Wildfire Smoke Air Pollution Emergency Plan (K. McCarty, 2019), which calls on the District to work in coordination with the Sacramento County Health Officer and other authorities to develop a plan for improved coordination and response for when the next wildfire occurs. Although AB 661 comes with no state funding, the District recognizes the work is too important and our residents demand it so it must be done. In a related, but unexpected effort and as required by state law, the District needs to stand up by July 1<sup>st</sup> a new Smoke Management Program for agricultural burning in Sacramento County. This program was previously administered by Sacramento County under contract with the District. All aspects of agricultural burning will be administered by the District, including the issuance of permits for prescribed burning and fire agency training and coordination with the nine surrounding air districts in 11 counties that make up the Sacramento Valley Basinwide Control Council. Similar to other programs, District staff are in the process of developing this program and identifying an appropriate funding mechanism.

In addition to low-carbon transportation initiatives, climate change activities for the District will revolve around supporting regional collaborations such as the ongoing work of Mayors’ Commission on Climate Change, the work of various jurisdictions on their Climate Action Plans, the Capital Region Climate Readiness Collaborative, and the Alliance of Regional Collaborative for Climate Adaptation. The District continues to conduct outreach to share the findings of a seminal study of our region’s urban heat island effects. The goal is to identify and promote the adaptation options identified by this research – for example, cool roofs and pavements and expansion of the urban canopy in tree-deficient neighborhoods – in local development plans in the approval process by local jurisdictions. Our ultimate goal is for the region to be prepared to mitigate the excess heating generated by urban development and due to our warming climate.

We cannot forget our regional partners. The District is fortunate to enjoy strong bonds with sister agencies like the other regional air districts, the SACOG, the Sacramento Municipal Utility District, Sacramento Regional Transit, the Sacramento Transportation Authority, and many not-for-profits 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 and in a coordinated fashion for the greater benefit of our region.

In closing, despite the many difficulties of the past year, the District faced these challenges with resolve and conviction. I am very proud of our incredible staff of committed professionals and how their resolve and perseverance enabled the agency to navigate through multiple storms. This Approved Budget is a practical step forward and will allow us time to assess more fully 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 the time to assess and react. The commitment of our staff to our mission remains unbroken. With continued support from the Board of Directors and our community, the District is committed to not only our long-term vision of clean air and a low-carbon future for all but one that is just and equitable.

Respectfully,



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

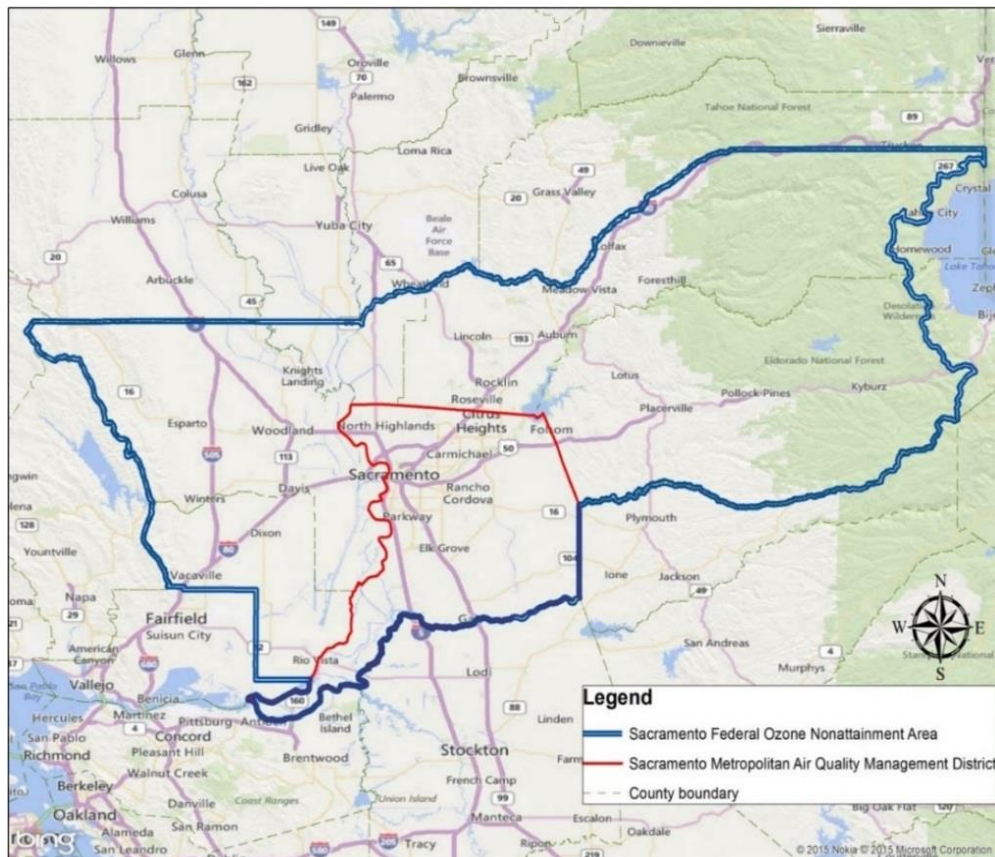
## SECTION 2 - Budget Overview

The Budget Overview section provides a profile of the District, a summary of the FY21/22 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 21/22 Approved Budget totals \$63.5 million and includes 102.1 total authorized full-time equivalent (FTE) positions with 94.1 funded and 8.0 unfunded. Total expense budgets by fund are as follows: General Fund \$24.1 million, Proprietary Fund \$1.2 million, and Special Revenue Fund \$38.2 million.

### DISTRICT PROFILE

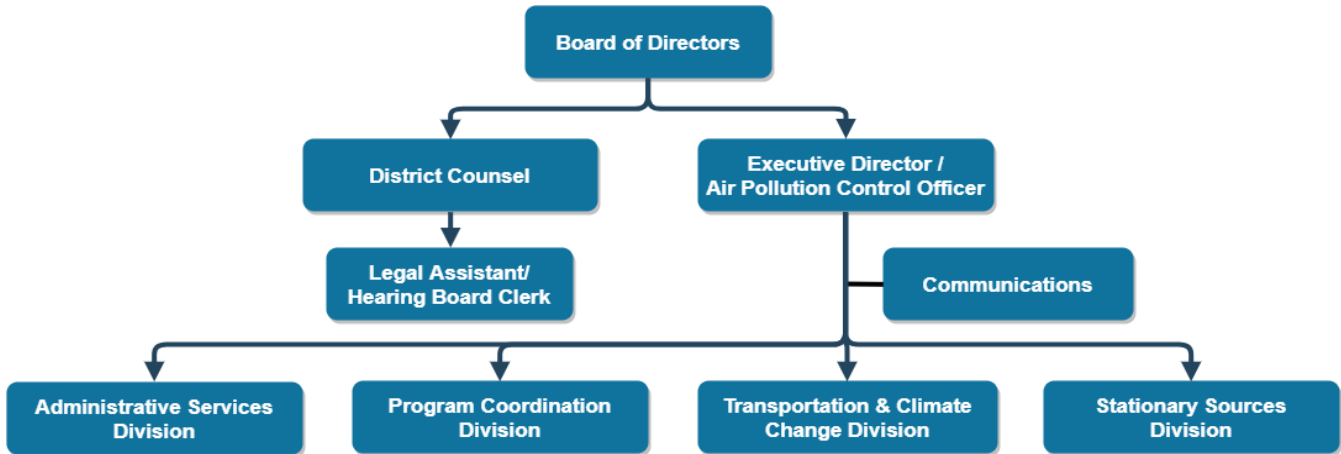
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air 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. Despite 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 2020, 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	159,370	192,012	83%	6.5%
Placer	385,545	397,469	97%	15.6%
Sacramento	1,562,242	1,562,242	100%	63.3%
Solano	136,461	440,198	31%	5.5%
Sutter	3,642	101,160	4%	0.1%
Yolo	221,718	221,718	100%	9.0%
<b>Total</b>	<b>2,468,978</b>	<b>2,914,799</b>	-	<b>100.0%</b>

<sup>1</sup> 7/1/2020 estimate from California Department of Finance Demographic Research Unit

[https://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-6/documents/E-6\\_Report\\_July\\_2010-2020\\_w.xlsx](https://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-6/documents/E-6_Report_July_2010-2020_w.xlsx) accessed on 3/5/2021

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

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

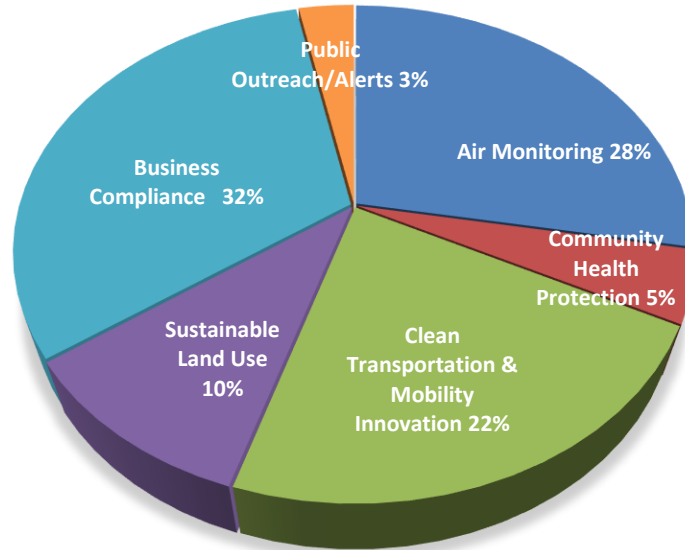
A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains, and sunny days can act to enhance smog formation and effectively trap pollutants in the Sacramento Valley Basin. The Sacramento region has relatively few “smokestack” industries (stationary sources) compared 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. The latest statistics from 2020 project these mobile sources to contribute approximately 44% of the Volatile Organic Compounds (VOC) (same in 2019) and 86% of the Oxides of Nitrogen (NO<sub>x</sub>) emissions (compared to 87% in 2019). Meanwhile, stationary (industrial) sources contribute about 23% of the VOC emissions (compared to 24% in 2019) and 10% of the NO<sub>x</sub> emissions (same in 2019) in the Sacramento region. Emissions projections were calculated using CEPAM 2019 – version 1.02 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 FY21/22 Operating Expenses by District Function**



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

**Ambient Air Quality 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 pollution forecasts, winter *Check Before You Burn* program, winter particle pollution forecasts for leaf blower use restrictions
- Measurement, reporting, and communication of impacts from wildfire and other events
- Compliance with state and federal requirements

**Community Protection**

- Prompt investigation of air quality complaints, including targeted inspection in priority communities
- Public protection against asbestos exposure with yearly oversight activities of renovation, demolition, and abatement projects
- Reduction of exposure to toxic smoke by inspecting illegal burns and enforcing the *Check Before You Burn* program
- Air Toxics “Hot Spots” program assesses emissions and exposure risks to toxic air contaminants
- Public noticing of projects and agency determinations related to permitted businesses

**Clean Transportation & Future Mobility**

- Driving 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, and charging and fueling infrastructure
- Programs reduce annual NO<sub>x</sub> and PM emissions
- Transforming transportation toward zero emissions
- Driving 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**

- Issuance of air quality permits to ensure local businesses comply with air quality rules
- Performs inspections of permitted businesses
- Performs surveillance activities to verify businesses required to have permits have obtained them
- 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 Sacramento Region Air Quality App
- Works with Sacramento 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 FY21/22 Approved Budget totals \$47.7 million in revenue and \$63.5 million in expenditures and includes 102.1 total authorized full-time equivalent (FTE) positions with 94.1 funded and 8.0 unfunded.

The following table is a summary of the FY21/22 Approved District Budget by fund:

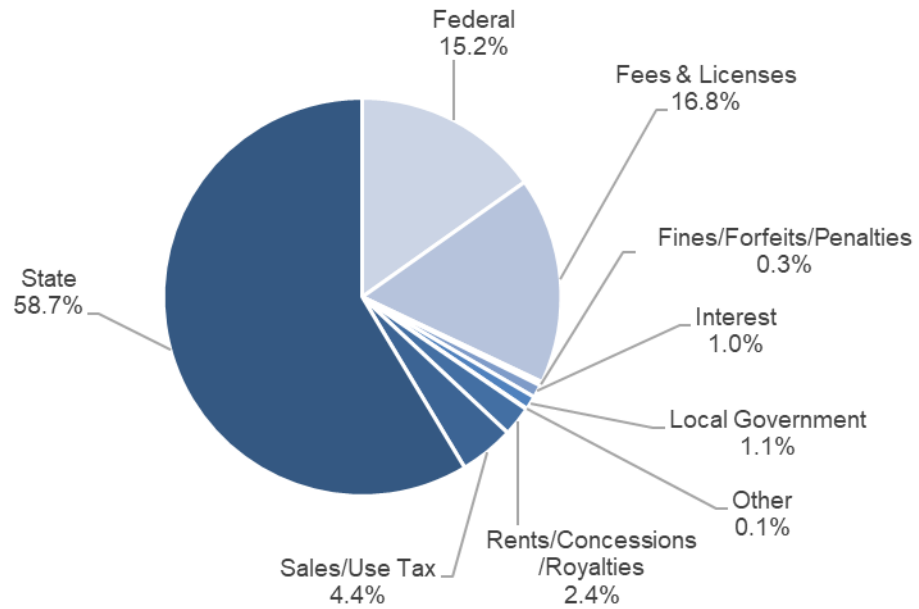
**District Budget by Fund**

Fund	FY20/21 Approved Budget	FY21/22 Approved Budget	Variance
General (100)	\$20,700,171	\$21,111,877	\$411,706
Covell Building Proprietary (400)	1,276,601	1,157,782	(118,819)
Special Revenue (500)	27,202,925	25,477,609	(1,725,316)
<b>Total Revenues</b>	<b>\$49,179,697</b>	<b>\$47,747,268</b>	<b>\$(1,432,429)</b>
General (100)	\$22,437,602	\$24,125,582	\$1,687,980
Covell Building Proprietary (400)	1,276,601	1,157,782	(118,819)
Special Revenue (500)	32,487,349	38,258,525	5,771,176
<b>Total Expenditures</b>	<b>\$56,201,552</b>	<b>\$63,541,889</b>	<b>\$7,340,337</b>
<b>Current Surplus/(Deficit)</b>	<b>\$(7,021,855)</b>	<b>\$(15,794,621)</b>	<b>\$(8,772,766)</b>

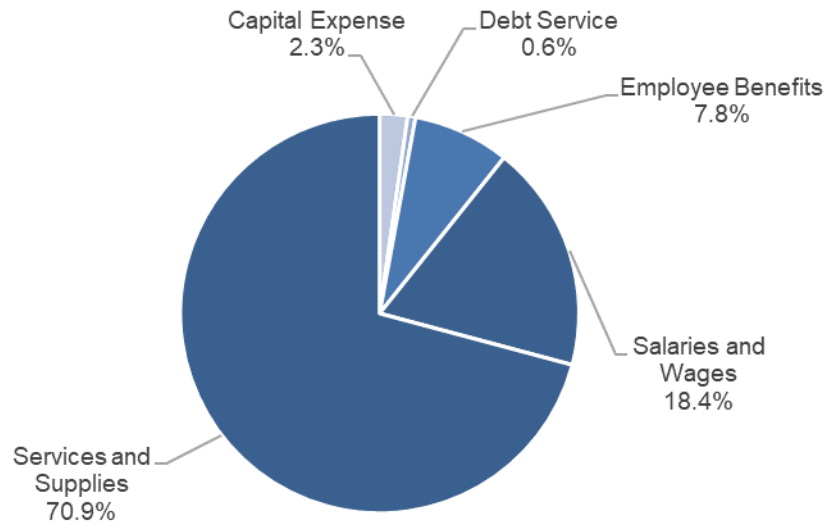
The Approved Budget reflects the District’s mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections 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 FY21/22 Approved District Budget.

**District Budget – Revenues by Classification (\$47.7 million)**



**District Budget – Expenditures by Classification (\$63.5 million)**



The notable changes in revenues and expenditures in the FY21/22 Approved Budget from the FY20/21 Approved Budget for the General, Covell Building Proprietary, and Special Revenue funds are listed below.

**General Fund**

- Increase in Federal revenue of \$852,070, mainly due to a new EPA Mobile Toxics grant of approximately \$238,000 and a second EPA grant (Targeted Airshed Grant) of about \$549,000, which mostly funds woodstove change-outs in our neighboring districts
- Increase in Local Government revenue of \$497,367 due to a one-time grant from the City of Sacramento for air monitoring
- Decrease in State Grant revenue due to the completion of the CalEEMod grant in FY21/22, offset by an increase in DMV revenue. Activity on the grant occurs in both FY20/21 and FY21/22 with more of the activity (and revenue) occurring in FY20/21
- Decrease in Fees, Licenses, and Mitigation fees of \$847,375, primarily due to a reduction in new permits during the COVID-19 pandemic. The FY21/22 budget for Fees and Licenses includes an anticipated 2.65% CPI adjustment to be effective July 1, 2021. The fee increase includes the current year CPI increase of 1.0%, as well as a two-year phase-in for the FY20/21 approved change of 3.3%
- Decrease in Fines/Forfeits/Penalties of \$150,000 as a result of COVID-19 imposed limitations on in-person inspections
- Increase in Measure A Sales/Use Tax revenue of \$246,637 based on a Sacramento Transportation Authority (STA) estimate for FY21/22
- Decrease of \$100,000 in interest revenue due to the decline in expected returns for monies reinvested in the Local Agency Investment Fund (LAIF)
- Increase of \$302,982 in Employee Services expenditures due to a 2.0% Cost of Living Adjustment (COLA) and an increase in Workers Compensation liability insurance for FY21/22
- Increase in Services and Supplies of \$854,202 mainly due to higher Professional Services expense of \$615,181 (primarily related to meeting grant obligations) and program disbursements pertaining to the Targeted Airshed grant. Property liability insurance increased by \$68,750 or 68% due to insurance market conditions
- Increase of capital project expenses of \$142,500, primarily related to capital planned for the improvement of the Del Paso Manor air monitoring station
- Decrease of Interfund Charges (less of a credit to expense) of \$388,296. This represents Special Revenue grant administrative expenses transferred from the General Fund to the Special Revenue Fund

**Covell Building Proprietary Fund**

- Decrease \$82,819 of Rent Revenue, mainly for rent charged to the District
- Net decrease of \$116,000 in Capital Expenses. The FY21/22 Capital Expense budget includes \$100,000 for a capital reserve account to fund major projects (i.e., HVAC unit replacement, etc.) in subsequent years

**Special Revenue Fund**

- Decrease in Federal revenue of \$1.7 million, mainly in the Federal Highway (FHW) SECAT Phase III grant
- Increase in incentive payments of \$6.2 million. This change is due primarily to higher program disbursements including (1) \$3.4 million more in the Community Air Protection Program AB 134, (2) \$1.0 million in the Car Share Program, and (3) \$4.7 million in increased Moyer fund disbursements. These increases were offset by a reduction in FHW SECAT Phase III payments of \$1.7 million and FARMER incentives of about \$800,000

**Staffing**

The FY21/22 Approved Budget reflects a stable staffing plan with 94.1 funded FTE, and 8.0 unfunded FTE for a total of 102.1 FTE as shown in the table below. The budget anticipates conversion of two funded Limited-term positions to Regular status and the removal of an unfunded .5 Limited-term position. This change does not have a financial impact on the Approved Budget. The conversion of Limited-term status to Regular reflects the ongoing state mandate of the AB617 Community Air Protection Program, and the reduction of the .5 unfunded position is a result of a need to revise the staffing strategy to address new elements of AB617, in particular, the Criteria and Toxic Reporting.

**Approved Position Changes**

Budget Status	Appointment	FY20/21 Approved	FY21/22 Approved
Funded	Regular	88.1	90.1
	Limited-term	6.0	4.0
<b>Total Funded</b>		<b>94.1</b>	<b>94.1</b>
Unfunded	Regular	7.0	7.0
	Limited-term	1.5	1.0
<b>Total Unfunded</b>		<b>8.5</b>	<b>8.0</b>
<b>Total</b>		<b>102.6</b>	<b>102.1</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>



## STRATEGIC 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 FY21/22 District Initiatives are described below. They are similar to the previous year, with a few important new work streams. In addition to the description of these Districtwide initiatives, key operational initiatives for the upcoming fiscal year 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 arrival of the new federal government administration and its climate change and environmental justice commitments are very welcome news for state and local entities. California, with its leading climate change program, is well-positioned to take advantage of the new federal commitment to climate action and the 2050 zero-carbon goals. Since all action is local, agencies like air districts have an opportunity to work with the new federal government as partners.

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 conducted a study to understand heat islands in the region and is now disseminating the study findings to help embed action plans in new developments throughout the region. 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 a commitment to net zero carbon by 2030 – a major step by a leading electric utility in the US - and its future California Mobility Center, the on-going implementation efforts of the Sacramento and West Sacramento Mayors' Climate Commission, SACOG's Green Means Go program, and local jurisdiction's General Plans and Climate Action Plans.

### State Advocacy

Advocating before the state legislature and other decision makers for the District's priorities is a key strategy. The range of issues of interest to the District 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 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.

Beyond public agencies, the District is also prioritizing and expanding the work with many community-based organizations (CBOs). These groups share similar goals to the District in finding equitable solutions to cleaner air, improved health, and efficient mobility. CBOs are on the ground working with the residents and businesses and provide the District access to harder to reach and often overlooked populations of our region. The partnership with CBOs will continue to be a critical part of the District's various programs as we accelerate actions to address the most marginalized in our communities who bear a disproportionate impact from lingering pollution.

Given the importance of partnerships, the District funds a variety of events and programs from the numerous requests it receives from various organizations. The FY21/22 Approved Budget includes \$168,000 for this purpose. The Board has granted the Executive Director/APCO flexibility to fund events throughout the year so that the District can respond promptly 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.

#### Ambient Air Quality Attainment Goals

To fulfill the District's strategic goal for protecting public health, the District will continue to prioritize work toward the attainment and maintenance of the National Ambient Air Quality Standards (NAAQS). Once the region attains a NAAQS and the United States Environmental Protection Agency (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 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 parts per billion (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.

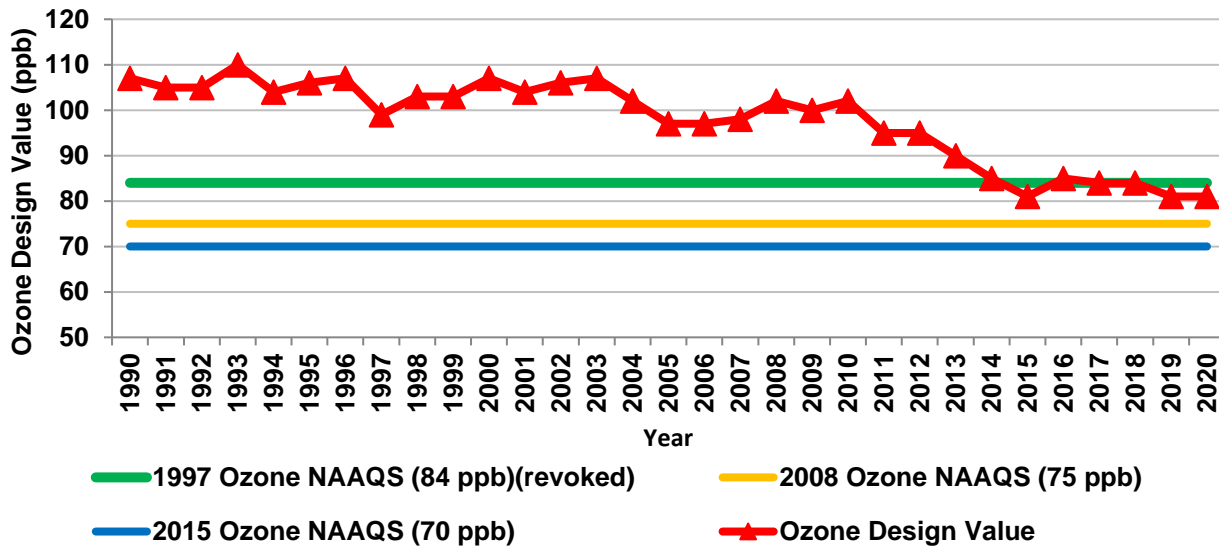
In 2017, the Sacramento Region adopted the Sacramento Regional 2008 8-hour Ozone Attainment and Reasonable Further Progress Plan to address the 2008 NAAQS of 75 ppb. This Plan was approved by the CARB and submitted to EPA on December 18, 2017. The Plan is a significant achievement for the region. It 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. In October 2020, EPA published a proposed rule in the Federal Registry to approve or conditionally approve the Plan.

Although much progress has been made in the region, challenging work remains for the District to make progress towards the attainment of the most current and health-protective 2015 ozone standard of 70 ppb. The District started the development of the 2015 NAAQS 8-hour Ozone Attainment Plan this past 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 2020. The overall 31-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). In 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, 2019, and 2020 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 Ozone Design Value: SFNA (1990-2020)**



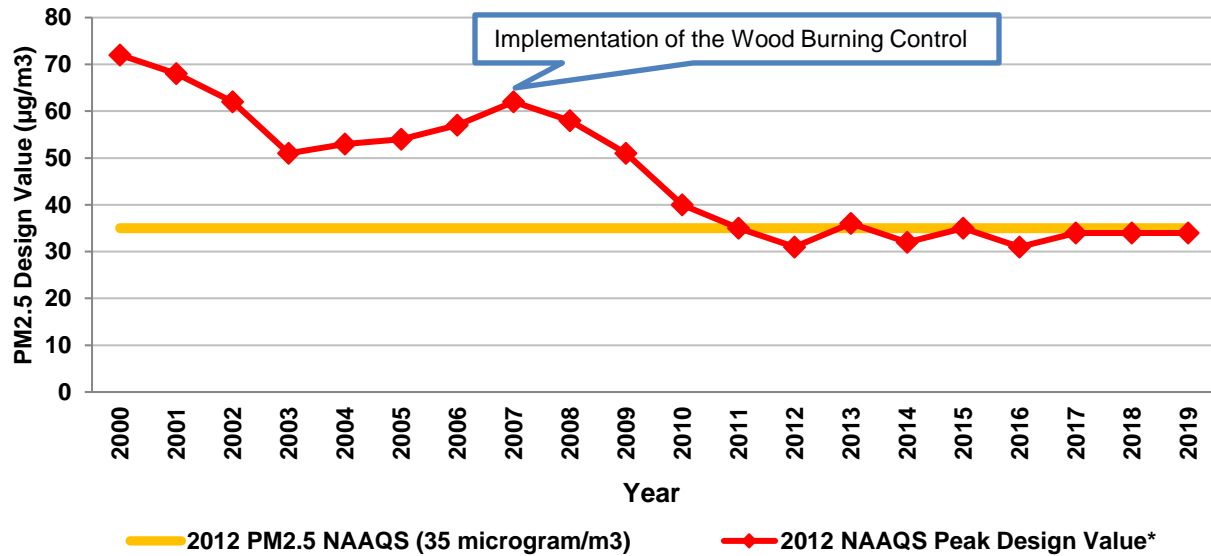
Sources: 1990-2020 Design Values were extracted from AQS Report (AMP 480) downloaded on March 4, 2021. The design values are based on the 2015 National Ambient Air Quality Standard. As of March 4, 2021, air quality data for 2020 has not been certified.  
 \*A Design Value is a 3-year average of the 4<sup>th</sup> highest ambient ozone concentration at a monitor.  
 Note: The SFNA was impacted by wildfires in Summer 2018, which caused unusually high ozone concentrations. The peak design value calculation in this chart excluded the high ozone readings due to wildfires between July 26, 2018, and August 25, 2018.

For fine particulate matter (PM<sub>2.5</sub>), the 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. In 2018, the PM<sub>2.5</sub> concentrations exceeded the health standard because unusually high PM<sub>2.5</sub> days resulted from smoke from wildfires. If the EPA finds that the region did not attain due to these high PM<sub>2.5</sub> days, then the District will need to demonstrate that these days were influenced by an exceptional event, and the impacted data may be requested for exclusion from regulatory decisions. Ambient daily PM<sub>2.5</sub> concentrations in 2019 showed that the region attained the standard; however, preliminary values for 2020 suggest that there may have been 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 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>) (2000-2019)**



Sources: 2000-2019 Design Values were extracted from AQS Report (AMP 480) downloaded on March 5, 2021. As of March 5, 2021, the 2019 data from Woodland was incomplete, and 2020 data from all sites was not available.  
 Notes: \*The SFNA-PM<sub>2.5</sub> was impacted by the Camp Fire Wildfire in November 2018, which caused unusually high ambient PM<sub>2.5</sub> concentrations. The peak design value calculations 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 future wildfire air pollution events. The bill authorizes the District to conduct public education, marketing, demonstrations, monitoring, research, and evaluation programs or projects concerning wildfire smoke impact control measures. The District began working with regional partners at the start of 2020, but steady efforts to engage and seek input were greatly impeded by the pandemic. The work has continued throughout 2020 and into 2021 at a more modest pace, allowing partners like school districts, emergency services, and, in particular, Sacramento’s Public Health department to focus on the current public health crisis. During the 2020 wildfire season, the District provided additional website resources and outreach materials to assist schools on where to get air quality information. More recently, the District is working to gather feedback from businesses on their experiences in the past wildfire smoke events. These will be included in the plan to highlight best practices that can be implemented during wildfire smoke events to protect employees and Sacramento County residents from excess particle pollution. The final plan is expected to be approved by our Board by the Spring of 2022.

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 FY21/22. These incentives are intended primarily for achieving sorely needed emission reductions towards NAAQS attainment, but they can also help the region advance 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. The regulation was further amended and adopted in 2020 and now requires that same level of emission reporting from almost all permitted sources in the County. The regulation will particularly impact small businesses that have previously not reported to this level. Importantly, there are no dedicated state funding sources to support the additional District workload or assist businesses in complying with the new reporting mandates. District staff will need to put a concerted effort into streamlining internal processes, developing appropriate policies and procedures, and invest in improved technology to help the District tackle the increased workload this regulation will require. The District will also need to engage with business partners and other agencies that can help bring awareness to impacted businesses to meet the 2023 reporting deadline.

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 replace 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.

#### Asbestos Program Expansion

Asbestos is a dangerous air contaminant and a well-known carcinogen that, when disturbed and subsequently inhaled, can cause life-threatening health problems. The District currently regulates asbestos emissions from sites that contain naturally occurring forms of asbestos and from public and commercial renovation and demolition projects. The District is evaluating its current regulation and the possibility of expanding oversight and enforcement of asbestos removal in residential settings. If implemented, this program enhancement could protect additional individuals and workers from exposure to a hazardous air pollutant.

## **FACTORS AFFECTING FY21/22 FINANCIAL CONDITION**

The COVID-19 pandemic has created much uncertainty regarding the health of the economy. While the District experienced only moderate financial impacts in FY20/21, it remains poised to respond to potentially greater financial impacts in FY21/22, having developed “reduction scenarios” and increased reserves over the past few years. As the pandemic continues, the full extent of its impact is still unknown. Therefore, staff will continue to closely monitor the District’s financial position throughout the coming year. To this end, the District commits to providing the Board with timely updates on any material variances from budget to actuals and presenting a year-to-date budget status report in October 2021.

While the FY21/22 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 attention by the District Board of Directors in the upcoming years. 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 has taken various steps to reduce the funding gap including temporary hiring freezes to evaluate and prioritize District programs, “right-sizing” funding for professional services and collaborations, and developing strategies to secure new funding. In FY20/21, staff presented its funding strategy and staffing plan to the Board. The Board approved the staffing plan which consisted of 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.

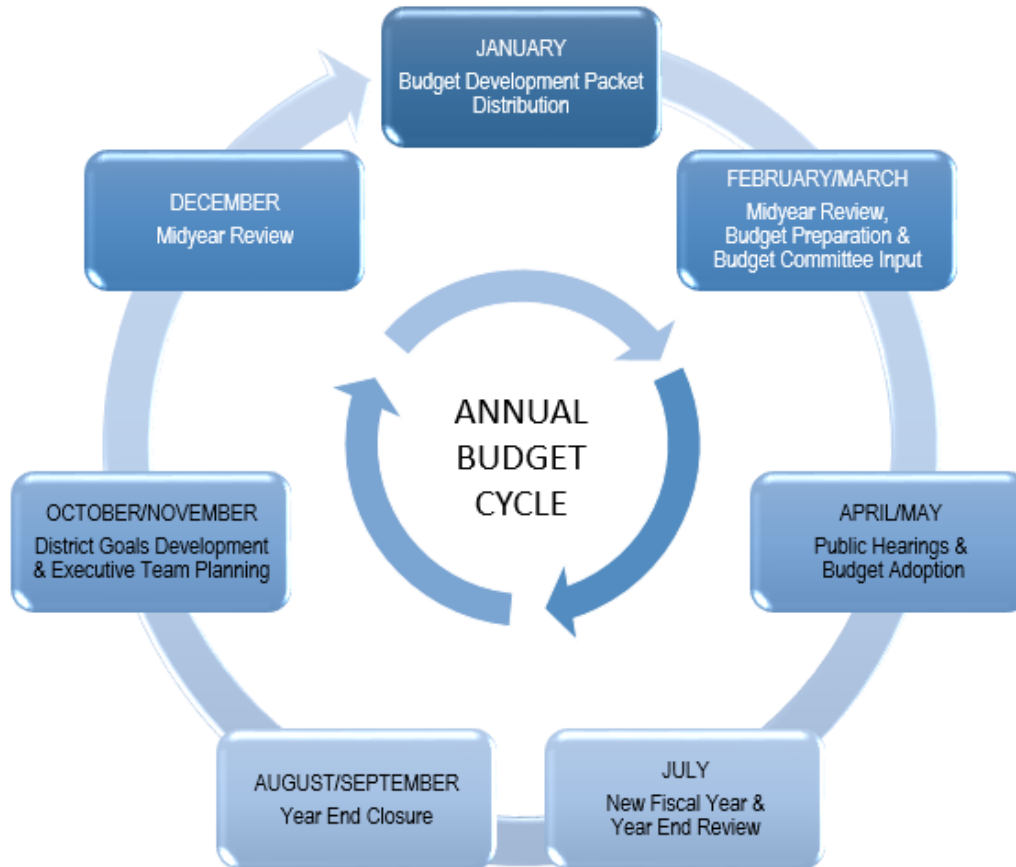
Despite uncertainties about future appropriations, it is clear that the statewide Community Air Protection Program (CAPP) AB 617, discussed in the Executive Director letter and Key Initiatives section, will remain as an essential program for the District. Funding for this program is included in the FY21/22 Approved Budget for program operations as well as incentive projects, and the District has forecasted several million dollars annually for this new program. Therefore, two limited-term positions performing duties related to these functions are being requested to be converted to Regular status.

Staff will continue to work with the Board into FY21/22 and beyond on the funding strategies detailed in the General Fund Forecast section of this budget.

## 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 C – 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, Division Managers, 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 posts the Approved Budget on the District website.

The Board may vote to adopt a resolution allowing the District to continue normal operations under the Proposed Budget if 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.

**FY 2021/22 Budget Development Schedule**

Approval of the Comprehensive Annual Financial Report (Annual Report) and Audit	October
Mid-year review	December
Budget submissions from Division Managers	January
Budget Notices posted on the 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 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 and may be made anytime during the fiscal year, though usually included as part of the budget process
- Board approval is obtained for all capital expenses
- 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 the 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 budgeting, revenues are recognized when (1) they are measurable, and (2) all applicable eligibility requirements are met. 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 described 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 FY21/22 Approved Fee Schedule reflects a CPI increase of 2.65%.

The CPI fee adjustment for FY21/22 is 1.0%. Per Board direction, the 3.3% approved fee adjustment for FY20/21 was postponed one year with an effective date of July 1, 2021. With the 1.0% and 3.3% CPI adjustments, the calculated FY21/22 fee increase would result in a 4.3% increase. However, the District is proposing that the FY20/21 fee adjustment be applied over two years with half of the increase (1.65%) effective for FY21/22 and the remainder applied in FY22/23. This phase-in approach is advised to recognize the economic impact of COVID-19 on the local community. With the phase-in approach, the approved fee adjustment effective July 1, 2021 would be 2.65% as opposed to 4.3%.

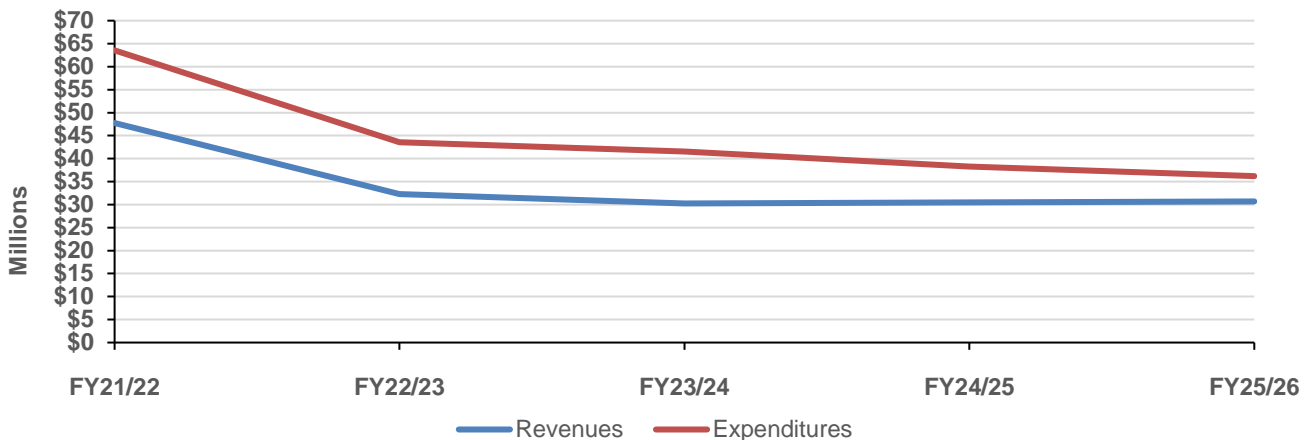
Revenues have been adjusted in the Approved Budget to reflect this change. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District's five-year forecast and fund balance projections, followed by the forecast assumptions.

**BUDGET FORECAST**

**District Budget – Five-Year Forecast**

Classification	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast
<b>Beginning Fund Balance</b>	\$ 59,889,644	\$ 59,889,644	\$ 68,018,483	\$ 52,223,862	\$ 40,941,453	\$ 29,655,738	\$ 21,865,604
<b>Revenues</b>							
Revenues	\$ 49,179,697	\$ 48,590,736	\$ 47,747,268	\$ 32,280,017	\$ 30,249,973	\$ 30,475,102	\$ 30,695,823
<b>Revenues Total</b>	\$ 49,179,697	\$ 48,590,736	\$ 47,747,268	\$ 32,280,017	\$ 30,249,973	\$ 30,475,102	\$ 30,695,823
<b>Expenses</b>							
Operating Expense	\$ 54,385,702	\$ 39,172,496	\$ 61,703,957	\$ 41,959,095	\$ 39,970,899	\$ 37,263,356	\$ 35,093,930
Capital Expense	1,405,500	879,051	1,432,000	1,192,740	1,156,690	593,280	691,130
Debt Service	410,350	410,350	405,932	410,591	408,100	408,600	408,500
<b>Expenses Total</b>	\$ 56,201,552	\$ 40,461,897	\$ 63,541,889	\$ 43,562,426	\$ 41,535,689	\$ 38,265,236	\$ 36,193,560
Surplus / (Deficit)	\$ (7,021,855)	\$ 8,128,839	\$ (15,794,621)	\$ (11,282,409)	\$ (11,285,715)	\$ (7,790,134)	\$ (5,497,737)
<b>Ending Fund Balance</b>	\$ 52,867,789	\$ 68,018,483	\$ 52,223,862	\$ 40,941,453	\$ 29,655,738	\$ 21,865,604	\$ 16,367,866

**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, Sales/Use Tax (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	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast
<b>Beginning Fund Balance</b>	<b>\$ 16,723,308</b>	<b>\$ 16,723,308</b>	<b>\$ 15,449,251</b>	<b>\$ 12,435,546</b>	<b>\$ 8,448,750</b>	<b>\$ 3,389,551</b>	<b>\$ (1,537,806)</b>
<b>Revenues</b>							
Revenues	\$ 20,700,171	\$ 18,466,738	\$ 21,111,877	\$ 20,579,168	\$ 20,906,326	\$ 21,243,746	\$ 21,562,057
<b>Revenues Total</b>	<b>\$ 20,700,171</b>	<b>\$ 18,466,738</b>	<b>\$ 21,111,877</b>	<b>\$ 20,579,168</b>	<b>\$ 20,906,326</b>	<b>\$ 21,243,746</b>	<b>\$ 21,562,057</b>
<b>Expenses</b>							
Operating Expense	\$ 23,174,210	\$ 20,002,310	\$ 24,331,394	\$ 24,574,637	\$ 25,622,924	\$ 26,306,421	\$ 27,210,412
Capital Expense	984,500	715,500	1,127,000	839,450	849,750	371,830	356,380
Interfund Charges	(1,721,108)	(977,015)	(1,332,812)	(848,123)	(507,148)	(507,148)	(478,607)
<b>Expenses Total</b>	<b>\$ 22,437,602</b>	<b>\$ 19,740,795</b>	<b>\$ 24,125,582</b>	<b>\$ 24,565,963</b>	<b>\$ 25,965,526</b>	<b>\$ 26,171,103</b>	<b>\$ 27,088,185</b>
Surplus / (Deficit)	\$ (1,737,431)	\$ (1,274,057)	\$ (3,013,705)	\$ (3,986,796)	\$ (5,059,200)	\$ (4,927,357)	\$ (5,526,129)
<b>Ending Fund Balance</b>	<b>\$ 14,985,877</b>	<b>\$ 15,449,251</b>	<b>\$ 12,435,546</b>	<b>\$ 8,448,750</b>	<b>\$ 3,389,551</b>	<b>\$ (1,537,806)</b>	<b>\$ (7,063,935)</b>

The preceding General Fund forecast assumes the following:

Revenues:

- Federal revenue is reduced in FY22/23 for the completion of the EPA Mobile Toxics grant and is stable for the remainder of the planning horizon
- State revenue declines in FY22/23 due to the completion of the CalEEMod grant (one-time award). Recurring State revenue is held constant throughout the forecast five-year period
- Local Government revenue declines in FY22/23 to adjust for the one-time City of Sacramento air monitoring grant in FY21/22. The remaining Local Government revenues are consistent for the forecasted fiscal years
- Sales/Use Tax (Measure A) amounts are in accordance with the most recent STA forecast
- Fines/Forfeits/Penalties increase to \$300,000 in FY22/23 and then remain stable
- Interest revenue declines due to the decrease in fund balance
- No new revenue is included in the base five-year forecast

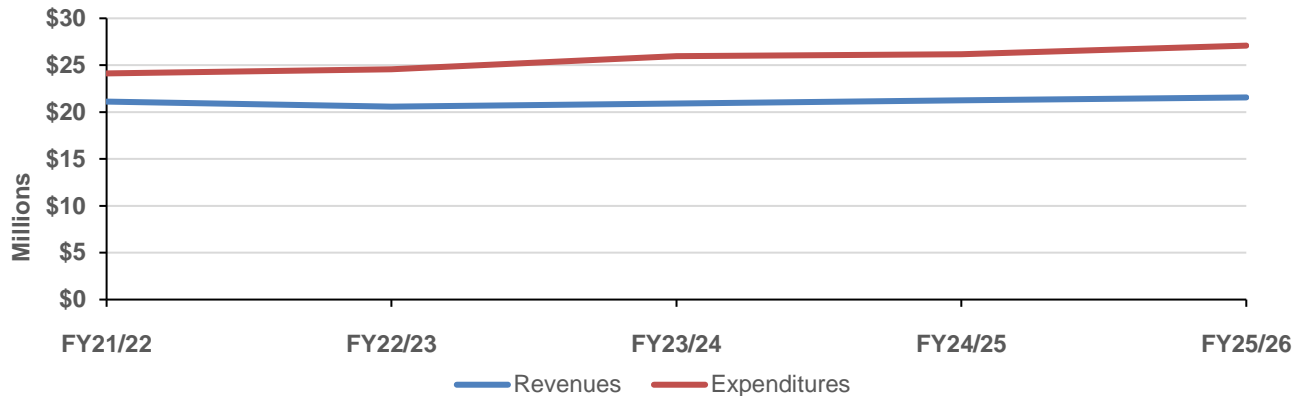
Expenditures:

- Over the next four years, an increase of 6.0 FTE is projected to backfill positions held vacant for the 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 FY21/22 Approved Budget. Professional services increased by \$100,000 in FY22/23 to enhance partnerships and collaboration activities reduced in prior years
- Non-Departmental Services & Supplies includes an amount annually beginning in FY21/23 to provide for shortfalls in the assumed investment rate of return for both pension and post-retirement employee benefits (OPEB) plans. The amount ranges from \$100,000 in FY22/23 to \$175,000 in FY25/26
- 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 Funding 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 programs, 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 Bills 617 and 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, and Clean Cars 4 All (CC4A) scrap and replace program
- Restore leadership support for Cap-and-Trade/GGRF mobile projects and legacy incentive programs; stabilize planning, land use, construction mitigation, GHG, and CEQA review
- Restore resources to enforce rules and regulations to previous capacity for maximum effectiveness, provide compliance assistance, and ensure a high level of responsiveness to public complaints
- Expand asbestos program oversight of residential renovation and demolition projects
- Develop an in-house agricultural burn permit and enforcement program
- 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 Carl Moyer and SECAT
- Respond during a wildfire smoke event by providing tools, resources, and current information that will allow residents, businesses, school districts, and other public agencies to respond and make health-protective decisions
- Attract, retain and energize talent to ensure continuity and maintenance of the high level of service that residents and businesses expect
- 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 funding from various sources to ensure sufficient funding for programs in each of three main categories: stationary, mobile and other. Since the last discussions with the Board and given the COVID pandemic and other regional developments, an examination of old and potential new funding strategies is necessary. Early indications pointing toward these potential funding strategies, the general restrictions for the use of the funds, and a summary of various programs that need funding from these sources are shown in the table below followed by a description of each strategy.

**Potential Funding Strategies**

Type	Use Category	Programs in Need of Funding
“Future” Measure A	Mobile	Air Monitoring and Future Mobility Low-Carbon Projects
Full Cost Recovery Fee	Stationary and Other	Permitting, Enforcement, Planning, Rule Development, and Air Monitoring
Community Health Impact Fee	All	AB 617 Community Air Protection Program
Per Capita Fee	All	Check Before You Burn, Land Use and Transportation Planning, Public Complaint Response

*“Future” Measure A (Mobile)* – The Sacramento Transportation Authority (STA) convened the Professional Advisory Group (PAG) to advise on a potential 2020 supplemental transportation sales tax measure, Measure A. Due in large part to the onset of the COVID-19 pandemic, the STA Board did not advance the Measure to the 2020 ballot. District staff continues to participate on the PAG to support efforts for any future measures. There are indications that a potential new ballot measure may be pursued for the 2022 midterm elections. The District was scheduled to receive 2.2% of the net sales tax proceeds if the Measure had passed; the District will continue to advocate for a fair share of expenditures for Air District projects in any future measures.

*Full Cost Recovery - Rule 301, 304, etc. (Stationary and Other)* – The District has the authority to assess fees to fully recover the costs of implementing its regulatory programs for Stationary Sources. In addition, 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. There are a significant number of staff assigned to implementing regulatory enforcement, permitting, monitoring, and rule development of these Stationary Sources and the District collects various fees for related programs; however, not all fees fully recover the associated program costs. Therefore, the goal is to propose fee adjustments where needed to fully cover program expenses so that these regulatory programs are self-sustaining.

*Community Health Impact Fee* - To recover District costs associated with the growing AB 617 Community Air Protection Program that exceed the direct funding provided by the State, a new “Community Health Impact” fee is being evaluated. Other air districts have implemented this fee and it is necessary to implement programs at the levels mandated by state law. It is anticipated that this new fee would be assessed to each permitted facility proportional to their emission of pollutants that may impact public health in communities, which is a primary driver of the health risk that created the need for AB 617. Implementation of this fee is also intended to help the District secure additional funding in the State legislature by showing it has taken action to fund the AB 617 effort locally.

*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 the county are charged a set amount for each person residing in their jurisdiction. Although the Board of Directors opted to abandon the adoption of a Per Capita Fee in 2019, staff was directed to pursue other funding strategies and bring this item back at a future Board consideration.

**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 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	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast
<b>Beginning Fund Balance</b>	\$ 3,789,085	\$ 3,789,085	\$ 3,984,238	\$ 3,984,238	\$ 3,984,238	\$ 3,984,238	\$ 3,984,238
<b>Revenues</b>							
Revenues	\$ 1,276,601	\$ 1,201,011	\$ 1,157,782	\$ 1,224,137	\$ 1,189,103	\$ 1,118,335	\$ 1,246,184
<b>Revenues Total</b>	\$ 1,276,601	\$ 1,201,011	\$ 1,157,782	\$ 1,224,137	\$ 1,189,103	\$ 1,118,335	\$ 1,246,184
<b>Expenses</b>							
Operating Expense	\$ 445,251	\$ 431,957	\$ 446,850	\$ 460,256	\$ 474,063	\$ 488,285	\$ 502,934
Capital Expense	421,000	163,551	305,000	353,290	306,940	221,450	334,750
Debt Service	410,350	410,350	405,932	410,591	408,100	408,600	408,500
<b>Expenses Total</b>	\$ 1,276,601	\$ 1,005,858	\$ 1,157,782	\$ 1,224,137	\$ 1,189,103	\$ 1,118,335	\$ 1,246,184
Surplus / (Deficit)	\$ -	\$ 195,153	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Ending Fund Balance</b>	\$ 3,789,085	\$ 3,984,238	\$ 3,984,238	\$ 3,984,238	\$ 3,984,238	\$ 3,984,238	\$ 3,984,238

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 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:

- Operating Expense represents the day-to-day costs of operating the building and includes utilities, custodial services, parking, and property management fees, general repairs and maintenance, etc., and reflects an average annual increase of 3%
- Non-recurring HVAC system upgrades, roof improvements, building system overhauls, and interior reconfigurations are planned throughout the five-year forecast period as Capital Expense. A capital project reserve amount of \$100,000 per year is included in the forecast to provide for unanticipated major capital improvements
- 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

**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 two years and then stabilizes starting 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**

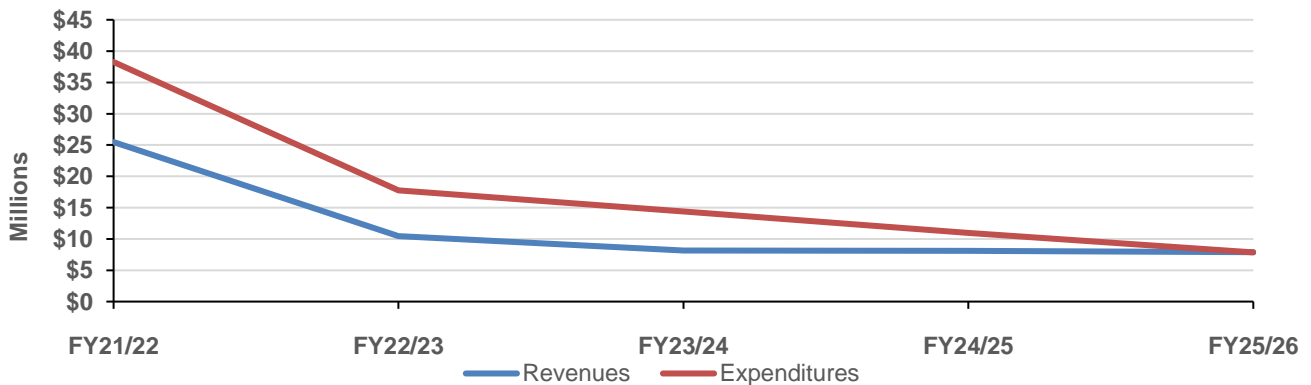
Classification	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast
<b>Beginning Fund Balance</b>	\$ 39,377,251	\$ 39,377,251	\$ 48,584,994	\$ 35,804,078	\$ 28,508,465	\$ 22,281,949	\$ 19,419,172
<b>Revenues</b>							
Revenues	\$ 27,202,925	\$ 28,922,987	\$ 25,477,609	\$ 10,476,713	\$ 8,154,544	\$ 8,113,021	\$ 7,887,582
<b>Revenues Total</b>	\$ 27,202,925	\$ 28,922,987	\$ 25,477,609	\$ 10,476,713	\$ 8,154,544	\$ 8,113,021	\$ 7,887,582
<b>Expenses</b>							
Operating Expense	\$ 30,766,241	\$ 18,738,229	\$ 36,925,713	\$ 16,924,202	\$ 13,873,911	\$ 10,468,650	\$ 7,380,584
Interfund Charges	1,721,108	977,015	1,332,812	848,123	507,148	507,148	478,607
<b>Expenses Total</b>	\$ 32,487,349	\$ 19,715,244	\$ 38,258,525	\$ 17,772,326	\$ 14,381,059	\$ 10,975,798	\$ 7,859,191
Surplus / (Deficit)	\$ (5,284,424)	\$ 9,207,743	\$ (12,780,916)	\$ (7,295,613)	\$ (6,226,516)	\$ (2,862,778)	\$ 28,392
<b>Ending Fund Balance</b>	\$ 34,092,827	\$ 48,584,994	\$ 35,804,078	\$ 28,508,465	\$ 22,281,949	\$ 19,419,172	\$ 19,447,563

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 FY25/26
- Moyer – Receive \$5.1 million in FY22/23 through FY25/26
- SECAT Phase 3 – No additional receipts beyond FY 21/22; Green Region – Receive \$2.5 million in FY22/23
- Targeted Car Sharing and Mobility Options in Disadvantaged Communities Pilot Project (GHG – CarShare) – One-time grant \$1.3 million in FY21/22, no additional funds in later years
- Community Air Protection Program (CAAP) AB134 – Receive \$6.7 million in FY21/22, no additional funding assumed in subsequent years

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 FY22/23. 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 20/21 Approved	FY 20/21 Projection	FY21/22 Approved	FY22/23 Forecast	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast
<b>General Fund (100)</b>							
Air Monitoring	\$ 939,000	\$ 710,000	\$ 1,117,000	\$ 669,500	\$ 633,450	\$ 201,880	\$ 182,310
Fleet	40,000	-	-	92,700	139,050	92,700	96,820
Information Systems	5,500	5,500	10,000	77,250	77,250	77,250	77,250
<b>Subtotal</b>	<b>\$ 984,500</b>	<b>\$ 715,500</b>	<b>\$ 1,127,000</b>	<b>\$ 839,450</b>	<b>\$ 849,750</b>	<b>\$ 371,830</b>	<b>\$ 356,380</b>
<b>Proprietary Fund (400)</b>							
Building Improvements	\$ 421,000	\$ 163,551	\$ 305,000	\$ 353,290	\$ 306,940	\$ 221,450	\$ 334,750
<b>Subtotal</b>	<b>\$ 421,000</b>	<b>\$ 163,551</b>	<b>\$ 305,000</b>	<b>\$ 353,290</b>	<b>\$ 306,940</b>	<b>\$ 221,450</b>	<b>\$ 334,750</b>
<b>Total Capital Expense</b>	<b>\$ 1,405,500</b>	<b>\$ 879,051</b>	<b>\$ 1,432,000</b>	<b>\$ 1,192,740</b>	<b>\$ 1,156,690</b>	<b>\$ 593,280</b>	<b>\$ 691,130</b>

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

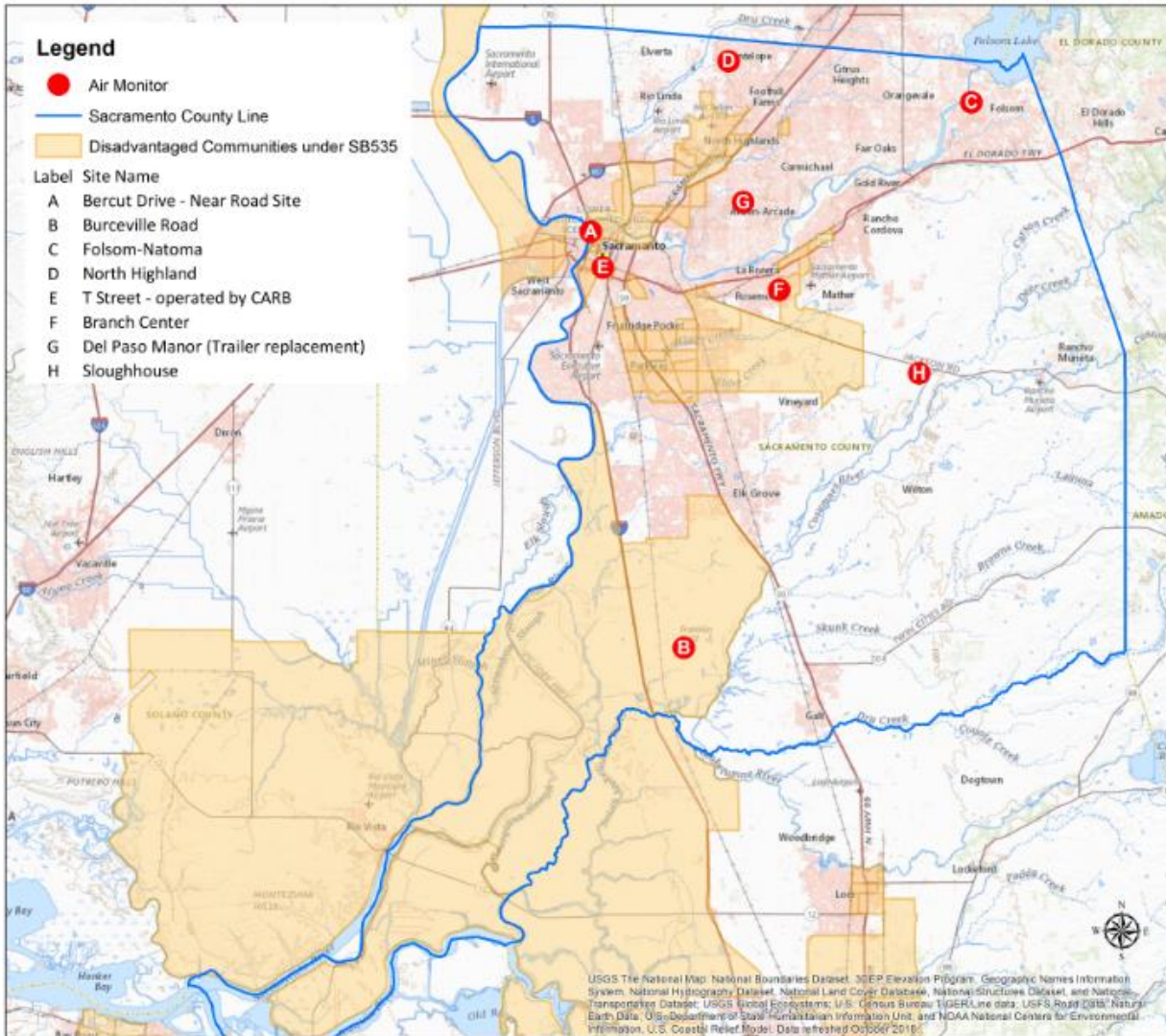
#### Air Monitoring Stations

Capital expenses for air monitoring are related to the District's regulatory network of seven air monitoring stations and the monitoring network for the Community Air Protection Program AB 617. The District plans to replace the Del Paso Manor, Bruceville, and North Highland trailer and equipment. The replacements of air monitoring stations are nonrecurring projects. The District anticipates that the replacements of these structures will help reduce ongoing maintenance costs associated with these aging facilities. Additionally, repairs or replacements of air monitoring equipment will be needed. The replacements of equipment for the air monitoring stations are recurring capital expenses as equipment will need to be replaced as it reaches the end of its lifecycle.

The District's ambient air monitoring 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 also be an important foundation for future monitoring approach under Community Air Protection Program AB 617. A new mobile air monitoring station is scheduled to be added to the existing air monitoring network as part of the District's AB 617 efforts. Below is a map of the existing air monitoring stations.

The Del Paso Manor station (G) will be replaced in FY21/22, followed by both the Bruceville station (B) in FY22/23 and North Highland station (D) in FY23/24. Each station replacement project is anticipated to take a year to complete. The air monitoring capital expenditures associated with the Community Air Protection Program AB 617 are forecasted to be \$150,000 for FY21/22.

**Map of Air Monitoring Stations in Sacramento County**



**Rule 301 (Permitting and Enforcement) Fleet**

The five-year forecast includes funds to replace aging fleet vehicles starting in FY22/23. 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. 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 to incorporate new near-zero-emission vehicles into the fleet is anticipated to reduce operating expenses related to fuel and maintenance.

**Information Systems**

Information Systems' capital expenditures reflect a replacement of storage solutions, servers, and computer replacements. The annual average forecast is \$62,000 per year. The capital expenses approved for Information Systems target 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**

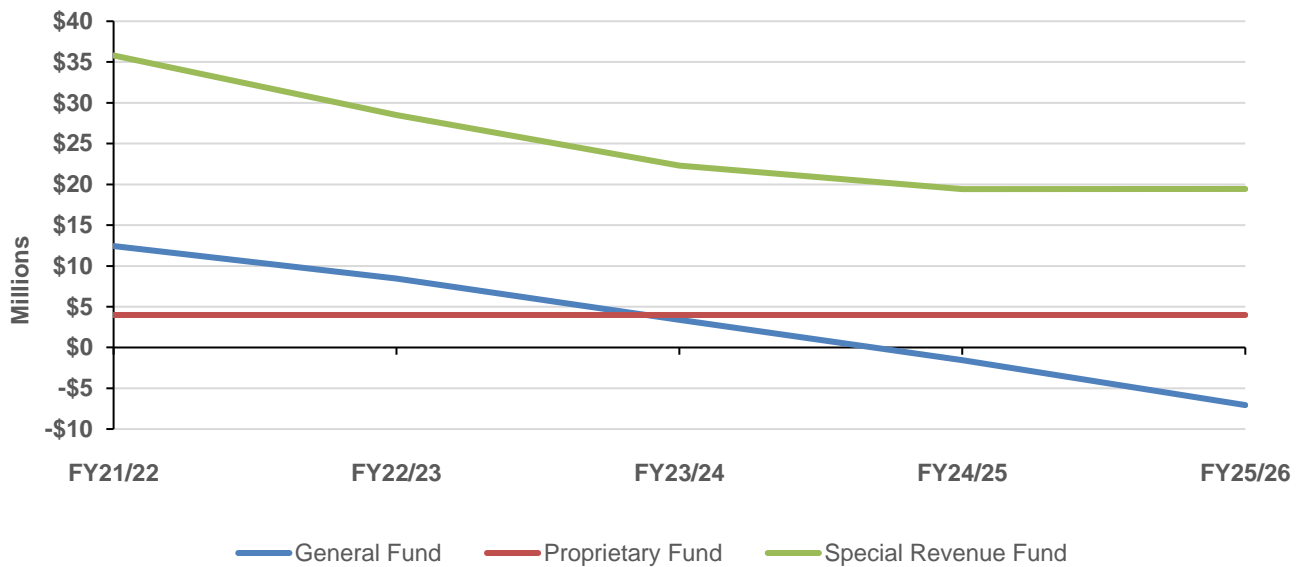
Primary capital expenses for the Covell Building include expenditures for HVAC furnaces, safety enhancements, roof structures, and annual appropriations to a multi-year capital program to fund major non-recurring building improvements. Funding for these capital expenses comes from rent income. Replacement of HVAC air conditioning units are planned for FY21/22, FY22/23, and FY23/24 and average \$154,000 per year; the capital budget is expected to decline in FY24/25 after the HVAC improvements are completed. A significant roof improvement is planned for FY25/26. 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.

The General Fund projected fund balance at the end of FY21/22 complies with the District’s fund balance reserve policy. However, without additional funding sources, the General Fund unencumbered fund balance is projected to fall below the established target level in the five-year outlook. When the target is not met, the policy requires that a plan be developed and implemented to replenish funds used. The Proprietary Fund balance is compliant with policy and stable throughout the five-year period. 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.

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



## SECTION 5 - Fund Information

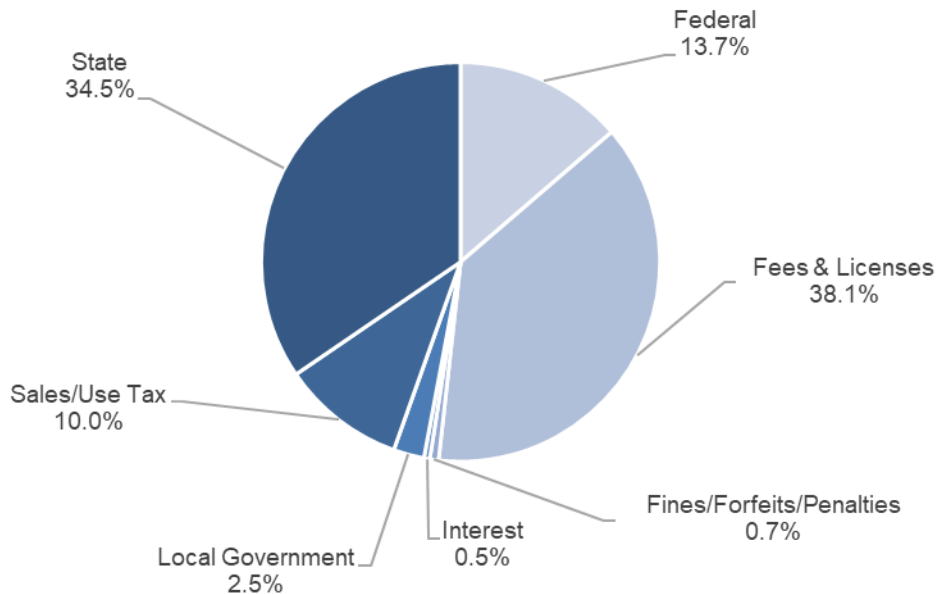
This section contains descriptions of District funds and associated approved budgets for FY21/22. Historical trends of revenues and expenditures, as well as fund balances, are presented to provide context for the approved budget. The District has three funds: General, Proprietary, and Special Revenue. Each fund serves a specific purpose as noted below. A detailed description of funding sources can be found in the Appendices. (See Appendix B – 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

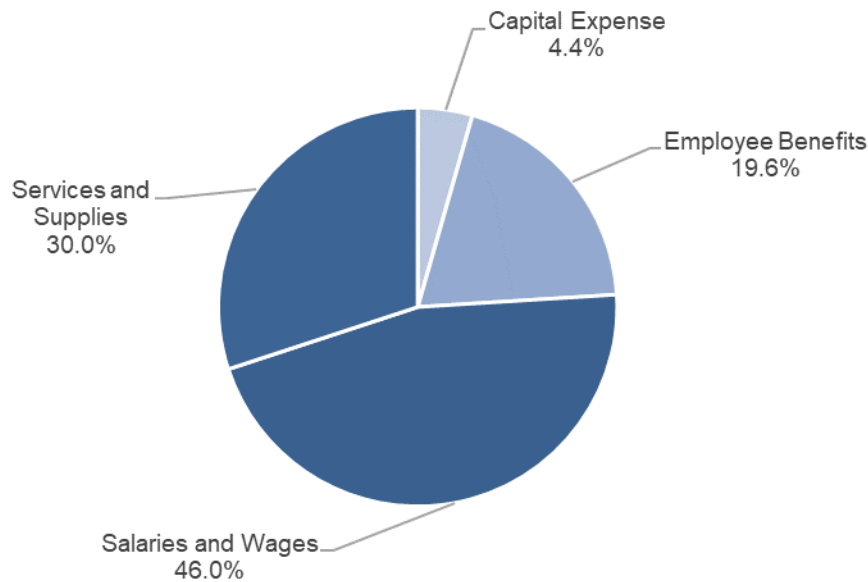
### GENERAL FUND 100

The total FY21/22 Approved General Fund Budget is \$21.1 million in revenue and \$24.1 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 (\$21.1 million)**



### General Fund Budget – Expenditures by Classification (\$24.1 million)



The General Fund Budget includes revenues of \$21.1 million and expenditures of \$24.1 million resulting in a use of fund balance of \$3.0 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, the use of fund balance for FY21/22 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 fluctuating over time dependent on changes in EPA 103 and EPA 105 funding. In addition, new EPA Mobile Air Toxics and Targeted Airshed grants are included in the Approved Budget for FY21/22. 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.

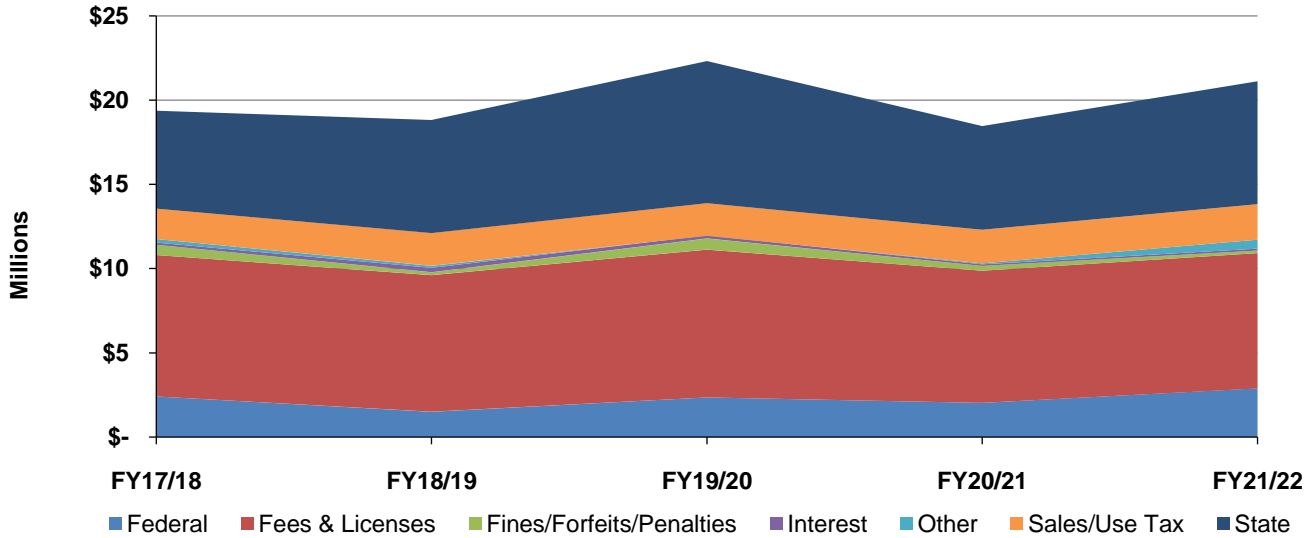
Stationary Source fees are collected from businesses that have equipment that emits pollutants into the air; these fees are based on the type and size of the equipment and the amount of pollutants emitted. Stationary Source fees and license revenues for FY20/21 were approved by the Board to increase by 3.3%; due to the COVID-19 pandemic, the increase was deferred until July 1, 2021. For FY21/22 the calculated CPI fee increase based on the stated index is 1.0%. The District is proposing that the CPI increase to fees for FY21/22 include the calculated CPI increase of 1.0%, plus half of the deferred FY20/21 fee (1.65%) for a total fee increase of 2.65% beginning on July 1, 2021. The two-year implementation of the FY20/21 fee increase is to assist local businesses post COVID-19.

State revenues show an upward trend over the period. Included in this category are the DMV \$4 surcharge and state grants. DMV \$4 revenue is dependent on the number of vehicle registrations in the State of California with the District receiving \$4 per registration. Community Air Protection Program incentives related to Assembly Bill AB 617 are included in this line item.

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.

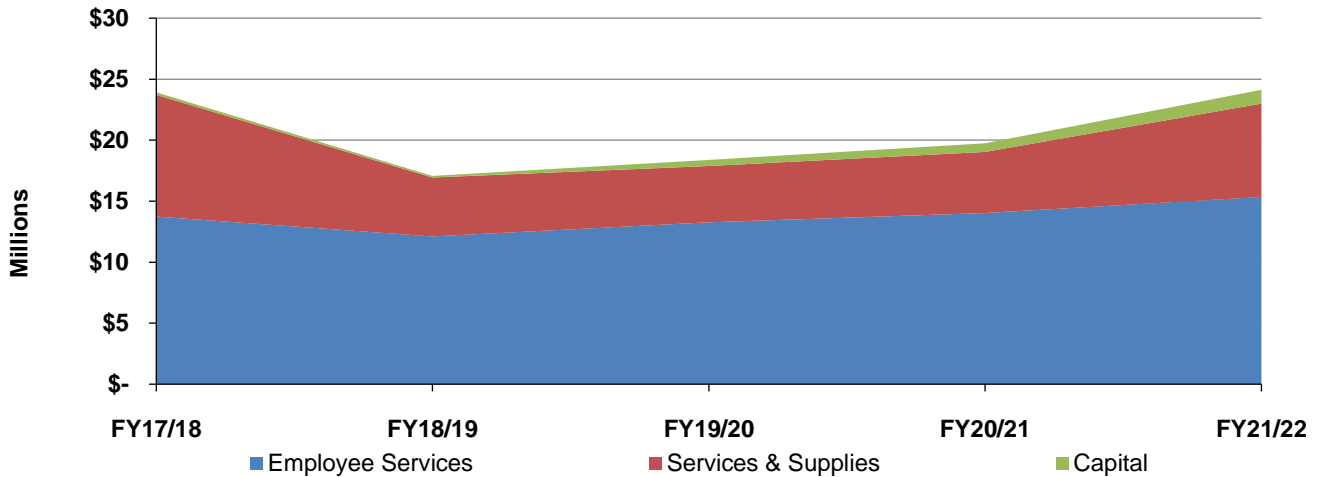
**General Fund – Five-Year Revenues Trend**



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 FY21/22 Services and Supplies are expected to increase mainly due to additional professional consulting fees and program distributions related to grant-related expenditures. Capital outlays will increase in FY21/22 mainly due to additional investments in the Del Paso Manor air monitoring station.

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

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

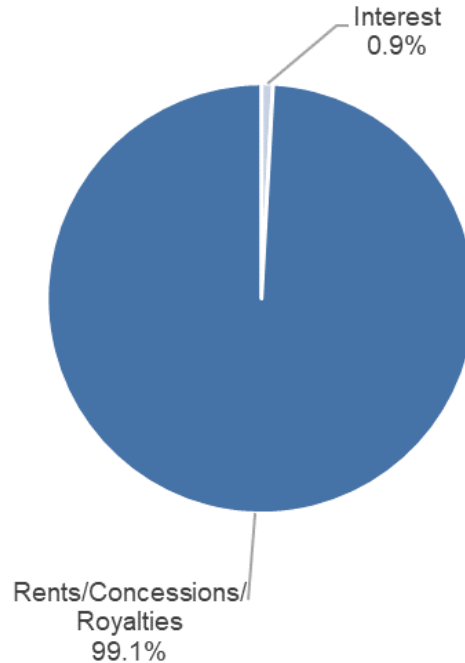


**PROPRIETARY FUND 400**

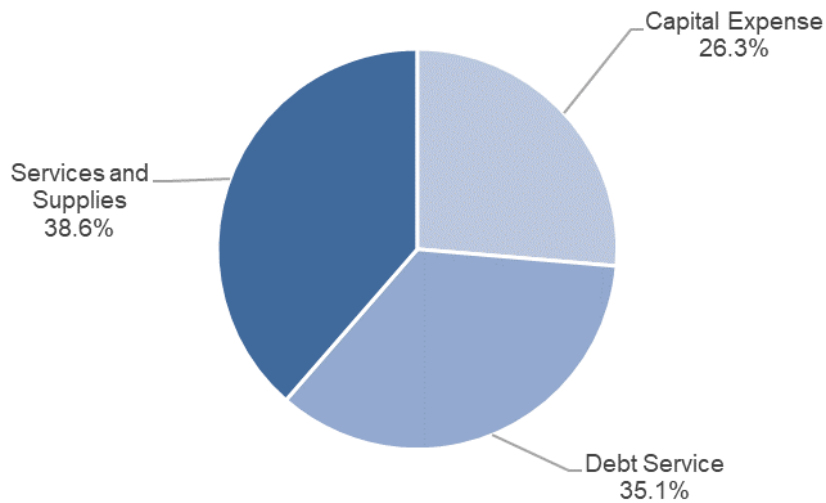
The Proprietary Fund is an Internal Service Fund that supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12<sup>th</sup> Street in Sacramento, California, containing two floors of office space 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 FY21/22 Approved Proprietary Fund Budget is \$1.2 million in revenue and \$1.2 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 (\$1.2 million)**



**Proprietary Fund Budget – Expenditures by Classification (\$1.2 million)**



The Approved Proprietary Fund Budget for FY21/22 includes projected revenues of \$1.2 million and projected expenditures of \$1.2 million. Starting in FY21/22, the District’s share of building rent will decrease by \$52,375 (from \$840,665 to \$788,290). Parking rent is expected to decline by \$39,360 year-over-year. Overall, rent revenue, which accounts for nearly all Proprietary Fund revenues, is projected to decrease by \$82,819 over FY20/21 budgeted rent revenue. The budget expenditures are comprised of \$446,850 for services and supplies (day-to-day operating expenses), \$305,000 for capital expenses, and \$405,932 for debt service. Expenses are projected to decrease \$118,819 over the prior year budget; this reduction reflects a decrease of \$116,000 in capital expenses and \$4,418 in debt service costs, offset by a minor increase of \$1,599 in services and supplies expense.

**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 3.0% to 4.0% 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 the 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, 2021, will be \$2,180,000. In FY21/22, a \$330,000 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
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>\$2,180,000</b>	<b>\$264,622</b>	<b>\$2,444,622</b>

**Proprietary Fund Trends**

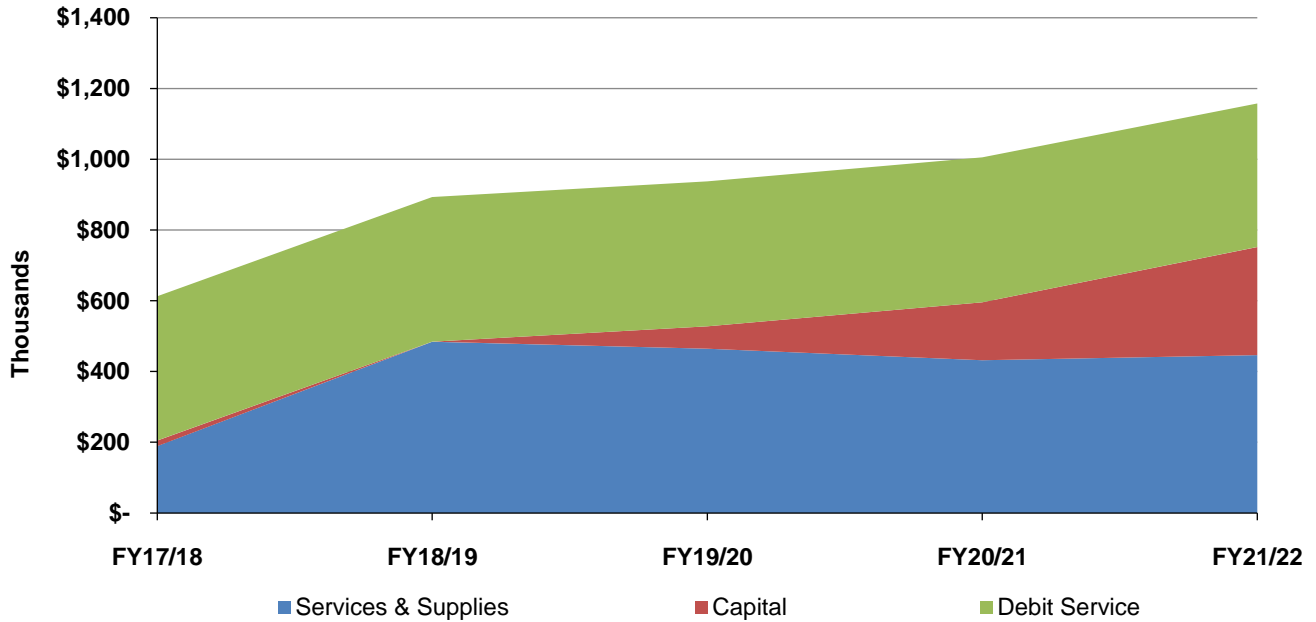
Building revenues consist primarily of tenant rents. There is also revenue generated from daily/monthly parking passes, though this is less than 2% of the total revenue. The building is currently 100% occupied, roughly 60% by the District and the remaining 40% by a single tenant.

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

Account	FY17/18 Actuals	FY18/19 Actuals	FY19/20 Actuals	FY20/21 Projection	FY21/22 Approved
District Rent	\$ 806,573	\$ 806,573	\$ 806,573	\$ 840,665	\$ 788,290
Tenant Rent	218,997	244,550	372,957	350,346	359,492
<b>Total Rents</b>	<b>\$ 1,025,570</b>	<b>\$ 1,051,123</b>	<b>\$ 1,179,530</b>	<b>\$ 1,191,011</b>	<b>\$ 1,147,782</b>



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



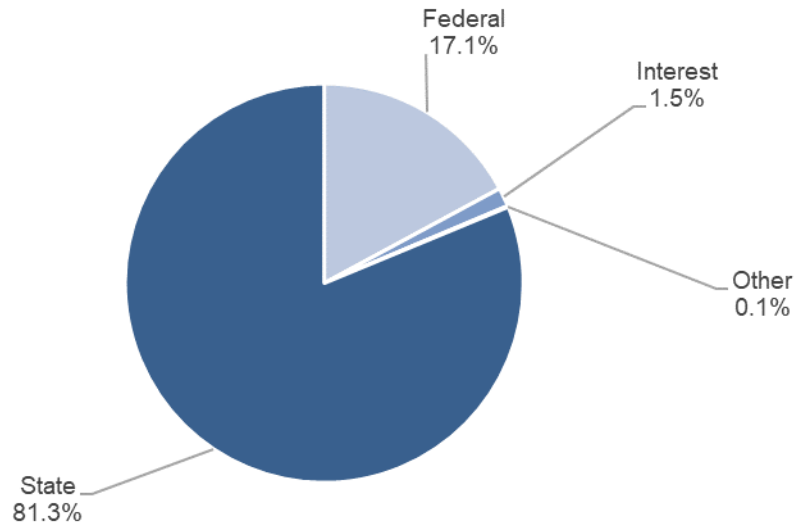
There was an increase in capital expenditures in FY20/21 for safety enhancements and an improvement allowance for a tenant. Capital expenses in FY21/22 include funding for COVID-19 physical distancing requirements, HVAC replacements, and a reserve amount for future unexpected capital improvement projects.

**SPECIAL REVENUE FUND 500**

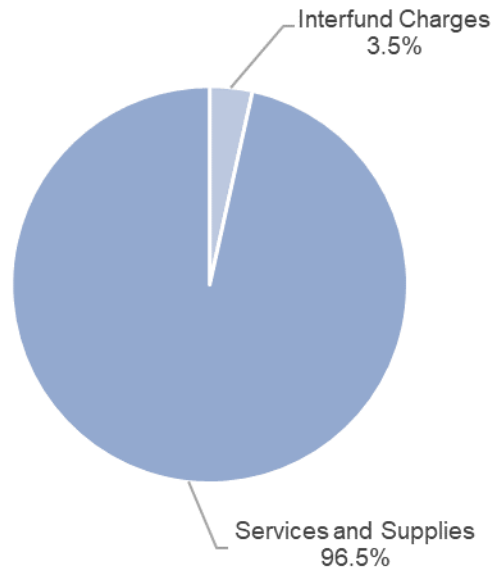
The Special Revenue Fund accounts for the financial activity of restricted funds, generally reflecting grants to provide businesses incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light-duty on-road vehicles, and owners of off-road equipment, such as that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

The total FY21/22 Approved Special Revenue Fund Budget is \$25.5 million in revenue and \$38.3 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 (\$25.5 million)**



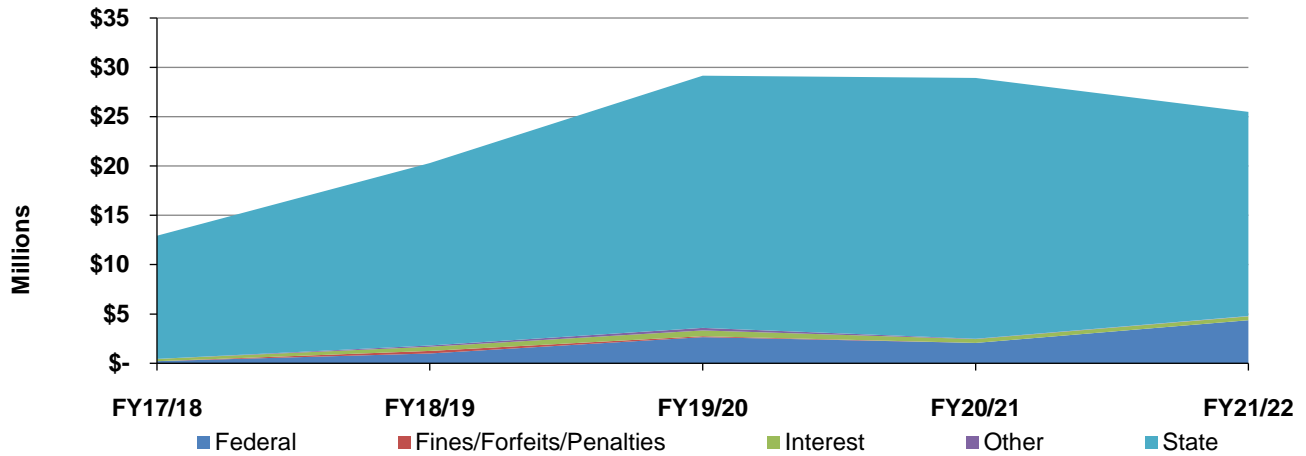
**Special Revenue Fund – Expenditures by Classification (\$38.3 million)**



**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 decrease in revenues for FY21/22 reflects a reduction in available SECAT Phase III funding. The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account types.

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

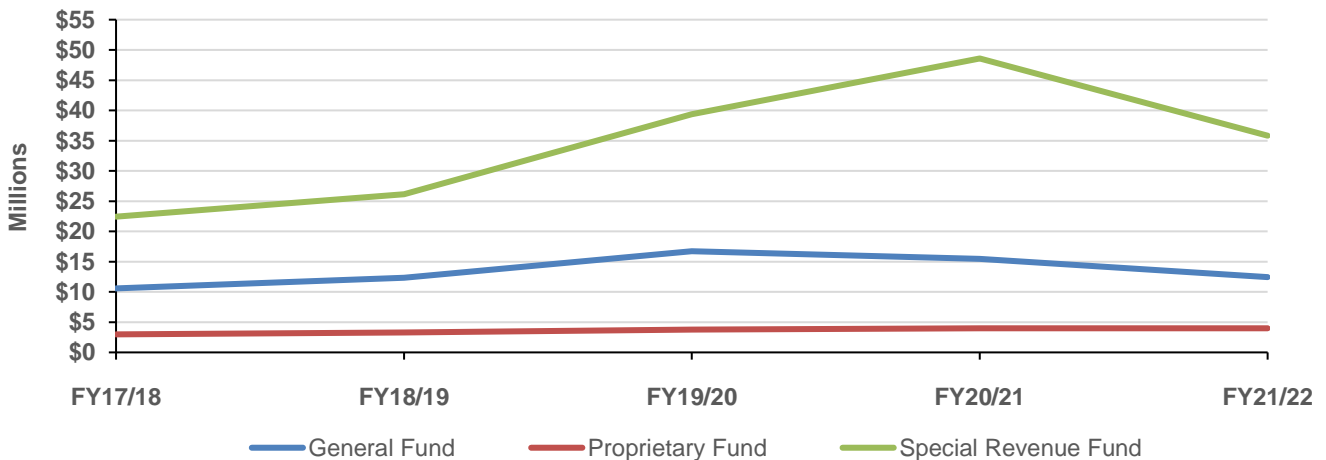


**FUND BALANCE**

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 increased over recent years as the District implemented steps to cautiously manage expenses, particularly during the economic uncertainty of the COVID-19 pandemic. These steps included temporarily holding vacant positions open and reducing its professional services and capital expenditures. In the future, the District anticipates there will be increases in employee services costs, capital expenses requirements, and inadequate administrative allocations for implementing grant-related programs. 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 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 FY19/20 Actuals, FY20/21 Approved, the FY20/21 Projections, the FY21/22 Approved budgets, as well as the variance between the FY20/21 Approved and FY21/22 Approved budgets.

Also included in this section are the schedules for FY21/22 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 FY21/22.

### DISTRICT BUDGET

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

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Revenues</b>					
Federal	\$ 5,014,544	\$ 8,115,509	\$ 4,081,312	\$ 7,258,638	\$ (856,871)
Fees & Licenses	8,767,944	8,880,750	7,857,921	8,033,375	(847,375)
Fines/Forfeits/Penalties	734,542	357,000	280,000	150,000	(207,000)
Interest	814,855	646,000	500,000	500,000	(146,000)
Local Government	(62,321)	28,459	28,548	525,826	497,367
Other	311,056	109,825	46,082	29,860	(79,965)
Rents/Concessions/Royalties	1,179,530	1,230,601	1,191,011	1,147,782	(82,819)
Sales/Use Tax	1,938,339	1,871,000	2,008,267	2,117,637	246,637
State	33,994,249	27,940,553	32,597,595	27,984,150	43,597
<b>Revenues Total</b>	<b>\$ 52,692,739</b>	<b>\$ 49,179,697</b>	<b>\$ 48,590,736</b>	<b>\$ 47,747,268</b>	<b>\$ (1,432,429)</b>
<b>Expenses</b>					
Salaries and Wages	\$ 10,311,258	\$ 11,448,073	\$ 10,450,213	\$ 11,696,507	\$ 248,434
Employee Benefits	4,207,314	4,930,567	4,550,720	4,985,115	54,548
Services and Supplies	19,725,928	38,007,062	24,171,563	45,022,335	7,015,273
Capital Expense	571,051	1,405,500	879,051	1,432,000	26,500
Debt Service	409,544	410,350	410,350	405,932	(4,418)
<b>Expenses Total</b>	<b>\$ 35,225,095</b>	<b>\$ 56,201,552</b>	<b>\$ 40,461,897</b>	<b>\$ 63,541,889</b>	<b>\$ 7,340,337</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 17,467,644</b>	<b>\$ (7,021,855)</b>	<b>\$ 8,128,839</b>	<b>\$ (15,794,621)</b>	

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

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Revenues</b>					
Federal	\$ 2,355,614	\$ 2,040,509	\$ 2,024,380	\$ 2,892,579	\$ 852,070
Fees & Licenses	8,767,944	8,880,750	7,857,921	8,033,375	(847,375)
Fines/Forfeits/Penalties	659,988	300,000	280,000	150,000	(150,000)
Interest	192,521	200,000	100,000	100,000	(100,000)
Local Government	(62,321)	28,459	28,548	525,826	497,367
Other	33,943	53,000	13,431	6,500	(46,500)
Sales/Use Tax	1,938,339	1,871,000	2,008,267	2,117,637	246,637
State	8,432,713	7,326,453	6,154,191	7,285,960	(40,493)
<b>Revenues Total</b>	<b>\$ 22,318,741</b>	<b>\$ 20,700,171</b>	<b>\$ 18,466,738</b>	<b>\$ 21,111,877</b>	<b>\$ 411,706</b>
<b>Expenses</b>					
Salaries and Wages	\$ 10,311,258	\$ 11,448,073	\$ 10,450,213	\$ 11,696,507	\$ 248,434
Employee Benefits	4,207,314	4,930,567	4,550,720	4,985,115	54,548
Services and Supplies	4,604,776	6,795,570	5,001,377	7,649,772	854,202
Capital Expense	507,044	984,500	715,500	1,127,000	142,500
Interfund Charges	(1,249,271)	(1,721,108)	(977,015)	(1,332,812)	388,296
<b>Expenses Total</b>	<b>\$ 18,381,121</b>	<b>\$ 22,437,602</b>	<b>\$ 19,740,795</b>	<b>\$ 24,125,582</b>	<b>\$ 1,687,980</b>
<b>Source / (Use) Fund Balance</b>	<b>\$ 3,937,620</b>	<b>\$ (1,737,431)</b>	<b>\$ (1,274,057)</b>	<b>\$ (3,013,705)</b>	

**General Fund 100 – Revenues by Account**

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Revenues</b>					
<b>Federal</b>					
EPA 103	\$ 113,401	\$ 81,773	\$ 47,466	\$ 132,800	\$ 51,027
EPA 105	1,717,417	1,358,736	1,355,768	1,428,616	69,880
Federal	-	-	76,529	786,542	786,542
FHW-CMAQ	524,795	600,000	544,617	544,621	(55,379)
<b>Subtotal Federal</b>	<b>2,355,614</b>	<b>2,040,509</b>	<b>2,024,380</b>	<b>2,892,579</b>	<b>852,070</b>
<b>Fees &amp; Licenses</b>					
Ag Burn	12,312	12,000	12,000	22,000	10,000
Asbestos	338,591	340,300	297,000	307,300	(33,000)
Fees & Licenses	2,614	22,000	13,880	15,800	(6,200)
Mitigation Fees	350,289	224,892	196,128	224,892	-
Rule 301	7,747,021	7,917,394	7,023,966	7,108,901	(808,493)
SEED Loan-Non Labor	14,906	30,000	500	32,000	2,000
SEED Renewal	7,730	60,000	49,000	50,000	(10,000)
Title V	92,903	65,276	97,447	100,030	34,754
Toxics AB2588	201,578	208,888	168,000	172,452	(36,436)
<b>Subtotal Fees &amp; Licenses</b>	<b>8,767,944</b>	<b>8,880,750</b>	<b>7,857,921</b>	<b>8,033,375</b>	<b>(847,375)</b>
<b>Fines/Forfeits/Penalties</b>					
Fines/Forfeits/Penalties	659,988	300,000	280,000	150,000	(150,000)
<b>Subtotal Fines/Forfeits/Penalties</b>	<b>659,988</b>	<b>300,000</b>	<b>280,000</b>	<b>150,000</b>	<b>(150,000)</b>
<b>Interest</b>					
Interest Earned	192,521	200,000	100,000	100,000	(100,000)
<b>Subtotal Interest</b>	<b>192,521</b>	<b>200,000</b>	<b>100,000</b>	<b>100,000</b>	<b>(100,000)</b>
<b>Local Government</b>					
Local Government	(62,321)	28,459	28,548	525,826	497,367
<b>Subtotal Local Government</b>	<b>(62,321)</b>	<b>28,459</b>	<b>28,548</b>	<b>525,826</b>	<b>497,367</b>
<b>Other</b>					
Auction	33,525	10,000	2,835	-	(10,000)
Other	7,422	43,000	10,596	6,500	(36,500)
FMV Change	(7,004)	-	-	-	-
<b>Subtotal Other</b>	<b>33,943</b>	<b>53,000</b>	<b>13,431</b>	<b>6,500</b>	<b>(46,500)</b>
<b>Sales/Use Tax</b>					
Sales/Use Tax	1,938,339	1,871,000	2,008,267	2,117,637	246,637
<b>Subtotal Sales/Use Tax</b>	<b>1,938,339</b>	<b>1,871,000</b>	<b>2,008,267</b>	<b>2,117,637</b>	<b>246,637</b>
<b>State</b>					
ARB Oil & Gas	42,000	42,000	42,000	42,000	-
ARB PERP	147,719	150,000	167,388	170,000	20,000
ARB Subvention	70,027	355,991	357,248	360,820	4,829
DMV	5,120,635	5,043,454	5,102,447	5,153,471	110,017
State	3,052,332	1,735,008	485,108	1,559,669	(175,339)
<b>Subtotal State</b>	<b>8,432,713</b>	<b>7,326,453</b>	<b>6,154,191</b>	<b>7,285,960</b>	<b>(40,493)</b>
<b>Revenues Total</b>	<b>\$ 22,318,741</b>	<b>\$ 20,700,171</b>	<b>\$ 18,466,738</b>	<b>\$ 21,111,877</b>	<b>\$ 411,706</b>

## General Fund 100 – Expenses by Account

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Expenses</b>					
<b>Salaries and Wages</b>					
Salaries & Wages-Extra Help	\$ 72,694	\$ 126,486	\$ 50,162	\$ 162,817	\$ 36,331
Salaries & Wages-Hearing Board/BOD	-	-	-	-	-
Salaries & Wages-OT	47,580	112,186	30,608	94,857	(17,329)
Salaries & Wages-Premium Pay	54,505	66,935	47,146	56,514	(10,421)
Salaries & Wages-Regular	10,136,479	11,142,466	10,322,297	11,382,319	239,853
<b>Subtotal Salaries and Wages</b>	<b>10,311,258</b>	<b>11,448,073</b>	<b>10,450,213</b>	<b>11,696,507</b>	<b>248,434</b>
<b>Employee Benefits</b>					
Employee Assistance Program	3,361	4,998	3,668	5,000	2
FICA/Medicare-Employer OASDHI	703,897	800,039	713,166	820,435	20,396
Group Insurance	1,410,368	1,687,268	1,509,444	1,708,704	21,436
Retirement	2,007,116	2,319,336	2,241,229	2,300,397	(18,939)
Unemployment-SUI	12,438	38,926	23,410	25,579	(13,347)
Workers Compensation Insurance	70,134	80,000	59,803	125,000	45,000
<b>Subtotal Employee Benefits</b>	<b>4,207,314</b>	<b>4,930,567</b>	<b>4,550,720</b>	<b>4,985,115</b>	<b>54,548</b>
<b>Services and Supplies</b>					
<b>Subtotal Services and Supplies</b>	<b>4,604,776</b>	<b>6,795,570</b>	<b>5,001,377</b>	<b>7,649,772</b>	<b>854,202</b>
<b>Capital Expense</b>					
FA-Computer & Network	-	5,500	5,500	10,000	4,500
FA-General Equipment	58,944	-	-	-	-
FA-Lab Equipment	328,912	594,000	590,000	517,000	(77,000)
FA-Monitoring Structures	118,188	345,000	120,000	600,000	255,000
FA-Vehicles	1,000	40,000	-	-	(40,000)
<b>Subtotal Capital Expense</b>	<b>507,044</b>	<b>984,500</b>	<b>715,500</b>	<b>1,127,000</b>	<b>142,500</b>
<b>Interfund Charges</b>					
Transfer-In	(1,249,271)	(1,721,108)	(977,015)	(1,332,812)	388,296
<b>Subtotal Interfund Charges</b>	<b>(1,249,271)</b>	<b>(1,721,108)</b>	<b>(977,015)</b>	<b>(1,332,812)</b>	<b>388,296</b>
<b>Expenses Total</b>	<b>\$ 18,381,121</b>	<b>\$ 22,437,602</b>	<b>\$ 19,740,795</b>	<b>\$ 24,125,582</b>	<b>\$ 1,687,980</b>

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

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

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Expenses</b>					
<b>Services and Supplies</b>					
Advertising, Comm & Outreach	\$ 949,160	\$ 1,185,704	\$ 976,930	\$ 1,027,679	\$ (158,025)
Alternative Transit	54,198	89,944	45,454	72,568	(17,376)
Audio-Video	-	-	-	-	-
Banking & Finance	1,406	1,200	6,300	6,000	4,800
BOD/Hearing Salaries	-	-	-	-	-
Books/Periodicals/Subscriptions	41,109	28,514	30,254	30,335	1,821
Breakroom Supplies	3,413	4,800	600	2,400	(2,400)
Business Meetings	76,445	202,400	22,490	118,800	(83,600)
Collaborations	344,529	493,645	70,379	168,000	(325,645)
Construction Management	10,491	-	-	-	-
Document Storage & Handling	38,662	25,000	25,000	30,000	5,000
Education & Training	21,526	105,200	51,300	91,700	(13,500)
Food	-	-	-	3,600	3,600
Fuel & Lubricants	10,161	15,200	5,400	13,500	(1,700)
Graphic Design	293	6,000	-	-	(6,000)
Incentive Projects	17,525	-	-	-	-
Internship	14,000	14,250	10,687	10,687	(3,563)
IS Data Processing Services	35,812	65,320	34,420	65,900	580
IS Hardware	117,418	148,583	148,583	141,298	(7,285)
IS Internet	61,947	39,240	39,200	39,240	-
IS Mobile Devices/Services	41,640	41,480	41,000	41,480	-
IS SaaS-Software as a Service	107,095	123,207	165,323	234,542	111,335
IS Software	135,718	131,059	68,153	87,653	(43,406)
IS Supplies	24,761	24,000	24,000	24,000	-
Lab Analysis	31,068	199,000	195,300	224,000	25,000
Laboratory Equipment & Supplies	95,611	179,000	120,552	170,000	(9,000)
Legal Services	21,520	120,000	13,750	75,000	(45,000)
Legislative Advocacy	61,100	75,000	67,024	72,000	(3,000)
Maintenance & Repairs	26,103	30,500	27,012	28,400	(2,100)
Medical Services	345	2,800	1,000	2,800	-
Membership Dues	38,587	45,073	43,947	44,325	(748)
Mileage/Parking	31,196	32,560	250	32,560	-
Miscellaneous	11,292	6,400	1,000	6,400	-
Office Equipment/Furniture	12,835	17,000	3,000	13,500	(3,500)
Office Services	556	3,000	1,000	3,000	-
Office Supplies	11,483	16,750	5,500	11,350	(5,400)
Postage/Shipping/Messenger	17,838	21,600	10,900	15,350	(6,250)
Printing	5,636	16,500	4,907	10,200	(6,300)
Prof Svc-Consulting	1,052,883	1,986,718	1,337,860	2,601,899	615,181
Program Distribution-EPA Grant	-	-	266,841	828,508	828,508
Property & Liability Insurance	103,440	147,250	146,355	216,000	68,750
Property Management	3,226	75,000	15,000	25,000	(50,000)
Public Notices	3,686	33,200	15,500	31,000	(2,200)
Recognition	1,858	8,100	3,100	15,600	7,500
Recording Fees	5,360	10,100	300	5,100	(5,000)
Recruitment	18,489	10,000	3,000	10,000	-
Rent/Lease-Equipment	1,845	4,200	2,200	29,200	25,000
Rent/Lease-Real Property	820,050	886,665	860,665	837,890	(48,775)
Safety Supplies	5,069	5,580	1,500	4,580	(1,000)
Stipends	3,400	4,000	3,600	18,600	14,600
Telephone Services	44,346	33,028	34,000	28,328	(4,700)
Temporary Staffing	23,915	10,000	-	10,000	-
Tools/Small Equipment	1,205	8,500	2,300	8,500	-
Utilities	11,483	25,000	20,000	25,000	-
Vehicle Maintenance	32,044	38,300	28,541	36,300	(2,000)
<b>Subtotal Services and Supplies</b>	<b>4,604,776</b>	<b>6,795,570</b>	<b>5,001,377</b>	<b>7,649,772</b>	<b>854,202</b>



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

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Revenues</b>					
Other	\$ 6,129	\$ -	\$ -	\$ -	\$ -
Interest	34,991	46,000	10,000	10,000	(36,000)
Rents/Concessions/Royalties	1,179,530	1,230,601	1,191,011	1,147,782	(82,819)
<b>Revenues Total</b>	<b>\$ 1,220,650</b>	<b>\$ 1,276,601</b>	<b>\$ 1,201,011</b>	<b>\$ 1,157,782</b>	<b>\$ (118,819)</b>
<b>Expenses</b>					
Services and Supplies	\$ 464,236	\$ 445,251	\$ 431,957	\$ 446,850	\$ 1,599
Capital Expense	64,007	421,000	163,551	305,000	(116,000)
Debt Service	409,544	410,350	410,350	405,932	(4,418)
<b>Expenses Total</b>	<b>\$ 937,787</b>	<b>\$ 1,276,601</b>	<b>\$ 1,005,858</b>	<b>\$ 1,157,782</b>	<b>\$ (118,819)</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 282,863</b>	<b>\$ -</b>	<b>\$ 195,153</b>	<b>\$ -</b>	

**Proprietary Fund 400 – Revenues and Expenses by Account**

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Revenues</b>					
<b>Fees/Licenses &amp; Other</b>					
FMV Change	\$ 6,129	\$ -	\$ -	\$ -	\$ -
<b>Subtotal Fees/Licenses &amp; Other</b>	<b>6,129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest Earned</b>					
Interest Earned	\$ 34,991	\$ 46,000	\$ 10,000	\$ 10,000	\$ (36,000)
<b>Subtotal Interest</b>	<b>34,991</b>	<b>46,000</b>	<b>10,000</b>	<b>10,000</b>	<b>(36,000)</b>
<b>Rents/Concessions/Royalties</b>					
Parking	80,577	89,860	49,235	50,500	(39,360)
Rents/Concessions/Royalties	1,098,953	1,140,741	1,141,776	1,097,282	(43,459)
<b>Subtotal Rents/Concessions/Royalties</b>	<b>1,179,530</b>	<b>1,230,601</b>	<b>1,191,011</b>	<b>1,147,782</b>	<b>(82,819)</b>
<b>Revenues Total</b>	<b>\$ 1,220,650</b>	<b>\$ 1,276,601</b>	<b>\$ 1,201,011</b>	<b>\$ 1,157,782</b>	<b>\$ (118,819)</b>
<b>Expenses</b>					
<b>Services and Supplies</b>					
Banking & Finance	\$ 2,224	\$ 1,540	\$ 2,262	\$ 2,300	\$ 760
IS Hardware	-	2,500	-	2,000	(500)
IS Internet	4,588	4,500	5,600	5,640	1,140
Maintenance & Repairs	42,659	31,120	34,000	28,460	(2,660)
Mileage/Parking	145,229	140,000	135,000	140,000	-
Office Equipment/Furniture	1,340	1,500	1,000	1,500	-
Office Services	88,544	78,791	77,600	77,250	(1,541)
Office Supplies	311	-	500	500	500
Property & Liability Insurance	16,173	25,900	23,966	30,000	4,100
Property Management	21,600	25,200	22,200	24,500	(700)
Security	40,122	20,700	26,829	28,700	8,000
Tax/Lic/Assessment	5,741	7,000	7,000	7,000	-
Telephone Services	-	6,000	-	-	(6,000)
Utilities	95,705	100,500	96,000	99,000	(1,500)
<b>Subtotal Services and Supplies</b>	<b>464,236</b>	<b>445,251</b>	<b>431,957</b>	<b>446,850</b>	<b>1,599</b>
<b>Capital Expense</b>					
FA-Leasehold Improvement	64,007	421,000	163,551	305,000	(116,000)
<b>Subtotal Capital Expense</b>	<b>64,007</b>	<b>421,000</b>	<b>163,551</b>	<b>305,000</b>	<b>(116,000)</b>
<b>Debt Service</b>					
Interest Expense	94,544	85,350	85,350	75,932	(9,418)
Principal	315,000	325,000	325,000	330,000	5,000
<b>Subtotal Debt Service</b>	<b>409,544</b>	<b>410,350</b>	<b>410,350</b>	<b>405,932</b>	<b>(4,418)</b>
<b>Expenses Total</b>	<b>\$ 937,787</b>	<b>\$ 1,276,601</b>	<b>\$ 1,005,858</b>	<b>\$ 1,157,782</b>	<b>\$ (118,819)</b>

**SPECIAL REVENUE FUND BUDGET****Special Revenue Fund 500 – Summary of Revenues, Expenditures and Budgeted Fund Balances**

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Revenues</b>					
Federal	\$ 2,658,930	\$ 6,075,000	\$ 2,056,932	\$ 4,366,059	\$ (1,708,941)
Fines/Forfeits/Penalties	74,554	57,000	-	-	(57,000)
Interest	587,343	400,000	390,000	390,000	(10,000)
Other	270,985	56,825	32,651	23,360	(33,465)
State	25,561,536	20,614,100	26,443,404	20,698,190	84,090
<b>Revenues Total</b>	<b>\$ 29,153,348</b>	<b>\$ 27,202,925</b>	<b>\$ 28,922,987</b>	<b>\$ 25,477,609</b>	<b>\$ (1,725,316)</b>
<b>Expenses</b>					
Interfund Charges	\$ 1,249,271	\$ 1,721,108	\$ 977,015	\$ 1,332,812	\$ (388,296)
Services and Supplies	14,656,916	30,766,241	18,738,229	36,925,713	6,159,472
<b>Expenses Total</b>	<b>\$ 15,906,187</b>	<b>\$ 32,487,349</b>	<b>\$ 19,715,244</b>	<b>\$ 38,258,525</b>	<b>\$ 5,771,176</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 13,247,161</b>	<b>\$ (5,284,424)</b>	<b>\$ 9,207,743</b>	<b>\$ (12,780,916)</b>	

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

Classification Account	FY19/20 Actuals	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Revenues</b>					
<b>Federal</b>					
FHW-SECAT	\$ 2,658,930	\$ 6,075,000	\$ 2,056,932	\$ 4,366,059	\$ (1,708,941)
<b>Subtotal Federal</b>	<b>2,658,930</b>	<b>6,075,000</b>	<b>2,056,932</b>	<b>4,366,059</b>	<b>(1,708,941)</b>
<b>Fines/Forfeits/Penalties</b>					
Fines/Forfeits/Penalties	74,554	57,000	-	-	(57,000)
<b>Subtotal Fines/Forfeits/Penalties</b>	<b>74,554</b>	<b>57,000</b>	<b>-</b>	<b>-</b>	<b>(57,000)</b>
<b>Interest</b>					
Interest Earned	587,343	400,000	390,000	390,000	(10,000)
<b>Subtotal Interest</b>	<b>587,343</b>	<b>400,000</b>	<b>390,000</b>	<b>390,000</b>	<b>(10,000)</b>
<b>Other</b>					
Auction	77,325	56,825	32,651	23,360	(33,465)
FMV Change	193,660	-	-	-	-
<b>Subtotal Other</b>	<b>270,985</b>	<b>56,825</b>	<b>32,651</b>	<b>23,360</b>	<b>(33,465)</b>
<b>State</b>					
DMV	2,529,052	2,607,220	2,551,223	2,576,736	(30,484)
State	23,032,484	18,006,880	23,892,181	18,121,454	114,574
<b>Subtotal State</b>	<b>25,561,536</b>	<b>20,614,100</b>	<b>26,443,404</b>	<b>20,698,190</b>	<b>84,090</b>
<b>Revenues Total</b>	<b>\$ 29,153,348</b>	<b>\$ 27,202,925</b>	<b>\$ 28,922,987</b>	<b>\$ 25,477,609</b>	<b>\$ (1,725,316)</b>
<b>Expenses</b>					
<b>Services and Supplies</b>					
Incentive Projects	\$ 14,495,234	\$ 30,536,241	\$ 18,357,900	\$ 36,587,851	\$ 6,051,610
Prof Svc-Consulting	161,681.69	230,000	380,329	337,862	107,862
<b>Subtotal Services and Supplies</b>	<b>14,656,916</b>	<b>30,766,241</b>	<b>18,738,229</b>	<b>36,925,713</b>	<b>6,159,472</b>
<b>Interfund Charges</b>					
Transfer-Out	1,249,271	1,721,108	977,015	1,332,812	(388,296)
<b>Subtotal Interfund Charges</b>	<b>1,249,271</b>	<b>1,721,108</b>	<b>977,015</b>	<b>1,332,812</b>	<b>(388,296)</b>
<b>Expenses Total</b>	<b>\$ 15,906,187</b>	<b>\$ 32,487,349</b>	<b>\$ 19,715,244</b>	<b>\$ 38,258,525</b>	<b>\$ 5,771,176</b>

**CAPITAL EXPENSE BUDGET**

**Capital Expenses – by Fund**

Fund Description	FY21/22 Approved
<b>100 General</b>	
Power Vault Storage	\$ 10,000
AB617 Equipment	150,000
H2 Generator (NMHC Support)	10,000
N2 Generator (NMCH Support)	10,000
NMHC	26,000
Aethalometer	30,000
CO-Trace	18,000
CSN	19,000
Data Loggers	15,000
Digital Chart recorders	22,000
Gas Calibrators	60,000
Meteorological Equipment	10,000
NO2 Analyzer	25,000
Non-FEM BAM's with FEM BAM's	50,000
PM10 Filter Based with PM10 Continuous	25,000
Transfer Standard	25,000
Zero Air Generators	22,000
Del Paso Manor Air Monitoring Station	575,000
Air Monitoring Station Improvements	25,000
<b>100 General Subtotal</b>	<b>\$ 1,127,000</b>
<b>400 Proprietary</b>	
Capital Improvement Projects Funding	\$ 100,000
Cubicle Configuration for Social Distancing	40,000
HVAC Replacements	115,000
Miscellaneous - Annual Improvements	50,000
<b>400 Proprietary Subtotal</b>	<b>\$ 305,000</b>
<b>Capital Expenses Total</b>	<b>\$ 1,432,000</b>

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

Fund	Type	Fund Balance 06/30/20	FY20/21 Projected Revenues	FY20/201 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/21
100	General Fund	\$ 16,723,308	\$ 18,466,738	\$ 19,740,795	\$ (1,274,057)	\$ 15,449,251
400	Proprietary Fund	3,789,085	1,201,011	1,005,858	195,153	3,984,238
500	Special Revenue Fund	39,377,251	28,922,987	19,715,244	9,207,743	48,584,994
<b>Total</b>		<b>\$ 59,889,644</b>	<b>\$ 48,590,736</b>	<b>\$ 40,461,897</b>	<b>\$ 8,128,839</b>	<b>\$ 68,018,483</b>

Fund	Type	Projected Fund Balance 06/30/21	FY21/22 Approved Revenues	FY21/22 Approved Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/22
100	General Fund	\$ 15,449,251	\$ 21,111,877	\$ 24,125,582	\$ (3,013,705)	\$ 12,435,546
400	Proprietary Fund	3,984,238	1,157,782	1,157,782	-	3,984,238
500	Special Revenue Fund	48,584,994	25,477,609	38,258,525	(12,780,916)	35,804,078
<b>Total</b>		<b>\$ 68,018,483</b>	<b>\$ 47,747,268</b>	<b>\$ 63,541,889</b>	<b>\$ (15,794,621)</b>	<b>\$ 52,223,862</b>

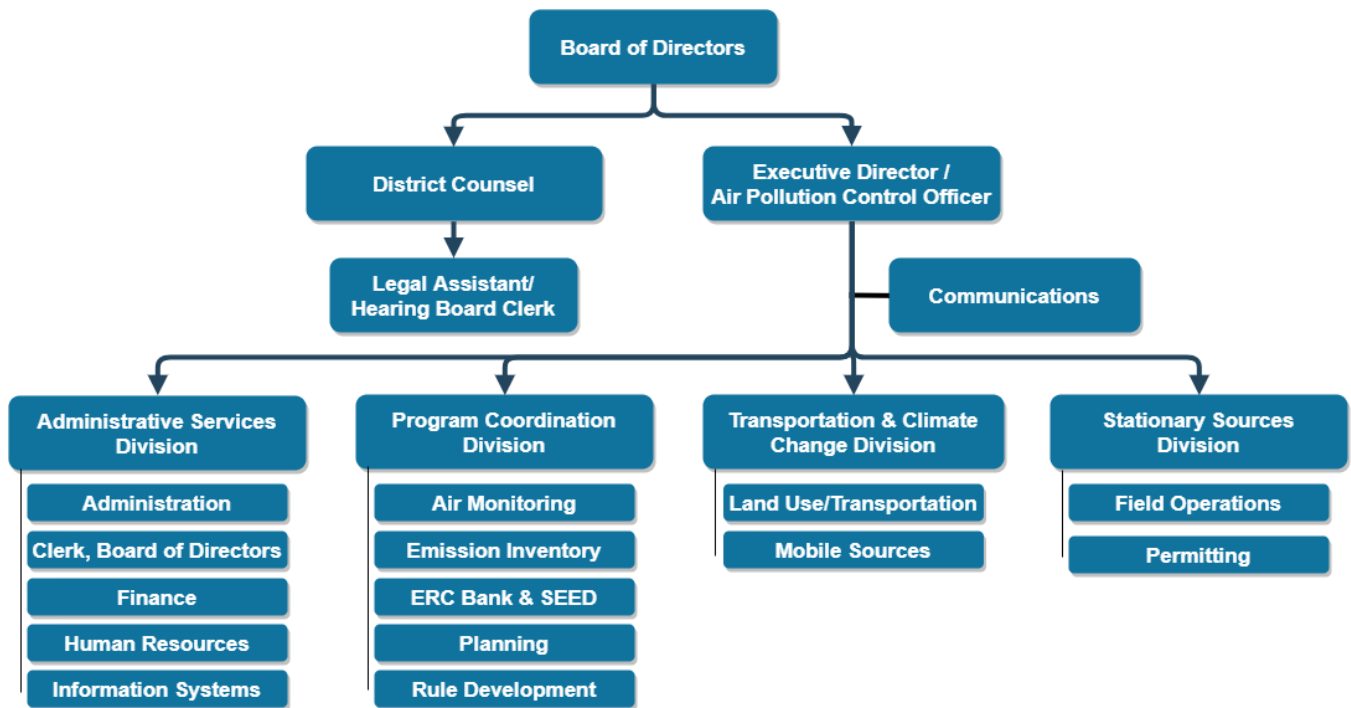
# SECTION 7 - Organizational Overview

This section includes the District’s organizational structure, staffing and pay schedules, division budgets, as well as division functions, program summaries, key initiatives for FY21/22 as well as major 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 Approved Budget includes 102.1 FTE positions, of which 94.1 are funded and 8.0 are unfunded. There is no change in the number of funded FTE from the FY20/21 approved staffing plan. Funded positions are included in the approved budget, while unfunded positions are approved by the Board but are not included in the current fiscal year approved budget. Positions currently identified as unfunded have historically been budgeted to achieve the priorities of the District. However, with recent funding challenges, the District has had to make difficult decisions and unfund some positions. Each year, the District reassesses the priorities, critical needs, funding capacity and then recommends positions to be funded or unfunded. For FY21/22, two funded limited-term positions are reclassified to regular positions, and one half-time unfunded position is eliminated. The following two staffing schedules represents the approved FTE positions for FY21/22 by classification and by operating division.

**Positions by Classification**

Classification	FY 19/20 Approved	FY 20/21 Amended	Change	FY21/22 Approved
<b>FUNDED</b>				
<b>Regular</b>				
Admin Supervisor/Clerk of Board	1.0	1.0		1.0
Administrative Specialist	2.0	3.0		3.0
Air Pollution Control Officer	1.0	1.0		1.0
Air Quality Engineer	19.5	16.5		16.5
Air Quality Instrument Specialist	3.0	3.0		3.0
Air Quality Planner/Analyst	10.0	10.0	1.0	11.0
Air Quality Specialist	18.6	17.6	1.0	18.6
Communication & Marketing Specialist	0.9	1.0		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	-		-
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	5.0	(2.0)	3.0
Communication & Marketing Specialist	1.0	-		-
Information Systems Analyst	1.0	1.0		1.0
<b>FUNDED Total</b>	<b>99.5</b>	<b>94.1</b>	<b>-</b>	<b>94.1</b>
<b>UNFUNDED</b>				
<b>Regular</b>				
Air Quality Engineer	1.0	4.0		4.0
Air Quality Specialist	1.0	2.0		2.0
Human Resource Technician	1.0	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>3.0</b>	<b>8.5</b>	<b>(0.5)</b>	<b>8.0</b>
<b>Total Funded and Unfunded</b>	<b>102.5</b>	<b>102.6</b>	<b>(0.5)</b>	<b>102.1</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	6.0	16.5
Air Quality Instrument Specialist	-	-	-	3.0	-	-	3.0
Air Quality Planner/Analyst	-	-	-	3.0	-	8.0	11.0
Air Quality Specialist	-	-	-	4.0	11.6	3.0	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	-	-	-	1.0	-	2.0	3.0
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	-	4.0
Air Quality Specialist	-	-	-	-	1.0	1.0	2.0
Human Resource Technician	1.0	-	-	-	-	-	1.0
<b>Limited Term</b>							
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>2.0</b>	<b>1.0</b>	<b>8.0</b>
<b>Total Funded and Unfunded</b>	<b>19.0</b>	<b>2.0</b>	<b>4.0</b>	<b>22.5</b>	<b>29.6</b>	<b>25.0</b>	<b>102.1</b>



**PAY SCHEDULE**

The following monthly pay schedule includes a cost of living adjustment (COLA) of 2.0% consistent with the terms of the Memorandum of Understanding between Management and SADEA, and the Unrepresented Personnel Resolution.

**Pay Schedule  
Effective July 1, 2021**

Classification	Monthly	
	Minimum	Maximum
Administrative Specialist I	\$ 6,091.95	\$ 7,404.80
Administrative Specialist II	6,599.54	8,021.78
Administrative Supervisor/Clerk of the Board	7,393.05	9,890.12
Air Pollution Control Officer (contract by Board of Directors)	18,914.08	18,914.08
Air Quality Engineer (Assistant)	7,004.68	8,514.23
Air Quality Engineer (Associate)	8,135.57	9,888.84
Air Quality Instrument Specialist I	5,801.02	7,051.18
Air Quality Instrument Specialist II	6,671.42	8,109.15
Air Quality Planner/Analyst (Assistant)	7,004.68	8,514.23
Air Quality Planner/Analyst (Associate)	8,135.57	9,888.84
Air Quality Specialist (Assistant)	7,004.68	8,514.23
Air Quality Specialist (Associate)	8,135.57	9,888.84
Assistant to the Air Pollution Control Officer	8,626.95	10,486.11
Communications & Marketing Specialist (Assistant)	7,004.68	8,514.23
Communications & Marketing Specialist (Associate)	8,135.57	9,888.84
Controller	9,768.82	13,090.72
District Counsel (contract by Board of Directors)	20,530.50	20,530.50
Division Manager	11,228.70	15,047.09
Financial Analyst	7,129.40	8,665.83
Human Resources Officer	7,393.05	9,890.12
Human Resources Technician I	4,734.90	5,755.30
Human Resources Technician II	5,445.65	6,619.22
Information Systems Analyst (Assistant)	6,545.98	7,956.68
Information Systems Analyst (Associate)	7,527.55	9,149.78
Information Systems Manager	9,768.82	13,090.72
Legal Assistant I	4,938.23	6,002.45
Legal Assistant II	5,431.57	6,602.11
Office Assistant I	3,283.00	3,990.51
Office Assistant II	3,681.59	4,475.00
Office Assistant III	4,123.37	5,011.99
Program Manager	9,768.82	13,090.72
Program Supervisor	8,497.61	11,387.91
Senior Accountant	7,129.40	8,665.83
Statistician	8,135.57	9,888.84

In addition to the salaries listed above, the District provides special compensation as follows:

Division Managers receive a board-approved 5% management pay differential. Employees may receive incentive pay equal to 5% of their base pay if they have earned professional certifications or licenses relevant to their job, such as Professional Engineer or Certified Public Accountant or job relevant to doctorate degrees per board-approved agreements.

**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	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Administrative Services</b>				
Salaries and Wages	\$ 1,875,550	\$ 1,797,123	\$ 1,933,129	\$ 57,579
Employee Benefits	794,876	754,817	791,026	(3,850)
Services and Supplies	1,433,112	1,001,827	1,999,366	566,254
Capital Expense	5,500	5,500	10,000	4,500
<b>Subtotal Administrative Services</b>	<b>4,109,038</b>	<b>3,559,267</b>	<b>4,733,521</b>	<b>624,483</b>
<b>District Counsel</b>				
Salaries and Wages	318,699	318,264	325,065	6,366
Employee Benefits	142,760	123,062	141,091	(1,669)
Services and Supplies	151,884	43,228	104,152	(47,732)
<b>Subtotal District Counsel</b>	<b>613,343</b>	<b>484,554</b>	<b>570,308</b>	<b>(43,035)</b>
<b>Executive Office</b>				
Salaries and Wages	477,873	379,482	502,238	24,365
Employee Benefits	216,704	148,239	220,370	3,666
Services and Supplies	1,478,794	1,088,631	955,742	(523,052)
<b>Subtotal Executive Office</b>	<b>2,173,371</b>	<b>1,616,352</b>	<b>1,678,350</b>	<b>(495,021)</b>
<b>Non-Departmental</b>				
Employee Benefits	4,200	64,003	129,200	125,000
Services and Supplies	1,463,526	1,418,977	1,465,500	1,974
Capital Expense	421,000	163,551	305,000	(116,000)
Debt Service	410,350	410,350	405,932	(4,418)
<b>Subtotal Non-Departmental</b>	<b>2,299,076</b>	<b>2,056,881</b>	<b>2,305,632</b>	<b>6,556</b>
<b>Program Coordination</b>				
Salaries and Wages	2,333,681	2,131,372	2,403,010	69,329
Employee Benefits	986,358	905,968	998,968	12,610
Services and Supplies	1,153,368	678,763	1,860,468	707,100
Capital Expense	939,000	710,000	1,117,000	178,000
<b>Subtotal Program Coordination</b>	<b>5,412,407</b>	<b>4,426,103</b>	<b>6,379,446</b>	<b>967,039</b>
<b>Stationary Sources</b>				
Salaries and Wages	3,480,984	3,204,334	3,525,982	44,998
Employee Benefits	1,522,498	1,396,504	1,464,429	(58,069)
Services and Supplies	388,910	256,517	417,906	28,996
Capital Expense	40,000	-	-	(40,000)
<b>Subtotal Stationary Sources</b>	<b>5,432,392</b>	<b>4,857,355</b>	<b>5,408,317</b>	<b>(24,075)</b>
<b>Transportation &amp; Climate Change</b>				
Salaries and Wages	2,961,286	2,619,638	3,007,083	45,797
Employee Benefits	1,263,171	1,158,127	1,240,031	(23,140)
Services and Supplies	31,937,468	19,683,620	38,219,201	6,281,733
<b>Subtotal Transportation &amp; Climate Change</b>	<b>36,161,925</b>	<b>23,461,385</b>	<b>42,466,315</b>	<b>6,304,390</b>
<b>Expenses Total</b>	<b>\$ 56,201,552</b>	<b>\$ 40,461,897</b>	<b>\$ 63,541,889</b>	<b>\$ 7,340,337</b>

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

Division Classification	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Administrative Services</b>				
Salaries and Wages	\$ 1,875,550	\$ 1,797,123	\$ 1,933,129	\$ 57,579
Employee Benefits	794,876	754,817	791,026	(3,850)
Services and Supplies	1,433,112	1,001,827	1,999,366	566,254
Capital Expense	5,500	5,500	10,000	4,500
<b>Subtotal Administrative Services</b>	<b>4,109,038</b>	<b>3,559,267</b>	<b>4,733,521</b>	<b>624,483</b>
<b>District Counsel</b>				
Salaries and Wages	318,699	318,264	325,065	6,366
Employee Benefits	142,760	123,062	141,091	(1,669)
Services and Supplies	151,884	43,228	104,152	(47,732)
<b>Subtotal District Counsel</b>	<b>613,343</b>	<b>484,554</b>	<b>570,308</b>	<b>(43,035)</b>
<b>Executive Office</b>				
Salaries and Wages	477,873	379,482	502,238	24,365
Employee Benefits	216,704	148,239	220,370	3,666
Services and Supplies	1,478,794	1,088,631	955,742	(523,052)
<b>Subtotal Executive Office</b>	<b>2,173,371</b>	<b>1,616,352</b>	<b>1,678,350</b>	<b>(495,021)</b>
<b>Non-Departmental</b>				
Employee Benefits	4,200	64,003	129,200	125,000
Services and Supplies	1,018,275	987,020	1,018,650	375
<b>Subtotal Non-Departmental</b>	<b>1,022,475</b>	<b>1,051,023</b>	<b>1,147,850</b>	<b>125,375</b>
<b>Program Coordination</b>				
Salaries and Wages	2,333,681	2,131,372	2,403,010	69,329
Employee Benefits	986,358	905,968	998,968	12,610
Services and Supplies	1,153,368	678,763	1,860,468	707,100
Capital Expense	939,000	710,000	1,117,000	178,000
<b>Subtotal Program Coordination</b>	<b>5,412,407</b>	<b>4,426,103</b>	<b>6,379,446</b>	<b>967,039</b>
<b>Stationary Sources</b>				
Salaries and Wages	3,480,984	3,204,334	3,525,982	44,998
Employee Benefits	1,522,498	1,396,504	1,464,429	(58,069)
Services and Supplies	388,910	256,517	417,906	28,996
Capital Expense	40,000	-	-	(40,000)
<b>Subtotal Stationary Sources</b>	<b>5,432,392</b>	<b>4,857,355</b>	<b>5,408,317</b>	<b>(24,075)</b>
<b>Transportation &amp; Climate Change</b>				
Salaries and Wages	2,961,286	2,619,638	3,007,083	45,797
Employee Benefits	1,263,171	1,158,127	1,240,031	(23,140)
Services and Supplies	1,171,227	945,391	1,293,488	122,261
Interfund Charges	(1,721,108)	(977,015)	(1,332,812)	388,296
<b>Subtotal Transportation &amp; Climate Change</b>	<b>3,674,576</b>	<b>3,746,141</b>	<b>4,207,790</b>	<b>533,214</b>
<b>Expenses Total</b>	<b>\$ 22,437,602</b>	<b>\$ 19,740,795</b>	<b>\$ 24,125,582</b>	<b>\$ 1,687,980</b>

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

Division Classification	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Non-Departmental</b>				
Services and Supplies	\$ 445,251	\$ 431,957	\$ 446,850	\$ 1,599
Capital Expense	421,000	163,551	305,000	(116,000)
Debt Service	410,350	410,350	405,932	(4,418)
<b>Subtotal Non-Departmental</b>	<b>\$ 1,276,601</b>	<b>\$ 1,005,858</b>	<b>\$ 1,157,782</b>	<b>\$ (118,819)</b>
<b>Expenses Total</b>	<b>\$ 1,276,601</b>	<b>\$ 1,005,858</b>	<b>\$ 1,157,782</b>	<b>\$ (118,819)</b>

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

Division Classification	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
<b>Transportation &amp; Climate Change</b>				
Services and Supplies	\$ 30,766,241	\$ 18,738,229	\$ 36,925,713	\$ 6,159,472
Interfund Charges	1,721,108	977,015	1,332,812	(388,296)
<b>Subtotal Transportation &amp; Climate Change</b>	<b>\$ 32,487,349</b>	<b>\$ 19,715,244</b>	<b>\$ 38,258,525</b>	<b>\$ 5,771,176</b>
<b>Expenses Total</b>	<b>\$ 32,487,349</b>	<b>\$ 19,715,244</b>	<b>\$ 38,258,525</b>	<b>\$ 5,771,176</b>

**PROGRAM BUDGETS**

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

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

Program	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
Administration	\$ 998,784	\$ 912,196	\$ 1,006,618	\$ 7,834
Agricultural	127,878	128,841	140,537	12,659
Air Monitoring	2,985,082	2,378,592	3,994,198	1,009,116
Asbestos	300,519	255,564	325,271	24,752
Asbestos NOA	4,130	2,202	4,275	145
Board of Directors	19,020	8,950	14,705	(4,315)
Communications	1,311,462	1,090,682	999,045	(312,417)
Complaints	250,757	112,836	244,031	(6,726)
District Counsel	613,293	484,504	570,258	(43,035)
Emission Credit Program	35,834	24,607	35,974	140
Emission Inventory	237,580	173,949	198,418	(39,162)
Exchange Programs	23,622	24,506	22,635	(987)
Finance	1,000,932	944,694	1,021,780	20,848
GHG	648,559	1,054,288	1,488,597	840,038
Government Affairs	304,145	266,841	828,508	524,363
Hearing Board	14,660	7,611	14,938	278
Human Resources	345,003	312,103	358,451	13,448
Information Systems	1,462,224	1,124,233	1,520,214	57,990
Non-Departmental	1,022,475	1,051,023	1,147,850	125,375
PERP	74,129	22,306	23,357	(50,772)
Planning	1,494,010	1,298,461	1,421,444	(72,566)
Rule 301	4,303,422	4,024,713	4,208,257	(95,165)
Rule 421	285,418	200,123	257,153	(28,265)
Rule Development	619,077	486,562	568,142	(50,935)
SECAT-Infill Streamline	85,019	22,020	19	(85,000)
Strategic Partners	627,882	455,769	606,634	(21,248)
Title V	102,875	147,695	119,467	16,592
Toxics AB2588	134,229	98,232	202,344	68,115
Transportation Planning & Assist	2,065,280	1,925,388	1,894,093	(171,187)
Vehicle & Equipment Technology	940,302	701,304	888,369	(51,933)
<b>Program Expenses Total</b>	<b>\$ 22,437,602</b>	<b>\$ 19,740,795</b>	<b>\$ 24,125,582</b>	<b>\$ 1,687,980</b>

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

Program	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
Covell Building	\$ 1,276,601	\$ 1,005,858	\$ 1,157,782	\$ (118,819)
<b>Program Expenses Total</b>	<b>\$ 1,276,601</b>	<b>\$ 1,005,858</b>	<b>\$ 1,157,782</b>	<b>\$ (118,819)</b>

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

Program	FY20/21 Approved	FY20/21 Projection	FY21/22 Approved	Variance FY22 Approved FY21 Approved
GHG	\$ 18,511,724	\$ 11,788,336	\$ 21,088,256	\$ 2,576,532
Vehicle & Equipment Technology	13,975,625	7,926,908	17,170,269	3,194,644
<b>Program Expenses Total</b>	<b>\$ 32,487,349</b>	<b>\$ 19,715,244</b>	<b>\$ 38,258,525</b>	<b>\$ 5,771,176</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 the overall management and operation of the agency. This includes overseeing the 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 the 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” campaigns; manages other key communications coordination with Federal, State, and local agencies and special projects; and supports and promotes clean fuels, Cap and 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>

## **FY21/22 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 future 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
- More fully consider the impacts of climate change on the most vulnerable populations and shape programs to mitigate those impacts

### **Communications**

- Increase the number of Sacramento Region Air Quality 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

### **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

### **Legal/Administrative**

- Review and revise Rules of Procedure
- Provide legal support to all divisions in the 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, and processes public information requests; records permit information, and processes customer payments. Purchases and maintains office supplies and equipment. 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 and District personnel policies, coordinates personnel related training, manages labor relations, 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.

**FY 21/22 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**

- Develop improvements in monthly/quarterly/annual accounting processes, including annual calendar of deliverables and creation of standard management reports (monthly/quarterly)
- Formally document grant subrecipient monitoring process
- Integrate miscellaneous billing module with a new payment processor
- Implement fixed assets module 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
- Oversee negotiations for the successful Board approval of a new agreement with the Sacramento Air District Employee Association

**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 a 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>

***FY21/22 Key Initiatives***

**Climate Change**

- Actively seek additional funding sources to support transportation demand management, development of low vehicle miles traveled initiatives, 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 levels and verify the 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 and implement the strategy in transportation deserts by deploying projects like CarShare, e-Bikes, and micro-transit
- Work with CAPCOA to address mobile emission impacts in AB 617 identified communities and determine funding opportunities to mitigate emission impacts
- Collaborate with CBOs to determine mobility needs within low income and disadvantaged communities
- Leverage the Civic Spark program to reduce air pollution and vehicle miles traveled while building local capacity for action on climate adaptation and mitigation, including work on Clean Cars 4 All creating culturally and linguistically tailored outreach materials

**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. Collects and reports emissions data required by the Criteria and Toxics Reporting (CTR) regulation.
<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 a 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 the effectiveness of control strategies and projects 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 standards, and develops new control measures and strategies to incorporate into air quality plans.

**FY 21/22 Key Initiatives**

**Air Monitoring**

- Finish the replacement of one air monitoring station
- Work collaboratively with the AB 617 steering committee to implement the community air monitoring plan (CAMP) and deploy community scale air monitoring, including mobile laboratory
- Ensure air monitoring complies with all state and federal quality assurance and control requirements
- Prepare and submit the 2021 Annual Network Plan
- Prepare and submit the Five-Year Network Assessment
- Execute the Community Mobile Toxics Air Monitoring Study and outreach

**Emission Inventory**

- Review and update one-third 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 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 leasing 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 coordinate meetings and work collaboratively with the AB 617 Air Quality Steering Committee
- Analyze and report to the community the monitoring data from the selected AB 617 community
- Continue to develop the State Implementation Plan for the 2015 Ozone NAAQS, including working with our regional partners

**Rule Development**

- Prepare rules to expedite implementation of 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 contingency measures for the attainment plan for the 2008 federal ozone standard

**Stationary Sources Division**

Program	Description
Field Operations	<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 businesses 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>
Permitting	<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 and Toxics Reporting Regulation to collect, evaluate, and disseminate information with regards to air pollution from permitted stationary sources in Sacramento County.</p>

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***FY21/22 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
- Implement a paperless document storage solution for all documents associated with a permit application
- 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
- Launch an effective Agricultural Burning Permit issuance and inspection program.
- Continue implementation of CARB's GHG Oil and Gas inspection program
- Continue staff development through internal and external training efforts
- Continue work related to the AB2588 Air Toxics "Hot Spots" program
- 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
- Evaluate programmatic work through the lens of community air protection and the potential for local reductions of emission impacts in disadvantaged communities
- 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

**DIVISION ACCOMPLISHMENTS**

The Divisions achieved numerous accomplishments in support of District strategic goals. The following are the highlights:

<b>Administrative Services</b>
Implemented a more robust customer payment solution
Successfully transitioned to a new benefits provider offering employees additional benefits and reducing costs
Completed several safety improvements to District offices
Participated in a regional telework strategy initiative
Deployed use of enterprise financial accounting system miscellaneous billing module to the organization
Updated Financial Policies including formal documentation of additional financial reporting policies (e.g. fixed asset inventory, cash management, and allowable costs)
Implemented records management strategy
Upgraded IT infrastructure to a hyper-converged system and transitioned internet services
Completed network security audit and updated District firewall solutions
Deployed telework solutions for District staff
Developed and implemented District brand recognition standards
Provided educational workshops for District employees including “Post-Traumatic (Stress) Growth: Emerging Strong from Challenging Times” and began a workshop series addressing racial and social equity titled “Toward an Inclusive Footprint”
<b>Executive Office – Communication</b>
Produced and distributed an air pollution forecast to the public every day of calendar year 2020
Promoted the Sac Region Air Quality App, which the public has downloaded over 36,000 times, more than a 26% annual increase
Established and distributed the Sac Metro Air District quarterly newsletter
Increased the number of Spare The Air partners by 80 for a total of over 4,093 partners
Notified the public of one Spare The Air day during the 2020 ozone season and 23 days when burn restrictions were in place
District liaison for the CAPCOA Public Outreach Committee
Created CBYB and Spare The Air toolkits to assist our board, community groups, and other agencies to easily get clean air messages out to the public
Coordinated a CBYB digital/online campaign that resulted in over 6000 clicks and over 7 million impressions during the CBYB season
<b>Transportation and Climate Change</b>
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
Partnered with transit agencies to deploy enhanced bus shelters, lighting, seating, and shade

Transportation and Climate Change (continued)
Adopted Health Impact guidance now required by the State Supreme Court Decision regarding Friant Ranch
SECAT Program is funding 100 new zero-emission medium-duty and heavy-duty trucks; the 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 received applications for electric school busses that now total over 100
Press Event and Pilot completed for the launch of the Clean Cars 4 All program in the Sacramento County
Awarded over 300 Clean Cars 4 All (CC4A) grants to Sacramento County residents. Successfully petitioned CARB to broaden their definition of Electric Vehicle Charging Equipment (EVSE) to include the distribution of public charging credits in place of installing EVSE infrastructure in a home. This shift allows equitable charging access to all CC4A participants, not restricting the benefit to only those who occupy single-family residences and can afford to pre-pay installation. CC4A continues coordination with Access Clean California to integrate data management systems to allow for greater promotion of the CC4A program
Community Air Protection Incentive Year 1 and 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
“Our Community CarShare” program continues to grow and expand within our disadvantaged communities. The program now includes several sites with charging stations and electric vehicles. The program also includes a new option featuring a prepaid alternative transit options (ATO) card which allows Carshare participants to use transit and ride-hail services. The ATO card is funded at amounts between \$100 and \$125 every month per person. “Our community CarShare” program has now received a total of 7 million dollars from CARB as a result of its success
Program Coordination
Hosted at least monthly collaborative steering committee meetings for work on the design of the Community Air Monitoring Plan (CAMP), including deployment of sensor technology; Submitted a final CAMP with community input for the selected AB 617 community
Completed installation and operation of six air monitoring shelters in the South Sacramento-Florin AB617 community
Completed the Folsom air monitoring station replacement and resumed equipment operations
Awarded an EPA toxics grant to enhance the understanding of pollutants in the South Sacramento-Florin AB617 community and a north Sacramento Community
Submitted the 2020 Annual network Plan to EPA
Maintained the District’s NCore, PAMS, SLAMS, and special-purpose monitoring stations
Executed a contract to replace Del Paso Manor air monitoring station
Submitted an exceptional event demonstration to CARB and EPA to request exclusion of PM <sub>10</sub> data that were impacted by the wildfires in 2018 and have regulatory impacts
Developed the Second 10-Year PM <sub>10</sub> Maintenance Plan
Continued to work on the regional ozone plan for the federal 2015 Ozone NAAQS of 70 ppb

<b>Program Coordination (continued)</b>
Approved nine vouchers for fireplace replacements from low-income households and funded the replacement of five high-polluting wood stoves and fireplaces in these homes with cleaner appliances
Performed comparative analysis of AB 617 BARCT standards with California district and state rules for Oil and Gas Production and obtained Board approval of the BARCT determination
Prepared a certification of the District’s Emissions Statements rule and obtained Board approval
Prepared and submitted 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
Performed 65 facility inventory surveys and completed annual criteria pollutant emission inventories for point sources and reported emissions to CARB
Performed 13 surveys of toxic pollutant emissions for sources subject to the Criteria and Toxics Reporting regulation
Updated area source emission inventories and submitted them to CARB
Issued two alternative compliance permits for Sacramento area businesses
Provided loans of emission reduction credits to five Sacramento area businesses and renewed 36 loans
<b>Stationary Sources</b>
Issued 127 Authority to Construct permits and 129 Permits to Operate and published seven new BACT determinations during the first half of FY19/20 (Jul 1, 2020 – Dec 31, 2020)
Continued to enforce 100% of all wood-burning curtailment days for the Check Before You Burn program
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 three AB 2588 health risk assessments for existing core facilities, 15 Emission Inventory Plans for new core facilities, and identified two new core facilities. Reviewed and screened toxics data for 1,186 diesel engines and 333 gasoline dispensing facilities. Presented 2019 Annual Air Toxics “Hot Sports” Report to the Board in February 2021
Improved efficiency and reduced costs by migrating permit applications and compliance case work from a paper and file folder system to a paperless digital system.
Conducted a total of 2,068 stationary source inspections during the 19/20 Federal Fiscal Year (FFY), Oct 2019-Sept 2020
Responded to 743 public complaints
Successfully resolved more than 97% of 143 issued violations through our Mutual Settlement Program
Reviewed and processed 1,552 asbestos notifications, which included 220 demolitions and 370 asbestos abatement projects
Reviewed and approved four 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



**PERFORMANCE MEASURES**

In addition to establishing and achieving key initiatives by Division, the District also tracks select performance measures that indicate the District’s progress towards strategic objectives. 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. The following table lists key performance measures:

**FY21/22 Performance Measures**

Performance Measures	FY19/20 Actual	FY20/21 Projected	FY21/22 Target
Update 33% of Area Source Methodologies	Yes	20%	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	2	2	3
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter (Monitoring Sites)	4yes/3no <sup>1234</sup>	5yes/2no <sup>56</sup>	6yes/1no <sup>7</sup>
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	>93%	>94%	95%
Percentage of Permits to Operate Issued within Two years of Obtaining an Authority to Construct (excluding extended and re-instated ATCs)	>98%	>99%	100%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process	97%	>98%	>98%
Percentage of Annual Inspections Completed (Federal Fiscal Year)	41%	50%	70%
Perform 100% On-Site Audits of Participating Wood Change-Out Retailers	Yes	25%	25%
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%
Provide Daily Air Quality Forecast to the Public every day 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
Manage actual financial results within Authorized Budget	Yes	Yes	Yes
Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting	0	0	0

<sup>1</sup> A storm caused structural damage to the Bruceville Air Monitoring Station’s meteorological tower. The entire tower needed to be replaced which greatly impacted data completeness.

<sup>2</sup> Meteorological towers at Bruceville Air Monitoring Station was being replaced

<sup>3</sup> Folsom Air Monitoring Station was shut down for replacement

<sup>4</sup> The NO<sub>2</sub> analyzer at North Highlands Air Monitoring Station was taken to Bercut, as it is a higher priority site, after storm damage in 2018

<sup>5</sup> The Folsom Air Monitoring Station project ended in Nov 2020

<sup>6</sup> The Del Paso Manor Air Monitoring Station will be replaced, and data completeness will likely be impacted.

# 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)

	2011	2012	2013	2014	2015 (a)	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580	\$ 98,462
Restricted	12,144,152	12,169,654	11,350,172	10,998,388	10,287,274	8,796,696	8,061,391	7,811,623	9,572,931	12,588,465
Assigned	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	2,607,673	1,737,431
Unrestricted	-	-	-	792,734	1,395,878	1,798,521	1,737,137	2,043,980	-	2,298,950
<b>Total General Fund</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>	<b>\$ 16,723,308</b>
<b>Special Revenue Fund (b)</b>										
Restricted	\$ 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	\$ 39,377,251
<b>Total Special Revenue Fund</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>	<b>\$ 39,377,251</b>

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

(b) The Special Revenue Fund was previously referred to as the Emission Technology Fund

Source: Annual Report Balance Sheet – Governmental Funds

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

	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>								
Taxes	\$ 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	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	6,479,071	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	230,368	204,424	193,112	18,965	60,372	(31,188)	226,170	1,004,824
<b>Total Revenue</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	\$ 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	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	4,285,664	3,959,488	3,780,971	3,832,332	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	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	20,789	305,418	290,995	259,652	239,283	529,002	322,275	200,510
<b>Total Expenditures</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 over Expenditures	\$ (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>								
Transfer Out	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	16,270	-	-	-
<b>Net change in fund balances</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 next page subsequent years.

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

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

	2019	2020
<b>REVENUES</b>		
Taxes	\$ 1,940,485	\$ 1,938,341
Intergovernmental	27,729,654	39,318,096
Licenses/Permits	8,109,883	8,823,399
Use of Money/Property	1,340,691	1,844,719
<b>Total Revenue</b>	<b>\$ 39,120,713</b>	<b>\$ 51,924,555</b>
<b>EXPENDITURES</b>		
Current:		
Business Compliance	\$ 6,771,994	\$ 6,579,044
Air Monitoring	3,545,919	3,798,537
Sustainable Land Use	2,347,083	2,383,320
Clean Transportation and Mobility Innovation	18,826,749	18,820,962
Community Health Protection	2,067,758	2,198,364
Capital Outlay	114,569	507,044
<b>Total Expenditures</b>	<b>\$ 33,674,072</b>	<b>\$ 34,287,271</b>
<b>Net change in fund balances</b>	<b>\$ 5,446,641</b>	<b>\$ 17,637,284</b>

Note: For FY2019 activity categories were redefined. This schedule includes the new activity categories for FY2019. See the previous page for the prior eight-year historical trend.

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

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

	2011	2012	2013	2014	2015	2016	2017	2018 (a)	2019 (b)	2020
<b>Governmental Activities</b>										
Investment in capital assets, net of related debt	\$ 327,593	\$ 507,625	\$ 653,680	\$ 764,943	\$ 792,677	\$ 1,111,788	\$ 1,196,123	\$ 1,170,111	\$ 2,245,913	\$ 2,745,363
Restricted	20,834,838	20,864,065	19,018,128	18,732,929	14,705,749	19,374,392	18,788,183	30,250,374	36,909,801	51,881,357
Unrestricted	-	-	-	792,734	(900,807)	(157,287)	605,026	(5,625,047)	(3,921,835)	(2,768,037)
<b>Total governmental activities net position</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>51,858,683</b>
<b>Business-type Activities</b>										
Investment in capital assets, net of related debt	438,929	403,041	113,259	93,109	232,801	613,133	820,602	984,226	-	-
Restricted	433,754	424,243	416,252	416,293	418,340	416,382	416,575	420,495	-	-
Unrestricted	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>1,635,620</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>-</b>
<b>Primary government</b>										
Net investment in capital assets	766,522	910,666	766,939	858,052	1,025,478	1,724,921	2,016,725	2,154,337	2,245,913	2,745,363
Restricted	21,268,592	21,288,308	19,434,380	19,149,222	15,124,089	19,790,774	19,204,758	30,670,869	36,909,801	51,881,357
Unrestricted	762,937	909,129	1,094,081	2,067,124	430,605	1,033,680	1,747,741	(4,050,014)	(3,921,835)	(2,768,037)
<b>Total primary government net position</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>	<b>\$ 51,858,683</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 FY2019 and is included in the Governmental Activities component for FY2019 forward.

Source: Annual Report 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	Total
10-11	\$ 11,584,777	\$ 7,033,611	\$ 43,500	\$ 800,000	\$ 19,461,888
11-12	11,946,558	7,324,380	317,000	-	19,587,938
12-13	11,997,789	6,232,631	397,000	-	18,627,420
13-14	12,472,301	5,939,276	180,532	-	18,592,109
14-15	13,018,613	6,742,313	564,532	-	20,325,458
15-16	13,396,624	7,157,659	798,332	-	21,352,615
16-17	13,898,555	7,327,432	1,747,000	-	22,972,987
17-18	14,969,998	6,493,742	881,800	-	22,345,540
18-19	15,811,786	6,728,496	1,164,200	(1,947,586)	21,756,896
19-20	16,688,251	6,489,409	1,905,500	(2,116,371)	22,966,789

Note: The budgeted expenditures represent the adopted budget adjusted for Board approved modifications based on new or modified expenditures.  
Source: Approved Budget General Fund 100 – Revenues and Expenditures

**Schedule of General Government Expenditures by Major Object (Actual)**

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Fixed Assets	Interfund Charges	Total
10-11	\$ 11,458,660	\$ 4,480,694	\$ 20,789	\$ 783,157	\$ 16,743,300
11-12	11,527,097	4,596,430	305,418	-	16,428,945
12-13	11,817,905	4,290,069	290,995	-	16,398,969
13-14	12,011,320	4,217,453	259,652	-	16,488,425
14-15	12,112,938	4,858,855	239,283	-	17,211,076
15-16	12,959,077	5,584,127	529,002	-	19,072,206
16-17	13,199,676	5,541,055	322,275	-	19,063,006
17-18	13,660,805	5,236,263	200,510	-	19,097,578
18-19	13,619,667	4,836,842	114,569	(1,513,730)	17,057,348
19-20	14,518,535	4,604,776	507,044	(1,249,271)	18,381,084

**Schedule of General Government Revenues by Source**

Fiscal Year	Taxes (a)	Intergovernmental (a)	Licenses/ Permits	Use of Money & Property	Other	Total
10-11	\$ 5,498,449	\$ 3,998,568	\$ 6,479,071	\$ 59,403	\$ -	\$ 16,035,491
11-12	5,940,636	4,289,423	6,180,051	44,337	-	16,454,447
12-13	5,862,442	3,637,602	6,015,064	64,380	-	15,579,488
13-14	6,095,314	4,082,326	6,741,800	9,934	-	16,929,374
14-15	6,283,412	3,516,824	7,416,470	25,241	-	17,241,947
15-16	6,609,429	3,739,523	7,779,365	5,438	-	18,133,755
16-17	6,764,376	3,437,689	8,001,079	81,700	-	18,284,844
17-18	6,859,462	3,336,946	9,016,456	153,968	-	19,366,832
18-19	1,940,485	8,238,416	8,281,069	257,341	95,238	18,812,549
19-20	1,938,341	11,097,630	8,823,399	853,233	58,605	22,771,208

Notes: Before 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: Annual Report Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.

<b>Permit Revenue</b>		
Year	Active Permits (a)	Actual Revenue (b)
2011	4,238	4,000,118
2012	4,247	3,905,738
2013	4,269	4,217,601
2014	4,331	4,465,746
2015	4,346	5,059,167
2016	4,344	5,098,778
2017	4,397	5,622,626
2018	4,411	6,393,690
2019	4,461	5,782,368
2020	4,437	6,805,561

Note: (a) Stationary Source Database as of June 30. Active permits are Annual Renewal only.  
 (b) Annual permit revenue from Annual Report Working Trial Balance for FY 2011-2018. Annual permit revenue from Revenue by Payment Type report from Tyler NW system for FY2018 forward.

Source: Sacramento Metropolitan Air Quality Management District

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Classification</b>										
Accountant I/II	1.0	-	-	-	-	-	-	-	-	-
Administrative Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-	-	-
Administrative Specialist I/II	-	-	-	-	-	-	-	2.0	2.0	2.0
Administrative Supervisor/Clerk of the Board	-	-	-	-	-	-	-	1.0	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	20.5	19.5	19.5	19.5	20.5	20.5	20.5	19.5	19.5
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	-	-	5.5	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	11.0	10.0	10.0	10.0	10.0	11.0	11.0	10.0	10.0	10.0
Air Quality Specialist	18.6	18.6	18.6	18.6	18.6	18.6	18.6	19.6	18.6	18.6
Assistant Air Pollution Control Officer	-	-	-	-	-	-	1.0	1.0	-	-
Clerical Services Supervisor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
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	3.0	3.0	3.0	4.0	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	-	-	-
Financial Analyst	-	1.0	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	-	-	-
Human Resource Technician I/II	-	-	-	-	-	-	-	2.0	1.0	1.0
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Information Systems Administrator	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	3.0	3.0	3.0
Information Systems Manager	-	-	-	-	-	-	1.0	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	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Program Coordinator	13.0	12.0	12.0	12.0	12.0	12.0	12.0	-	-	-
Program Manager	-	-	-	-	-	-	-	5.0	5.0	5.0
Program Supervisor	5.0	5.0	5.0	5.0	5.0	5.0	5.0	12.0	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>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>	<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	1.0
Air Quality Planner/Analyst	-	1.0	1.0	1.0	1.0	-	-	1.0	-	-
Air Quality Specialist	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Division Manager	-	1.0	1.0	1.0	-	-	-	-	-	-
Human Resource Technician I/II	-	-	-	-	-	-	-	-	1.0	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>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>3.0</b>
<b>Total Funded + Unfunded Positions</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>	<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 a significant fiscal impact.
- Set forth operating principles that minimize 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 before a 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 per 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 and 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 if applicable) 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 the 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 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. The District must 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 above the APCO's purchasing authority require Board approval. The APCO is not authorized to "issue" long-term debt.

### *Investments*

The District invests funds in the Local Agency Investment Fund (LAIF) under the California State Treasurer's Office in accordance with Board resolution. The APCO may research and propose alternative investment 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 (Annual Report) will be prepared annually per 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 several 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 apply 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 and 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. A "fixed" asset is defined as land, building structures, leasehold improvements, vehicles, equipment, machinery, furnishings, or other property having a value over \$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)

For financial reporting purposes, the District maintains a schedule of capital assets with values above \$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 following 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, per 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 the 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 according to Section 2212 of the Revenue and Taxation Code. Fee revenues received by the District 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 comply 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 several funding sources including grants provided by the Federal Government. 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 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 its cash drawdowns and those of its subrecipients to assure substantial compliance to the standards of timing and amount of advances. Additionally, 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 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 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.

**City of Sacramento Air Monitoring Program** — The City of Sacramento is providing funds to be used for the deployment of low-cost air sensors and a one-time air monitoring program.

**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** — California State grants, funded by the Greenhouse Gas Reduction Fund and overseen by the Air Resources Board, are appropriated for this program to conduct stakeholder and community outreach in impacted communities designated by the Sac Metro Air District that guides 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. Additional 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 — Green House Gas Reduction Fund:** The 2018 California Air Resources Board (CARB) Climate Investments are used to implement a diverse set of investments while maintaining the 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 — Volkswagen (VW) Settlement Funds:** The 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 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 and enforcement, air monitoring, transportation, and land-use programs, development and maintenance of AIRS data, and California Air Pollution Control Officers Association (CAPCOA) grant funding.

**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 in 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 vehicles turned in through the Moyer Program. Revenue from the vehicle sales is reintroduced into the Moyer Program to continue funding vehicles.

**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.

**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 (ERCs) 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 vehicles turned in through the Proposition 1B Program. Revenue from the vehicle sales is reintroduced into the Proposition 1B Program to continue funding vehicles.

**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) 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.

**SBI Building Handbook & CalEEMod** — Funded by a \$733,467 SB1 Adaptation Planning Grant from the California Department of Transportation, this project focuses on updating the California Emissions Estimator Model (CalEEMod), as well as the Quantifying GHG Mitigation Measures Handbook. These tools are used by local governments across California to quantify and reduce GHG and criteria air pollutants from new land use development, as well as to assist with climate action planning and other activities. The updates will include updated data and methodologies as well as new measures to address GHG mitigation, climate adaptation, equity, and health.

**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 the requirements of AB2588, the Air Toxics “Hot Spots” program for sources of toxic air pollutants. Fees are collected by the District on behalf of 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 is based on the type and size of the equipment and the other is based on the number of tons of pollutants emitted. Renewal fee revenues are used to support the stationary sources program, including the annual review of permits, the 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.

**Targeted Airshed Grant (TAG)** — Federal EPA grant under the Non-Attainment Area Community Airshed Grant program to fund projects in neighboring Districts to reduce particulate matter emissions with our non-attainment region.

**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.

**Toxics Mobile** — This grant is awarded as part of the Environmental Protection Agency’s (EPA) Community-Scale Air Toxics Ambient Monitoring Program to quantify mobile source air toxics in two environmental justice communities in Sacramento. Outcomes from the results will help determine the overall risk from mobile toxics in the communities and will provide recommendations on how to improve methodologies to developing community-scale emission inventories.

**Variations** — Fees collected when permitted sources apply for variances from District rules. Revenues cover the costs of Hearing Board meetings.

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**APPENDIX C – GLOSSARY**

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

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

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

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

**Audit** – An official inspection of an organization's 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 above the face value of the bond.

**Budget** – A financial plan for a defined period of time, usually a year that 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 (Annual Report)** – Provides a thorough and detailed audit 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 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 that 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 that forms 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 the environment, depending on its location in the atmosphere.

**Program Disbursements** – Amounts paid to a grant subrecipient under the grant contractual requirements.

**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.

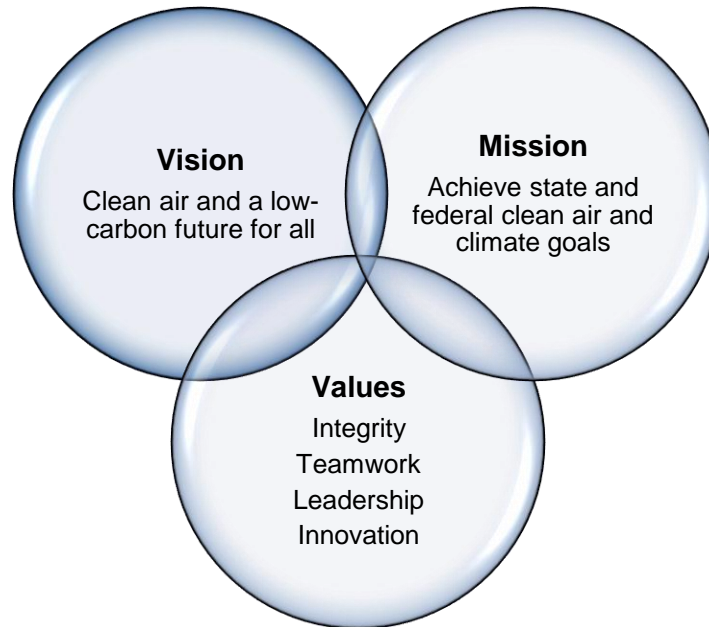
**Volatile Organic Compounds (VOC)** – Gases emitted from certain solids or liquids.



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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

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