

APPROVED BUDGET

FISCAL YEAR 2023/24



SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

SACRAMENTO, CALIFORNIA

APPROVED BUDGET

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2023/24 BUDGET

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For the Fiscal Year Beginning

July 01, 2022

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, 2022. 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 2023/24 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*

(HYPERLINKS ARE ACTIVE)

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SECTION 1 - Executive Director/APCO Letter

May 25, 2023

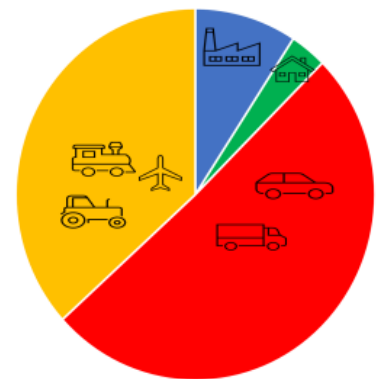
Honorable Board Chair, Governing Board, and Sacramento County residents
 Sacramento, California

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

We are pleased to present the Fiscal Year 2023/2024 (FY 23/24) Approved Budget for the Sacramento Metropolitan Air Quality Management District (District). The Approved Budget is balanced and reflects total expenditures for FY 23/24 of \$58.7 million, including \$27.8 million for the General Fund, \$1.9 million for the Proprietary Fund, and \$29.0 million for the Special Revenue Fund, which invests in clean air or zero-carbon projects in the greater Sacramento Valley. The FY 23/24 Approved District Budget is a net decrease of \$17.8 million from the FY 22/23 Approved Budget with a \$2.6 million increase in the General Fund, \$531,731 increase in the Proprietary Fund, and a \$21.0 million decrease in the Special Revenue Fund. The successful completion of this approved budget suggests that the business of protecting the health of residents in the Sacramento region from the harmful effects of air and climate pollution can continue for the next fiscal year.

We join others who welcomed the official end of the pandemic and the chance to put the unprecedented lockdown in the review mirror. The District will continue to serve the community remotely as we retain a significant amount of telework in the incoming fiscal year. We discovered that as a professional service-oriented organization, the “hybrid” work environment involving only one or two days of in-person office work is more than adequate. This arrangement allows for the continuity of operations and work-life balance for our staff. It also takes full advantage of virtual meetings and remote work technologies we grew accustomed to while recognizing there is no substitute for in-person interaction. And given the significant air quality benefits of telework and teleconference, evidenced in a regional study conducted by the District, we recently published widely in the region an advisory urging the retention of these approaches to the extent possible for general business practices and public meetings of local legislative bodies.

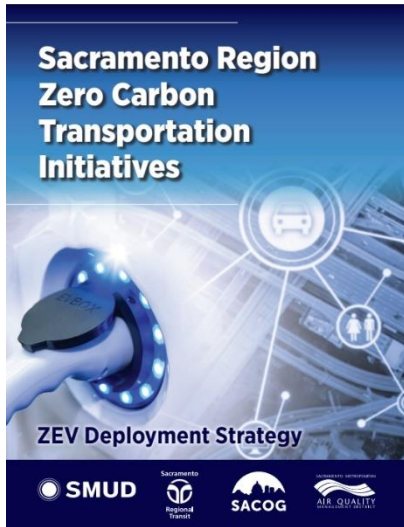
The fight against air and climate pollution continues. Despite significant progress over the last few decades, the greater Sacramento Valley region still suffers from too much air pollution. Unfortunately, we are not alone. The Washington Post reported two weeks ago that nearly everyone on the planet is exposed to unhealthy levels of air pollution. The basis for this article was a recent publication in the respected journal *The Lancet*. In the Sacramento region, the transportation sector – cars, trucks, buses, trains, and other mobile equipment – is the largest source of emissions of air and climate pollution. For this reason, the District will continue to prioritize its leading clean air incentives program funded primarily by local and state dollars. In this effort, the District invests approximately \$20 million annually in cleaner and zero-emission technologies and the necessary charging and fueling infrastructure to support the transition to sustainable transportation energy. The funding goes directly to local businesses and private individuals who chose to help the District by adopting cleaner and zero-emission technologies. Thus, our programs are also an economic development engine.



Sources of smog-forming emissions in the region

However, we cannot do it alone since many of the emission sources of pollution fall under the jurisdiction of the state or federal government. Therefore, we need our state and federal partners to also act, and they are. We applaud the state’s most recent actions to reduce emissions from future cars, heavy-duty trucks, fleets, lawn and garden equipment, and other sources. It’s important for the federal government to take equally aggressive action, especially on emission sources outside of state control such as locomotives, ships, and aircraft. Since the same federal government is contemplating adopting more stringent National Ambient Air Quality Standards for some pollutants, it stands to reason it would expand control strategies. Thus, the District works closely with our 150 state and local air agency partners from across the country to advocate, influence, and inform federal actions.

The District is also tracking the expected federal government investments for clean energy and green technology under the Inflation Reduction Act and the Bipartisan Infrastructure Law. We recognize these investments are a game-changing tool in the toolbox to address climate change. The District, in partnership with the Sacramento Area Council of Governments (SACOG), the Sacramento Regional Transit District (SacRT), and the Sacramento Municipal Utility District (SMUD), is well-positioned to compete for funding for the Sacramento Region Zero Carbon Transportation Initiatives – ZEV Deployment Strategy and other efforts. The transition to a sustainable transportation energy future will take time, energy, and many resources, and we have a unique opportunity at this moment in time to expand and accelerate actions for decarbonizing our local economy and protecting public health. We can achieve the desired change in an inclusive way that benefits all, especially our most marginalized neighborhoods, so they, too, can fully partake in the green energy future.



Sacramento Region ZEV Deployment Strategy report cover

The District continues to lead the state investing the largest fraction of state funding allocated to the District for the Community Air Protection Program in electric vehicles (EV) and infrastructure. As a result, our region is still home to the largest and second-largest fleets of electric school buses in North America. New federal dollars could help scale up and speed up the deployment of EVs for public and private fleets in our region. Historically, most of our funding for EV and infrastructure incentives comes from the state of California; we will continue to prioritize the success of these state-funded efforts to better compete for additional funding in the future.

The District is ready and equipped to continue the essential and core functions of air pollution monitoring, air quality planning, permitting, compliance, and inspections of permitted emission sources and clean technology projects. We will also continue to implement various federal and state programs. Front and center in our priorities is to do our part for the demonstration of transportation conformity by having an approvable air quality plan so the region can continue to be eligible for state and federal highway funds.

The District 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 significant strain given the rising costs of doing business, the growing demands imposed on the District by new state mandates that come without adequate funding, the need for local match funding, and the lack of full cost-recovery or inflation adjustments in many of our programs. Some of our most important initiatives lack 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. SECAT is also an effective tool for economic development when funding is directed to local businesses for clean air projects. The District appreciates funding from SACOG, but the program is expected to sunset as no continuous funding source for it 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 uneven health burdens imposed on our most marginalized communities by exposure to highly localized air pollution.

The AB 617 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. The state has formally identified our South Sacramento-Florin community – an area of approximately 140,000 Sacramento residents occupying 27 square miles - as an AB617 community, one of approximately 20 across the state. AB 617 promotes the use of state incentive dollars for cleaner technology to reduce the air pollution affecting AB 617 communities. While Governor Newsom has included continuous, partial funding for AB 617 implementation and incentives, the amount of funding is not sufficient to meet the needs of the AB617 communities or the local agencies implementing this state-mandated program.

The District's forecast still shows a persistent funding gap between revenues and expenditures and staff will continue to work closely with the Budget and Personnel Committee to identify viable funding solutions and strategies. Invariably, an increase in existing fees and/or new fees applicable to permitted businesses to cover the myriad of newly mandated programs imposed on the District will 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 continue to help the region chart a path toward the future of electric mobility and the transition to sustainability, livability, and prosperity. In the next fiscal year, we will continue to implement our leading equity and mobility programs – CleanCars4All, Our Community Car Share, and the new eMobility Hub in Del Paso Heights, the first of 52 hubs that are needed in the region. We will also prioritize the deployment of cleaner and zero-emission vehicles, especially electric school buses, battery-electric and fuel-cell electric trucks, and hydrogen fueling and electric charging infrastructure.



Rendering of Del Paso Heights Mobility Hub

Despite a mild fire season and the very welcomed storms hitting the West Coast, wildfires are a reality we cannot forget. The District delivered the Wildfire Smoke Air Pollution Emergency Plan to the state legislature as required by Assembly Bill 661 (K. McCarty, 2019). Although AB 661 came with no state funding, the District is now doing what it can to move toward implementing the AB 661 plan. The District is also continuing the new Smoke Management Program for agricultural burning in Sacramento County, a program previously administered under contract with Sacramento County. Administering the Smoke Management program involves the issuance of permits for prescribed agricultural burning and fire agency training and coordination with the nine surrounding air districts in the 11 counties that make up the Sacramento Valley Basinwide Air Pollution Control Council.

We cannot forget our regional partners. The District is fortunate to enjoy strong bonds with the agencies mentioned above as well as Valley Vision, Breathe California Sacramento Region, the Sacramento Plug-in Vehicles Collaborative, the Cleaner Air Partnership, the Sacramento Clean Cities Coalition, and many other organizations that are aligned in the common belief that the Sacramento region can realize a clean energy, zero-carbon, and equitable future if we continue to work together. The District is doing its part. This Approved Budget is a practical step forward.

Respectfully,

Alberto Ayala, PhD, MSE
Executive Director and Air Pollution Control Officer

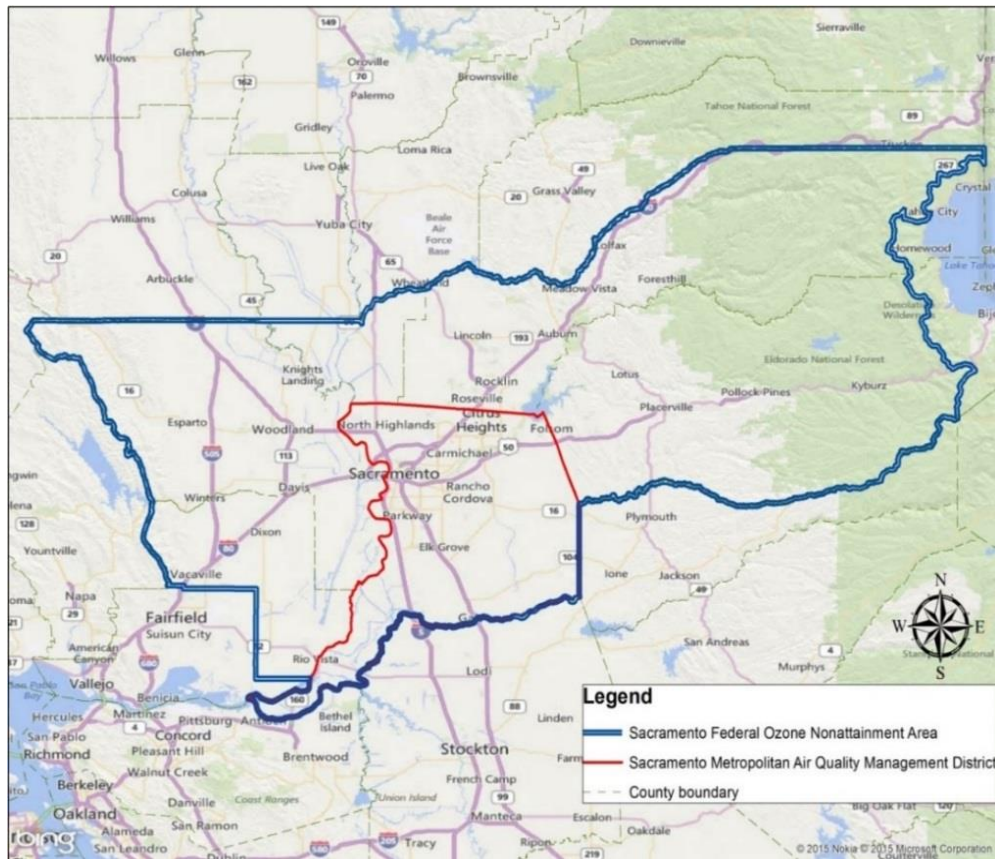
SECTION 2 – About the District

The About the District section describes the founding of the Sacramento Metropolitan Air Quality Management District, its mission, strategic goals and major activities. This section also highlights strategic priorities, outlines key initiatives for FY 2023/24, and reports on key measures.

DISTRICT PROFILE

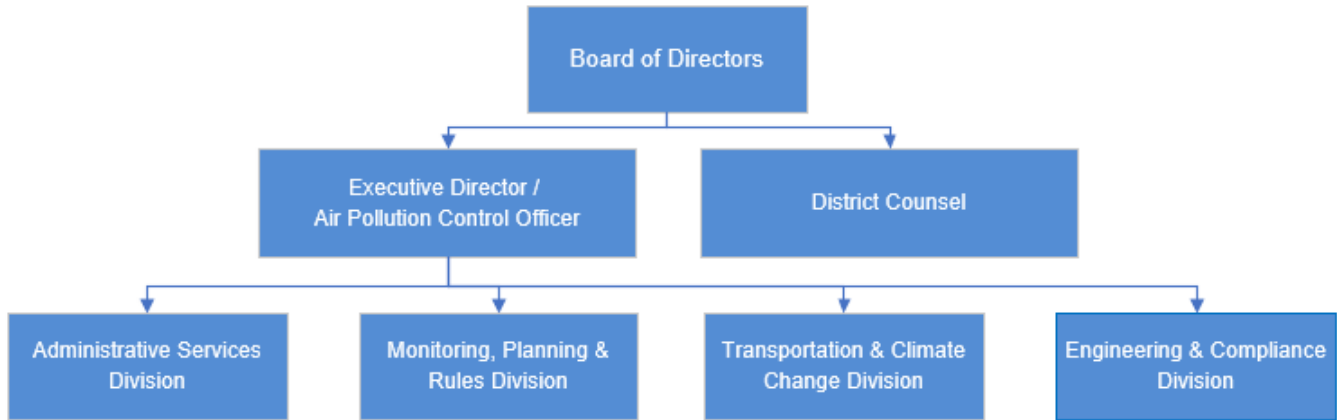
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air 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 the offices of the Executive Director and District Counsel and four operating 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 (PM₁₀ and PM_{2.5}), 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 was approximately 1.6 million as of the 2022 California Department of Finance Population Estimates. This population 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 ³
		County ¹	SFNA/County ²	
El Dorado	159,292	189,382	84%	6.4%
Placer	400,400	410,310	98%	16.0%
Sacramento	1,573,364	1,573,364	100%	63.0%
Solano	140,095	445,060	31%	5.6%
Sutter	3,222	99,045	3%	0.1%
Yolo	222,430	222,430	100%	8.9%
Total	2,498,803	2,939,591	-	100.0%

¹ The county population data is based on the 2022 California Department of Finance Population Estimates and Components of Change by County (Table E-6) <https://dof.ca.gov/Forecasting/Demographics/Estimates/>. It represents the population estimate as of July 2022.

² The SFNA/County population percentages are based on the 2020 Census Data, which was downloaded from: https://www2.census.gov/programssurveys/decennial/2020/data/01-Redistricting_File--PL_94-171/California/ on 02/10/2022.

³ Percentage values are rounded to one decimal point.

A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains, and plenty of sunny days 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 these stationary sources were to shut down, without further mobile source reductions, it is unlikely that the region could meet stricter air quality standards, particularly the tougher state standards.

Air and climate emissions in the Sacramento region come from mobile, stationary and area-wide sources. The largest contributor is from the transportation sector, such as motor vehicles, airplanes, locomotives, and other fossil fuel combustion engines and portable equipment. The category also includes “off-road” sources, such as construction, mining, and agricultural equipment. State and federal regulations coupled with local programs to modernize the vehicle fleet will help to reduce the impact of motor vehicle fuel and engine emissions on our air

quality in the future. However, as general activity and expected growth in our region return and bring more people and vehicles, mobile sources will continue to be the dominant factor in the region’s ongoing air pollution problem.

STRATEGIC DIRECTION

This Strategic Direction is the roadmap for the District’s programs and activities focused on accomplishing its principal functions. Importantly, this roadmap is also a line of communication of the District’s vision to staff, its Board of Directors, agency partners and stakeholders, and the public at large. Gaining and maintaining the trust of the community it serves is paramount, and the Strategic Direction provides a sound basis for resource allocations, expenditures, clean air investments, and general community 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"> • Integrity • Teamwork • Leadership • Innovation
Strategic Goals	<ul style="list-style-type: none"> ✓ Maximize program effectiveness while balancing environmental and economic considerations ✓ Provide regional leadership in protecting public health and the environment ✓ Integrate equity and environmental justice in decision-making for all air quality and climate change considerations ✓ Develop and enhance diverse partnerships ✓ Recruit, develop, and retain excellent diverse staff ✓ Influence, develop and implement innovative programs, and promote resilience and sustainability throughout the region ✓ Increase the public’s role in improving air quality and reducing carbon ✓ Ensure fiscal responsibility and viability

DISTRICT ACTIVITIES

District activities are the day-to-day functions and processes that occur within operational areas and play a critical role in supporting the District’s mission to achieve state and federal clean air and climate goals. How the agency performs the activities, i.e., how it goes about its work, is informed by its strategic goals. The strategic goals are the long-term objectives the District has set to guide its decisions and actions and typically involve a significant level of planning, coordination, and resources to achieve. By understanding how district activities relate to its strategic goals, leaders are able to make informed decisions about resource allocation, staffing, and other factors that can impact the success of District initiatives. The District’s activities are listed in the table below followed by brief descriptions of the main functions of each activity.

DISTRICT ACTIVITIES	
Air Monitoring	Sustainable Land Use
Community Health Protection	Permitting and Business Compliance
Clean Transportation and Future Mobility	Public Outreach and Notification

Air Monitoring

- Comply with federal and local air quality planning requirements and develop and maintain federally approvable State Implementation Plans
- Measure air quality to inform planning decisions to meet federal health-based standards.
- Provide real-time air quality data for the community – summer ozone pollution forecasts, winter *Check Before You Burn* program, particle pollution forecasts for leaf blower use restrictions in the City of Sacramento
- Measure, report, and communicate impacts from wildfire and other events
- Comply with state and federal air monitoring quality and assurance requirements for valid data



Folsom Ambient Air Quality Monitoring Station

Community Health Protection

- Prompt investigation of and response to air quality complaints
- Targeted review of operating businesses in disadvantaged communities to ensure compliance with all applicable permit requirements
- Protect the public against exposure to asbestos with oversight activities of renovation, demolition, and abatement projects
- Reduce exposure to toxic smoke by investigating illegal burns and enforcing the *Check Before You Burn* program
- Assess emissions and exposure risks to toxic air contaminants with the Air Toxics “Hot Spots” program
- Develop and coordinate the execution of measures to reduce exposure to toxic air contaminants such as wildfire smoke, diesel particulate matter, and road dust
- Fund projects for underserved communities using air quality penalties revenue and other funding sources
- Build climate resilience, especially for underserved communities, through innovative policies, solutions, and regional partnerships
- Coordinate with and provide guidance to local jurisdictions and school districts during air pollution emergency events
- Publicly notice projects and agency determinations related to permitted businesses

Clean Transportation and Future Mobility

- Work with local communities to invest in regional clean-air transportation projects
- Target heavy, medium, and light-duty vehicles, school buses, increased mobility and charging and fueling infrastructure as priority projects
- Reduce annual Greenhouse Gas (GHG), Nitrogen Oxide (NOx), and Particulate Matter (PM) emissions through innovative programs
- Drive innovation in mobility and connected, autonomous, electric, and shared vehicles
- Support micro-mobility shareable options such as electric bicycles and scooters
- Transition transportation toward zero-emission electrification



Causeway Connection Zero-Emission Bus

Sustainable Land Use

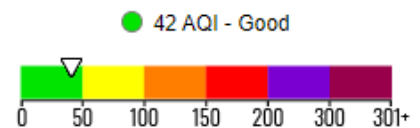
- Provide local jurisdictions with air quality and climate change mitigation and adaptation technical assistance
- Review and comment on land use, transportation, and construction projects to reduce criteria and greenhouse gas emissions
- Ensure compliance with air quality and climate provisions of the California Environmental Quality Act
- Monitor operational and construction air quality and climate change mitigation

Permitting and Business Compliance

- Develop plans and implement regulations to meet legally binding national ambient air quality standards
- Issue air quality permits to ensure local businesses comply with air quality rules and regulations
- Perform inspections of permitted businesses to make sure they are operating in compliance with all applicable requirements
- Perform surveillance activities to verify businesses required to have permits have obtained them
- Assure a fair playing field for all businesses by enforcing clean air rules

Public Outreach and Notification

- Distribute health and air quality information
- Promote notable projects and initiatives for air quality and climate action
- Provide 24/7 air quality information, as well as air quality forecasts and real-time readings to the media and public 365 days per year
- Notify the public when the air is unhealthy due to smoke from wildfires or other conditions



STRATEGIC PRIORITIES

Key priorities for accomplishing the District’s mission to achieve state and federal clean air and climate goals are described below.

Attainment and Maintenance of Ambient Air Quality Standards

To fulfill the District’s responsibility of protecting public health, the District prioritizes work toward the attainment and maintenance of the National Ambient Air Quality Standards (NAAQS). The Clean Air Act (CAA) requires the United States Environmental Protection Agency (EPA) to set NAAQS for pollutants that are considered harmful to the public and the environment. These pollutants come from numerous and diverse sources. The District works toward the attainment of a NAAQS and once EPA formally deems the region in attainment, the region is required to show maintenance of that standard for the next 20 years.



In the Sacramento region, ambient ozone pollution has improved since the early 2000s, leading to a decrease in the number of exceedances of the 8-hour ozone NAAQS and a gradual decline in ambient ozone pollution concentrations. The continuation of this progress in the capital region remains one of the most daunting challenges for the District and for the agencies whose programs depend on air quality progress. EPA determined the Sacramento region met the federal 1979 1-hour ozone NAAQS in October of 2012.

For the 1997 ozone NAAQS (84 parts per billion (ppb)), the Sacramento region was designated nonattainment and was given an attainment deadline of June 2019. However, due to wildfires in 2018, the region was unable to attain this standard. Thus, the District is continuing to work collaboratively with the other four air districts in the Sacramento Federal Nonattainment Area (SFNA), California Air Resources Board (CARB), and EPA on demonstrating regional attainment. The most recent ambient air quality data shows that the Sacramento region has met this ozone standard.

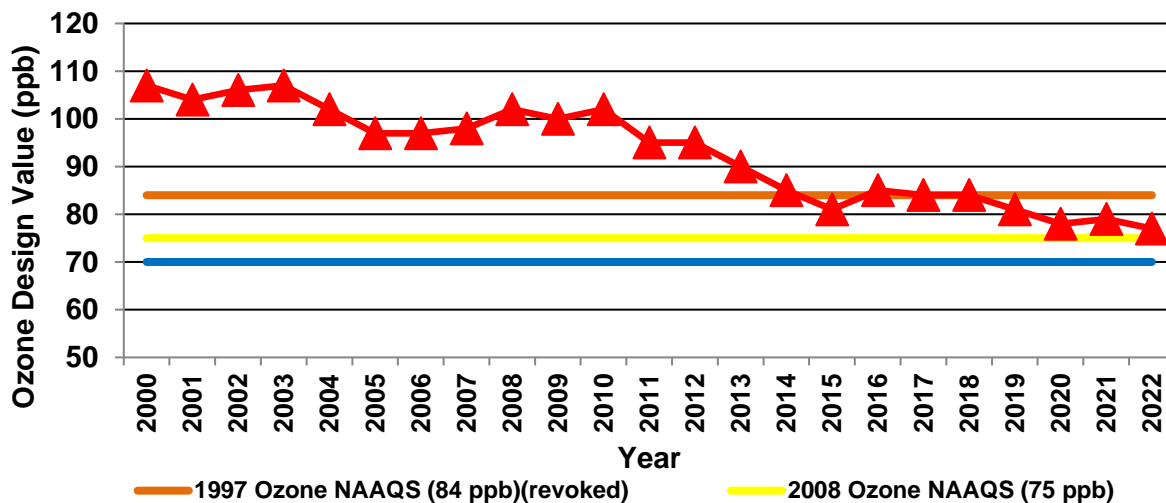
In 2017, the Sacramento region adopted the Sacramento Regional 2008 8-hour Ozone Attainment and Reasonable Further Progress Plan (Plan) to address the 2008 ozone NAAQS (75 ppb). This Plan was approved by CARB and submitted to EPA on December 18, 2017. The Plan is a significant achievement for the region. It shows further progress on air quality primarily through the implementation of existing District 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 2021, EPA published a final rule in the Federal Register approving all applicable ozone nonattainment area requirements in the SFNA, except for contingency measures (requirements per 86 FR 58582). A recent court ruling on contingency measures precluded full approval of the Plan. The air districts in the SFNA will continue to work with CARB and EPA to address this remaining requirement.

Although much progress has been made in the region, challenging work remains ahead for the District. Next is the attainment of the most current 2015 ozone NAAQS of 70 ppb. The District continues developing the 2015 NAAQS 8-hour Ozone Attainment Plan, which is expected to be completed this year. The region will rely on continued reductions of ozone precursor emissions, namely NO_x and volatile organic compounds (VOCs), from familiar sources. The transportation sector is the single largest source of NO_x emissions in the SFNA. Investments toward cleaner vehicles and engines, including zero-emission electric vehicles and equipment, will yield multiple co-benefits and reduce other pollutants like GHGs. VOC pollution sources are ubiquitous, they include consumer products and combustion for various types of vehicles and equipment.

As the figure below illustrates, ambient concentrations of ozone pollution in the region (indicated as design values) have seen a gradual decline since the early 2000s. The chart shows the peak annual ozone design values for the designated ambient air monitoring site in the SFNA from 2000 to 2022. The 23-year trend line indicates stubbornly stable concentrations for the first 10 years and an encouraging decline over the following five years. In these periods, ozone pollution measured at 107 ppb (well above the three standards indicated) decreased to 77 ppb. This level is above the most recent and stringent 2015 standard. In 2018 and 2020, the Sacramento region was impacted by numerous wildfires, and they caused unusually high ozone concentrations in the region. EPA has a process in place to exclude days that are proven to be affected by wildfires from the data used to make the attainment demonstration.

8-hour Ozone Design Value: SFNA (2000-2022)



Note: A Design Value is a 3-year average of the 4th highest ambient ozone concentration at an ambient air monitoring station. The Design Value is used to determine attainment status.

Sources: 2000-2022 Design Values were extracted from AQS Report (AMP 480) downloaded on February 16, 2023. 2022 Design Value is calculated based on preliminary AQMIS data downloaded on January 12, 2023. The SFNA was impacted by wildfires in 2018 and 2020, which caused unusually high ozone concentrations. The peak design value calculation in this chart excluded the high ozone readings due to wildfires.

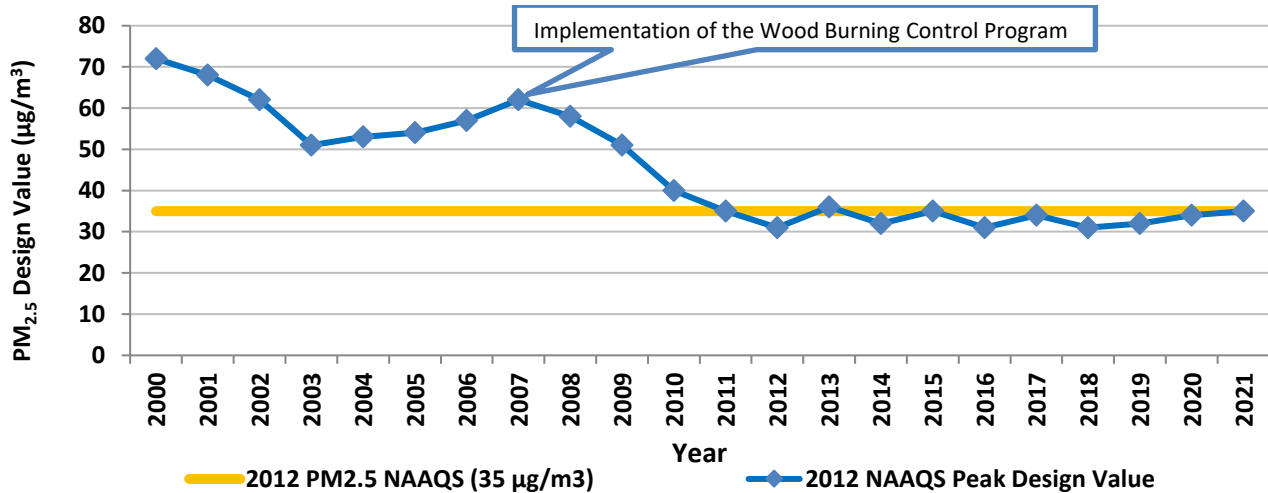
For fine particulate matter (PM_{2.5}), EPA determined the Sacramento PM_{2.5} Nonattainment Area attained the 2006 24-hour PM_{2.5} NAAQS of 35 µg/m³ by the attainment date of December 31, 2015 (82 FR 21711). Ambient daily PM_{2.5} concentrations from 2011 to 2017 have fluctuated very closely around the standard. In 2018, 2020, and 2021, PM_{2.5} concentrations exceeded the standard because of unusually high PM_{2.5} concentrations in days impacted by smoke from wildfires. If the EPA finds the region did not attain due to these high PM_{2.5} days, then the District will need to demonstrate that these days were influenced by an exceptional event – namely, the wildfires. If EPA agrees, the impacted data may be excluded from the attainment determination.

While a significant challenge and a strain on District resources, controlling pollution from wood-burning smoke on key days in the late fall and winter is essential to meeting the daily PM_{2.5} standard. Consequently, the District’s Wood Smoke Program, including “Check Before You Burn,” continues to be a priority. Public opinion surveys conducted by the District suggest the public (even many who comply with the program) generally do not believe wood smoke is a dangerous pollutant impacting human health, particularly that of sensitive receptors like children and the elderly. This has guided the District’s communication program to routinely include messages from scientists, medical professionals, and public health experts speaking about the dangers of exposure to particle pollution from wood-burning 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_{2.5} Design Value trend chart below shows the District is expected to remain in attainment of the PM_{2.5} 24-hour standard of 35 ug/m³, provided EPA accepts an exceptional event demonstration for excluding days when PM_{2.5} pollution values were above the standard due to wildfires. Future efforts will focus on staying in attainment and securing additional PM emission reductions whenever possible so that particle pollution concentrations trend down. Key sources of particle pollution include the transportation sector and wood burning. Additional emission reductions will be necessary and critically important in the future given that the EPA is currently proposing a more stringent air quality standard for PM_{2.5}. On January 27, 2023, EPA released a proposed rule that will lower the annual PM_{2.5} standard from 12 ug/m³ to as low as 8 ug/m³ (88 FR 5558). EPA expects to finalize the proposed annual standard by the end of 2023.

24-hour PM_{2.5} Design Value: SFNA (PM_{2.5}) (2000-2021)



Sources: 2000-2021 Design Values were extracted from AQS Report (AMP 480), which was downloaded on July 28, 2022.
 Note: The SFNA-PM_{2.5} was impacted by several major wildfires in 2018 and 2020, which caused unusual high ambient PM_{2.5} concentrations. The peak design value calculation in this chart excluded the wildfire impacted days with the high ambient concentrations in 2018 and 2020.

Accelerate and Expand Climate Action in the Greater Sacramento Region

The District is active in climate change mitigation, adaptation, and regional coordination. 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 in electric mobility and equity, including investments in cleaner, zero- and near-zero-emission vehicles and equipment. The District’s long-standing leadership in the implementation of effective mobile source incentive programs is an asset for California’s Climate Investments. The District very effectively directs a significant amount of funding every year for low-carbon transportation solutions. The ultimate goal is zero-emission transportation solutions and the transition to a sustainable transportation energy future enabled by renewable electricity and green hydrogen. The preferred technologies are batteries and fuel cells for motive power in all powered applications.



Clean Air Projects funded by the District

The District is also at the forefront of regional collaboration on adaptation and resilience. Strong collaborations and new research efforts have helped the District understand the role and importance of climate effects like extreme heat events. Studies have determined that the Sacramento region’s most significant vulnerability to climate change is extreme heat. The District conducted a study to understand the heat island effects (when urban areas have higher temperatures than nearby rural areas) in the region and is now working with jurisdictions and stakeholders to promote the implementation of various adaptation strategies and the inclusion of these solutions in climate action plans and new construction developments throughout the region.



Urban Heat Island Effect, Source: Lawrence Berkeley National Laboratory

The District is also committed to supporting new efforts by various entities geared toward 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 Area Zero Emission Vehicle Deployment Strategy (described further below under Key Initiatives – Partnerships), the Sacramento Municipal Utility District’s (SMUD) 2030 zero-carbon plan, the California Mobility Center, the on-going implementation efforts of the Sacramento and West Sacramento Mayors’ Climate Commission, SACOG’s Green Means Go and other emerging programs, and local jurisdiction’s General Plans and Climate Action Plans.

Community Air Protection

The statewide Community Air Protection Program (Assembly Bill 617, C. Garcia, 2019) is a significant shift in air quality management in California. It calls for new state and local programs to address disparities and the health burdens from exposure to highly localized air pollution among the low-income and marginalized 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. The state continues to allocate hundreds of millions of public dollars for incentives for FY 23/24. For the District, the sum of all existing programs translates into a portfolio of clean air projects approximating \$29 million that it anticipates deploying into the Sacramento region for FY 23/24. These incentives are intended primarily for achieving sorely needed emission reductions toward NAAQS attainment, but they can also help the region advance its broader economic and social goals.



Clean Cars 4 All Participant enjoys his new car

In 2019, CARB adopted a new regulation that requires businesses to annually report additional information about criteria and toxic emissions from their operations. To comply with the regulation, the District began collecting data from all permitted businesses beginning in 2022. The regulation requires significant District time and resources but without any dedicated state funding to support the workload required to collect, assess and submit the data to the state and provide extensive compliance assistance. The regulation also impacts businesses, especially small businesses that are not used to reporting at this level. District staff is developing appropriate policies and procedures and investing in improved technology to implement the regulation. The District is also engaging other business partners, like the County’s Business Environmental Resource Center (BERC) and the state to help bring awareness to impacted businesses and improve submittal rates.

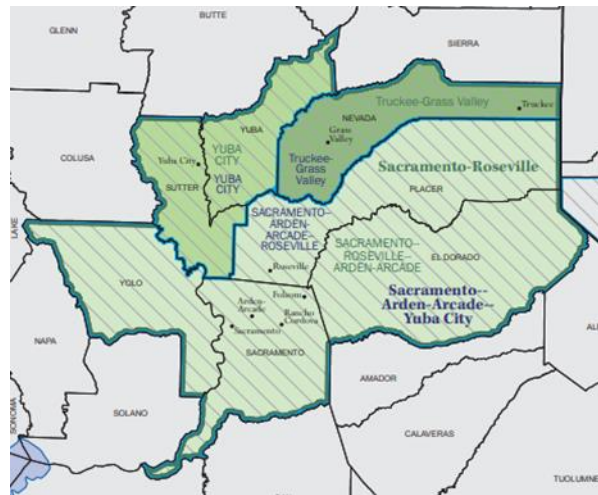
The District has in place a successful, long-standing program of financial incentives for emission reductions. Over the last two decades, the District has administered hundreds of millions of dollars in state and local investments toward cleaner vehicles, engines, and equipment in the region. These investments have generated substantial reductions in PM emissions, eliminating several hundred tons of particle pollution every year. Those efforts will 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 push towards zero-emission technologies and clean up trucks, tractors, buses, locomotives, and other sources that contribute significantly to PM and other pollution.

KEY INITIATIVES

Key initiatives are undertaken in direct support of the agency’s mission and 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 FY 23/24 District initiatives are described below. In addition, important initiatives for the upcoming fiscal year by operational area are highlighted in Section 7 – Organizational Overview.

Federal Grants and Funding Opportunities

The U.S. EPA’s new Climate Pollution Reduction Grants Program (CPRG), a component of the Inflation Reduction Act of 2022, provides \$5 billion for states, local governments, air pollution control agencies, and tribes to create and implement a plan to reduce climate pollution in their regions. The CPRG is organized into two phases. Under the first phase, the EPA has invited local government agencies in the Sacramento-Roseville-Folsom, CA Metropolitan Statistical Area (MSA) to apply for up to \$1 million to develop a plan of strategies to improve air quality from polluting industries such as transportation, utilities, and agriculture. Under the second phase, a total of \$4.6 billion in competitive grants nationally will be available to implement measures from the regional plans developed with the planning grant funding in phase one.



Sacramento-Roseville-Folsom Metropolitan Statistical Area. Source: US Census Bureau, 2020

As the regional air pollution control agency responsible for reducing air and climate pollution, the District intends to lead the climate planning process for the Sacramento region to guarantee the opportunity to compete for this new funding. The District is working with other regional leaders and partners to ensure that Sacramento’s climate plan includes all desired climate pollution reduction strategies to improve air quality, benefit environmental justice communities, and address historical air quality disparities.

Another important funding opportunity is proposed California legislation to impose an additional annual \$4 charge, increased annually based on the California Consumer Price Index, on each motor vehicle registered in the state except those vehicles that are expressly exempted from the payment of registration fees. The proposed Assembly Bill 1609 (Garcia), as currently amended, would require the Department of Motor Vehicles (DMV) to collect the charge and continuously appropriate the revenues to air pollution control districts and air quality management districts based upon the amount of the charges collected from motor vehicles registered within each air district. The revenues must be used for the reduction of air pollution from motor vehicles and related planning, monitoring, enforcement, and technical studies, or the attainment or maintenance of state or federal ambient air quality standards or the reduction of toxic air contaminant emissions from motor vehicles.

This additional DMV revenue is necessary to sustain current transportation-related District projects and would also provide funding to: leverage additional federal and state grant opportunities to deploy innovative zero-emission transportation and infrastructure projects; support unfunded Community Air Protection (AB617) project implementation; and enhance programs in underserved/disadvantage communities. The District is closely tracking the bill and lending its support as the bill works its way through the state legislature.

Partnership Expansion and Support

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 these efforts, continuing to work with and support the growing partnerships with entities like Civic Well, Breathe California - Sacramento Region, and the Cleaner Air Partnership (CAP). The CAP, administered by Valley Vision, is a long-

standing regional collaboration including the Sacramento Metro Chamber of Commerce and leading industry entities like Teichert, Granite Construction, Union Pacific, Sutter Health, and SMUD.

The District also continues to grow collaborations with sister agencies in the region. A major effort that is currently underway with SACOG, SMUD, SacRT and the District is the Sacramento Region ZEV Deployment Strategy. The Strategy is focused on concentrating investment in the electrification of the region's transportation fleet to demonstrate technologies and the region's interest in a zero-emission transportation future. The plan prioritizes electrification in under-resourced communities, personal vehicles, shared-ride vehicles, public and private transit, micro-transit and shuttles, and medium- and heavy-duty fleets in alignment with the six-county Green Means Go regional pilot, the City of Sacramento's Transportation Priorities Plan, SMUD's 2030 Carbon Plan, and SacRT's Zero Emission Bus Transition Rollout Plan, which addresses the region's transition to zero-emission transit. Transportation, mobility, and regional economic prosperity are mutual goals of the four agencies, creating the impetus and a genuine desire for coordination, collaboration, and mutual support.



Public Private Partnership: PepsiCo unveils new fleet of Tesla semis funded by the Air District

For statewide coordination with its peers, the District is an active board member of the California Air Pollution Control Officers Association (CAPCOA). This association advocates for the general interests of all of California's 35 local air districts before the legislature, the state administration, and various other agencies at the state and federal levels.

The District is also expanding its work with many community-based organizations (CBOs). These groups share similar goals to the District for finding equitable solutions for cleaner air, improved health, and mobility. CBOs are on the ground working with residents and businesses and providing the District access to harder-to-reach and often overlooked populations of the region. In addition, the District is working with the CBOs to prioritize transportation incentive projects, helping to ensure that projects are important, impactful, reduce emissions and are accepted by the community. The District also provides technical and financial support to CBOs as they transition their fleets to zero-emission. Partnerships with CBOs will continue to be critical as the District accelerates actions to address its most marginalized communities who bear a disproportionate burden of lingering pollution.

Wildfire Smoke Air Pollution Emergency Plan Coordination and Training

The unprecedented impacts in Northern California from wildfires have resulted in record levels of particle pollution in the greater Sacramento Valley region. The "off-the-charts" air pollution levels seen in Sacramento from the deadly Camp Fire led to the urgency for tighter coordination in the region by all entities involved in the response. Assembly Bill 661 (K. McCarty, Wildfire Smoke Air Pollution Emergency Plan), signed by the Governor on October 2, 2019, required the District to work in coordination with the Sacramento County Health Officer and other public and private entities to develop an emergency plan for improved coordination and access to information related to responding to future wildfire air pollution events.



Example of a social media post developed by the Air District to be used during wildfire smoke events

The finalized emergency plan was adopted by the District's Board of Directors in September 2022 and submitted to the state legislature. The emergency plan includes best practices, outreach tools, and other helpful resources to help protect employees and Sacramento County residents from excess particle pollution during wildfire smoke events.

The District is continuing to find ways to educate the public about reducing exposure to wildfire smoke and using the resources developed by the District through online, social media, and in-person outreach efforts. The District will also coordinate with public health, emergency services, school districts and other partners prior to and during these events through meetings and training sessions to ensure the County is ready to coordinate and respond during wildfire smoke events.

Ambient Air Quality Monitoring Network Improvements

The ambient air quality monitoring network is critical. Infrastructure improvements are planned for various monitoring stations. These are used to collect air quality monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites remain an important foundation for District monitoring approaches including under the Community Air Protection Program (AB 617). The District is in the process of replacing the Arden-Del Paso station, which will meet the newest federal monitoring requirements and replace the District's oldest station that has experienced significant downtime due to water intrusion, roof damage, and other ailments, putting at risk monitoring equipment and the ability to collect data per federal requirements. In addition, a new portable air quality monitoring station was launched in spring 2023 to further the existing air monitoring network and as a key element of the District's AB 617 efforts in South Sacramento.



Newly launched Portable Air Monitoring Laboratory

AiriA – Permitting and Transportation Software Solution Implementation

The District has undertaken a significant project to continue improving and upgrading its information systems. A new cloud-based solution, named AiriA, is being implemented to replace various operational applications across the District. Multiple Microsoft Access databases currently manage the Stationary Source programs, including permitting and enforcement and compliance operations. The Access databases have numerous shortcomings in their current state that limit the ability to automate the permit process, streamline review processes, improve reporting and analytical ability, manage project documents and public records, enhance online customer service tools, and integrate with GIS and other enterprise systems. In addition, the Mobile Sources application that supports the transportation incentive contract and compliance processes needs replacing. Finally, the current online public complaint system and public records request solution require improvements.

The AiriA software solution was selected through a competitive process and the project kicked off in the spring of 2022 and is expected to continue through the end of FY 23/24. The AiriA project, being a district-wide effort involving resources from all divisions, is important because it has the potential to bring significant benefits to the agency as a whole. Here are some reasons why the success of this project is crucial.

1. **Improved Efficiency:** streamline business processes, eliminate redundant tasks, integrate mapping and other software solutions, automate manual tasks, and reduce data entry errors, resulting in increased efficiency and productivity.
2. **Enhanced Data Accuracy:** provide a centralized database, ensuring that all data is accurate and up-to-date, which eliminates discrepancies and improves decision-making.
3. **Increased Mobility:** cloud technology allows staff to access mission-critical data and software from anywhere, anytime and from multiple devices, supporting remote work, field inspections and other related field work.
4. **Improved Internal Controls:** automate workflows to allow for real-time visibility into a process and ensure compliance with policies and procedures as well as safeguard against financial risk and losses.
5. **Increased Collaboration:** provide a platform for better communication and collaboration between departments, resulting in more effective teamwork, reduced duplication of effort, and improved customer service.
6. **Scalability:** grow and evolve with the District, adding new modules and expanding functionality as needed.
7. **Enhanced Customer Service:** automate customer applications, improve tracking of customer requests and complaints, self-service for District and customer information will contribute to a better overall experience for customers.
8. **Better Decision-making:** accurate, real-time data (queries, reports, dashboards, work lists, etc.) will enable better decision-making by providing insights into District activities and other key metrics.

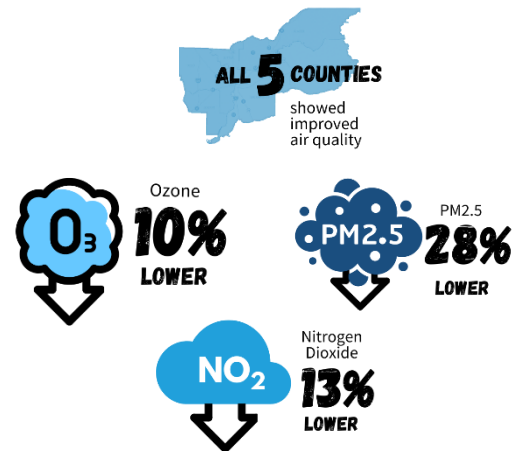
In summary, the AiriA software project is important because it has the potential to transform daily work in many positive respects, and its success will not only benefit the District itself but also its customers and stakeholders.

Telework / Teleconferencing Strategy and Headquarter Building Assessment

During the COVID-19 pandemic, the District transitioned seamlessly to an almost 100% telework model and has sustained the remote environment for two years. In April 2022, the District modified the telework schedule into a hybrid workplace model, which has been an overwhelming success. Staff members have welcomed the flexibility and work-life balance made possible by working remotely while maintaining productivity and the ability to continue to collaborate and build relationships with coworkers.

The District anticipated that the hybrid model would transform the use of office space and began evaluating various alternatives including remaining in place and consolidating work areas; selling the current headquarters (HQ) and purchasing a smaller HQ, and selling the current HQ and leasing new space. The assessment is nearing completion and implementation of the final decision will be a major initiative in the coming fiscal year.

In addition, the District conducted a regional air quality study that found that during the period of shelter-in-place restrictions when traffic and driving were markedly reduced, there was significantly less vehicle-related air pollution in the Sacramento region. Between March 2020 – July 2020, there was 28% less particulate matter pollution (PM_{2.5}), 13% less nitrogen dioxide (NO₂) pollution, and 10% less ground-level ozone (O₃) pollution. For the same period, SACOG observed that daily vehicle miles traveled (VMT) in the six-county SACOG region dropped to approximately half the driving relative to pre-pandemic levels, with the sharpest drop occurring in April 2020 when VMT in the region was 74% lower than pre-pandemic levels.



Key findings from the shelter-in-place analysis

Because of the significant air quality benefits associated with less driving and the effectiveness of technology for remote meetings, the District is encouraging public agencies and businesses to telework and teleconference where possible. For public agencies, under the existing traditional provisions of the Brown Act (and similar requirements under the Bagley-Keene Open Meeting Act for state agencies), voting members of a local legislative body may teleconference for public meetings if certain requirements are met; the District is recommending continued teleconferencing for public meetings and providing information on how to utilize these provisions. The District is also supportive of efforts to amend the Brown Act to make teleconferencing more flexible.

When in-office work is required, businesses and organizations are urged to promote carbon-friendly commuting methods, such as the use of public transit, electric vehicles, and active transportation (walking, biking). Telework and teleconferencing are effective strategies that complement the numerous low-carbon projects deployed by the District and therefore, the District will continue to model these practices and support regional efforts to reduce VMT.

PERFORMANCE MEASURES

The District tracks select performance measures that indicate the District’s progress toward strategic priorities. 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 table below lists key performance measures.

FY 23/24 Performance Measures

Performance Measures	FY21/22 Actual	FY22/23 Projected	FY23/24 Target
Update 33% of Area Source Methodologies	Yes	Yes	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	1	1	5
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter at 6 Air Monitoring Sites	2 yes 5 no ¹²³⁴⁵	3 yes 4 no ⁶⁷⁸	4 yes 2 no ⁹
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	>89%	>86%	90%
Percentage of Permits to Operate Issued within Two years of Obtaining an Authority to Construct (excluding extended and re-instated ATCs)	>97%	100%	100%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process (Calendar Year)	99%	>98%	>98%
Percentage of Annual Inspections Completed (Calendar year)	68%	70%	70%
Provide Confirmation Letter for Construction Mitigation Plans within Four Business Days of a Complete Submittal or Before Applicant Receiving Jurisdictional Permit Approval	100%	100%	100%
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%	5.1%	≤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 Annual Comprehensive Financial Report	Yes	Yes	Yes
Receive the GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes
Manage actual financial results within the Authorized Budget	Yes	Yes	Yes
Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting	0	0	0

FY 21/22 Footnotes:

- ¹ At Sacramento-Bercut Dr., the CO and NO₂ monitors did not meet federal data quality objectives and needed to be repaired
- ² At Elk Grove-Bruceville, the NO₂ monitor needed repair due to failing precision checks; the rain sensor did not operate correctly
- ³ At Sacramento-Del Paso Manor, the black carbon and CO monitors needed factory service; the NO₂ monitor had calibration error, and the SO₂ monitor did not meet federal data quality objectives
- ⁴ At Folsom-Natoma St., the NO₂ monitor malfunctioned, and, separately, failed precision checks; the solar radiation sensor did not operate correctly; the wind direction and speed sensor had an installation issue
- ⁵ At North Highlands, the NO₂ monitor was waiting for a replacement after its monitor was relocated to a site with high priority; the O₃ monitor had a calibration issue

FY 22/23 Footnotes:

- ⁶ The rain sensor at Elk Grove-Bruceville and the solar radiation sensor at Folsom-Natoma St. have the same operational issue as FY21-22
- ⁷ At Sacramento-Del Paso Manor, the CO monitor had factory service; the NO_y monitor is malfunctioning
- ⁸ At North Highlands, the O₃ and NO₂ monitors have the same operational issue as in FY21-22; additionally, the station was discontinued at the end of November 2022

FY 23/24 Footnotes:

- ⁹ Sacramento-Del Paso Manor is expected to have major renovation and requires a temporary shutdown, and the rain sensor at Elk-Grove Bruceville is expected to be non-operational due to its lower priority

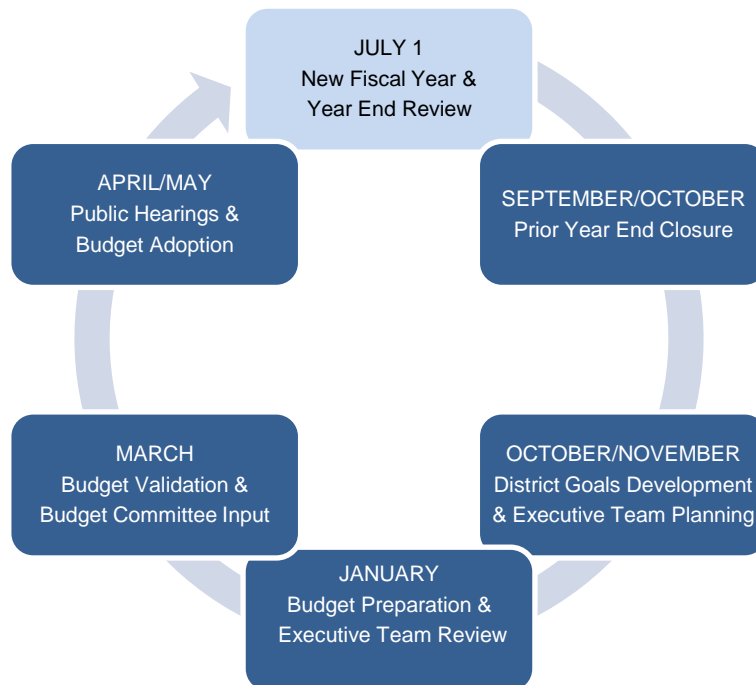
SECTION 3 - Budget Overview

The Budget Overview section provides information on the District’s budget process, budget practices and strategies, the basis of budgeting, a summary of the FY 23/24 Approved Budget, and the factors affecting the District’s financial condition.

BUDGET PROCESS

State law requires that the District adopt its budgets in an open process to educate the public about the costs and benefits of air quality improvement. 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. 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, begins to prepare the budget which typically includes revenue projections, requests for outside professional services, a staffing distribution, a budget narrative demonstrating accomplishments for the current budget year, and strategic priorities and key initiatives 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, reviews and finalizes the draft budget. The Executive Director/APCO, Division Managers, and District Controller meet during budget development with the District Board of Directors Budget and 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. At the first public hearing, generally in April, the Proposed Budget is presented, and the Board may ask questions, make comments, provide direction, and receive requests from members of the public to speak. The second public hearing, typically in May, follows a similar process as the first hearing and District staff comments on material differences, should they exist, from the previously presented Proposed Budget and reports back on Board

requests, if any. The Board may provide direction and vote to approve the budget at the second public hearing. 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 30th. Such a resolution must specifically authorize Proposed Budget expenditures for capital assets, filling new positions, and equity transfers. Without that authorization, state law requires deferring those expenditures until an Approved Budget is adopted.

FY 2023/24 Budget Development Schedule

Completion of the audited Annual Comprehensive Financial Report (Annual Report) for the prior fiscal year	October
Mid-year review of the current fiscal year budget	December
Budget submissions from Division Managers for the upcoming fiscal year	January
Budget Notices are posted on the District website and sent to regulated sources	March
Meetings with the Board of Directors Budget and Personnel Committee	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 the Approved Budget	July 1

BUDGET PRACTICES & STRATEGIES

In addition to budget-related Financial Management Policies found in Appendix A, the District follows the budget practices and strategies below:

Practices

- 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 and limited-term positions for the upcoming (budget) year
- Requests for additional positions or an increase in regular work hours of 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 increase the expenditure budget
- The budget is prepared by fund, division, and program
- Transfers of appropriations within a classification (e.g., employee services, services and supplies, capital expense, and transfers) or across classifications within the same fund may be made without Board approval
- Transfers of appropriations between funds require Board approval as the legal level of budgetary control is the fund level
- The Executive Director/APCO has the authority and an approved budget to fund events/collaborations with partner organizations throughout the year, enabling the District to respond promptly to requests

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 government. 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.

BUDGET SUMMARY

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 and 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	DMV, Federal and State Grants (SECAT, Moyer, GMERP, FARMER, GHG-CarShare, CAPP, Clean Cars 4 All)

The annual budget serves as the foundation for the District’s financial planning and control. The FY 23/24 Approved Budget totals \$57.1 million in revenue and \$58.7 million in expenditures and includes 97.6 total authorized full-time equivalent (FTE) positions. The following table is a summary of the FY 23/24 Approved District Budget by fund.

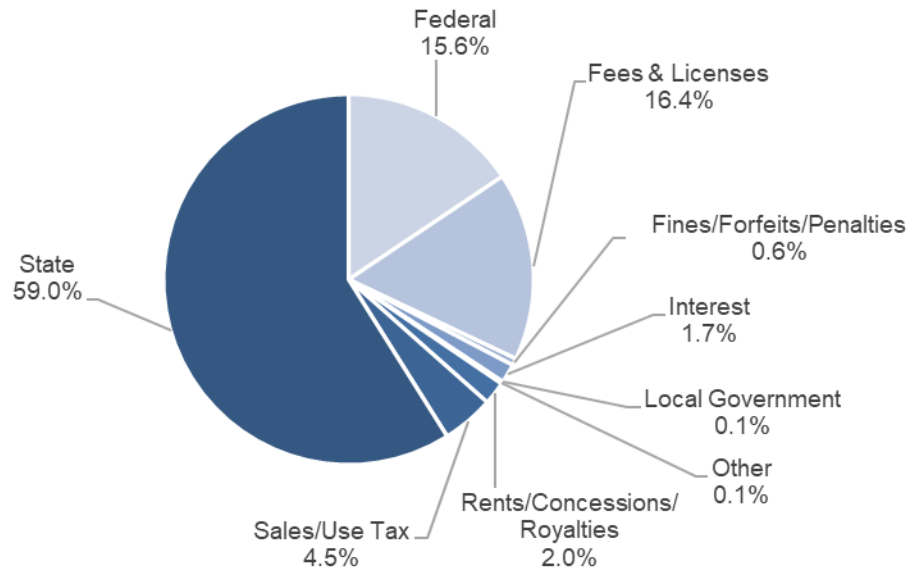
District Budget by Fund

Fund	FY22/23 Approved Budget	FY23/24 Approved Budget	Variance
General Fund (100)	\$ 23,482,552	\$ 25,097,233	\$ 1,614,681
Covell Proprietary Fund (400)	1,338,270	1,170,002	(168,268)
Special Revenue Fund (500)	33,379,397	30,840,382	(2,539,015)
Total Revenues	\$ 58,200,219	\$ 57,107,617	\$ (1,092,602)
General Fund (100)	\$ 25,178,731	\$ 27,824,832	\$ 2,646,101
Covell Proprietary Fund (400)	1,338,270	1,870,001	531,731
Special Revenue Fund (500)	50,040,489	29,032,269	(21,008,220)
Total Expenditures	\$ 76,557,490	\$ 58,727,102	\$ (17,830,388)
Current Suplus/(Deficit)	\$ (18,357,271)	\$ (1,619,485)	

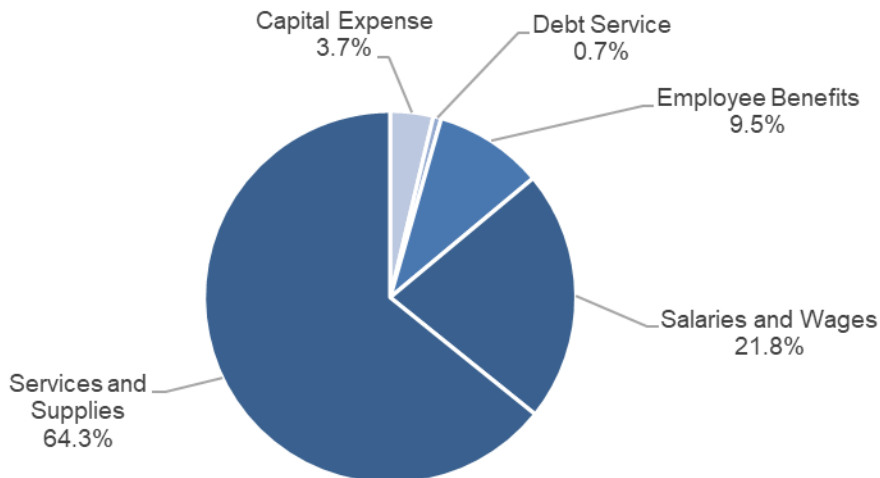
The Approved Budget reflects the District's mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections 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 FY 23/24 Approved District Budget.

District Budget – Revenues by Classification (\$57.1 million)



District Budget – Expenditures by Classification (\$58.7 million)



The notable changes in revenues and expenditures in the FY 23/24 Approved Budget from the FY 22/23 Approved Budget for the General, Covell Building Proprietary, and Special Revenue funds are listed below.

General Fund

Revenues

- Federal grant revenue is increasing by \$1.8 million mainly due to funds that the District administers on behalf of other air districts in the region, the main grant being the Targeted Airshed Grant (TAG), which will primarily fund Heavy Duty Electrification of school buses, replacement of off-road agriculture equipment with newer, cleaner equipment and replacement of residential non-certified wood burning appliances in our neighboring districts.
- Stationary Sources and Mitigation fees are decreasing by \$40,992, primarily due to an overstated FY 22/23 Rule 301 budget (actual FY 22/23 fee revenue is estimated to be \$682,480 less than the FY 22/23 budget). The FY 23/24 budget for applicable Rule 301 fees includes an anticipated 7.67% CPI adjustment to be effective July 1, 2023.
- Local Government revenue is decreasing by \$411,926 as a one-time City of Sacramento mobile air monitoring project will be completed in FY 22/23.

Expenses

- Employee Services expenditures are increasing by \$524,795 due to a 4.0% Cost of Living Adjustment (COLA), and an increase in retirement and group insurance contributions for FY 23/24. Full-time equivalent (FTE) positions are consistent with the prior year and total 97.6 FTE.
- Services and Supplies are increasing by \$1.5 million mainly due to higher program distributions of \$1.7 million for the TAG projects offset by a decrease of \$183,000 in cost estimate relating to the one-time implementation of a new software solution (AiriA) to replace the Permitting & Compliance and Transportation Incentives applications. Expenditures for the project were included in the FY 22/23 and FY 23/24 budgets. No expenditures were made on the project in FY 22/23; payments to the software developers in FY 23/24 will be made as modules are completed and accepted by the District.
- Capital project expenses are increasing by \$637,500, primarily related to the completion of the Del Paso Manor air monitoring station renovation. More funds are planned for this project in FY 23/24 than were included in the budget for the prior fiscal year.

Covell Building Proprietary Fund

- Rent Revenue is decreasing by \$183,774 as a tenant lease expired and will not be renewed. The District is currently evaluating options for the vacant space.
- There is a net increase of \$541,500 in Capital Expenses reflecting building modifications to create an efficient hybrid work environment for District staff. The capital budget also includes an appropriation to the capital improvement projects reserve used to fund large items (such as a new air conditioning unit, new roof, etc.) as they arise in the future.

Special Revenue Fund

- State revenue is decreasing by \$2.0 million, mainly related to expected reductions in the Goods Movement Emissions Reduction Programs (GMERP) in FY 23/24.
- There is a decrease in incentive payments of \$20.8 million mainly due to an overstatement in the FY 22/23 budget. The expected actual incentive payments in FY 22/23 are forecasted to be \$28.2 million less than the FY 22/23 budget. During FY 22/23 there were delays in the availability of equipment and completion of infrastructure construction projects.

Note: The Special Revenue Fund tracks restricted revenue sources, primarily emission-reduction technology, and community air protection incentive grants. These grants are generally multi-year agreements with funds received in one year and incentive disbursements made to project participants over several years resulting in significant fluctuations in year-over-year revenues and expenditures.

The FY 23/24 Approved Budget includes a staffing plan of 97.6 FTE (as shown in the table below) which is consistent with the FY 22/23 Approved FTE plan, as amended.

Approved Positions

Budget Status	Appointment	FY 22/23 Amended	FY 23/24 Approved	Change
Funded	Regular	96.6	96.6	-
	Limited-term	1.0	1.0	-
Total		97.6	97.6	-

FACTORS AFFECTING FINANCIAL CONDITION

The fallout from the COVID pandemic was not felt equally by all sectors, and to date, the District experienced only moderate financial impacts. To proactively manage potential consequences, the District held numerous positions vacant and executed only essential professional services contracts, a process that was initiated before the onset of and maintained throughout the pandemic. As a result, the fund balance of the General Fund increased by about \$4.2 million over the last three years.

Thankfully, overall, the pandemic did not have a significant impact on the number of permitted facilities and consequently, the District’s budget. However, being understaffed for multiple years has had an impact and, in FY 22/23, positions were filled and additional resources were added to maintain core programs, make progress toward key initiatives, and fulfill new state mandates. The FY 23/24 approved FTE of 97.6 is unchanged from the FY 22/23 Approved Budget and is anticipated to provide the necessary staffing to address these challenges while still maintaining a total employee headcount below historic levels.

The current inflationary economic environment is expected to increase the cost of employee wages and benefits and services and supplies; the full extent of the impact is still unknown. Fortunately, the healthy reserves, which the District has grown over recent years, will serve as a bridge to support these increased expenses until long-term fund stability is established.

The District’s five-year forecast continues to show some significant funding gaps between revenues and expenditures, which will require District staff to work collaboratively with the Board of Directors in the upcoming years. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases, new state mandates that are not adequately funded, and a legacy of a lack of full cost-recovery for many of the District’s programs. Staff will continue to work with the Board into FY 23/24 and beyond on the funding strategies detailed in the General Fund Forecast section of this budget.

SECTION 4 – Financial Planning

To ensure 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 historical and current fiscal trends and conditions to help guide future policy and programmatic decisions. It also identifies long-term issues for stakeholders and provides the impetus to confront them. Long-term forecasts and analyses are used to identify potential 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 primarily due to the rising cost of doing business and additional programmatic mandates. 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 an 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; FY 17/18 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 to maintain a stable reserve, the FY 23/24 Approved Fee Schedule reflects a CPI increase of 7.67%.

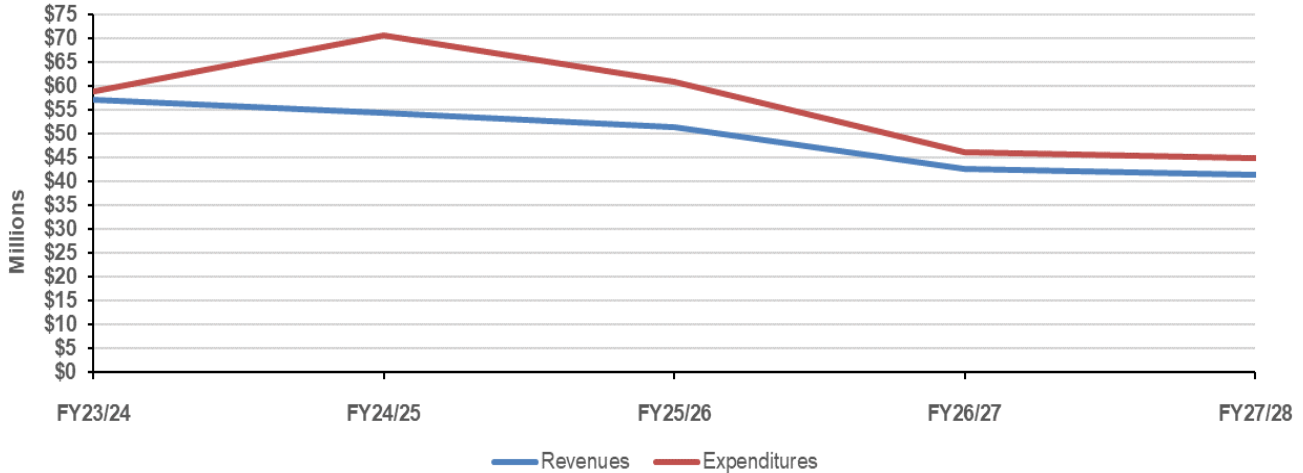
Revenues have been adjusted in the Approved Budget to reflect this change. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District’s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

BUDGET FORECAST

District Budget – Five-Year Forecast

Classification	FY 22/23 Approved	FY 22/23 Year-end Projection	FY23/24 Approved	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast
Beginning Fund Balance	\$ 80,035,668	\$ 80,035,668	\$ 94,542,330	\$ 92,922,845	\$ 76,904,690	\$ 67,241,999	\$ 63,723,209
Revenues							
Revenues	\$ 58,200,219	\$ 59,272,222	\$ 57,107,617	\$ 54,425,558	\$ 51,314,429	\$ 42,691,538	\$ 41,402,437
Revenues Total	\$ 58,200,219	\$ 59,272,222	\$ 57,107,617	\$ 54,425,558	\$ 51,314,429	\$ 42,691,538	\$ 41,402,437
Expenses							
Operating Expense	\$ 75,132,400	\$ 43,709,583	\$ 56,125,502	\$ 68,405,653	\$ 59,456,220	\$ 44,767,130	\$ 44,091,420
Capital Expense	1,014,500	645,387	2,193,500	1,629,460	1,112,400	1,040,300	857,990
Debt Service	410,590	410,590	408,100	408,600	408,500	402,900	-
Expenses Total	\$ 76,557,490	\$ 44,765,560	\$ 58,727,102	\$ 70,443,713	\$ 60,977,120	\$ 46,210,330	\$ 44,949,410
Surplus / (Deficit)	\$ (18,357,271)	\$ 14,506,662	\$ (1,619,485)	\$ (16,018,155)	\$ (9,662,691)	\$ (3,518,791)	\$ (3,546,973)
Ending Fund Balance	\$ 61,678,397	\$ 94,542,330	\$ 92,922,845	\$ 76,904,690	\$ 67,241,999	\$ 63,723,209	\$ 60,176,235

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, Services and Supplies (Operating Expenses), and Capital Expenses.

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

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

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

General Fund (100) Five-Year Forecast

Classification	FY 22/23 Approved	FY 22/23 Year-end Projection	FY23/24 Approved	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast
Beginning Fund Balance	\$ 20,403,127	\$ 20,403,127	\$ 20,908,530	\$ 18,180,931	\$ 16,408,513	\$ 14,223,387	\$ 11,087,447
Revenues							
Revenues	\$ 23,482,552	\$ 23,215,318	\$ 25,097,233	\$ 25,242,176	\$ 25,652,752	\$ 22,796,625	\$ 23,158,738
Revenues Total	\$ 23,482,552	\$ 23,215,318	\$ 25,097,233	\$ 25,242,176	\$ 25,652,752	\$ 22,796,625	\$ 23,158,738
Expenses							
Operating Expense	\$ 26,695,561	\$ 23,573,694	\$ 28,701,835	\$ 28,432,961	\$ 28,905,969	\$ 26,513,225	\$ 26,820,898
Capital Expense	601,000	458,000	1,238,500	799,280	769,410	645,810	554,140
Interfund Charges	(2,117,830)	(1,321,779)	(2,115,503)	(2,217,647)	(1,837,500)	(1,226,471)	(1,050,000)
Expenses Total	\$ 25,178,731	\$ 22,709,915	\$ 27,824,832	\$ 27,014,594	\$ 27,837,879	\$ 25,932,565	\$ 26,325,038
Surplus / (Deficit)	\$ (1,696,179)	\$ 505,403	\$ (2,727,599)	\$ (1,772,418)	\$ (2,185,127)	\$ (3,135,940)	\$ (3,166,300)
Ending Fund Balance	\$ 18,706,948	\$ 20,908,530	\$ 18,180,931	\$ 16,408,513	\$ 14,223,387	\$ 11,087,447	\$ 7,921,146

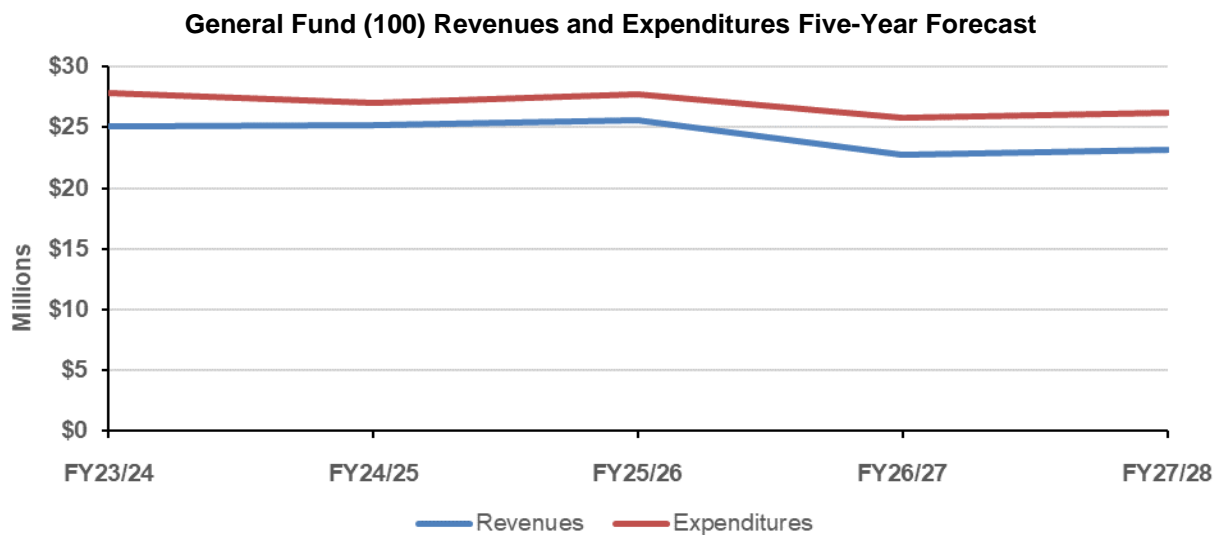
The preceding General Fund forecast assumes the following:

Revenues:

- Federal and State revenues are assumed to be stable for FY 24/25 and FY 25/26; Federal revenues decline in FY 26/27 with the completion of the Target Airshed Grant (TAG) projects. The District facilitates the federal TAG projects for neighboring air districts through the pass-through of grant funds.
- Sales/Use Tax (Measure A) amounts are per the most recent Sacramento Transportation Authority (STA) forecast.
- Stationary Sources fees CPI adjustment is at 3%.
- Local Government revenue and Fines/Forfeits/Penalties are stable over the planning horizon.
- 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, the FTE count is held constant at 97.6 with no additional positions included in the forecast.
- Employee Services increases an average of 3% per year for wages, benefits, and retirement contributions.
- After adjusting for one-time items included in the FY 23/24 Approved Budget, Services and Supplies increase by a projected CPI of 3% per year. Sub-recipient distributions under the TAG projects are included in Services and Supplies through the end of the grant term in FY 25/26 and are offset by corresponding Federal revenues each year.
- Capital expenditures include the replacement of elements of an aging fleet and air monitoring network.
- Interfund charges consist of grant administrative funds received in the Special Revenue Fund and transferred to the General Fund to offset the program implementation costs and vary significantly based on the annual grant portfolio each year.



District Priorities and Potential Funding Strategies

District staff has worked diligently to maintain core activities and identify priorities in pursuit of its goals. While the District has managed its resources efficiently, additional funds are required to eliminate the forecasted structural deficit associated with continuing programs necessary to achieve its mission.

Ongoing discussions of existing and potential new funding strategies to address the projected deficit regularly occur with the Board of Directors during budget deliberations and Board meetings. The overall objective is to generate funding from various sources to ensure sufficient resources for programs in each of three main categories: stationary, mobile, and other.

The general restrictions for the use of the funds, as revenue streams are frequently restricted to funding only specific programs, 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” Sales Tax Measure	Mobile	Air Monitoring and Future Mobility Low-Carbon Projects
AB 1609 (Garcia) 2023-2024	Mobile	Monitoring, Planning, and Enforcement of Transportation Programs and Future Mobility Low-Carbon Projects
Community Health Impact Fee	All	AB 617 Community Air Protection Program
Full Cost Recovery Fee	Stationary and Other	Permitting, Enforcement, Planning, Emission Inventory, Rule Development, and Air Monitoring
Per Capita Fee	All	Check Before You Burn, Land Use and Transportation Planning, Public Complaint Response, Community Air Protection, Air Monitoring

“Future” Sales Tax Measure (Mobile) – District staff is actively monitoring regional discussions related to a potential sales tax measure. The District was slated to receive 2.2% of the net sales tax proceeds in the expenditure plans of prior initiatives to pass a sales tax measure, and staff will continue to advocate for measures that bring additional funding to the District and the region for transportation and clean air projects.

AB 1609, as amended, Garcia. 2023-24 California State Legislative Session “Additional DMV \$4” – This bill would impose an additional annual \$4 charge on each motor vehicle registered in the state except those vehicles that are expressly exempted from the payment of registration fees to be used for the reduction of air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies, or for the attainment or maintenance of state or federal ambient air quality standards or the reduction of toxic air contaminant emissions from motor vehicles. Additional revenue is necessary to maintain the District’s transportation programs into the future, and the successful passage of AB 1609, as amended, would close the funding gap and provide additional resources to fund priority transportation and climate projects, including in underfunded AB 617 communities.

Community Health Impact Fee (All) – 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.

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, emission inventory 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.

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 defer the adoption of a Per Capita Fee in 2019, staff were directed to pursue other funding strategies and bring this item back in the future for Board consideration.

Proprietary Fund Forecast

The Proprietary Fund five-year forecast is shown in the following table. The main funding source for this fund is rent income (District and third-party rent). The District building is relatively new and annual operating expenses are anticipated to be consistent over the planning period. Capital expenses include leasehold improvements and projected replacement of building systems/components. The debt associated with the building will be paid off in FY 26/27. The existing third-party lease agreements expire in FYs 22/23 and 23/24 and the current tenant notified the District that they do not intend to renew the leases. The District plans to secure a new tenant to backfill the vacancy.

Proprietary Fund (400) Five-Year Forecast

Classification	FY 22/23 Approved	FY 22/23 Year-end Projection	FY23/24 Approved	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast
Beginning Fund Balance	\$ 4,672,485	\$ 4,672,485	\$ 4,950,827	\$ 4,250,828	\$ 3,980,790	\$ 3,980,790	\$ 3,980,790
Revenues							
Revenues	\$ 1,338,270	\$ 1,346,784	\$ 1,170,002	\$ 1,614,177	\$ 1,289,261	\$ 1,351,294	\$ 874,372
Revenues Total	\$ 1,338,270	\$ 1,346,784	\$ 1,170,002	\$ 1,614,177	\$ 1,289,261	\$ 1,351,294	\$ 874,372
Expenses							
Operating Expense	\$ 514,180	\$ 470,465	\$ 506,901	\$ 645,435	\$ 537,771	\$ 553,904	\$ 570,522
Capital Expense	413,500	187,387	955,000	830,180	342,990	394,490	303,850
Debt Service	410,590	410,590	408,100	408,600	408,500	402,900	-
Expenses Total	\$ 1,338,270	\$ 1,068,442	\$ 1,870,001	\$ 1,884,215	\$ 1,289,261	\$ 1,351,294	\$ 874,372
Surplus / (Deficit)	\$ -	\$ 278,342	\$ (699,999)	\$ (270,038)	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 4,672,485	\$ 4,950,827	\$ 4,250,828	\$ 3,980,790	\$ 3,980,790	\$ 3,980,790	\$ 3,980,790

The preceding Proprietary Fund forecast assumes the following:

Revenues:

- Revenues include rent from a third-party tenant for space on the second floor and the District (to which it pays itself) for a suite on the third floor, and parking fees.
- The forecast anticipates that the external tenants do not renew their tenant leases expiring in FY 22/23 and FY 23/24; the District intends to secure a new tenant for the vacant space and anticipates that the lease will be in place at the beginning of FY 24/25.
- The building fund is an Internal Service Fund since the majority of its revenue is from the District and as such, overall District rent revenue adjusts (in most years) to ensure that the net surplus/deficit is at breakeven. Use of fund balance is planned in FY 23/24 and FY 24/25 for significant leasehold improvements.

Expenses:

- Operating Expense represents the day-to-day costs of operating the building and includes utilities, custodial services, parking, property management fees, general repairs and maintenance, etc., and reflects an average annual increase of 3%.
- Non-recurring HVAC system upgrades, roof improvements, and building system overhauls are planned throughout the five-year forecast period as Capital Expenses. A capital project reserve amount of \$100,000 per year is included in the forecast to provide for anticipated major capital improvements.
- In FY 23/24 capital improvements are planned for the District's third-floor space to create an enhanced telework environment. In FY 24/25 additional capital is anticipated for a tenant improvement allowance under a new third-party lease agreement. Both tenant improvement projects will be paid for from the fund balance; there is adequate fund balance to provide for both projects.
- The 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. There is growing uncertainty as to the sustainability of new potential funding to replace current one-time grants.

Special Revenue Fund (500) Five-Year Forecast

Classification	FY 22/23 Approved	FY 22/23 Year-end Projection	FY23/24 Approved	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast
Beginning Fund Balance	\$ 54,960,056	\$ 54,960,056	\$ 68,682,973	\$ 70,491,086	\$ 56,515,387	\$ 49,037,823	\$ 48,654,972
Revenues							
Revenues	\$ 33,379,397	\$ 34,710,120	\$ 30,840,382	\$ 27,569,205	\$ 24,372,416	\$ 18,543,620	\$ 17,369,327
Revenues Total	\$ 33,379,397	\$ 34,710,120	\$ 30,840,382	\$ 27,569,205	\$ 24,372,416	\$ 18,543,620	\$ 17,369,327
Expenses							
Operating Expense	\$ 47,922,659	\$ 19,665,424	\$ 26,916,766	\$ 39,327,257	\$ 30,012,480	\$ 17,700,000	\$ 16,700,000
Interfund Charges	2,117,830	1,321,779	2,115,503	2,217,647	1,837,500	1,226,471	1,050,000
Expenses Total	\$ 50,040,489	\$ 20,987,203	\$ 29,032,269	\$ 41,544,904	\$ 31,849,980	\$ 18,926,471	\$ 17,750,000
Surplus / (Deficit)	\$ (16,661,092)	\$ 13,722,917	\$ 1,808,113	\$ (13,975,699)	\$ (7,477,564)	\$ (382,851)	\$ (380,673)
Ending Fund Balance	\$ 38,298,964	\$ 68,682,973	\$ 70,491,086	\$ 56,515,387	\$ 49,037,823	\$ 48,654,972	\$ 48,274,299

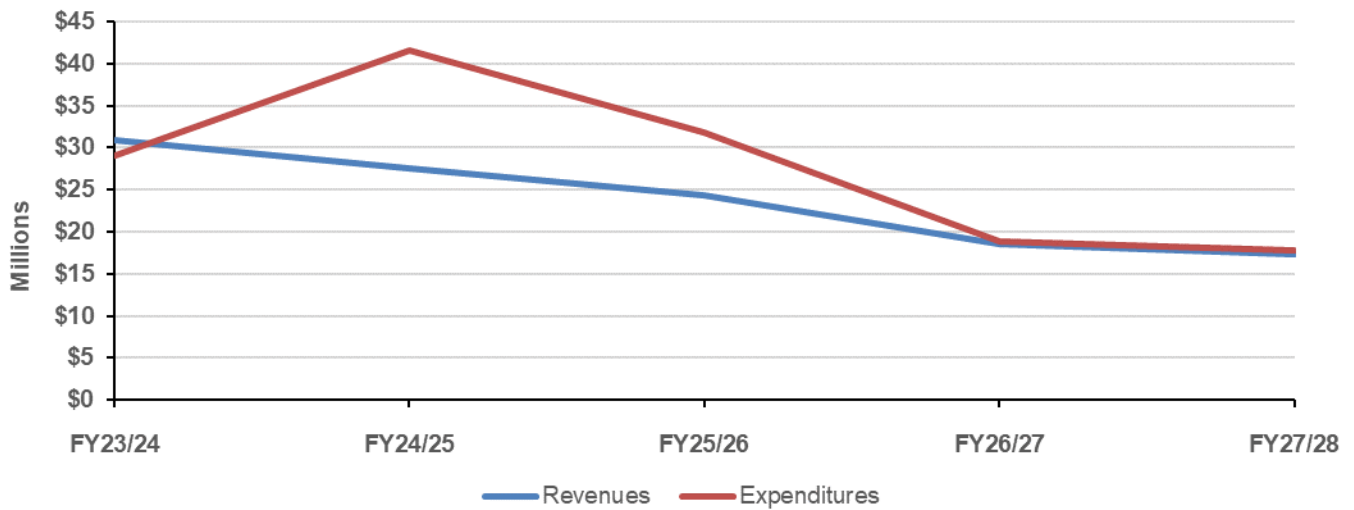
The preceding Special Revenue Fund forecast assumes the following revenue for DMV \$2 and various grants:

Special Revenue Fund (500) Five-Year Forecast by Funding Source

Classification	FY 22/23 Approved	FY 22/23 Year-end Projection	FY23/24 Approved	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast
DMV \$2	\$ 2,585,060	\$ 2,585,060	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000
Moyer	12,324,980	13,258,597	11,420,750	6,200,000	6,200,000	6,200,000	6,200,000
SECAT	4,400,000	1,150,000	3,450,000	6,117,647	4,000,000	1,176,471	-
Community Car Share	1,300,000	1,340,000	-	-	-	-	-
McCarty Mobility	-	3,000,000	-	-	-	-	-
GMERP	2,200,000	1,924,609	-	-	-	-	-
Community Air Protection Program (CAPP)	6,681,711	7,245,830	6,688,458	7,000,000	7,000,000	7,000,000	7,000,000
Clean Cars 4 All	2,357,500	2,000,000	5,060,000	4,000,000	3,000,000	-	-
FARMER	1,157,300	1,358,147	816,600	1,000,000	1,000,000	1,000,000	1,000,000
Fines/Forfeits/Penalties	-	21,861	-	-	-	-	-
Other	372,846	826,017	804,574	651,558	572,416	567,149	569,327
Revenues Total	\$ 33,379,397	\$ 34,710,120	\$ 30,840,382	\$ 27,569,205	\$ 24,372,416	\$ 18,543,620	\$ 17,369,327

Incentive projects are funded from multiple revenue sources as shown above and expenditures fluctuate over time resulting in a variable annual pattern as shown in the line graph below.

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



Capital Expenditures Forecast

The District currently budgets capital expenses on an annual basis. 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 next table.

Capital Expenses Five-Year Forecast

Fund Program	FY 22/23 Approved	FY22/23 Projection	FY23/24 Approved	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast	FY27/28 Forecast
General Fund (100)							
Air Monitoring	\$ 506,000	\$ 300,000	\$ 938,500	\$ 498,520	\$ 468,650	\$ 394,490	\$ 401,700
Fleet	80,000	135,000	192,000	197,760	197,760	148,320	49,440
Information Systems	15,000	23,000	100,000	103,000	103,000	103,000	103,000
Subtotal	\$ 601,000	\$ 458,000	\$ 1,230,500	\$ 799,280	\$ 769,410	\$ 645,810	\$ 554,140
Proprietary Fund (400)							
Building Improvements	\$ 413,500	\$ 187,387	\$ 955,000	\$ 830,180	\$ 342,990	\$ 394,490	\$ 303,850
Subtotal	\$ 413,500	\$ 187,387	\$ 955,000	\$ 830,180	\$ 342,990	\$ 394,490	\$ 303,850
Total Capital Expense	\$ 1,014,500	\$ 645,387	\$ 2,185,500	\$ 1,629,460	\$ 1,112,400	\$ 1,040,300	\$ 857,990

Significant Capital Expenses in the Forecast and Impacts on Operating Budgets

Air Monitoring Stations

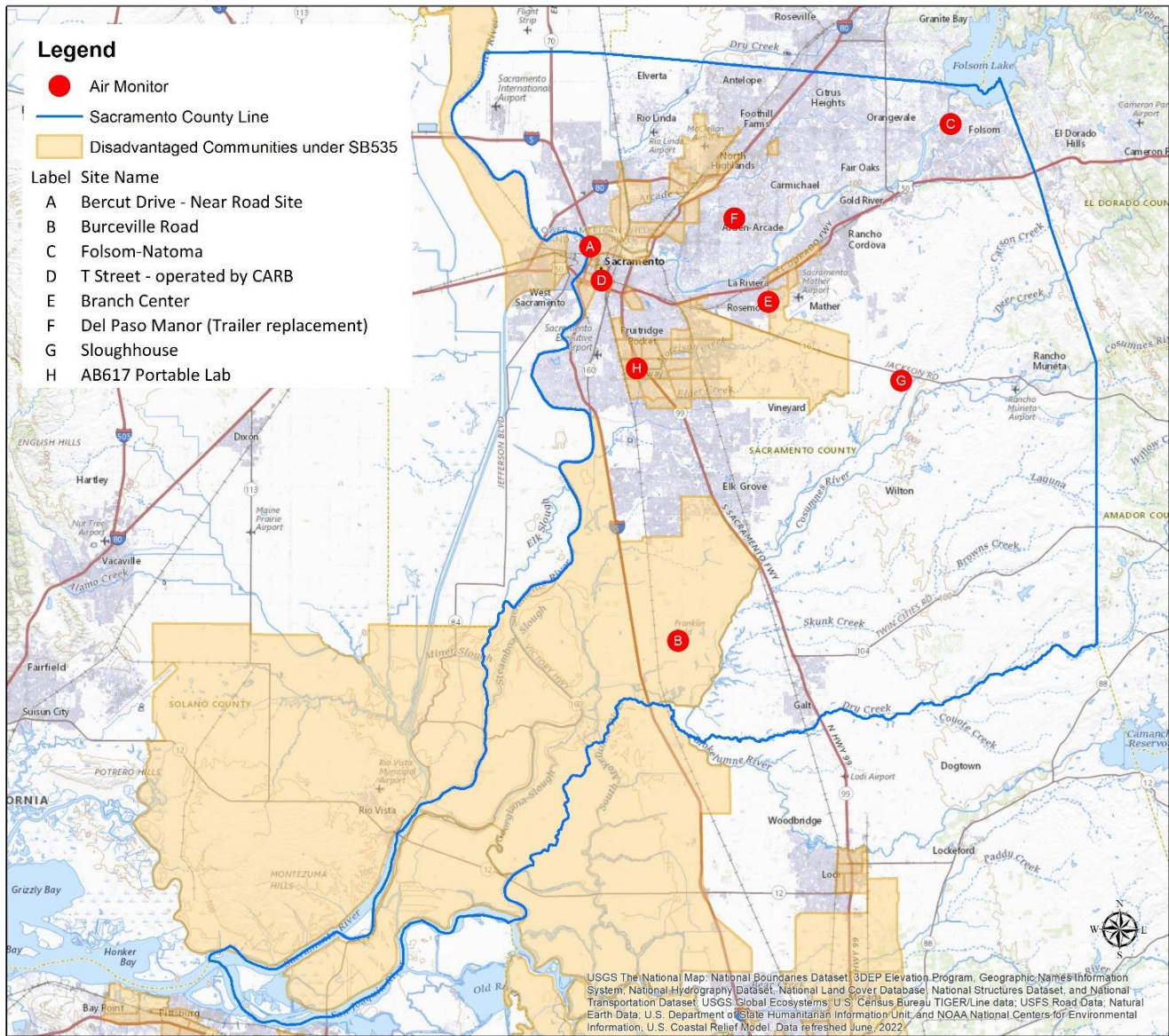
Capital expenses for air monitoring are related to the District’s regulatory network of six air monitoring stations and the monitoring network for the Community Air Protection Program AB 617. The District plans to replace the Del Paso Manor, North Highlands and Bruceville stations and equipment during the forecast period. The replacement of air monitoring stations is a nonrecurring expense. The District anticipates that the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities. Additionally, repair or replacement of air monitoring equipment will be needed. The replacement of equipment for the air monitoring stations is a recurring capital expense 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 approaches 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.

On July 18th, 2022, the District was contacted by KB Homes, the new property owner of the North Highlands – Blackfoot Way site to immediately remove the District’s air monitoring trailer and equipment from their property since they are developing 250 residential homes on the site. The District removed all equipment and demolished the air monitoring trailer to vacate the premises per the request of the new property owners.

The replacement of Del Paso Manor station (F) will be completed in FY 23/24, followed by a new North Highlands station to be built in FY 24/25 and FY 25/26, and the Bruceville station (B) will be replaced during FY 26/27 and 27/28. Each station replacement project is anticipated to take two years to complete. Below is a map of the existing air monitoring stations.

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 FY 22/23. 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 \$153,600 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 existing systems' updates and investment into additional security and disaster recovery solutions. These are recurring capital expenses and have been projected in the five-year forecast. Increasing threats of cyber activity against government agencies require new tools and equipment to combat and deter service interruptions. The district is expanding security protection for remote devices and facilities and implementing solutions for secure backups to protect against cyber data attacks. The district continues to invest and develop strategies for work anywhere, anytime, and anyplace to ensure district activities continue without interruption.

Covell Building

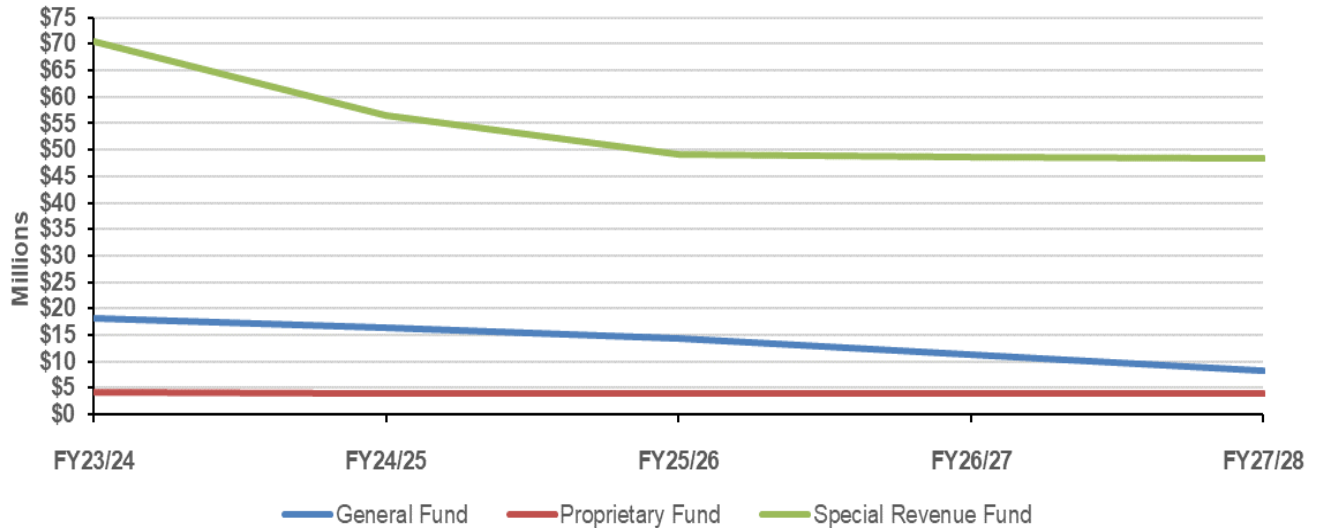
Primary capital expenses for the Covell Building include expenditures for HVAC furnaces, reconfigurations to support a hybrid work environment for District staff, tenant improvements for the third-party leased space, and annual appropriations to a multi-year capital program to fund major non-recurring building improvements. Funding for these capital expenses primarily comes from rent income.

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 FY 23/24 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 the funds used. The Proprietary Fund balance is compliant with policy and stable throughout the five years. 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



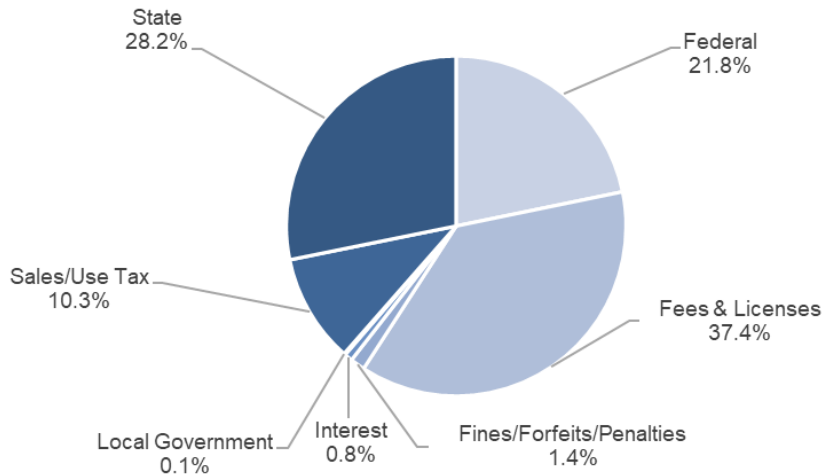
SECTION 5 - Fund Information

This section contains descriptions of District funds and associated approved budgets for FY 23/24. It also includes information on fund budgets (revenues and expenditures by classification and activities, historical trends and fund balances) to provide additional context for the approved budget.

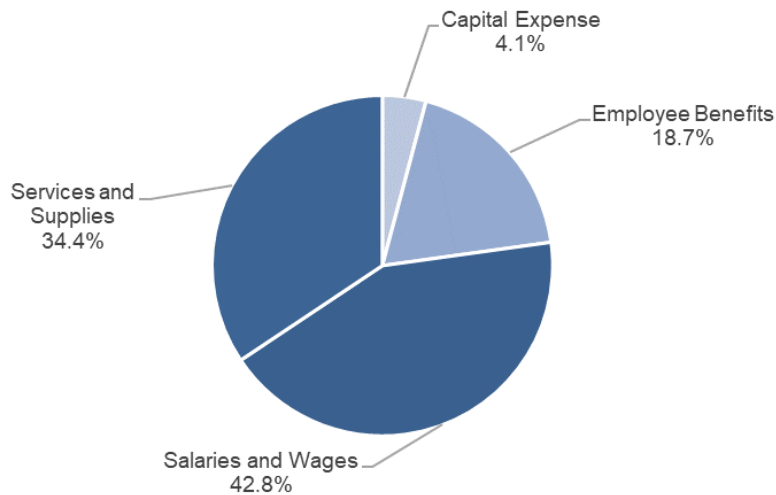
GENERAL FUND 100

The total FY 23/24 Approved General Fund Budget is \$25.1 million in revenue and \$27.8 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 (\$25.1 million)



General Fund Budget – Expenditures by Classification (\$27.8 million)

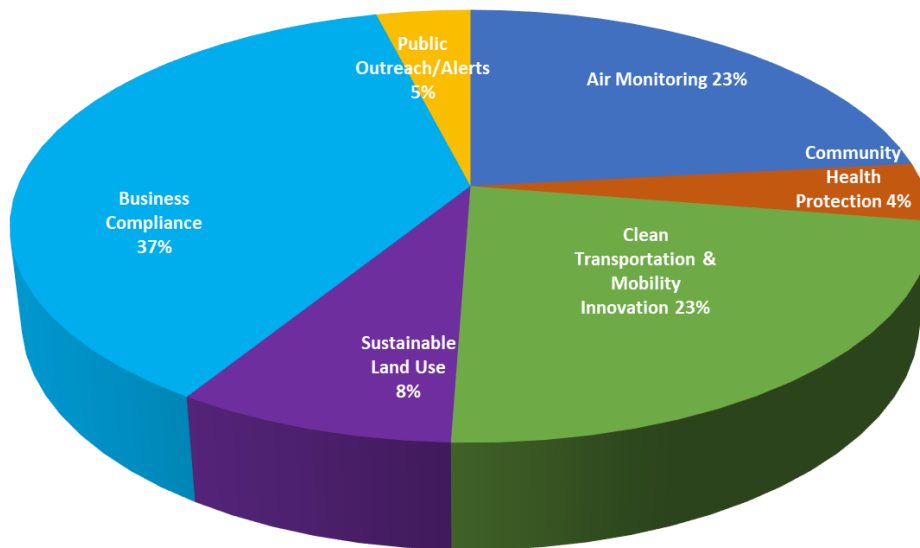


The General Fund Budget includes revenues of \$25.1 million and expenditures of \$27.8 million resulting in a use of fund balance of \$2.7 million. Historically, the District has performed under budget for expenditures due to savings in Employees Services and Professional Services, and therefore, has not fully expended the amount of fund balance budgeted. The District anticipates operating fully staffed and has “right-sized” Professional Services to what is required, and therefore, use of fund balance for FY 23/24 is expected to occur.

Operating Expenses by District Activities

As described in Section 2 – About the District, under District Activities, the District’s services and programs are grouped into categories. The chart below illustrates the percentage of the General Fund expenditure budget allocated to each of the District activities.

Allocation of FY 23/24 Operating Expenses by District Activity



General Fund Trends

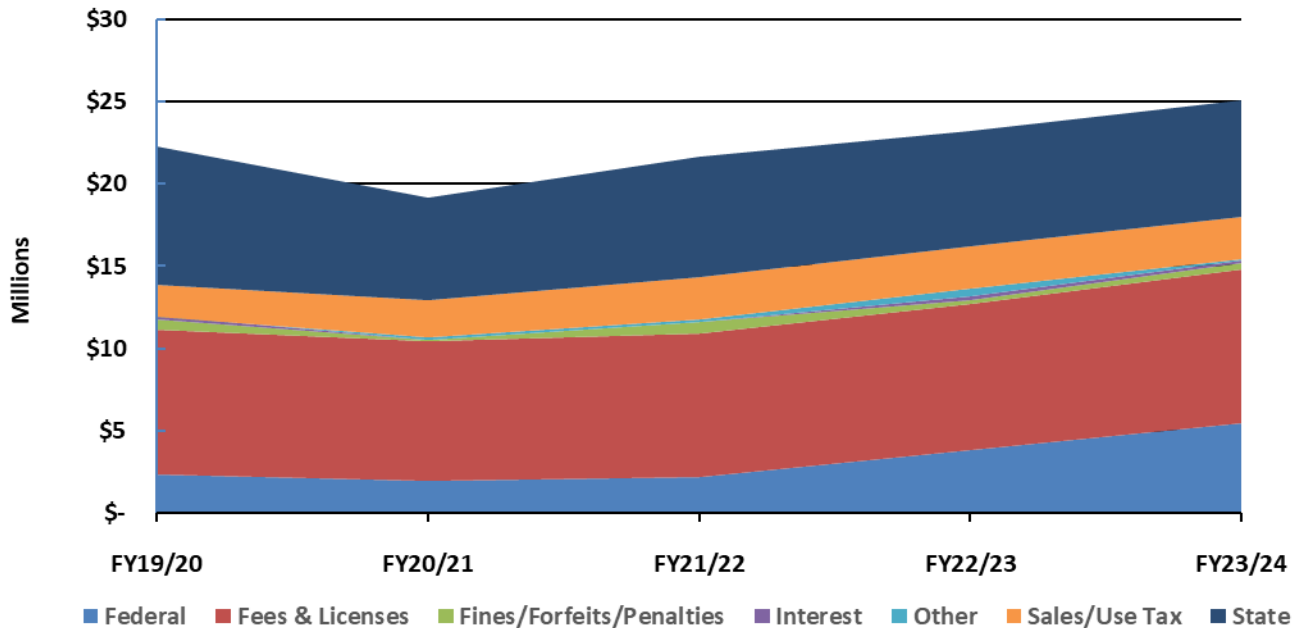
The Five-Year Revenues Trend graph displays revenues by account type. The trend shows federal grant revenues fluctuating over time dependent on changes in EPA 103, EPA 105 and Targeted Airshed Grant (TAG) funding. The EPA has historically provided federal grants to the District to enforce federal air pollution rules and regulations; these grants are restricted to specific usage and may consist of one-time grants. The District administers the TAG project funds for several neighboring air districts.

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. The District is proposing a 7.67% CPI increase in fees for FY 23/24. This adjustment is based on the annual change in the California Consumer Price Index.

State revenues fluctuate over the period. Included in this category are the DMV registration fee surcharge (DMV) and state grants. DMV revenue is dependent on the number of vehicle registrations in the State of California with the District receiving a set amount per registration. Community Air Protection Program incentives related to Assembly Bill AB 617 are included in this line item. State grant revenue may contain one-time grants that create year-to-year variability in this category.

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.

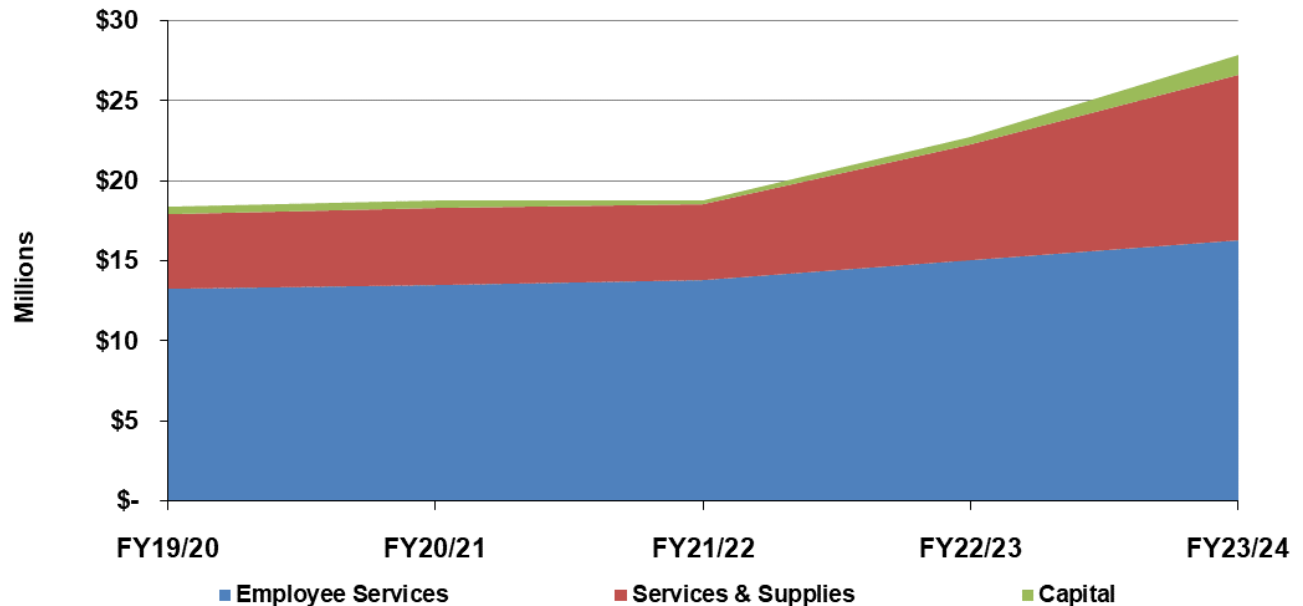
General Fund – Five-Year Revenues Trend



The Five-Year Expenditures 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 FY 23/24 Services and Supplies are expected to increase mainly due to (1) the one-time implementation expense for a new software solution to replace the legacy Permitting/Compliance and Transportation Incentives applications and (2) program distributions related to a federal grant (TAG projects). Capital outlays will increase in FY 23/24 primarily due to the completion of the Del Paso Manor air monitoring station renovation and the replacement of several aged vehicles in the District fleet.

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

General Fund – Five-Year Expenditures Trend

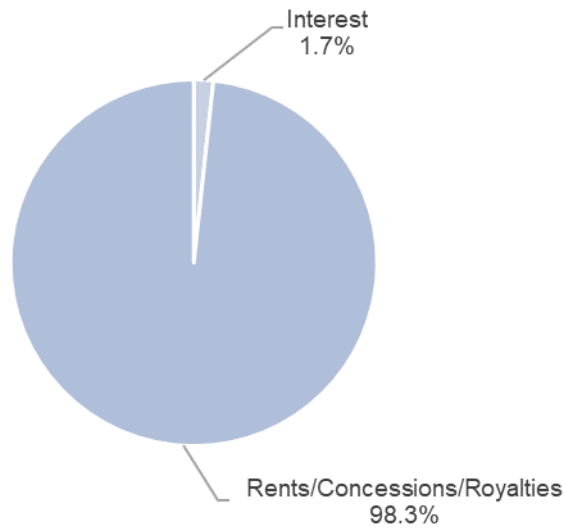


PROPRIETARY FUND 400

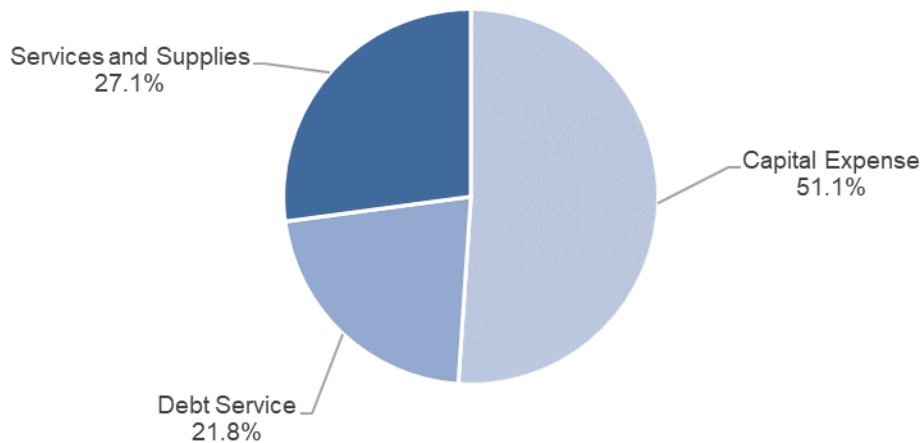
The Proprietary Fund is an Internal Service Fund that supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12th Street in Sacramento, California, containing two floors of office space with paid 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 Certificates of Participation (COPs) discussed below, 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. The third-party tenant that historically occupied the remaining rentable 15,000 square feet on the second floor notified the District that they will not renew their two leases. As a result, the District is evaluating several options for the overall Covell Building.

The total FY 23/24 Approved Proprietary Fund Budget is \$1.2 million in revenues and \$1.9 million in expenditures. The 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 (\$1.9 million)



In FY 23/24, the District's share of building rent will increase by \$39,716 (from \$991,211 to \$1,030,927). Total FY 23/24 parking rent is expected to remain stable with the FY 22/23 projected parking income at \$70,660. Overall,

rent revenue, which accounts for nearly all Proprietary Fund revenues, is projected to decrease by \$183,774 over FY 22/23 budgeted rent revenue. The decrease in rent revenue is due to the third-party tenant in the building opting to not renew their leases. The budget expenditures are comprised of \$506,901 for services and supplies (day-to-day operating expenses), \$955,000 for capital expenses, and \$408,100 for debt service. Expenses are projected to increase by \$531,731 over the prior year's budget; this change is primarily due to an increase of \$541,500 in capital expenses, offset by combined decreases of \$9,768 in Services and Supplies and Debt service costs. The increase in capital outlay is included to provide for leasehold improvements to the District portion of the building to facilitate a hybrid workplace. This project will be funded from reserves.

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 any other tenants of the Covell Building. The rent expense in the General Fund is projected to be relatively 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 the 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, 2023, will be \$1,505,000. In FY 23/24, a \$355,000 principal payment will be made. The purchase obligation will be fully paid off in FY 26/27. 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
2024	\$ 355,000	\$ 53,100	\$ 408,100
2025	370,000	38,600	408,600
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
Totals	\$ 1,505,000	\$ 123,100	\$ 1,628,100

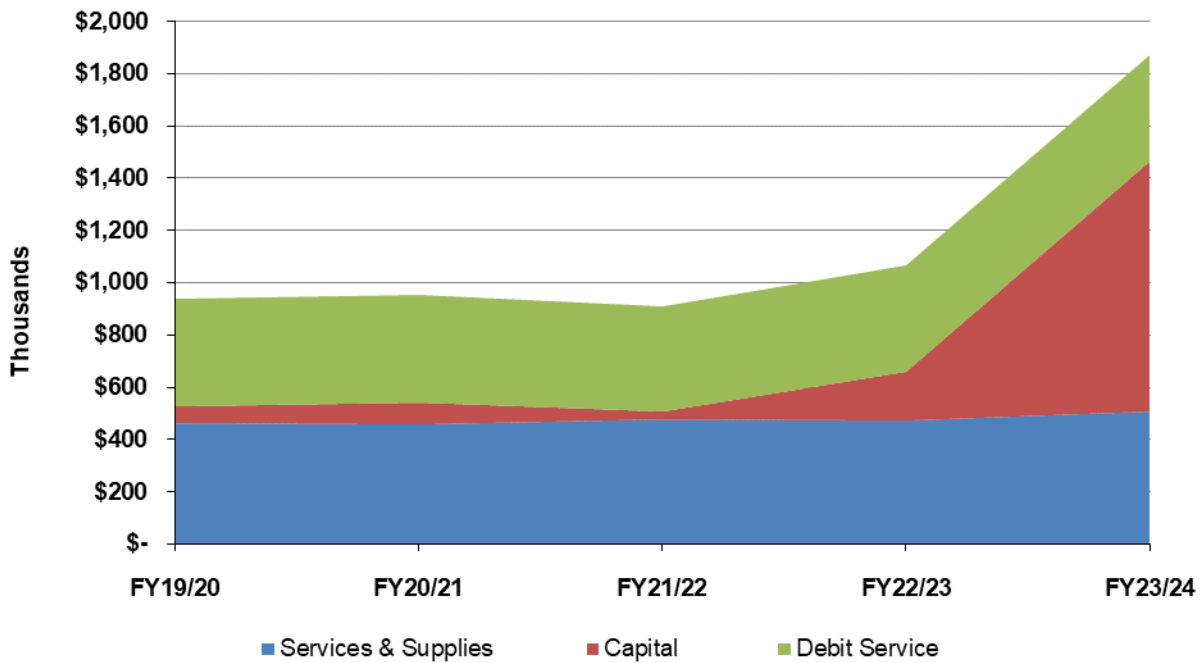
Proprietary Fund Trends

Building revenues consist primarily of tenant rents. There is also revenue generated from daily/monthly parking passes, though this is less than 1% of the total revenue. The Approved FY 23/24 tenant rent decreases by approximately \$217,292 from the FY 22/23 projected tenant rent. In the past, the tenant leased two spaces in the building and the lease agreements are not coterminous. The tenant opted to not renew the larger of the two leases at expiration and as a result, tenant rent decreased for FY 23/24. Several options for vacant tenant space and the overall building are being considered.

Proprietary Fund – Five-Year Trend of Rent Revenues

Account	FY19/20 Actuals	FY20/21 Actuals	FY21/22 Actuals	FY22/23 Projection	FY23/24 Approved
District Rent	\$ 806,573	\$ 871,025	\$ 818,650	\$ 991,211	\$ 1,030,927
Tenant Rent	372,957	323,157	336,012	336,367	119,075
Total Rents	\$ 1,179,530	\$ 1,194,182	\$ 1,154,662	\$ 1,327,578	\$ 1,150,002

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



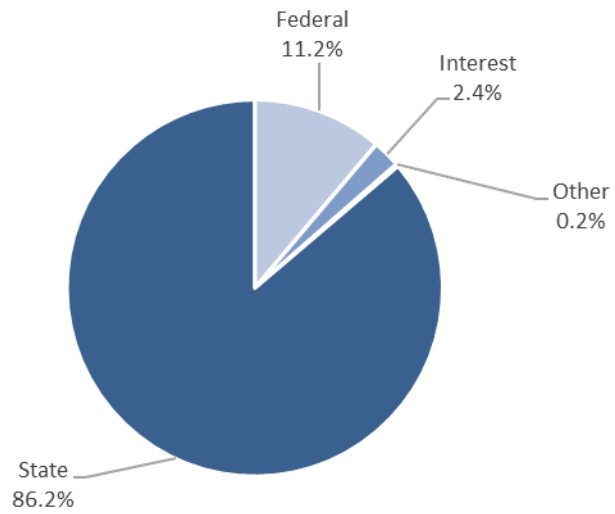
Capital expenses in FY 23/24 include funding for tenant improvements to support a hybrid work environment for District employees, HVAC replacements, and a reserve amount for future unexpected capital improvement projects.

SPECIAL REVENUE FUND 500

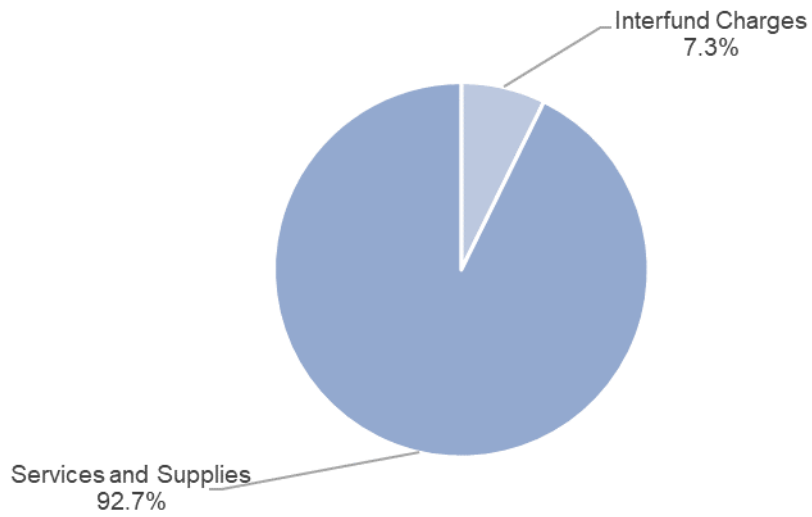
The Special Revenue Fund accounts for the financial activity of restricted funds, generally reflecting grants to provide businesses with incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light-duty on-road vehicles, and owners of off-road equipment, such as that used in agriculture and construction, to modernize their equipment with lower or zero-emission options. Options include re-power, retrofit, and replacement of the equipment, in addition to providing funds for charging and fueling infrastructure. 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, and Clean Cars 4 All, which provides incentives for income-qualified individuals to purchase or lease an electric vehicle.

The total FY 23/24 Approved Special Revenue Fund Budget is \$30.8 million in revenues and \$29.0 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 (\$30.8 million)



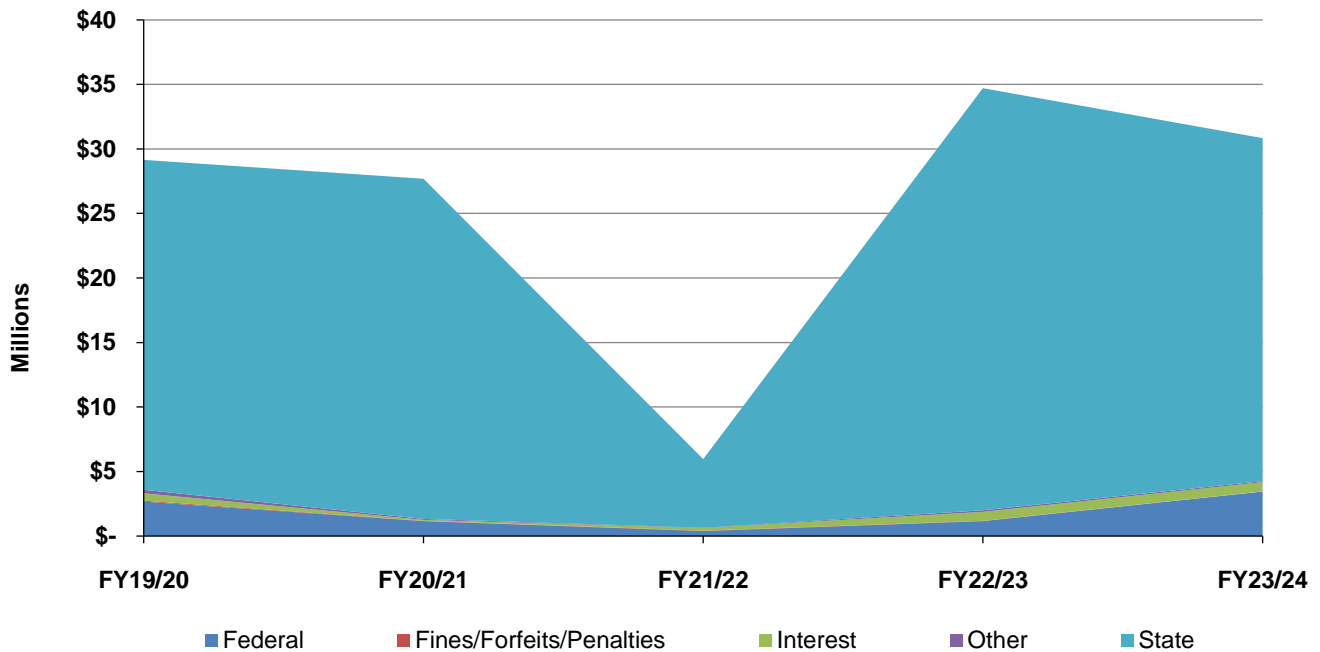
Special Revenue Fund – Expenditures by Classification (\$29.0 million)



Special Revenue Trends

The majority of Special Revenue Funds are from DMV registration fee surcharges (DMV), and state and federal grants including Moyer, GMERP Heavy Duty Trucks & Locomotive, Community Air Protection Program (CAPP), 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, the nature of funding received, and the timing of disbursements. DMV and Moyer (included in the State revenue) are relatively stable and ongoing revenue streams. However, historically one-time grants, such as GMERP (State revenue) and SECAT (Federal revenue), can vary in amount over time. The decrease in revenues for FY 21/22 reflects a reduction in State grant funding (mainly CAPP and Moyer). The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account type.

Special Revenue Fund – Five-Year Revenues Trend

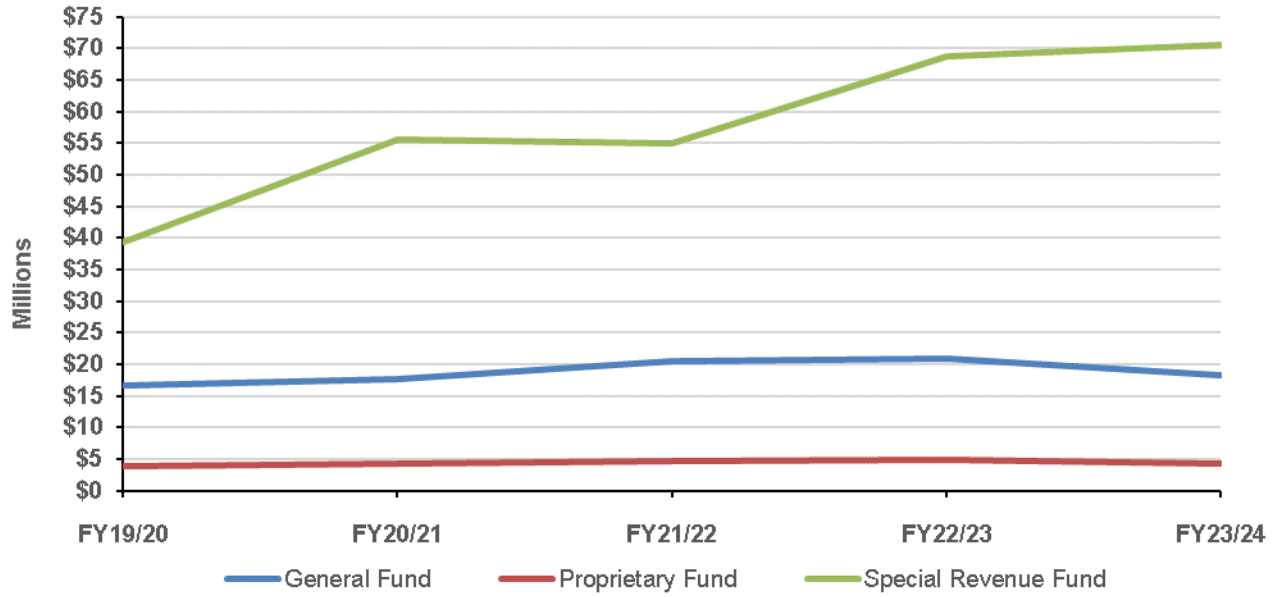


FUND BALANCE

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 professional services and capital expenditures. In FY 23/24 and beyond, the District anticipates there will be increases in employee services costs, capital expense 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 recurring operating and capital expenses; non-recurring capital projects are planned to be funded out of reserves. 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 FY 21/22 Actuals, FY 22/23 Approved budget, the FY 22/23 Projection, the FY 23/24 Approved budget, as well as the variance between the FY 22/23 Approved and FY 23/24 Approved budgets.

Also included in this section are the schedules for FY 23/24 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 FY 23/24.

DISTRICT BUDGET

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

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Revenues					
Federal	\$ 2,530,267	\$ 8,034,219	\$ 4,940,474	\$ 8,911,056	\$ 876,837
Fees & Licenses	8,765,313	9,420,389	8,911,028	9,379,397	(40,992)
Fines/Forfeits/Penalties	712,902	350,000	271,861	350,000	-
Interest	291,711	250,000	900,000	950,000	700,000
Local Government	112,349	448,459	472,361	36,533	(411,926)
Other	56,258	178,988	146,352	83,962	(95,026)
Rents/Concessions/Royalties	1,154,662	1,333,776	1,327,578	1,150,002	(183,774)
Sales/Use Tax	2,551,772	2,582,403	2,582,403	2,590,825	8,422
State	12,643,680	35,601,985	39,720,165	33,655,842	(1,946,143)
Revenues Total	\$ 28,818,913	\$ 58,200,219	\$ 59,272,222	\$ 57,107,617	\$ (1,092,602)
Expenses					
Salaries and Wages	\$ 10,744,180	\$ 12,478,926	\$ 11,393,920	\$ 12,822,050	\$ 343,124
Employee Benefits	4,486,546	5,407,881	4,949,361	5,589,552	181,671
Services and Supplies	9,637,665	57,245,593	27,366,302	37,713,900	(19,531,693)
Capital Expense	279,421	1,014,500	645,387	2,193,500	1,179,000
Debt Service	405,931	410,590	410,590	408,100	(2,490)
Expenses Total	\$ 25,553,744	\$ 76,557,490	\$ 44,765,560	\$ 58,727,102	\$ (17,830,388)
Fund Balance Source / (Use)	\$ 3,265,170	\$ (18,357,271)	\$ 14,506,662	\$ (1,619,485)	

GENERAL FUND BUDGET

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

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Revenues					
Federal	\$ 2,151,033	\$ 3,634,219	\$ 3,790,474	\$ 5,461,056	\$ 1,826,837
Fees & Licenses	8,765,313	9,420,389	8,911,028	9,379,397	(40,992)
Fines/Forfeits/Penalties	677,527	350,000	250,000	350,000	-
Interest	48,783	42,472	181,714	191,865	149,393
Local Government	112,349	448,459	472,361	36,533	(411,926)
Other	42,958	9,176	19,415	17,524	8,348
Sales/Use Tax	2,551,772	2,582,403	2,582,403	2,590,825	8,422
State	7,326,428	6,995,434	7,007,923	7,070,033	74,599
Revenues Total	\$ 21,676,163	\$ 23,482,552	\$ 23,215,318	\$ 25,097,233	\$ 1,614,681
Expenses					
Salaries and Wages	\$ 10,744,180	\$ 12,478,926	\$ 11,393,920	\$ 12,822,050	\$ 343,124
Employee Benefits	4,486,546	5,407,881	4,949,361	5,589,552	181,671
Services and Supplies	4,708,800	8,808,754	7,230,413	10,290,233	1,481,479
Capital Expense	253,957	601,000	458,000	1,238,500	637,500
Interfund Charges	(1,442,924)	(2,117,830)	(1,321,779)	(2,115,503)	2,327
Expenses Total	\$ 18,750,559	\$ 25,178,731	\$ 22,709,915	\$ 27,824,832	\$ 2,646,101
Source / (Use) Fund Balance	\$ 2,925,604	\$ (1,696,179)	\$ 505,403	\$ (2,727,599)	

General Fund 100 – Revenues by Account

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Revenues					
Federal					
EPA 103	\$ 39,427	\$ 132,000	\$ 132,000	\$ 78,800	\$ (53,200)
EPA 105	1,162,016	1,102,965	1,102,965	1,150,000	47,035
Federal	123,441	1,799,254	1,799,254	3,461,836	1,662,582
FHW-CMAQ	826,150	600,000	756,255	770,420	170,420
Subtotal Federal	2,151,033	3,634,219	3,790,474	5,461,056	1,826,837
Fees & Licenses					
Ag Burn	29,673	22,000	36,000	22,000	-
Asbestos	314,860	281,500	330,000	356,000	74,500
Fees & Licenses	22,174	8,360	5,850	5,860	(2,500)
Mitigation Fees	326,906	89,049	274,115	274,632	185,583
Rule 301	7,688,004	8,582,480	7,900,000	8,300,000	(282,480)
SEED Loan-Non Labor	72,823	40,000	14,200	43,000	3,000
SEED Renewal	59,657	65,000	58,000	71,447	6,447
Title V	69,952	122,000	97,100	101,553	(20,447)
Toxics AB2588	181,263	210,000	195,763	204,905	(5,095)
Subtotal Fees & Licenses	8,765,313	9,420,389	8,911,028	9,379,397	(40,992)
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	677,527	350,000	250,000	350,000	-
Subtotal Fines/Forfeits/Penalties	677,527	350,000	250,000	350,000	-
Interest					
Interest Earned	48,783	42,472	181,714	191,865	149,393
Subtotal Interest	48,783	42,472	181,714	191,865	149,393
Local Government					
Local Government	112,349	448,459	472,361	36,533	(411,926)
Subtotal Local Government	112,349	448,459	472,361	36,533	(411,926)
Other					
Auction	-	-	-	-	-
Other	42,958	9,176	19,415	17,524	8,348
Subtotal Other	42,958	9,176	19,415	17,524	8,348
Sales/Use Tax					
Sales/Use Tax	2,551,772	2,582,403	2,582,403	2,590,825	8,422
Subtotal Sales/Use Tax	2,551,772	2,582,403	2,582,403	2,590,825	8,422
State					
ARB Oil & Gas	42,000	42,000	42,000	42,000	-
ARB PERP	160,727	162,000	174,188	180,000	18,000
ARB Subvention	359,316	359,315	359,033	359,033	(282)
DMV	5,096,960	5,170,119	5,170,119	5,200,000	29,881
State	1,667,426	1,262,000	1,262,583	1,289,000	27,000
Subtotal State	7,326,428	6,995,434	7,007,923	7,070,033	74,599
Revenues Total	\$ 21,676,163	\$ 23,482,552	\$ 23,215,318	\$ 25,097,233	\$ 1,614,681

General Fund 100 – Expenses by Account

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Expenses					
Salaries and Wages					
Salaries & Wages-Extra Help	\$ 34,995	\$ 165,236	\$ 91,479	\$ 98,388	\$ (66,848)
Salaries & Wages-OT	44,582	66,839	53,548	68,432	1,593
Salaries & Wages-Premium Pay	55,454	58,774	60,425	61,132	2,358
Salaries & Wages-Regular	10,609,149	12,188,077	11,188,468	12,594,098	406,021
Subtotal Salaries and Wages	10,744,180	12,478,926	11,393,920	12,822,050	343,124
Employee Benefits					
Employee Assistance Program	3,213	5,000	4,500	5,000	-
FICA/Medicare-Employer OASDHI	751,222	890,327	812,918	919,288	28,961
Group Insurance	1,448,799	1,807,498	1,660,212	1,893,336	85,838
OPEB GASB 68	-	-	700	700	700
Retirement	2,164,777	2,553,255	2,345,199	2,619,767	66,512
Unemployment-SUI	11,667	26,801	26,841	26,461	(340)
Workers Compensation Insurance	106,868	125,000	98,991	125,000	-
Subtotal Employee Benefits	4,486,546	5,407,881	4,949,361	5,589,552	181,671
Services and Supplies					
Subtotal Services and Supplies	4,708,800	8,808,754	7,230,413	10,290,233	1,481,479
Capital Expense					
FA-Computer & Network	-	15,000	23,000	75,000	60,000
FA-Lab Equipment	251,600	316,000	200,000	388,500	72,500
FA-Monitoring Structures	2,357	190,000	100,000	595,000	405,000
FA-Vehicles	-	80,000	135,000	180,000	100,000
Subtotal Capital Expense	253,957	601,000	458,000	1,238,500	637,500
Interfund Charges					
Transfer-In	(1,442,924)	(2,117,830)	(1,321,779)	(2,115,503)	2,327
Subtotal Interfund Charges	(1,442,924)	(2,117,830)	(1,321,779)	(2,115,503)	2,327
Expenses Total	\$ 18,750,559	\$ 25,178,731	\$ 22,709,915	\$ 27,824,832	\$ 2,646,101

Note: Services and Supplies expenses by account are presented on the next page.

General Fund 100 – Expenses by Account (Continued)

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Expenses					
Services and Supplies					
Advertising, Comm & Outreach	\$ 1,185,867	\$ 948,000	\$ 1,100,500	\$ 1,074,500	\$ 126,500
Alternative Transit	45,036	71,924	18,880	31,410	(40,514)
Banking & Finance	5,384	7,200	2,420	3,620	(3,580)
Books/Periodicals/Subscriptions	32,053	36,638	23,833	29,029	(7,609)
Breakroom Supplies	665	1,800	1,200	1,800	-
Business Meetings	54,407	131,500	141,000	168,150	36,650
Collaborations	159,294	178,900	110,982	147,000	(31,900)
Document Storage & Handling	38,028	30,000	35,000	32,000	2,000
Education & Training	27,073	94,100	52,000	97,050	2,950
Food	353	-	-	-	-
Fuel & Lubricants	12,840	13,500	20,600	20,300	6,800
Incentive Projects	-	116,000	-	-	(116,000)
Internship	14,250	14,375	7,375	7,375	(7,000)
IS Data Processing Services	36,708	42,900	44,400	46,400	3,500
IS Hardware	128,044	157,135	81,600	93,350	(63,785)
IS Internet	35,260	36,820	36,780	34,840	(1,980)
IS Mobile Devices/Services	39,088	39,600	38,600	36,360	(3,240)
IS SaaS-Software as a Service	187,862	274,000	282,064	1,100,334	826,334
IS Software	56,350	96,877	85,297	117,623	20,746
IS Supplies	14,965	16,000	16,000	16,000	-
Lab Analysis	87,607	105,000	45,200	130,000	25,000
Laboratory Equipment & Supplies	59,128	115,000	30,000	68,000	(47,000)
Legal Services	8,178	70,000	56,290	61,000	(9,000)
Legislative Advocacy	72,300	75,000	66,200	66,250	(8,750)
Maintenance & Repairs	20,875	38,500	28,000	38,500	-
Medical Services	564	2,800	2,800	3,000	200
Membership Dues	46,272	47,475	49,172	49,444	1,969
Mileage/Parking	30,974	33,060	31,563	33,370	310
Miscellaneous	160	6,400	6	100	(6,300)
Office Equipment/Furniture	4,939	13,500	3,000	13,500	-
Office Services	263	1,000	200	1,000	-
Office Supplies	2,175	11,350	6,500	9,000	(2,350)
Postage/Shipping/Messenger	7,966	15,750	11,620	13,750	(2,000)
Printing	13,681	15,400	5,985	8,700	(6,700)
Prof Svc-Consulting	1,135,370	2,798,395	1,723,735	1,874,500	(923,895)
Program Distribution-EPA Grant	30,395	1,620,000	1,620,000	3,278,836	1,658,836
Property & Liability Insurance	174,177	216,000	206,905	227,650	11,650
Property Management	19,844	25,000	25,000	25,000	-
Public Notices	1,871	28,400	18,600	32,800	4,400
Recognition	6,334	14,100	14,371	13,550	(550)
Recording Fees	-	1,000	50	200	(800)
Recruitment	7,840	10,000	11,000	10,000	-
Rent/Lease-Equipment	3,750	5,400	80,434	81,635	76,235
Rent/Lease-Real Property	799,118	993,175	972,851	1,021,327	28,152
Safety Supplies	3,284	5,580	5,900	7,000	1,420
Stipends	11,700	23,600	15,800	20,100	(3,500)
Telephone Services	34,298	29,600	29,600	27,180	(2,420)
Temporary Staffing	-	10,000	10,000	20,000	10,000
Tools/Small Equipment	650	106,500	3,211	30,200	(76,300)
Utilities	14,218	25,000	16,000	22,000	(3,000)
Vehicle Maintenance	37,343	39,500	41,889	45,500	6,000
Subtotal Services and Supplies	4,708,800	8,808,754	7,230,413	10,290,233	1,481,479

PROPRIETARY FUND BUDGET

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

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Revenues					
Interest	\$ 24,081	\$ 4,494	\$ 19,206	\$ 20,000	\$ 15,506
Rents/Concessions/Royalties	1,154,662	1,333,776	1,327,578	1,150,002	(183,774)
Revenues Total	\$ 1,178,742	\$ 1,338,270	\$ 1,346,784	\$ 1,170,002	\$ (168,268)
Expenses					
Services and Supplies	\$ 479,052	\$ 514,180	\$ 470,465	\$ 506,901	\$ (7,279)
Capital Expense	25,464	413,500	187,387	955,000	541,500
Debt Service	405,931	410,590	410,590	408,100	(2,490)
Expenses Total	\$ 910,448	\$ 1,338,270	\$ 1,068,442	\$ 1,870,001	\$ 531,731
Fund Balance Source / (Use)	\$ 268,295	\$ -	\$ 278,342	\$ (699,999)	

Proprietary Fund 400 – Revenues and Expenses by Account

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Revenues					
Interest Earned					
Interest Earned	\$ 24,081	\$ 4,494	\$ 19,206	\$ 20,000	\$ 15,506
Subtotal Interest	24,081	4,494	19,206	20,000	15,506
Rents/Concessions/Royalties					
Parking	63,471	58,360	71,194	70,660	12,300
Rents/Concessions/Royalties	1,091,191	1,275,416	1,256,384	1,079,342	(196,074)
Subtotal Rents/Concessions/Royalties	1,154,662	1,333,776	1,327,578	1,150,002	(183,774)
Revenues Total	\$ 1,178,742	\$ 1,338,270	\$ 1,346,784	\$ 1,170,002	\$ (168,268)
Expenses					
Services and Supplies					
Banking & Finance	\$ 2,173	\$ 100	\$ -	\$ -	\$ (100)
IS Hardware	-	2,500	-	-	(2,500)
IS Internet	(221)	-	-	-	-
Maintenance & Repairs	33,254	35,900	31,062	43,900	8,000
Mileage/Parking	158,407	140,000	160,000	160,000	20,000
Office Equipment/Furniture	1,389	1,500	1,355	2,500	1,000
Office Services	89,631	81,880	82,523	87,036	5,156
Property & Liability Insurance	32,360	40,000	38,307	44,052	4,052
Property Management	23,400	71,000	24,000	26,000	(45,000)
Security	32,516	28,300	21,722	26,090	(2,210)
Tax/Lic/Assessment	3,601	7,000	3,633	3,700	(3,300)
Utilities	102,542	106,000	107,863	113,623	7,623
Subtotal Services and Supplies	479,052	514,180	470,465	506,901	(7,279)
Capital Expense					
FA-Leasehold Improvement	25,464	413,500	187,387	955,000	541,500
Subtotal Capital Expense	25,464	413,500	187,387	955,000	541,500
Debt Service					
Interest Expense	75,931	65,590	65,590	53,100	(12,490)
Principal	330,000	345,000	345,000	355,000	10,000
Subtotal Debt Service	405,931	410,590	410,590	408,100	(2,490)
Expenses Total	\$ 910,448	\$ 1,338,270	\$ 1,068,442	\$ 1,870,001	\$ 531,731

SPECIAL REVENUE FUND BUDGET

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

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Revenues					
Federal	\$ 379,233	\$ 4,400,000	\$ 1,150,000	\$ 3,450,000	\$ (950,000)
Fines/Forfeits/Penalties	35,375	-	21,861	-	-
Interest	218,848	203,034	699,080	738,135	535,101
Other	13,300	169,812	126,937	66,438	(103,374)
State	5,317,252	28,606,551	32,712,242	26,585,809	(2,020,742)
Revenues Total	\$ 5,964,008	\$ 33,379,397	\$ 34,710,120	\$ 30,840,382	\$ (2,539,015)
Expenses					
Interfund Charges	\$ 1,442,924	\$ 2,117,830	\$ 1,321,779	\$ 2,115,503	\$ (2,327)
Services and Supplies	4,449,813	47,922,659	19,665,424	26,916,766	(21,005,893)
Expenses Total	\$ 5,892,737	\$ 50,040,489	\$ 20,987,203	\$ 29,032,269	\$ (21,008,220)
Fund Balance Source / (Use)	\$ 71,271	\$ (16,661,092)	\$ 13,722,917	\$ 1,808,113	

Special Revenue Fund 500 – Revenues and Expenses by Account

Classification Account	FY21/22 Actuals	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Revenues					
Federal					
FHW-SECAT	\$ 379,233	\$ 4,400,000	\$ 1,150,000	\$ 3,450,000	\$ (950,000)
Subtotal Federal	379,233	4,400,000	1,150,000	3,450,000	(950,000)
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	35,375	-	21,861	-	-
Subtotal Fines/Forfeits/Penalties	35,375	-	21,861	-	-
Interest					
Interest Earned	218,848	203,034	699,080	738,135	535,101
Subtotal Interest	218,848	203,034	699,080	738,135	535,101
Other					
Auction	13,300	169,812	126,937	66,438	(103,374)
Subtotal Other	13,300	169,812	126,937	66,438	(103,374)
State					
DMV	2,548,480	2,585,060	2,585,060	2,600,000	14,940
State	2,768,772	26,021,491	30,127,182	23,985,809	(2,035,682)
Subtotal State	5,317,252	28,606,551	32,712,242	26,585,809	(2,020,742)
Revenues Total	\$ 5,964,008	\$ 33,379,397	\$ 34,710,120	\$ 30,840,382	\$ (2,539,015)
Expenses					
Services and Supplies					
Incentive Projects	\$ 4,125,052	\$ 47,608,659	\$ 19,435,424	\$ 26,801,766	\$ (20,806,893)
Prof Svc-Consulting	324,761	314,000	230,000	115,000	(199,000)
Subtotal Services and Supplies	4,449,813	47,922,659	19,665,424	26,916,766	(21,005,893)
Interfund Charges					
Transfer-Out	1,442,924	2,117,830	1,321,779	2,115,503	(2,327)
Subtotal Interfund Charges	1,442,924	2,117,830	1,321,779	2,115,503	(2,327)
Expenses Total	\$ 5,892,737	\$ 50,040,489	\$ 20,987,203	\$ 29,032,269	\$ (21,008,220)

CAPITAL EXPENSES BUDGET

Capital Expenses – by Fund

Fund Description	FY23/24 Approved
100 General	
New vehicles replacements	\$ 180,000
Storage array	16,500
Storage server for storage array	5,500
Simplivity node Santa Ana	53,000
Data logger	7,500
PM10 continuous	35,000
H2 generator	10,000
N2 generator	10,000
NO2 analyzer	28,000
SO2 trace analyzer	40,000
Transfer standard	25,000
Non-Methane hydrocarbon analyzer	28,000
PM2.5 filter samplers	75,000
Aethalometer	30,000
Sodar or level zero transfer standard	100,000
DPM replacement	450,000
A/C unit replacement	20,000
DPM power to the site	75,000
DPM construction (landscaping, stoop)	50,000
100 General Subtotal	1,238,500
400 Proprietary	
Capital improvement projects	\$ 100,000
HVAC replacements	115,000
Miscellaneous - annual improvements	40,000
AQMD space reconfiguration	700,000
400 Proprietary Subtotal	955,000
Capital Expenses Total	\$ 2,193,500

SUMMARY OF FINANCIAL SOURCES, USES, AND FUND BALANCE

Fund	Type	Fund Balance 06/30/22	FY22/23 Projected Revenues	FY22/23 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/23
100	General Fund	\$ 20,403,127	\$ 23,215,318	\$ 22,709,915	\$ 505,403	\$ 20,908,530
400	Proprietary Fund	4,672,485	1,346,784	1,068,442	278,342	4,950,827
500	Special Revenue Fund	54,960,056	34,710,120	20,987,203	13,722,917	68,682,973
Total		\$ 80,035,668	\$ 59,272,222	\$ 44,765,560	\$ 14,506,662	\$ 94,542,330

Fund	Type	Projected Fund Balance 06/30/23	FY23/24 Approved Revenues	FY23/24 Approved Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/24
100	General Fund	\$ 20,908,530	\$ 25,097,233	\$ 27,824,832	\$ (2,727,599)	\$ 18,180,931
400	Proprietary Fund	4,950,827	1,170,002	1,870,001	(699,999)	4,250,828
500	Special Revenue Fund	68,682,973	30,840,382	29,032,269	1,808,113	70,491,086
Total		\$ 94,542,330	\$ 57,107,617	\$ 58,727,102	\$ (1,619,485)	\$ 92,922,845

The increase in the FY 22/23 Special Revenue fund balance is primarily due to delays in incentive distributions to grant participants. The delays can be attributed to issues with equipment availability and construction delays related to infrastructure projects. The use of fund balance in the General Fund for FY 23/24 is due to the continued increase in recurring operational costs exceeding annual revenue increases, one-time costs for a software implementation project and capital expenditures. The FY 23/24 fund balance increase for the Special Revenue fund is due to the normal variation in receipt and disbursement of incentive grant funds.

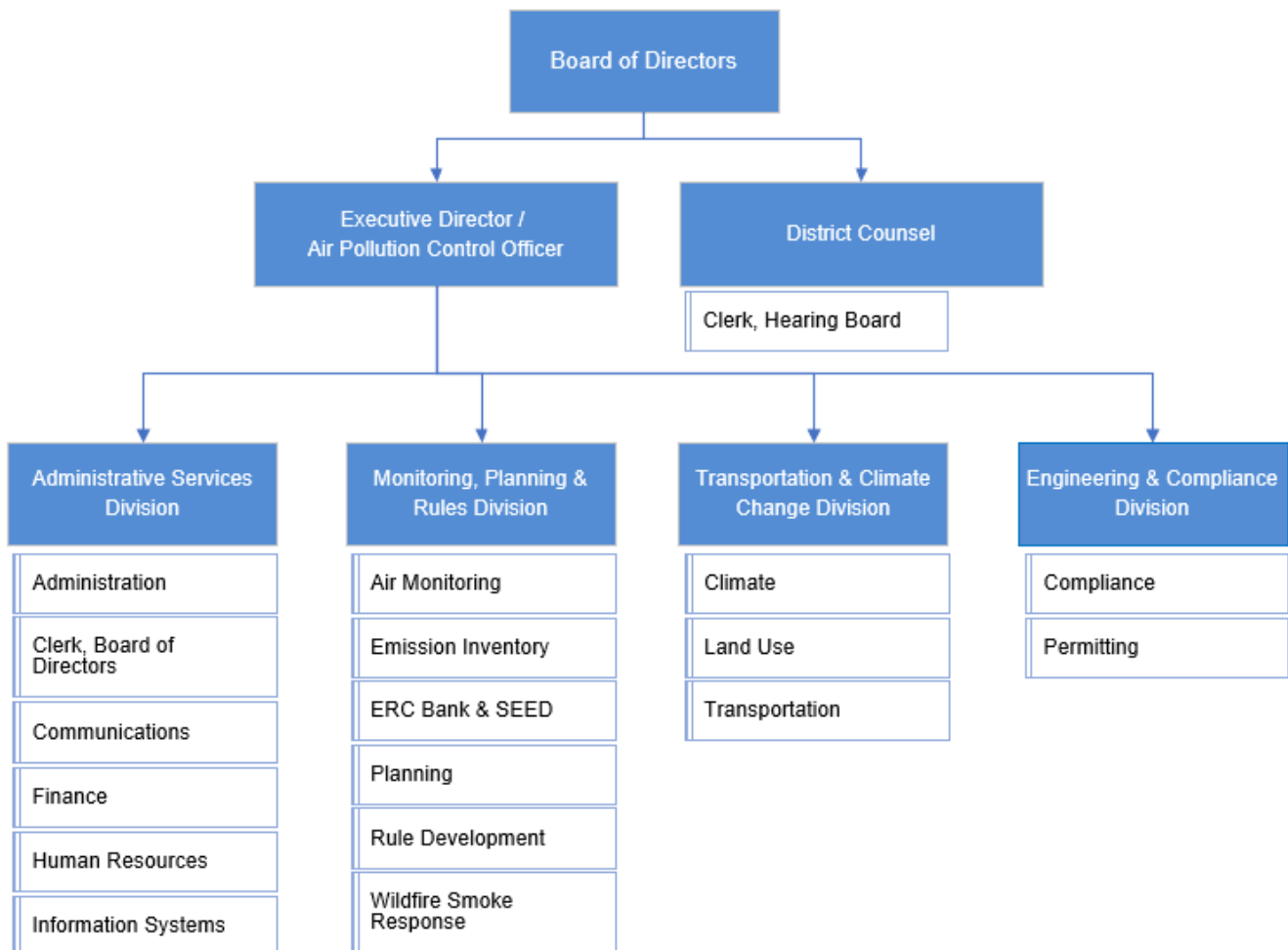
SECTION 7 - Organizational Overview

This section includes the District’s organizational structure, staffing and pay schedules, division budgets, as well as division functions, program summaries, key initiatives for FY 23/24 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 the offices of the Executive Director (EXEC) and the District Counsel (DC), and four operating divisions: Administrative Services (ASD); Monitoring, Planning and Rules (MPR); Transportation & Climate Change (TCC); and Engineering and Compliance (ECD).

Organization Chart



STAFFING

The FY 23/24 Approved Budget includes 97.6 FTE positions. Each year, the District reassesses the priorities, critical needs, and funding capacity and then recommends positions to be funded in the budget; no changes are proposed for FY 23/24. The following two staffing schedules represent the approved FTE, first displaying positions by classification and then positions by division.

Positions by Classification

Classification	FY21/22 Amended	FY22/23 Amended	Change	FY23/24 Approved
AUTHORIZED				
Regular				
Admin Supervisor/Clerk of Board	1.0	1.0		1.0
Administrative Specialist	3.0	4.0		4.0
Air Pollution Control Officer	1.0	1.0		1.0
Air Quality Engineer	16.5	19.0		19.0
Air Quality Instrument Specialist	3.0	3.0		3.0
Air Quality Planner/Analyst	10.0	10.0		10.0
Air Quality Specialist	19.6	21.6		21.6
Communication & Marketing Specialist	1.0	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
Human Resource Technician	1.0	1.0		1.0
Human Resources Officer	1.0	1.0		1.0
Information Systems Analyst	2.0	3.0		3.0
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
Limited Term		-		-
Air Quality Engineer/Specialist/Planner	3.0	1.0		1.0
Information Systems Analyst	1.0	-		-
AUTHORIZED Total	94.1	97.6	-	97.6

Approved FY 23/24 Positions by Division

Classification	ASD	DC	EXEC	MPR	ECD	TCC	Total FTE
AUTHORIZED							
Regular							
Admin Supervisor/Clerk of Board	1.0	-	-	-	-	-	1.0
Administrative Specialist	4.0	-	-	-	-	-	4.0
Air Pollution Control Officer	-	-	1.0	-	-	-	1.0
Air Quality Engineer	-	-	-	4.0	9.0	6.0	19.0
Air Quality Instrument Specialist	-	-	-	3.0	-	-	3.0
Air Quality Planner/Analyst	-	-	-	3.0	-	7.0	10.0
Air Quality Specialist	-	-	-	5.0	12.6	4.0	21.6
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	3.0	-	-	-	-	-	3.0
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
Limited Term							
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	1.0	1.0
Information Systems Analyst	-	-	-	-	-	-	-
AUTHORIZED Total	21.0	2.0	1.0	21.0	29.6	23.0	97.6

PAY SCHEDULE

The following monthly pay schedule includes a cost-of-living adjustment (COLA) of 4.0% consistent with the terms of the Memorandum of Understanding between Management and the Sacramento Air District Employees' Association and the Unrepresented Personnel Resolution.

**Pay Schedule
Effective July 1, 2023**

Classification	Monthly	
	Minimum	Maximum
Administrative Specialist I	6,589.06	8,009.04
Administrative Specialist II	7,138.06	8,676.36
Administrative Supervisor/Clerk of the Board	7,996.32	10,697.15
Air Pollution Control Officer (contract by Board of Directors)	22,941.89	22,941.89
Air Quality Engineer (Assistant)	7,576.26	9,208.99
Air Quality Engineer (Associate)	8,799.43	10,695.76
Air Quality Instrument Specialist I	6,274.38	7,626.55
Air Quality Instrument Specialist II	7,215.81	8,770.86
Air Quality Planner/Analyst (Assistant)	7,576.26	9,208.99
Air Quality Planner/Analyst (Associate)	8,799.43	10,695.76
Air Quality Specialist (Assistant)	7,576.26	9,208.99
Air Quality Specialist (Associate)	8,799.43	10,695.76
Communications & Marketing Specialist (Assistant)	7,576.26	9,208.99
Communications & Marketing Specialist (Associate)	8,799.43	10,695.76
Controller	10,565.95	14,158.92
District Counsel (contract by Board of Directors)	22,205.79	22,205.79
Division Manager	12,144.96	16,274.93
Financial Analyst	7,711.16	9,372.96
Human Resources Officer	7,996.32	10,697.15
Human Resources Technician I	5,121.27	6,224.94
Human Resources Technician II	5,890.02	7,159.36
Information Systems Analyst (Assistant)	7,080.13	8,605.94
Information Systems Analyst (Associate)	8,141.80	9,896.41
Information Systems Manager	10,565.95	14,158.92
Legal Assistant I	5,341.19	6,492.25
Legal Assistant II	5,874.78	7,140.83
Office Assistant I	3,550.89	4,316.13
Office Assistant II	3,982.00	4,840.15
Office Assistant III	4,459.83	5,420.95
Program Manager	10,565.95	14,158.92
Program Supervisor	9,191.01	12,317.17
Senior Accountant	7,711.16	9,372.96
Statistician	8,799.43	10,695.76

Note: In addition to the wages listed above, the District provides special compensation. 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 doctorate degrees per board-approved Memorandum of Understanding.

DIVISION BUDGETS

The budgets for the offices of the Executive Director and District Counsel, the four operating divisions, and the Non-Departmental program are presented below. All positions are budgeted in the General Fund.

For the FY 23/24 Approved Budget, the cost of the permitting/compliance and transportation incentives software project is included in the ECD and TCC divisions; in FY 22/23 the project was budgeted in the ASD division (Information Systems). As a result, there is a decrease in Services and Supplies in the ASD budget for FY 23/24 and increases in Services and Supplies for the ECD and TCC divisions. The increase to TCC for the reallocation of costs for the software project was offset by a significant decrease in incentive payments to grant participants. The significant decrease in the incentive payments is mainly due to an overstated incentives budget for FY 22/23. The increase in Services and Supplies for MPR is primarily due to additional federal grant passthrough payments to the grant sub-recipients in FY 23/24.

DISTRICTWIDE – Expenditures by Division by Classification

Classification Account	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Administrative Services				
Salaries and Wages	\$ 2,381,945	\$ 2,229,370	\$ 2,492,880	\$ 110,935
Employee Benefits	1,013,784	1,026,221	1,065,275	51,491
Services and Supplies	2,630,082	1,774,758	1,871,122	(758,960)
Capital Expense	95,000	158,000	255,000	160,000
Subtotal Administrative Services	6,120,811	5,188,349	5,684,277	(436,534)
District Counsel				
Salaries and Wages	338,002	337,314	361,713	23,711
Employee Benefits	152,877	127,177	165,943	13,066
Services and Supplies	111,438	84,375	99,958	(11,480)
Subtotal District Counsel	602,317	548,866	627,614	25,297
Executive Office				
Salaries and Wages	261,419	286,694	294,144	32,725
Employee Benefits	114,319	95,681	130,673	16,354
Services and Supplies	533,150	271,558	452,425	(80,725)
Subtotal Executive Office	908,888	653,933	877,242	(31,646)
Non-Departmental				
Employee Benefits	129,200	104,644	129,500	300
Services and Supplies	1,699,885	1,653,208	1,748,528	48,643
Capital Expense	413,500	187,387	955,000	541,500
Debt Service	410,590	410,590	408,100	(2,490)
Subtotal Non-Departmental	2,653,175	2,355,829	3,241,128	587,953
Monitoring, Planning and Rules				
Salaries and Wages	2,686,863	2,303,991	2,654,728	(32,135)
Employee Benefits	1,092,233	932,266	1,085,232	(7,001)
Services and Supplies	3,350,798	2,694,951	4,362,549	1,011,751
Capital Expense	506,000	300,000	983,500	477,500
Subtotal Monitoring, Planning and Rules	7,635,894	6,231,208	9,086,009	1,450,115
Engineering and Compliance				
Salaries and Wages	3,831,602	3,624,576	3,959,447	127,845
Employee Benefits	1,613,789	1,601,093	1,682,386	68,597
Services and Supplies	246,906	280,604	1,044,632	797,726
Subtotal Engineering and Compliance	5,692,297	5,506,273	6,686,465	994,168
Transportation & Climate Change				
Salaries and Wages	2,979,095	2,611,975	3,059,138	80,043
Employee Benefits	1,291,679	1,062,279	1,330,543	38,864
Services and Supplies	48,673,334	20,606,848	28,134,686	(20,538,648)
Subtotal Transportation & Climate Change	52,944,108	24,281,102	32,524,367	(20,419,741)
Expenses Total	\$ 76,557,490	\$ 44,765,560	\$ 58,727,102	\$ (17,830,388)

FUND 100 – General Fund Expenditures by Division by Classification

Classification Account	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Administrative Services				
Salaries and Wages	\$ 2,381,945	\$ 2,229,370	\$ 2,492,880	\$ 110,935
Employee Benefits	1,013,784	1,026,221	1,065,275	51,491
Services and Supplies	2,630,082	1,774,758	1,871,122	(758,960)
Capital Expense	95,000	158,000	255,000	160,000
Subtotal Administrative Services	6,120,811	5,188,349	5,684,277	(436,534)
District Counsel				
Salaries and Wages	338,002	337,314	361,713	23,711
Employee Benefits	152,877	127,177	165,943	13,066
Services and Supplies	111,438	84,375	99,958	(11,480)
Subtotal District Counsel	602,317	548,866	627,614	25,297
Executive Office				
Salaries and Wages	261,419	286,694	294,144	32,725
Employee Benefits	114,319	95,681	130,673	16,354
Services and Supplies	533,150	271,558	452,425	(80,725)
Subtotal Executive Office	908,888	653,933	877,242	(31,646)
Non-Departmental				
Allocated Costs	-	-	-	-
Employee Benefits	129,200	104,644	129,500	300
Services and Supplies	1,185,705	1,182,743	1,241,627	55,922
Subtotal Non-Departmental	1,314,905	1,287,387	1,371,127	56,222
Monitoring, Planning and Rules				
Salaries and Wages	2,686,863	2,303,991	2,654,728	(32,135)
Employee Benefits	1,092,233	932,266	1,085,232	(7,001)
Services and Supplies	3,350,798	2,694,951	4,362,549	1,011,751
Capital Expense	506,000	300,000	983,500	477,500
Subtotal Monitoring, Planning and Rules	7,635,894	6,231,208	9,086,009	1,450,115
Engineering and Compliance				
Salaries and Wages	3,831,602	3,624,576	3,959,447	127,845
Employee Benefits	1,613,789	1,601,093	1,682,386	68,597
Services and Supplies	246,906	280,604	1,044,632	797,726
Subtotal Engineering and Compliance	5,692,297	5,506,273	6,686,465	994,168
Transportation & Climate Change				
Salaries and Wages	2,979,095	2,611,975	3,059,138	80,043
Employee Benefits	1,291,679	1,062,279	1,330,543	38,864
Services and Supplies	750,675	941,424	1,217,920	467,245
Interfund Charges	(2,117,830)	(1,321,779)	(2,115,503)	2,327
Subtotal Transportation & Climate Change	2,903,619	3,293,899	3,492,098	588,479
Expenses Total	\$ 25,178,731	\$ 22,709,915	\$ 27,824,832	\$ 2,646,101

FUND 400 – Proprietary Fund Expenditures by Division by Classification

Classification Account	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Non-Departmental				
Services and Supplies	\$ 514,180	\$ 470,465	\$ 506,901	\$ (7,279)
Capital Expense	413,500	187,387	955,000	541,500
Debt Service	410,590	410,590	408,100	(2,490)
Subtotal Non-Departmental	1,338,270	1,068,442	1,870,001	531,731
Expenses Total	\$ 1,338,270	\$ 1,068,442	\$ 1,870,001	\$ 531,731

FUND 500 – Special Revenue Fund Expenditures by Division by Classification

Classification Account	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Transportation & Climate Change				
Services and Supplies	\$ 47,922,659	\$ 19,665,424	\$ 26,916,766	\$ (21,005,893)
Interfund Charges	2,117,830	1,321,779	2,115,503	(2,327)
Subtotal Transportation & Climate Change	50,040,489	20,987,203	29,032,269	(21,008,220)
Expenses Total	\$ 50,040,489	\$ 20,987,203	\$ 29,032,269	\$ (21,008,220)

PROGRAM BUDGETS

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

FUND 100 – General Fund Expenditures by Program

Program	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Administration	\$ 1,284,220	\$ 1,186,553	\$ 1,359,285	\$ 75,065
Agricultural	134,084	125,906	148,673	14,589
Air Monitoring	3,115,183	2,293,408	3,052,001	(63,182)
Asbestos	314,383	265,551	338,080	23,697
Asbestos NOA	7,670	20,141	8,386	716
Board of Directors	14,705	18,700	14,051	(654)
Communications	1,019,283	1,178,198	1,227,611	208,328
Complaints	232,860	131,216	241,888	9,028
District Counsel	602,267	548,816	627,564	25,297
Emission Credit Program	38,665	9,789	42,598	3,933
Emission Inventory	322,334	374,326	344,739	22,405
Exchange Programs	132,446	4,182	12,912	(119,534)
Finance	1,069,879	1,131,704	1,234,523	164,644
GHG	760,212	1,105,039	1,134,454	374,242
Government Affairs	1,620,000	1,620,000	3,278,836	1,658,836
Hearing Board	8,438	8,345	8,648	210
Human Resources	392,665	387,225	434,699	42,034
Information Systems	2,329,355	1,254,397	1,392,924	(936,431)
Non-Departmental	1,314,905	1,287,387	1,371,127	56,222
PERP	13,171	14,044	23,608	10,437
Planning	1,563,950	1,273,259	1,421,522	(142,428)
Rule 301	4,520,046	4,780,225	5,435,098	915,052
Rule 421	247,981	197,272	246,539	(1,442)
Rule Development	674,174	518,712	773,552	99,378
SECAT-Infill Streamline	-	1,660	-	-
Strategic Partners	894,133	634,910	863,166	(30,967)
Title V	159,898	74,138	160,631	733
Toxics AB2588	211,211	63,576	222,895	11,684
Transportation Planning & Assist	1,510,014	1,387,656	1,525,537	15,523
Vehicle & Equipment Technology	670,599	813,580	879,285	208,686
Program Expenses Total	\$ 25,178,731	\$ 22,709,915	\$ 27,824,832	\$ 2,646,101

FUND 400 – Proprietary Fund Expenditures by Program

Program	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
Covell Building	\$ 1,338,270	\$ 1,068,442	\$ 1,870,001	\$ 531,731
Program Expenses Total	\$ 1,338,270	\$ 1,068,442	\$ 1,870,001	\$ 531,731

FUND 500 – Special Revenue Fund Expenditures by Program

Program	FY22/23 Approved	FY22/23 Projection	FY23/24 Approved	Variance FY24 Approved FY23 Approved
GHG	\$ 22,573,578	\$ 9,899,277	\$ 16,285,831	\$ (6,287,747)
Vehicle & Equipment Technology	27,466,911	11,087,926	12,746,438	(14,720,473)
Program Expenses Total	\$ 50,040,489	\$ 20,987,203	\$ 29,032,269	\$ (21,008,220)

DISTRICT DIVISIONS AND OPERATIONAL INITIATIVES

The District’s organizational structure consists of the offices of the Executive Director and District Counsel and four operating divisions and supports the complex relationships between tasks, workflows, responsibilities, and authorities. This section describes the main programs of the organization along with key initiatives for each of the four operating divisions, which are developed each year in support of the District’s mission and strategic goals.

Offices of the Executive Director/APCO and District Counsel

Program	Description
<p>Executive Office/APCO</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 and oversight of District activities; 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>The Executive Office also 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>District Counsel</p>	<p>Under direction from the Board, the District Counsel provides legal services to the Board and District management and staff including advising 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; assists divisions in the implementation of key initiatives; and represents the District before the Hearing Board and in litigation activities.</p> <p>District Counsel also 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>

Administrative Services Division

Program	Description
Administration	<p>Oversees building management contracts, parking garage, tenant improvements, and vehicle fleet acquisition and maintenance. Handles building and air monitoring facilities maintenance, rehabilitation, and replacement needs.</p> <p>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.</p>
Clerk, Board of Directors	<p>Maintains the official record of the Board of Directors' meetings. Schedules Board meetings, prepares meeting agendas and packets, archives action summaries, and provides administrative services to the Executive Director/APCO.</p>
Communications	<p>Builds regional identity for the District as a resource for clean air and climate action; promotes programs to engage and inform residents and organizations about Sacramento's air quality and opportunities to protect public health by reducing emissions via programs such as the "Spare The Air", "Check Before You Burn", Clean Cars 4 All, Community Air Protection and zero-emission mobility; integrates equity and environmental justice into District communication practices; manages social media and media relations, and coordinates communications activities with federal, state, and local agencies.</p>
Finance	<p>Ensures compliance with accounting regulations and requirements, manages the development of the District's annual operating budgets, coordinates financial audits by source agencies and independent auditors, ensures timely and accurate tracking of payroll expenditures, 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.</p>
Human Resources	<p>Conducts recruitments and provides guidance in the retention of high-quality staff, ensures compliance with federal and state employment laws and regulations and District personnel policies, coordinates personnel-related training, manages labor relations, processes payroll, and administers district benefits.</p>
Information Systems	<p>Manages and ensures the security of information technology encompassing both computer technology and telecommunications, provides technology solutions, coordinates hardware and software acquisition and maintenance services, provides desktop support, maintains the District website, and oversees related contracts.</p>

FY 23/24 Key Initiatives

Administration

- Finalize and implement the asset management plan for facilities, fleet, and computer equipment
- Develop and implement an office space use plan to accommodate the District's hybrid work-location model
- Achieve record retention milestones on both paper and digital documents, including digitizing 1,500 boxes of documents located offsite

Communications

- Increase the number of Sacramento Region Air Quality app downloads by 5%
- Increase the number of "Spare The Air" regional partners by 100
- Formalize branding and promotion procedures for incentive projects including updates to contracts outlining participants' branding and promotion responsibilities

- Attend 10 events regionally to promote the Spare The Air program and educate residents about the harmful health effects of air pollution and what they can do to improve air quality
- Develop and administer a Spare The Air survey to quantify program awareness, participation, and emission reductions

Finance

- Automate the accounts payable invoice approval process within the accounting system
- Formalize quarterly close processes and procedures
- Implement the Permitting/Compliance and Transportation Incentive software solution as the billing module functional lead
- Integrate the interface of payroll data from a third-party provider to the accounting system
- Implement the fixed assets module in the New World accounting system

Human Resources

- Implement employee-focused activities to support the new hybrid work strategy and retain talented and engaged employees
- Update performance management metrics
- Leverage unused components of the District's third-party recruitment solution for greater efficiency
- Consolidate and update the administrative policies into a single document
- Conduct and implement a District-wide classification and compensation study

Information Systems

- Implement TreeSize software solution on file share and the SharePoint aging tool to improve document management
- Implement Palo Alto Firewalls security solution to protect remote-located air monitoring stations' software and data and prevent access to District network
- Update Technology Use policy
- Implement the Permitting/Compliance and Transportation Incentive software solution as technical lead
- Convert the District Intranet "Skynet" from on-premises to cloud-based
- Replace local storage with new Dell Compellent equipment and increase storage capacity by 50% to accommodate future requirements

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>

FY 23/24 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 Community-Based Organizations (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 the Clean Cars 4 All grant creating culturally and linguistically tailored outreach materials

Monitoring, Planning and Rules Division

Program	Description
Air Monitoring	Performs continuous monitoring of criteria pollutants and their precursors (ozone, hydrocarbons, carbon monoxide, nitrogen oxides, sulfur oxides, lead, and inhalable particulate matter (PM ₁₀ and PM _{2.5})), meteorological conditions, and other air quality indicators at six sites throughout the County. Continue community-scale monitoring for the South Sacramento-Florin community selected as one of the first AB 617 communities.
Emission Inventory	Estimates actual emissions from stationary and area sources, and 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.
Emission Reduction Credit Bank & SEED	Maintains the registry of stationary and mobile source credit banks, coordinates and assists credit generators and users, identifies new opportunities for credit use, includes the military base and essential public services accounts, and funds incentive programs to reduce emissions.
Planning & Data Analysis	Develops plans to ensure compliance with state and federal clean air acts, prepares the District's annual reports 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. Continues collaboration with the AB 617 South Sacramento-Florin community to better understand the localized air quality.
Rule Development	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans and for expedited 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 23/24 Key Initiatives

Air Monitoring

- Continue monitoring of criteria pollutants and their precursors at six sites throughout the County
- Continue sampling of criteria pollutants and their precursors in the portable lab within the AB617 South Sacramento-Florin Community
- Ensure air monitoring complies with all state and federal quality assurance and control requirements
- Prepare and submit the 2023 Annual Network Plan

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 the 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
- Use SEED funding for emission-reducing strategies such as replacing high-polluting fireplaces and wood stoves or other incentive programs; work to secure additional funding from the state's Cap-and-Trade program revenues, and banking and leasing emissions reduction credits from SEED-funded emission reduction programs
- 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
- Track the Sacramento region's progress in meeting the 2008 Ozone NAAQS
- Develop the redesignation request for the 1979 and 1997 ozone NAAQS

Rule Development

- Prepare rules to expedite the implementation of Best Available Retrofit Control Technology (BARCT) 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
- Develop fee rules as applicable to provide full cost recovery for District programs
- Amend rules to incorporate current EPA SIP requirements

Engineering and Compliance Division

Program	Description
Compliance	<p>Compliance is charged with enforcing local, state, and federal air pollution regulations to ensure businesses and residents comply with the laws. Compliance encompasses a wide variety of programs that impact businesses and residents throughout Sacramento County.</p> <p>Asbestos — 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>Public Complaints — Investigates public complaints of illegal air pollution.</p> <p>Permitted Inspections — Regularly inspects businesses to verify compliance with permit requirements and air quality regulations.</p> <p>Compliance Education and Outreach – Assists businesses and residents in complying with air quality regulations via advisories, business assistance, workshops, and various outreach materials such as letters, brochures, flyers, webpage updates, eblasts, etc.</p> <p>Annual Reporting – Provides outreach and assistance to permitted sources for annual report submittals. Quality assurance reviews of submitted data to ensure compliance with local, state, and federal requirements.</p> <p>Burning — Regulates the different types of burning that occur in Sacramento, such as agricultural burning, wood burning (Check Before You Burn), and other outdoor burning.</p> <p>Violation Resolution — Promotes compliance and swift resolution of violations by administering a Mutual Settlement Program that resolves violations in lieu of litigation.</p> <p>State Programs — Partners with the California Air Resources Board to inspect and enforce regulations that apply to many different types of sources such as portable engines and natural gas wells.</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. Permitting staff work with sources to help them understand and comply with complex state and federal regulations.</p> <p>Title V — Title V is the federal permitting program for major sources of air pollution and is implemented by the District’s permitting section.</p> <p>AB2588 Toxic “Hot Spots” Program – Maintain program, toxics emissions inventory and ensure that the toxic emissions from facilities are within acceptable levels.</p> <p>Annual Reporting – Set up methodology to determine criteria and toxic emissions from permitted sources and work with the Compliance section on program requirements.</p>

FY 23/24 Key Initiatives

- Continue to streamline data collection from our stationary sources by the rollout of our annual reporting program that will report data to the California Air Resources Board Criteria and Toxic Reporting Program, making actual emissions available to the public
- Implement the AiriA software solution that will increase staff efficiency, improve quality control, enhance management processes, and improve the customer experience through new online portals
- 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 reviewing, providing oversight and enforcement of sources of toxic air pollution, and looking for opportunities to enhance our programs
- Update Division Policies & Procedures to ensure consistency and proper program implementation
- 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
- 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
- Continue ongoing work related to community air protection like our innovative Supplemental Environmental Projects (SEP) program and our Unidentified Source Inspection Program (USIP)
- Work with the Sacramento Valley Basinwide Control Council on an event to highlight the co-benefits of biomass as an alternative energy source and a beneficial way to reduce smoke from prescribed and agricultural burning by diverting biomass

DIVISION ACCOMPLISHMENTS

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

Administrative Services
Evaluated near and long-term space needs in light of the new hybrid work environment and departure of tenants
Managed pandemic-related regulations and requirements, including reporting and tracking, mandatory sick leave, and workplace safety/sanitation
Developed a comprehensive annual calendar of financial activities and related deliverables
Continued District-wide effort to ensure compliance with the District’s records management and compliance policy destroying approximately 200 boxes worth of expired records from offsite storage, a 9% reduction from the baseline.
Recruited and appointed 11 new employees
Reorganized the cabling and device (server, switches and equipment) structure in the Server room
Implemented Microsoft Windows Defender anti-virus solution
Implemented Intune mobile management system that authenticates devices to the network for greater security
Improved the Microsoft Secure Score (measurement of an organization’s security posture, with a higher number indicating more recommended actions taken) from 30% to over 60%
Met goal of increasing downloads of the Sac Region Air Quality App by 5%
Completed comprehensive audit of Spare The Air partner list and recruited 75 new partners
Informed the public and the media of District programs/achievements, smoke impacts, Spare The Air, mutual settlements, partnerships and grant recipients via the distribution of 15 press releases
Coordinated 59 media interviews/quotes (Broadcast and print/Spanish & English)
Produced video highlighting the District’s vision, leadership, and programs, and created and distributed a new educational video series (7 videos) that feature Scooter, the Spare The Air mascot
Coordinated a CBYB digital/online campaign that resulted in an increase of over 1,200 Sacramento Region Air Quality app downloads
Produced and distributed a quarterly newsletter with a 35% open rate, a 7% higher open rate than the industry standard
Coordinated and promoted the Folsom Monitoring Station Open House, which was attended by local/state elected officials and all Sacramento television news stations resulting in 23 news stories, over a \$75,000 earned media value
Transportation and Climate Change
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
Awarded the American Planning Association California Chapter’s Award of Excellence for Best Practices for creating the “Handbook for Analyzing Greenhouse Gas Emission Reductions, Assessing Climate Vulnerabilities, and Advancing Health and Equity,” (CAPCOA Handbook) which is used statewide to analyze emissions from the land use and transportation sectors, reduce vehicle miles traveled, and enhance resiliency, health, and equity
Fully launched the web-based version of the California Emissions Estimator Model (CalEEMod), a tool used statewide to draft the air quality and climate sections of an environmental document, with information learned in the aforementioned CAPCOA Handbook

Transportation and Climate Change (continued)
Created custom guidance and fact sheets for local jurisdictions to implement cool city strategies to reduce the impact of the urban heat island effect
Funded over 50 new low-emission and zero-emission vehicles and equipment as part of the Community Air Quality Grant Programs, deploying the latest innovative and transformative technology
Provided funding for 39 additional electric school buses, now totaling 175 EV buses in the Sacramento Region
Executed contracts with the Center of Sustainable Energy (CSE), EVgo, Sacramento Regional Transit, and SMUD to implement the Clean Cars 4 All program (CC4All) resulting in more than 100 EVSE installed at the homes of participants and over 600 participant awards
Partnered with PepsiCo to fund 18 zero-emission electric heavy-duty Tesla trucks with supporting infrastructure totaling \$5 million in the AB 617 community, bringing tremendous benefits to the disadvantaged communities most in need
Collaborated with AB 617 Steering Committee volunteers to develop the 2022 Community Air Quality Grant solicitation resulting in over 70 project applications totaling over \$50 million in requests for supporting infrastructure and to reduce air pollution from cars, trucks, tractors, buses, and other mobile sources in the Sacramento region
<i>Our Community CarShare</i> program continues to explore and expand within the District's disadvantaged communities to include several sites with charging stations and electric vehicles, including an option featuring a prepaid alternative transit options (ATO) card which allows CarShare participants to use transit and ride-hail services
Monitoring, Planning and Rules
Hosted collaborative steering committee meetings to continue work within the AB 617 community
Deployed the portable lab in the South-Sacramento Florin Community and sampled for both criteria and non-criteria pollutants
Deployed 200 low-cost sensors to schools and community members and conducted mobile monitoring within the city of Sacramento with a one-time investment from the Sacramento City Council
Started additional toxic and particulate sampling in the South Sacramento-Florin AB 617 community and North Sacramento Community using funds that were awarded through an EPA toxics grant
Submitted the 2022 Annual Network Plan to EPA
Maintained the District's NCore, PAMS, SLAMS, and special-purpose monitoring stations
Started the Del Paso Manor air monitoring station replacement project
Continued to work on the regional ozone plan for the federal 2015 Ozone NAAQS of 70 ppb
Performed 62 facility emissions 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 and reported emissions to CARB
Updated area source emission inventories and submitted them to CARB
Provided five loans of emission reduction credits to Sacramento area businesses and renewed 32 loans
Adopted Rule 307 Clean Air Act Penalty Fees

Engineering and Compliance
Issued 245 Authority to Construct permits and 306 Permits to Operate (for FY 21/22)
Developed 26 Best Available Control Technology determinations
Incorporated AB 2588 reporting into the District's new Annual Reporting program. The District received annual reports for 2,650 permits for the 2022 data reporting year. Screened toxics data for 846 diesel engines and 164 gasoline dispensing facilities
Enforced 27 wood-burning curtailment days for the Check Before You Burn (CBYB) program and responded to 180 fireplace, woodstove, and open burn complaints during the 2022 CBYB season
Conducted a total of 3,323 stationary source inspections (2022 calendar year)
Responded to 652 public complaints (2022 calendar year)
Successfully resolved more than 99% of 94 issued violations through the Mutual Settlement Program (2022 calendar year)
Reviewed and processed 1,540 asbestos notifications, which included 139 demolitions, 256 asbestos abatement projects, and 10 naturally occurring asbestos dust mitigation plans and geologic evaluations (2022 calendar year)
Funded two Supplemental Environmental Projects that provide funding to community organizations to help improve air quality and health in local communities for a total of \$142,500
Issued 92 agricultural burn permits for a total of 5,020 acres and approved 642 acres of pruning and other wastes for under the Ag Burn program. Made daily burn day determinations, of which 124 were permissive burn days and 27 were restrictive burn days (2022 calendar year)
Continued efforts to reduce greenhouse gas and criteria emissions from oil and gas producing sites by enforcing the State Oil and Gas regulation
Continued development of the annual emission reporting structure and integration into the AiriA software system to collect data from all permitted sources to comply with State Criteria and Toxics Reporting Regulation
Initiated work with a contracted vendor to replace the permitting and compliance and billing databases with a custom-built comprehensive enterprise software solution – AiriA

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)

	2013	2014	2015 (a)	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ -	\$ -	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580	\$ 98,462	\$ 131,192	\$ 136,174
Restricted	11,350,172	10,998,388	10,287,274	8,796,696	8,061,391	7,811,623	9,572,931	12,588,465	13,459,160	15,861,715
Assigned	320,000	320,000	320,000	320,000	320,000	320,000	2,607,673	1,737,431	3,013,705	1,696,179
Unrestricted	-	792,734	1,395,878	1,798,521	1,737,137	2,043,980	-	2,298,950	1,059,724	2,709,059
Total General Fund	\$ 11,670,172	\$ 12,111,122	\$ 12,158,262	\$ 11,086,892	\$ 10,308,730	\$ 10,577,983	\$ 12,333,184	\$ 16,723,308	\$ 17,663,781	\$ 20,403,127
Special Revenue Fund (b)										
Restricted	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856	\$ 54,960,056
Total Special Revenue Fund	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856	\$ 54,960,056

Notes: (a) GASB Statement 54 replaced the categories that previously had been used to classify fund balance. This schedule reclassifies non-spendable from restricted per that statement.
 (b) The Special Revenue Fund was previously referred to as the Emission Technology Fund.

Source: Annual Comprehensive Financial Report: Balance Sheet – Governmental Funds

Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2013	2014	2015	2016	2017	2018
REVENUES						
Sales Tax	\$ 7,929,307	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	25,879,092	10,507,331	14,342,930	15,445,047	9,232,418	13,718,592
Licenses/Permits	6,015,064	6,741,800	7,416,470	7,646,441	8,001,079	8,395,134
Use of Money/Property	193,112	18,965	60,372	(31,188)	226,170	1,004,824
Total Revenue	\$ 40,016,575	\$ 25,603,010	\$ 30,353,348	\$ 32,051,002	\$ 26,600,812	\$ 32,304,454
EXPENDITURES						
Current:						
Stationary Sources	\$ 5,758,644	\$ 5,741,059	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548
Mobile Source	28,394,103	11,475,645	14,932,141	11,367,756	11,916,194	8,048,476
Program Coordination	3,780,971	3,832,332	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	3,684,435	3,770,076	3,918,802	4,517,235	4,168,340	4,861,221
Capital Outlay	290,995	259,652	239,283	529,002	322,275	200,510
Total Expenditures	\$ 41,909,148	\$ 25,078,764	\$ 29,050,073	\$ 27,487,084	\$ 27,940,793	\$ 24,219,871
Excess (Deficiency) of Revenue over Expenditures	\$ (1,892,573)	\$ 524,246	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583
OTHER FINANCING SOURCES (USES)						
Gain on sale of capital assets	-	-	16,270	-	-	-
Net change in fund balances	\$ (1,892,573)	\$ 524,246	\$ 1,319,545	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583

Note: For the Fiscal Year Ending 06/30/2019, activity categories were redefined. Therefore, this page includes the six-year period ending 06/30/2018. See the next page for fiscal years subsequent to 06/30/2018.

Source: Annual Comprehensive Financial Report: Changes in Fund Balances – Governmental Funds

Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2019	2020	2021	2022
REVENUES				
Sales Tax	\$ 1,940,485	\$ 1,938,341	\$ 2,264,451	\$ 2,551,772
Intergovernmental	27,729,654	39,318,096	36,193,700	15,288,362
Fees and Licenses	8,109,883	8,823,399	8,484,401	8,765,312
Use of Money/Property	1,340,691	1,844,719	421,100	106,174
Total Revenue	\$ 39,120,713	\$ 51,924,555	\$47,363,652	\$26,711,620
EXPENDITURES				
Current:				
Business Compliance	\$ 6,771,994	\$ 6,579,044	\$ 7,334,384	\$ 7,868,485
Air Monitoring	3,545,919	3,798,537	3,698,370	3,687,463
Sustainable Land Use	2,347,083	2,383,320	2,571,041	2,226,768
Clean Transportation and Mobility Innovation	18,826,749	18,820,962	14,022,933	8,615,440
Community Health Protection	2,067,758	2,198,364	2,142,385	1,993,961
Capital Outlay	114,569	507,044	397,461	253,957
Total Expenditures	\$ 33,674,072	\$ 34,287,271	\$30,166,574	\$24,646,074
Net change in fund balances	\$ 5,446,641	\$ 17,637,284	\$17,197,078	\$ 2,065,546

Note: For Fiscal Year Ending 06/30/2019, activity categories were redefined. Therefore, this page includes the four-year period after 06/30/2018. See the prior page for fiscal years prior to 06/30/2019.

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

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
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
20-21	16,378,640	6,795,570	984,500	(1,721,108)	22,437,602
21-22	16,681,622	7,649,772	1,127,000	(1,332,812)	24,125,582

Note: The budgeted expenditures represent the adopted budget adjusted for Board approved amendments, if applicable, based on new or modified expenditures.

Source: Approved Budget General Fund 100 – Summary of Revenues, Expenditures and Budgeted Fund Balances

Schedule of General Government Expenditures by Major Object (Actual)

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
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
20-21	14,924,266	4,830,240	394,643	(1,420,507)	18,728,642
21-22	15,231,426	4,710,878	253,957	(1,442,924)	18,753,337

Source: Annual Comprehensive Financial Report: Budgetary Schedules at Legal Level of Budgetary Control – General Funds

Schedule of General Government Revenues by Source

Fiscal Year	Taxes (a)	Intergovern- mental (a)	Licenses/ Permits	Use of Money & Property	Other	Total
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
20-21	2,264,451	8,678,334	8,484,401	195,224	49,530	19,671,940
21-22	2,551,772	9,591,877	8,765,312	540,764	42,958	21,492,683

Notes: Before FY2019, the DMV surcharge was included in the Taxes revenue category. Starting in FY2019, the DMV surcharge is more appropriately classified as Intergovernmental revenue.

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

Permit Revenue

Year	Active Permits (a)	Actual Revenue (b)
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	6,197,766
2020	4,437	7,231,406
2021	4,434	6,977,427
2022	4,446	7,045,970

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 2013-2018. Annual permit revenue from Revenue by Payment Type report from Tyler New World (NW) system for FY2019 forward. NW Report on Receipts by Payment Code Report for the reporting FY with the following status: Posted; Report Detail: Detail; Selected Payment Code(s): RNW (Air Toxics, Permit, Reinspection, Source Test & Title V).

Source: Sacramento Metropolitan Air Quality Management District

Full-Time Equivalent Employees as of June 30

Classification	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administrative Assistant I/II	2.0	2.0	2.0	2.0	2.0	-	-	-	-	-
Administrative Specialist I/II	-	-	-	-	-	2.0	2.0	2.0	3.0	3.0
Administrative Supervisor/Clerk of the Board	-	-	-	-	-	1.0	1.0	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	19.5	19.5	19.5	20.5	20.5	20.5	19.5	19.5	15.5	16.5
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	5.5	5.5	5.0	3.0
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	10.0	10.0	10.0	11.0	11.0	10.0	10.0	10.0	10.0	11.0
Air Quality Specialist	18.6	18.6	18.6	18.6	18.6	19.6	18.6	18.6	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	-	-	-	-	-
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.0	1.0
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	3.0	3.0	4.0	4.0	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	-	-	-	-	-
Financial Analyst	1.0	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	-	-
Human Resource Assistant I/II	2.0	2.0	2.0	2.0	2.0	-	-	-	-	-
Human Resource Technician I/II	-	-	-	-	-	2.0	1.0	1.0	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	-	-	-	-	-	-
Information Systems Analyst	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Information Systems Manager	-	-	-	-	1.0	1.0	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	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Program Coordinator	12.0	12.0	12.0	12.0	12.0	-	-	-	-	-
Program Manager	-	-	-	-	-	5.0	5.0	5.0	5.0	5.0
Program Supervisor	5.0	5.0	5.0	5.0	5.0	12.0	12.0	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
Subtotal Funded Positions	93.0	93.0	94.0	96.0	97.0	98.0	99.5	99.5	94.1	94.1
Administrative/Legal Analyst	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Air Quality Engineer	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	5.0	4.0
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	-	-	0.5	-
Air Quality Planner/Analyst	1.0	1.0	1.0	-	-	1.0	-	-	-	-
Air Quality Specialist	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	2.0
Communication & Marketing Specialist	-	-	-	-	-	-	-	-	1.0	1.0
Division Manager	1.0	1.0	-	-	-	-	-	-	-	-
Human Resource Technician I/II	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Office Assistant I/II	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Program Coordinator	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Program Supervisor	-	-	-	-	1.0	1.0	-	-	-	-
Subtotal Unfunded Positions	9.0	9.0	8.0	6.0	5.0	5.0	3.0	3.0	8.5	8.0
Total Funded + Unfunded Positions	102.0	102.0	102.0	102.0	102.0	103.0	102.5	102.5	102.6	102.1

Source: Approved/Amended Budget

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 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 the 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 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 the 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 performs 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). An Annual Comprehensive Financial Report (Annual Report) will be prepared each fiscal year 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 and Personnel Committee of the Board that analyze and evaluate financial performance, and forward them 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 that apply to all employees
- Other internal controls practices, including segregation of duties in accounting functions; account reconciliation and analysis; physical and inventory controls; hiring and termination checklists; security controls to protect against unauthorized access to systems, networks and data; 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 to maintain 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 the achievement of their maximum useful life. A capital asset is defined as land, building structures, leasehold improvements, vehicles, equipment, machinery, furnishings, or other property having a value over \$5,000 and intended for long-term use. Leases will be accounted for under the guidelines established by the GASB.

Capital 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 one year or more. All items with an original value of \$5,000 or less, or with an estimated useful life of less than one year, 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 approve 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 that 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 sub-recipients 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 sub-recipients 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 sub-recipients 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. Finally, the District will periodically complete a sub-recipient risk assessment to guide oversight efforts.

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 are collected from growers and other agricultural interests to partially fund the District's Agricultural Burn Permit program.

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 and contractors undertaking demolitions or renovations subject to regulation under the District's asbestos rules. Fees generate revenues used for the review of abatement plans, site inspections, complaint responses, and enforcement case development.

Assembly Bill 197 Emission Inventory (AB 197) — State funds provided to the District to review facility information and emission data.

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

City of Sacramento Air Monitoring Program — Funds provided by the City of Sacramento to be used for the deployment of portable air quality monitors, and a one-time air monitoring program that includes street-level mobile air quality monitoring and related outreach, research, and education in underserved communities.

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 California Air Resources Board (CARB), this program conducts stakeholder and community outreach in impacted communities (designated by CARB) 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 California 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.

Community Air Protection Program Incentives (Enhanced) — Funds received through the authorized sale of salvaged vehicles turned in through the Community Air Protection Incentive program. Revenue from the vehicle sales is reintroduced into the Community Air Protection Program to continue funding vehicles.

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 the federal SECAT program.

Congestion Mitigation and Air Quality Improvement (CMAQ) Match — Financial support from neighboring 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 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 benefits 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, land-use programs, and development and maintenance of AIRS data.

Funding Agriculture Replacement for Emission Reductions (FARMER) Program — California State grants, funded by the Greenhouse Gas Reduction Fund, and overseen by the California Air Resources Board, are appropriated for this program to replace old agricultural equipment with cleaner agricultural equipment.

Funding Agriculture Replacement for Emission Reductions (FARMER) - Enhanced Program — Funds received through the authorized sale of salvaged vehicles turned in through the FARMER program. Revenue from the vehicle sales is reintroduced into the FARMER program to continue funding vehicles.

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

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

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

Prescribed Burn Reporting and Monitoring Support — The program provides resources to enhance the District's smoke management program by increasing regulation, outreach, and reporting of prescribed fires in Sacramento County.

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 California Air Resources Board 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 the 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) Program — 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 Program — 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.

SB1 Building Handbook and CalEEMod — Funded by a 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 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 a Request for Proposals, additional emission reductions to be secured.

Renewal Fees — Process ERC renewals, oversee ERC contracts and operate SEED. 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 the 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 Grants (TAG) — Federal EPA grants under the Non-Attainment Area Community Airshed Grant program to fund projects in neighboring air Districts to reduce particulate matter emissions within our non-attainment region. The District is the recipient of the grant funds and distributes funds to the sub-recipients.

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 Grant — 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 develop community-scale emission inventories.

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

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 revenue sources (including fund balance reserves).

Bond Premium — Amount of bond proceeds above the face value of the bond.

Budget — A financial plan for a defined period, usually a year that summarizes planned expenses, revenues, and resources.

Capital Expenses/Expenditures — Property of any kind, tangible or intangible, with a cost equal to or greater than \$5,000 and 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.

Annual Comprehensive 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 debt (borrowed money), generally according to a predetermined payment schedule.

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

Employee Services — The personnel costs of the District, including salaries, wages, 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 generally divided into various categories such as employee services, services and supplies, debt service, and capital improvements.

Federal Fiscal Year (FFY) — A 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 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 permit 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 — 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.

Nitrogen Oxides (NOx) — 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 Distribution — EPA Grants — Amounts paid to an Environment Protection Agency grant sub-recipient 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. Also known as an Internal Service Fund.

Special Revenue Fund (500) — Records the proceeds from certain revenue sources that have expenditure 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's 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, supplies, rent, utilities, equipment, etc.

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.

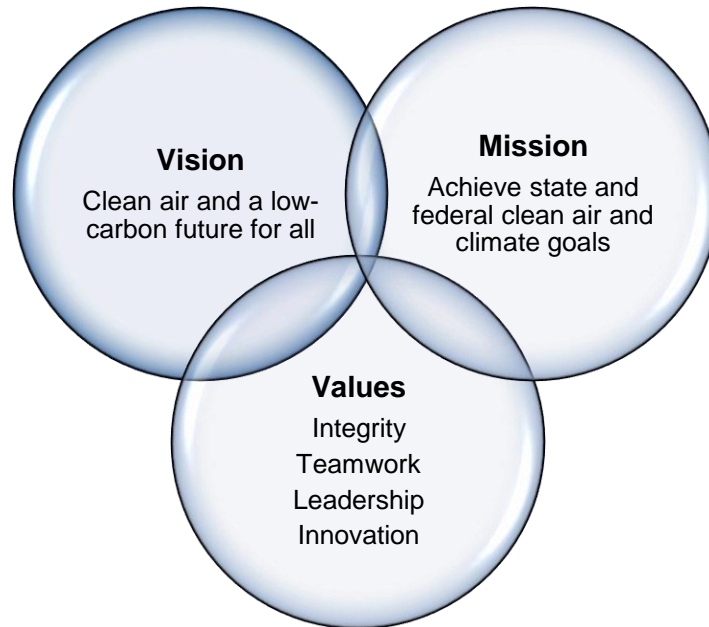
Variance — The difference between the budgeted or baseline amount of expense or revenue, and the actual amount.

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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