

PROPOSED BUDGET

FISCAL YEAR 2019/20



SACRAMENTO METROPOLITAN



SACRAMENTO, CALIFORNIA

PROPOSED BUDGET

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2019/20 BUDGET

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July 1, 2018

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, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

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

FY 2019/20 Budget was prepared by the Administrative Services Division
Finance section in conjunction with District Staff

Division Manager
Jamille Moens

*The electronic version of the Proposed 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 23, 2019

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

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

We respectfully present the Fiscal Year 2019/2020 (FY19/20) Proposed Budget for the Sacramento Metropolitan Air Quality Management District (District). The Proposed Budget is balanced and reflects a total for FY19/20 of \$59.4 million, including \$23 million for the General Fund, \$1.1 million for the Proprietary Fund, and \$35.3 million for the Special Revenue Fund. The FY19/20 Proposed District Budget is a net increase of \$13.3 million from the FY18/19 Approved Budget with a \$1.2 million increase in the General Fund, \$93,068 increase in the Proprietary Fund and \$12 million increase in the Special Revenue Fund.

We qualify the general outlook for our agency as cautiously optimistic. Conditions affecting the District for the next fiscal year are expected to be similar to the current year. We continue to rely primarily on permit fees, vehicle registration fees, a local measure, and state and federal grants to fund the District's operations. However, the rising costs of doing business and the lack of full cost-recovery for many of our programs create ongoing pressures on these funds. The District's five-year forecast continues to identify some significant funding gaps between revenues and expenditures, which will require prompt attention by our Board of Directors. Additional resources in the near-term will be needed in order to fulfill new state mandates. Furthermore, lack of continuous appropriations for several of our most important programs puts a significant strain on our budget. All this requires our District to regularly track and make budget adjustments. For example, the Sacramento Emergency Clean Air and Transportation (SECAT) program has been one of our most important tools for achieving cost-effective emission reductions toward attainment of the National Ambient Air Quality Standards (NAAQS). It is a block grant to the District administered by Caltrans under the guidance of the Federal Highways Administration as part of the Congestion Mitigation and Air Quality Improvement grants. Unfortunately, SECAT funding is expected to sunset in the near future and no new permanent replacement source has been identified to date. Last year, the District successfully competed for new funding for SECAT under the Sacramento Area Council of Government's (SACOG) Green Region Initiative. However, that was only a one-time allocation to kick-start new mobility programs in the region. In addition, local programs such as SECAT are a critical source of local match funding. Without a local match, we risk not being able to compete and attract new state dollars for emission reductions.

In contrast, there are some exciting new opportunities emerging in our region. The most important is the new statewide Community Air Protection Program. Assembly Bill 617 (AB 617, C. Garcia, Chapter 136, Statutes of 2017) created this program, which is a paradigm shift in air quality management in California. It calls for new state and local programs to address the health burdens from exposure to highly localized air pollution more effectively in low-income and disadvantaged communities, which have been most disproportionately impacted. The program launches several new requirements for Air Districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. The State has identified the South Sacramento-Florin community as our inaugural AB 617 community. Perhaps most importantly, AB 617 facilitates state funds for financial incentives (i.e., subsidies for cleaner technology) that can be targeted to reduce specifically the emissions affecting AB 617 communities. Last year, the State allocated nearly \$250 million for incentives and, in the current fiscal year, Governor Newsom has proposed a similar amount in his first state budget for more incentives. For our District, the sum of all existing programs translates into a portfolio of programs approximating \$45 million that we anticipate to deploy into our region for FY19/20. These incentives are intended primarily for achieving some sorely needed emission reductions towards NAAQS attainment, but they can also help the region advance its broader economic and social goals.

Another exciting trend for our District is the emergence of the greater Sacramento Valley region as a leading hub for future mobility and the transition to sustainable transportation energy. Autonomous and connected vehicle pilot deployments, electric "shareables" (scooters, bicycles, electric vehicles), widespread efforts for zero emission vehicle electrification and infrastructure, optimized and innovative transit, and new meaningful commitments to accelerate and expand climate action are but a few of the various exciting developments in the capital region. These innovations are flourishing thanks to strategic and coordinated public and private investments expected to result in not only better transportation, but also better mobility for our residents. The District efforts are complimentary to

Electrify America's (EA) Green Cities initiative for Sacramento, enabled by the Volkswagen settlement. EA is supporting many efforts modeled after our District's programs like community car sharing at low-income and disadvantaged communities. A key guiding principle for clean air and low-carbon development in the District is the goal of active transportation - becoming less internal combustion car dependent and, when needed, having zero emission electric battery or fuel cell vehicles options. The State has continually made some important California climate investments in our District for many cutting-edge efforts such as our very successful and first-in-the-state Car Share/Ride Hail Program, an upcoming and unique Clean Cars 4 All Program, and Agricultural Vehicle Emission Reduction Program. These programs very effectively compliment local efforts helping businesses and residents become a part of the clean air and climate solutions for which California is well known.

Improved coordination and preparation in the District for the next air pollution emergency created by wildfire smoke is also a top priority in the coming year. The air pollution effects seen in the Sacramento Valley last November from the deadly Camp Fire in Butte County gave rise to an urgent need for tighter coordination in the region by all entities involved in response. New legislation introduced in the current session (AB 661, K. McCarty, Wildfire Smoke Air Pollution Emergency Plan) calls on our District to work in coordination with the Sacramento County Health Officer and other entities to develop a plan for improved coordination and access to information related to responding to a future and similar wildfire air pollution event. The District intends to begin work on the requirements of this new legislation as soon as state resources are identified and allocated.

The District will continue strong advocacy in FY19/20 to ensure future progress on reducing fossil combustion emissions for air quality. With a growing demand in our District anticipated from many and more conventional shovel-ready projects that will outstrip available funding, the District continues to work collaboratively with our public and private partners to bring additional state funds to the region. In partnership with other Air Districts in the region, we have identified a need for emission reduction projects on the order of \$35 million per year for the next ten years. The funding can be used for cleaner trucks, farm tractors, school buses, locomotives, and other vehicles and equipment. Bringing charging and fueling infrastructure for near-zero and zero emission vehicles for heavy-duty applications in both private and public fleets is also a key opportunity for our District. The District also supports and promotes climate adaptation related activities such as the Alliance of Regional Collaborative for Climate Adaptation and the Capital Region Climate Readiness Collaborative. Thanks to a state research grant, we are currently conducting important new research to understand the urban heat island effects in the region and possible adaption measures.

The District is also concerned with the rollback of environmental protections by the federal government. Of particular concern is the anticipated rollback of Corporate Average Fuel Economy (CAFE) and greenhouse gas (GHG) emission standards for passenger cars and light trucks expected to be finalized this summer by the National Highway Traffic Safety Administration (NHTSA) and the U.S. Environmental Protection Agency. This federal action is also expected to challenge California's unique authority granted in the federal Clean Air Act to set its own emission standards. Mobile sources are the largest source of air pollution. After surpassing the power sector three years ago, the transportation sector is now the largest source of GHG emissions in the U.S. These actions will threaten the District's ability to advance towards NAAQS attainment and, by association, the region's ability to achieve transportation conformity for an approvable metropolitan transportation plan and its associated funding. Most importantly, the expected federal action is ill conceived because consumers are not interested in going back to gas-guzzlers, our environment cannot afford these rollbacks, and the auto industry will not benefit from lagging on cleaner technology innovation behind China, Europe, and Japan.

In terms of administrative services, we are also trying to keep up with the pace of technology. The District is continuing major initiatives to improve information technology and financial systems that will generate greater work efficiencies, enhance transparency, and provide a better service to our stakeholders. These efforts are expected to continue through FY19/20. One of our core functions is ambient air monitoring. Thus, the District is also replacing and updating aging infrastructure (monitoring stations and instruments) in our air monitoring network and keeping up with evolving science and trends such as the emergence of new low-cost sensors for saturation monitoring at the hyper-local level.

The District benefits from a number of important and growing regional partnerships that support and extend our capabilities and effectiveness for reaching our clean air and climate goals. Of particular note is the District's greater engagement with community based organizations thanks in part to the new AB 617 efforts. Furthermore, our intent is to continue to promote greater cooperation with sister agencies like Sacramento Transportation Authority, Sacramento Housing and Redevelopment Agency, SACOG, and Sacramento Regional Transit. We are also continually working to enhance our initiatives with key partners such as Sacramento Municipal Utility District, the Sacramento Plug-in Vehicles Collaborative, the Cleaner Air Partnership managed by Valley Vision, Breathe California Sacramento Region, WalkSacramento, the Sacramento Area Bike Advocates, and the Sacramento Clean

Cities Coalition. These partnerships bring significant value to the District's actions by enhancing and expanding the projection of our clean air programs in the region.

In closing, I am confident that the District is moving forward in the right direction. The challenges ahead will not detract the highly committed professionals on our staff from continuing their work in support of our goals. With the support and leadership of our Board, I know we can become a leading agency that attracts, retains, protects, and energizes talent to enable our agency to successfully navigate the challenges and opportunities in the new fiscal year and put us on a path to continue to advance our vision of clean air for all and a low-carbon future.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Alberto Ayala".

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

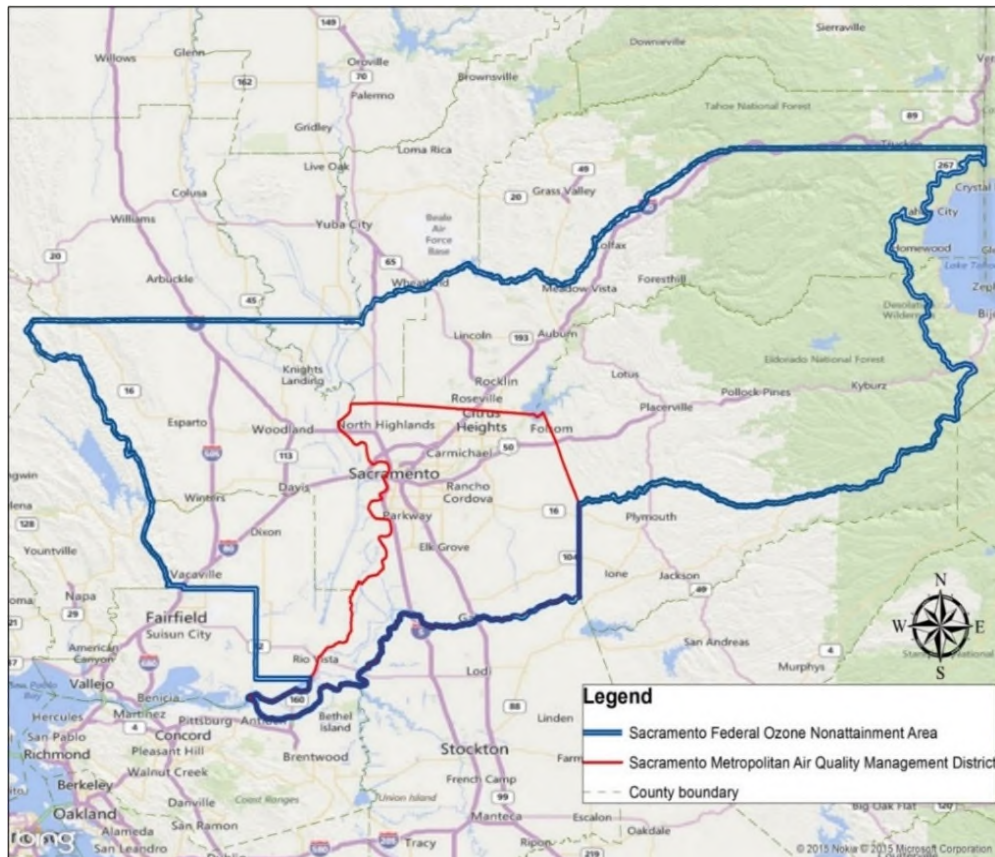
SECTION 2 - Budget Overview

The District is pleased to present its FY19/20 Proposed Budget. The Budget Overview section provides a profile of the District, a summary of the FY19/20 Proposed Budget, and a description of the District’s strategic direction, performance measures and key initiatives. This section also includes information on the District’s transition to a new financial system and a discussion of the factors affecting the District’s financial condition. The FY19/20 Proposed Budget totals \$59.4 million and includes 102.5 total authorized full-time equivalent (FTE) positions with 99.5 funded and 3 unfunded. The General Fund totals \$23 million, Proprietary Fund totals \$1.1 million, and Special Revenue Funds total \$35.3 million.

DISTRICT PROFILE

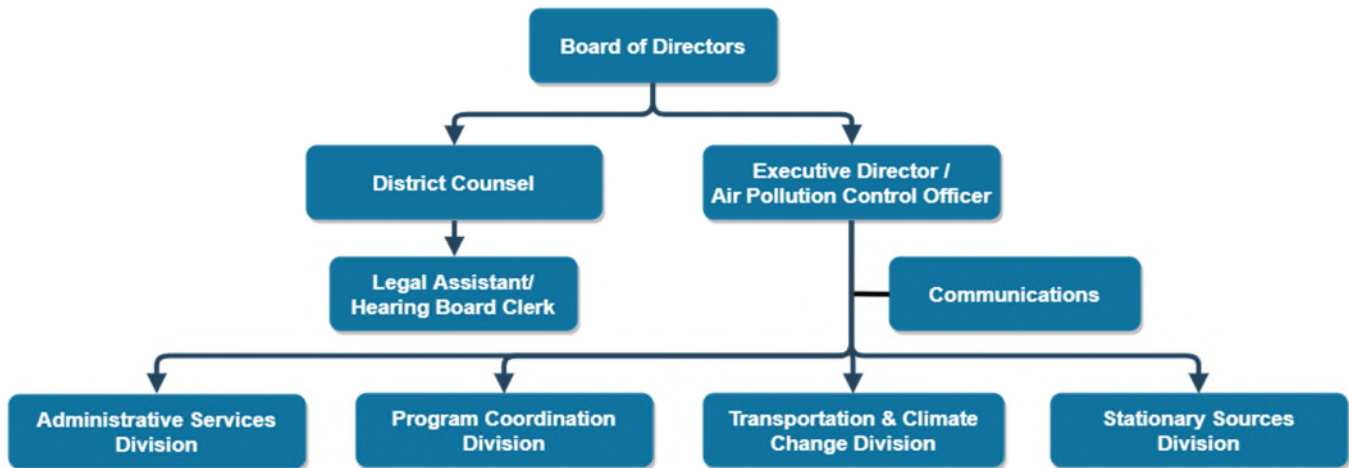
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air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

Map of the Sacramento Federal Ozone Nonattainment Area



The District’s Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member each from the cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency’s Executive Director/APCO and District Counsel. The District’s organizational structure is comprised of six divisions as shown in the following organizational chart. Additional information can be found in Section 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), progress has been made even as standards have tightened. In spite of a huge increase in population over the last two decades, the Sacramento region’s air quality has continued to improve.

Sacramento County’s population of approximately 1.5 million, as of July 2018, represents roughly 63% of the SFNA’s population of approximately 2.4 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA and the makeup of the SFNA (by percent) by county.

Population in Sacramento Federal Ozone Nonattainment Area

County	SFNA portion of the County	Population		County in SFNA/Total SFNA ²
		County ¹	SFNA/County	
El Dorado	156,864	188,993	83%	6.5%
Placer	377,376	389,047	97%	15.5%
Sacramento	1,534,893	1,534,893	100%	63.2%
Solano	136,236	439,472	31%	5.6%
Sutter	3,554	98,735	4%	0.1%
Yolo	221,557	221,557	100%	9.1%
Total	2,430,481	2,872,697	-	100.0%

¹ 7/1/2018 estimate from California Department of Finance Demographic Research Unit <http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-2/index.html> on 01/18/2019.

² Percentage values are rounded to 1 decimal point

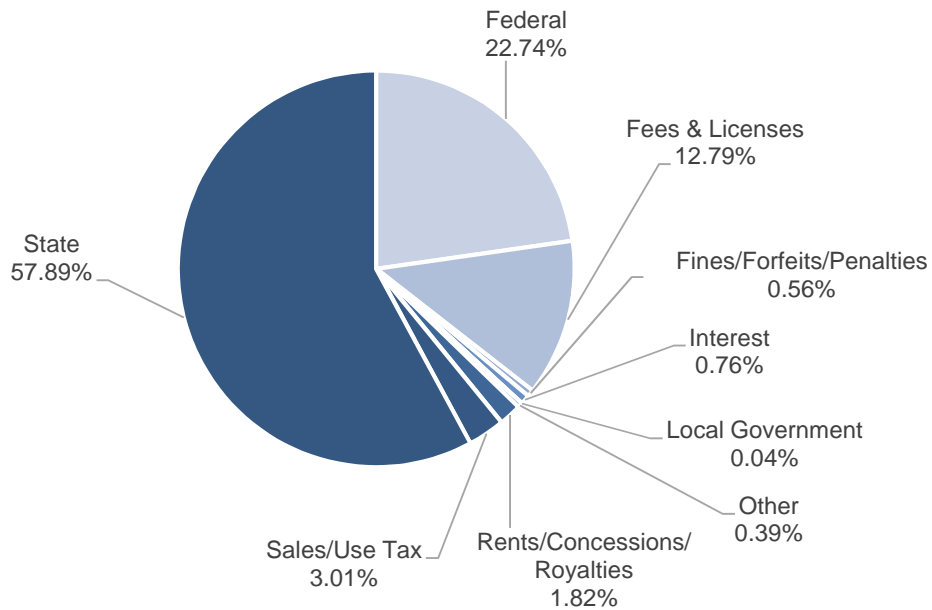
A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains, and sunny days can act to enhance smog formation and effectively trap pollutants in the Sacramento Valley Basin. The Sacramento region has relatively few “smokestack” industries (stationary sources) compared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

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

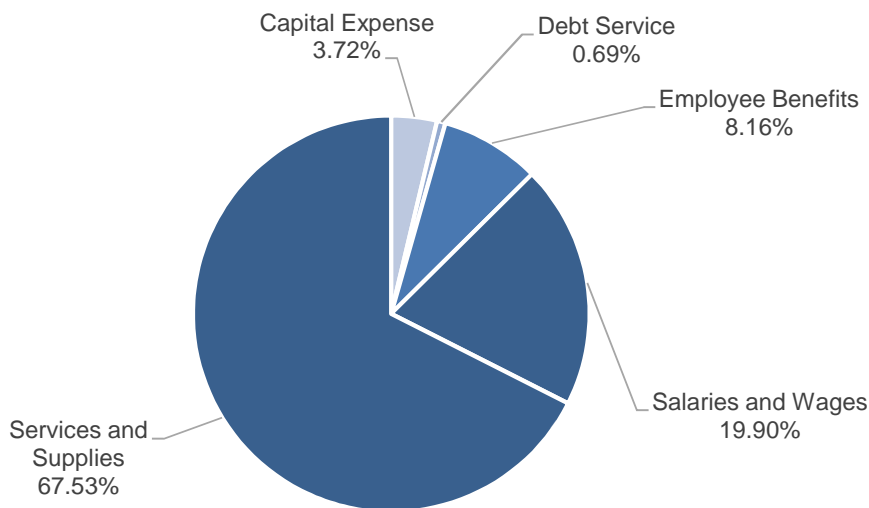
DISTRICT BUDGET SUMMARY

The Board is required to adopt an annual budget by July 1 of each fiscal year, with the annual budget serving as the foundation for the District’s financial planning and control. FY19/20 Proposed Budget totals \$65.5 million in revenue and \$59.4 million in expenditures, and includes 102.5 total authorized full-time equivalent (FTE) positions with 99.5 funded and 3 unfunded. Below are charts detailing the revenues and expenditures by classification as a percentage of the total FY19/20 Proposed District Budget.

District Budget – Revenues by Classification (\$65.5 million)



District Budget – Expenditures by Classification (\$59.4 million)



The following table is a summary of the FY19/20 Proposed District Budget by fund:

District Budget by Fund

Fund	FY18/19 Approved Budget	FY19/20 Proposed Budget	Variance
General (100)	\$19,349,440	\$20,002,534	\$653,094
Covell Building Proprietary (400)	1,073,637	1,224,965	151,328
Special Revenue (500)	33,080,129	44,232,788	11,152,659
Total Revenues	\$53,503,206	\$65,460,287	\$11,957,081
General (100)	\$21,756,895	\$22,966,789	\$1,209,894
Covell Building Proprietary (400)	1,063,744	1,156,812	93,068
Special Revenue (500)	23,280,728	35,350,305	12,069,577
Total Expenditures	\$46,101,367	\$59,473,906	\$13,372,539
Current Surplus/(Deficit)	\$7,401,839	\$5,986,381	\$(1,415,458)

The Proposed 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 notable changes in revenues and expenditures in the FY19/20 Proposed Budget from the FY18/19 Approved Budget for the General and Special Revenue funds are listed below.

General Fund

- Increase State revenue mainly in Community Air Protection Program Assembly Bill (AB) 617 of \$700,000
- Increase Measure A sales/use Tax revenue of \$103,647 based on Sacramento Transportation Authority (STA) budget
- Decrease Local Government revenue of \$100,000 due to realignment to Sacramento Emergency Clean Air Transportation (SECAT) funds from Local Government to Other revenue account
- Increase \$79,168 in interest revenue in prior year Sacramento County had retained interest to recover prior overpayment. Increase of \$741,300 in Capital Expenses mainly due to the scheduled replacement of air monitoring stations, aging air monitoring equipment, and replacement of aging fleet vehicles for Stationary Sources
- Increase of \$876,465 in Employee Services expenditures due to 2.4% Cost of Living Adjustment (COLA), and an increase in retirement and group insurance cost
- Decrease in Professional Services of \$2.6 million as contract budgets were reallocated to more representative expense accounts; the majority of the Services & Supplies savings in FY19/20 is a result of an overall reduction in contracts

Covell Building Proprietary Fund

- Increase \$31,000 in interest revenue due to reinvestment with LAIF
- Net increase of \$72,500 in Capital Expenses includes replacement of five furnaces, accessibility updates, entry modifications including replacement of first floor entry doors and installation of fire-rated interior vision panels on all three floors.

Special Revenue Fund

- Increase in Federal revenue, FHW SECAT Phase III of \$5.7 million due to the SECAT Green Region project
- Increase of \$11.7 million in Cap-and-Trade Greenhouse Gas Reduction Fund (GGRF) and Community Air Protection Program AB 134, and a decrease of \$6.3 million in Goods Movement Emission Reduction

Program (GMERP) Locomotive due to partial grant completion in FY18/19 for a net increase in State revenue of \$5 million

- Increase \$330,000 in interest revenue due to reinvestment with LAIF and the accounting treatment of recognizing incentive grant administration revenue in the Special Revenue Fund.

Staffing

The District proposes a status quo staffing plan as shown in the table below. The Position Budget was amended in January 2019 and again in March 2019 to establish Limited-term positions given the uncertainty of future funding for core District programs and new projects. No change to the FY19/20 Position Budget is being proposed. The following table reflects the FY18/19 resolution action of the Board of Directors for District positions.

Proposed Position Changes

Budget Status	Appointment	FY18/19 Approved	Amended January 2019	Amended March 2019	FY19/20 Proposed
Funded	Regular	95	92	92	92
	Limited-term	3	1	7.5	7.5
Total Funded		98	93	99.5	99.5
Unfunded	Regular	5	9.5	3	3
Total Unfunded		5	9.5	3	3
Total		103	102.5	102.5	102.5

STRATEGIC DIRECTION

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

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

PERFORMANCE MEASURES

The District tracks select performance measures. These metrics provide broad measures of the District's effectiveness, efficiency, timeliness, and productivity in critical activities. While key initiatives may change from year to year, performance measures generally reflect progress in core business operations over multiple years. Most performance measures require multi-divisional participation and, in many cases, one performance measure supports multiple strategic goals; therefore, the performance measures are included in this section rather than in the Organizational Overview. The following table lists key performance measures:

FY19/20 Performance Measures

Performance Measures	FY17/18 Actual	FY18/19 Projected	FY19/20 Target
Update 33% of Area Source Methodologies	Yes	Yes	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	2	4	3
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter (Monitoring Sites)	5yes/2no ¹	4yes/3no ²	6yes/1no ³
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	>94%	>93%	95%
Percentage of Permits to Operate Issued within Two years of Obtaining an Authority to Construct (excluding extended and re-instated ATCs)	>99%	100%	100%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process	93%	>95%	>98%
Percentage of Annual Inspections Completed (Federal Fiscal Year)	55%	70%	100%
Perform 100% On-Site Audits of Participating Wood Change-Out Retailers	Yes	Yes	Yes
Perform 5% On-Site Random Audits of Wood Change Outs	Yes	Yes	Yes
Provide Confirmation Letter for Construction Mitigation Plans within Four Business Days of a Complete Submittal	100%	100%	100%
Number of LUTRAN Newsletters Published Each Year	4	4	4
Notify Media and Public the Day Before Every Declared Spare The Air Day	100%	100%	100%
Provide Daily Air Quality Forecast Public Everyday by Noon	100%	100%	100%
Encumber 100% of Current Allocation-Year Moyer Funds by June 30 of the Allocation Year	100%	100%	100%
Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year	100%	100%	100%
Perform a 5% On-Site Random Annual Audit of All Operational Incentive Projects	100%	100%	100%
Non-Retirement Employee Annual Turnover Rate	≤5%	≤5%	≤5%
Percent of Planned Training Completed for All Staff	100%	100%	100%
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
Receive Unmodified Audit Opinion for the Comprehensive Annual Financial Report	Yes	Yes	Yes
Receive the GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes
Complete the Budget Year within the Approved/Amended Budget	Yes	Yes	Yes
Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting	0	0	0

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

² The Folsom-Natoma Air Monitoring Station will be replaced and data completeness will likely be impacted.

³ The Del Paso Manor Air Monitoring Station will be replaced and data completeness will likely be impacted.

KEY INITIATIVES

Strategic initiatives are programs and activities undertaken in direct support of the agency's mission and direction. The initiatives are developed, reviewed, and updated annually to ensure that the work of the District evolves as conditions change, adapting to new opportunities and challenges. Major FY19/20 District Initiatives are described below. They are similar to the previous year, with a few important new work streams. In addition, several key operational initiatives by program area are highlighted in Section 7 – Organizational Overview.

Advancing on the Region's Climate Actions

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

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

The District is also at the forefront of regional collaboration on adaptation and resilience. Strong collaborations and new research efforts are helping the District understand the role and importance of climate effects like extreme heat events. Previous studies have determined that the Sacramento region's most significant vulnerability to climate change is extreme heat. The District continues conducting studies to understand heat islands in the region and develop action plans. The District is also committed to support new efforts by various entities geared towards a comprehensive and coordinated regional climate strategy. Examples of emerging opportunities where the District intends to engage and contribute its unique perspectives on air quality, public health, and low-carbon development include: the Sacramento Municipal Utility District's (SMUD) recently adopted commitment to carbon neutrality by 2040 and its future California Mobility Center, the Sacramento and West Sacramento Mayors' Climate Commission and SACOG's Green Means Go pilot plan are.

Ambient Air Quality Attainment Goals

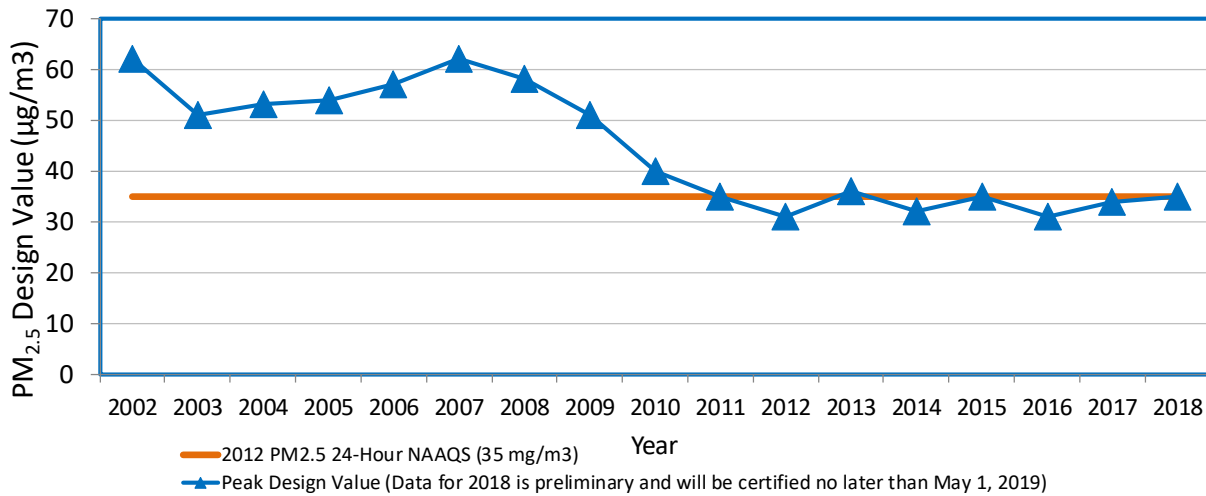
To fulfill the District's strategic goal for protecting public health, the District will continue to prioritize work toward attainment of the National Ambient Air Quality Standards (NAAQS). Since mid-2012, EPA has recognized that the Sacramento region has met two federal air quality standards: the 1979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

The District adopted the 1979 1-Hour Redesignation Substitution Request for the 1979 1-hour ozone standard, which showed the region has met this standard. This request was submitted to CARB to be forwarded to EPA. However, recent court action has raised questions for the appropriate process to satisfy the full statutory redesignation under the federal Clean Air Act. The District will continue to work towards being classified as attainment for this ozone standard.

In addition, effective June 9, 2017, EPA found that the Sacramento PM_{2.5} Nonattainment Area attained the 2006 24-hour PM_{2.5} National Ambient Air Quality Standard (NAAQS) by the attainment date of December 31, 2015 (82 FR 21711) as referenced above. Ambient daily PM_{2.5} concentrations from 2011 to 2017 have fluctuated very close to the health standard. Because of the wildfires in 2018, the District will only remain in attainment for the standard provided that the unusually high PM_{2.5} days were found to occur as a result of an exceptional event. The District will continue collaborating with its partner air districts, CARB and EPA to demonstrate that the air quality data were highly influenced by the wildfires and excluded for use in determining regulatory decisions. The following chart shows the District will remain in attainment if at least one day of air quality data impacted by wildfire that may have

regulatory impact is excluded. All efforts going forward will be focused on staying in attainment. Furthermore, it is clear the region will need to secure additional emission reductions whenever possible in order for particle pollution concentrations to begin to trend down. Key sources of particle pollution include the transportation sector and wood burning.

24-hour PM_{2.5} Design Value: SFNA (PM_{2.5}) (2002-2018)



Note: The SFNA (PM_{2.5}) was impacted by several major wildfires in 2018 and recorded unusually high PM_{2.5} concentrations. One (1) day that was affected by wildfires in 2018 may have regulatory impacts and may be requested to be excluded from regulatory determinations. That day was not included in calculating the preliminary design value for 2018.

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

A new paradigm is also emerging due to the unprecedented impact in the region from wildfire smoke. The November 2018 Camp Fire, approximately 90 miles north of Sacramento, resulted in record levels of particle pollution in the Sacramento region. For a couple of days during the two weeks the Camp Fire was burning, the Sacramento region suffered the worst air pollution in the world. Thus, improved coordination and preparation for the next air pollution emergency created by wildfire smoke is a top priority for the District in the coming year. The air pollution effects seen in the Sacramento Valley from the deadly Camp Fire gave rise to an urgent need for tighter coordination in the region by all entities involved in response. Recently introduced Assembly Bill 661(K. McCarty, Wildfire Smoke Air Pollution Emergency Plan) calls on the District to work in coordination with the Sacramento County Health Officer and other entities to develop a plan for improved coordination and access to information related to responding to a future similar wildfire air pollution events. The District intends to begin work on the requirements of this new legislation as soon as state resources are identified and allocated.

One important new work stream is the new statewide Community Air Protection Program. Assembly Bill 617 (AB 617, C. Garcia, Chapter 136, Statutes of 2017) created the Community Air Protection, which is a paradigm shift in air quality management in California. It calls for new state and local programs to address the health burdens from exposure to highly localized air pollution more effectively in the low-income and disadvantaged communities that have been most disproportionately impacted. The program launches several new requirements for Air Districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. The state has identified the South Sacramento-Florin community as the District’s inaugural AB 617 community. Perhaps most importantly, AB 617 designates state funds for financial incentives (i.e., subsidies for cleaner technology) that can be targeted to reduce, specifically, the emissions affecting AB 617 communities. Last year, the state allocated nearly \$250

million for incentives and, in the current fiscal year, Governor Newsom has proposed a similar amount in his first state budget for additional incentives. For the District, the sum of all existing programs translates into a portfolio of programs approximating \$45 million that we anticipate deploying into the Sacramento region for FY19/20. These incentives are intended primarily for achieving sorely needed emission reductions towards NAAQS attainment, but they can also help the region advance on its broader economic and social goals.

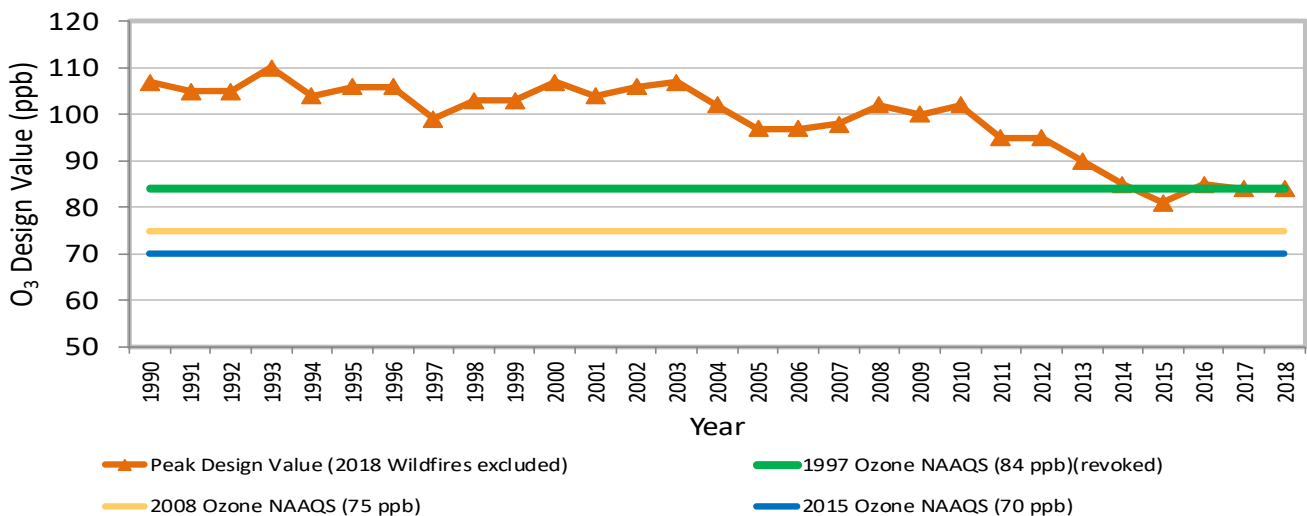
The District also has in place a successful, long-standing program of financial incentives for emission reductions. Over the last two decades, the District has administered hundreds of millions of dollars in state and local investments towards cleaner vehicles, engines, and equipment in the region. These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

In terms of ambient ozone pollution, since the early 2000s, the Sacramento region has experienced a decline in 8-hour ozone exceedances and in the ozone design values. The current federal standard for ozone (2015 NAAQS) is 70 parts per billion (ppb). The following graph shows the ozone design value for the peak monitoring site in the SFNA’s regional air monitoring network for each year and the general trend from 1990 to the present. The overall 29-year trend line indicates stubbornly stable concentrations for the first half of the period and an encouraging decline over the latter part, from 110 ppb (40 ppb above the standard) down to 84 ppb (14 ppb above the current standard). For 2018, the Sacramento region was impacted by numerous wildfires, where they caused unusually high ozone concentrations at the monitoring sites. Six days affected by wildfires in 2018 may have regulatory impacts and were not included in calculating the preliminary 2018 ozone design value. The impacts of wildfires to the region pose another challenge in attaining the ozone standards, especially when wildfires have become more frequent in the past years.

The continuation of the decline in ambient ozone concentrations in the capital region remains one of the most important priorities for the District. While the District has an approved attainment plan for the 2008 75 ppb ozone standard, challenging work remains ahead in order to make progress towards attainment of the most current and health-protective 2015 ozone standard.

The solution is continued reductions of ozone precursor emissions, namely NOx and VOCs, from familiar sources. For instance, the transportation sector is the single largest source of NOx emissions in the SFNA. Investments towards lower PM and cleaner vehicles and engines will yield multiple co-benefits by producing reductions of other pollutants like NOx and GHGs. VOCs almost evenly come from a handful of sources including consumer products in addition to vehicles and equipment. The District will begin analysis for the implementation plan for the recently adopted 2015 ozone standard in the next 1-2 years.

8-hour O3 Design Value: SFNA (1990-2018)



Note: The 2018 8-hour ozone data used to calculate the design value for 2018 is preliminary. The SFNA experienced several major wildfire events in 2018 and recorded unusually high ambient ozone concentrations. Six (6) days that were affected by wildfires in 2018 may have regulatory impacts and may be requested to be excluded from regulatory determinations. These days were not included in calculating the preliminary 2018 design value.

Advocacy

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

Partnerships

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

Given the importance of partnerships, the District funds a variety of events and programs from the numerous requests it receives from various organizations. The FY19/20 Proposed Budget includes \$140,250 for this purpose. The Board has granted the Executive Director/APCO flexibility to fund events throughout the year so that the District can respond in a timely manner to such requests. Funds are disbursed to sponsored organizations upon receipt of a valid invoice. Proposed collaborations are included in the Quarterly Contracting Report that is presented to the Board each quarter. Detailed descriptions of historical and anticipated collaborations for FY19/20 can be found in Appendix B – Description of Collaborations.

Capital Project – Air Monitoring Network

The ambient air monitoring network is critical District infrastructure and improvements are planned for various stations as well as the replacement of three aging air monitoring trailers over the next three years. Stations are used to collect monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites will be an important foundation for the future monitoring approach under Community Air Protection Program AB 617. The replacement stations will meet the newest monitoring requirements and replaces three of the District's oldest stations that has experienced significant water intrusion and roof damage affecting the monitoring equipment and the ability to collect data. In addition, a new mobile air monitoring station is scheduled to be added in FY 19/20 to the existing air monitoring network as part of the District's AB 617 efforts.

TRANSITION TO NEW FINANCIAL SYSTEM

On July 1, 2018, the District, in an effort to integrate and automate its financial processes, transitioned from Sacramento County's SAP system (COMPASS) to Tyler Technologies New World Enterprise Resource Planning (New World) solution for processing financial transactions.

The new system continues to record payables and deposits against proposed budgets as was done in COMPASS. However, New World offers much more functionality by centralizing and automating current manual processes that include: miscellaneous billing and receivables; revenue/cash receipting; procurement processing; requisition processing; bid and quote tracking; contract accounting; budgetary accounting; encumbrance accounting; project accounting; asset management; and grant management. New World provides real-time data for accurate and timely reporting. The migration to the New World solution provided the opportunity to restructure the District's Chart of

Accounts creating the ability to generate detailed level of reporting within funds, divisions, programs, projects, grants and base accounts. This additional functionality/reporting now serves as a robust management tool for budgeting, forecasting and program costing analysis.

The transition to New World resulted in new numbers/names for District funds and accounts as presented in the FY18/19 Approved Budget. The District has been refining its chart of accounts, informed by the use of the system this past year, and while the majority of the fund structure remains the same, one major fund and a few managerial funds and accounts have changed for FY19/20. The Debt Service fund has been eliminated as that debt activity can be sufficiently tracked and reported in the Proprietary Fund that accounts for the asset for which the debt was issued. In addition, since a few accounts have changed in the FY19/20 Proposed Budget, in some instances, FY17/18 Budget Actuals have been mapped to a representative classification and account in the FY19/20 Proposed Budget. However, the revenue and expense totals remain unchanged.

FACTORS AFFECTING FY19/20 FINANCIAL CONDITION

While the FY19/20 Proposed Budget provides adequate resources to fund core operations, the District is facing financial challenges. The District's five-year forecast continues to identify some significant funding gaps between revenues and expenditures, which will require prompt attention by the District Board of Directors. Additional resources are needed in the near-term to maintain core programs and fulfill new state mandates. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases and the lack of full cost-recovery for many of the District's programs.

To address the issue, the District implemented a temporary hiring freeze to evaluate and prioritize District programs, "right-sized" funding for professional services and collaborations, and developed a strategy to secure new funding. Staff presented its funding strategy and staffing plan to the Board. The Board approved converting several regular status positions to limited-term positions so that the District could move forward to fill critical positions on a limited-term basis until ongoing funding can be secured. Staff will work with Board into FY19/20 and beyond on the funding strategies below. Additional details on these strategies in included in the General Fund Forecast section of this budget.

Measure A (2020) – A local measure that is being proposed for the 2020 ballot to fund a comprehensive program of roadway and transit improvements, and transportation-related air quality programs.

Per Capita Fee – An annual per capita assessment in the Health and Safety Code, CHSC §40701.5(b), authorizing the District to impose a fee on the cities and counties on the Board to cover expenses that are not met by other specific funding sources identified in the Health and Safety code.

Fees – Pursue adjusting fees for full-cost recovery.

New DMV Surcharge – Increase the DMV surcharge to support clean air transportation programs.

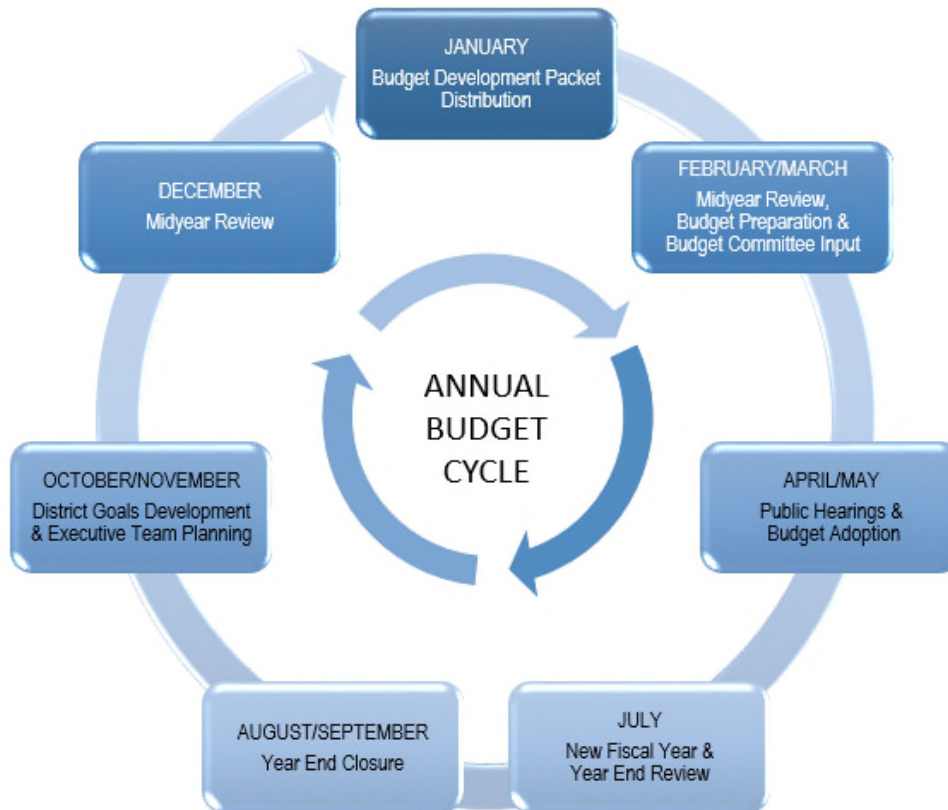
Implementation Allocation – Increase the allowable percentage for implementation/administration of incentive grant programs to allow greater cost-recovery consistent with actual implementation costs.

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

SECTION 3 - Budget Process

This section discusses the District's budget process and practices as well as District financial policies. State law requires that the District adopt its budgets in an open process in order to educate the public about the costs and benefits of air quality improvement. This section provides an understanding of the processes that guide the District's annual budget in support of its strategic goals and long-term planning. Common budget terms can be found in Appendix C – Glossary.

ANNUAL BUDGET CYCLE



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

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

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

The budget is publicly noticed 30 days in advance and is presented at each of two public hearings, consistent with California Health and Safety Code Section 40131, typically taking place during the Board meetings in April and May. The Proposed Budget is presented to the Board during the April public hearing. The Board may ask questions,

make comments, provide direction, and receive requests from members of the public to speak. The second public hearing in May follows a similar process as the first hearing. District staff comments on material differences, should they exist, from the previously presented Proposed Budget. The Board may provide direction and vote to approve the budget. Approval of the budget requires a quorum of Board members and a majority of the voting quorum. Once the budget is approved, staff prepares the Approved Budget for printing and posting on the District website.

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

FY2019/20 Budget Development Schedule

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

FINANCIAL MANAGEMENT POLICIES

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

California Health & Safety Code (HSC)

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

Stationary Source Permit Fees (HSC §42311) – The District may adopt a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover the cost of district programs related to permitted stationary sources. The fees assessed 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 CPI for the preceding year, as determined pursuant to Section 2212 of the Revenue and Taxation Code. Any revenues received by the District pursuant to the fees, which exceed the cost of the programs, shall be carried over for expenditure in the subsequent fiscal year, and the schedule of fees shall be changed to reflect that carryover.

District Board Resolutions

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

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

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

Investments – The District invests funds in the Local Agency Investment Fund (LAIF) under the California State Treasurer’s Office in accordance with Board resolution. Per Government Code Section 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.

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

BUDGET PRACTICES & STRATEGIES

The District uses the following guidelines in its budgeting practices:

- Management presents a “balanced” budget to the Board annually, where funding sources (including use of reserves) match expenditures, and include revenues and expenditures for the prior year (actual), current year (budget), and upcoming year (proposed budget)
- Limited term funding sources are not typically applied to ongoing commitments
- The Board authorizes a schedule of all regular, limited-term, and proposed positions for the upcoming (budget) year
- Requests for additional positions or an increase in regular work hours of proposed part-time positions must be presented in a formal written justification. Such requests will typically be included as part of the budget process, but may be proposed for Board approval outside of the budget process if there is a critical need
- Board approval is required to amend the budget once it is adopted if there is a need to add funds to the budget or to move funds between classification levels
- Board approval is obtained for all capital expenses, normally through the budget process
- Budgets are adopted on a basis that include encumbrances and expenditures. Annual appropriations lapse at the fiscal year end if they have not been expended or encumbered

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

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

BASIS OF BUDGETING

The District’s basis of budgeting is modified accrual, which is recognized as the generally accepted method of accounting for State and Local Governments. Using this method of accounting, revenues are recognized when they are measurable and available, and expenditures are recorded when the related fund liability is incurred. Modified accrual accounting can also divide available funds into separate entities within the organization to ensure the money is spent where it was anticipated.

SECTION 4 – Financial Planning

To ensure that the District can meet its immediate and long-term needs to support its mission of achieving clean air goals, the District develops annual budgets alongside multi-year financial plans.

FINANCIAL FORECAST AND PLANNING

The purpose of financial forecasting is to evaluate current and future fiscal trends and conditions to help guide policy and programmatic decisions. It also makes stakeholders aware of long-term issues and the impetus to confront them. Long-term forecasts and analysis are used to identify long-term imbalances. Financial strategies are then developed to counteract these imbalances. The District annually reviews and updates a five-year financial projection using the following methods:

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

The District forecast shows a structural deficit over the next five years. In addition to the operational and capital expenditures pressures identified in the forecast, the District is in the process of developing plans for Board consideration to fund reserves, and pension and retiree medical benefits in compliance with the Governmental Accounting Standards Board. Given the lack of significant revenue growth above expected expenditures, the fiscal reality is that current expenditure commitments are unsustainable. Long-term sustainability requires that annual operating cost increases be held to a level at or below annual revenue growth and/or additional revenues are secured.

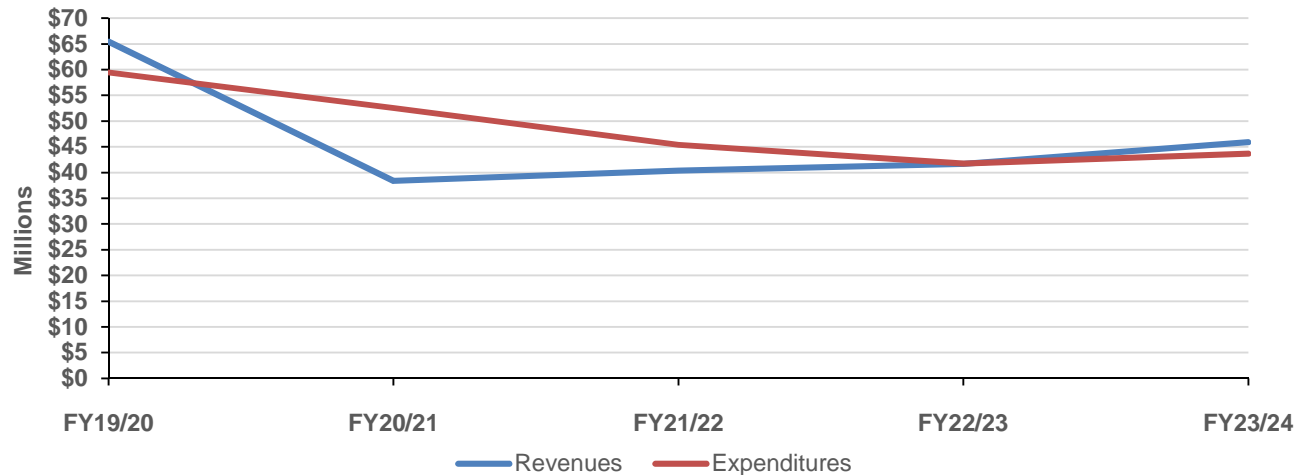
The District’s near-term financial plan is to conduct in-depth program costing analysis, continue to identify and implement operational efficiencies, and evaluate and seek out potential revenue sources as detailed in the General Fund Forecast section below, including fee increases. In July 2013, the Board approved a multi-year fee increase program to ensure sufficient funding for specific programs and to generate a stable and prudent fund balance; FY17/18 was the last year of the multi-year increase. These adjustments have significantly contributed to the maintenance of core District programs. To ensure continued progress towards meeting air quality attainment and climate goals and maintaining a stable reserve, the FY19/20 Proposed Fee Schedule reflects a CPI increase of 3.6% to fees that allow for this adjustment. Moreover, 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, and are followed by the forecast assumptions.

BUDGET FORECAST

District Budget – Five-Year Forecast

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection	FY23/24 Projection
Beginning Fund Balance	\$ 35,996,488	\$ 35,996,488	\$ 36,981,069	\$ 42,967,450	\$ 28,753,441	\$ 23,762,088	\$ 23,681,083
Revenue	\$ 53,503,206	\$ 41,736,820	\$ 65,460,287	\$ 36,132,577	\$ 34,581,997	\$ 35,491,761	\$ 36,292,448
New Revenue	-	-	-	2,250,000	5,817,500	6,192,025	9,627,786
Revenues Total	\$ 53,503,206	\$ 41,736,820	\$ 65,460,287	\$ 38,382,577	\$ 40,399,497	\$ 41,683,786	\$ 45,920,234
Employee Services	\$ 15,811,785	\$ 14,452,822	\$ 16,688,251	\$ 18,492,004	\$ 19,614,480	\$ 21,206,863	\$ 22,697,649
Services and Supplies	28,481,538	25,285,875	40,163,111	32,167,731	24,115,239	19,473,837	19,725,099
Capital Expense	1,399,200	604,698	2,213,000	1,526,500	1,255,200	673,500	835,000
Debt Service	408,844	408,844	409,544	410,350	405,931	410,591	408,100
Expenses Total	\$ 46,101,367	\$ 40,752,239	\$ 59,473,906	\$ 52,596,586	\$ 45,390,850	\$ 41,764,792	\$ 43,665,847
Surplus/(Deficit)	\$ 7,401,839	\$ 984,581	\$ 5,986,381	\$ (14,214,009)	\$ (4,991,353)	\$ (81,006)	\$ 2,254,386
Ending Fund Balance	\$ 43,398,327	\$ 36,981,069	\$ 42,967,450	\$ 28,753,441	\$ 23,762,088	\$ 23,681,083	\$ 25,935,469

District Budget – Revenues and Expenditures Five-Year Forecast



General Fund Forecast

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

In recent years, the General Fund has relied on the use of reserves to balance the budget, and the five-year forecast indicates that the General Fund will continue to 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 liability.

Potential Revenue Strategies

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

- Advance Sacramento region's climate action through District program, regional collaboration and advocacy
- Continue working towards meeting attainment goals, tracking state and federal programs and legislation to provide input on matters affecting the District, and fostering key partnerships that assist the District in achieving its mission
- Ensure effective implementation of new Community Air Protection Incentive programs related to Assembly Bill AB 617/AB 134
- Expand Cap-and-Trade Investments for clean, low-carbon technology with deployment of programs such as Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program on/off road program, Clean Cars 4 All (CC4A) scrap and replace program, and Green Region projects
- Restore leadership support for Cap-and-Trade/GGRF mobile projects and legacy incentive programs; stabilize planning, land use, construction mitigation, GHG, and CEQA review, as well as Sacramento Center for Future Mobility efforts
- Restore resources to enforce rules and regulations to previous capacity for maximum effectiveness, provide compliance assistance, and ensure high level of responsiveness to public complaints
- Maintain an efficient permitting program that ensures permits are well-written and issued in a timely manner
- Implement a more robust database system for core program areas to enhance effectiveness and quality of work
- Maintain legacy incentive programs such as Moyer and SECAT

- Attract, retain and energize talent to ensure continuity and maintenance of the high-level of service that residents and businesses expect
- Implement and achieve "steady-state" of the new financial system, and continue to deploy additional technology solutions to enable the District to work more efficiently, enhance transparency and provide greater self-service to all its stakeholders
- Address aging infrastructure by replacing air monitoring stations, purchasing new air monitoring equipment and allocating funding to the Covell Building Fund for replacement of windows, HVAC units and other major asset replacements
- Ensure proper documentation and compliance with District policies and procedures

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 to guide staff in the further exploration and development of the strategies.

An added complexity to the funding gap is that certain programs can only be funded with certain sources of revenue. Therefore, the "color of money" is a factor that is integrated into the potential funding strategies. The overall objective is to generate revenue from various sources to ensure sufficient funding for programs in each of three main categories: stationary, mobile and other. The following is a description of the strategies, with the general restriction indicated in parenthesis:

Measure A 2020 (Mobile) – The Sacramento Transportation Authority has convened the Professional Advisory Group (PAG) to advise on a potential 2020 supplemental transportation sales tax measure, Measure A. District staff currently participate on the PAG and one objective is to assist in the development of the expenditure plan and ensure a fair share of the Measure A 2020 expenditures for Air District projects.

Per Capita Tax (All) – Under California Health and Safety Code (CHSC) §40701.5(b), the Board is authorized to assess an annual per capita fee on the county and on those cities within the District that have a member on the Board. Per capita fees mean that the cities and county are charged a set amount for each person residing in their jurisdiction.

Areawide / Indirect Source Fees (Stationary and Other) – CHSC §41080(a) states that the District may adopt a schedule of fees, levied on permitted and other sources of air pollution, subject to regulation by the District, to recover its costs of implementing air quality programs and strategies. Additionally, CHSC §42311(g) gives air districts authority to collect fees for regulated area-wide and indirect sources of emissions to recover the costs of district programs related to these sources. Examples of areawide sources include land and garden equipment, architectural coatings, consumer products and fireplaces. Indirect sources refer to any type of activity or stationary source that increases transportation-related air pollution like new construction, event centers, and parking structures. The District is evaluating potential areas in which fees could be assessed on these types of pollution-generating sources and activities. Two potential examples include (1) collecting a fee from homes with fireplaces to fund the District's work in reducing high levels of particulate matter pollution during our Check Before You Burn season (November through February), and (2) collecting a fee for parking structures or new construction activities.

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

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

Incentive Administrative Allocation (Mobile) – The District receives funding for numerous incentive grant programs established under the Health and Safety Code. The funding provisions limit the amount of funds that can be allocated to indirect costs, and the current allocation does not cover the cost of implementing these programs. Currently, the provisions state that "not more than 6.25 percent of the moneys allocated ... to a district with a

population of one million or more may be used by the district for indirect costs”, but allow smaller districts to allocate 12.5% of the funds to indirect costs. Sacramento County has almost 1.5 million residents, and is limited to the 6.25% allocation. This funding strategy would seek to increase that allocation to 12.5%.

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

Potential New Funding Strategies

Type	New Funding	Programs in Need of Funding
Measure A (2020)	\$3M (2.5%)	Air Monitoring and Future Mobility Low-Carbon Projects
Per Capita Fee	\$2.25M (\$1.50)	Check Before You Burn, Land Use and Transportation Planning, Public Complaint Response, CAPP Monitoring
Area-wide/Indirect Source Fees	\$200,000	Fees for Regional Emission Sources (e.g., Fireplace/Parking Lots, Architectural Coatings)
Full Cost Recovery Fees	\$500,000	Permitting, Enforcement, Planning, Rule Development and Air Monitoring
New DMV Surcharge	\$1.25M (\$5)	Clean Air Transportation Incentives, Air Quality Public Outreach & Communication
Incentive Admin	\$2M (12%)	Incentive Project Development and Deployment

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. The New Revenue in the General Fund Five-year Forecast table below reflects the revenue from the funding strategies based on a projected timeline for the earliest feasible implementation, with modest escalators for subsequent years.

General Fund (100) Five-Year Forecast

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection	FY23/24 Projection
Beginning Fund Balance	\$ 10,577,983	\$ 10,577,983	\$ 9,824,379	\$ 6,860,124	\$ 4,794,807	\$ 5,558,397	\$ 5,988,820
Revenue	\$ 19,349,440	18,478,150	20,002,534	21,048,158	21,988,066	22,980,989	24,011,498
New Revenue	-	-	-	2,250,000	5,817,500	6,192,025	9,627,786
Revenues Total	\$ 19,349,440	\$ 18,478,150	\$ 20,002,534	\$ 23,298,158	\$ 27,805,566	\$ 29,173,014	\$ 33,639,284
Employee Services	\$ 15,811,785	\$ 14,452,822	\$ 16,688,251	\$ 18,492,004	\$ 19,614,480	\$ 21,206,863	\$ 22,697,649
Services and Supplies	6,728,496	5,447,518	6,489,409	7,184,091	7,399,614	7,621,602	7,850,251
Capital Expense	1,164,200	451,600	1,905,500	1,346,500	1,075,200	623,500	775,000
Interfund Charges	(1,947,586)	(1,120,186)	(2,116,371)	(1,659,121)	(1,047,318)	(709,375)	(709,375)
Expenses Total	\$ 21,756,895	\$ 19,231,754	\$ 22,966,789	\$ 25,363,475	\$ 27,041,976	\$ 28,742,591	\$ 30,613,524
Surplus/(Deficit)	\$ (2,407,455)	\$ (753,604)	\$ (2,964,255)	\$ (2,065,317)	\$ 763,590	\$ 430,423	\$ 3,025,759
Ending Fund Balance	\$ 8,170,528	\$ 9,824,379	\$ 6,860,124	\$ 4,794,807	\$ 5,558,397	\$ 5,988,820	\$ 9,014,580

The preceding General Fund forecast assumes the following:

Revenues:

- Revenues estimated to increase approximately 3% per year
- New revenue is phased in over the forecast period reflecting the funding strategy detailed in the Potential Revenue Strategies above

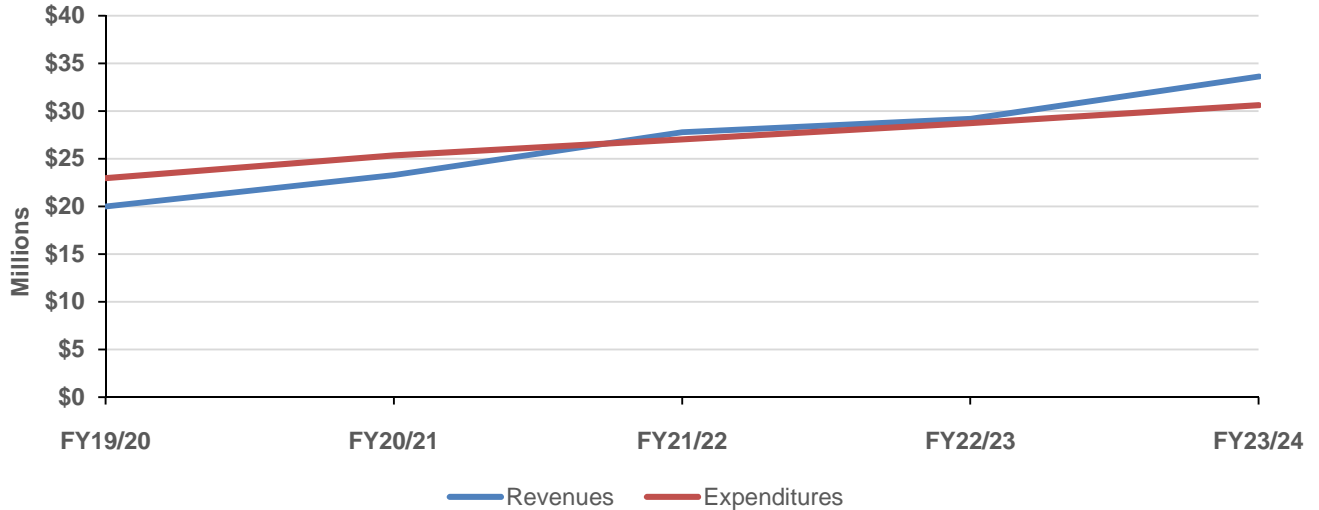
Expenditures:

- Over the next four years, an increase of 4.5 FTE is projected to support the expansion of the Community Air Protection Program

- Employee Services increases an average of 3% per year for wages, benefits and retirement contributions¹
- General Services & Supplies are increased by a projected CPI of 3% per year
- Non-Departmental Services & Supplies includes \$500,000 annually beginning in FY20/21 to reduce the unfunded pension and health retirement liabilities
- Capital expenditures include replacement of elements of an aging fleet and air monitoring network, and new air monitoring infrastructure to support the Community Air Protection Program
- Eligible grant administrative funds received as part of the grants in the Special Revenue Fund are transferred to the General Fund to off-set the program implementation costs and vary significantly based on the annual grant portfolios

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

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



Proprietary Fund Forecast

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

Proprietary Fund (400) Five-Year Forecast

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection	FY23/24 Projection
Beginning Fund Balance	\$ 2,979,754	\$ 2,979,754	\$ 3,041,953	\$ 3,110,106	\$ 3,293,984	\$ 3,471,284	\$ 3,669,230
Revenue	1,073,637	1,082,623	1,224,965	1,234,419	1,243,931	1,160,772	930,950
Revenues Total	\$ 1,073,637	\$ 1,082,623	\$ 1,224,965	\$ 1,234,419	\$ 1,243,931	\$ 1,160,772	\$ 930,950
Services and Supplies	\$ 419,900	\$ 458,482	\$ 439,768	\$ 460,191	\$ 480,700	\$ 502,235	\$ 524,848
Capital Expense	235,000	153,098	307,500	180,000	180,000	50,000	60,000
Debt Service	408,844	408,844	409,544	410,350	405,931	410,591	408,100
Expenses Total	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 1,050,541	\$ 1,066,631	\$ 962,826	\$ 992,948
Surplus/(Deficit)	\$ 9,893	\$ 62,199	\$ 68,153	\$ 183,878	\$ 177,300	\$ 197,946	\$ (61,998)
Ending Fund Balance	\$ 2,989,647	\$ 3,041,953	\$ 3,110,106	\$ 3,293,984	\$ 3,471,284	\$ 3,669,230	\$ 3,607,232

The preceding Proprietary Fund forecast assumes the following:

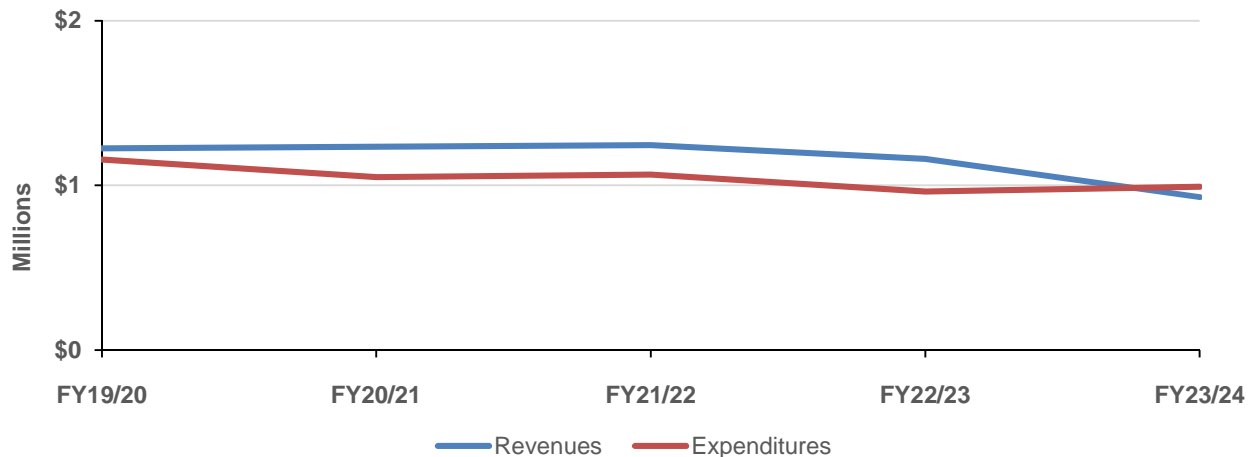
Revenues:

- Revenues include rents from a single tenant with separate leases for each of two suites on the second floor, the District to which it pays itself, and from parking fees
- Tenant Revenues increase \$105K in FY19/20 due to full year rent income for a new lease, with 2.8% increase for the two years following due to escalators
- The forecast conservatively reflects one tenant lease expiring in FY22/23 and another in FY23/24; staff is confident the tenant will exercise their option to renew and intends to secure a new tenant in the event the space is vacated

Expenses:

- Service & Supplies represent the day-to-day costs of operating the building and include utilities, custodial services, parking & property management fees, general repairs and maintenance, etc., and reflect a 4.5% average annual increase
- Non-recurring HVAC system upgrades averaging about \$150,000 per year are spread over three years beginning in FY19/20; capital expenditures decline sharply starting in FY22/23 upon completion of the HVAC upgrades
- Debt service forecast reflects the principle and interest payments on Certificates of Participation (COPs) issued for the purchase of the building and will be fully paid off in FY26/27

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



Special Revenue Fund Forecast

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

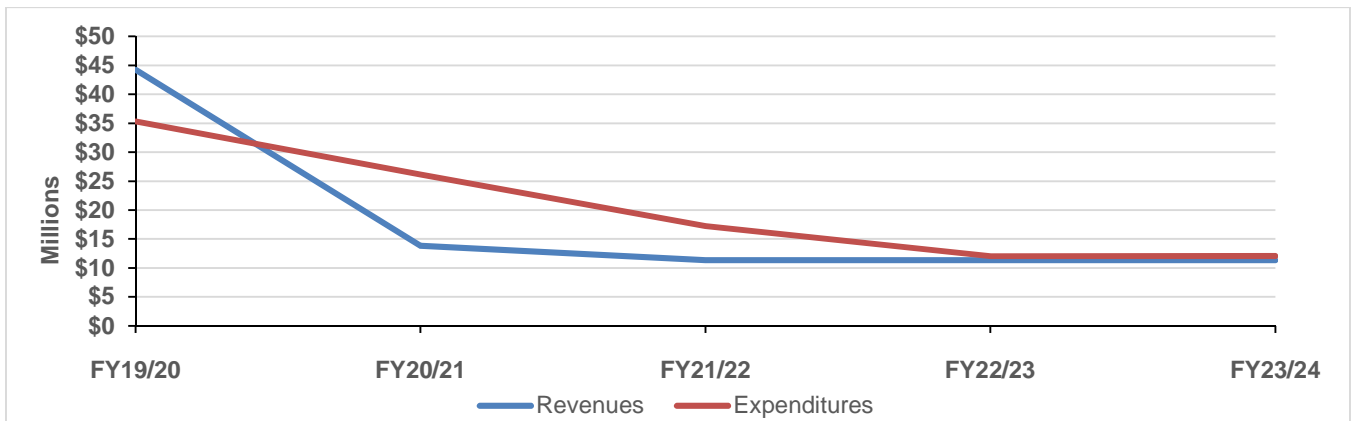
Special Revenue Fund (500) Five-Year Forecast

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection	FY23/24 Projection
Beginning Fund Balance	\$ 22,438,751	\$ 22,438,751	\$ 24,114,737	\$ 32,997,220	\$ 20,664,650	\$ 14,732,407	\$ 14,023,032
Revenue	33,080,129	22,176,047	44,232,788	13,850,000	11,350,000	11,350,000	11,350,000
Revenues Total	\$ 33,080,129	\$ 22,176,047	\$ 44,232,788	\$ 13,850,000	\$ 11,350,000	\$ 11,350,000	\$ 11,350,000
Services and Supplies	\$ 21,333,142	\$ 19,379,875	\$ 33,233,934	\$ 24,523,449	\$ 16,234,925	\$ 11,350,000	\$ 11,350,000
Interfund Charges	1,947,586	1,120,186	2,116,371	1,659,121	1,047,318	709,375	709,375
Expenses Total	\$ 23,280,728	\$ 20,500,061	\$ 35,350,305	\$ 26,182,570	\$ 17,282,243	\$ 12,059,375	\$ 12,059,375
Surplus/(Deficit)	\$ 9,799,401	\$ 1,675,986	\$ 8,882,483	\$ (12,332,570)	\$ (5,932,243)	\$ (709,375)	\$ (709,375)
Ending Fund Balance	\$ 32,238,152	\$ 24,114,737	\$ 32,997,220	\$ 20,664,650	\$ 14,732,407	\$ 14,023,032	\$ 13,313,657

The preceding Special Revenue forecast grant awards as noted below and incentive projects implementation fluctuates over time resulting in a more volatile expenditure pattern.

- DMV \$2 – Receive \$2.3 million in FY19/20 thru FY23//24
- Moyer – Receive \$4.1 million in FY19/20 and \$4 million in FY20/21 thru FY23/24
- Sacramento Regional Zero Emission School Bus – One-time \$7.4 million grant in FY17/18 thru FY19/20
- SECAT Phase 3 – Receive \$9.2 million in FY19/20; SECAT Green Region – Receive \$3.8 million in FY19/20
- Targeted Car Sharing and Mobility Options in Disadvantaged Communities Pilot Project (GHG – CarShare) – One-time grant \$2.4 million in FY16/17 thru FY20/21
- Community Air Protection Program (CAPP) AB 134 – Receive \$13 million in FY19/20 and \$5 million in FY20/21 thru FY23/24. FY19/20 one-time grants include:
 - \$5 million of Enhanced Fleet Modernization Program (EFMP) Clean Cars 4 All in FY19/20 thru FY20/21
 - \$10 million of GMERP Locomotive; Initially budgeted in FY17/18 and amended to be removed from FY17/18 and budgeted in FY18/19 thru FY19/20 (long build-times associated with locomotive manufacturing were contributing factors to the delay)

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



Capital Expenditures Forecast

The District currently budgets capital expenses on an annual basis. The asset accounting component of the District's new ERP financial system (New World) allows the District to incorporate a multi-year project funding mechanism, and is anticipated to be utilized in subsequent budgets starting with FY 20/21. District recurring and non-recurring projects are included in the District's five-year forecast.

With \$1.9 million in proposed capital expenditures in the General Fund for FY19/20, there will be an impact on the General Fund as this represents an increase over the FY18/19 budget of 64% or \$741,300. District staff is optimistic that part of the funding for the air monitoring equipment will be provided by Measure A, EPA 103 PM_{2.5}, EPA 105 Photochemical Assessment Monitoring Stations (PAMS) and Community Air Protection Program AB 617 funds.

Proposed capital expenses of \$307,500 for the Covell Building are in the Proprietary Fund and are necessary for the maintenance and repair of the District's administrative facility. Funding for these recurring capital expenses comes from rent income. Capital projects in the FY19/20 Proposed Budget include the replacement of heating and cooling (HVAC) system components, entry modifications on all three floors including new doors on the ground floor, ADA updates and for various other items.

Capital Expenses Five-Year Forecast

Fund Program	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	FY20/21 Projection	FY21/22 Projection	FY22/23 Projection	FY23/24 Projection
General Fund (100)							
Administration	\$ -	\$ 6,100	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Air Monitoring	1,081,000	375,000	1,719,500	1,186,500	1,002,000	533,500	715,000
Asbestos	-	-	30,000	-	-	-	-
Information Systems	83,200	70,500	56,000	40,000	53,200	-	40,000
Rule 301 (Fleet)	-	-	100,000	100,000	-	70,000	-
General Fund Total	\$ 1,164,200	\$ 451,600	\$ 1,905,500	\$ 1,346,500	\$ 1,075,200	\$ 623,500	\$ 775,000
Covell Building Fund (400)							
Covell Building	\$ 235,000	\$ 153,098	\$ 307,500	\$ 180,000	\$ 180,000	\$ 50,000	\$ 60,000
Covell Building Total	\$ 235,000	\$ 153,098	\$ 307,500	\$ 180,000	\$ 180,000	\$ 50,000	\$ 60,000
Total Capital Projects	\$ 1,399,200	\$ 604,698	\$ 2,213,000	\$ 1,526,500	\$ 1,255,200	\$ 673,500	\$ 835,000

Description of Significant Proposed FY19/20 Capital Expenses

Information Systems

Information Systems capital expenditures reflect a replacement of a storage solutions, servers and computer replacements. The annual average forecast is \$47,300 per year. The capital expenses proposed for Information Systems targets replacement of equipment that has reached its useful life expectancy, expiring support contracts, and software upgrades to current technology. These are recurring capital expenses and have been projected in the five-year forecast. The District is transitioning from on-premise technology solutions that require significant investment in maintenance and replacement of hardware, to virtualized and hosted solutions over the next few years. This will shift resources from capital budgets to operating budgets, and reduce recurring capital purchases. It is also anticipated to create efficiencies for Information Systems staff that will allow for a greater focus on end-user support and more effective use of the new technologies.

Air Monitoring Stations

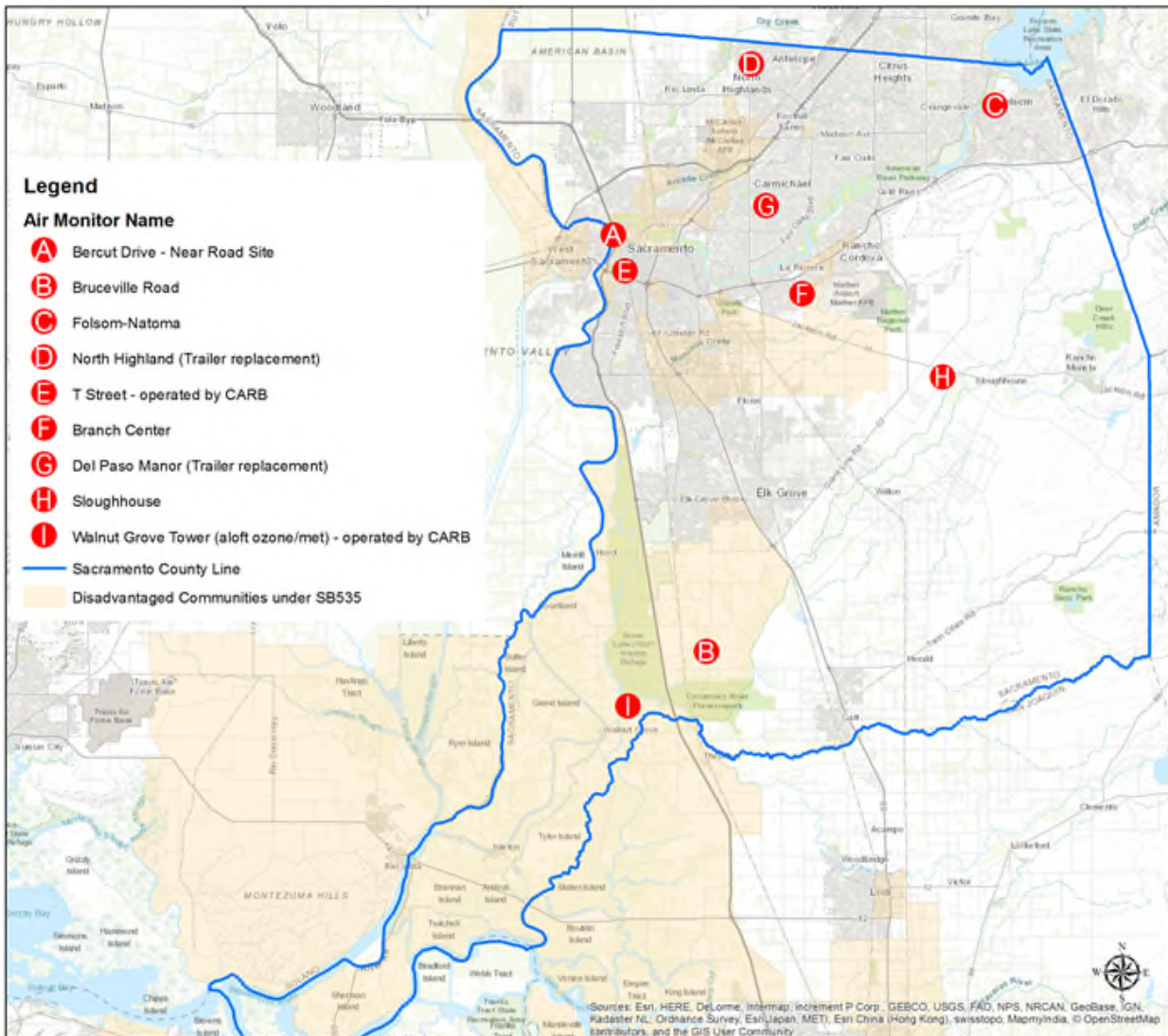
Capital expenses for air monitoring relate to the District's network of seven air monitoring stations and the new Community Air Protection program. The District plans to upgrade the Del Paso Manor, Bruceville, and North Highland trailer and equipment. In addition, purchase of a new mobile air monitoring station and repair or replacement of air monitoring equipment will be needed. Capital expenditures related to air monitoring structures and equipment annual average for the forecast is \$859,250. The replacement of the air monitoring station and bringing on line one new mobile air monitoring station are nonrecurring projects. It is anticipated the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities. The new

mobile station will be a new asset and require minimal annual maintenance for many years. The equipment for the air monitoring stations is a recurring capital expense to replace equipment as it reaches the end of its lifecycle.

The District’s ambient air monitoring stations are used to collect monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites will also be an important foundation for future monitoring approach under Community Air Protection Program AB 617. Improvements to air monitoring stations are planned in FY19/20 as well as the replacement of one aging air monitoring trailer. In addition, a new mobile air monitoring station is scheduled to be added to the existing air monitoring network as part of the District’s AB 617 efforts. Below is a map of the existing air monitoring stations.

The Del Paso Manor station (station G) will be replaced in FY19/20, followed by both the Bruceville station (B) in FY20/21 and North Highland station (D) in FY21/22. Each station replacement project is anticipated to take a year to complete. The air monitoring capital expenditures associated with the Community Air Protection Program AB 617 is forecasted to be \$500,000 for FY20/21 and FY21/22, and \$350,000 for FY22/23 and FY23/24. The District anticipates the inclusion of additional communities in Sacramento to participate in the State’s Community Air Protection Program within the next four years. If additional Sacramento communities are selected to participate, the District anticipates to fully recover funding from the State to implement air monitoring programs in those communities.

Map of Air Monitoring Stations



Rule 301 (Permitting and Enforcement) Fleet

The FY19/20 budget includes funds to replace two to three aging fleet vehicles. As vehicles are changed out, they will be replaced with zero- and low-emission vehicles consistent with the District’s goal of reducing vehicle emissions and fuel expenses. Fleet replacement is a recurring capital expense. The average annual forecast is \$67,500 per year. Fleet vehicles have an estimated operational life of 10-15 years.

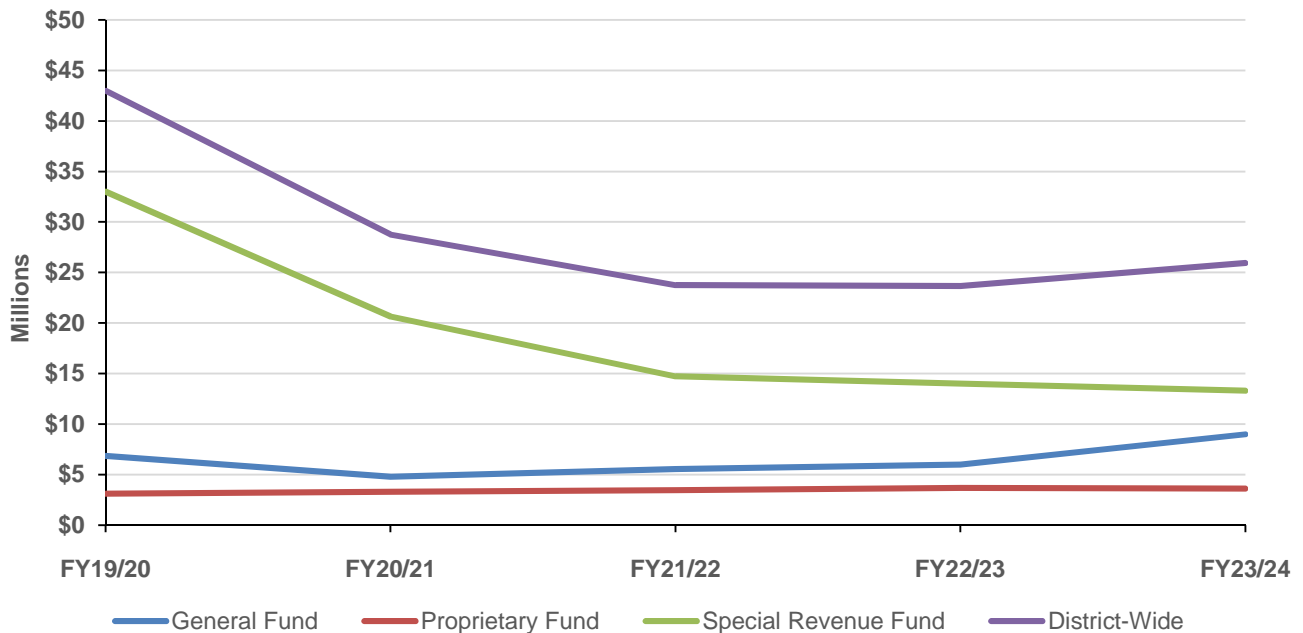
Covell Building

In FY19/20, capital expenses for the Covell Building include replacement of five rooftop furnaces and two smaller air conditioning units, accessibility updates, entry modifications including replacement of first floor entry doors and installation of fire-rated interior vision panels on all three floors and resealing of exterior windows. Non-recurring HVAC system upgrades averaging about \$150,000 per year are spread over three years starting in FY19/20. Proprietary fund capital expenditures are expected to decline sharply starting in FY22/23.

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) a decrease in the near-term with a recovery beginning in FY20/21 with an infusion of projected New Revenue General Fund, 2) stability with projected rent income sufficient to support projected expenditures for the Proprietary Fund, and 3) a decrease in the Special Revenue funds indicating efficient deployment of incentive projects.

District Budget – Fund Balance Five-Year Forecast



SECTION 5 - Fund Information

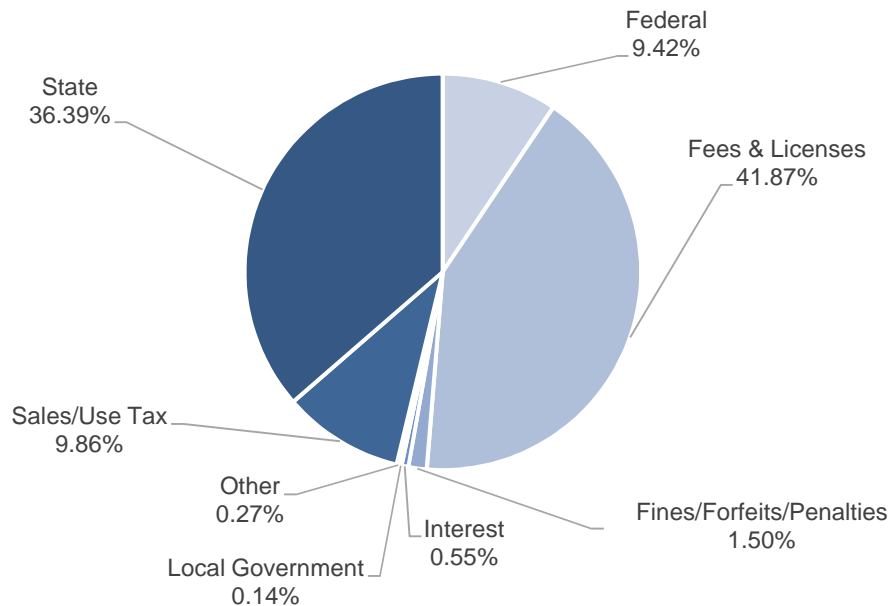
This section contains descriptions of District funds and associated budgets as proposed for FY19/20. Historical trends of revenues and expenditures, as well as fund balances, are presented to provide context for the proposed budget. The District has three funds: General, Proprietary, and Special Revenue. Each fund serves a specific purpose as noted below. A detailed description of funding sources can be found in the Appendices. (See Appendix A – Description of Funding Sources)

Fund	Name	Purpose	Primary Funding Source
100	General	Records all inflows and outflows, not associated with special-purpose funds, for core administrative and operational activities	Permit fees, DMV, Measure A, Federal & State Grants (EPA, CMAQ, CARB)
400	Proprietary	Accounts for District business-like activities (Covell Administrative Building)	Covell Building rental income
500	Special Revenue	Records the proceeds from certain revenue sources for which fund usage is restricted	Moyer, GMERP, DMV, SECAT, Enhanced Fleet Modernization, GHG-CarShare

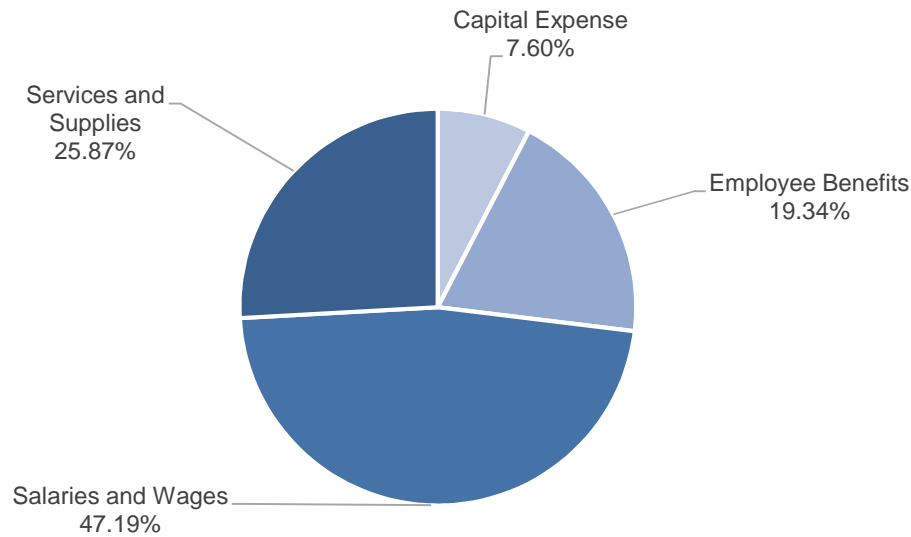
GENERAL FUND 100

The total FY19/20 Proposed General Fund Budget is \$20 million in revenue and \$23 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Proposed General Fund Budget.

General Fund Budget – Revenues by Classification (\$20 million)



General Fund Budget – Expenditures by Classification (\$23 million)



The General Fund Budget includes new revenues of \$20 million and expenditures of \$23 million resulting in a use of fund balance of \$3 million. Historically, the District has performed under budget for expenditures due to savings in Employees Services and Professional Services, and therefore, has not fully expended the amount of fund balance budgeted. The District anticipates filling all vacant positions and has “right-sized” Professional Services. Therefore, use of fund balance for FY19/20 is projected to be more fully utilized than historical trends.

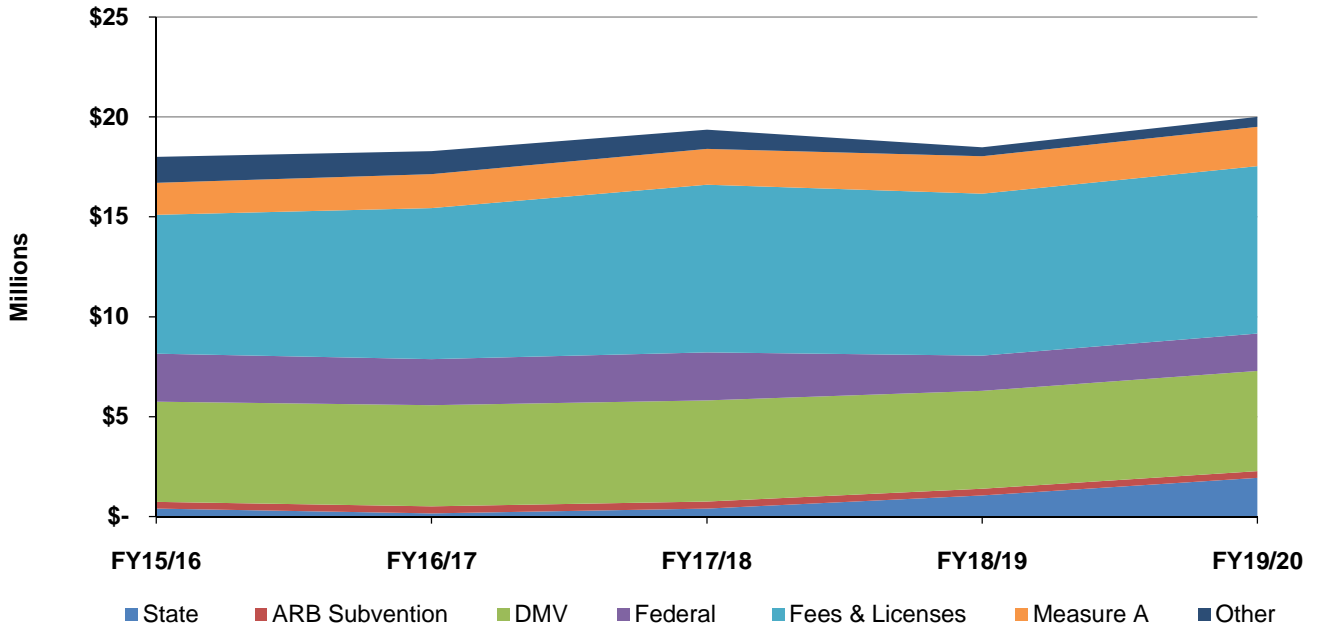
General Fund Trends

The Five-Year Trend graph displays revenues by account type. The trend shows DMV \$4 and Measure A revenues increasing gradually over time with the strengthening economy, Stationary Source renewal fees will remain flat with the closure of Aerojet and the loss of the fee revenue, while federal grant revenue has fluctuated due to one-time grants and changes in EPA 103 and EPA 105 funding.

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

With implementation of the new financial system, the administration portion of grants is now recognized in the Special Revenue Fund as part of the total grant and then transferred into the General Fund, reducing expenditures associated with implementing Special Revenue Fund programs. Beginning in FY19/20, this change has reduced the State DMV \$2 and Federal SECAT revenues historically recognized in the General Fund and instead, is classified as a ‘Transfer In’ to the General Fund. It also increases the historical revenue recognized in the Special Revenue Fund, as it now includes the administrative allocation.

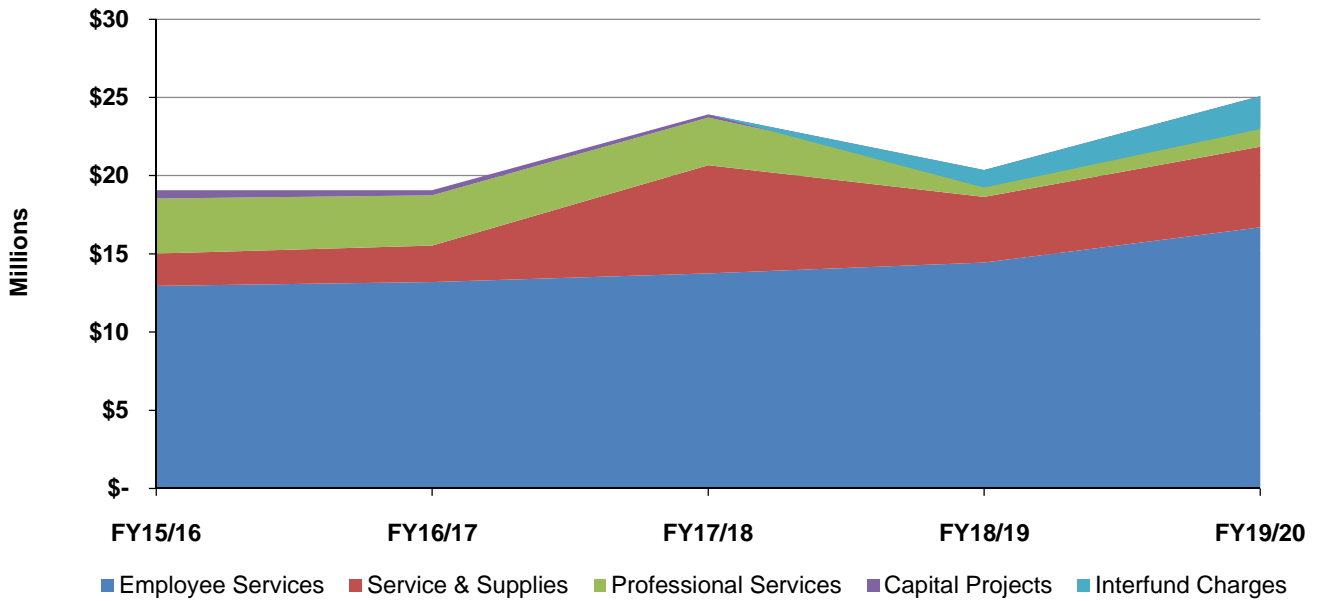
General Fund – Five-Year Revenues Trend



The Five-Year Expenditure Trend of the General Fund graph shown below reflects the replacement of District vehicles, the aging air monitoring network and upgrades to technology infrastructure. Services & Supplies remained stable while Employee Services increased, keeping pace with the cost of living and addressing health care and pension costs.

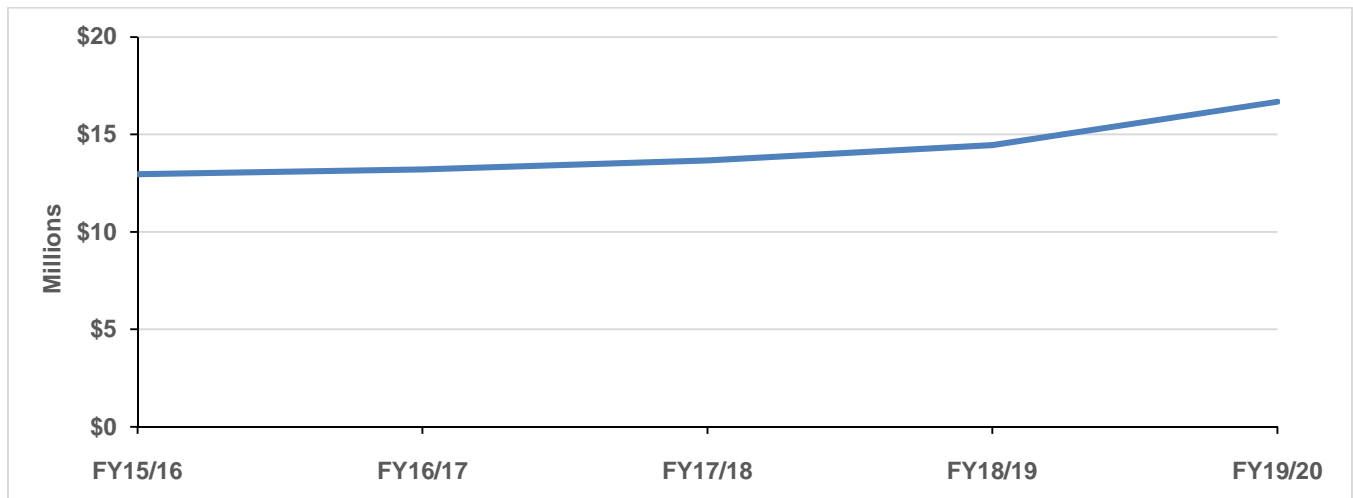
The following graph illustrates the five-year expenditure trend for the General Fund by classification.

General Fund – Five-Year Expenditures Trend



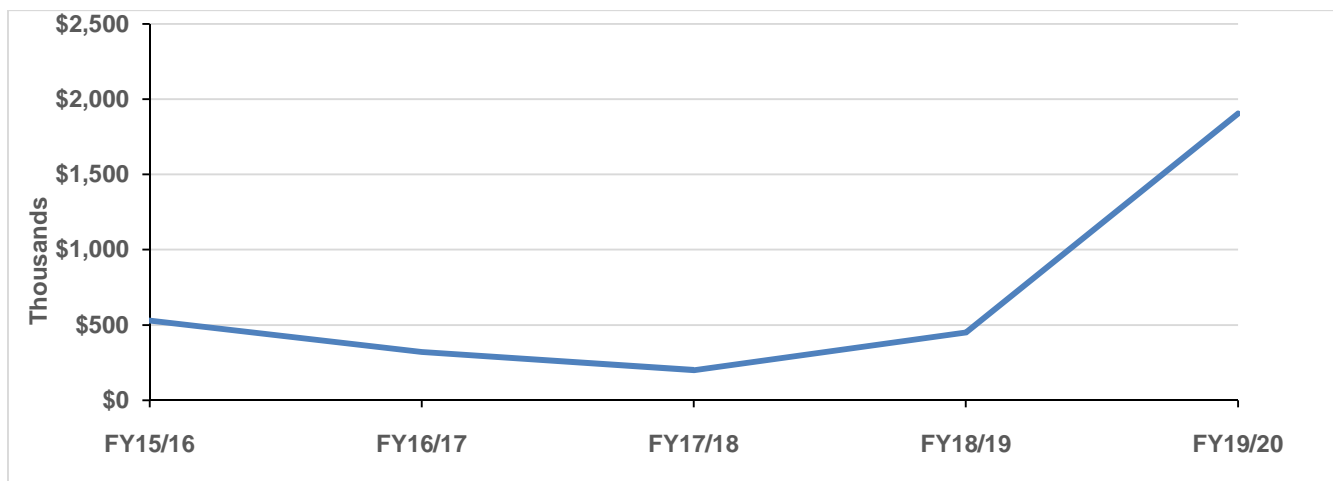
The graph below shows salaries and benefits increasing gradually due primarily to cost of living adjustments (averaging 2.65% per year) and increases in pension and healthcare costs.

General Fund – Five-Year Trend of Salaries and Benefits



Capital expenses ranged between \$529,000 and \$1.9 million from F15/16 to FY19/20. Upgrades for the District’s aging air monitoring station network and the requirement for a new mobile air monitoring station contributed to a significant increase in capital expenses for FY19/20.

General Fund – Five-Year Trend of Capital Expenses



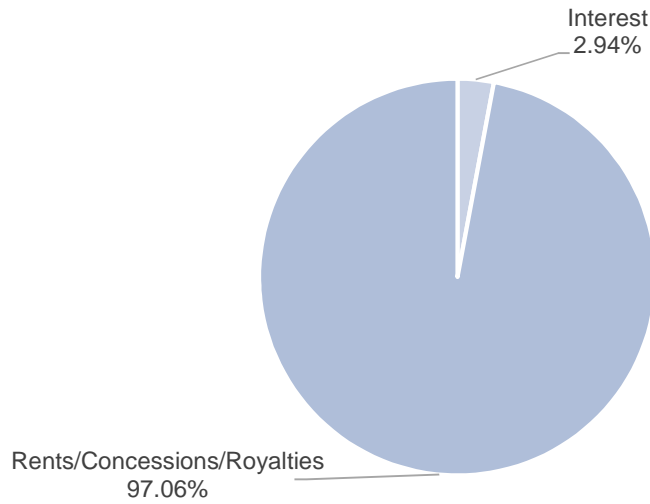
PROPRIETARY FUND 400

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

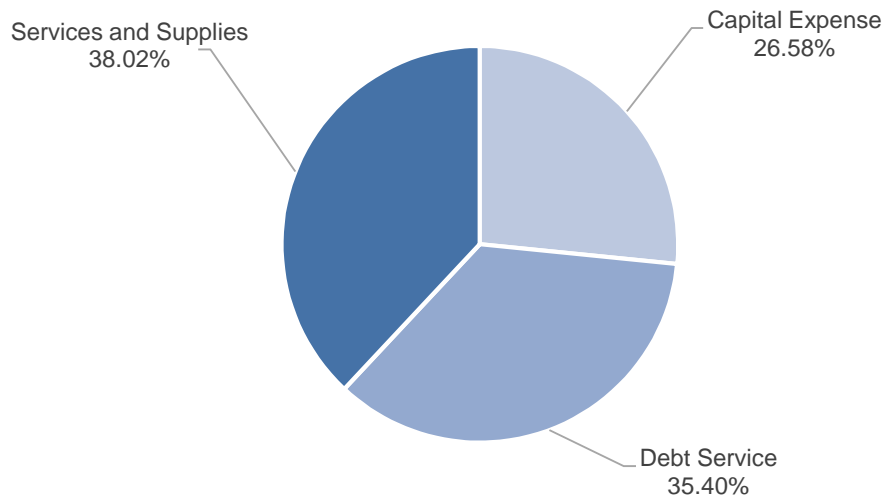
The District occupies roughly 23,000 square feet, including the entire third floor and about 4,000 square feet on the second floor, with a single tenant occupying the remaining 15,000 rentable square feet on the second floor.

The total FY19/20 Proposed Proprietary Fund Budget is \$1.2 million in revenue and \$1.1 million in expenditures. Following are charts detailing the revenues and expenditures by classification as a percentage of the total Proposed Proprietary Fund Budget.

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



Proprietary Fund Budget – Expenditures by Classification (\$1.1 million)



The Proprietary Fund Proposed Budget for FY19/20 includes projected revenues of \$1.2 million and projected expenditures of \$1.1 million. Starting FY19/20, the District's share of building rent will increase by approximately \$30,000 (from \$806,573 to \$836,933) to reflect the cost of parking District fleet vehicles on-site. Overall, rent

revenue, which accounts for nearly all Proprietary Fund revenues, are projected to increase by \$151,328 over FY18/19 budgeted rent revenue, due to the fleet parking plus additional tenant rent from a new tenant lease that went into effect March 1, 2019. The projected expenditures are comprised of \$439,768 for services and supplies (day-to-day operating expenses), \$307,500 for capital expenses and \$409,544 for debt service. Expenses are projected to increase \$93,068 over current year budget, which is comprised of approximately \$20,000 in services and supplies and \$73,000 in capital expenses. Capital expenses include funding the replacement of heating and cooling system components, entry modifications on all three floors including new doors on the ground floor, ADA updates and for various other items.

Debt Service

The District issued \$5,835,000 worth of Certificates of Participation (COPs) in February 2002 and refinanced the original COPs in March of 2012. The new COPs, issued by California Special District Association Finance Corporation, were issued for \$4,350,000, with the interest rates ranging from 2.75% to 4% and a bond premium of \$72,382 to be amortized over the life of the COPs. The debt is supported by rent paid by the District and that of other tenants of the Covell Building. The rent expense in the General Fund is projected to be stable over the life of the debt. However, if other tenants vacate, rent expense in the General Fund may increase to cover the debt payments and ensure solvency of the Proprietary Fund.

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

The principal balance outstanding on June 30, 2019 will be \$2,820,000. In FY19/20, a \$315,000 principal payment will be made. The purchase obligation will be fully paid off in FY26/27. The principal and interest payments are included in the Proprietary Fund budget. The certificates mature as shown in the table below:

Debt Repayment Schedule

Fiscal Year Ending June 30	Principal	Interest	Total
2020	315,000	94,544	409,544
2021	325,000	85,350	410,350
2022	330,000	75,931	405,931
2023	345,000	65,591	410,591
2024	355,000	53,100	408,100
2025	370,000	38,600	408,600
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
Totals	\$2,820,000	\$444,516	\$3,264,516

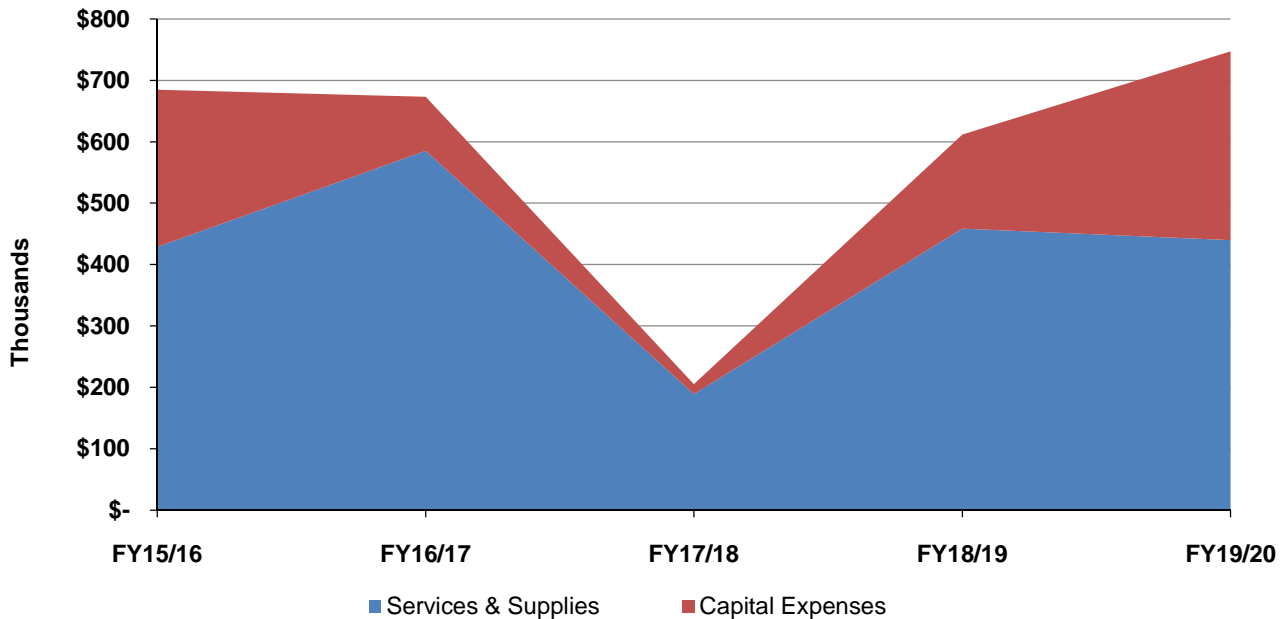
Proprietary Fund Trends

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

Proprietary Fund – Five-Year Trend of Rent Revenues

Account	FY15/16 Actuals	FY16/17 Actuals	FY17/18 Actual	FY18/19 Projected	FY19/20 Proposed
District Rent	\$ 806,573	\$ 806,573	\$ 806,573	\$ 806,573	\$ 836,933
Tenant Rent	137,319	212,225	218,997	240,138	352,032
Total Rent	\$ 943,892	\$ 1,018,798	\$ 1,025,570	\$ 1,046,711	\$ 1,188,965

Proprietary Fund – Five-Year Trend of Capital Expenses and Services & Supplies



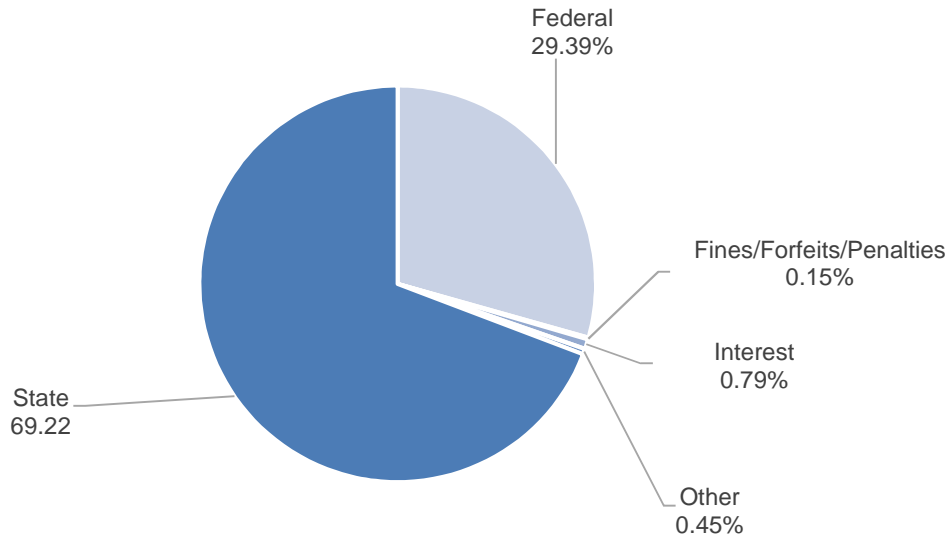
Capital expenses were higher than the norm in FY15/16 due to a general building “refresh” that included replacement of flooring throughout the building, painting and other general related improvements. The decrease in FY17/18 was a one-time audit entry to correct a miscoding of expenses in 2016. The expenses for the subsequent year returned to the historical trends. There was an increase in capital expenditures in FY18/19 for ADA modifications, sidewalk repairs, expansion of the air-monitoring lab and an improvement allowance for a new tenant. Capital projects in the FY19/20 Proposed Budget include the replacement of heating and cooling (HVAC) system components, entry modifications on all three floors including new doors on the ground floor, ADA updates and for various other items.

SPECIAL REVENUE FUND 500

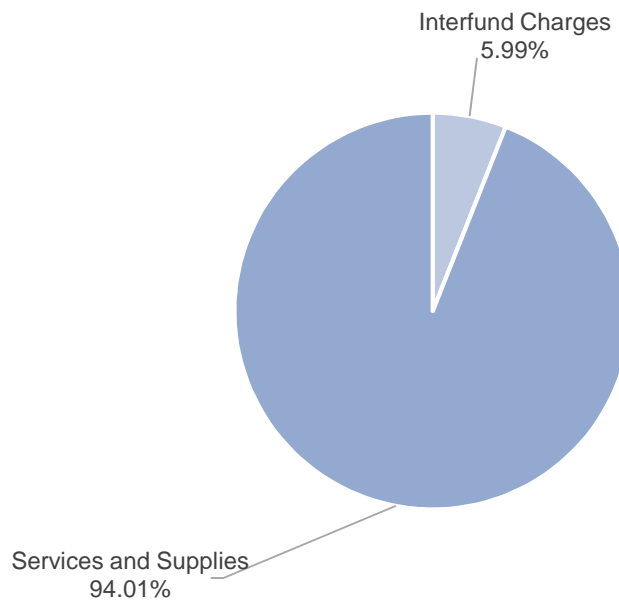
The Special Revenue Fund accounts for financial activity of restricted funds, generally reflecting grants to provide businesses incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light duty on-road vehicles, and owners of off-road equipment, such as that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

The total FY19/20 Special Revenue Fund Budget is \$44.2 million in revenue and \$35.3 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Proposed Special Revenue Fund budget.

Special Revenue Fund – Revenues by Classification (\$44.2 million)



Special Revenue Fund – Expenditures by Classification (\$35.3 million)

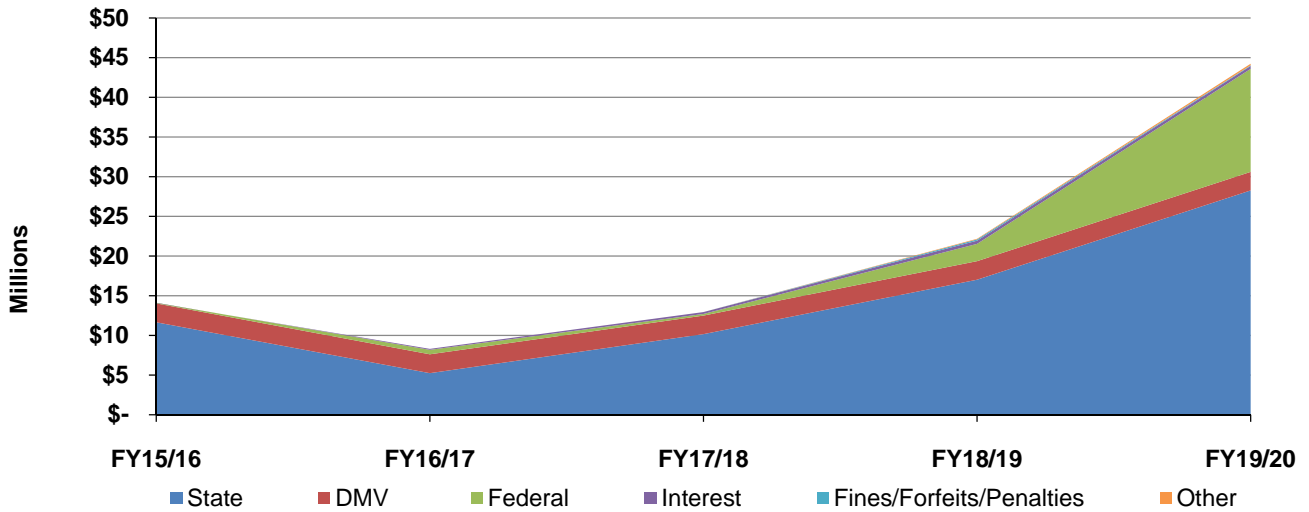


Special Revenue Trends

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

are stable and ongoing revenue streams. However, historically one-time grants, such as GMERP (State revenue) and SECAT (Federal revenue), contributed to the increased revenues over time. The significant increase in revenues for FY19/20 is a result of additional one-time grants which include; GMERP Locomotive; EFMP – Clean Cars 4 All; Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER); and GHG – CarShare. The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account types.

Special Revenue Fund – Five-Year Revenues Trend

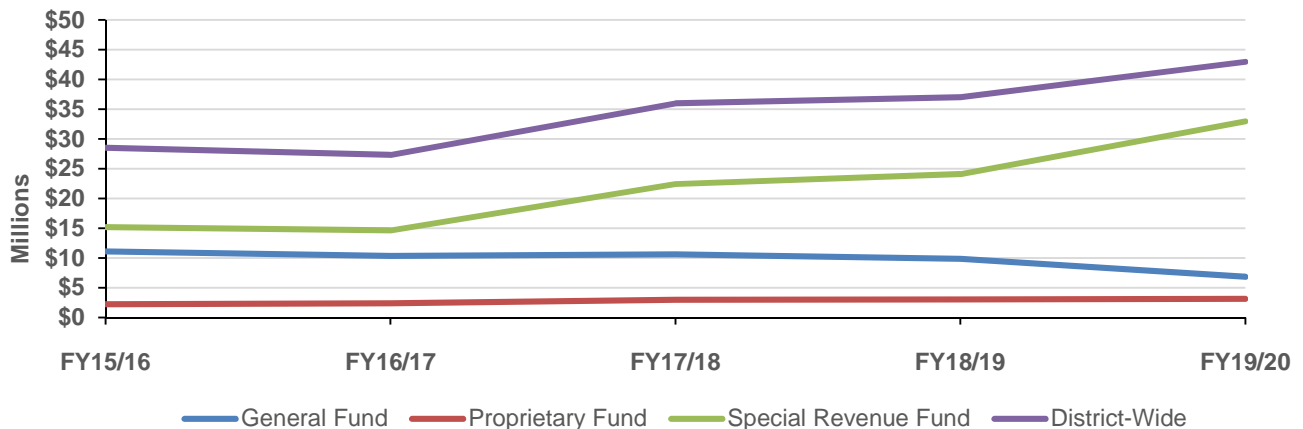


FUND BALANCE

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

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

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



SECTION 6 - Budget Schedules

This section presents budget schedules for the District Budget and each of the District funds. The budget tables show the FY17/18 Actuals, FY18/19 Approved Budget, the FY18/19 Projections, the FY19/20 Proposed Budget, as well as the variance between the FY18/19 Approved and FY19/20 Proposed budgets.

Also included in this section are the schedules for FY19/20 Proposed 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 FY19/20.

DISTRICT BUDGET

District Budget – Revenues and Expenditures

Classification	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Revenues					
Federal	\$ 2,619,870	\$ 9,212,461	\$ 3,964,950	\$ 14,883,857	\$ 5,671,396
Fees & Licenses	8,395,133	8,387,062	8,100,710	8,375,412	(11,650)
Fines/Forfeits/Penalties	621,322	301,000	391,895	367,000	66,000
Interest	374,662	55,000	548,510	495,168	440,168
Local Government	188,555	129,736	28,459	28,459	(101,277)
Other	37,501	315,320	153,430	255,408	(59,912)
Rents/Royalties	1,025,568	1,068,637	1,046,711	1,188,965	120,328
Sales/Use Tax	1,796,580	1,869,492	1,869,492	1,973,139	103,647
State	18,299,494	32,164,498	25,632,663	37,892,879	5,728,381
Revenues Total	\$ 33,358,685	\$ 53,503,206	\$ 41,736,820	\$ 65,460,287	\$ 11,957,081
Expenses					
Salaries and Wages	\$ 9,968,931	\$ 11,301,244	\$ 10,211,291	\$ 11,837,840	\$ 536,596
Employee Benefits	3,691,874	4,510,542	4,241,531	4,850,411	339,869
Services and Supplies	10,547,653	28,481,538	25,285,875	40,163,111	11,681,573
Capital Expense	216,653	1,399,200	604,698	2,213,000	813,800
Interfund Charges	-	-	-	-	-
Debt Service	407,844	408,844	408,844	409,544	700
Expenses Total	\$ 24,832,955	\$ 46,101,367	\$ 40,752,239	\$ 59,473,906	\$ 13,372,539
Surplus/(Deficit)	\$ 8,525,729	\$ 7,401,839	\$ 984,581	\$ 5,986,381	\$ (1,415,458)

GENERAL FUND BUDGET

General Fund 100 – Revenues and Expenditures

Classification	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Revenues					
Federal	\$ 2,404,891	\$ 1,941,212	\$ 1,760,377	\$ 1,883,857	\$ (57,355)
Fees & Licenses	8,395,133	8,387,062	8,100,710	8,375,412	(11,650)
Fines/Forfeits/Penalties	621,322	301,000	200,000	300,000	(1,000)
Interest	116,467	30,000	136,460	109,168	79,168
Local Government	188,555	129,736	28,459	28,459	(101,277)
Other	37,501	103,900	84,592	54,378	(49,522)
Sales/Use Tax	1,796,580	1,869,492	1,869,492	1,973,139	103,647
State	5,806,383	6,587,038	6,298,060	7,278,121	691,083
Revenues Total	\$ 19,366,832	\$ 19,349,440	\$ 18,478,150	\$ 20,002,534	\$ 653,094
Expenses					
Salaries and Wages	\$ 9,968,931	\$ 11,301,244	\$ 10,211,291	\$ 11,837,840	\$ 536,596
Employee Benefits	3,691,874	4,510,542	4,241,531	4,850,411	339,869
Services and Supplies	5,236,263	6,728,496	5,447,518	6,489,409	(239,087)
Capital Expense	200,510	1,164,200	451,600	1,905,500	741,300
Interfund Charges	-	(1,947,586)	(1,120,186)	(2,116,371)	(168,785)
Expenses Total	\$ 19,097,578	\$ 21,756,895	\$ 19,231,754	\$ 22,966,789	\$ 1,209,894
Surplus/(Deficit)	\$ 269,254	\$ (2,407,455)	\$ (753,604)	\$ (2,964,255)	\$ (556,800)

General Fund 100 – Revenues by Account

Classification Account	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Revenues					
Federal					
EPA 103	\$ 71,297	\$ 78,800	\$ 78,800	\$ 78,800	\$ -
EPA 105	1,393,127	1,195,912	1,081,577	1,205,057	9,145
Federal	-	66,500	-	-	(66,500)
FHW-CMAQ	940,466	600,000	600,000	600,000	-
Federal Total	2,404,891	1,941,212	1,760,377	1,883,857	(57,355)
Fees & Licenses					
Ag Burn	13,372	12,000	12,000	12,000	-
Asbestos	383,052	320,000	400,000	330,000	10,000
Fees & Licenses	13,726	23,462	18,668	28,000	4,538
Mitigation Fees	269,108	116,000	88,190	84,412	(31,588)
Rule 301	7,297,145	7,483,000	7,200,000	7,507,000	24,000
SEED Loan-Non Labor	99,689	9,600	32,900	64,000	54,400
SEED Renewal	-	58,000	52,952	53,000	(5,000)
Title V	138,549	117,000	84,000	71,000	(46,000)
Toxics AB2588	180,492	248,000	212,000	226,000	(22,000)
Fees & Licenses Total	8,395,133	8,387,062	8,100,710	8,375,412	(11,650)
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	621,322	301,000	200,000	300,000	(1,000)
Fines/Forfeits/Penalties Total	621,322	301,000	200,000	300,000	(1,000)
Interest					
Interest Earned	116,467	30,000	136,460	109,168	79,168
Interest Total	116,467	30,000	136,460	109,168	79,168
Local Government					
Local Government	188,555	129,736	28,459	28,459	(101,277)
Local Government Total	188,555	129,736	28,459	28,459	(101,277)
Other					
Auction	-	96,000	40,000	10,000	(86,000)
Other	37,501	7,900	44,592	44,378	36,478
Other Total	37,501	103,900	84,592	54,378	(49,522)
Sales/Use Tax					
Sales/Use Tax	1,796,580	1,869,492	1,869,492	1,973,139	103,647
Sales/Use Tax Total	1,796,580	1,869,492	1,869,492	1,973,139	103,647
State					
ARB Oil & Gas	-	42,000	70,000	42,000	-
ARB PERP	-	125,000	146,401	155,000	30,000
ARB Subvention	346,536	346,536	349,458	349,457	2,921
DMV	5,062,882	5,052,615	4,902,201	5,000,000	(52,615)
State	396,965	1,020,887	830,000	1,731,664	710,777
State Total	5,806,383	6,587,038	6,298,060	7,278,121	691,083
Revenues Total	\$ 19,366,832	\$ 19,349,440	\$ 18,478,150	\$ 20,002,534	\$ 653,094

General Fund 100 – Expenses by Account

Classification Account	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/Proposed
Expenses					
Salaries and Wages					
Salaries & Wages-Extra Help	41,211	145,892	145,892	115,688	(30,204)
Salaries & Wages-Hearing Board/BOD		10,000	-	-	(10,000)
Salaries & Wages-OT	61,622	106,912	95,883	160,618	53,706
Salaries & Wages-Premium Pay	61,146	57,083	37,198	58,304	1,221
Salaries & Wages-Regular	9,804,952	10,981,357	9,932,318	11,503,230	521,873
Salaries and Wages Total	\$ 9,968,931	\$ 11,301,244	\$ 10,211,291	\$ 11,837,840	\$ 536,596
Employee Benefits					
Employee Assistance Program	-	5,000	5,000	5,000	0
FICA/Medicare-Employer OASDHI	650,842	761,574	683,076	802,152	40,578
Group Insurance	1,393,475	1,672,928	1,589,281	1,739,849	66,921
Retirement	1,562,306	1,944,425	1,845,595	2,180,283	235,858
Unemployment-SUI	14,802	31,615	28,582	33,128	1,513
Workers Compensation Insurance	70,449	95,000	89,997	89,999	(5,001)
Employee Benefits Total	3,691,874	4,510,542	4,241,531	4,850,411	339,869
Services and Supplies	5,236,263	6,728,496	5,447,518	6,489,409	(239,087)
Capital Expense					
FA-Computer & Network	-	83,200	70,500	56,000	(27,200)
FA-General Equipment	200,510	381,000	311,100	1,024,500	643,500
FA-Monitoring Structures	-	700,000	70,000	725,000	25,000
FA-Vehicles	-	-	-	100,000	100,000
Capital Expense Total	200,510	1,164,200	451,600	1,905,500	741,300
Interfund Charges					
Transfer-In	-	(1,947,586)	(1,120,186)	(2,116,371)	(168,785)
Interfund Charges Total	-	(1,947,586)	(1,120,186)	(2,116,371)	(168,785)
Expenses Total	\$ 19,097,578	\$ 21,756,895	\$ 19,231,754	\$ 22,966,789	\$ 1,209,894

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

General Fund 100 – Expenses by Account (Cont'd)

Classification Account	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/Proposed
Expenses					
Services and Supplies					
Advertising, Comm & Outreach	12,774	40,200	1,342,537	1,326,704	1,286,504
Alternative Transit	70,656	76,000	61,795	63,647	(12,353)
Audio-Video	4,281	4,500	-	2,000	(2,500)
Banking & Finance	56,961	56,000	3,000	3,000	(53,000)
Books/Periodicals/Subscriptions	35,005	41,880	27,235	50,564	8,684
Breakroom Supplies	6,355	6,000	6,080	5,000	(1,000)
Business Meetings	116,268	266,060	213,500	277,500	11,440
Collaborations	-	-	504,311	514,395	514,395
Document Storage & Handling	-	-	20,550	20,000	20,000
Education & Training	28,408	65,280	32,530	94,500	29,220
Food	598	2,000	1,750	5,000	3,000
Fuel & Lubricants	13,849	15,100	7,490	13,500	(1,600)
Graphic Design	-	-	2,644	10,000	10,000
Incentive Projects	-	-	29,125	217,000	217,000
Internship	-	-	22,750	14,000	14,000
IS Data Processing Services	301,503	258,331	34,900	60,420	(197,911)
IS Hardware	58,990	107,100	110,000	112,800	5,700
IS Internet	-	-	59,520	59,880	59,880
IS Mobile Devices/Services	26,971	28,546	29,326	41,480	12,934
IS SaaS-Software as a Service	-	-	93,000	89,053	89,053
IS Software	95,653	152,160	152,160	161,584	9,424
IS Supplies	18,205	26,600	27,100	21,600	(5,000)
Lab Analysis	-	-	45,215	167,000	167,000
Laboratory Equipment & Supplies	-	-	-	45,000	45,000
Legal Services	23,992	132,950	50,000	122,000	(10,950)
Legislative Advocacy	-	-	75,500	75,000	75,000
Maintenance & Repairs	1,862	11,000	17,000	141,000	130,000
Medical Services	1,130	1,500	-	1,500	-
Membership Dues	34,939	39,580	39,000	43,682	4,102
Mileage/Parking	(532)	1,000	120	33,160	32,160
Miscellaneous	33,511	8,000	1,200	6,400	(1,600)
Office Equipment/Furniture	-	15,000	9,500	14,000	(1,000)
Office Services	32,148	-	5	2,000	2,000
Office Supplies	22,524	51,539	27,750	23,000	(28,539)
Postage/Shipping/Messenger	20,937	24,200	16,525	30,500	6,300
Printing	8,101	10,600	7,775	22,100	11,500
Prof Srvc-Consulting	3,052,789	4,001,133	1,264,784	1,336,759	(2,664,374)
Property & Liability Insurance	72,483	65,000	88,000	90,000	25,000
Property Management	-	-	70,000	75,000	75,000
Public Notices	-	-	4,000	27,500	27,500
Recognition	4,235	4,500	5,500	6,200	1,700
Recording Fees	-	-	-	15,000	15,000
Recruitment	-	-	5,500	10,000	10,000
Rent/Lease-Equipment	27,441	25,000	6,000	8,400	(16,600)
Rent/Lease-Real Property	826,923	828,573	828,573	828,573	-
Safety Supplies	2,260	10,080	3,300	4,080	(6,000)
Stipends	-	-	3,500	3,500	3,500
Telephone Services	43,749	15,400	33,028	33,028	17,628
Temporary Staffing	65,416	124,521	9,300	50,000	(74,521)
Tools/Small Equipment	73,103	159,010	9,140	58,400	(100,610)
Utilities	13,943	19,500	16,000	23,000	3,500
Vehicle Maintenance	28,832	34,653	30,000	30,000	(4,653)
Services and Supplies Total	5,236,263	6,728,496	5,447,518	6,489,409	(239,087)

PROPRIETARY FUND BUDGET

Proprietary Fund (Covell Building) 400 – Revenues and Expenditures

Classification	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Revenues					
Interest	\$ 28,661	\$ 5,000	\$ 35,912	\$ 36,000	\$ 31,000
Rents/Royalties	1,025,568	1,068,637	1,046,711	1,188,965	120,328
Revenues Total	\$ 1,054,229	\$ 1,073,637	\$ 1,082,623	\$ 1,224,965	\$ 151,328
Expenses					
Services and Supplies	\$ 189,097	\$ 419,900	\$ 458,482	\$ 439,768	\$ 19,868
Capital Expense	16,143	235,000	153,098	307,500	72,500
Interfund Charges		408,844	408,844	-	(408,844)
Debt Service	407,844	-	-	409,544	409,544
Expenses Total	\$ 613,084	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 93,068
Surplus/(Deficit)	\$ 441,145	\$ 9,893	\$ 62,199	\$ 68,153	\$ 58,260

Proprietary Fund (Covell Building) 400 – Revenues and Expenses by Account

Classification Account	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Revenues					
Interest					
Interest Earned	\$ 28,661	\$ 5,000	\$ 35,912	\$ 36,000	\$ 31,000
Interest Total	28,661	5,000	35,912	36,000	31,000
Rents/Royalties					
Parking	57,587	32,000	54,000	90,620	58,620
Rents/Concessions/Royalties	967,981	1,036,637	992,711	1,098,345	61,708
Rents/Royalties Total	1,025,568	1,068,637	1,046,711	1,188,965	120,328
Revenues Total	\$ 1,054,229	\$ 1,073,637	\$ 1,082,623	\$ 1,224,965	\$ 151,328
Expenses					
Services and Supplies					
Banking & Finance	\$ 140	\$ 700	\$ 75	\$ 100	\$ (600)
IS Hardware	-	-	2,019	2,500	2,500
IS Internet	-	-	3,480	3,500	3,500
Maintenance & Repairs	40,060	136,700	55,484	49,110	(87,590)
Mileage/Parking	(47,524)	118,000	140,000	143,788	25,788
Office Equipment/Furniture		-	3,479	-	-
Office Services	61,588	-	68,600	71,500	71,500
Property & Liability Insurance	16,137	-	16,945	17,000	17,000
Property Management	19,976	30,000	24,000	25,000	(5,000)
Security	3,201	19,000	19,400	16,000	(3,000)
Tax/Lic/Assessment	6,098	30,000	30,000	8,200	(21,800)
Telephone Services	40	-	8,400	8,400	8,400
Utilities	89,382	85,500	86,600	94,670	9,170
Services and Supplies Total	189,097	419,900	458,482	439,768	19,868
Capital Expense					
FA-Building & Grounds		10,000	-	-	(10,000)
FA-Leasehold Improvement	16,143	225,000	153,098	307,500	82,500
Capital Expense Total	16,143	235,000	153,098	307,500	72,500
Interfund Charges		408,844	408,844	-	(408,844)
Debt Service					
Interest Expense	112,844	-	-	94,544	94,544
Principal	295,000	-	-	315,000	315,000
Debt Service Total	407,844	-	-	409,544	409,544
Expenses Total	\$ 613,084	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 93,068

SPECIAL REVENUE FUND BUDGET

Special Revenue Fund 500 – Revenues and Expenditures

Classification	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Revenues					
Federal	\$ 214,979	\$ 7,271,249	\$ 2,204,573	\$ 13,000,000	\$ 5,728,751
Fines/Forfeits/Penalties	-	-	191,895	67,000	67,000
Interest	229,534	20,000	376,138	350,000	330,000
Other	-	211,420	68,838	201,030	(10,390)
State	12,493,111	25,577,460	19,334,603	30,614,758	5,037,298
Revenues Total	\$ 12,937,624	\$ 33,080,129	\$ 22,176,047	\$ 44,232,788	\$ 11,152,659
Expenses					
Services and Supplies	\$ 5,122,293	\$ 21,333,142	\$ 19,379,875	\$ 33,233,934	\$ 11,900,792
Interfund Charges	-	1,947,586	1,120,186	2,116,371	168,785
Expenses Total	\$ 5,122,293	\$ 23,280,728	\$ 20,500,061	\$ 35,350,305	\$ 12,069,577
Surplus/(Deficit)	\$ 7,815,331	\$ 9,799,401	\$ 1,675,986	\$ 8,882,483	\$ (916,918)

Special Revenue Fund 500 – Revenues and Expenses by Account

Classification	FY17/18 Actuals	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Revenues					
Federal					
FHW-SECAT	\$ 214,979	\$ 7,271,249	\$ 2,204,573	\$ 13,000,000	\$ 5,728,751
Federal Total	214,979	7,271,249	2,204,573	13,000,000	5,728,751
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	-	-	191,895	67,000	67,000
Fines/Forfeits/Penalties Total	-	-	191,895	67,000	67,000
Interest					
Interest Earned	229,534	20,000	376,138	350,000	330,000
Interest Total	229,534	20,000	376,138	350,000	330,000
Other					
Auction	-	211,420	68,838	201,030	(10,390)
Other Total	-	211,420	68,838	201,030	(10,390)
State					
DMV	2,326,442	2,522,025	2,330,000	2,350,000	(172,025)
State	10,166,669	23,055,435	17,004,603	28,264,758	5,209,323
State Total	12,493,111	25,577,460	19,334,603	30,614,758	5,037,298
Revenues Total	\$ 12,937,624	\$ 33,080,129	\$ 22,176,047	\$ 44,232,788	\$ 11,152,659
Expenses					
Services and Supplies					
Incentive Projects	\$ 5,122,293	\$ 21,333,142	\$ 19,379,875	\$ 33,233,934	\$ 11,900,792
Services and Supplies Total	5,122,293	21,333,142	19,379,875	33,233,934	11,900,792
Interfund Charges					
Transfer-Out	-	1,947,586	1,120,186	2,116,371	168,785
Interfund Charges Total	-	1,947,586	1,120,186	2,116,371	168,785
Expenses Total	\$ 5,122,293	\$ 23,280,728	\$ 20,500,061	\$ 35,350,305	\$ 12,069,577

CAPITAL EXPENSE BUDGET

Capital Project Expenses – by Fund

Fund	Description	FY19/20 Proposed
100	General	
	Trailer Demo-General Repairs: Various Vendors	\$ 25,000
	AB 617 Mobile Station + Equipment Carry over	250,000
	AB 617 Samplers and Analyzers	150,000
	Backup Air Monitoring Equipment	100,000
	Carbon Monoxide Analyzer	18,000
	Carbonyl Sampler	23,000
	Construction Proj Mgmt-4Leaf E2016002: P006	50,000
	Data Loggers	15,000
	Fleet Vehicles	100,000
	Flow Meter	5,000
	Gas Calibrator	30,000
	H2 Generator	60,000
	Low Cost Sensor	7,500
	Meterological Pole (2)	15,000
	Meterological System	9,000
	Meterological System with (X) parameters	12,000
	Microphazer	30,000
	N2 Generator	45,000
	Network Connection Hardware	11,000
	Non-methane Hydrocarbon Analyzers	20,000
	Noy Analyzer	40,000
	Ozone Analyzer	30,000
	PM 10 Sampler	50,000
	PM 2.5 Sampler	50,000
	PM10 Sampler with Enclosure	35,000
	Replace Del Paso Manor Station	550,000
	StorageSolution(Nutanix)	45,000
	Zero Air Generators	30,000
	General Total	\$ 1,905,500
401	Covell Building	
	Leasehold Improvements	\$ 307,500
	Covell Building Total	\$ 307,500
Capital Expense Total		\$ 2,213,000

SUMMARY OF FINANCIAL SOURCES, USES AND FUND BALANCE

Fund	Type	Fund Balance 06/30/2018	FY18/19 Projected Revenues	FY18/19 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/2019
100	General Fund	\$ 10,577,983	\$ 18,478,150	\$ 19,231,754	\$ (753,604)	\$ 9,824,379
400	Proprietary Fund	2,979,754	1,082,623	1,020,424	62,199	3,041,953
500	Special Revenue Fund	22,438,751	22,176,047	20,500,061	1,675,986	24,114,737
Total		\$ 35,996,488	\$ 41,736,820	\$ 40,752,239	\$ 984,581	\$ 36,981,069

Fund	Type	Fund Balance 06/30/2019	FY19/20 Proposed Revenues	FY19/20 Proposed Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/2020
100	General Fund	\$ 9,824,379	\$ 20,002,534	\$ 22,966,789	\$ (2,964,255)	\$ 6,860,124
400	Proprietary Fund	3,041,953	1,224,965	1,156,812	68,153	3,110,106
500	Special Revenue Fund	24,114,737	44,232,788	35,350,305	8,882,483	32,997,220
Total		\$ 36,981,069	\$ 65,460,287	\$ 59,473,906	\$ 5,986,381	\$ 42,967,450

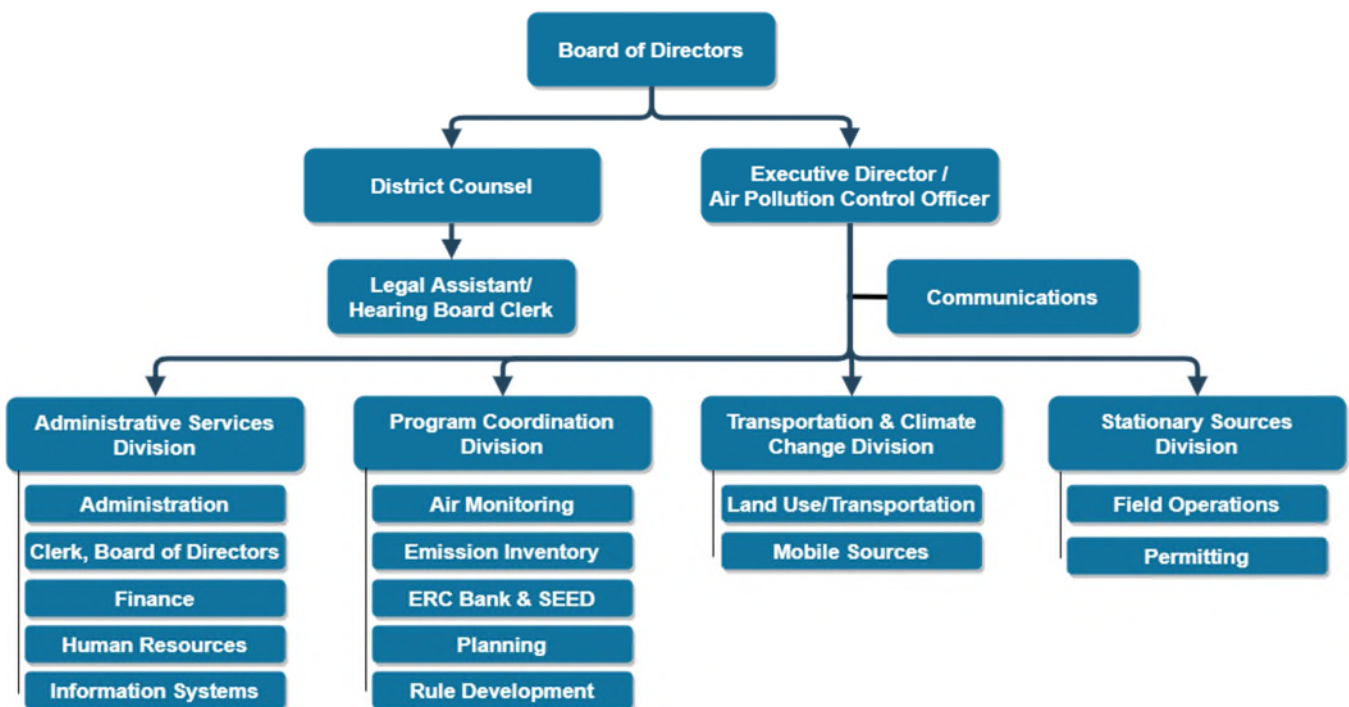
SECTION 7 - Organizational Overview

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

ORGANIZATIONAL STRUCTURE

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

Organization Chart



STAFFING

The District currently has 102.5 proposed FTE positions, of which 99.5 are funded and 3 are unfunded. Staff worked with the Board and the Sacramento Air District Employee Association (SADEA) to fill vacant positions in a manner that allows future flexibility as the District develops its long term funding strategy. In FY18/19 the Board amended the position budget to create 92 regular and 7.5 limited-term funded positions and 3 unfunded positions for a total of 102.5 FTE positions. The following two staffing schedules represents the proposed FTE positions for FY19/20 by classification and by operating division.

Positions by Classification

Classification	FY17/18 Amended	FY18/19 Amended	Changes	FY19/20 Proposed
Administrative Specialist I/II	2.00	2.00		2.00
Administrative Supervisor / Clerk of the Board	1.00	1.00		1.00
Air Pollution Control Officer	1.00	1.00		1.00
Air Quality Engineer	20.50	19.50		19.50
Air Quality Instrument Specialist I/II	3.00	3.00		3.00
Air Quality Planner / Analyst	10.00	10.00		10.00
Air Quality Specialist	19.60	18.60		18.60
AQ Engineer/Specialist/Planner (Limited Term)		5.50		5.50
Communications & Marketing Specialist	1.90	.90		.90
Communications & Marketing Specialist (Limited Term)		1.00		1.00
Controller	1.00	1.00		1.00
District Counsel	1.00	1.00		1.00
Division Manager	4.00	4.00		4.00
Financial Analyst	1.00	1.00		1.00
Fiscal Assistant I/II	1.00	1.00		1.00
Human Resources Officer	1.00	1.00		1.00
Human Resources Technician I/II	2.00	1.00		1.00
Information Systems Analyst	3.00	2.00		2.00
Information Systems Analyst (Limited Term)		1.00		1.00
Information Systems Manager	1.00	1.00		1.00
Legal Assistant I/II	1.00	1.00		1.00
Office Assistant I/II	3.00	3.00		3.00
Program Manager	5.00	5.00		5.00
Program Supervisor	12.00	12.00		12.00
Senior Accountant	1.00	1.00		1.00
Statistician	1.00	1.00		1.00
Funded Total	98.00	99.50	0.00	99.50
Administrative / Legal Analyst	1.00	0.00		0.00
Air Quality Engineer	1.00	1.00		1.00
Air Quality Planner / Analyst	1.00	0.00		0.00
Air Quality Specialist	1.00	1.00		1.00
Human Resources Technician I/II	0.00	1.00		1.00
Unfunded Total	5.00	3.00	0.00	3.00
Total Funded & Unfunded	103.00	102.50	0.00	102.50

Positions by Operating Division

Classification	EXEC	DC	ASD	TCC	PCD	SSD	Total FTE
Administrative Specialist I/II	-	-	2.0	-	-	-	2.0
Admin Supervisor / Clerk of the Board	-	-	1.0	-	-	-	1.0
Air Pollution Control Officer	1.0	-	-	-	-	-	1.0
Air Quality Engineer	-	-	-	6.0	4.5	9.0	19.5
Air Quality Instrument Specialist I/II	-	-	-	-	3.0	-	3.0
Air Quality Planner / Analyst	-	-	-	8.0	2.0	-	10.0
Air Quality Specialist	-	-	-	4.0	3.0	11.6	18.6
AQ Engineer/Specialist/Planner (LT)	-	-	-	2.0	3.0	0.5	5.5
Communications & Marketing Specialist	0.9	-	-	-	-	-	0.9
Comm. & Marketing Specialist (LT)	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
Fiscal Assistant I/II	-	-	1.0	-	-	-	1.0
Human Resources Officer	-	-	1.0	-	-	-	1.0
Human Resources Technician I/II	-	-	1.0	-	-	-	1.0
Information Systems Analyst	-	-	2.0	-	-	-	2.0
Information Systems Analyst (LT)	-	-	1.0	-	-	-	1.0
Information Systems Manager	-	-	1.0	-	-	-	1.0
Legal Assistant I/II	-	1.0	-	-	-	-	1.0
Office Assistant I/II	-	-	3.0	-	-	-	3.0
Program Manager	-	-	1.0	1.0	1.0	2.0	5.0
Program Supervisor	-	-	1.0	3.0	3.0	5.0	12.0
Senior Accountant	-	-	1.0	-	-	-	1.0
Statistician	-	-	-	-	1.0	-	1.0
Funded Total	2.9	2.0	19.0	25.0	21.5	29.1	99.5
Air Quality Engineer	-	-	-	-	1.0	-	1.0
Air Quality Specialist	-	-	-	-	-	1.0	1.0
Human Resources Technician I/II	-	-	1.0	-	-	-	1.0
Unfunded Total	-	-	1.0	-	1.0	1.0	3.0
Total Funded & Unfunded	2.9	2.0	20.0	25.0	22.5	30.1	102.5

LT – Limited-Term

PAY SCHEDULE

The following pay schedule includes a cost of living adjustment (COLA) of 2.4% consistent with the terms of the Memorandum of Understanding between Management and SADEA, and the Unrepresented Personnel Resolution.

**Pay Schedule
Effective July 1, 2019**

Classification	Monthly	
	Minimum	Maximum
Administrative Specialist I	5,792.92	7,041.33
Administrative Specialist II	6,275.60	7,628.03
Administrative Supervisor/Clerk of the Board	7,030.16	9,404.66
Air Pollution Control Officer (contract by Board of Directors)	17,226.33	17,226.33
Air Quality Engineer (Assistant)	6,660.84	8,096.29
Air Quality Engineer (Associate)	7,736.23	9,403.44
Air Quality Instrument Specialist I	5,516.27	6,705.06
Air Quality Instrument Specialist II	6,343.95	7,711.11
Air Quality Planner/Analyst (Assistant)	6,660.84	8,096.29
Air Quality Planner/Analyst (Associate)	7,736.23	9,403.44
Air Quality Specialist (Assistant)	6,660.84	8,096.29
Air Quality Specialist (Associate)	7,736.23	9,403.44
Assistant to the Air Pollution Control Officer	8,203.48	9,971.38
Communications & Marketing Specialist (Assistant)	6,660.84	8,096.29
Communications & Marketing Specialist (Associate)	7,736.23	9,403.44
Controller	9,289.30	12,448.15
District Counsel (contract by Board of Directors)	19,522.74	19,522.74
Division Manager	10,677.53	14,308.49
Financial Analyst	6,779.45	8,240.46
Fiscal Assistant I	3,776.00	4,589.75
Fiscal Assistant II	4,153.69	5,048.84
Human Resources Officer	7,030.16	9,404.66
Human Resources Technician I	4,502.48	5,472.79
Human Resources Technician II	5,178.34	6,294.30
Information Systems Analyst (Assistant)	6,224.67	7,566.13
Information Systems Analyst (Associate)	7,158.05	8,700.65
Information Systems Manager	9,289.30	12,448.15
Legal Assistant I	4,695.83	5,707.81
Legal Assistant II	5,164.96	6,278.04
Office Assistant I	3,121.85	3,794.63
Office Assistant II	3,500.87	4,255.33
Program Manager	9,289.30	12,448.15
Program Supervisor	8,080.49	10,828.92
Senior Accountant	6,779.45	8,240.46
Statistician	7,736.23	9,403.44

DIVISION BUDGETS

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

District Expenditures by Division by Classification

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Administrative Services				
Salaries and Wages	\$ 1,911,662	\$ 1,621,788	\$ 1,858,794	\$ (52,868)
Employee Benefits	757,253	731,630	758,373	1,120
Services and Supplies	1,717,845	1,084,551	1,461,647	(256,198)
Capital Expense	83,200	76,600	56,000	(27,200)
Administrative Services Total	\$ 4,469,960	\$ 3,514,569	\$ 4,134,814	\$ (335,146)
District Counsel				
Salaries and Wages	\$ 301,609	\$ 327,903	\$ 309,106	\$ 7,497
Employee Benefits	122,947	111,573	128,887	5,940
Services and Supplies	158,850	85,495	147,904	(10,946)
District Counsel Total	\$ 583,406	\$ 524,971	\$ 585,897	\$ 2,491
Executive Office				
Salaries and Wages	\$ 628,452	\$ 494,362	\$ 581,123	\$ (47,329)
Employee Benefits	247,434	192,439	239,986	(7,448)
Services and Supplies	1,757,716	1,695,157	1,696,345	(61,371)
Executive Office Total	\$ 2,633,601	\$ 2,381,958	\$ 2,517,454	\$ (116,147)
Non-Departmental				
Employee Benefits	\$ -	\$ 4,238	\$ -	\$ -
Services and Supplies	1,291,473	1,353,055	1,366,701	75,228
Capital Expense	235,000	153,098	307,500	72,500
Debt Service	408,844	408,844	409,544	700
Interfund Charges	-	-	-	-
Non-Departmental Total	\$ 1,935,317	\$ 1,919,235	\$ 2,083,745	\$ 148,428
Program Coordination				
Salaries and Wages	\$ 2,320,931	\$ 2,044,649	\$ 2,531,224	\$ 210,293
Employee Benefits	934,014	823,500	1,044,311	110,297
Services and Supplies	904,761	290,122	1,169,975	265,214
Capital Expense	1,081,000	375,000	1,719,500	638,500
Program Coordination Total	\$ 5,240,706	\$ 3,533,271	\$ 6,465,010	\$ 1,224,304
Stationary Sources				
Salaries and Wages	\$ 3,517,272	\$ 3,165,741	\$ 3,537,859	\$ 20,587
Employee Benefits	1,402,616	1,304,093	1,449,986	47,370
Services and Supplies	381,433	359,558	362,968	(18,465)
Capital Expense	-	-	130,000	130,000
Stationary Sources Total	\$ 5,301,321	\$ 4,829,392	\$ 5,480,813	\$ 179,492
Transportation & Climate Change				
Salaries and Wages	\$ 2,621,318	\$ 2,556,848	\$ 3,019,734	\$ 398,416
Employee Benefits	1,046,278	1,074,058	1,228,868	182,590
Services and Supplies	22,269,460	20,417,937	33,957,571	11,688,111
Interfund Charges	-	-	-	-
Transportation & Climate Change Total	\$ 25,937,056	\$ 24,048,843	\$ 38,206,173	\$ 12,269,117
Total Expenditures	\$ 46,101,367	\$ 40,752,239	\$ 59,473,906	\$ 13,372,539

General Fund Expenditures by Division by Classification

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Administrative Services				
Salaries and Wages	\$ 1,911,662	\$ 1,621,788	\$ 1,858,794	\$ (52,868)
Employee Benefits	757,253	731,630	758,373	1,120
Services and Supplies	1,717,845	1,084,551	1,461,647	(256,198)
Capital Expense	83,200	76,600	56,000	(27,200)
Administrative Services Total	\$ 4,469,960	\$ 3,514,569	\$ 4,134,814	\$ (335,146)
District Counsel				
Salaries and Wages	\$ 301,609	\$ 327,903	\$ 309,106	\$ 7,497
Employee Benefits	122,947	111,573	128,887	5,940
Services and Supplies	158,850	85,495	147,904	(10,946)
District Counsel Total	\$ 583,406	\$ 524,971	\$ 585,897	\$ 2,491
Executive Office				
Salaries and Wages	\$ 628,452	\$ 494,362	\$ 581,123	\$ (47,329)
Employee Benefits	247,434	192,439	239,986	(7,448)
Services and Supplies	1,757,716	1,695,157	1,696,345	(61,371)
Executive Office Total	\$ 2,633,601	\$ 2,381,958	\$ 2,517,454	\$ (116,147)
Non-Departmental				
Employee Benefits	\$ -	\$ 4,238	\$ -	\$ -
Services and Supplies	871,573	894,573	926,933	55,360
Non-Departmental Total	\$ 871,573	\$ 898,811	\$ 926,933	\$ 55,360
Program Coordination				
Salaries and Wages	\$ 2,320,931	\$ 2,044,649	\$ 2,531,224	\$ 210,293
Employee Benefits	934,014	823,500	1,044,311	110,297
Services and Supplies	904,761	290,122	1,169,975	265,214
Capital Expense	1,081,000	375,000	1,719,500	638,500
Program Coordination Total	\$ 5,240,706	\$ 3,533,271	\$ 6,465,010	\$ 1,224,304
Stationary Sources				
Salaries and Wages	\$ 3,517,272	\$ 3,165,741	\$ 3,537,859	\$ 20,587
Employee Benefits	1,402,616	1,304,093	1,449,986	47,370
Services and Supplies	381,433	359,558	362,968	(18,465)
Capital Expense	-	-	130,000	130,000
Stationary Sources Total	\$ 5,301,321	\$ 4,829,392	\$ 5,480,813	\$ 179,492
Transportation & Climate Change				
Salaries and Wages	\$ 2,621,318	\$ 2,556,848	\$ 3,019,734	\$ 398,416
Employee Benefits	1,046,278	1,074,058	1,228,868	182,590
Services and Supplies	936,318	1,038,062	723,637	(212,681)
Interfund Charges	(1,947,586)	(1,120,186)	(2,116,371)	(168,785)
Transportation & Climate Change Total	\$ 2,656,328	\$ 3,548,782	\$ 2,855,868	\$ 199,540
Total Expenditures	\$ 21,756,895	\$ 19,231,754	\$ 22,966,789	\$ 1,209,894

General Fund Expenditures by Division by Program

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Administrative Services				
Administration	\$ 1,123,674	\$ 965,405	\$ 1,026,202	\$ (97,472)
Finance	1,169,376	850,313	964,487	(204,889)
Government Affairs	-	295,000	304,145	304,145
Human Resources	412,624	298,787	329,567	(83,057)
Information Systems	1,764,286	1,105,064	1,510,413	(253,873)
Administrative Services Total	\$ 4,469,960	\$ 3,514,569	\$ 4,134,814	\$ (335,146)
District Counsel				
District Counsel	\$ 583,406	\$ 524,971	\$ 585,897	\$ 2,491
District Counsel Total	\$ 583,406	\$ 524,971	\$ 585,897	\$ 2,491
Executive Office				
Board of Directors	\$ 30,000	\$ 17,010	\$ 29,500	\$ (500)
Communications	1,846,502	1,467,258	1,520,311	(326,191)
Hearing Board	2,000	-	-	(2,000)
Rule 421	117,821	277,192	288,720	170,899
Strategic Partners	637,278	620,498	678,923	41,645
Executive Office Total	\$ 2,633,601	\$ 2,381,958	\$ 2,517,454	\$ (116,147)
Non-Departmental				
Non-Departmental	\$ 871,573	\$ 898,811	\$ 926,933	\$ 55,360
Non-Departmental Total	\$ 871,573	\$ 898,811	\$ 926,933	\$ 55,360
Program Coordination				
Air Monitoring	\$ 3,187,374	\$ 1,780,493	\$ 3,919,769	\$ 732,395
Emission Inventory	276,208	309,419	341,859	65,651
Emission Credit Program	231,236	152,945	110,724	(120,512)
Exchange Programs	237,811	44,099	279,447	41,636
Planning	670,459	883,961	1,138,307	467,848
Rule 421	14,264	25,114	15,735	1,471
Rule Development	623,354	337,240	659,169	35,815
Program Coordination Total	\$ 5,240,706	\$ 3,533,271	\$ 6,465,010	\$ 1,224,304
Stationary Sources				
Agricultural	\$ 102,980	\$ 93,007	\$ 101,358	\$ (1,622)
Asbestos	310,656	293,402	277,780	(32,876)
Asbestos NOA	-	3,524	1,551	1,551
Complaints	76,499	136,511	299,051	222,552
GHG	42,745	22,951	46,719	3,974
Hearing Board	-	1,579	14,500	14,500
PERP	99,968	23,359	112,244	12,276
Rule 301	3,862,424	3,884,254	4,328,728	466,304
Rule 421	355,982	124,510	128,709	(227,273)
Rule Development	-	39	-	-
Title V	230,964	153,558	80,194	(150,770)
Toxics AB2588	219,103	92,698	89,979	(129,124)
Stationary Sources Total	\$ 5,301,321	\$ 4,829,392	\$ 5,480,813	\$ 179,492
Transportation & Climate Change				
Exchange Programs	\$ -	\$ 1,596	\$ -	\$ -
GHG	500,067	614,747	912,282	412,215
Information Systems	25,000	-	-	(25,000)
SECAT-Infill Streamline	142,100	97,812	85,019	(57,081)
Transportation Planning & Assist	1,910,733	2,092,597	1,611,452	(299,281)
Vehicle & Equipment Technology	78,428	742,030	247,115	168,687
Transportation & Climate Change Total	\$ 2,656,328	\$ 3,548,782	\$ 2,855,868	\$ 199,540
Total Expenditures	\$ 21,756,895	\$ 19,231,754	\$ 22,966,789	\$ 1,209,894

Proprietary Fund Expenditures by Division by Classification

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Non-Departmental				
Services and Supplies	\$ 419,900	\$ 458,482	\$ 439,768	\$ 19,868
Debt Service	-	-	409,544	409,544
Capital Expense	235,000	153,098	307,500	72,500
Interfund Charges	408,844	408,844	-	(408,844)
Non-Departmental Total	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 93,068
Total Expenditures	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 93,068

Proprietary Fund Expenditures by Division by Program

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Non-Departmental				
Covell Building	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 93,068
Non-Departmental Total	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 93,068
Total Expenditures	\$ 1,063,744	\$ 1,020,424	\$ 1,156,812	\$ 93,068

Special Revenue Fund Expenditures by Division by Classification

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Transportation & Climate Change				
Services and Supplies	\$ 21,333,142	\$ 19,379,875	\$ 33,233,934	\$ 11,900,792
Interfund Charges	1,947,586	1,120,186	2,116,371	168,785
Transportation & Climate Change Total	\$ 23,280,728	\$ 20,500,061	\$ 35,350,305	\$ 12,069,577
Total Expenditures	\$ 23,280,728	\$ 20,500,061	\$ 35,350,305	\$ 12,069,577

Special Revenue Fund Expenditures by Division by Program

Classification	FY18/19 Approved	FY18/19 Projection	FY19/20 Proposed	Variance Approved/ Proposed
Transportation & Climate Change				
GHG	\$ 6,649,814	\$ 7,039,561	\$ 12,043,889	\$ 5,394,075
Transportation Planning & Assist	205,074	-	-	(205,074)
Vehicle & Equipment Technology	16,425,840	13,460,500	23,306,416	6,880,576
Transportation & Climate Change Total	\$ 23,280,728	\$ 20,500,061	\$ 35,350,305	\$ 12,069,577
Total Expenditures	\$ 23,280,728	\$ 20,500,061	\$ 35,350,305	\$ 12,069,577

DIVISION FUNCTIONS AND KEY INITIATIVES

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

Offices of the Executive Director/APCO and District Counsel

Program	Description
<p>Executive Director/APCO</p>	<p>Under direction from the Board, the Executive Director/APCO is responsible for overall management and operation of the agency. This includes overseeing establishment of program priorities, policies and procedures; formulation of a strategic vision and mission objectives; day-to-day administration; guiding legislative affairs; and development and implementation of air quality and climate change programs to advance the capital region towards clean air and a low-carbon future.</p> <p>Air Quality — The District is the central planning and regulatory agency for moving the region towards attainment of all health-based, federally mandated ambient air quality standards. The Executive Office provides direction for all District environmental management activities including rules and policies, implementing permitting and enforcement programs, monitoring ambient air quality, designing plans, and conducting analyses and research to understand and control sources of toxics and other emissions to protect public health.</p> <p>Climate Change — The District is contributing to the State climate goals by advancing the region’s efforts on low-carbon development, sustainability, mitigation, resilience, and adaptation. The Executive Office guides the agency’s actions on land use management; mitigation of greenhouse gas emissions through strategic investments in low-carbon transportation solutions; engagement in state and federal climate policies and programs; collaborating with other air districts and organizations on research and demonstrations; and building a regional collaborative to help prepare for extreme weather and the changing climate.</p> <p>Legislative Affairs — The Executive Office leads the District’s advocacy efforts before legislators, agencies and other entities, and provides direction to the agency’s lobbyist. In collaboration with the District lobbyist, the Executive Office proactively monitors and analyzes state and federal legislation with a potential impact on air quality and climate change programs in the capital region.</p> <p>Communications — Engages and informs residents and organizations about Sacramento’s air quality problem and educates them on how their actions can help improve air quality and protect public health, achieved through comprehensive public education programs, marketing and community outreach, advisory notices and informational material; manages routine and emergency media relations and social media; manages and directs “Spare The Air” and “Check Before You Burn” programs; conducts annual survey research to document emission reductions achieved through the program; manages other key communications coordination with Federal, State and local agencies and special projects; and supports clean fuels, Cap & Trade projects, AB 617 outreach and implementation and other ad hoc and ongoing programs and assists other divisions with their Communications needs.</p>
<p>District Counsel</p>	<p>Under direction from the Board, the District Counsel provides legal services to the Board and District management and staff.</p> <p>Legal/Administrative — Advises staff on various legal issues including human resources, air quality enforcement, new legislation, and contracts. Reviews all proposed resolutions, rules and regulations, and other Board matters for legal adequacy. Represents the District before the Hearing Board and in litigation activities.</p> <p>Clerk, Hearing Board — Provides administrative support to the District’s Hearing Board, which is a quasi-judicial panel that hears petitions for variances, and abatement orders, as well as appeals of the Executive Officer’s permit and emission reduction credit determinations. Members are appointed by, but act independently of, the Sacramento Metropolitan Air Quality Management District Board. The Hearing Board membership includes a person from the medical profession, a professional engineer, an attorney, and two at large members of the public.</p>

Executive Director/APCO and District Counsel Key Initiatives**Air Quality**

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

Climate Change

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

Communications

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

Legislative Affairs

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

Legal/Administrative

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

Clerk, Hearing Board

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

Administrative Services Division

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

Administration

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

Finance

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

Human Resources

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

Information Systems

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

Transportation & Climate Change Division

Program	Description
Climate Change	<p>Promotes clean air and public health by providing technical assistance and advocacy in the land use and transportation sectors. Works to reduce mobile source and area emissions through reduction in vehicle trips, miles traveled, and increased energy efficiency by developing and implementing strategies that influence transportation planning and programming, land use planning, and project development.</p> <p>Works on climate change mitigation and adaptation through regional coordination, tracking state policy, supporting local action, and building a regional collaborative to respond to the impacts and opportunities of climate change.</p> <p>Reduces exposure to toxic air contaminants through best practices and mitigation measures implemented by lead agencies on construction and operations of projects.</p>
Transportation	<p>Develops and implements strategies and demonstrates technology available to fleet owners and the public aimed at reducing emissions from vehicular sources.</p>

Climate Change

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

Transportation

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

Program Coordination Division

Program	Description
Air Monitoring	Performs continuous monitoring of criteria pollutants and their precursors (ozone, hydrocarbons, carbon monoxide, nitrogen oxides, sulfur oxides, lead, and inhalable particulate matter (PM ₁₀ and PM _{2.5})), meteorological conditions, and other air quality indicators at eight sites throughout the County. Begin 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, assists with evaluations of mobile source emissions. Provides data used in rule development and developing State Implementation Plans.
Emission Reduction Credit Bank & SEED	Maintains the registry of stationary and mobile source credit banks, coordinates and assists credit generators and users, identifies new opportunities for credit use, includes the military base and essential public services accounts, implements Project SEED and the Wood Stove/Fireplace replacement incentive program.
Planning & Data Analysis	Develops plan to ensure compliance with state and federal clean air acts, prepares the District's annual report on progress toward achieving state and federal clean air standards, participates in air quality studies to assess effectiveness of control strategies, and project future air quality. Work with communities to assess and submit communities for consideration under AB 617 for year 2 of the program.
Rule Development	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans and for Best Available Retrofit Control Technologies (BARCT) under AB 617

Air Monitoring

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

Emission Inventory

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

Emission Reduction Credit Bank & SEED

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

Planning & Data Analysis

- Develop and submit to the State the 2018 Annual Progress Report
- Prepare and develop community selection criteria and priority for AB 617 year 2 consideration
- Design and implement the community air monitoring plan in the selected AB 617 community
- Prepare and submit an Exceptional Event request and demonstration for the 2018 wildfires
- Prepare and submit an Ozone Enhanced Monitoring Plan

Rule Development

- Prepare rules subject to best available retrofit control technology implementation under AB 617

Stationary Sources Division

Program	Description
Field Operations	<p>Field Operations is comprised of four main areas:</p> <p>Asbestos — Ensures compliance with federal and local regulations regarding the handling and removal of asbestos containing materials at renovation and demolition sites, ensures compliance with the State Airborne Toxic Control Measure for naturally occurring asbestos</p> <p>Enforcement — Inspects stationary sources of air pollution for compliance with District, state, and federal rules and regulations. Responds to public complaints, performs various compliance duties to enforce Rule 421, administers the Mutual Settlement Program to resolve violations in lieu of litigation and refers and coordinates legal action with District Counsel. Serves on Sacramento County Environmental Crimes Task Force to facilitate inter-agency coordination and referral of criminal violations of District rules and regulations.</p> <p>PERP — Enforces the State’s Portable Equipment Registration Program within the County of Sacramento.</p> <p>Compliance Assistance — Assists businesses in complying with air quality regulations via advisories, workshops, and free facility reviews.</p>
Permitting	<p>Permitting ensures compliance with applicable local, state, and federal regulations by reviewing project proposals, granting conditional approvals, inspecting completed projects, and authorizing operation only after verifying that the equipment can operate in compliance with all applicable regulations. Permitting section is also responsible for Title V and Toxics.</p> <p>Title V — Title V is the federal permitting program implemented by the District.</p> <p>Toxics — Works with sources to help them understand and comply with complex state and federal regulations, maintains the “Hot Spots” toxics emissions inventory, and ensures that toxic emissions from facilities are within acceptable levels. Assists the Program Coordination Division with collecting, evaluating, and disseminating information with regard to toxics in AB 617 communities.</p>

Stationary Sources

- Continue to implement process improvements and workflows for increased efficiency and quality assurance of inspection and mutual settlement programs
- Explore new components of Asbestos program for enhanced effectiveness and health protection
- Improve and update Division Policies and Procedures
- Work with fire agencies to develop protocol for approving training burns that protect air quality and communities from excess smoke, while recognizing the training needs of fire agency personnel
- Implement CARB’s GHG Oil & Gas inspection program
- Update the Mutual Settlement Guideline document
- Continue staff development through internal and external training efforts
- Work with the Program Coordination Division to streamline the internal review of templates and Best Available Control Technology (BACT) determinations
- Develop and implement a strategy to review Title V permit applications for renewals and modifications without impacting the New Source Review permitting program
- Continue the review of facilities under the Air Toxics “Hot Spots” program
- Continue to assist as necessary with the implementation of AB 617 requirements.

ACCOMPLISHMENTS BY DISTRICT PROGRAMS

In FY18/19, the District achieved numerous accomplishments in pursuit of its strategic goals as outlined in Section 3 – Budget Process. The following are the highlights:

Administrative
Completed seven recruitments filling eleven vacancies
Implemented digital employee personal file system
Processed various requests for proposals, contracts, amendments and memorandums of understanding and purchase requests
Implemented an automated workflow process to manage and track public record requests and incoming complaints
Implemented a new enterprise financial accounting system
Implemented a new enterprise travel and expense report solution
Transportation, Communication and Climate Change
Updated the Project Review Principles via Board Adoption to ensure alignment with community and stakeholder values
Chaired the CAPCOA Mobile Sources Grants and Incentives Committee and submitted various comments at CARB Board meetings, public workshops, and the annual symposium meetings
Provided comments and/or testimony on various project documents , including the California Water Fix
District liaison for the CAPCOA Public Outreach Committee
Responded to public and media inquiries during the Carr and Camp Fire fires and provided air quality forecasts and smoke impact information to the public and media.
Developed a white paper for the Sacramento Region on the advantages of climate action plans for jurisdictions and developers alike, in streamlining the review process as well as delivering economic, health, and safety benefits.
Initiated statewide working group at CAPCOA regarding environmental documents related to roadways
Participated on the Sacramento County Environment Justice Element Advisory Committee
Collaborated with the City of Sacramento in pursuit of the Volkswagen Green Cities designation
Partnered with Twin Rivers, Sacramento City and Elk Grove Unified School Districts to deploy the largest fleet of electric school buses (29) in the United States to date
Assisted the Program Coordination Division with the formation of the AB 617 Steering Committee Meeting
Awarded a \$487,775 SB1 Adaptation Planning Grant from Caltrans to evaluate the regional urban heat island effect and develop mitigation strategies to reduce the impact of heat for the transportation infrastructure and active transportation users
Developed Harbor Craft, Dredge and Barge Emission Factor Calculator
Distributed nearly 95,000 pieces of Spare The Air outreach materials and nearly 8,000 pieces of Check Before You Burn outreach materials in 2018.
Updated the Roadway and Railway Toxics Protocol via board adoption, and provided guidance and tools so local decision makers and the public can take effective exposure reduction measures

Promoted the Sac Region Air Quality App, which the public downloaded over 27,000 times in 2018, a 27% annual increase
Increased the number of Spare The Air partners by 131 for a total of over 3800 partners
Produced and distributed an air pollution forecast to the public everyday of calendar year 2018
Notified the public of 20 Spare The Air days during the 2018 ozone season and 40 days when burn restrictions were in place
Collaborated with Sacramento Housing Redevelopment Agency and Mutual Housing to deploy the “Our Community CarShare” program within three disadvantaged communities, each community containing two charging stations and two electric vehicles. Received an additional one million dollars from CARB for expansion of the program as a result.
Successfully completed a Mobile Source program and fiscal audit conducted by the CARB and the Department of Finance with zero findings
Program Coordination
Submitted District's technical assessment and final community recommendations to the State AB 617 Program and received one community for year 1 implementation
Formed an air quality steering committee to help design the community air monitoring program in the selected AB 617 community
Completed the Folsom air monitoring station replacement
Created a new community air protection program webpage for the selected AB 617 community
Completed the EPA Technical Systems Audit
Submitted an exceptional event mitigation plan for Sacramento Federal Nonattainment Area to CARB and EPA
Completed and submitted the 2017 annual progress report to CARB
Funded the replacement of 20 high-polluting wood stoves and fireplaces in low-income households with cleaner appliances
Proposed rules, subsequently adopted by the Board, that establish emissions standards for plastic parts coatings and miscellaneous combustion sources
Submitted annual emission inventories to CARB for 65 point sources
Updated area source emission inventories and submitted them to CARB
Provided loans of emission reduction credits to three Sacramento area businesses
Stationary Sources
Issued 168 Authority to Construct permits and 160 Permits to Operate and published 24 new BACT determinations during the first half of FY18/19 (Jul 1, 2018 – Dec 31, 2018)
Eliminated the permit backlog – There are currently no permits backlogged.
Worked closely with the Compliance Assistance staff to ensure that all facilities subject to new National Emissions Standards for Hazardous Air Pollutants are notified of the new requirements
Reviewed 10 AB2588 health risk assessments for core facilities and reviewed toxics data for more than 1,000 diesel engines.
Continued the ongoing effort to enhance the Stationary Source database including the addition or modification of tables, reports, forms, etc. to better meet the needs of the District

Conducted a total of 3098 inspections, including annual, source tests and Portable Equipment during the 17/18 Federal Fiscal Year (FFY), Oct 2017-Sept 2018
Completed 100% of all major source inspections
Responded to 970 public complaints
Successfully resolved 260 cases through our Mutual Settlement Program, which is a 93% success rate
Continued to enforce 100% of all curtailment days for Check Before you Burn, resulting in 342 violations for FFY 17/18 and 86 for FFY 18/19 to date.
Reviewed and processed 1363 asbestos notifications, which included 448 demolitions and 333 asbestos abatement projects.
Approved 2 asbestos dust mitigation plans for development projects and monitored ongoing naturally occurring asbestos sites
Continued Fire Agency-Air District meetings to foster a cooperative relationship between the agencies; coordinated on burn requests occurring no burn days

SECTION 8 - Statistical Information

OPERATIONAL STATISTICS

The District measures numerous operational activities. A few notable statistics are listed in the table below. The totals, unless otherwise noted, are for July 2018 – June 2019.

Emission Reduction Credit (ERC)	
ERC Applications	0
Transfer Applications	1
Inter-district credit transfer	1
SEED Loans	5
Alternate Compliance Applications	1
Loan Renewals	2

Emission Inventory	
Emission Statements & 185 Fee Sources Updated	18
Facility Surveys	50
Permit Emission Evaluations	771
Area Source Category Updates	40

Wood Stove/Fireplace Assistance Program		
	Low Income	Non-Low Income
Approved Vouchers (projected)	21	0
Devices Changed Out (projected)	15	0

Mobile Sources Emission Reductions from Moyer (since 1998) & SECAT (since 2000)				
<u>Funding Source</u>	<u>Engines</u>	<u>NO_x – tons/day</u>	<u>PM₁₀ – tons/day</u>	<u>ROG – tons/day</u>
SECAT	2,796	2.99	0.31	0.47
Moyer	2,429	5.65	0.53	0.86
Moyer/DMV	33	0.06	NA	0.01
Moyer/EPA	114	0.10	0.01	0.01
EPA	99	0.09	NA	0.01
DMV/Measure A/Lower Emission School Bus	628	0.53	0.04	0.06
Construction Mitigation	39	0.13	0.01	0.02
GGRF (EV School Bus)	29	NA	NA	NA
Other Funds	16	NA	NA	NA
Goods Movement Emission Reduction/Proposition 1B	532	NA	NA	NA
Prop 1B Lower Emission School Bus Program	473	NA	NA	NA
Prop 1B Lower Emission School Bus Program/DMV Match	48	NA	NA	NA
Grand Total¹	7,236	9.55	0.90	1.44

¹The totals reflect the time from Program inception through 12/31/2018 and include active projects in process, not all of which move forward to completion.

Air Monitoring Program					
	<u>NCore</u>	<u>PAMS</u>	<u>SLAMS</u>	<u>Special Purpose</u>	<u>Meteorological</u>
Station Monitoring Activities	1	3	8	3	5
Parameters Monitored	12	21	40	8	24

FINANCIAL STATISTICS

Balances of Governmental Funds (Modified Accrual)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380
Restricted	9,789,530	2,858,052	12,144,152	12,169,654	11,350,172	10,998,388	10,287,274	8,796,696	8,061,391	7,811,623
Assigned	320,000	2,407,273	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
Unrestricted	8,666,336	7,906,636	-	-	-	792,734	1,395,878	1,798,521	1,737,137	2,043,980
Total General Fund	\$ 18,775,866	\$ 13,171,961	\$ 12,464,152	\$ 12,489,654	\$ 11,670,172	\$ 12,111,122	\$ 12,158,262	\$ 11,086,892	\$ 10,308,730	\$ 10,577,983
Emission Technology Fund										
Restricted	\$ -	\$ 9,064,562	\$ 9,211,835	\$ 9,267,343	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751
Total Emission Technology Fund	\$ -	\$ 9,064,562	\$ 9,211,835	\$ 9,267,343	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751

Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES											
Taxes	\$ 9,069,286	\$ 9,471,327	\$ 8,025,308	\$ 7,451,650	\$ 8,071,327	\$ 7,929,307	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	7,754,619	13,564,665	16,058,522	11,162,826	34,081,710	25,879,092	10,507,331	14,342,930	15,445,047	9,232,418	13,718,592
Licenses/Permits	6,405,970	8,371,169	6,705,683	6,479,071	6,180,051	6,015,064	6,741,800	7,416,470	7,646,441	8,001,079	8,395,134
Use of Money/Property	1,086,702	515,419	268,262	230,368	204,424	193,112	18,965	60,372	(31,188)	226,170	1,004,824
Total Revenue	\$ 24,316,577	\$ 31,922,580	\$ 31,057,775	\$ 25,323,915	\$ 48,537,512	\$ 40,016,575	\$ 25,603,010	\$ 30,353,348	\$ 32,051,002	\$ 26,600,812	\$ 32,304,454
EXPENDITURES											
Current:											
Stationary Sources	\$ 5,122,449	\$ 8,944,106	\$ 6,114,436	\$ 5,822,646	\$ 5,843,577	\$ 5,758,644	\$ 5,741,059	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548
Mobile Source	11,261,327	11,647,191	13,088,034	12,207,527	34,704,891	28,394,103	11,475,645	14,932,141	11,367,756	11,916,194	8,048,476
Program coordination	3,474,737	4,575,926	4,334,342	4,285,664	3,959,488	3,780,971	3,832,332	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	3,695,608	3,906,272	4,041,810	3,547,825	3,643,128	3,684,435	3,770,076	3,918,802	4,517,235	4,168,340	4,861,221
Capital Outlay	226,666	119,082	18,498	20,789	305,418	290,995	259,652	239,283	529,002	322,275	200,510
Total Expenditures	\$ 23,780,787	\$ 29,192,577	\$ 27,597,120	\$ 25,884,451	\$ 48,456,502	\$ 41,909,148	\$ 25,078,764	\$ 29,050,073	\$ 27,487,084	\$ 27,940,793	\$ 24,219,871
Excess (Deficiency) of Revenue over Expenditures	\$ 535,790	\$ 2,730,003	\$ 3,460,655	\$ (560,536)	\$ 81,010	\$ (1,892,573)	\$ 524,246	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583
OTHER FINANCING SOURCES (USES)											
Transfer Out	-	456,966	-	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-	-	16,270	-	-	-
Net change in fund balances	\$ 535,790	\$ 2,273,037	\$ 3,460,655	\$ (560,536)	\$ 81,010	\$ (1,892,573)	\$ 524,246	\$ 1,319,545	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583

Statement of Net Position by Component (Accrual Basis)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Investment in capital assets, net of related debt	\$ 594,518	\$ 447,263	\$ 327,593	\$ 507,625	\$ 653,680	\$ 764,943	\$ 792,677	\$ 1,111,788	\$ 1,196,123	\$ 1,170,111
Restricted	16,840,972	20,451,561	20,834,838	20,864,065	19,018,128	18,732,929	14,705,749	19,374,392	18,788,183	30,250,374 ^A
Unrestricted	1,142,535	946,120	-	-	-	792,734	(900,807)	(157,287)	605,026	(5,625,047) ^A
Total governmental activities net position	18,578,025	21,844,944	21,162,431	21,371,690	19,671,808	20,290,606	14,597,619	20,328,893	20,589,332	25,795,438
Business-type Activities										
Investment in capital assets, net of related debt	85,216	142,689	438,929	403,041	113,259	93,109	232,801	613,133	820,602	984,226
Restricted	431,776	427,031	433,754	424,243	416,252	416,293	418,340	416,382	416,575	420,495
Unrestricted	802,936	990,954	762,937	909,129	1,094,081	1,274,390	1,331,412	1,190,967	1,142,715	1,575,033
Total business-type activities net position	1,319,928	1,560,674	1,635,620	1,736,413	1,623,592	1,783,792	1,982,553	2,220,482	2,379,892	2,979,754
Primary government										
Net investment in capital assets	679,734	589,952	766,522	910,666	766,939	858,052	1,025,478	1,724,921	2,016,725	2,154,337
Restricted	17,272,748	20,878,592	21,268,592	21,288,308	19,434,380	19,149,222	15,124,089	19,790,774	19,204,758	24,112,704
Unrestricted	1,945,471	1,937,074	762,937	909,129	1,094,081	2,067,124	430,605	1,033,680	1,747,741	2,508,151
Total primary government net position	\$19,897,953	\$23,405,618	\$22,798,051	\$23,108,103	\$21,295,400	\$22,074,398	\$16,580,172	\$22,549,375	\$22,969,224	\$28,775,192

^AReflected the new accounting treatment from pension and health liability

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/Fixed Assets	Interfund Charges	Contingency	Total
08-09	\$ 12,183,771	\$ 13,507,796	\$ 110,400	\$ 5,142,528	\$ 450,000	\$ 31,394,495
09-10	\$ 12,199,760	\$ 8,128,192	\$ 38,000	\$ 3,851,831	\$ -	\$ 24,217,783
10-11	\$ 11,584,777	\$ 6,425,969	\$ 43,500	\$ 1,407,642	\$ -	\$ 19,461,888
11-12	\$ 11,946,558	\$ 6,619,728	\$ 317,000	\$ 704,652	\$ -	\$ 19,587,938
12-13	\$ 11,997,789	\$ 5,552,842	\$ 397,000	\$ 679,789	\$ -	\$ 18,627,420
13-14	\$ 12,472,301	\$ 5,132,405	\$ 180,532	\$ 806,871	\$ -	\$ 18,592,109
14-15	\$ 13,018,613	\$ 5,670,628	\$ 564,532	\$ 1,071,655	\$ -	\$ 20,325,428
15-16	\$ 13,396,624	\$ 6,807,818	\$ 768,332	\$ 806,573	\$ -	\$ 21,779,347
16-17	\$ 13,898,555	\$ 6,520,859	\$ 1,747,000	\$ 806,573	\$ -	\$ 22,972,987
17-18	\$ 14,969,998	\$ 5,687,169	\$ 881,800	\$ 806,573	\$ -	\$ 22,345,540

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

source: Budgeted Schedule of Revenues, Expenditures and changes in fund balances general fund
 Budgeted Schedule of Revenues, Expenditures and changes in fund balance emission technology fund

Schedule of General Government Revenues by Source

Fiscal Year	Taxes	Intergovernmental	Licenses/ Permits	Use of Money & Property	Total
08-09	\$ 9,471,327	13,564,665	8,371,169	515,419	\$ 31,922,580
09-10	\$ 5,810,923	3,653,527	6,705,683	116,135	\$ 16,286,268
10-11	\$ 5,498,449	3,998,568	6,479,071	59,403	\$ 16,035,491
11-12	\$ 5,940,636	4,289,423	6,180,051	44,337	\$ 16,454,447
12-13	\$ 5,862,442	3,637,602	6,015,064	64,380	\$ 15,579,488
13-14	\$ 6,095,314	4,082,326	6,741,800	9,934	\$ 16,929,374
14-15	\$ 6,283,412	3,516,824	7,416,470	25,241	\$ 17,241,947
15-16	\$ 6,609,429	3,739,523	7,779,365	5,438	\$ 18,133,755
16-17	\$ 6,764,376	3,437,689	8,001,079	81,700	\$ 18,284,844
17-18	\$ 6,859,462	3,336,946	9,053,957	116,467	\$ 19,366,832

Permit Revenue

Year	Active Permits ¹	Actual Revenue ²
2009	4,183	\$ 3,345,143
2010	4,242	\$ 3,501,857
2011	4,238	\$ 4,366,411
2012	4,247	\$ 4,224,561
2013	4,269	\$ 4,419,326
2014	4,331	\$ 4,754,372
2015	4,346	\$ 4,767,562
2016	4,344	\$ 5,136,508
2017	4,397	\$ 5,519,271
2018	4,411	\$ 6,185,455

Source: Sacramento Metropolitan Air Quality Management District

¹Stationary Source Data Base as of June 30.

²Active permits are Annual Renewal only.

Full-Time Equivalent Employees as of June 30

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Classification:										
Accountant I/II	1.0	1.0	1.0	-	-	-	-	-	-	-
Administrative Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-
Administrative/Legal Analyst	1.0	1.0	-	-	-	-	-	-	-	-
Administrative Specialist I/II	-	-	-	-	-	-	-	-	-	2.0
Administrative Supervisor/Clerk of the Board	-	-	-	-	-	-	-	-	-	1.0
Air Pollution Control Officer /Executive Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Air Quality Engineer	21.5	21.5	21.5	20.5	19.5	19.5	19.5	20.5	20.5	20.5
Air Quality Instrument Specialist I/II	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Air Quality Planner/Analyst	11.0	12.0	11.0	10.0	10.0	10.0	10.0	11.0	11.0	10.0
Air Quality Specialist	21.5	20.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	19.6
Assistant to the Air Pollution Control Officer	-	-	-	-	-	-	-	-	-	1.0
Communications & Marketing Specialist	2.9	2.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Clerical Services Supervisor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
District Accountant/Controller	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
District Counsel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
District Counsel Legal Assistant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Division Manager	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Executive Assistant/Clerk to the Board	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Financial Analyst	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resource Technician I/II	-	-	-	-	-	-	-	-	-	2.0
Information Systems Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Information Systems Analyst	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Information Systems Manager	-	-	-	-	-	-	-	-	1.0	1.0
Legal Assistant I/II	-	-	-	-	-	-	-	-	-	1.0
Office Assistant I/II	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Human Resource Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-
Program Coordinator	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	-
Program Manager	-	-	-	-	-	-	-	-	-	5.0
Program Supervisor	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	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
Total Funded Positions	103.9	104.0	99.0	94.0	93.0	93.0	94.0	96.0	96.0	98.0
Positions Unfunded										
Administrative/Legal Analyst	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Air Quality Planner/Analyst	-	-	-	1.0	1.0	1.0	1.0	-	-	-
Air Quality Specialist	-	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Air Quality Engineer	-	-	-	1.0	2.0	2.0	2.0	1.0	1.0	1.0
Division Manager	-	-	-	1.0	1.0	1.0	-	-	-	-
Office Assistant I/II	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Program Coordinator	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	-
Program Supervisor	-	-	-	-	-	-	-	-	-	1.0
Total Positions Unfunded	-	1.0	3.0	8.0	9.0	9.0	8.0	6.0	6.0	5.0
Total Funded + Unfunded	103.9	105.0	102.0	102.0	102.0	102.0	102.0	102.0	102.0	103.0

SECTION 9 - Appendices

APPENDIX A – DESCRIPTION OF FUNDING SOURCES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Initial Fees — Process initial ERCs.

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

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

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

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

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

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

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

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

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

APPENDIX B – DESCRIPTION OF COLLABORATIONS

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

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

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

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

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

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

Environmental Council of Sacramento

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

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

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

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

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

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

Capital Region Local Policy Makers Program – These events allow elected officials from the region to discuss issues of mutual concern and learn about strategies to reduce emissions, including more walkable communities and transit-oriented

development. The events include presentations by experts in various planning areas that are significant to sustainable growth and successful lines of communication of new initiatives and innovative concepts.

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

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

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

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

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

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

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

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

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

APPENDIX C – GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

Consumer Price Index (CPI) – A measure of the average change over time in the prices paid by urban consumers for a fixed market basket of goods and services 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 Issue – Issuance of bonds and other debt instruments to finance municipal improvements and services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Vice Mayor, City of Sacramento

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Supervisor, Sacramento County

Patrick Kennedy
Chair, Sacramento County

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