

APPROVED BUDGET

FISCAL YEAR 2022/23



SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

SACRAMENTO, CALIFORNIA

APPROVED BUDGET

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2022/23 BUDGET

Board of Directors

Eric Guerra, Chair
Mayor Pro Tem
City of Sacramento

Sean Loloee
Council Member
City of Sacramento

Patrick Kennedy, Vice-Chair
Supervisor
Sacramento County Board of Supervisors

Don Nottoli
Chair
Sacramento County Board of Supervisors

Sarah Aquino
Council Member
City of Folsom

Kevin Papineau
Council Member
City of Galt

Bret Daniels
Council Member
City of Citrus Heights

Phil Serna
Supervisor
Sacramento County Board of Supervisors

Rich Desmond
Vice-Chair
Sacramento County Board of Supervisors

Bobbie Singh-Allen
Mayor
City of Elk Grove

Sue Frost
Supervisor
Sacramento County Board of Supervisors

Donald Terry
Mayor
City of Rancho Cordova

Jeff Harris
Council Member
City of Sacramento

Mai Vang
Council Member
City of Sacramento

Executive Director / Air Pollution Control Officer

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

District Counsel

Kathrine Pittard

777 12th Street, Ste. 300
Sacramento, CA 95814



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Sacramento Metro Air Quality Management District
California**

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Sacramento Metropolitan Air Quality Management District for its annual budget for the fiscal year beginning July 1, 2021. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for one year only. The District believes its current budget continues to conform to program requirements and will submit it to GFOA to determine its eligibility for another award.

FY 2022/23 Budget was prepared by the Administrative Services Division
Finance section in conjunction with District Staff

Division Manager
Jamille Moens

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

(HYPERLINKS ARE ACTIVE)

TABLE OF CONTENTS

SECTION 1 - EXECUTIVE DIRECTOR/APCO LETTER1

SECTION 2 - BUDGET OVERVIEW4

 DISTRICT PROFILE4

 DISTRICT BUDGET SUMMARY8

 STRATEGIC DIRECTION11

 STRATEGIC INITIATIVES11

SECTION 3 - BUDGET PROCESS17

 ANNUAL BUDGET CYCLE17

 BUDGET PRACTICES & STRATEGIES18

 BASIS OF BUDGETING19

SECTION 4 – FINANCIAL PLANNING20

 FINANCIAL FORECAST AND PLANNING20

 BUDGET FORECAST21

 FUND BALANCE FORECAST29

SECTION 5 - FUND INFORMATION30

 GENERAL FUND 10030

 PROPRIETARY FUND 40032

 SPECIAL REVENUE FUND 50035

 FUND BALANCE37

SECTION 6 - BUDGET SCHEDULES39

 DISTRICT BUDGET39

 GENERAL FUND BUDGET40

 PROPRIETARY FUND BUDGET44

 SPECIAL REVENUE FUND BUDGET45

 CAPITAL EXPENSES BUDGET46

 SUMMARY OF FINANCIAL SOURCES, USES, AND FUND BALANCE47

SECTION 7 - ORGANIZATIONAL OVERVIEW48

 ORGANIZATIONAL STRUCTURE48

 STAFFING49

 PAY SCHEDULE51

 DIVISION BUDGETS52

 PROGRAM BUDGETS55

 DIVISION FUNCTIONS AND KEY INITIATIVES57

 DIVISION ACCOMPLISHMENTS65

 PERFORMANCE MEASURES68

SECTION 8 - STATISTICAL INFORMATION70

 FINANCIAL STATISTICS70

SECTION 9 - APPENDICES75
APPENDIX A – FINANCIAL MANAGEMENT POLICIES75
APPENDIX B – DESCRIPTION OF FUNDING SOURCES80
APPENDIX C – GLOSSARY84

SECTION 1 - Executive Director/APCO Letter

May 26, 2022

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

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

We are pleased to present the Fiscal Year 2022/2023 (FY22/23) Approved Budget for the Sacramento Metropolitan Air Quality Management District (District). The Approved Budget is balanced and reflects a total for FY22/23 of \$76.6 million, including \$25.2 million for the General Fund, \$1.3 million for the Proprietary Fund, and \$50.0 million for the Special Revenue Fund, which supports clean air project investments in the greater Sacramento valley. The FY22/23 Approved District Budget is a net increase of \$13.0 million from the FY21/22 Approved Budget with a \$1.1 million increase in the General Fund, \$180,488 increase in the Proprietary Fund, and \$11.8 million increase in the Special Revenue Fund. The successful completion of this approved budget suggests that the business of protecting the health of residents in the Sacramento region from the harmful effects of air and climate pollution must continue for the next fiscal year.

We continue to live in uncertain times but welcome the news of improvements in the pandemic situation. The past two years have been challenging for our agency in the same way other government entities have struggled to adjust. However, we succeeded in ensuring the continuity of District operations and were able to provide uninterrupted service to our clients. We have been open to the public and are retaining telework as our primary operational mode. We implemented a hybrid work environment with staff having returned to the office for a minimum of one day a week. While we have clearly experienced the benefits and seen the potential of teleworking in our line of business, the need is also plainly evident for some in-person interaction amongst ourselves, our clients, and collaborators for many aspects of our work. The agency expects to trial this hybrid, one-day-in-office arrangement for a few months before contemplating expanding to two days in office and maintaining this approach longer term.

A silver lining of the mandated lockdown was the significant improvement in air quality we saw throughout the region due primarily to a sharp drop in commute driving. Large-scale teleworking, resulting from sheltering-in-place, has been a stark reminder of the benefits of becoming less dependent on single-occupant vehicle trips and the importance of active transportation. In April of 2020, there was a 70% reduction in driving around Sacramento, which resulted in approximately a 20% reduction in ambient air pollution. This improvement is consistent with the recognition that mobile sources in the transportation sector, burning primarily gasoline or diesel fuel, account for most of the air pollution burden in the region. Thus, the District plans to promote and reinvigorate teleworking as a clean air strategy for all employers in Sacramento. However, we also fully recognize that telework does not work for everyone. And clearly, the devastating economic effects of the lockdown on small businesses and some specific sectors are widely recognized. Our agency supports efforts for commercial revitalization. As the spokesperson for clean air and climate action in the region, the District will also continue to promote the retention of a significant amount of teleworking as the public returns to the "new normal." Finally, as a science-based organization, the District and its employee association have agreed to adopt a new vaccination requirement as a condition for employment to help ensure the safety and well-being of all of our employees.

Through the pandemic year, the business of fighting air and climate pollution continued as ardently as ever. Given that most of the sources of pollution that require control fall under federal authority, the District is working with our 150 state and local air agency partners from across the country to advocate, influence, and inform the expected federal actions. New standards for cleaner heavy-duty trucks, cars, and aircraft engines, a methane rule, powerplant greenhouse gas (GHG) emissions, and controls on mercury and toxic emissions are some of the new national policies under development that the District is tracking.

The federal government is also rolling out massive investments in electric vehicle infrastructure as one tool in the toolbox to address climate change. The District, in partnership with the Sacramento Area Council of Governments (SACOG), the Sacramento Regional Transit District, and the Sacramento Municipal Utility District, is well-positioned to compete for infrastructure funding for our integrated Sacramento Area Zero Emission Vehicle Deployment Strategy. In a coordinated approach, we have identified electric public transit buses, charging plazas for electric trucks and other fleet vehicles, eMobility hubs, green tech jobs and workforce development as key mutual priorities. The transformation towards a sustainable transportation energy future will take time, energy, and many resources, and we have a unique opportunity at this moment in time to expand and accelerate actions for decarbonizing our local economy. Moreover, we can do this in an inclusive way to benefit all, especially our most marginalized residents so they, too, can partake in our green future.

In the world of vehicles and equipment, the most effective and rapid approach for air and climate pollution reductions is still the use of public dollars for fleet modernization - funding for zero or lower-emitting vehicles and engines for use in every application possible. The District is succeeding since we are the leading agency in the state investing the largest fraction of state funding (98% of state Community Air Protection Program dollars) on electric vehicles (EVs) and infrastructure. As a result, our region is home to the largest and second-largest fleets of electric school buses in North America. New federal dollars could help scale up and speed the deployment of EVs for public and private fleets in our District. Historically, most of our funding for EV and infrastructure incentives comes from the state of California programs. Thus, we will continue to prioritize the success of these state-funded efforts to better compete for additional funding in the future.

Through the pandemic, the District has managed to continue to conduct all essential and legally required functions of air quality planning, permitting, ambient air monitoring, inspections of permitted emission sources and clean technology projects, and implementation of various federal and state programs. Front and center in our priorities is to do our part for the demonstration of transportation conformity so the region can continue to be eligible for state and federal highway funds, especially now as the region prepares for new federal infrastructure investments.

The District is funded primarily by permit fees, vehicle registration fees, a local tax measure, and state and federal grants. Even before the COVID crisis, these funds were under strain given the rising costs of doing business, the growing demands imposed on the District by new state mandates that come without adequate funding, the need for local match funding, and the lack of full cost-recovery or inflation adjustments in many of our programs. Some of our most important initiatives lack a continuous appropriation from the state or other sources. For example, the Sacramento Emergency Clean Air and Transportation (SECAT) program has been one of our most important local tools for achieving cost-effective emission reductions toward the attainment of the National Ambient Air Quality Standards. SECAT is also an effective tool for economic development when funding is directed to local businesses for clean air projects. The District appreciates funding from SACOG, but the program is expected to sunset as no continuous funding source for it has been identified. A second example is the Community Air Protection Program, Assembly Bill 617 (AB 617, C. Garcia, 2017). This state program is a paradigm shift in air quality management. It calls for new targeted efforts to address the health burdens from exposure to highly localized air pollution for the benefit of low-income and disadvantaged communities. The program launches several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. The state has formally identified our South Sacramento-Florin community – an area of approximately 140,000 Sacramento residents occupying 27 square miles - as an AB 617 community, one of 17 across the state. AB 617 promotes the use of state incentive dollars for cleaner technology to reduce the air pollution affecting AB 617 communities. While Governor Newsom has included funding in his approved FY22/23 state budget for AB 617 implementation and incentives, the amount is only about half of what is needed, and it is still one-time funding. Next year, we will all be back here, advocating to the state to permanently fund its program.

The District's five-year forecast still shows a persistent funding gap between revenues and expenditures. Thus, District staff will continue to work with the Budget and Personnel Committee to identify viable funding solutions and strategies. Invariably, an increase in existing fees and/or new fees applicable to permitted businesses to cover the myriad of newly mandated programs imposed on the District will be necessary. In the meantime, we remain laser-focused on our commitment to carry out our mission for clean air and low-carbon development. We will continue to help the region chart a path towards the future of electric mobility and the transition to sustainability, livability, and prosperity. In the next fiscal year, we will continue to fund and deploy cleaner and zero-emission vehicles, especially electric school buses, battery-electric and fuel cell electric trucks, and hydrogen fueling and electric charging infrastructure. We will prioritize the growth of cutting-edge mobility programs such as our first eMobility Hub in Del Paso Heights - our coordinated work has identified the need for 52 hubs in the region. In addition, a new hydrogen fuel cell locomotive project at the Port of West Sacramento and Our Community Car Share and Clean Cars 4 All

equity programs are exclusively benefiting low-income and historically underserved residents. We will also work to prop up traditional but still very important initiatives like our Agricultural Equipment Emission Reduction Program.

Wildfires are a reality and a part of the new “normal.” Thus, the District will deliver to the state legislature the Wildfire Smoke Air Pollution Emergency Plan requested by Assembly Bill 661 (K. McCarty, 2019). Although AB 661 came with no state funding, the District recognized the work was important and is expected to complete the assignment in mid to late 2022. The District is also continuing the relatively new Smoke Management Program for agricultural burning in Sacramento County, a program previously administered under contract with Sacramento County. Administering agricultural burning involves the issuance of permits for prescribed burning and fire agency training and coordination with the nine surrounding air districts in the 11 counties that make up the Sacramento Valley Basinwide Air Pollution Control Council.

In addition to low-carbon transportation initiatives, other District climate change activities include outreach on the findings from our seminal study of the region’s urban heat island effect and promoting the adoption of adaptation strategies such as cool roofs and pavements and expansion of the urban canopy in tree-deficient neighborhoods. Our ultimate goal is to mitigate the excess heating generated by urban development and our warming climate to help Sacramento avoid becoming Phoenix.

We cannot forget our regional partners. The District is fortunate to enjoy strong bonds with the agencies mentioned above and many others such as Valley Vision, Breathe California Sacramento Region, the Sacramento Plug-in Vehicles Collaborative, the Cleaner Air Partnership, and the Sacramento Clean Cities Coalition. These partnerships enable the District to carry out its mission more effectively and in a coordinated fashion for the greater benefit of our region.

In closing, despite the pandemic and the many related difficulties of the past year, the District overcame the challenges with resolve and conviction. We have a staff of committed professionals who persevered above all and helped the District navigate through treacherous waters. This Approved Budget is a practical step forward that will allow time to assess and recover from the pandemic. With continued support from the Board of Directors and our community, the District is ready to advance on our long-term vision of clean air and a low-carbon future for all.

Respectfully,



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

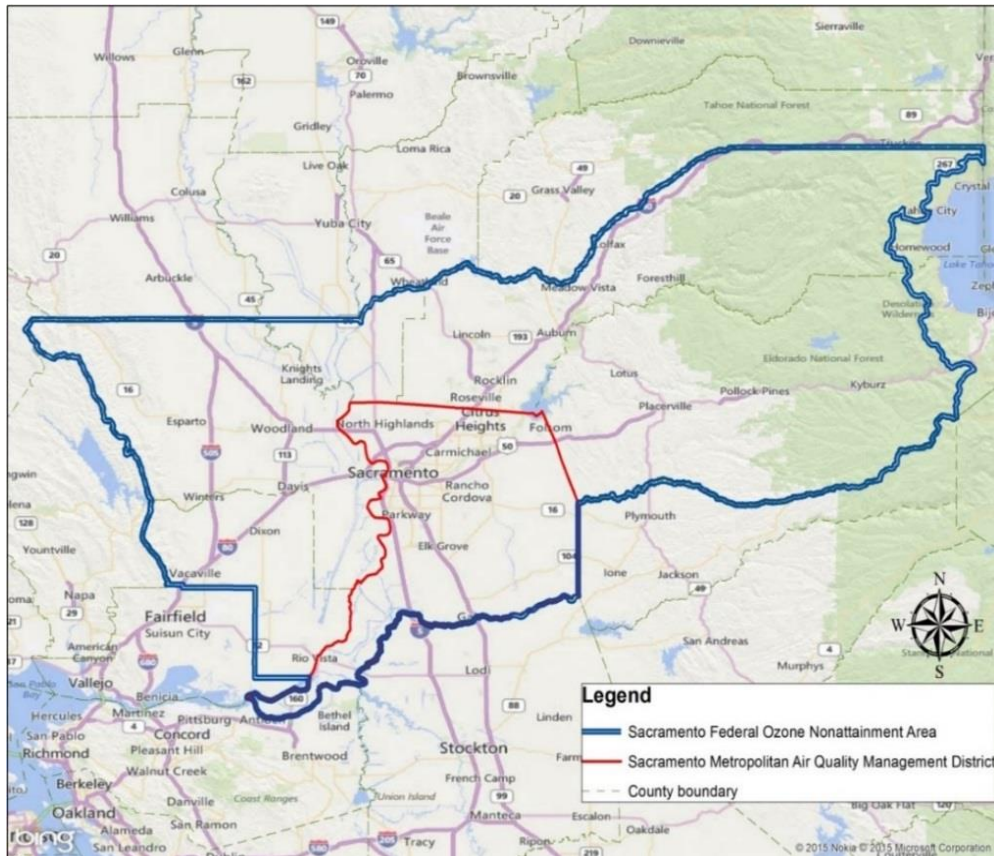
SECTION 2 - Budget Overview

The Budget Overview section provides a profile of the District, a summary of the FY22/23 Approved Budget, and a description of the District’s strategic direction, performance measures, and key initiatives. This section also includes a discussion of the factors affecting the District’s financial condition. The FY22/23 Approved Budget totals \$76.6 million and includes 97.6 total authorized full-time equivalent (FTE) positions. Total expense budgets by fund are as follows: General Fund \$25.2 million, Proprietary Fund \$1.3 million, and Special Revenue Fund \$50.0 million.

DISTRICT PROFILE

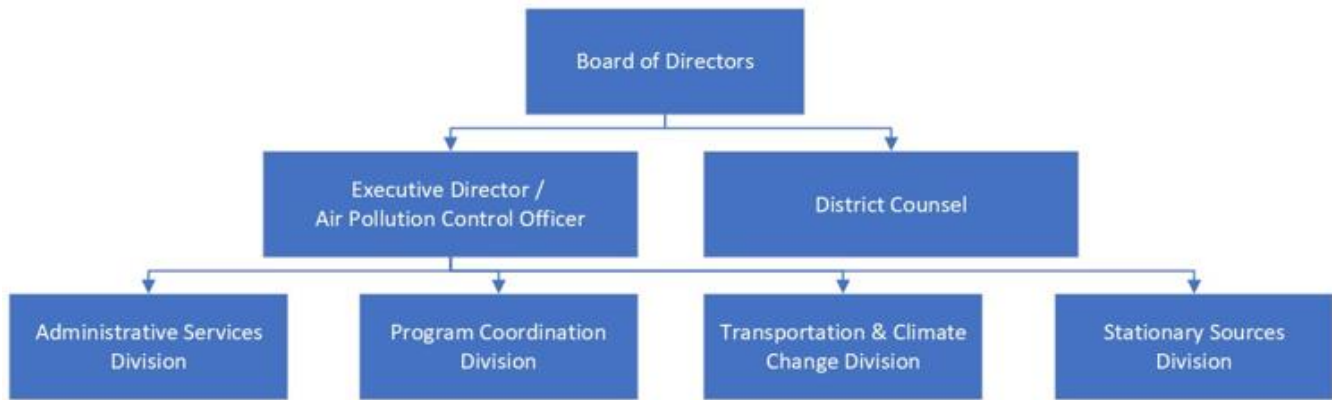
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air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

Map of the Sacramento Federal Ozone Nonattainment Area



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

Organization Chart



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

While air quality in the SFNA currently does not meet the federal health standards for ozone, or the more stringent California standards for ozone and particulate matter (PM₁₀ and PM_{2.5}), progress has been made even as standards have tightened. Despite a huge increase in population over the last two decades, the Sacramento region’s air quality has continued to improve.

Sacramento County’s population was approximately 1.6 million as of the 2020 Census. This population represents roughly 63% of the SFNA’s population of approximately 2.5 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA, and the makeup of the SFNA (by percent) by county.

Population in Sacramento Federal Ozone Nonattainment Area

County	SFNA portion of the County	Population		County in SFNA/Total SFNA ²
		County ¹	SFNA/County	
El Dorado	160,808	191,185	84%	6.4%
Placer	394,963	404,739	98%	15.8%
Sacramento	1,585,055	1,585,055	100%	63.3%
Solano	142,749	453,491	31%	5.7%
Sutter	3,241	99,633	3%	0.1%
Yolo	216,403	216,403	100%	8.7%
Total	2,503,219	2,950,506	-	100.0%

¹ The county population is based on the 2020 Census results. Downloaded from: https://www2.census.gov/programssurveys/decennial/2020/data/01-Redistricting_File--PL_94-171/California/ on 02/10/2022

² Percentage values are rounded to 1 decimal point

³ The SFNA/County ratio is based on the 2020 Census results

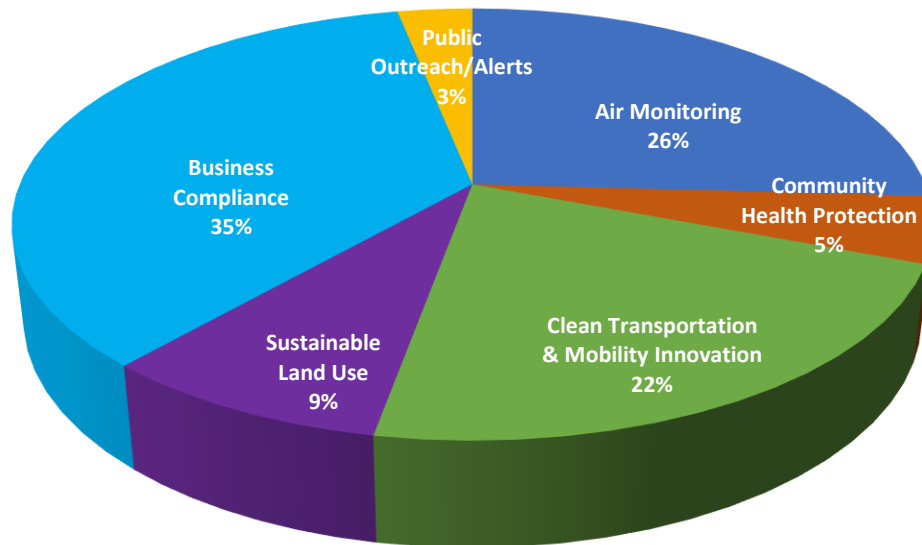
A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains, and plenty of sunny days act to enhance smog formation and effectively trap pollutants in the Sacramento Valley Basin. The Sacramento region has relatively few “smokestack” industries (stationary sources) compared to the Bay Area and Southern California. Therefore, even if all 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 2022, these mobile sources are projected to contribute approximately 41% of the volatile organic compounds (VOC) (compared to 42% in 2021) and 84% of the oxides of nitrogen (NO_x) emissions (compared to 85% in 2021). Meanwhile, stationary (industrial) sources contribute about 24% of the VOC emissions (same in 2021) and 12% of the NO_x emissions (compared to 11% in 2021) in the

Sacramento region. Emissions projections were calculated using CEPAM 2019 – version 1.03 for the SFNA. Increasingly stringent state and federal regulations will help to reduce the impact of motor vehicle fuel and engine emissions on air quality in the future, but as growth brings more vehicles into the Sacramento region, mobile sources will continue to be a major factor in the region’s air quality problem.

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

Allocation of FY22/23 Operating Expenses by District Function



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

Ambient Air Quality Monitoring

- Compliance with air quality planning and approval and maintenance of State Implementation Plans
- Measurements for federal transportation plans
- Real-time air quality data for the community – summer ozone pollution forecasts, winter *Check Before You Burn* program, winter particle pollution forecasts for leaf blower use restrictions
- Measurement, reporting, and communication of impacts from wildfire and other events
- Compliance with state and federal requirements

Community Protection

- Prompt investigation of and response to air quality complaints
- Public protection against asbestos exposure with yearly oversight activities of renovation, demolition, and abatement projects
- Reduction of exposure to toxic smoke by inspecting illegal burns and enforcing the *Check Before You Burn* program
- Air Toxics “Hot Spots” program assesses emissions and exposure risks to toxic air contaminants
- Develop and coordinate the execution of measures to reduce exposure to toxic air contaminants such as wildfire smoke, diesel particulate matter, and road dust
- Build climate resilience, especially for underserved communities, through innovative policies, solutions, and regional partnerships

-
- Coordinate with and provide guidance to local jurisdictions and school districts during air pollution emergency events
 - Public noticing of projects and agency determinations related to permitted businesses

Clean Transportation & Future Mobility

- Work with local communities to invest in regional clean transportation projects
- Priority projects target heavy, medium, and light-duty vehicles, school buses, increased mobility and charging and fueling infrastructure
- Reduce annual GHG, NO_x, and PM emissions through innovative programs
- Transition transportation toward zero emissions
- Driving innovation in mobility and connected, autonomous, electric, and shared vehicles

Sustainable Land Use

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

Business Compliance

- Issuance of air quality permits to ensure local businesses comply with air quality rules
- Perform inspections of permitted businesses
- Perform surveillance activities to verify businesses required to have permits have obtained them
- Assure a fair playing field for all businesses by enforcing clean air rules

Public Outreach/Alerts

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

DISTRICT BUDGET SUMMARY

The Board is required to adopt an annual budget by July 1 of each fiscal year, with the annual budget serving as the foundation for the District’s financial planning and control. The FY22/23 Approved Budget totals \$58.2 million in revenue and \$76.6 million in expenditures and includes 97.6 total authorized full-time equivalent (FTE) positions.

The following table is a summary of the FY22/23 Approved District Budget by fund:

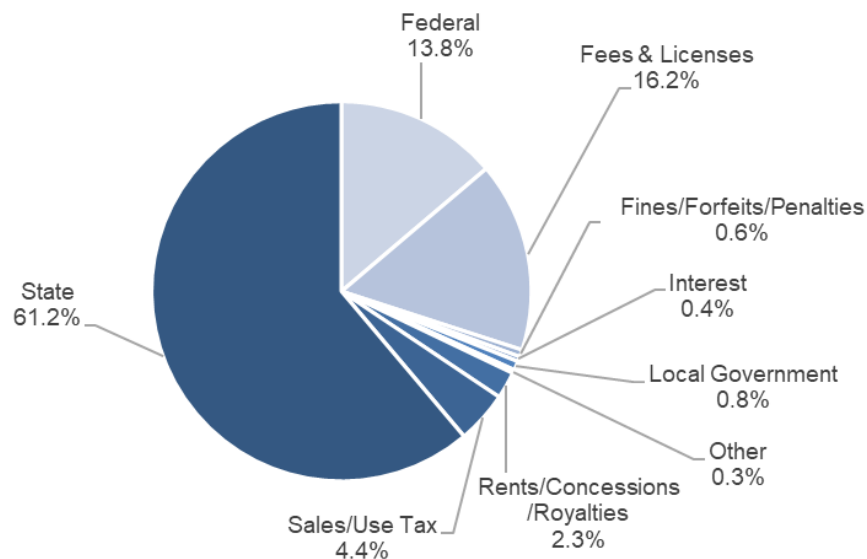
District Budget by Fund

Fund	FY21/22 Approved Budget	FY22/23 Approved Budget	Variance
General (100)	\$21,111,877	\$23,482,552	\$2,370,675
Covell Building Proprietary (400)	1,157,782	1,338,270	180,488
Special Revenue (500)	25,477,609	33,379,397	7,901,788
Total Revenues	\$47,747,268	\$58,200,219	\$10,452,951
General (100)	\$24,125,582	\$25,178,731	\$1,053,149
Covell Building Proprietary (400)	1,157,782	1,338,270	180,488
Special Revenue (500)	38,258,525	50,040,489	11,781,964
Total Expenditures	\$63,541,889	\$76,557,490	\$13,015,601
Current Surplus/(Deficit)	\$(15,794,621)	\$(18,357,271)	\$(2,562,650)

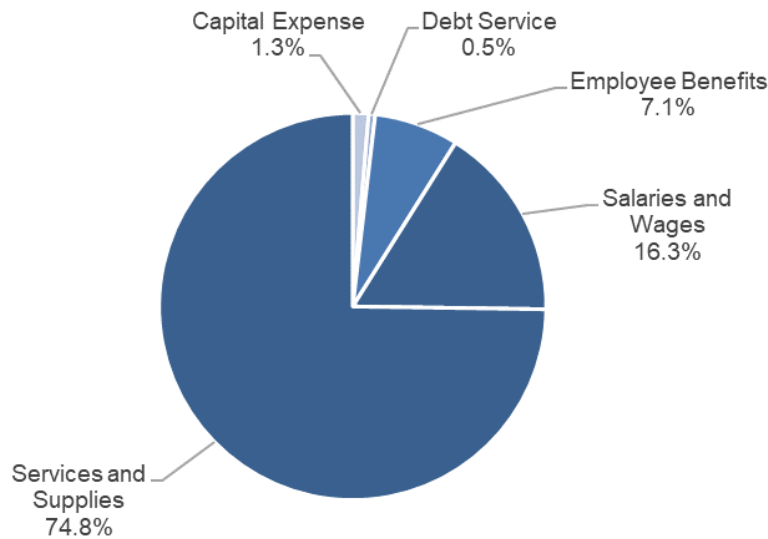
The Approved Budget reflects the District’s mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections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

The following charts detail the revenues and expenditures by classification as a percentage of the total FY22/23 Approved District Budget.

District Budget – Revenues by Classification (\$58.2 million)



District Budget – Expenditures by Classification (\$76.6 million)



The notable changes in revenues and expenditures in the FY22/23 Approved Budget from the FY21/22 Approved Budget for the General, Covell Building Proprietary, and Special Revenue funds are listed below.

General Fund

Revenues

- Increase in Federal revenue of \$741,640, mainly due to an additional EPA grant (Targeted Airshed Grant) of about \$1.2 million, which will mostly fund Heavy Duty Electrification of school buses and replacement of off-road agriculture equipment with newer, cleaner equipment in our neighboring districts
- Decrease in State revenue of \$290,526 as a one-time Caltrans project was completed in FY21/22
- Increase in Stationary Sources and Mitigation fees of \$1.4 million, primarily due to an understated FY21/22 budget (actual FY21/22 fee revenue is estimated to be \$1.1 million higher than the FY21/22 budget). The FY22/23 budget for fees includes an anticipated 5.65% CPI adjustment to be effective July 1, 2022. The fee increase includes the current year CPI increase of 4.0%, as well as a two-year phase-in for the FY20/21 approved change of 3.3%
- Increase in Fines/Forfeits/Penalties of \$200,000 because of increased in-person inspections that were not possible during the COVID pandemic
- Increase in Measure A Sales/Use Tax revenue of \$464,766 based on a Sacramento Transportation Authority (STA) estimate for FY22/23

Expenses

- Increase of \$1.2 million in Employee Services expenditures due to the addition of 3.5 full-time equivalent (FTE) positions, a 4.0% Cost of Living Adjustment (COLA), and an increase in retirement contributions for FY22/23. The FTE additions are to help restore service levels of key district programs, meet the demands of new mandated programs, and address backlogs resulting from holding vacancies open over the past few years to manage expenses during the pandemic and increase fund balance
- Increase in Services and Supplies of \$1.2 million mainly due to higher program distributions of \$791,492 for the additional EPA grant and an increase in Professional Services expense of \$196,496 (primarily related to the one-time implementation expense for a new software solution to replace the Permitting & Compliance and Transportation Incentives applications)

- Decrease of capital project expenses of \$526,000, primarily related to the completion of the Del Paso Manor air monitoring station replacement. More funds were spent on this project in FY21/22 than are planned for FY22/23
- Increase of Interfund Charges (more of a credit to expense) of \$785,018. This represents Special Revenue grant administrative expenses transferred from the General Fund to the Special Revenue Fund

Covell Building Proprietary Fund

- Increase of \$180,488 of Rent Revenue, mainly for rent charged to the District
- Net increase of \$108,500 in Capital Expenses reflecting building modifications to create an efficient hybrid work environment for District staff and anticipated tenant improvements upon renewal of a third-party tenant lease. The capital budget also includes an appropriation to the capital improvement projects reserve used to fund large items (such as a new air conditioning unit, new roof, etc.) as they arise in the future

Special Revenue Fund

- Increase in State revenue of \$7.9 million, mainly related to the Carl Moyer grant program
- Increase in incentive payments of \$11.0 million. This change is due to higher disbursements anticipated for the Carl Moyer and Goods Movement Emission Reduction (GMERP) programs in FY22/23

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

Staffing

The FY22/23 Approved Budget includes a staffing plan of 97.6 FTE as shown in the table below. The budget anticipates the addition of 2.5 Air Quality Engineers and 1.0 Administrative Specialist to restore service levels of important programs and implement new mandated programs.

Approved Position Changes

Budget Status	Appointment	FY21/22 Approved	FY22/23 Approved*	Change
Funded	Regular	90.1	93.6	3.5
	Limited-term	4.0	4.0	-
Funded Sub-total		94.1	97.6	3.5
Unfunded	Regular	7.0	-	(7.0)
	Limited-term	1.0	-	(1.0)
Unfunded Sub-total		8.0	-	(8.0)
Total		102.1	97.6	(4.5)

* Beginning with this budget, only funded positions are included in the budget. For clarification and best practices, the unfunded positions will no longer be tracked; only positions that are necessary to support District operations will be presented in future budgets for approval and funding.

STRATEGIC DIRECTION

This Strategic Direction is the roadmap for the District’s programs and activities focused on accomplishing its principal priorities. These include protection of public health against air and climate pollution, ensuring compliance with the agency’s regulatory requirements, effectively managing human and other resources, and providing excellent customer service. Importantly, this roadmap is also a line of communication of the District’s vision to staff, its Board of Directors, agency partners and stakeholders, and the public at large. Gaining and maintaining the trust of the community it serves is paramount, and the Strategic Direction provides a sound basis for resource allocations, expenditures, clean air investments, and general community support while ensuring transparency and accountability.

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

STRATEGIC INITIATIVES

Strategic initiatives are programs and activities undertaken in direct support of the agency’s mission and direction. The initiatives are developed, reviewed, and updated annually to ensure that the work of the District evolves as conditions change, adapting to new opportunities and challenges. Major FY22/23 District initiatives are described below. They are similar to the previous year, with a few important new work streams. In addition to the description of these Districtwide initiatives, key operational initiatives for the upcoming fiscal year by program area are highlighted in Section 7 – Organizational Overview.

Accelerating and Expanding Climate Action in the Greater Sacramento Region

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

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

The District is also committed to supporting new efforts by various entities geared towards a comprehensive and coordinated regional climate strategy. Examples of emerging opportunities where the District intends to engage and contribute its unique perspectives on air quality, climate change, public health, zero and near-zero-emission technologies development, mobility, and equity include: the Sacramento Area Zero Emission Vehicle Deployment Strategy, the Sacramento Municipal Utility District's (SMUD) 2030 zero-carbon plan, the California Mobility Center, the on-going implementation efforts of the Sacramento and West Sacramento Mayors' Climate Commission, SACOG's Green Means Go and other emerging programs, and local jurisdiction's General Plans and Climate Action Plans.

State Advocacy

Advocating before the state legislature and other decision makers for the District's priorities is a key function. There is a wide range of issues of interest to the District including state funding priorities, prevention and response to wildfires, compliance, and penalties, and efforts on electrification and renewable energy. Significant legislative attention continues to be placed on California's Cap-and-Trade Program and the allocation of the resources that the program is generating. The District expects to continue to strengthen its advocacy voice to ensure the adequate consideration of the Sacramento region's priorities when funding decisions are made by the administration and the legislature. Since procuring the services of a legislative advocate, Arc Strategies, the District has expanded engagement directly with members of the legislature, identifying key legislative proposals and voicing the District's perspective on various measures of interest.

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 these efforts, continuing to work with and support the growing partnerships with entities like Civic Well, Breathe California - Sacramento Region, and the Cleaner Air Partnership (CAP). The CAP, administered by Valley Vision, is a long-standing regional collaboration including the Sacramento Metro Chamber of Commerce and leading industry entities like Teichert, Union Pacific, Sutter Health, and SMUD.

For statewide coordination with its peers, the District is an active board member of the California Air Pollution Control Officers Association (CAPCOA). This association advocates for the general interests of all of California's 35 local air districts before the legislature, the state administration, and various other agencies at the state and federal levels. The District also continues to grow the collaboration with sister agencies in the region like SACOG, SMUD, and Sacramento Regional Transit. Transportation, mobility, and regional economic prosperity are mutual goals of the four agencies, creating the impetus and a genuine desire for coordination, collaboration, and mutual support.

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

Given the importance of partnerships, the District funds a variety of events and programs from the numerous requests it receives from various organizations. The FY22/23 Approved Budget includes \$178,900 for this purpose. The Board has granted the Executive Director/APCO flexibility to fund events throughout the year enabling the District to respond promptly to such requests. Funds are disbursed to sponsored organizations upon receipt of a valid invoice. Funded collaborations are included in the Quarterly Contracting Report that is presented to the Board each quarter.

Ambient Air Quality Attainment Goals

To fulfill the District's responsibility of protecting public health, the District prioritizes work toward the attainment and maintenance of the National Ambient Air Quality Standards (NAAQS). Once the region attains a NAAQS and the United States Environmental Protection Agency (EPA) formally deems the region in attainment, then the region is required to show maintenance of that standard for the next 20 years.

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

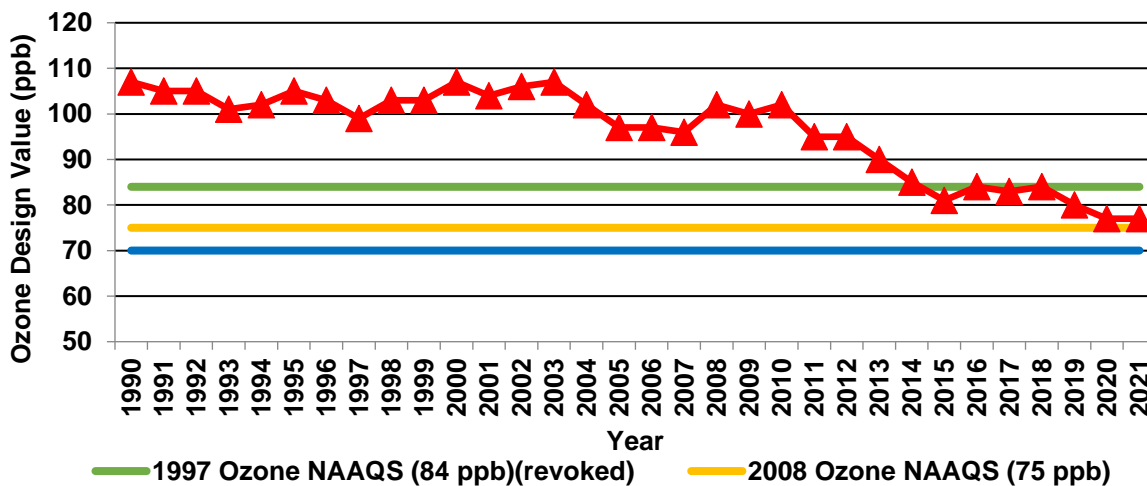
For the 1997 ozone NAAQS (84 parts per billion (ppb)), the Sacramento region was designated nonattainment and was given an attainment deadline of June 2019. However, due to wildfires in 2018, the region was unable to attain this standard. Thus, the District is continuing to work collaboratively with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

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

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

As the figure below illustrates, ambient concentrations of ozone pollution in the region (indicated as design values) have seen a gradual decline since the early 2000s. The chart shows the peak annual ozone design values for the designated ambient air monitoring site in the SFNA from 1990 to 2021. The 32-year trend line indicates stubbornly stable concentrations for the first 20 years and an encouraging decline over the following five years. In these periods, ozone pollution measured at 110 ppb (well above the three standards indicated) decreased to 77 ppb. This level is above the most recent and stringent 2015 standard. In 2016, 2018, 2020, and 2021, the Sacramento region was impacted by numerous wildfires and they caused unusually high ozone concentrations in the region. EPA has a process in place to exclude from attainment determinations days that are proven to be affected by wildfires. As wildfires become more frequent and intense, ozone and particle pollution will worsen, and meeting the NAAQS will be much more challenging.

8-hour Ozone Design Value: SFNA (1990-2021)



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

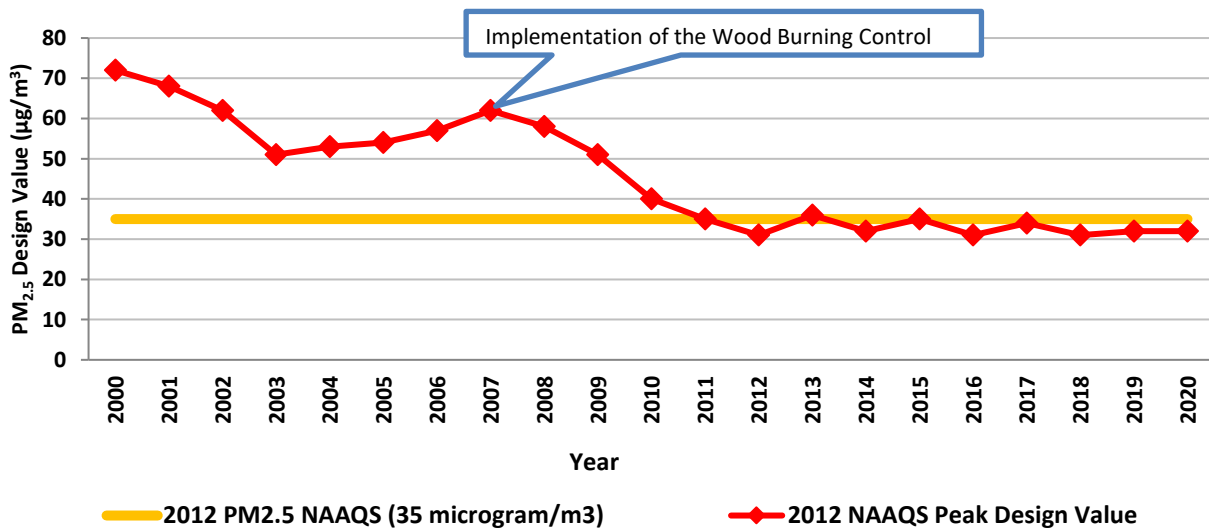
Sources: 1990-2020 Design Values were extracted from AQS Report (AMP 480) downloaded on December 22, 2021. 2021 Design Value is calculated based on the combination of the AQS data and preliminary AQMIS data downloaded on February 16, 2022. The SFNA was impacted by wildfires in 2016, 2018, and 2020, which caused unusually high ozone concentrations. The peak design value calculation in this chart excluded the high ozone readings due to wildfires.

For fine particulate matter (PM_{2.5}), EPA determined the Sacramento PM_{2.5} Nonattainment Area attained the 2006 24-hour PM_{2.5} NAAQS of 35 µg/m³ by the attainment date of December 31, 2015 (82 FR 21711). Ambient daily PM_{2.5} concentrations from 2011 to 2017 have fluctuated very closely around the standard. In 2018, PM_{2.5} concentrations exceeded the standard because of unusually high PM_{2.5} concentrations in days impacted by smoke from wildfires. If the EPA finds the region did not attain due to these high PM_{2.5} days, then the District will need to demonstrate that these days were influenced by an exceptional event, and the impacted data may be requested for exclusion from attainment decisions. Ambient daily PM_{2.5} concentrations in 2019 showed that the region attained the standard; however, air quality data for 2020 suggests that there may have been exceptionally high values because of wildfire or other exceptional events.

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

The 24-hour PM_{2.5} Design Value trend chart below shows the District is expected to remain in attainment of the PM_{2.5} 24-hour standard of 35 µg/m³, provided EPA accepts an exceptional event demonstration for excluding days when PM_{2.5} pollution values were above the standard due to wildfires. Future efforts will focus on staying in attainment and securing additional PM emission reductions whenever possible for particle pollution concentrations to begin to trend down. Key sources of particle pollution include the transportation sector and wood burning. Additional emission reductions will be necessary and critically important in the future given that the EPA is proposing adopting a more stringent air quality standard for PM_{2.5}.

24-hour PM_{2.5} Design Value: SFNA (PM_{2.5}) (2000-2020)



Sources: 2000-2020 Design Values were extracted from AQS Report (AMP 480), which was downloaded on June 15, 2020, and December 22, 2021.
 Note: The SFNA-PM_{2.5} was impacted by several major wildfires in 2018 and 2020, which caused unusual high ambient PM_{2.5} concentrations. The peak design value calculation in this chart excluded the wildfire impacted days with the high ambient concentrations in 2018 and 2020.

Assembly Bill 661 (Wildfire Smoke Air Pollution Emergency Plan)

The unprecedented impacts in Northern California from recent wildfires, especially the 2018 Camp Fire in Butte County, the Complex Fires in 2020, and the Dixie and Caldor Fires in 2021, resulted in record levels of particle pollution in the greater Sacramento Valley region. The “off-the-charts” air pollution levels seen in Sacramento from the deadly Camp Fire led to the urgency for tighter coordination in the region by all entities involved in the response.

Assembly Bill 661 (K. McCarty, Wildfire Smoke Air Pollution Emergency Plan), signed by the Governor on October 2, 2019, calls on the District to work in coordination with the Sacramento County Health Officer and other public and private entities to develop a plan for improved coordination and access to information related to responding to future wildfire air pollution events. The bill authorizes the District to conduct public education, marketing, demonstrations, monitoring, research, and evaluation programs or projects concerning wildfire smoke impact control measures.

The District began working with regional partners at the start of 2020, but steady efforts to engage and seek input were greatly impeded by the pandemic. The work on this plan slowed throughout 2020 and 2021 to allow for District partners like school districts, emergency services, and, in particular, Sacramento's Public Health department to focus on the pandemic. During the 2021 wildfire season, the District worked with public health counterparts to provide guidance on school and event cancellation decisions and assist in the decision-making process by providing various informational tools. The District is finalizing the emergency plan that will include best practices, outreach tools, and other helpful resources to help protect employees and Sacramento County residents from excess particle pollution during wildfire smoke events. The final plan is expected to be approved by our Board in the Summer of 2022 and, per AB 661, submitted to the state Legislature in the Fall.

Community Air Protection Program (AB 617)

The statewide Community Air Protection Program (Assembly Bill 617, C. Garcia, 2019) is a significant shift in air quality management in California. It calls for new state and local programs to address disparities and the health burdens from exposure to highly localized air pollution among the low-income and marginalized communities that have been most disproportionately impacted. The program launched several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. In September 2018, the state identified the South Sacramento-Florin community as the District's inaugural AB 617 community. Perhaps most importantly, AB 617 designates state funds for financial incentives (i.e., subsidies for cleaner technology) that can be targeted to reduce, specifically, the emissions affecting AB 617 communities. The state continues to allocate hundreds of millions of public dollars for incentives for FY22/23. For the District, the sum of all existing programs translates into a portfolio of clean air projects approximating \$25 million that it anticipates deploying into the Sacramento region for FY22/23. These incentives are intended primarily for achieving sorely needed emission reductions toward NAAQS attainment, but they can also help the region advance its broader economic and social goals.

The ARB adopted a new regulation in 2019 requiring businesses to report additional information about criteria and toxic emissions. The regulation was further amended in 2020 and now requires the same level of emission reporting from almost all permitted sources in the County. The regulation will particularly impact small businesses that have previously not reported to this level. Importantly, there are no dedicated state funding sources to support this additional District workload or assist businesses in complying with the new reporting mandates. District staff is streamlining internal processes, developing appropriate policies and procedures, and investing in improved technology to tackle the increased workload. The District will also need to engage with business partners and other agencies that can help bring awareness to impacted businesses to meet the 2023 reporting deadline.

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

Capital Project – Ambient Air Quality Monitoring Network

The ambient air quality monitoring network is critical. Infrastructure improvements are planned for various monitoring stations. These are used to collect air quality monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites will be an important foundation for future monitoring approaches under Community Air Protection Program AB 617. The new stations will meet the newest federal monitoring requirements and replace the District's oldest stations that have experienced significant downtime due to water intrusion, roof damage, and other ailments, putting at risk monitoring equipment and the ability to collect data per federal requirements. A new mobile air quality monitoring station will be launched in summer 2022 to further the existing air monitoring network and as a key new part of the District's AB 617 efforts in South Sacramento.

FACTORS AFFECTING FY22/23 FINANCIAL CONDITION

Fears of a wide-ranging economic collapse due to the COVID-19 pandemic over the last two years appear to be easing thanks to federal and local interventions. Although clearly the impact of the pandemic was not felt equally by all sectors, to date, the District experienced only moderate financial impacts in FY20/21 and FY21/22. Staff purposefully started tracking specific metrics to gauge the effects of the pandemic on workload and the budget. Decreased business activity from the pandemic slump was expected to lead to fewer permit applications and asbestos projects with the potential to negatively impact the District budget.

To proactively manage the potential impact, the District continued to hold numerous positions vacant and execute only essential professional services contracts, a process that was initiated before the onset of the pandemic and which has resulted in an increase of the fund balance in the General Fund by about \$7.1 million over the last three years. Thankfully, overall the pandemic has not had a significant impact on the number of permitted facilities and consequently, the District's budget. However, being understaffed for multiple years has had an impact and additional resources are required to maintain core programs, make progress towards key initiatives, and fulfill new state mandates. The addition of 3.5 FTE in FY22/23 is anticipated to provide the necessary staffing to address these challenges while still maintaining a total employee headcount below historic levels.

The additional engineering and administrative positions' focus will be as follows:

- Improve service levels for permit applicants (air quality permit processing)
- Re-focus efforts on required programs, specifically the Air Toxics "Hot Spots" and the Title V for major sources of air pollutants
- Reduce the backlog of emissions inventory work required under state and federal reporting requirements
- Reduce the backlog of rule development to meet local, state, and federal emission reduction mandates
- Increase processing of emission reduction credit applications
- Comply with the state's recent Criteria and Toxics Reporting (CTR) regulation
- Complete rule reviews required by state legislation AB617
- Develop rule contingency measures required under the State Implementation Plan (SIP) for both the 2008 and 2015 ozone standards
- Perform a fee rules study to ensure full-cost recovery of District programs
- Reduce contract processing and incentive disbursement timeline

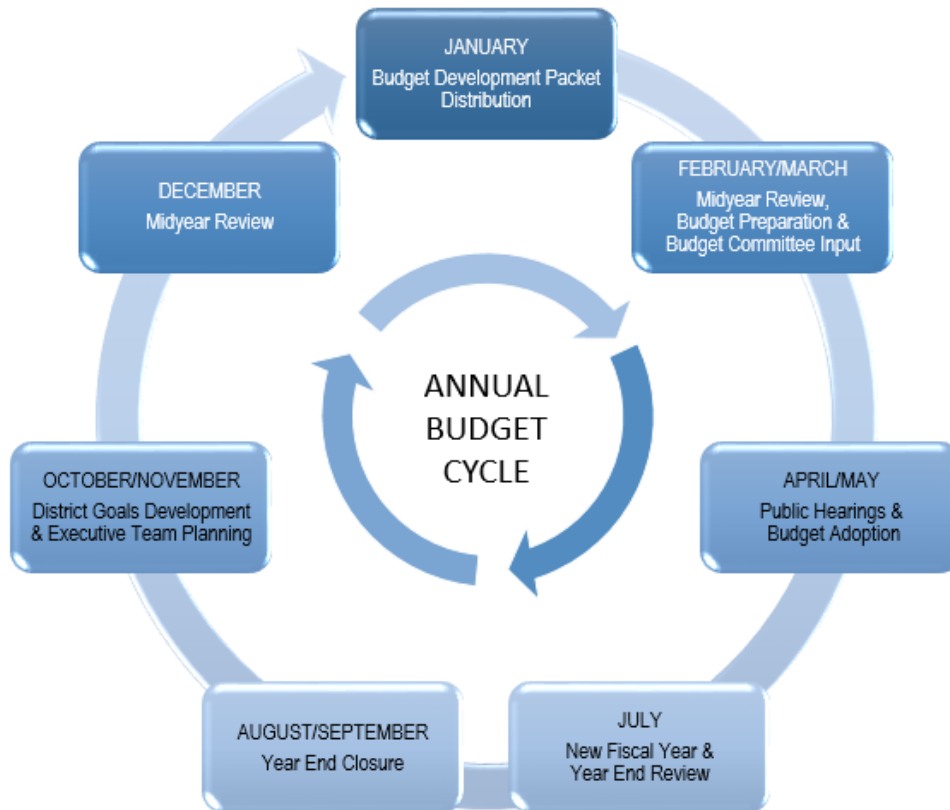
In addition to expenses related to staffing, the current inflationary economic environment is expected to increase the cost of services and supplies; the full extent of the impact is still unknown. Fortunately, the healthy reserves, which the District has grown over recent years, will serve as a bridge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

The District's five-year forecast continues to show some significant funding gaps between revenues and expenditures, which will require District staff working collaboratively with the Board of Directors in the upcoming years. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases, new state mandates that are not adequately funded, and a legacy of a lack of full cost-recovery for many of the District's programs. Staff will continue to work with the Board into FY22/23 and beyond on the funding strategies detailed in the General Fund Forecast section of this budget.

SECTION 3 - Budget Process

This section discusses the District’s budget process and practices. State law requires that the District adopt its budgets in an open process to educate the public about the costs and benefits of air quality improvement. This section provides an understanding of the processes that guide the District’s annual budget in support of its strategic goals and long-term planning. In addition to the budget process, the District establishes and follows Board adopted Financial Management Policies, now consolidated, and included in this budget document as Appendix A. There are also common terms used throughout the budget document that can be found in Appendix C – Glossary.

ANNUAL BUDGET CYCLE



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

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

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

The budget is publicly noticed 30 days in advance and is presented at each of two public hearings, consistent with California Health and Safety Code Section 40131, typically taking place during the Board meetings in April and May. At the first public hearing, generally in April, the Proposed Budget is presented and the Board may ask questions, make comments, provide direction, and receive requests from members of the public to speak. The second public hearing, typically in May, follows a similar process as the first hearing and District staff comments on material differences, should they exist, from the previously presented Proposed Budget and reports back on Board requests, if any. The Board may provide direction and vote to approve the budget at the second public hearing. Approval of the budget requires a quorum of Board members and a majority of the voting quorum. Once the budget is approved, staff posts the Approved Budget on the District website.

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

FY 2022/23 Budget Development Schedule

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

BUDGET PRACTICES & STRATEGIES

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

- Management presents a “balanced” budget to the Board annually, where funding sources (including use of reserves) match expenditures and include revenues and expenditures for the prior year (actual), current year (budget), and upcoming year (approved budget)
- One-time funding sources are not typically applied to ongoing commitments
- The Board authorizes a schedule of all regular and limited-term positions for the upcoming (budget) year
- Requests for additional positions or an increase in regular work hours of part-time positions must be presented for Board approval and may be made anytime during the fiscal year, though usually included as part of the budget process
- Board approval is obtained for all capital expenses
- Budgets are adopted on a basis that includes encumbrances and expenditures and annual appropriations lapse at the fiscal year-end if they have not been expended or encumbered
- Board approval is required to amend the budget once it is adopted if there is a need to increase the expenditure budget or to move resources between funds

Moreover, the District strives to apply the following strategies:

- Ensure the budget reflects the mission of the District, is fiscally sound, and provides resources that realistically fund operations
- Work with the Board to establish major goals in support of the District’s mission which provide short-term and long-term direction to staff, determine the allocation of resources, and establish priorities
- Monitor and maintain sufficient unencumbered fund balance to allow for cash flow requirements, contingencies for unforeseen operational or capital needs, economic uncertainties, local disasters, and other financial hardships or downturns in the economy

- Perform multi-year projections of funding sources and ongoing expenditures to promote long-term planning of resource uses
- Proactively oversee revenues and cost-effectively control ongoing operating costs

BASIS OF BUDGETING

The District's basis of budgeting is modified accrual, which is recognized as the generally accepted method of accounting for state and local governments. Using this method of budgeting, revenues are recognized when (1) they are measurable, and (2) all applicable eligibility requirements are met. Expenditures are recorded when the related fund liability is incurred. Modified accrual accounting can also divide available funds into separate entities within the organization to ensure the money is spent where it was anticipated.

SECTION 4 – Financial Planning

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

FINANCIAL FORECAST AND PLANNING

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

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

The District forecast shows a structural deficit over the next five years primarily due to the rising cost of doing business and additional programmatic mandates. Given the lack of significant revenue growth above expected expenditures, the fiscal reality is that current expenditure commitments are unsustainable. Long-term sustainability requires that annual operating cost increases be held to a level at or below annual revenue growth and/or additional revenues are secured.

The District's near-term financial plan is to conduct an in-depth program costing analysis, continue to identify and implement operational efficiencies, and evaluate and seek out potential revenue sources as described in the General Fund Forecast section below, including fee increases. In July 2013, the Board approved a multi-year fee increase program to ensure sufficient funding for specific programs and to generate a stable and prudent fund balance; 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 to maintain a stable reserve, the FY22/23 Approved Fee Schedule reflects a CPI increase of 5.65%.

The CPI fee adjustment per the published index for FY22/23 is 4.0%. At the direction of the Board, the 3.3% approved fee adjustment for FY20/21 was postponed one year with an effective date of July 1, 2021. The Board directed that the FY20/21 fee adjustment be applied over two years with half of the increase (1.65%) effective for FY21/22 and the remainder applied in FY22/23. This phase-in approach was advised to recognize the economic impact of COVID-19 on the local community. Given this approach, the approved fee adjustment effective July 1, 2022 would be 5.65% (4.0% + 1.65%).

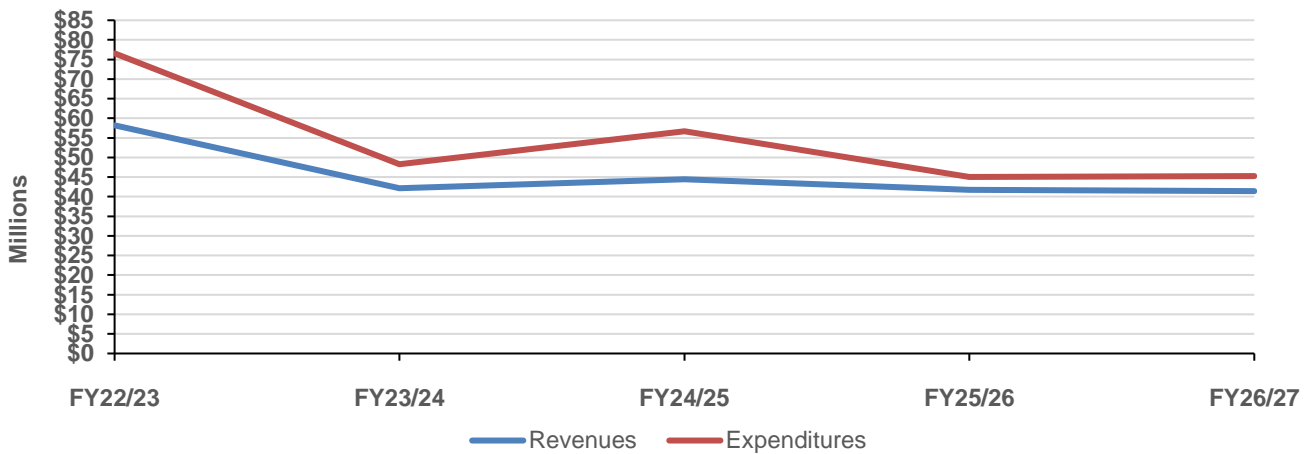
Revenues have been adjusted in the Approved Budget to reflect this change. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District's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

BUDGET FORECAST

District Budget – Five-Year Forecast

Classification	FY 21/22 Approved	FY 21/22 Year-end Projection	FY22/23 Approved	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast
Beginning Fund Balance	\$ 77,553,414	\$ 77,553,414	\$ 79,742,912	\$ 61,385,641	\$ 55,217,988	\$ 42,977,670	\$ 39,724,059
Revenues							
Revenues	\$ 47,747,268	\$ 37,852,977	\$ 58,200,219	\$ 42,117,335	\$ 44,456,699	\$ 41,772,365	\$ 41,419,061
Revenues Total	\$ 47,747,268	\$ 37,852,977	\$ 58,200,219	\$ 42,117,335	\$ 44,456,699	\$ 41,772,365	\$ 41,419,061
Expenses							
Operating Expense	\$ 61,703,957	\$ 34,146,847	\$ 75,132,400	\$ 46,644,537	\$ 55,325,367	\$ 43,882,056	\$ 43,921,822
Capital Expense	1,432,000	1,110,700	1,014,500	1,232,350	963,050	735,420	952,750
Debt Service	405,932	405,932	410,590	408,100	408,600	408,500	402,900
Expenses Total	\$ 63,541,889	\$ 35,663,479	\$ 76,557,490	\$ 48,284,987	\$ 56,697,017	\$ 45,025,976	\$ 45,277,472
Surplus / (Deficit)	\$ (15,794,621)	\$ 2,189,498	\$ (18,357,271)	\$ (6,167,652)	\$ (12,240,318)	\$ (3,253,611)	\$ (3,858,411)
Ending Fund Balance	\$ 61,758,793	\$ 79,742,912	\$ 61,385,641	\$ 55,217,988	\$ 42,977,670	\$ 39,724,059	\$ 35,865,648

District Budget – Revenues and Expenditures Five-Year Forecast



General Fund Forecast

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

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

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

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

General Fund (100) Five-Year Forecast

Classification	FY 21/22 Approved	FY 21/22 Year-end Projection	FY22/23 Approved	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast
Beginning Fund Balance	\$ 17,663,192	\$ 17,663,192	\$ 19,995,085	\$ 18,298,906	\$ 15,894,393	\$ 13,879,685	\$ 11,262,509
Revenues							
Revenues	\$ 21,111,877	\$ 21,926,718	\$ 23,482,552	\$ 23,297,741	\$ 23,694,769	\$ 24,088,125	\$ 24,476,643
Revenues Total	\$ 21,111,877	\$ 21,926,718	\$ 23,482,552	\$ 23,297,741	\$ 23,694,769	\$ 24,088,125	\$ 24,476,643
Expenses							
Operating Expense	\$ 24,331,394	\$ 20,478,383	\$ 26,695,561	\$ 25,951,220	\$ 26,654,893	\$ 27,320,197	\$ 28,343,108
Capital Expense	1,127,000	890,000	601,000	818,850	597,400	477,920	463,500
Interfund Charges	(1,332,812)	(1,773,558)	(2,117,830)	(1,067,816)	(1,542,816)	(1,092,816)	(942,816)
Expenses Total	\$ 24,125,582	\$ 19,594,825	\$ 25,178,731	\$ 25,702,254	\$ 25,709,477	\$ 26,705,301	\$ 27,863,792
Surplus / (Deficit)	\$ (3,013,705)	\$ 2,331,893	\$ (1,696,179)	\$ (2,404,513)	\$ (2,014,708)	\$ (2,617,176)	\$ (3,387,149)
Ending Fund Balance	\$ 14,649,487	\$ 19,995,085	\$ 18,298,906	\$ 15,894,393	\$ 13,879,685	\$ 11,262,509	\$ 7,875,360

The preceding General Fund forecast assumes the following:

Revenues:

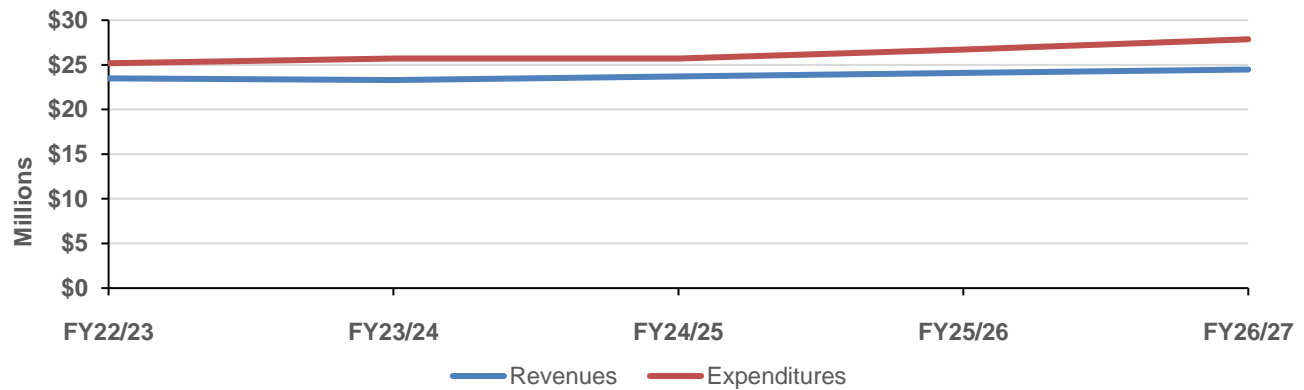
- Federal and State revenues are assumed to be stable for FY23/24 forward
- Local Government revenue declines in FY23/24 to adjust for the one-time City of Sacramento air monitoring grant completed in FY22/23. The remaining Local Government revenues are consistent for the forecasted fiscal years
- Sales/Use Tax (Measure A) amounts are per the most recent Sacramento Transportation Authority (STA) forecast
- Fines/Forfeits/Penalties are stable over the planning horizon
- Interest revenue declines due to the decrease in fund balance
- No new revenue is included in the base five-year forecast

Expenditures:

- Over the next four years, the FTE count is held constant at 97.6 with no additional positions included in the forecast
- Employee Services increases an average of 3% per year for wages, benefits, and retirement contributions¹
- After adjusting for one-time items included in the FY22/23 Approved Budget, Services and Supplies increase by a projected CPI of 3% per year
- Capital expenditures include the replacement of elements of an aging fleet and air monitoring network
- Interfund charges consist of grant administrative funds received in the Special Revenue Fund and transferred to the General Fund to offset the program implementation costs and vary significantly based on the annual grant portfolio

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 annual amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date.

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



Potential Funding Strategies

District staff has 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 the Sacramento region's climate action through District programs, regional collaboration, and advocacy
- Continue working towards meeting attainment goals, tracking state and federal programs and legislation to provide input on matters affecting the District, and fostering key partnerships that assist the District in achieving its mission
- Ensure effective implementation of new Community Air Protection Program Incentives related to Assembly Bill 617
- Expand Cap-and-Trade investments for clean, low-carbon technology with deployment of programs such as Funding Agricultural Replacement Measures for Emission Reductions (FARMER) on/off-road program, and Clean Cars 4 All (CC4A) scrap and replace program
- Restore leadership support for Cap-and-Trade/GGRF mobile projects and legacy incentive programs; stabilize planning, land use, construction mitigation, GHG, and CEQA review
- Maintain an efficient permitting program that ensures permits are well-written and issued promptly
- Enforce rules and regulations, provide compliance assistance, and ensure a high level of responsiveness to public complaints
- Evaluate options to outsource the agricultural burn permit and enforcement program
- Maintain legacy incentive programs such as Carl Moyer and SECAT
- Respond during wildfire smoke events by providing tools, resources, and current information that allows residents, businesses, school districts, and other public agencies to respond and make health-protective decisions
- Attract, retain and energize talent to ensure continuity and maintenance of the high level of service that residents and businesses expect
- Continue to deploy additional technology solutions to enable the District to work more efficiently, enhance the quality of work and transparency, and provide greater self-service to all its stakeholders
- Address aging infrastructure by replacing air monitoring stations and equipment, replacing an aging fleet with EV technology and funding the capital improvement program in the Covell Building Proprietary Fund for the replacement of windows, HVAC units, and other major asset replacements
- Ensure proper documentation and compliance with District policies and procedures

Preliminary assessments of new funding strategies to address the projected deficit, as well as possible implementation timelines, were performed and shared with the Board of Directors during previous Board meetings and budget deliberations. In some cases, the revenue generated from the various strategies is restricted to funding only specific programs. The overall objective is to generate funding from various sources to ensure sufficient funding

for programs in each of three main categories: stationary, mobile and other. Since the last discussions with the Board and given the COVID pandemic and other regional developments, an examination of old and potential new funding strategies is necessary. The general restrictions for the use of the funds and a summary of various programs that need funding from these sources are shown in the table below followed by a description of each strategy.

Potential Funding Strategies

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

“Future” Sales Tax Measure (Mobile) – The Sacramento Transportation Authority (STA) convened the Professional Advisory Group (PAG) to advise on a potential 2020 supplemental transportation sales tax measure, Measure A. Due in large part to the onset of the COVID-19 pandemic, the STA Board did not advance the Measure to the 2020 ballot. The District was scheduled to receive 2.2% of the net sales tax proceeds. District staff continues to participate in the PAG and support efforts to bring additional funding to the region for transportation and clean air projects.

Full Cost Recovery – Rule 301, 304, etc. (Stationary and Other) – The District has the authority to assess fees to fully recover the costs of implementing its regulatory programs for Stationary Sources. In addition, it is the District’s policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the Board, or when it is not cost-effective to do so. There are a significant number of staff assigned to implementing regulatory enforcement, permitting, monitoring, and rule development of these Stationary Sources and the District collects various fees for related programs; however, not all fees fully recover the associated program costs. Therefore, the goal is to propose fee adjustments where needed to fully cover program expenses so that these regulatory programs are self-sustaining.

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

Per Capita Fee (All) – Under California Health and Safety Code (CHSC) §40701.5(b), the Board is authorized to assess an annual per capita fee on the county and on those cities within the District that have a member on the Board. Per capita fees mean that the cities and the county are charged a set amount for each person residing in their jurisdiction. Although the Board of Directors opted to abandon the adoption of a Per Capita Fee in 2019, staff was directed to pursue other funding strategies and bring this item back in the future for Board consideration.

Proprietary Fund Forecast

The Proprietary Fund is expected to be fairly stable in the five-year forecast, shown in the following table and chart, as the District building is relatively new and annual maintenance is anticipated to be consistent. Moving forward, major rehabilitation and replacement projects will be identified along with expected funding sources. The main funding source for the Proprietary Fund is rent income. The existing tenant lease agreements expire in FY22/23 and FY23/24; the District intends to renew the lease agreements or secure a new tenant to backfill the vacancy.

Proprietary Fund (400) Five-Year Forecast

Classification	FY 21/22 Approved	FY 21/22 Year-end Projection	FY22/23 Approved	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast
Beginning Fund Balance	\$ 4,256,366	\$ 4,256,366	\$ 4,335,001	\$ 4,335,001	\$ 4,335,001	\$ 4,335,001	\$ 4,335,001
Revenues							
Revenues	\$ 1,157,782	\$ 1,152,417	\$ 1,338,270	\$ 1,351,205	\$ 1,319,744	\$ 1,227,858	\$ 1,470,864
Revenues Total	\$ 1,157,782	\$ 1,152,417	\$ 1,338,270	\$ 1,351,205	\$ 1,319,744	\$ 1,227,858	\$ 1,470,864
Expenses							
Operating Expense	\$ 446,850	\$ 447,150	\$ 514,180	\$ 529,605	\$ 545,494	\$ 561,858	\$ 578,714
Capital Expense	305,000	220,700	413,500	413,500	365,650	257,500	489,250
Debt Service	405,932	405,932	410,590	408,100	408,600	408,500	402,900
Expenses Total	\$ 1,157,782	\$ 1,073,782	\$ 1,338,270	\$ 1,351,205	\$ 1,319,744	\$ 1,227,858	\$ 1,470,864
Surplus / (Deficit)	\$ -	\$ 78,635	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 4,256,366	\$ 4,335,001	\$ 4,335,001	\$ 4,335,001	\$ 4,335,001	\$ 4,335,001	\$ 4,335,001

The preceding Proprietary Fund forecast assumes the following:

Revenues:

- Revenues include rents from a tenant with separate leases for two suites on the second floor and the District (to which it pays itself) for a suite on the second floor and all of the third floor, and parking fees
- The building fund is an Internal Service Fund since the majority of its revenue is from the District and as such, overall District rent revenue adjusts to ensure that the fund balance is at breakeven each year
- The forecast anticipates that the external tenants will renew their tenant leases expiring in FY22/23 and FY23/24; staff is confident the tenant will exercise their option to renew and intends to secure a new tenant in the event the space is vacated

Expenses:

- Operating Expense represents the day-to-day costs of operating the building and includes utilities, custodial services, parking, and property management fees, general repairs and maintenance, etc., and reflects an average annual increase of 3%
- Non-recurring HVAC system upgrades, roof improvements, building system overhauls, and interior reconfigurations are planned throughout the five-year forecast period as Capital Expenses. A capital project reserve amount of \$100,000 per year is included in the forecast to provide for anticipated major capital improvements
- The debt service forecast reflects the principal and interest payments on Certificates of Participation (COPs) issued for the purchase of the building and will be fully paid off in FY26/27

Special Revenue Fund Forecast

The Special Revenue Fund accounts for the proceeds of restricted revenue sources, predominantly low-emission incentive grants. The following five-year forecast is projected using historical grant amounts and anticipated grant amounts in the near term. Special Revenue funding decreases in FY23/24 and then stabilizes starting in FY24/25. There is growing uncertainty as to the sustainability of new potential funding to replace current one-time grants.

Special Revenue Fund (500) Five-Year Forecast

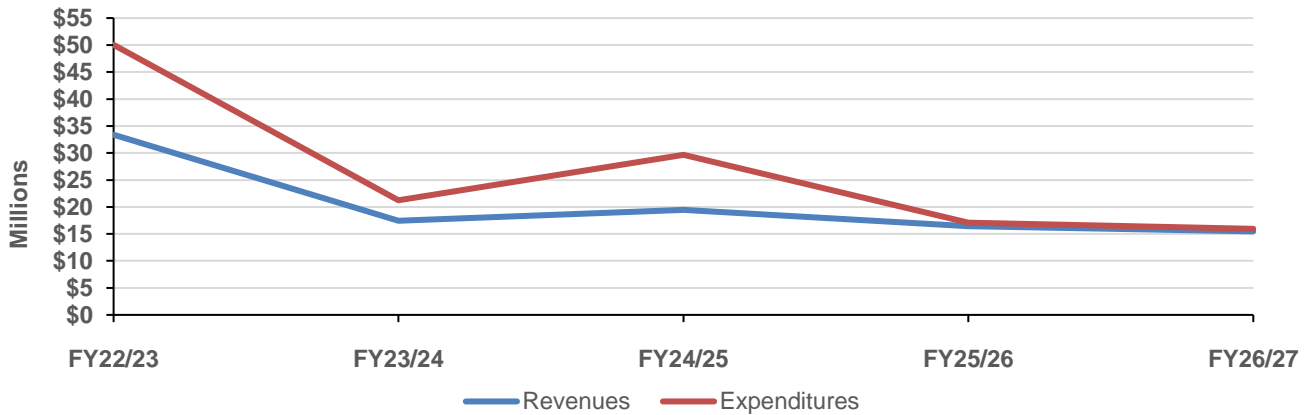
Classification	FY 21/22 Approved	FY 21/22 Year-end Projection	FY22/23 Approved	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast
Beginning Fund Balance	\$ 55,633,856	\$ 55,633,856	\$ 55,412,826	\$ 38,751,734	\$ 34,988,594	\$ 24,762,984	\$ 24,126,550
Revenues							
Revenues	\$ 25,477,609	\$ 14,773,842	\$ 33,379,397	\$ 17,468,389	\$ 19,442,186	\$ 16,456,381	\$ 15,471,554
Revenues Total	\$ 25,477,609	\$ 14,773,842	\$ 33,379,397	\$ 17,468,389	\$ 19,442,186	\$ 16,456,381	\$ 15,471,554
Expenses							
Operating Expense	\$ 36,925,713	\$ 13,221,314	\$ 47,922,659	\$ 20,163,712	\$ 28,124,980	\$ 16,000,000	\$ 15,000,000
Interfund Charges	1,332,812	1,773,558	2,117,830	1,067,816	1,542,816	1,092,816	942,816
Expenses Total	\$ 38,258,525	\$ 14,994,872	\$ 50,040,489	\$ 21,231,528	\$ 29,667,796	\$ 17,092,816	\$ 15,942,816
Surplus / (Deficit)	\$ (12,780,916)	\$ (221,030)	\$ (16,661,092)	\$ (3,763,140)	\$ (10,225,610)	\$ (636,435)	\$ (471,262)
Ending Fund Balance	\$ 42,852,940	\$ 55,412,826	\$ 38,751,734	\$ 34,988,594	\$ 24,762,984	\$ 24,126,550	\$ 23,655,287

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

Classification	FY 21/22 Approved	FY 21/22 Year-end Projection	FY22/23 Approved	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast
DMV \$2	\$ 2,576,736	\$ 2,576,736	\$ 2,585,060	\$ 2,585,060	\$ 2,585,060	\$ 2,585,060	\$ 2,585,060
Moyer	4,724,743	5,258,597	12,324,980	4,500,000	4,500,000	4,500,000	4,500,000
SECAT	4,366,059	1,680,000	4,400,000	-	4,000,000	1,000,000	-
Community Car Share	1,300,000	1,000,000	1,300,000	-	-	-	-
GMERP	-	-	2,200,000	-	-	-	-
Community Air Protection Program (CAPP)	6,681,711	-	6,681,711	7,000,000	7,000,000	7,000,000	7,000,000
Clean Cars 4 All	5,015,000	3,642,500	2,357,500	2,000,000	-	-	-
FARMER	400,000	401,582	1,157,300	1,000,000	1,000,000	1,000,000	1,000,000
Other	413,360	214,427	372,846	383,329	357,126	371,321	386,494
Revenues Total	\$ 25,477,609	\$ 14,773,842	\$ 33,379,397	\$ 17,468,389	\$ 19,442,186	\$ 16,456,381	\$ 15,471,554

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

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



Capital Expenditures Forecast

The District currently budgets capital expenses on an annual basis. The asset accounting component of the New World financial accounting system allows the District to incorporate a multi-year project funding mechanism, and it is anticipated to be utilized in subsequent budgets starting with FY23/24. District recurring and non-recurring projects are included in the five-year forecast and include capital expenses primarily related to the air monitoring network, fleet, information systems equipment, and improvements to the District’s administrative building as noted in the table below.

Capital Expenses Five-Year Forecast

Fund Program	FY 21/22 Approved	FY21/22 Projection	FY22/23 Approved	FY23/24 Forecast	FY24/25 Forecast	FY25/26 Forecast	FY26/27 Forecast
General Fund (100)							
Air Monitoring	\$ 1,117,000	\$ 880,000	\$ 506,000	\$ 592,250	\$ 407,880	\$ 288,400	\$ 267,800
Fleet	-	-	80,000	123,600	86,520	86,520	92,700
Information Systems	10,000	10,000	15,000	103,000	103,000	103,000	103,000
Subtotal	\$ 1,127,000	\$ 890,000	\$ 601,000	\$ 818,850	\$ 597,400	\$ 477,920	\$ 463,500
Proprietary Fund (400)							
Building Improvements	\$ 305,000	\$ 220,700	\$ 413,500	\$ 365,650	\$ 257,500	\$ 489,250	\$ 216,300
Subtotal	\$ 305,000	\$ 220,700	\$ 413,500	\$ 365,650	\$ 257,500	\$ 489,250	\$ 216,300
Total Capital Expense	\$ 1,432,000	\$ 1,110,700	\$ 1,014,500	\$ 1,184,500	\$ 854,900	\$ 967,170	\$ 679,800

Significant Capital Expenses in the Forecast and Impacts on Operating Budgets

Air Monitoring Stations

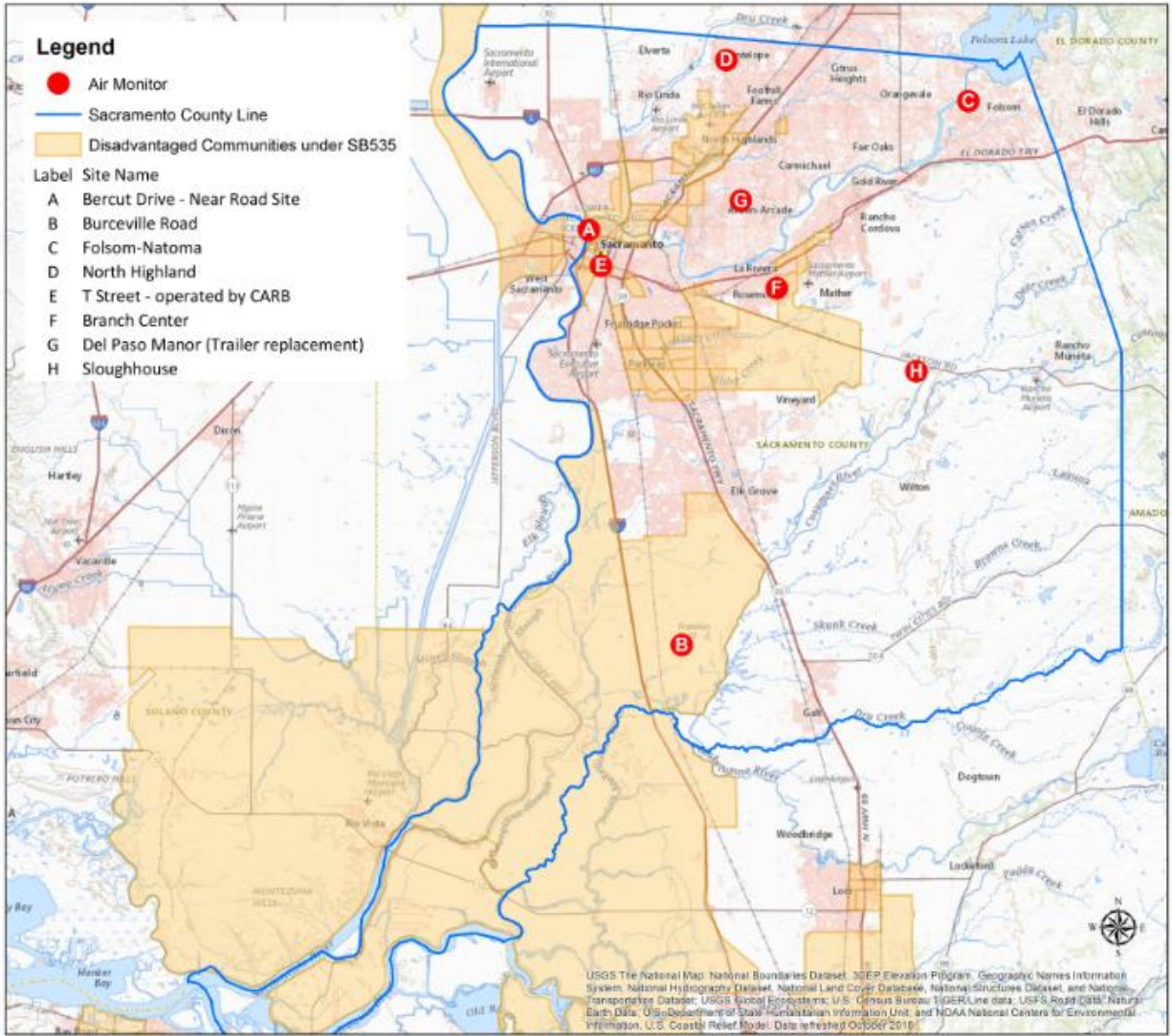
Capital expenses for air monitoring are related to the District’s regulatory network of seven air monitoring stations and the monitoring network for the Community Air Protection Program AB 617. The District plans to replace the Del Paso Manor, Bruceville, and North Highland stations and equipment. The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

The District’s ambient air monitoring stations are used to collect monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites will also be an important

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

The replacement of Del Paso Manor station (G) will be completed in FY22/23, followed by the Bruceville station (B) in FY24/25 and North Highland station (D) in FY26/27. Each station replacement project is anticipated to take two years to complete.

Map of Air Monitoring Stations in Sacramento County



Rule 301 (Permitting and Enforcement) Fleet

The five-year forecast includes funds to replace aging fleet vehicles starting in FY22/23. As vehicles are changed out, they will be replaced with zero- and low-emission vehicles consistent with the District's goal of reducing vehicle emissions. Fleet replacement is a recurring capital expense. The average annual forecast is \$91,600 per year. Fleet vehicles have an estimated operational life of 10-15 years. The fleet replacement strategy to incorporate new near-zero-emission vehicles into the fleet is anticipated to reduce operating expenses related to fuel and maintenance.

Information Systems

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

Covell Building

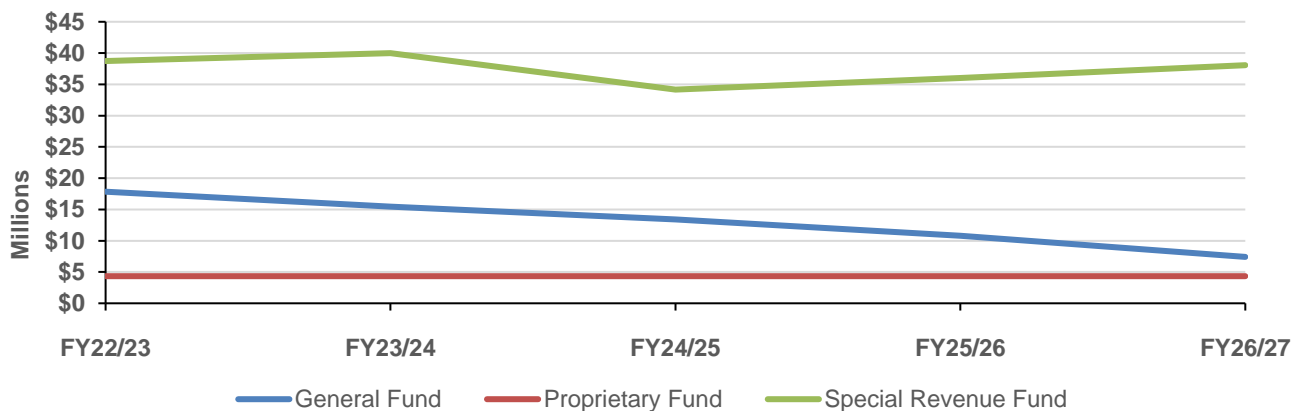
Primary capital expenses for the Covell Building include expenditures for HVAC furnaces, hoteling stations to support a hybrid work environment for District staff, roof structures, and annual appropriations to a multi-year capital program to fund major non-recurring building improvements. Funding for these capital expenses comes from rent income. Replacement of HVAC air conditioning units is planned for FY22/23, and FY23/24 and averages \$145,000 per year; the capital budget is expected to decline in FY25/26 after the HVAC improvements are completed. A significant roof improvement is planned for FY25/26. The replacement of the cooling system components is expected to decrease operating costs in the future such as maintenance and utilities.

FUND BALANCE FORECAST

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

The General Fund projected fund balance at the end of FY22/23 complies with the District's fund balance reserve policy. However, without additional funding sources, the General Fund unencumbered fund balance is projected to fall below the established target level in the five-year outlook. When the target is not met, the policy requires that a plan be developed and implemented to replenish the funds used. The Proprietary Fund balance is compliant with policy and stable throughout the five years. The Special Revenue Fund accounts for various incentive grants that are intended to be fully expended. Therefore, no reserve targets are established for the Special Revenue Fund.

District Budget – Fund Balance Five-Year Forecast



SECTION 5 - Fund Information

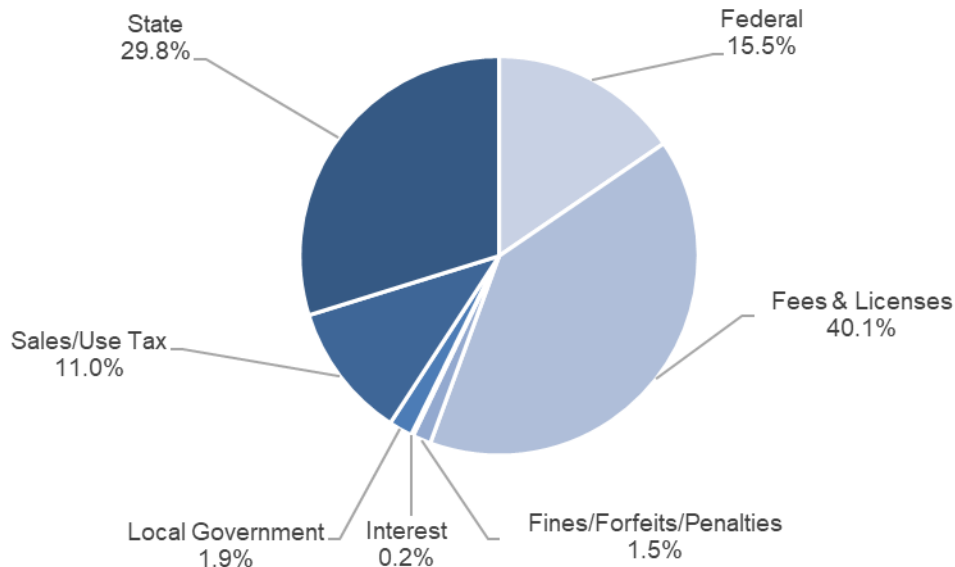
This section contains descriptions of District funds and associated approved budgets for FY22/23. Historical trends of revenues and expenditures, as well as fund balances, are presented to provide context for the approved budget. The District has three funds: General, Proprietary, and Special Revenue. Each fund serves a specific purpose as noted below. A detailed description of funding sources can be found in the Appendices. (See Appendix B – Description of Funding Sources)

Fund	Name	Purpose	Primary Funding Source
100	General	Records all inflows and outflows, not associated with special-purpose funds, for core administrative and operational activities	Permit fees, DMV, Measure A, Federal and State Grants (EPA, CMAQ, CARB)
400	Proprietary	Internal Service Fund that accounts for District business-like activities (Covell Administrative Building)	Covell Building rental income
500	Special Revenue	Records the proceeds from certain revenue sources for which fund usage is restricted	DMV, Federal and State Grants (SECAT, Moyer, GMERP, FARMER, GHG-CarShare, CAPP, Clean Cars 4 All)

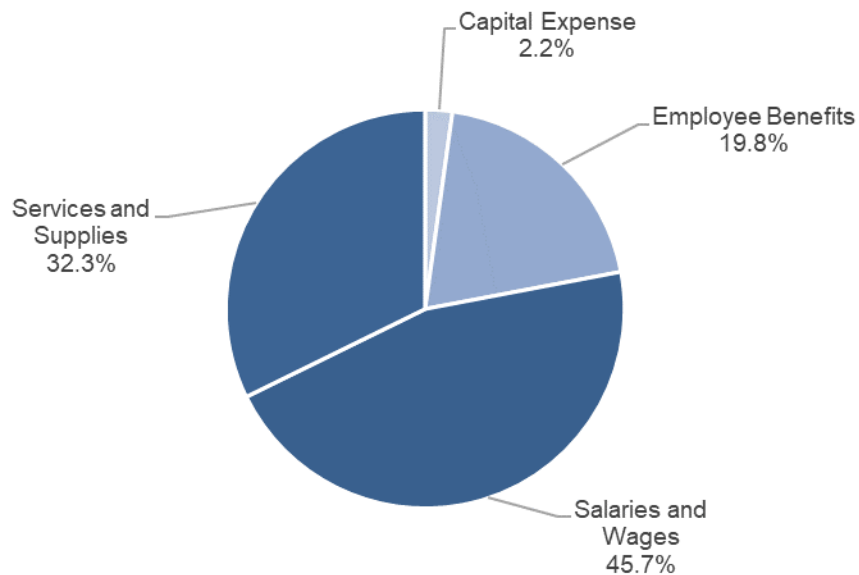
GENERAL FUND 100

The total FY22/23 Approved General Fund Budget is \$23.5 million in revenue and \$25.2 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total General Fund Budget.

General Fund Budget – Revenues by Classification (\$23.5 million)



General Fund Budget – Expenditures by Classification (\$25.2 million)



The General Fund Budget includes revenues of \$23.5 million and expenditures of \$25.2 million resulting in a use of fund balance of \$1.7 million. Historically, the District has performed under budget for expenditures due to savings in Employees Services and Professional Services, and therefore, has not fully expended the amount of fund balance budgeted. The District anticipates filling all vacant positions and has “right-sized” Professional Services. Therefore, the use of fund balance for FY22/23 is projected to be more fully utilized than historical trends.

General Fund Trends

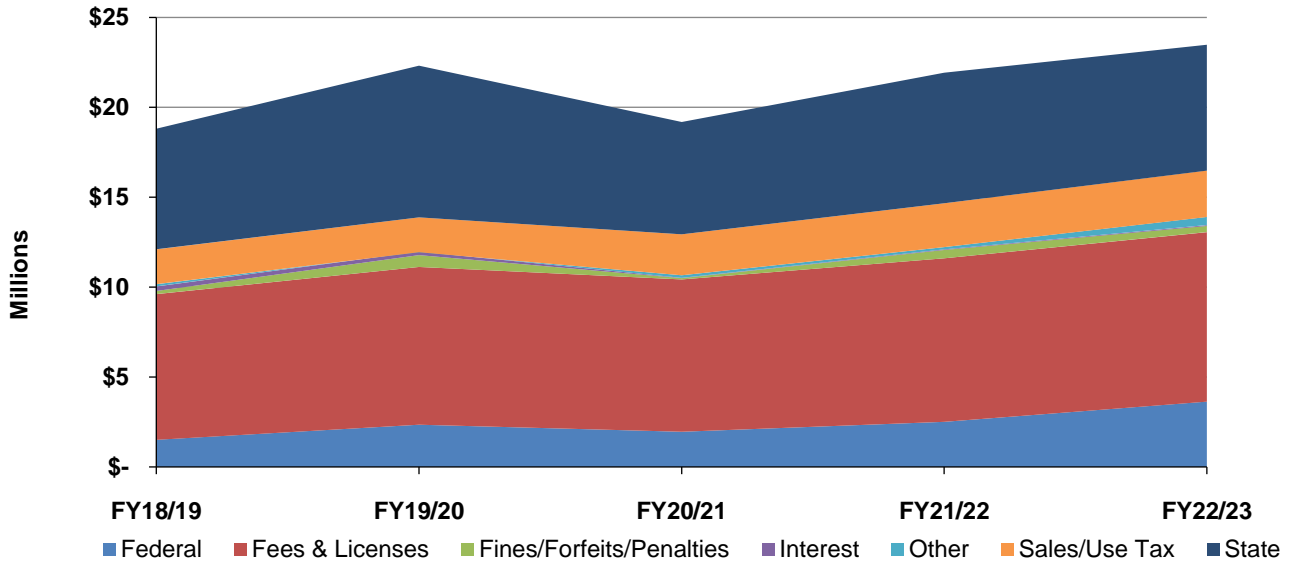
The Five-Year Revenues Trend graph displays revenues by account type. The trend shows federal grant revenues fluctuating over time dependent on changes in EPA 103 and EPA 105 funding. In addition, a new EPA Targeted Airshed grant is included in the Approved Budget for FY22/23. The EPA has historically provided federal grants to the District to enforce federal air pollution rules and regulations; these grants are restricted to specific usage and may consist of one-time grants.

Stationary Source fees are collected from businesses that have equipment that emits pollutants into the air; these fees are based on the type and size of the equipment and the amount of pollutants emitted. Stationary Source fee revenues for FY20/21 were approved by the Board to increase by 3.3%; due to the COVID-19 pandemic, the increase was deferred until July 1, 2021. For FY22/23 the calculated CPI fee increase based on the stated index is 4.0%. The District is proposing that the CPI increase to fees for FY22/23 include the calculated CPI increase of 4.0%, plus half of the deferred FY20/21 fee (1.65%) for a total fee increase of 5.65% beginning on July 1, 2022. The two-year implementation of the FY20/21 fee increase was approved to assist local businesses during the pandemic.

State revenues fluctuate over the period. Included in this category are the DMV \$4 surcharge and state grants. DMV \$4 revenue is dependent on the number of vehicle registrations in the State of California with the District receiving \$4 per registration. Community Air Protection Program incentives related to Assembly Bill AB 617 are included in this line item. State grant revenue may contain one-time grants that create year-to-year variability in this category.

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

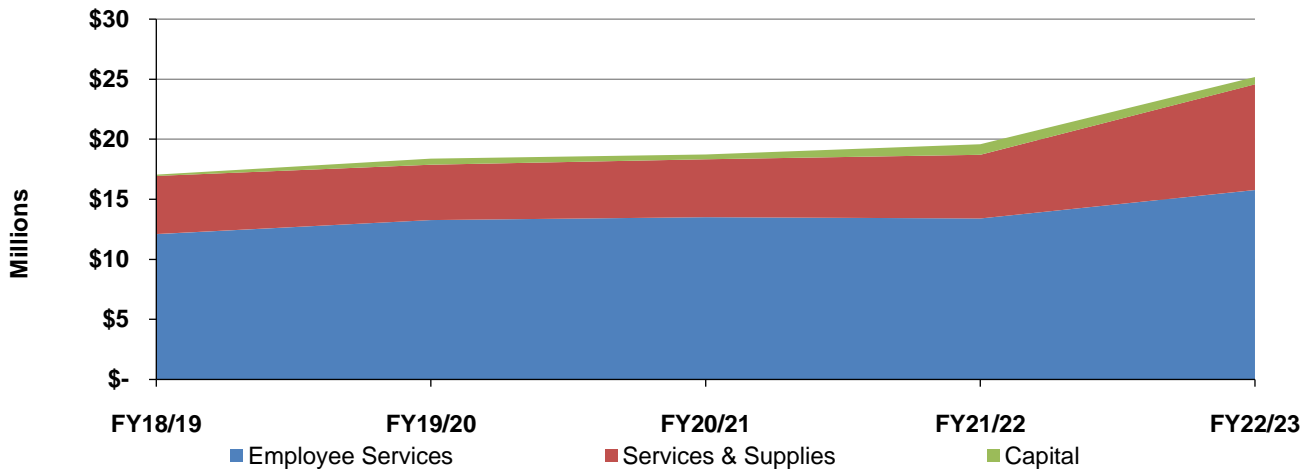
General Fund – Five-Year Revenues Trend



The Five-Year Expenditures Trend of the General Fund graph shown below reflects an increase in Employee Services (Salaries, Wages, and Employee Benefits) keeping pace with the cost of living and addressing health care and pension costs. For FY22/23 Services and Supplies are expected to increase mainly due to (1) the one-time implementation expense for a new software solution to replace the legacy Permitting/Compliance and Transportation Incentives applications and (2) program distributions related to a federal grant. Capital outlays will decrease in FY22/23 primarily due to the completion of the Del Paso Manor air monitoring station replacement.

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

General Fund – Five-Year Expenditures Trend

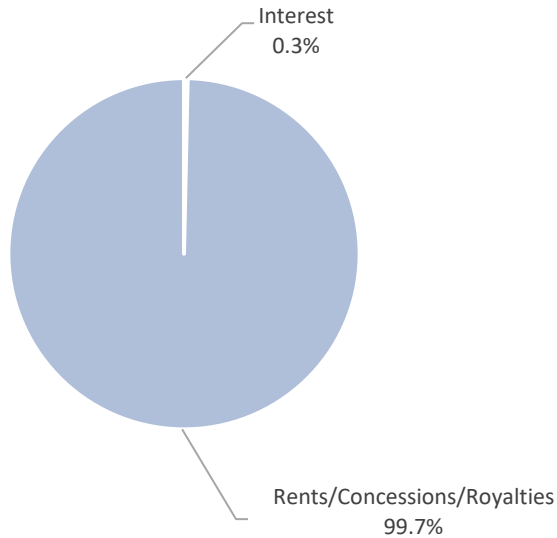


PROPRIETARY FUND 400

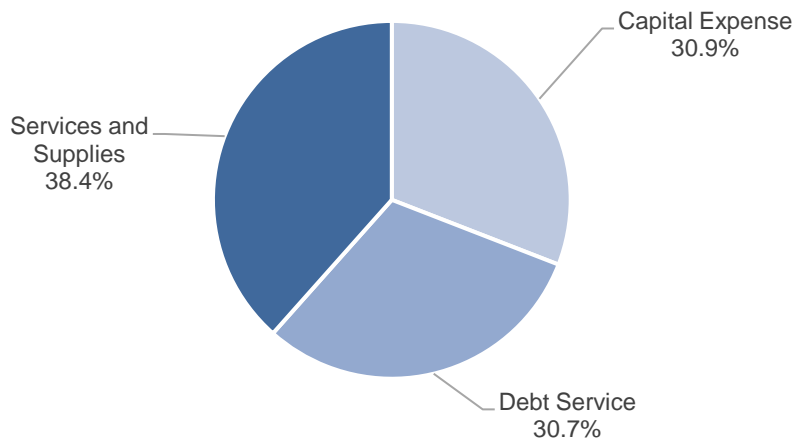
The Proprietary Fund is an Internal Service Fund that supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12th Street in Sacramento, California, containing two floors of office space with paid parking on the first floor. The District moved into the building as a tenant in 1999 and purchased the building in 2002 through the issuance of the Certificates of Participation (COPs) discussed below, along with other funding. The District occupies roughly 23,000 square feet, including the entire third floor and about 4,000 square feet on the second floor, with a single tenant occupying the remaining 15,000 rentable square feet on the second floor.

The total FY22/23 Approved Proprietary Fund Budget is \$1.3 million in revenues and \$1.3 million in expenditures. Following are charts detailing the revenues and expenditures by classification as a percentage of the total Proprietary Fund Budget.

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



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



The Approved Proprietary Fund Budget for FY22/23 includes projected revenues of \$1.3 million and projected expenditures of \$1.3 million. In FY22/23, the District's share of building rent will increase by \$172,561 (from \$818,650 to \$991,211). Total parking rent is expected to increase slightly to \$58,360 for the year. Overall, rent revenue, which accounts for nearly all Proprietary Fund revenues, is projected to increase by \$185,994 over FY21/22 budgeted rent revenue. The budget expenditures are comprised of \$514,180 for services and supplies (day-to-day operating expenses), \$413,500 for capital expenses, and \$410,590 for debt service. Expenses are projected to increase \$180,488 over the prior year's budget; this increase reflects an increase of \$67,300 in services and supplies expenditures, \$108,500 in capital expenses, and \$4,658 in debt service costs.

Debt Service

The District issued \$5,835,000 worth of Certificates of Participation (COPs) in February 2002 and refinanced the original COPs in March of 2012. The new COPs, issued by California Special District Association Finance Corporation, were issued for \$4,350,000, with the interest rates ranging from 3.0% to 4.0% and a bond premium of \$72,382 to be amortized over the life of the COPs. The debt is supported by rent paid by the District and that of the other tenant of the Covell Building. The rent expense in the General Fund is projected to be relatively stable over the life of the debt. However, if other tenants vacate, rent expense in the General Fund may increase to cover the debt payments and ensure the solvency of the Proprietary Fund.

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

The principal balance outstanding on June 30, 2022, will be \$1,850,000. In FY22/23, a \$345,000 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
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	\$ 1,850,000	\$ 188,691	\$ 2,038,691

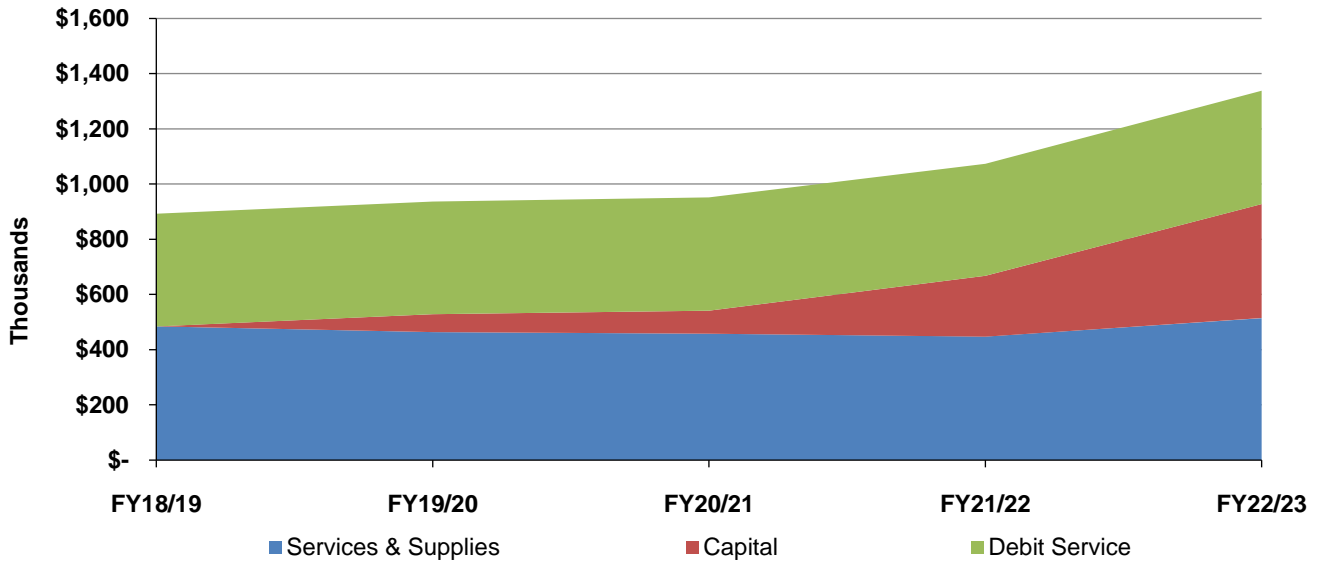
Proprietary Fund Trends

Building revenues consist primarily of tenant rents. There is also revenue generated from daily/monthly parking passes, though this is less than 1% of the total revenue. The 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	FY18/19 Actuals	FY19/20 Actuals	FY20/21 Actuals	FY21/22 Projection	FY22/23 Approved
District Rent	\$ 806,573	\$ 806,573	\$ 871,025	\$ 818,650	\$ 991,211
Tenant Rent	244,550	372,957	323,157	330,172	342,565
Total Rents	\$ 1,051,123	\$ 1,179,530	\$ 1,194,182	\$ 1,148,822	\$ 1,333,776

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



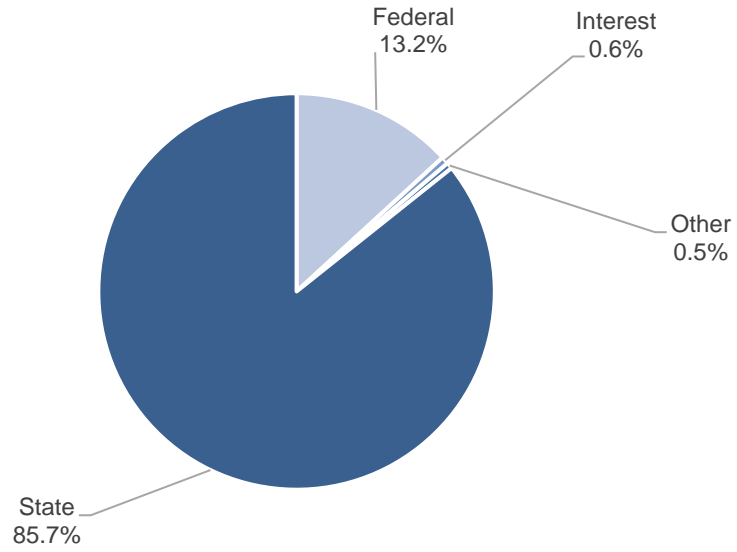
Capital expenses in FY22/23 include funding for hoteling stations to support a hybrid work environment for District employees, HVAC replacements, tenant improvements related to a lease renewal, and a reserve amount for future unexpected capital improvement projects.

SPECIAL REVENUE FUND 500

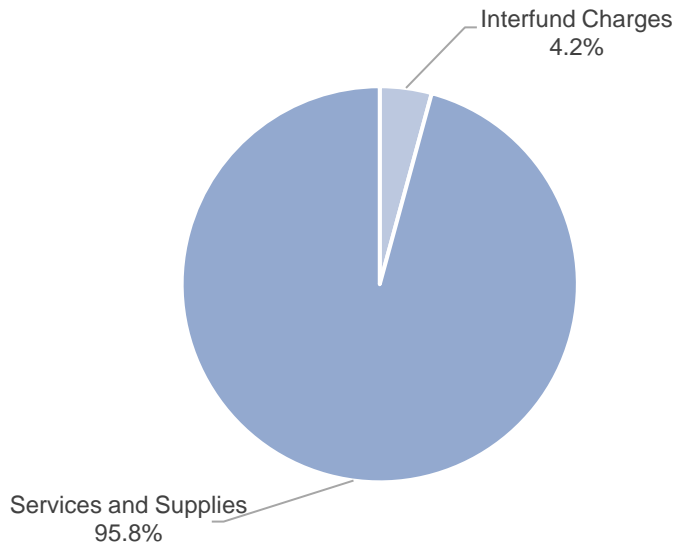
The Special Revenue Fund accounts for the financial activity of restricted funds, generally reflecting grants to provide businesses incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light-duty on-road vehicles, and owners of off-road equipment, such as that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

The total FY22/23 Approved Special Revenue Fund Budget is \$33.4 million in revenues and \$50.0 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Special Revenue Fund budget.

Special Revenue Fund – Revenues by Classification (\$33.4 million)



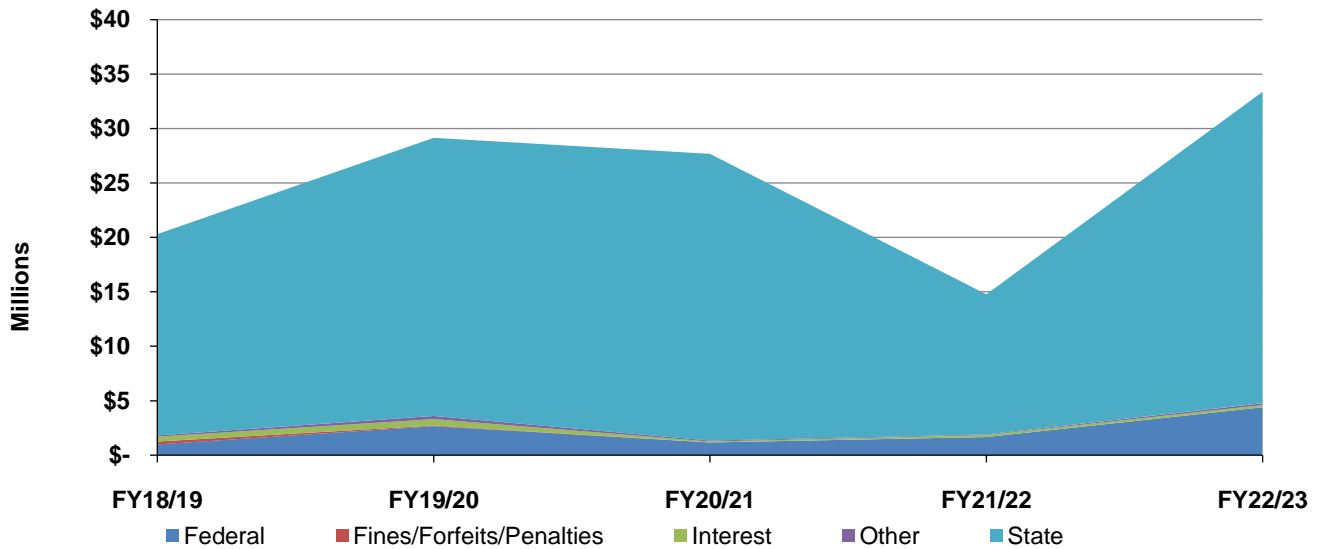
Special Revenue Fund – Expenditures by Classification (\$50.0 million)



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 (CAPP), Clean Cars 4 All, SECAT Phase III, and SECAT Green Region. Funding for the Special Revenue Fund is much more volatile than the General or Proprietary Funds due to one-time grants, the nature of funding received, and the timing of disbursements. DMV \$2 and Moyer (included in the State revenue) are relatively stable and ongoing revenue streams. However, historically one-time grants, such as GMERP (State revenue) and SECAT (Federal revenue), can vary in amount over time. The decrease in revenues for FY21/22 reflects a reduction in State grant funding (mainly CAPP and Moyer). The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account types.

Special Revenue Fund – Five-Year Revenues Trend

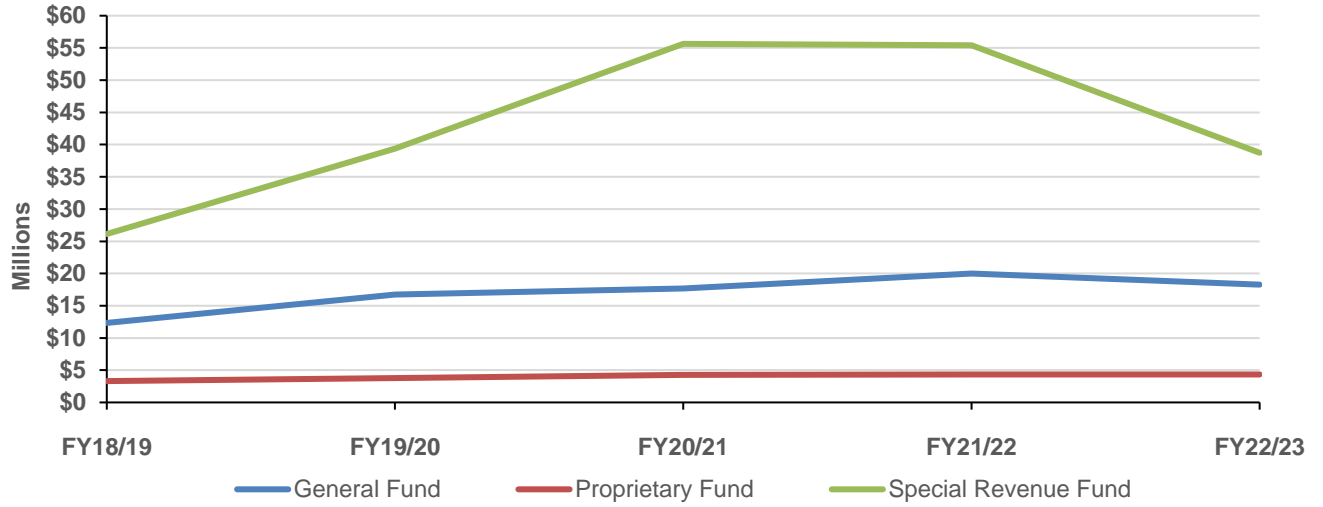


FUND BALANCE

The District closely manages each fund balance to ensure they remain at adequate and sustainable levels. The fund balance for the General Fund has gradually increased over recent years as the District implemented steps to cautiously manage expenses, particularly during the economic uncertainty of the COVID-19 pandemic. These steps included temporarily holding vacant positions open and reducing its professional services and capital expenditures. In FY22/23 and beyond, the District anticipates there will be increases in employee services costs, capital expenses requirements, and inadequate administrative allocations for implementing grant-related programs. Management will closely evaluate and prioritize District programs to ensure resources are allocated appropriately to continue the essential functions of the District while pursuing additional funding.

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

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



SECTION 6 - Budget Schedules

This section presents budget schedules for the District Budget and each of the District funds. The budget tables show the FY20/21 Actuals, FY21/22 Approved, the FY21/22 Projection, the FY22/23 Approved budget, as well as the variance between the FY21/22 Approved and FY22/23 Approved budget.

Also included in this section are the schedules for FY22/23 Approved Capital Expenses and the Summary of Financial Sources, Uses, and Fund Balance, which shows the projected year-end fund balance for the current year and FY22/23.

DISTRICT BUDGET

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

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Revenues					
Federal	\$ 3,110,701	\$ 7,258,638	\$ 4,185,347	\$ 8,034,219	\$ 775,581
Fees & Licenses	8,483,023	8,033,375	9,104,557	9,420,389	1,387,014
Fines/Forfeits/Penalties	78,620	150,000	450,000	350,000	200,000
Interest	98,487	500,000	199,999	250,000	(250,000)
Local Government	108,772	525,826	108,459	448,459	(77,367)
Other	126,209	29,860	77,438	178,988	149,128
Rents/Concessions/Royalties	1,194,182	1,147,782	1,148,822	1,333,776	185,994
Sales/Use Tax	2,264,450	2,117,637	2,435,759	2,582,403	464,766
State	32,617,718	27,984,150	20,142,596	35,601,985	7,617,835
Revenues Total	\$ 48,082,160	\$ 47,747,268	\$ 37,852,977	\$ 58,200,219	\$ 10,452,951
Expenses					
Salaries and Wages	\$ 10,503,505	\$ 11,696,507	\$ 10,617,294	\$ 12,478,926	\$ 782,419
Employee Benefits	4,420,761	4,985,115	4,571,379	5,407,881	422,766
Services and Supplies	15,302,643	45,022,335	18,958,174	57,245,593	12,223,258
Capital Expense	478,707	1,432,000	1,110,700	1,014,500	(417,500)
Debt Service	410,350	405,932	405,932	410,590	4,658
Expenses Total	\$ 31,115,966	\$ 63,541,889	\$ 35,663,479	\$ 76,557,490	\$ 13,015,601
Fund Balance Source / (Use)	\$ 16,966,193	\$ (15,794,621)	\$ 2,189,498	\$ (18,357,271)	

GENERAL FUND BUDGET

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

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Revenues					
Federal	\$ 1,953,610	\$ 2,892,579	\$ 2,505,347	\$ 3,634,219	\$ 741,640
Fees & Licenses	8,483,023	8,033,375	9,104,557	9,420,389	1,387,014
Fines/Forfeits/Penalties	67,194	150,000	450,000	350,000	200,000
Interest	8,413	100,000	33,977	42,472	(57,528)
Local Government	108,772	525,826	108,459	448,459	(77,367)
Other	45,397	6,500	25,438	9,176	2,676
Sales/Use Tax	2,264,450	2,117,637	2,435,759	2,582,403	464,766
State	6,259,442	7,285,960	7,263,181	6,995,434	(290,526)
Revenues Total	\$ 19,190,301	\$ 21,111,877	\$ 21,926,718	\$ 23,482,552	\$ 2,370,675
Expenses					
Salaries and Wages	\$ 10,503,505	\$ 11,696,507	\$ 10,617,294	\$ 12,478,926	\$ 782,419
Employee Benefits	4,420,761	4,985,115	4,571,379	5,407,881	422,766
Services and Supplies	4,830,240	7,649,772	5,289,710	8,808,754	1,158,982
Capital Expense	394,643	1,127,000	890,000	601,000	(526,000)
Interfund Charges	(1,420,507)	(1,332,812)	(1,773,558)	(2,117,830)	(785,018)
Expenses Total	\$ 18,728,642	\$ 24,125,582	\$ 19,594,825	\$ 25,178,731	\$ 1,053,149
Source / (Use) Fund Balance	\$ 461,659	\$ (3,013,705)	\$ 2,331,893	\$ (1,696,179)	

General Fund 100 – Revenues by Account

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Revenues					
Federal					
EPA 103	\$ 107,526	\$ 132,800	\$ 78,000	\$ 132,000	\$ (800)
EPA 105	1,463,427	1,428,616	1,187,602	1,102,965	(325,651)
Federal	-	786,542	695,124	1,799,254	1,012,712
FHW-CMAQ	382,657	544,621	544,621	600,000	55,379
Subtotal Federal	1,953,610	2,892,579	2,505,347	3,634,219	741,640
Fees & Licenses					
Ag Burn	12,678	22,000	23,000	22,000	-
Asbestos	286,967	307,300	257,300	281,500	(25,800)
Fees & Licenses	8,142	15,800	6,480	8,360	(7,440)
Mitigation Fees	313,766	224,892	209,275	89,049	(135,843)
Rule 301	7,519,047	7,108,901	8,123,502	8,582,480	1,473,579
SEED Loan-Non Labor	2,934	32,000	97,000	40,000	8,000
SEED Renewal	65,689	50,000	65,000	65,000	15,000
Title V	78,611	100,030	124,000	122,000	21,970
Toxics AB2588	195,190	172,452	199,000	210,000	37,548
Subtotal Fees & Licenses	8,483,023	8,033,375	9,104,557	9,420,389	1,387,014
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	67,194	150,000	450,000	350,000	200,000
Subtotal Fines/Forfeits/Penalties	67,194	150,000	450,000	350,000	200,000
Interest					
Interest Earned	8,413	100,000	33,977	42,472	(57,528)
Subtotal Interest	8,413	100,000	33,977	42,472	(57,528)
Local Government					
Local Government	108,772	525,826	108,459	448,459	(77,367)
Subtotal Local Government	108,772	525,826	108,459	448,459	(77,367)
Other					
Auction	2,835	-	-	-	-
Other	42,562	6,500	25,438	9,176	2,676
Subtotal Other	45,397	6,500	25,438	9,176	2,676
Sales/Use Tax					
Sales/Use Tax	2,264,450	2,117,637	2,435,759	2,582,403	464,766
Subtotal Sales/Use Tax	2,264,450	2,117,637	2,435,759	2,582,403	464,766
State					
ARB Oil & Gas	41,872	42,000	42,000	42,000	-
ARB PERP	167,388	170,000	160,726	162,000	(8,000)
ARB Subvention	99,713	360,820	359,315	359,315	(1,505)
DMV	5,284,042	5,153,471	5,153,471	5,170,119	16,648
State	666,427	1,559,669	1,547,669	1,262,000	(297,669)
Subtotal State	6,259,442	7,285,960	7,263,181	6,995,434	(290,526)
Revenues Total	\$ 19,190,301	\$ 21,111,877	\$ 21,926,718	\$ 23,482,552	\$ 2,370,675

General Fund 100 – Expenses by Account

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Expenses					
Salaries and Wages					
Salaries & Wages-Extra Help	\$ 55,838	\$ 162,817	\$ 12,174	\$ 165,236	\$ 2,419
Salaries & Wages-OT	45,066	94,857	48,471	66,839	(28,018)
Salaries & Wages-Premium Pay	48,562	56,514	53,771	58,774	2,260
Salaries & Wages-Regular	10,354,040	11,382,319	10,502,878	12,188,077	805,758
Subtotal Salaries and Wages	10,503,505	11,696,507	10,617,294	12,478,926	782,419
Employee Benefits					
Employee Assistance Program	3,103	5,000	3,173	5,000	-
FICA/Medicare-Employer OASDHI	725,962	820,435	737,584	890,327	69,892
Group Insurance	1,421,733	1,708,704	1,581,126	1,807,498	98,794
OPEB GASB 68	700	-	-	-	-
Retirement	2,217,848	2,300,397	2,117,009	2,553,255	252,858
Unemployment-SUI	11,546	25,579	25,619	26,801	1,222
Workers Compensation Insurance	39,868	125,000	106,868	125,000	-
Subtotal Employee Benefits	4,420,761	4,985,115	4,571,379	5,407,881	422,766
Services and Supplies					
Subtotal Services and Supplies	4,830,240	7,649,772	5,289,710	8,808,754	1,158,982
Capital Expense					
FA-Computer & Network	-	10,000	10,000	15,000	5,000
FA-Gain/Loss of Disposal	(2,818)	-	-	-	-
FA-Lab Equipment	282,442	517,000	400,000	316,000	(201,000)
FA-Monitoring Structures	115,019	600,000	480,000	190,000	(410,000)
FA-Vehicles	-	-	-	80,000	80,000
Subtotal Capital Expense	394,643	1,127,000	890,000	601,000	(526,000)
Interfund Charges					
Transfer-In	(1,420,507)	(1,332,812)	(1,773,558)	(2,117,830)	(785,018)
Subtotal Interfund Charges	(1,420,507)	(1,332,812)	(1,773,558)	(2,117,830)	(785,018)
Expenses Total	\$ 18,728,642	\$ 24,125,582	\$ 19,594,825	\$ 25,178,731	\$ 1,053,149

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

General Fund 100 – Expenses by Account (Continued)

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Expenses					
Services and Supplies					
Advertising, Comm & Outreach	\$ 960,612	\$ 1,027,679	\$ 957,170	\$ 948,000	\$ (79,679)
Alternative Transit	47,563	72,568	57,743	71,924	(644)
Banking & Finance	5,956	6,000	5,800	7,200	1,200
Books/Periodicals/Subscriptions	35,312	30,335	30,305	36,638	6,303
Breakroom Supplies	-	2,400	600	1,800	(600)
Business Meetings	8,380	118,800	32,500	131,500	12,700
Collaborations	433,477	168,000	214,912	178,900	10,900
Document Storage & Handling	25,035	30,000	30,000	30,000	-
Education & Training	28,813	91,700	42,400	94,100	2,400
Food	-	3,600	-	-	(3,600)
Fuel & Lubricants	7,104	13,500	8,930	13,500	-
Incentive Projects	10,475	-	-	116,000	116,000
Internship	14,250	10,687	14,250	14,375	3,688
IS Data Processing Services	36,276	65,900	41,500	42,900	(23,000)
IS Hardware	176,546	141,298	156,000	157,135	15,837
IS Internet	36,286	39,240	37,000	36,820	(2,420)
IS Mobile Devices/Services	42,971	41,480	36,000	39,600	(1,880)
IS SaaS-Software as a Service	150,688	234,542	246,016	274,000	39,458
IS Software	78,083	87,653	65,458	96,877	9,224
IS Supplies	12,677	24,000	24,000	16,000	(8,000)
Lab Analysis	175,751	224,000	120,000	105,000	(119,000)
Laboratory Equipment & Supplies	58,149	170,000	70,000	115,000	(55,000)
Legal Services	22,572	75,000	38,000	70,000	(5,000)
Legislative Advocacy	67,000	72,000	67,000	75,000	3,000
Maintenance & Repairs	58,155	28,400	29,500	38,500	10,100
Medical Services	294	2,800	2,800	2,800	-
Membership Dues	22,537	44,325	42,370	47,475	3,150
Mileage/Parking	30,757	32,560	31,260	33,060	500
Miscellaneous	585	6,400	4,950	6,400	-
Office Equipment/Furniture	-	13,500	5,600	13,500	-
Office Services	338	3,000	500	1,000	(2,000)
Office Supplies	2,022	11,350	2,950	11,350	-
Postage/Shipping/Messenger	6,830	15,350	11,450	15,750	400
Printing	2,023	10,200	11,600	15,400	5,200
Prof Svc-Consulting	1,144,271	2,601,899	1,256,404	2,798,395	196,496
Program Distribution-EPA Grant	-	828,508	457,090	1,620,000	791,492
Property & Liability Insurance	146,354	216,000	174,177	216,000	-
Property Management	7,956	25,000	25,000	25,000	-
Public Notices	5,070	31,000	8,900	28,400	(2,600)
Recognition	2,145	15,600	8,085	14,100	(1,500)
Recording Fees	40	5,100	-	1,000	(4,100)
Recruitment	5,919	10,000	6,000	10,000	-
Rent/Lease-Equipment	1,153	29,200	3,000	5,400	(23,800)
Rent/Lease-Real Property	854,566	837,890	803,290	993,175	155,285
Safety Supplies	1,888	4,580	2,600	5,580	1,000
Stipends	6,625	18,600	17,600	23,600	5,000
Telephone Services	52,168	28,328	30,600	29,600	1,272
Temporary Staffing	-	10,000	-	10,000	-
Tools/Small Equipment	674	8,500	2,300	106,500	98,000
Utilities	12,711	25,000	19,000	25,000	-
Vehicle Maintenance	31,181	36,300	37,100	39,500	3,200
Subtotal Services and Supplies	4,830,240	7,649,772	5,289,710	8,808,754	1,158,982

PROPRIETARY FUND BUDGET

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

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Revenues					
Interest	\$ 5,966.95	\$ 10,000.00	\$ 3,595.00	\$ 4,494.00	\$ (5,506.00)
Rents/Concessions/Royalties	1,194,182	1,147,782	1,148,822	1,333,776	185,994
Revenues Total	\$ 1,200,149	\$ 1,157,782	\$ 1,152,417	\$ 1,338,270	\$ 180,488
Expenses					
Services and Supplies	\$ 457,805	\$ 446,850	\$ 447,150	\$ 514,180	\$ 67,330
Capital Expense	84,064	305,000	220,700	413,500	108,500
Debt Service	410,350	405,932	405,932	410,590	4,658
Expenses Total	\$ 952,219	\$ 1,157,782	\$ 1,073,782	\$ 1,338,270	\$ 180,488
Fund Balance Source / (Use)	\$ 247,930	\$ -	\$ 78,635	\$ -	

Proprietary Fund 400 – Revenues and Expenses by Account

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Revenues					
Interest Earned					
Interest Earned	\$ 5,967	\$ 10,000	\$ 3,595	\$ 4,494	\$ (5,506)
Subtotal Interest	5,967	10,000	3,595	4,494	(5,506)
Rents/Concessions/Royalties					
Parking	52,832	50,500	51,540	58,360	7,860
Rents/Concessions/Royalties	1,141,351	1,097,282	1,097,282	1,275,416	178,134
Subtotal Rents/Concessions/Royalties	1,194,182	1,147,782	1,148,822	1,333,776	185,994
Revenues Total	\$ 1,200,149	\$ 1,157,782	\$ 1,152,417	\$ 1,338,270	\$ 180,488
Expenses					
Services and Supplies					
Banking & Finance	\$ 1,669	\$ 2,300	\$ 59	\$ 100	\$ (2,200)
IS Hardware	-	2,000	2,500	2,500	500
IS Internet	6,141	5,640	-	-	(5,640)
Maintenance & Repairs	54,998	28,460	32,393	35,900	7,440
Mileage/Parking	146,491	140,000	140,423	140,000	-
Office Equipment/Furniture	1,292	1,500	679	1,500	-
Office Services	68,070	77,250	79,255	81,880	4,630
Office Supplies	407	500	-	-	(500)
Property & Liability Insurance	24,676	30,000	32,448	40,000	10,000
Property Management	22,200	24,500	23,400	71,000	46,500
Security	29,904	28,700	29,241	28,300	(400)
Tax/Lic/Assessment	5,907	7,000	7,000	7,000	-
Utilities	96,049	99,000	99,752	106,000	7,000
Subtotal Services and Supplies	457,805	446,850	447,150	514,180	67,330
Capital Expense					
FA-Leasehold Improvement	84,064	305,000	220,700	413,500	108,500
Subtotal Capital Expense	84,064	305,000	220,700	413,500	108,500
Debt Service					
Interest Expense	85,350	75,932	75,932	65,590	(10,342)
Principal	325,000	330,000	330,000	345,000	15,000
Subtotal Debt Service	410,350	405,932	405,932	410,590	4,658
Expenses Total	\$ 952,219	\$ 1,157,782	\$ 1,073,782	\$ 1,338,270	\$ 180,488

SPECIAL REVENUE FUND BUDGET

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

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Revenues					
Federal	\$ 1,157,090	\$ 4,366,059	\$ 1,680,000	\$ 4,400,000	\$ 33,941
Fines/Forfeits/Penalties	11,425	-	-	-	-
Interest	84,107	390,000	162,427	203,034	(186,966)
Other	80,811	23,360	52,000	169,812	146,452
State	26,358,276	20,698,190	12,879,415	28,606,551	7,908,361
Revenues Total	\$ 27,691,710	\$ 25,477,609	\$ 14,773,842	\$ 33,379,397	\$ 7,901,788
Expenses					
Interfund Charges	\$ 1,420,507	\$ 1,332,812	\$ 1,773,558	\$ 2,117,830	\$ 785,018
Services and Supplies	10,014,599	36,925,713	13,221,314	47,922,659	10,996,946
Expenses Total	\$ 11,435,106	\$ 38,258,525	\$ 14,994,872	\$ 50,040,489	\$ 11,781,964
Fund Balance Source / (Use)	\$ 16,256,604	\$ (12,780,916)	\$ (221,030)	\$ (16,661,092)	

Special Revenue Fund 500 – Revenues and Expenses by Account

Classification Account	FY20/21 Actuals	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Revenues					
Federal					
FHW-SECAT	\$ 1,157,090	\$ 4,366,059	\$ 1,680,000	\$ 4,400,000	\$ 33,941
Subtotal Federal	1,157,090	4,366,059	1,680,000	4,400,000	33,941
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	11,425	-	-	-	-
Subtotal Fines/Forfeits/Penalties	11,425	-	-	-	-
Interest					
Interest Earned	84,107	390,000	162,427	203,034	(186,966)
Subtotal Interest	84,107	390,000	162,427	203,034	(186,966)
Other					
Auction	80,811	23,360	52,000	169,812	146,452
Subtotal Other	80,811	23,360	52,000	169,812	146,452
State					
DMV	2,610,259	2,576,736	2,576,736	2,585,060	8,324
State	23,748,017	18,121,454	10,302,679	26,021,491	7,900,037
Subtotal State	26,358,276	20,698,190	12,879,415	28,606,551	7,908,361
Revenues Total	\$ 27,691,710	\$ 25,477,609	\$ 14,773,842	\$ 33,379,397	\$ 7,901,788
Expenses					
Services and Supplies					
Incentive Projects	\$ 9,834,347	\$ 36,587,851	\$ 12,907,314	\$ 47,608,659	\$ 11,020,808
Prof Src-Consulting	180,251	337,862	314,000	314,000	(23,862)
Subtotal Services and Supplies	10,014,599	36,925,713	13,221,314	47,922,659	10,996,946
Interfund Charges					
Transfer-Out	1,420,507	1,332,812	1,773,558	2,117,830	785,018
Subtotal Interfund Charges	1,420,507	1,332,812	1,773,558	2,117,830	785,018
Expenses Total	\$ 11,435,106	\$ 38,258,525	\$ 14,994,872	\$ 50,040,489	\$ 11,781,964

CAPITAL EXPENSES BUDGET

Capital Expenses – by Fund

Fund Description	FY22/23 Approved
100 General	
Power Vault Storage	\$ 15,000
Broadband Modems	6,000
CO-Trace	18,000
Data Loggers	15,000
Digital Chart Recorders	22,000
Gas Calibrators	30,000
Meteorological Equipment	10,000
NO2 Analyzer	25,000
NOy	40,000
Ozone Analyzer	25,000
Particular Matter Sampler	50,000
Transfer Standard	50,000
Air Monitoring Station Improvements	20,000
Del Paso Manor Air Monitoring Station	170,000
New Vehicles Replacements	80,000
AB661 Portable Sensors	25,000
100 General Subtotal	\$ 601,000
400 Proprietary	
Capital Improvement Projects Funding	\$ 100,000
HVAC Replacements	115,000
Miscellaneous - Annual Improvements	50,000
Hoteling Stations	100,000
Tenant Improvements	48,500
400 Proprietary Subtotal	\$ 413,500
Capital Expenses Total	\$ 1,014,500

SUMMARY OF FINANCIAL SOURCES, USES, AND FUND BALANCE

Fund	Type	Fund Balance 06/30/21	FY21/22 Projected Revenues	FY21/22 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/22
100	General Fund	\$ 17,663,192	\$ 21,926,718	\$ 19,594,825	\$ 2,331,893	\$ 19,995,085
400	Proprietary Fund	4,256,366	1,152,417	1,073,782	78,635	4,335,001
500	Special Revenue Fund	55,633,856	14,773,842	14,994,872	(221,030)	55,412,826
Total		\$ 77,553,414	\$ 37,852,977	\$ 35,663,479	\$ 2,189,498	\$ 79,742,912

Fund	Type	Projected Fund Balance 06/30/22	FY22/23 Approved Revenues	FY22/23 Approved Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/23
100	General Fund	\$ 19,995,085	\$ 23,482,552	\$ 25,178,731	\$ (1,696,179)	\$ 18,298,906
400	Proprietary Fund	4,335,001	1,338,270	1,338,270	-	4,335,001
500	Special Revenue Fund	55,412,826	33,379,397	50,040,489	(16,661,092)	38,751,734
Total		\$ 79,742,912	\$ 58,200,219	\$ 76,557,490	\$ (18,357,271)	\$ 61,385,641

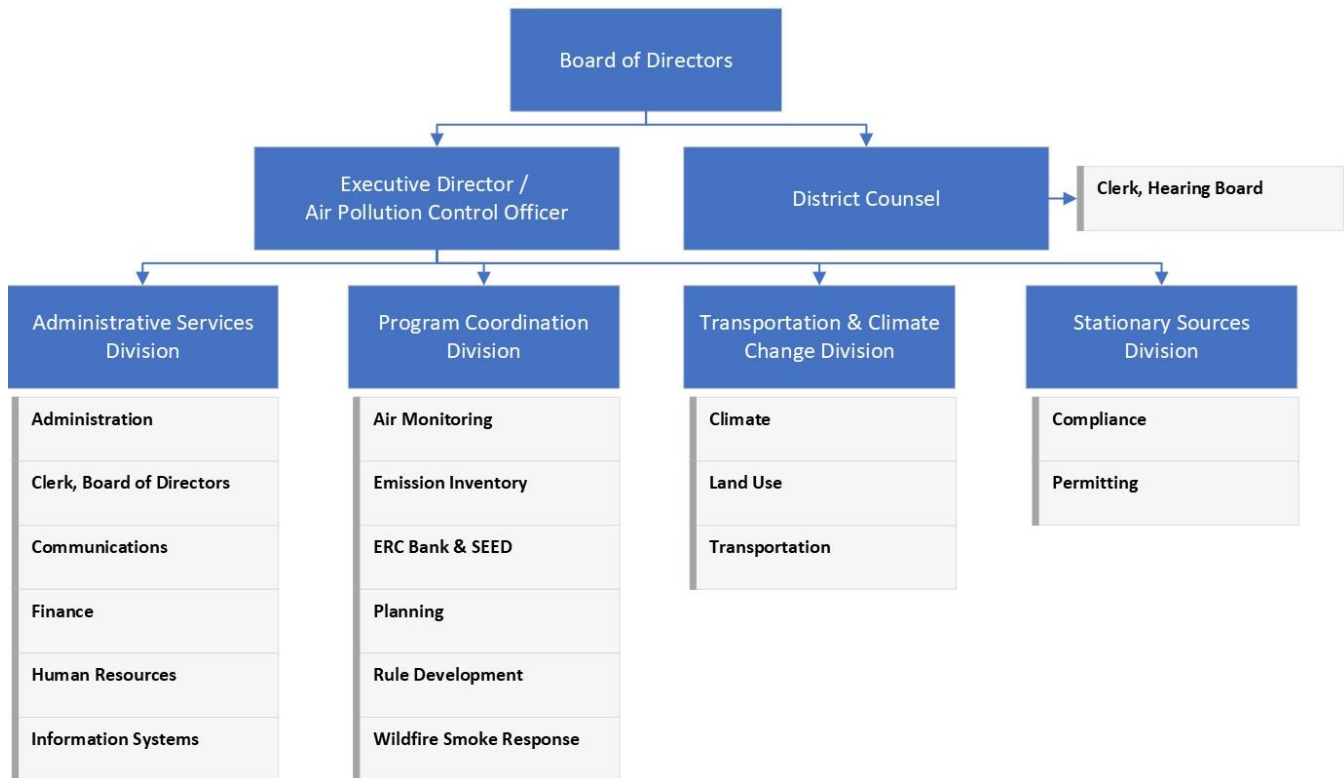
SECTION 7 - Organizational Overview

This section includes the District’s organizational structure, staffing and pay schedules, division budgets, as well as division functions, program summaries, key initiatives for FY22/23 as well as major accomplishments. The District is organized into divisions that administer various programs and undertake initiatives to support the District’s mission and strategic goals.

ORGANIZATIONAL STRUCTURE

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

Organization Chart



STAFFING

The Approved Budget includes 97.6 FTE positions, which represents an increase of 3.5 FTE from the FY21/22 amended staffing plan. Each year, the District reassesses the priorities, critical needs, and funding capacity and then recommends positions to be budgeted.

The Positions by Classification and Positions by Operating Division tables below previously included unfunded positions. Beginning with this budget cycle, only funded positions are included in the budget. For clarification and best practices, the unfunded positions will no longer be tracked; only positions that are necessary to support District operations will be presented in the staffing schedules for approval and funding.

The following two staffing schedules represent the approved FTE positions for FY22/23 by classification and by operating division.

Positions by Classification

Classification	FY20/21 Amended	FY21/22 Amended	Change	FY22/23 Approved
AUTHORIZED				
Regular				
Admin Supervisor/Clerk of Board	1.0	1.0		1.0
Administrative Specialist	3.0	3.0	1.0	4.0
Air Pollution Control Officer	1.0	1.0		1.0
Air Quality Engineer	16.5	16.5	2.5	19.0
Air Quality Instrument Specialist	3.0	3.0		3.0
Air Quality Planner/Analyst	10.0	10.0		10.0
Air Quality Specialist	17.6	19.6		19.6
Communication & Marketing Specialist	1.0	1.0		1.0
Controller	1.0	1.0		1.0
District Counsel	1.0	1.0		1.0
Division Manager	4.0	4.0		4.0
Financial Analyst	1.0	1.0		1.0
Human Resource Technician	1.0	1.0		1.0
Human Resources Officer	1.0	1.0		1.0
Information Systems Analyst	2.0	2.0		2.0
Information Systems Manager	1.0	1.0		1.0
Legal Assistant	1.0	1.0		1.0
Office Assistant	3.0	3.0		3.0
Program Manager	5.0	5.0		5.0
Program Supervisor	12.0	12.0		12.0
Senior Accountant	1.0	1.0		1.0
Statistician	1.0	1.0		1.0
Limited Term				
Air Quality Engineer/Specialist/Planner	5.0	3.0		3.0
Information Systems Analyst	1.0	1.0		1.0
AUTHORIZED Total	94.1	94.1	3.5	97.6

Approved FY22/23 Positions by Operating Division

Classification	ASD	DC	EXEC	PCD	SSD	TCC	Total FTE
AUTHORIZED							
Regular							
Admin Supervisor/Clerk of Board	1.0	-	-	-	-	-	1.0
Administrative Specialist	4.0	-	-	-	-	-	4.0
Air Pollution Control Officer	-	-	1.0	-	-	-	1.0
Air Quality Engineer	-	-	-	4.0	9.0	6.0	19.0
Air Quality Instrument Specialist	-	-	-	3.0	-	-	3.0
Air Quality Planner/Analyst	-	-	-	3.0	-	7.0	10.0
Air Quality Specialist	-	-	-	4.0	12.6	3.0	19.6
Communication & Marketing Specialist	1.0	-	-	-	-	-	1.0
Controller	1.0	-	-	-	-	-	1.0
District Counsel	-	1.0	-	-	-	-	1.0
Division Manager	1.0	-	-	1.0	1.0	1.0	4.0
Financial Analyst	1.0	-	-	-	-	-	1.0
Human Resource Technician	1.0	-	-	-	-	-	1.0
Human Resources Officer	1.0	-	-	-	-	-	1.0
Information Systems Analyst	2.0	-	-	-	-	-	2.0
Information Systems Manager	1.0	-	-	-	-	-	1.0
Legal Assistant	-	1.0	-	-	-	-	1.0
Office Assistant	3.0	-	-	-	-	-	3.0
Program Manager	1.0	-	-	1.0	2.0	1.0	5.0
Program Supervisor	1.0	-	-	3.0	5.0	3.0	12.0
Senior Accountant	1.0	-	-	-	-	-	1.0
Statistician	-	-	-	1.0	-	-	1.0
Limited Term							
Air Quality Engineer/Specialist/Planner	-	-	-	1.0	-	2.0	3.0
Information Systems Analyst	1.0	-	-	-	-	-	1.0
AUTHORIZED Total	21.0	2.0	1.0	21.0	29.6	23.0	97.6

PAY SCHEDULE

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

**Pay Schedule
Effective July 1, 2022**

Classification	Monthly	
	Minimum	Maximum
Administrative Specialist I	\$ 6,335.63	\$ 7,701.00
Administrative Specialist II	6,863.52	8,342.65
Administrative Supervisor/Clerk of the Board	7,688.77	10,285.72
Air Pollution Control Officer (contract by Board of Directors)	20,238.07	20,238.07
Air Quality Engineer (Assistant)	7,284.87	8,854.81
Air Quality Engineer (Associate)	8,460.99	10,284.39
Air Quality Instrument Specialist I	6,033.06	7,333.22
Air Quality Instrument Specialist II	6,938.28	8,433.52
Air Quality Planner/Analyst (Assistant)	7,284.87	8,854.81
Air Quality Planner/Analyst (Associate)	8,460.99	10,284.39
Air Quality Specialist (Assistant)	7,284.87	8,854.81
Air Quality Specialist (Associate)	8,460.99	10,284.39
Communications & Marketing Specialist (Assistant)	7,284.87	8,854.81
Communications & Marketing Specialist (Associate)	8,460.99	10,284.39
Controller	10,159.57	13,614.35
District Counsel (contract by Board of Directors)	21,351.72	21,351.72
Division Manager	11,677.85	15,648.97
Financial Analyst	7,414.58	9,012.47
Fiscal Assistant I	3,893.06	4,732.04
Fiscal Assistant II	4,282.45	5,205.34
Human Resources Officer	7,688.77	10,285.72
Human Resources Technician I	4,924.30	5,985.52
Human Resources Technician II	5,663.48	6,884.00
Information Systems Analyst (Assistant)	6,807.82	8,274.95
Information Systems Analyst (Associate)	7,828.65	9,515.77
Information Systems Manager	10,159.57	13,614.35
Legal Assistant I	5,135.76	6,242.55
Legal Assistant II	5,648.83	6,866.19
Office Assistant I	3,414.32	4,150.13
Office Assistant II	3,828.85	4,653.99
Office Assistant III	4,288.30	5,212.46
Program Manager	10,159.57	13,614.35
Program Supervisor	8,837.51	11,843.43
Senior Accountant	7,414.58	9,012.47
Statistician	8,460.99	10,284.39

In addition to the salaries listed above, the District provides special compensation as follows: Division Managers receive a board-approved 5% management pay differential and employees may receive incentive pay equal to 5% of their base pay if they have earned specified professional certifications or licenses relevant to their jobs, such as Professional Engineer or Certified Public Accountant.

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. For the FY22/23 budget, two program categories were moved. The Communications program was moved from the Executive Office to the Administrative Services Division (ASD) and expenditures for a federal pass-through grant were moved from ASD to the Program Coordination Division.

The approved division expenditures by classification for the District and each fund are shown below.

DISTRICTWIDE – Expenditures by Division by Classification

Division Classification	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Administrative Services				
Salaries and Wages	\$ 1,933,129	\$ 1,830,018	\$ 2,381,945	\$ 448,816
Employee Benefits	791,026	762,051	1,013,784	222,758
Services and Supplies	1,999,366	901,060	2,630,082	630,716
Capital Expense	10,000	10,000	95,000	85,000
Subtotal Administrative Services	4,733,521	3,503,129	6,120,811	1,387,290
District Counsel				
Salaries and Wages	325,065	323,943	338,002	12,937
Employee Benefits	141,091	140,456	152,877	11,786
Services and Supplies	104,152	74,525	111,438	7,286
Subtotal District Counsel	570,308	538,924	602,317	32,009
Executive Office				
Salaries and Wages	502,238	422,803	261,419	(240,819)
Employee Benefits	220,370	178,233	114,319	(106,051)
Services and Supplies	955,742	911,330	533,150	(422,592)
Subtotal Executive Office	1,678,350	1,512,366	908,888	(769,462)
Non-Departmental				
Employee Benefits	129,200	111,068	129,200	-
Services and Supplies	1,465,500	1,439,977	1,699,885	234,385
Capital Expense	305,000	220,700	413,500	108,500
Debt Service	405,932	405,932	410,590	4,658
Subtotal Non-Departmental	2,305,632	2,177,677	2,653,175	347,543
Program Coordination				
Salaries and Wages	2,403,010	2,038,240	2,686,863	283,853
Employee Benefits	998,968	858,430	1,092,233	93,265
Services and Supplies	1,860,468	1,141,068	3,350,798	1,490,330
Capital Expense	1,117,000	880,000	506,000	(611,000)
Subtotal Program Coordination	6,379,446	4,917,738	7,635,894	1,256,448
Stationary Sources				
Salaries and Wages	3,525,982	3,376,013	3,831,602	305,620
Employee Benefits	1,464,429	1,414,909	1,613,789	149,360
Services and Supplies	417,906	282,536	246,906	(171,000)
Subtotal Stationary Sources	5,408,317	5,073,458	5,692,297	283,980
Transportation & Climate Change				
Salaries and Wages	3,007,083	2,626,277	2,979,095	(27,988)
Employee Benefits	1,240,031	1,106,232	1,291,679	51,648
Services and Supplies	38,219,201	14,207,678	48,673,334	10,454,133
Subtotal Transportation & Climate Change	42,466,315	17,940,187	52,944,108	10,477,793
Expenses Total	\$ 63,541,889	\$ 35,663,479	\$ 76,557,490	\$ 13,015,601

FUND 100 – General Fund Expenditures by Division by Classification

Division Classification	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Administrative Services				
Salaries and Wages	\$ 1,933,129	\$ 1,830,018	\$ 2,381,945	\$ 448,816
Employee Benefits	791,026	762,051	1,013,784	222,758
Services and Supplies	1,999,366	901,060	2,630,082	630,716
Capital Expense	10,000	10,000	95,000	85,000
Subtotal Administrative Services	4,733,521	3,503,129	6,120,811	1,387,290
District Counsel				
Salaries and Wages	325,065	323,943	338,002	12,937
Employee Benefits	141,091	140,456	152,877	11,786
Services and Supplies	104,152	74,525	111,438	7,286
Subtotal District Counsel	570,308	538,924	602,317	32,009
Executive Office				
Salaries and Wages	502,238	422,803	261,419	(240,819)
Employee Benefits	220,370	178,233	114,319	(106,051)
Services and Supplies	955,742	911,330	533,150	(422,592)
Subtotal Executive Office	1,678,350	1,512,366	908,888	(769,462)
Non-Departmental				
Employee Benefits	129,200	111,068	129,200	-
Services and Supplies	1,018,650	992,827	1,185,705	167,055
Subtotal Non-Departmental	1,147,850	1,103,895	1,314,905	167,055
Program Coordination				
Salaries and Wages	2,403,010	2,038,240	2,686,863	283,853
Employee Benefits	998,968	858,430	1,092,233	93,265
Services and Supplies	1,860,468	1,141,068	3,350,798	1,490,330
Capital Expense	1,117,000	880,000	506,000	(611,000)
Subtotal Program Coordination	6,379,446	4,917,738	7,635,894	1,256,448
Stationary Sources				
Salaries and Wages	3,525,982	3,376,013	3,831,602	305,620
Employee Benefits	1,464,429	1,414,909	1,613,789	149,360
Services and Supplies	417,906	282,536	246,906	(171,000)
Subtotal Stationary Sources	5,408,317	5,073,458	5,692,297	283,980
Transportation & Climate Change				
Salaries and Wages	3,007,083	2,626,277	2,979,095	(27,988)
Employee Benefits	1,240,031	1,106,232	1,291,679	51,648
Services and Supplies	1,293,488	986,364	750,675	(542,813)
Interfund Charges	(1,332,812)	(1,773,558)	(2,117,830)	(785,018)
Subtotal Transportation & Climate Change	4,207,790	2,945,315	2,903,619	(1,304,171)
Expenses Total	\$ 24,125,582	\$ 19,594,825	\$ 25,178,731	\$ 1,053,149

FUND 400 – Proprietary Fund Expenditures by Division by Classification

Division Classification	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Non-Departmental				
Services and Supplies	\$ 446,850	\$ 447,150	\$ 514,180	\$ 67,330
Capital Expense	305,000	220,700	413,500	108,500
Debt Service	405,932	405,932	410,590	4,658
Subtotal Non-Departmental	\$ 1,157,782	\$ 1,073,782	\$ 1,338,270	\$ 180,488
Expenses Total	\$ 1,157,782	\$ 1,073,782	\$ 1,338,270	\$ 180,488

FUND 500 – Special Revenue Fund Expenditures by Division by Classification

Division Classification	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Transportation & Climate Change				
Services and Supplies	\$ 36,925,713	\$ 13,221,314	\$ 47,922,659	\$ 10,996,946
Interfund Charges	1,332,812	1,773,558	2,117,830	785,018
Subtotal Transportation & Climate Change	\$ 38,258,525	\$ 14,994,872	\$ 50,040,489	\$ 11,781,964
Expenses Total	\$ 38,258,525	\$ 14,994,872	\$ 50,040,489	\$ 11,781,964

PROGRAM BUDGETS

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

FUND 100 – General Fund Expenditures by Program

Program	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Administration	\$ 1,006,618	\$ 952,719	\$ 1,284,220	\$ 277,602
Agricultural	140,537	175,274	134,084	(6,453)
Air Monitoring	3,994,198	2,699,759	3,115,183	(879,015)
Asbestos	325,271	243,131	314,383	(10,888)
Asbestos NOA	4,275	14,262	7,670	3,395
Board of Directors	14,705	9,499	14,705	-
Communications	999,045	888,386	1,019,283	20,238
Complaints	244,031	112,751	232,860	(11,171)
District Counsel	570,258	538,874	602,267	32,009
Emission Credit Program	35,974	27,640	38,665	2,691
Emission Inventory	198,418	101,438	322,334	123,916
Exchange Programs	22,635	3,092	132,446	109,811
Finance	1,021,780	977,058	1,069,879	48,099
GHG	1,488,597	377,489	760,212	(728,385)
Government Affairs	828,508	496,076	1,620,000	791,492
Hearing Board	14,938	5,040	8,438	(6,500)
Human Resources	358,451	277,110	392,665	34,214
Information Systems	1,520,214	1,258,856	2,329,355	809,141
Non-Departmental	1,147,850	1,103,895	1,314,905	167,055
PERP	23,357	7,581	13,171	(10,186)
Planning	1,421,444	1,108,552	1,563,950	142,506
Rule 301	4,208,257	4,268,279	4,520,046	311,789
Rule 421	257,153	121,702	247,981	(9,172)
Rule Development	568,142	443,730	674,174	106,032
SECAT-Infill Streamline	19	2,825	-	(19)
Strategic Partners	606,634	593,955	894,133	287,499
Title V	119,467	122,460	159,898	40,431
Toxics AB2588	202,344	81,752	211,211	8,867
Transportation Planning & Assist	1,894,093	1,775,059	1,510,014	(384,079)
Vehicle & Equipment Technology	888,369	806,581	670,599	(217,770)
Program Expenses Total	\$ 24,125,582	\$ 19,594,825	\$ 25,178,731	\$ 1,053,149

FUND 400 – Proprietary Fund Expenditures by Program

Program	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
Covell Building	\$ 1,157,782	\$ 1,073,782	\$ 1,338,270	\$ 180,488
Program Expenses Total	\$ 1,157,782	\$ 1,073,782	\$ 1,338,270	\$ 180,488

FUND 500 – Special Revenue Fund Expenditures by Program

Program	FY21/22 Approved	FY21/22 Projection	FY22/23 Approved	Variance FY23 Approved FY22 Approved
GHG	\$ 21,088,256	\$ 9,290,740	\$ 22,573,578	\$ 1,485,322
Vehicle & Equipment Technology	17,170,269	5,704,132	27,466,911	10,296,642
Program Expenses Total	\$ 38,258,525	\$ 14,994,872	\$ 50,040,489	\$ 11,781,964

DIVISION FUNCTIONS AND KEY INITIATIVES

The District’s organizational structure aligns with its vision and mission and supports the complex relationships between tasks, workflows, responsibilities, and authorities. Agency program 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 Office/APCO</p>	<p>Under direction from the Board, the Executive Director/APCO is responsible for the overall management and operation of the agency. This includes overseeing the establishment of program priorities, policies, and procedures; formulation of a strategic vision and mission objectives; day-to-day administration; guiding legislative affairs; and development and implementation of air quality and climate change programs to advance the capital region towards clean air and a low-carbon future for all.</p> <p>Air Quality — The District is the lead planning agency for moving the region towards the attainment of all health-based, federally mandated ambient air quality standards. The Executive Office provides direction for all environmental management activities including the development of rules and policies, permitting and enforcement programs, monitoring ambient air quality, planning, and analysis and research to understand and control sources of toxics and other emissions to protect public health.</p> <p>Climate Change — The District is implementing the state’s climate change agenda and advancing the region’s efforts for low-carbon development, sustainability, mitigation, resilience, and adaptation. The Executive Office guides the agency’s actions on land use management; mitigation of greenhouse gas emissions through strategic investments in low-carbon transportation solutions; engagement in state and federal climate policies and programs; collaborating with other air districts and organizations on research and demonstrations; and building a regional collaborative to help prepare for extreme weather and our changing climate.</p> <p>Legislative Affairs — The Executive Office leads the District’s legislative advocacy at the local, state, and federal level and provides direction to the agency’s legislative advocate. In collaboration with the District legislative advocate, the Executive Office monitors and analyzes state and federal legislation with a potential impact on air quality and climate change programs in the capital region.</p>
<p>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>

FY22/23 Key Initiatives

Equity

- Prioritize integrating equity as a guiding theme for District programs
- Amplify community-focused efforts for environmental justice
- Leverage partnerships and industry sector relationships for greater social co-benefits from the implementation of clean air and decarbonization initiatives

Air Quality

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

Climate Change

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

Legislative Affairs

- Engage state legislators, legislative staff, administration officials, local elected officials, and other key regional leaders to advocate for the District's priorities for clean air and Cap-and-Trade investments for the region

Legal/Administrative

- Pursue enforcement actions as necessary for stationary sources and incentive contracts
- Provide legal support to all divisions in the development, implementation, and enforcement of air quality plans and rules

Clerk, Hearing Board

- Create a historical record of past decisions
- Improve Hearing Board member candidate outreach

Administrative Services Division

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

FY22/23 Key Initiatives

Administration

- Finalize and implement the asset management plan for facilities, fleet, and computer equipment
- Develop and implement a space use plan to accommodate the District's hybrid work-location model
- Ensure compliance with the Records Retention Schedule

Communications

- Increase the number of Sacramento Region Air Quality app downloads by 5%
- Increase the number of "Spare The Air" regional partners by 100
- Finalize and implement the Communications Office Strategic Plan
- Create a new Spare The Air campaign and attend 10 events regionally to promote the program and educate residents about the harmful health effects of air pollution and what they can do to improve air quality
- Provide timely information (forecasts, smoke conditions, location, etc.) to the public, Board of Directors, stakeholders, and partners during smoke events caused by wildfires or other local fires

- Update the Check Before You Burn and Spare The Air “toolkits” to reflect current campaigns to assist the District Board of Directors, community groups, and other agencies to easily disseminate clean air messages to the public

Finance

- Automate accounts payable invoice approval process within the accounting system
- Develop an annual calendar of financial activities and related deliverables and create standard monthly/quarterly management reports
- Integrate the interface of payroll data from a third-party provider to the accounting system
- Implement the fixed assets module in the New World accounting system

Human Resources

- Facilitate effective recruitment and employee-focused activities to attract and retain talented and engaged employees
- Leverage the District’s third-party recruitment solution for greater efficiency
- Implement an enhanced dental plan option and bilingual certification program
- Consolidate the administrative policies into a single document
- Conduct a District-wide classification and compensation study

Information Systems

- Implement tools and solutions to manage document retention policies and compliance
- Establish security solutions to protect remotely located monitoring stations and continue to ensure optimal security systems for the District's information technology services
- Build out communication and meeting tools and platforms to support working anywhere, anytime, and any place
- Implement the Permitting/Compliance and Transportation Incentive software solution
- Upgrade Tyler New World and SharePoint Public Website and convert District Intranet "Skynet" to online

Transportation and Climate Change Division

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

FY22/23 Key Initiatives

Climate Change

- Actively seek additional funding sources to support transportation demand management, development of low vehicle miles traveled initiatives and low-carbon transportation

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

Transportation

- Work with CAPCOA and CARB on the Clean Transportation Incentive Programs to provide additional flexibility for the various programs
- Develop infrastructure projects to support zero and near-zero emission technologies
- Collaborate with agency partners to develop an electric vehicle charging mobility hub strategy for Sacramento and implement the strategy in transportation deserts by deploying projects like CarShare, e-Bikes, and micro-transit
- Work with CAPCOA to address mobile emission impacts in AB 617 identified communities and determine funding opportunities to mitigate emission impacts
- Collaborate with Community-Based Organizations (CBOs) to determine mobility needs within low income and disadvantaged communities
- Leverage the Civic Spark program to reduce air pollution and vehicle miles traveled while building local capacity for action on climate adaptation and mitigation, including work on Clean Cars 4 All grant creating culturally and linguistically tailored outreach materials

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. Continue community-scale monitoring for the South Sacramento-Florin community selected as one of the first AB 617 communities.
Emission Inventory	Estimates actual emissions from stationary and area sources, and assists with evaluations of mobile source emissions. Provides data used in rule development and developing State Implementation Plans. Collects and reports emissions data required by the Criteria and Toxics Reporting (CTR) regulation.
Emission Reduction Credit Bank & SEED	Maintains the registry of stationary and mobile source credit banks, coordinates and assists credit generators and users, identifies new opportunities for credit use, includes the military base and essential public services accounts, implements Project SEED and the Wood Stove/Fireplace replacement incentive program.
Planning & Data Analysis	Develops a plan to ensure compliance with state and federal clean air acts, prepares the District's annual report on progress toward achieving state and federal clean air standards, participates in air quality studies to assess the effectiveness of control strategies, and projects future air quality. Continue collaboration with the AB 617 South Sacramento-Florin community to better understand the localized air quality.
Rule Development	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans and for Best Available Retrofit Control Technologies (BARCT) under AB 617, performs comparative analyses of District rules with RACT, BARCT, and BACT standards, and develops new control measures and strategies to incorporate into air quality plans.

FY22/23 Key Initiatives

Air Monitoring

- Deploy and start sampling of Phase III trailer within the AB617 South Sacramento-Florin Community
- Work collaboratively with the City of Sacramento to implement a program aimed at deploying 100 portable sensors, deploying a mobile on-road monitoring platform, and identifying a CBO to assist the District in implementing this project
- Ensure air monitoring complies with all state and federal quality assurance and control requirements
- Prepare and submit the 2022 Annual Network Plan

Emission Inventory

- Review and update one-third of the area source emission inventories in the District
- Update inventories for all point sources emitting greater than 10 tons of any one pollutant
- Develop more accurate methodologies to estimate emissions from area sources
- Collect emission inventory data for sources subject to the CTR regulation

Emission Reduction Credit Bank & SEED

- Maintain the credit registry when credits are sold or used, and evaluate applications for new credits from voluntary emission reduction activities
- Use SEED funding for emission-reducing strategies such as replacing high-polluting fireplaces and wood stoves; work to secure additional funding from the state's Cap-and-Trade program revenues, and banking and leasing emissions reduction credits from the Wood Smoke Change-Out Program
- Continue to provide SEED loans to area businesses for emission offsets and alternative compliance

Planning & Data Analysis

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

Rule Development

- Prepare rules to expedite implementation of Best Available Retrofit Control Technology (BARCT) for sources subject to AB 617
- Evaluate potential Reasonably Available Control Measures (RACM) for inclusion in the ozone attainment plan
- Prepare contingency measures for the attainment plan for the 2008 federal ozone standard
- Develop fee rules as applicable to provide full cost recovery for District programs

Stationary Sources Division

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

FY22/23 Key Initiatives

- Continue to streamline data collection from our stationary sources by the rollout of our annual reporting program that will report data to the California Air Resources Board Toxic Reporting Program, making actual emissions available to the public
- Implement a new database system that will increase staff efficiency, improve quality control and enhance management processes
- Enhance and improve communication and outreach to our business sector through coordination with business partners and other business-related entities, with a goal to improve understanding of regulations and increase compliance rates
- Increase protection for public health by exploring and potentially implementing an enhanced Asbestos program
- Update Division Policies & Procedures to ensure consistency and proper program implementation
- Continue to improve our Agricultural Burning Program to be cost-effective and efficient by utilizing technology and forecasting tools
- Continue implementation of CARB’s GHG Oil and Gas inspection program
- Continue staff development through internal and external training efforts

- Continue work related to the AB2588 Air Toxics “Hot Spots” program
- Update Best Available Control Technology (BACT) determinations every two years to continue to advance on air quality goals
- Review and process permit and Title V permit applications in a timely manner that meets statutory guidelines
- Evaluate programmatic work through the lens of community air protection and the potential for local reductions of emission impacts in disadvantaged communities, including additional efforts to identify unpermitted sources in underserved communities and an enhancement to the Supplemental Environmental Projects program, which has two unique aspects: (1) it allows only non-profit, community-based, tribal, and educational groups to submit project proposals, and (2) the projects must be implemented in, and benefit underserved communities
- Finalize the Wildfire Smoke Air Pollution Emergency Plan (AB 661) and outreach toolkit to improve coordination between Sacramento County agencies and businesses during these types of emergency events

DIVISION ACCOMPLISHMENTS

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

Administrative Services
Negotiated new five-year labor agreements with the employee association
Reconfiguring portions of the District office to accommodate a new hybrid work model
Managed evolving pandemic related regulations and requirements, including reporting and tracking, mandatory sick leave, and workplace safety/sanitation
Integrated New World Miscellaneous Billing module with a new payment processor
Completed improvements in the quarterly reporting process to include a review of financial performance with operating division staff
Implemented electronic signature software solution to expedite contract execution for incentive participants and the District
Developed and embarked on a District-wide effort to ensure compliance with the District's records management and compliance policy
Configured and implemented RingCentral communication solution to reduce cost and increase the functionality of services
Implemented new security solutions from Microsoft, including two-step authentication, cyber-attack simulation and training, and remote management of computers and phones
Hired 13 new employees
All District employees participated in a workshop series addressing racial and social equity titled "Toward an Inclusive Footprint"
Increased annual usage of the Sac Region Air Quality App by 14%
Increased the number of Spare The Air partners by 75 for a total of 4,169 partners
Informed the public and the media of District programs/ achievements, smoke impacts, Spare The Air, mutual settlements, partnerships and grant recipients via the distribution of 15 press releases
Coordinated a CBYB digital/online campaign that resulted in an increase of 2% in Twitter followers, 1/2% in Instagram followers and 3% in Sacramento Region Air Quality app downloads
Increased the average "open rate" of the CBYB newsletters by 5% over the prior year, which is 8% more than the industry standard
Rebranded Our Community CarShare fleet vehicles with an updated logo, promoting the District's ownership of the program
Transportation and Climate Change
Partnered in the CAPCOA Mobile Sources Grants and Incentives committee and submitted various comments at CARB Board meetings, public workshops, and the annual symposium meetings
Created the "Handbook for Analyzing Greenhouse Gas Emission Reductions, Assessing Climate Vulnerabilities, and Advancing Health and Equity," (CAPCOA Handbook) which is used statewide to analyze emissions from the land use and transportation sectors
Updated the California Emissions Estimator Model (CalEEMod), used statewide to draft the air quality and climate sections of an environmental document, with information learned in the aforementioned CAPCOA Handbook
Created custom guidance and fact sheets for local jurisdictions to implement cool city strategies to reduce the impact of the urban heat island effect

Transportation and Climate Change (continued)
Funded 100 new zero-emission medium-duty and heavy-duty trucks as part of the SECAT Program, deploying the latest innovative and transformative technology
Provided funding for 39 additional electric school buses, now totaling 175 EV buses in the Sacramento Region
Executed contracts with the Center of Sustainable Energy (CSE), EVgo, Sacramento Regional Transit, and SMUD to implement the Clean Cars 4 All program (CC4All) resulting in 107 EVSE installed at the homes of participants and a total of 417 participant awards
Partnered with PepsiCo to fund 21 zero-emission electric heavy-duty Tesla trucks with supporting infrastructure totaling \$6.2 million in the AB 617 community, bringing tremendous benefits to the disadvantaged communities most in need
Collaborated with AB 617 Steering Committee volunteers to develop the 2021 Community Air Quality Grant solicitation resulting in 159 project applications totaling over \$57 million in requests to reduce air pollution from cars, trucks, tractors, buses, and other mobile sources in the Sacramento region
<i>Our Community CarShare</i> program grew and expanded within the District's disadvantaged communities to now include several sites with charging stations and electric vehicles, a new option featuring a prepaid alternative transit options (ATO) card which allows Carshare participants to use transit and ride-hail services
Program Coordination
Hosted collaborative steering committee meetings to continue work within the AB617 community
Presented community air quality data to AB 617 Steering Committee where the information was used to determine the location of the Phase 3 mobile laboratory
Completed installation and sampling operations of six air monitoring shelters that were placed in the South Sacramento-Florin AB617 community
Procured AB 617 mobile monitoring laboratory that will be deployed in the AB 617 community
Awarded an EPA toxics grant to enhance the understanding of pollutants in the South Sacramento-Florin AB617 community and a north Sacramento Community
Submitted the 2021 Annual Network Plan to EPA
Maintained the District's NCore, PAMS, SLAMS, and special-purpose monitoring stations
Started the process to replace the Del Paso Manor air monitoring station
Submitted the Second 10-Year PM ₁₀ Maintenance Plan to CARB, who subsequently approved and submitted it to EPA
Continued to work on the regional ozone plan for the federal 2015 Ozone NAAQS of 70 ppb
Performed 65 facility inventory surveys and completed annual criteria pollutant emission inventories for point sources and reported emissions to CARB
Performed 13 surveys of toxic pollutant emissions for sources subject to the Criteria and Toxics Reporting regulation
Updated area source emission inventories and submitted them to CARB
Issued alternative compliance permit for Sacramento area business
Provided loans of emission reduction credits to one Sacramento area business and one federal agency, and renewed 36 loans

Stationary Sources
Issued 191 Authority to Construct permits and 222 Permits to Operate
Continued to develop Best Available Control Technology determinations; 15 determinations were made, including a new Tier 4 requirement for diesel-fired stand-by engines greater than 1000 hp
Reviewed three AB 2588 health risk assessments for existing core facilities, 15 Emission Inventory Plans for new core facilities, identified two new core facilities, reviewed and screened toxics data for 1,186 diesel engines, 333 gasoline dispensing facilities, and presented 2019 Annual Air Toxics “Hot Sports” Report to the Board
Enforced 100% of all wood-burning curtailment days for the Check Before You Burn program
Performed targeted compliance assistance efforts to companies directly impacted by new regulations (CTR) and enhanced business outreach by increasing communication with the District’s business networks
Migrated permit applications and compliance casework from a paper and file folder system to a paperless digital system improving efficiency and reducing costs
Conducted a total of 1,726 stationary source inspections
Responded to 538 public complaints
Successfully resolved more than 98% of 99 issued violations through the Mutual Settlement Program
Reviewed and processed 1,303 asbestos notifications, which included 168 demolitions and 244 asbestos abatement projects
Reviewed and approved six new asbestos dust mitigation plans for development projects and regularly monitored numerous ongoing naturally occurring asbestos sites including 16 multiyear projects in the Folsom plan area south of Highway 50
Launched a new Supplemental Environmental Projects Program that allows penalty funds from violations to be used to fund beneficial community projects in underserved communities
Developed internal procedures and processes to officially transition the Agricultural Burning Permit program (daily burn day determinations, permit issuance, and burn authorization) to the District, duties previously contracted with the Sacramento County Agricultural Commissioner’s office
Continued efforts to reduce greenhouse gas pollutants by continuing a partnership with CARB to enforce the State Oil and Gas regulation that helps to reduce emissions from oil and gas production sites
Improved efficiency and reduced costs by migrating permit and inspection processes to a paperless digital system
Developed an annual emission reporting structure to collect data from all permitted sources to comply with state regulations and the latest amendments to the Criteria and Toxics Reporting Regulation
Initiated the process to replace the permitting and compliance databases with a new enterprise software solution

PERFORMANCE MEASURES

In addition to establishing and achieving key initiatives by Division, the District also tracks select performance measures that indicate the District’s progress toward strategic objectives. These metrics provide broad measures of the District’s effectiveness, efficiency, timeliness, and productivity in critical activities. While key initiatives may change from year to year, performance measures generally reflect progress in core business operations over multiple years. Most performance measures require multi-divisional participation, and in many cases, one performance measure supports multiple strategic goals. The table below lists key performance measures.

FY22/23 Performance Measures

Performance Measures	FY20/21 Actual	FY21/22 Projected	FY22/23 Target
Update 33% of Area Source Methodologies	Yes	15%	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	2	0	4
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter at 7 Air Monitoring Sites	4 yes 3 no ¹²³	2 yes 5 no ⁴⁵⁶⁷⁸⁹¹⁰	6 yes 1 no ¹¹
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	>92%	>93%	95%
Percentage of Permits to Operate Issued within Two years of Obtaining an Authority to Construct (excluding extended and re-instated ATCs)	>99%	>91%	100%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process	97%	>98%	>98%
Percentage of Annual Inspections Completed (Federal fiscal year)	41%	50%	60%
Perform 100% On-Site Audits of Participating Wood Change-Out Retailers <i>*with COVID, District has performed minimal in-person audits</i>	Yes	5%	25%
Perform 5% On-Site Random Audits of Wood Change Outs <i>*with COVID, District has not performed in-home audits</i>	Yes	No	No
Provide Confirmation Letter for Construction Mitigation Plans within Four Business Days of a Complete Submittal or Before Applicant Receiving Jurisdictional Permit Approval	100%	100%	100%
Notify Media and Public the Day Before Every Declared Spare The Air Day	100%	100%	100%
Provide Daily Air Quality Forecast to the Public every day by Noon	100%	100%	100%
Encumber 100% of Current Allocation-Year Moyer Funds by June 30 of the Allocation Year	100%	100%	100%
Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year	100%	100%	100%
Perform a 5% On-Site Random Annual Audit of All Operational Incentive Projects	100%	100%	100%
Non-Retirement Employee Annual Turnover Rate	≤5%	≤5%	≤5%
Percent of Planned Training Completed for All Staff	100%	100%	100%
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
Receive Unmodified Audit Opinion for the Comprehensive Annual Financial Report	Yes	Yes	Yes
Receive the GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes
Manage actual financial results within the Authorized Budget	Yes	Yes	Yes
Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting	0	0	0

FY 20/21 Footnotes-

¹ Station resumed partial operation in Dec 2020

² North Highlands NO2 analyzer was taken to Bercut, as it is a higher priority site, after storm damage in 2018

³ Bruceville rain gauge was not recording values correctly

FY 21/22 Footnotes-

⁴ Bercut CO monitor was out of service from Oct 2021 through Dec 2021

⁵ Del Paso Manor CO monitor was out of service from Aug 2021 through Dec 2021

⁶ Bercut NO2 monitor was out of service from July 2021 through Dec 2021

⁷ Bruceville NO2 monitor was out of service Sep 2021, and Nov 2021 through Dec 2021

⁸ Folsom NO2 monitor was out of service in Oct 2021 and Nov 2021

⁹ North Highlands NO2 analyzer was taken to Bercut, as it is a higher priority site, after storm damage in 2018

¹⁰ Folsom solar radiation sensor is not recording values correctly

22/23 Footnotes-

¹¹ Del Paso Manor is scheduled to undergo shelter replacement

SECTION 8 - Statistical Information

FINANCIAL STATISTICS

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

Balances of Governmental Funds (Modified Accrual)

	2012	2013	2014	2015 (a)	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580	\$ 98,462	\$ 131,192
Restricted	12,169,654	11,350,172	10,998,388	10,287,274	8,796,696	8,061,391	7,811,623	9,572,931	12,588,465	13,459,160
Assigned	320,000	320,000	320,000	320,000	320,000	320,000	320,000	2,607,673	1,737,431	3,013,705
Unrestricted	-	-	792,734	1,395,878	1,798,521	1,737,137	2,043,980	-	2,298,950	1,059,724
Total General Fund	\$ 12,489,654	\$ 11,670,172	\$ 12,111,122	\$ 12,158,262	\$ 11,086,892	\$ 10,308,730	\$ 10,577,983	\$ 12,333,184	\$ 16,723,308	\$ 17,663,781
Special Revenue Fund (b)										
Restricted	\$ 9,267,343	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856
Total Special Revenue Fund	\$ 9,267,343	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856

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

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

Changes in Fund Balance of Governmental Funds (Modified Accrual)

	2012	2013	2014	2015	2016	2017	2018
REVENUES							
Taxes	\$ 8,071,327	\$ 7,929,307	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	34,081,710	25,879,092	10,507,331	14,342,930	15,445,047	9,232,418	13,718,592
Licenses/Permits	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	204,424	193,112	18,965	60,372	(31,188)	226,170	1,004,824
Total Revenue	\$ 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	\$ 5,843,577	\$ 5,758,644	\$ 5,741,059	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548
Mobile Source	34,704,891	28,394,103	11,475,645	14,932,141	11,367,756	11,916,194	8,048,476
Program Coordination	3,959,488	3,780,971	3,832,332	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	3,643,128	3,684,435	3,770,076	3,918,802	4,517,235	4,168,340	4,861,221
Capital Outlay	305,418	290,995	259,652	239,283	529,002	322,275	200,510
Total Expenditures	\$ 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	\$ 81,010	\$ (1,892,573)	\$ 524,246	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583
OTHER FINANCING SOURCES (USES)							
Gain on sale of capital assets	-	-	-	16,270	-	-	-
Net change in fund balances	\$ 81,010	\$ (1,892,573)	\$ 524,246	\$ 1,319,545	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583

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

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

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

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

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

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

Statement of Net Position by Component (Accrual Basis)

	2012	2013	2014	2015	2016	2017	2018 (a)	2019 (b)	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 507,625	\$ 653,680	\$ 764,943	\$ 792,677	\$ 1,111,788	\$ 1,196,123	\$ 1,170,111	\$ 2,245,913	\$ 2,745,363	\$ 3,151,636
Restricted	20,864,065	19,018,128	18,732,929	14,705,749	19,374,392	18,788,183	30,250,374	36,909,801	51,881,357	69,562,558
Unrestricted	-	-	792,734	(900,807)	(157,287)	605,026	(5,625,047)	(3,921,835)	(2,768,037)	(4,302,216)
Total governmental activities net position	21,371,690	19,671,808	20,290,606	14,597,619	20,328,893	20,589,332	25,795,438	35,233,879	51,858,683	68,411,978
Business-type Activities										
Net investment in capital assets	403,041	113,259	93,109	232,801	613,133	820,602	984,226	-	-	-
Restricted	424,243	416,252	416,293	418,340	416,382	416,575	420,495	-	-	-
Unrestricted	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	1,736,413	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	910,666	766,939	858,052	1,025,478	1,724,921	2,016,725	2,154,337	2,245,913	2,745,363	3,151,636
Restricted	21,288,308	19,434,380	19,149,222	15,124,089	19,790,774	19,204,758	30,670,869	36,909,801	51,881,357	69,562,558
Unrestricted	909,129	1,094,081	2,067,124	430,605	1,033,680	1,747,741	(4,050,014)	(3,921,835)	(2,768,037)	(4,302,216)
Total primary government net position	\$ 23,108,103	\$ 21,295,400	\$ 22,074,398	\$ 16,580,172	\$ 22,549,375	\$ 22,969,224	\$ 28,775,192	\$ 35,233,879	\$ 51,858,683	\$ 68,411,978

Notes: (a) Reflects the new accounting treatment from pension and health liability.
 (b) The Proprietary Fund was more properly classified as an Internal Service Fund for FY2019 and is included in the Governmental Activities component for FY2019 forward.

Source: Annual Comprehensive Financial Report: Statement of Net Position

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
11-12	\$ 11,946,558	\$ 7,324,380	\$ 317,000	\$ -	\$ 19,587,938
12-13	11,997,789	6,232,631	397,000	-	18,627,420
13-14	12,472,301	5,939,276	180,532	-	18,592,109
14-15	13,018,613	6,742,313	564,532	-	20,325,458
15-16	13,396,624	7,157,659	798,332	-	21,352,615
16-17	13,898,555	7,327,432	1,747,000	-	22,972,987
17-18	14,969,998	6,493,742	881,800	-	22,345,540
18-19	15,811,786	6,728,496	1,164,200	(1,947,586)	21,756,896
19-20	16,688,251	6,489,409	1,905,500	(2,116,371)	22,966,789
20-21	16,378,640	6,795,570	984,500	(1,721,108)	22,437,602

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

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

Schedule of General Government Expenditures by Major Object (Actual)

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
11-12	\$ 11,527,097	\$ 4,596,430	\$ 305,418	\$ -	\$ 16,428,945
12-13	11,817,905	4,290,069	290,995	-	16,398,969
13-14	12,011,320	4,217,453	259,652	-	16,488,425
14-15	12,112,938	4,858,855	239,283	-	17,211,076
15-16	12,959,077	5,584,127	529,002	-	19,072,206
16-17	13,199,676	5,541,055	322,275	-	19,063,006
17-18	13,660,805	5,236,263	200,510	-	19,097,578
18-19	13,619,667	4,836,842	114,569	(1,513,730)	17,057,348
19-20	14,518,535	4,604,776	507,044	(1,249,271)	18,381,084
20-21	14,924,177	4,830,330	397,461	(1,420,501)	18,731,467

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

Schedule of General Government Revenues by Source

Fiscal Year	Taxes (a)	Intergovernmental (a)	Licenses/ Permits	Use of Money & Property	Other	Total
11-12	\$ 5,940,636	\$ 4,289,423	\$ 6,180,051	\$ 44,337	\$ -	\$ 16,454,447
12-13	5,862,442	3,637,602	6,015,064	64,380	-	15,579,488
13-14	6,095,314	4,082,326	6,741,800	9,934	-	16,929,374
14-15	6,283,412	3,516,824	7,416,470	25,241	-	17,241,947
15-16	6,609,429	3,739,523	7,779,365	5,438	-	18,133,755
16-17	6,764,376	3,437,689	8,001,079	81,700	-	18,284,844
17-18	6,859,462	3,336,946	9,016,456	153,968	-	19,366,832
18-19	1,940,485	8,238,416	8,281,069	257,341	95,238	18,812,549
19-20	1,938,341	11,097,630	8,823,399	853,233	58,605	22,771,208
20-21	2,264,451	8,678,334	8,484,401	195,224	49,530	19,671,940

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

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

Permit Revenue

Year	Active Permits (a)	Actual Revenue (b)
2012	4,247	\$ 3,905,738
2013	4,269	4,217,601
2014	4,331	4,465,746
2015	4,346	5,059,167
2016	4,344	5,098,778
2017	4,397	5,622,626
2018	4,411	6,393,690
2019	4,461	6,197,766
2020	4,437	7,231,406
2021	4,434	6,977,427

Note: (a) Stationary Source Database as of June 30. Active permits are Annual Renewal only
 (b) Annual permit revenue from Annual Report Working Trial Balance for FY 2012-2018. Annual permit revenue from Revenue by Payment Type report from Tyler New World (NW) system for FY2019 forward. NW Report on Receipts by Payment Code Report for the reporting FY with the following status: Posted; Report Detail: Detail; Selected Payment Code(s): RNW (Air Toxics, Permit, Reinspection, Source Test & Title V)

Source: Sacramento Metropolitan Air Quality Management District

Full-Time Equivalent Employees as of June 30

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Classification										
Accountant I/II	-	-	-	-	-	-	-	-	-	-
Administrative Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	-	-	-	-
Administrative Specialist I/II	-	-	-	-	-	-	2.0	2.0	2.0	3.0
Administrative Supervisor/Clerk of the Board	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Air Pollution Control Officer /Executive Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Air Quality Engineer	20.5	19.5	19.5	19.5	20.5	20.5	20.5	19.5	19.5	15.5
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	-	5.5	5.5	5.0
Air Quality Instrument Specialist I/II	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Air Quality Planner/Analyst	10.0	10.0	10.0	10.0	11.0	11.0	10.0	10.0	10.0	10.0
Air Quality Specialist	18.6	18.6	18.6	18.6	18.6	18.6	19.6	18.6	18.6	18.6
Assistant Air Pollution Control Officer	-	-	-	-	-	1.0	1.0	-	-	-
Clerical Services Supervisor	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.0
Controller	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
District Counsel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Division Manager	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Executive Assistant/Clerk to the Board	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Financial Analyst	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Human Resource Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	-	-	-	-
Human Resource Technician I/II	-	-	-	-	-	-	2.0	1.0	1.0	1.0
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Information Systems Administrator	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Information Systems Analyst	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Information Systems Manager	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Legal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Office Assistant I/II	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Program Coordinator	12.0	12.0	12.0	12.0	12.0	12.0	-	-	-	-
Program Manager	-	-	-	-	-	-	5.0	5.0	5.0	5.0
Program Supervisor	5.0	5.0	5.0	5.0	5.0	5.0	12.0	12.0	12.0	12.0
Senior Accountant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Statistician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Subtotal Funded Positions	94.0	93.0	93.0	94.0	96.0	97.0	98.0	99.5	99.5	94.1
Administrative/Legal Analyst	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Air Quality Engineer	1.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	5.0
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	-	-	-	0.5
Air Quality Planner/Analyst	1.0	1.0	1.0	1.0	-	-	1.0	-	-	-
Air Quality Specialist	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Communication & Marketing Specialist	-	-	-	-	-	-	-	-	-	1.0
Division Manager	1.0	1.0	1.0	-	-	-	-	-	-	-
Human Resource Technician I/II	-	-	-	-	-	-	-	1.0	1.0	1.0
Office Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Program Coordinator	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Program Supervisor	-	-	-	-	-	1.0	1.0	-	-	-
Subtotal Unfunded Positions	8.0	9.0	9.0	8.0	6.0	5.0	5.0	3.0	3.0	8.5
Total Funded + Unfunded Positions	102.0	102.0	102.0	102.0	102.0	102.0	103.0	102.5	102.5	102.6

Source: Approved/Amended Budget

SECTION 9 - Appendices

APPENDIX A – FINANCIAL MANAGEMENT POLICIES

PURPOSE

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

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

GOVERNING AUTHORITY

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

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

POLICIES

Budget Adoption

The District shall prepare and make available to the public at least 30 days before a public hearing a summary of its budget and any supporting documents, including, but not limited to, a schedule of fees to be imposed by the district to fund its programs per California Health and Safety Code (HSC §40131). The District shall notify each person who was subject to fees imposed by the District in the preceding year of the availability of information. The District shall notice and hold two public hearings at a meeting of the Sacramento Metropolitan Air Quality Management District Board for the exclusive purpose of reviewing the budget and of providing the public with the opportunity to comment upon the proposed District budget.

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

Structurally Balanced Budget

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

Budget Amendments

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

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

General and Internal Service Funds Reserves

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

Debt Management

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

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

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

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

Investments

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

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

Long-Term Financial Planning

Each year, staff perform multi-year (for the next three to five years) forecasts of operating expenditures and revenue, and capital expenditures to promote long-term planning of resources. The forecast will be updated and included in the annual budget process. As part of the budget message, the APCO will advise the Board of potential long-term positive and adverse trends along with his/her analysis of the trends.

Accounting, Auditing, and Financial Reporting

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

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

Internal Control and Risk Management

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

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

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

Procurement

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

Capital Asset Management

The District shall operate and maintain its physical assets in a manner that protects the public investment and ensures the achievement of their maximum useful life. A capital asset is defined as land, building structures, leasehold improvements, vehicles, equipment, machinery, furnishings, or other property having a value over \$5,000 and are intended for long-term use. Leases will be accounted for under the guidelines established by the GASB that provide a single model for lease accounting.

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

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

For financial reporting purposes, the District maintains a schedule of capital assets with values above \$5,000 and having a useful (depreciable life) of one year or more. All items with an original value of \$5,000 or less, or with an estimated useful life of less than one year, are recorded as operating expenditures.

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

Petty Cash

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

Collaborations

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

User Fees and Charges

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

Memorandum of Understanding (MoU)

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

Grants

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

Federal Awards

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

In addition to the Cost Principles related to allowable costs, the District is responsible for maintaining internal controls regarding the management of Federal program funds, and ensuring that subgrantees are aware of the cash management and requirements in 2 CFR part 200, subpart D. The District will monitor its cash drawdowns and those of its sub-recipients to assure substantial compliance to the standards of timing and amount of advances. Additionally, the District will minimize the amount of time between the drawdown and the expenditure of funds from their bank accounts. Funds must be drawn only to meet a District's immediate cash needs for each grant. Finally, the District will periodically complete a sub-recipient risk assessment to guide oversight efforts.

Acceptance of Non-District Funds

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

APPENDIX B – DESCRIPTION OF FUNDING SOURCES

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

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

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

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

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

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

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

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

Community Air Protection Program Incentives — California State grants, funded by the Greenhouse Gas Reduction Fund and overseen by the California Air Resources Board, are appropriated for this program to conduct stakeholder and community outreach in impacted communities designated by the Sac Metro Air District that guides the spending of incentives funds on eligible emission-reducing projects impacting these communities.

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

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

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

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

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

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

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

EPA 105 Grant — Revenues are restricted to uses achieving the program objectives as submitted to USEPA, but may not be used to cover costs associated with Title V permitting. Allowed uses include compliance and enforcement, air monitoring, transportation, land-use programs, and development and maintenance of AIRS data.

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

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

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

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

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

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

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

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

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

Oil and Gas — Grant received from the California Air Resources Board to fund the District's enforcement activities. The District and CARB have a memorandum of understanding for the District to enforce CARB's Oil and Gas regulation in Sacramento County.

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

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

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

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

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

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

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

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

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

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

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

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

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

Initial Fees — Process initial ERCs.

Loan Fees — Meet Rule 205 mandates, which require, via a Request for Proposal, additional emission reductions to be secured.

Renewal Fees — Process ERC renewals, oversee ERC contracts and operate SEED. revenue disbursement process.

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

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

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

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

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

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

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

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

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

APPENDIX C – GLOSSARY

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

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

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

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

Audit — An official inspection of an organization's accounts, typically by an independent body.

Balanced Budget — The amount of budgeted expenditures is equal to the amount of budgeted revenues sources (including fund balance reserves).

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

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

Capital Expenses/Expenditures — Property of any kind, tangible or intangible, with a cost equal to or greater than \$5,000 and that has an initial useful life extending beyond a single reporting period (fiscal year), e.g., land, buildings, vehicles, and machinery.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Program Distribution — EPA Grants — Amounts paid to an Environment Protection Agency grant sub-recipient under the grant contractual requirements.

Proprietary Fund (400) — Accounts for the District's business-like activities and currently reflects the financial activities of the District's administrative facility, the Covell Building. Also known as an Internal Service Fund.

Special Revenue Fund (500) — Records the proceeds from certain revenue sources that have 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's Board of Directors).

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

Services and Supplies — Costs of contractual or outside services, supplies, rent, utilities, equipment, etc.

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

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

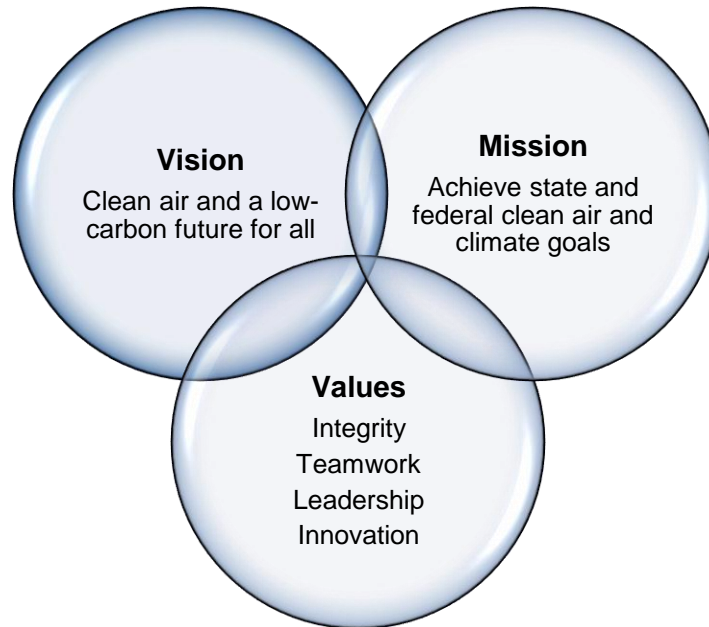
Variance — The difference between the budgeted or baseline amount of expense or revenue, and the actual amount.

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

THIS PAGE INTENTIONALLY LEFT BLANK

VISION = SOME DAY

MISSION = EVERY DAY



Sac Metro Air District working hard for your health

BOARD OF DIRECTORS

Eric Guerra, Chair
Mayor Pro Tem, City of Sacramento

Patrick Kennedy, Vice-Chair
Supervisor, Sacramento County

Sarah Aquino
Council Member, City of Folsom

Bret Daniels
Council Member, City of Citrus Heights

Rich Desmond
Vice-Chair, Sacramento County

Sue Frost
Supervisor, Sacramento County

Jeff Harris
Council Member, City of Sacramento

Sean Loloee
Council Member, City of Sacramento

Don Nottoli
Chair, Sacramento County

Kevin Papineau
Council Member, City of Galt

Phil Serna
Supervisor, Sacramento County

Bobby Singh-Allen
Mayor, City of Elk Grove

Donald Terry
Mayor, City of Rancho Cordova

Mai Vang
Council Member, City of Sacramento

SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT