

# APPROVED BUDGET FISCAL YEAR 2025/2026



SACRAMENTO METROPOLITAN



SACRAMENTO, CALIFORNIA



# APPROVED BUDGET

## SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2025/2026 BUDGET

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### Executive Director / Air Pollution Control Officer

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

### District Counsel

Kathrine Pittard

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**July 01, 2024**

*Christopher P. Monill*

**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, 2024. 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.

The Fiscal Year 2025/2026 Budget was prepared by the Administrative Services Division,  
Finance section in conjunction with District Staff

**Division Director**  
Megan Shepard

*The electronic version of the Approved Budget is available on the  
Sacramento Metropolitan Air Quality Management District website at [www.airquality.org](http://www.airquality.org)*

(HYPERLINKS ARE ACTIVE)

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# SECTION 1 - Executive Director/APCO Letter

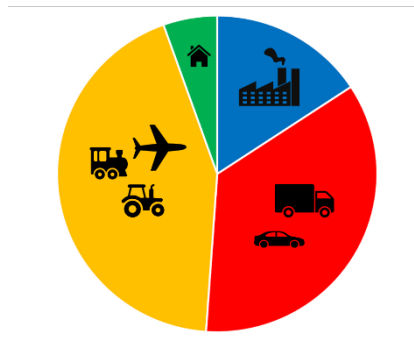
May 22, 2025

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

We are pleased to present the Fiscal Year 2025/2026 (FY25/26) Approved Budget for the Sacramento Metropolitan Air Quality Management District (Air District). The Approved Budget is balanced and reflects total expenditures for FY25/26 of \$66.0 million, including \$28.8 million for the General Fund, \$1.1 million for the Proprietary Fund, and \$36.1 million for the Special Revenue Fund, which supports the clean energy transition by investing in zero-emission projects in the greater Sacramento region. The FY25/26 Approved Air District Budget is a net decrease of \$1.6 million from the FY24/25 Approved Budget, with a \$1.2 million decrease in the General Fund, a \$26,000 increase in the Proprietary Fund, and a \$387,000 decrease in the Special Revenue Fund. Board approval of this budget creates a clear path for the Air District to continue its work to protect residents of the Sacramento region from the harmful effects of air and climate pollution through the next fiscal year.

Despite significant progress over the last few decades due to the multifaceted investments and initiatives of this agency, the greater Sacramento region still suffers from too much air pollution. And we are not alone. The World Health Organization attributes approximately seven million premature deaths annually around the globe to industrialization and our reliance on fossil fuel energy. In a recent report by the Asthma and Allergy Foundation of America, Sacramento was ranked 42nd, right behind Stockton, in the top 100 “most challenging places to live with asthma in 2023.”

In the Sacramento region, like most urban settings in the country and around the world, the transportation sector – cars, trucks, buses, trains, and equipment – is a large source of air and climate pollution. For this reason, the Air District prioritizes the transition to cleaner, electric, and zero-emission vehicles under our ground-breaking clean air incentive programs funded primarily by local and state dollars. The Air District invests approximately \$20 million annually in these cleaner emission technologies, including the necessary charging and fueling infrastructure to support the transition to sustainable transportation. The funding goes directly to local businesses, agencies, and individuals who voluntarily choose to work with the Air District by adopting cleaner technologies. Thus, our programs are also an economic development engine for the region.



However, we cannot do the necessary work to clean up the air alone. Many of the sources of pollution impacting the region fall under the jurisdiction and authority of the state or federal government. We applaud the state’s multiple actions to reduce emissions from future cars, heavy-duty trucks, fleets, lawn and garden equipment, and other sources of pollution. Similarly, we recognize the many important federal actions to tackle pollution from the transportation and energy sectors. Emission reductions from all sectors are needed to meet National Ambient Air Quality Standards (NAAQS). To inform the development of approvable air quality management plans, the Air District will continue to work closely with its 150 state and local air agency partners from across the country to advocate, influence, and inform federal actions.

The clean energy transition will take time and resources, but at this moment in time, we have a unique opportunity to expand and accelerate actions for cleaning the air while enhancing our energy security. We can achieve the desired outcome in a way that uplifts and benefits all of our neighborhoods, ensuring that every resident can fully partake in the clean energy future.

The Air District continues to lead the state in investing funds allocated to the AB 617 Community Air Protection Program (AB 617). We have invested heavily in electric vehicles (EVs) and infrastructure. The Air District’s state-designated priority AB 617 community is South Sacramento-Florin – an area of approximately 153,000 Sacramento residents occupying 22 square miles. Multimillion-dollar investments have led to significant pollution reductions and other community benefits in South Sacramento-Florin, thanks to AB 617.



Air District staff celebrate six new electric school buses for the San Juan Unified School District.

The Air District's school bus electrification efforts have been extremely successful. Air District grants have facilitated the early adoption of all-electric school buses throughout Sacramento County, with every school district in the county participating, making Sacramento County home to one of the largest all-electric school bus deployments in California. This is made possible due to local and state funding.

The Air District is ready and equipped to continue the essential core functions of air pollution monitoring, air quality planning, business permitting, compliance, and field inspections of permitted emission sources and clean technology projects. Our top priority is to ensure "transportation conformity" by developing an air quality plan that meets the NAAQS and allows the Sacramento region to remain eligible for state and federal highway funds.

The Air District is funded primarily by permit fees, vehicle registration fees, a local tax measure, and state and federal grants. These funds are critically important to support our mission and vision but are under significant strain given the rising costs of doing business, the growing demands imposed on the Air District by inadequately funded state mandates, the need for local match funding, and the lack of full cost-recovery or inflation adjustments in many of our programs. Some of our most important initiatives lack continuous appropriation from the state or other sources. For example, the Sacramento Emergency Clean Air Transportation (SECAT) program has been one of our most important local tools for helping participating municipalities and businesses achieve cost-effective emission reductions. The Air District appreciates funding from the Sacramento Area Council of Governments (SACOG), but the program is expected to sunset as no continuous funding source for it has been identified.



Air District staff discuss expansion of the AB 617 South Sacramento-Florin boundaries with local residents.

A second example is AB 617. This state-mandated program is a paradigm shift in air quality management. It calls for new targeted efforts to address the uneven health burdens imposed on our communities by exposure to highly localized air pollution. AB 617 also 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. While Governor Newsom has included continuous, partial funding for AB 617 implementation and incentives, the amount of funding is not sufficient to meet the needs of the AB 617 communities or the local agencies implementing this state-mandated program. The current state budget deficit will likely make a difficult situation even more challenging.

The Air District's financial forecast still shows a persistent funding gap between revenues and expenditures, and staff

will continue to work closely with the Board's 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 newly mandated programs will be necessary. In the meantime, we remain laser-focused on our commitment to carry out our mission of achieving state and federal clean air and climate goals while envisioning a clean air and low-carbon future for all.

As we help the region chart a path toward a clean and just transition to sustainability, livability, and prosperity, we will continue to implement our leading programs – Clean Cars 4 All and Our Community Car Share. We will also continue the deployment of cleaner vehicles, especially electric school buses, battery-electric and fuel-cell electric trucks, and hydrogen fueling and electric charging infrastructure.

We cannot forget our regional partners. The Air District is fortunate to enjoy strong bonds with many government and non-government entities in the region that are aligned in the common belief that the Sacramento region can



achieve a clean energy, zero-carbon, and sustainable future for all if we continue to work together. The Air District is ready to continue to do its part. This budget is a practical step forward.

Respectfully,

A handwritten signature in blue ink, appearing to read "Alberto Ayala", is positioned above the printed name.

Alberto Ayala, PhD, MSE

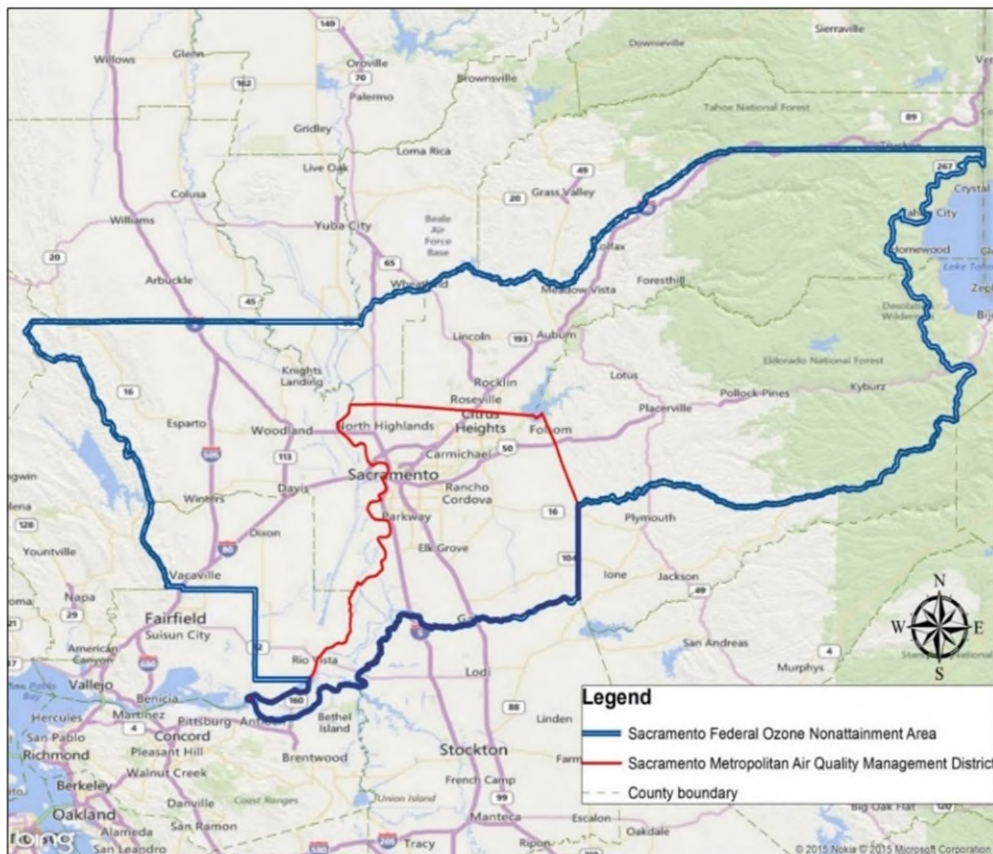
Executive Director and Air Pollution Control Officer

## SECTION 2 – About the District

### DISTRICT PROFILE

The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District (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. The District is designated by the United States Environmental Protection Agency (EPA) as part of the Sacramento Federal Ozone Nonattainment Area (SFNA), which is comprised of all of Sacramento and Yolo Counties, the eastern portion of Solano County, the southern portion of Sutter County, the western slopes of El Dorado and Placer Counties up to the Sierra crest and includes four other local air districts. Below is a map of the SFNA and the District's boundaries in relation to the SFNA.

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



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

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 ground-level ozone, or the more stringent California standards for ground-level ozone and particulate matter (PM<sub>10</sub> and PM<sub>2.5</sub>), progress has been made even as standards have tightened. Despite a huge increase in population over the last two decades, the Sacramento region's air quality has continued to improve.

Sacramento County's population was approximately 1.6 million as of the 2024 California Department of Finance Population Estimates. This population represents roughly 63% of the SFNA's population of approximately 2.5 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA, and the makeup of the SFNA (by percent) by county.

**Population in Sacramento Federal Ozone Nonattainment Area**

County	SFNA portion of the County	Population		County in SFNA/Total SFNA <sup>3</sup>
		County <sup>1</sup>	SFNA/County <sup>2</sup>	
El Dorado	158,826	189,079	84%	6.3%
Placer	407,694	416,014	98%	16.2%
Sacramento	1,583,935	1,583,935	100%	63.0%
Solano	138,579	447,028	31%	5.5%
Sutter	3,002	100,071	3%	0.1%
Yolo	222,326	222,326	100%	8.8%
<b>Total</b>	<b>2,514,362</b>	<b>2,958,453</b>	<b>-</b>	<b>100.0%</b>

<sup>1</sup> The county population data is based on the 2024 California Department of Finance Population Estimates and Components of Change by County (Table E-6) <https://dof.ca.gov/Forecasting/Demographics/Estimates/E-6/>. It represents the population estimate as of July 2024.

<sup>2</sup> The SFNA/County population percentages are based on the 2020 Census Data, which was downloaded from: <https://www.census.gov/programs-surveys/decennial-census/decade/2020/2020-census-results.html> on 3/19/2025.

<sup>3</sup> Percentage values are rounded to one decimal point.

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

Air and climate emissions in the Sacramento region come from mobile, stationary, and area-wide sources. The largest contributor is from the transportation sector, such as motor vehicles, airplanes, locomotives, and other fossil fuel combustion engines and portable equipment. The category also includes "off-road" sources, such as construction, mining, and agricultural equipment. State and federal regulations, coupled with local programs to modernize the vehicle fleet, will help to reduce the impact of motor vehicle fuel and engine emissions on our air quality in the future. However, as general activity and expected growth in our region bring more people and vehicles, mobile sources will continue to be the dominant factor in the region's ongoing air pollution problem.

**STRATEGIC DIRECTION**

The District's Strategic Direction is the roadmap for programs and activities focused on accomplishing its principal functions.

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

**DISTRICT ACTIVITIES**

The District's core activities are listed in the table below, followed by brief descriptions of the main functions of each activity.

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

**Air Monitoring**

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

**Community Health Protection**

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

**Clean Transportation and Future Mobility**

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



Local leaders celebrated the grand opening of the Twin Rivers Electric Bus Charging Depot.

**Sustainable Land Use**

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



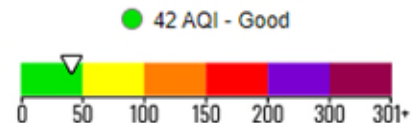
- Monitor operational and construction air quality and climate change mitigation

### **Permitting and Business Compliance**

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

### **Public Outreach and Notification**

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



## **STRATEGIC PRIORITIES**

Outlined below are the District's priorities, which serve as guiding principles for decision-making and resource allocation in pursuit of its mission to achieve state and federal clean air and climate goals.

### Attainment and Maintenance of Ambient Air Quality Standards

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



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

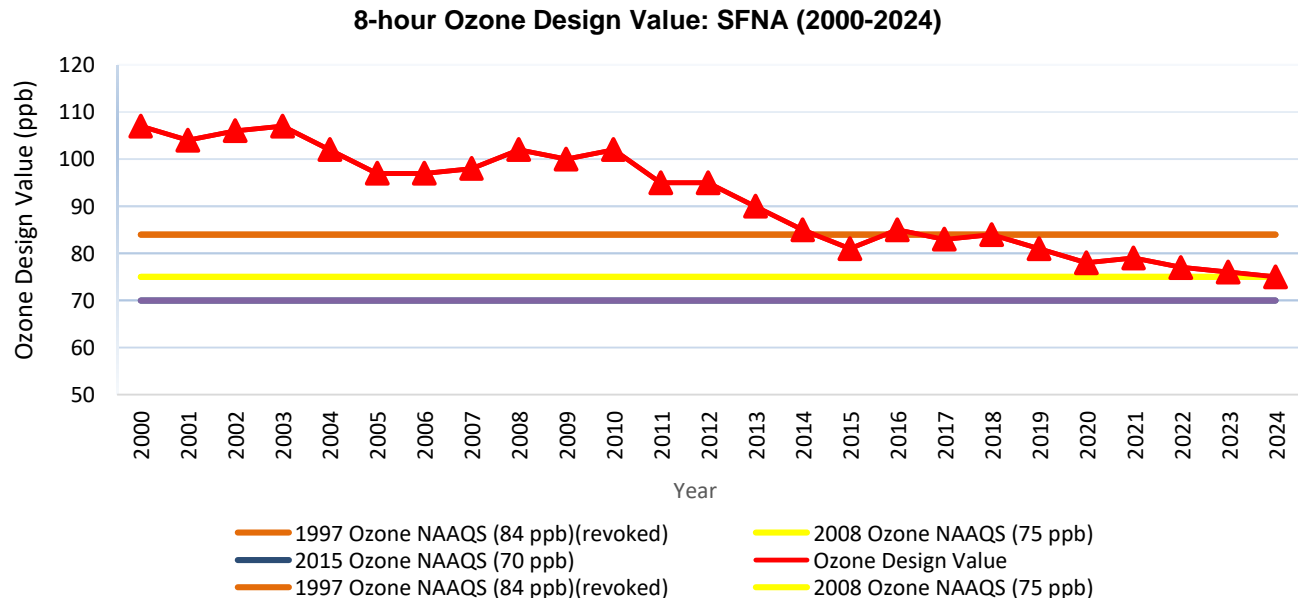
However, due to wildfires in 2018, the region was unable to attain this standard. Thus, the District is continuing to work collaboratively with the other four air districts in the Sacramento Federal Nonattainment Area (SFNA), California Air Resources Board (CARB), and the EPA on demonstrating regional attainment. The Districts of the SFNA have submitted for a Determination of Attainment demonstrating that the region has attained the 1997 ozone NAAQS.

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 the 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, the EPA published a final rule in the Federal Register approving all applicable ozone nonattainment area requirements in the SFNA, except for contingency measures (requirements per 86 FR 58582). A court ruling on contingency measures precluded full approval of the Plan. In 2024, the Districts of the SFNA submitted a revision to the EPA addressing contingency measures and await action by the EPA. In addition, the region has the air quality data demonstrating attainment of the 2008 ozone NAAQS and has requested a

Determination of Attainment by the Attainment Deadline. The air districts in the SFNA will continue to work with CARB and the EPA to streamline this determination.

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. In 2023, the District adopted the 2015 NAAQS 8-hour Ozone Attainment Plan that provides a pathway for the Sacramento region to attain the 2015 standard by the attainment date of August 2033. The region will rely on continued reductions of ozone precursor emissions, namely NOX and volatile organic compounds (VOCs), from familiar sources. The transportation sector is the single largest source of NOX 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 from various types of vehicles and equipment.

As the figure below illustrates, ambient concentrations of ozone pollution in the region (indicated as design values) have seen a gradual decline since the early 2000s. The chart shows the peak annual ozone design values for the designated ambient air monitoring site in the SFNA from 2000 to 2024. The 25-year trend line indicates stubbornly stable concentrations for the first 10 years and an encouraging decline over the next 15 years. In these periods, ozone pollution measured at 107 ppb (well above the three standards indicated) decreased to 75 ppb. This level is above the most recent and stringent 2015 standard. In 2018 and 2020, the Sacramento region was impacted by numerous wildfires, and they caused unusually high ozone concentrations in the region. EPA has a process in place to exclude days that are proven to be affected by wildfires from the data used to make the attainment demonstration.



Note: A design value is a 3-year average of the 4<sup>th</sup> highest ambient ozone concentration at an ambient air monitoring station. The design value is used to determine attainment status.

Data Source: EPA AQS data downloaded on February 21, 2025 (AMP480 and AMP350MX). The SFNA was impacted by wildfires in 2018, 2020, 2021, and 2022, which caused unusually high 8-hour average ozone concentrations. The peak design value calculation in this chart excluded the high ozone readings due to wildfires.

For fine particulate matter (PM<sub>2.5</sub>), EPA determined that the Sacramento PM<sub>2.5</sub> Nonattainment Area attained the 2006 24-hour PM<sub>2.5</sub> NAAQS of 35 µg/m<sup>3</sup> by the attainment date of December 31, 2015 (82 FR 21711). Ambient daily PM<sub>2.5</sub> concentrations from 2011 to 2017 have fluctuated very closely around the standard. In 2018, 2020, and 2021, PM<sub>2.5</sub> concentrations exceeded the standard because of unusually high PM<sub>2.5</sub> concentrations in days impacted by smoke from wildfires. If the EPA finds the region did not attain due to these high PM<sub>2.5</sub> days, then the District will need to demonstrate that these days were influenced by an exceptional event – namely, the wildfires. If the EPA agrees, the impacted data may be excluded from the attainment determination.

While a significant challenge and a strain on District resources, controlling pollution from wood-burning smoke on key days in the late fall and winter is essential to meeting the daily PM<sub>2.5</sub> standard. Consequently, the District's Wood Smoke Program, including the Check Before You Burn law, continues to be a priority.

From November through February, District staff regularly share Check Before You Burn information with the public through media interviews, social media, advertising, newsletters, videos, and other District communications.

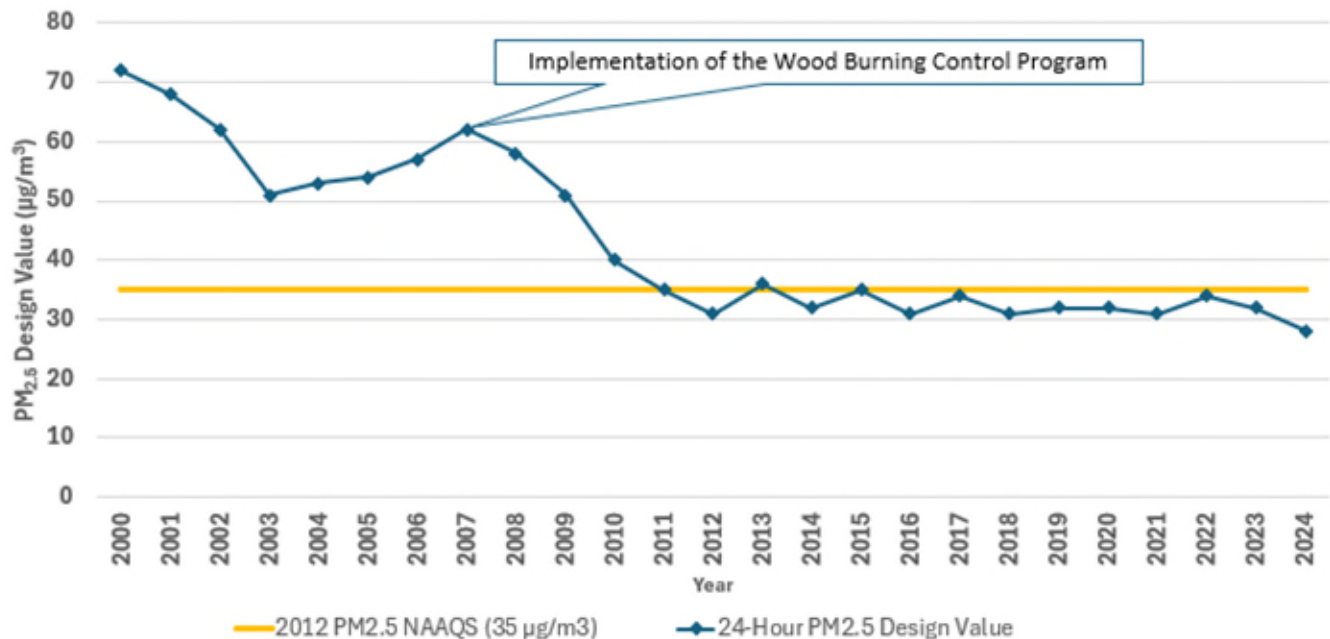
Key messages focus on educating residents and businesses about:

- The negative health impacts of wood smoke pollution, particularly for sensitive populations like children and the elderly
- Tips for reducing wood smoke and protecting public health
- Burn day status categories and the requirement to check the daily burn status before using indoor or outdoor fireplaces, wood stoves, fire pits, or chimineas that burn wood, pellets, manufactured fire logs, or any other solid fuel during the Check Before You Burn season.



The 24-hour PM<sub>2.5</sub> Design Value trend chart below shows the District is expected to remain in attainment of the PM<sub>2.5</sub> 24-hour standard of 35 µg/m<sup>3</sup>, provided EPA accepts an exceptional event demonstration for excluding days when PM<sub>2.5</sub> pollution values were above the standard due to wildfires. Future efforts will focus on staying in attainment and securing additional PM emission reductions whenever possible so that particle pollution concentrations trend down. Key sources of particle pollution include the transportation sector and wood burning.

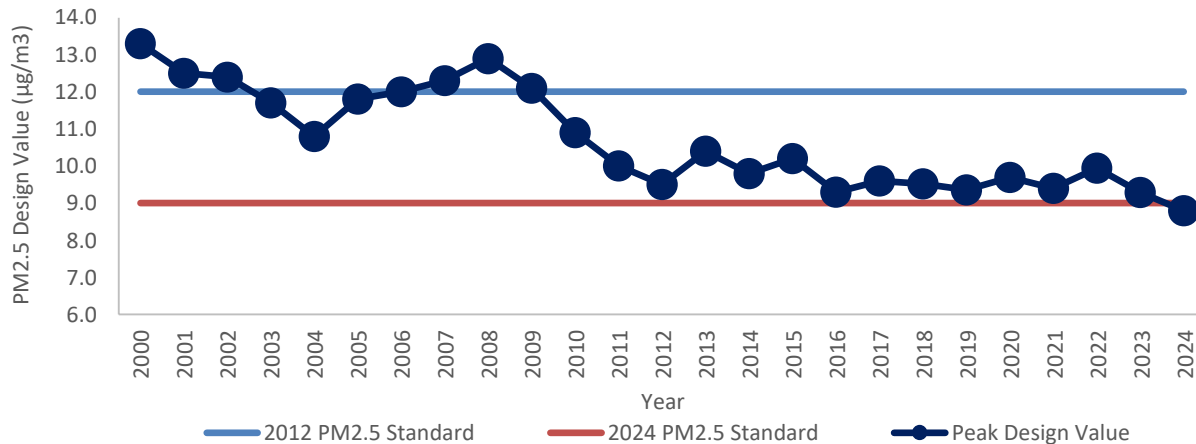
**24-hour PM<sub>2.5</sub> Design Value: SFNA (PM<sub>2.5</sub>) (2000-2024)**



Data Source: EPA AQS data downloaded on February 21, 2025 (AMP480 and AMP350MX). Preliminary 2024 AQMIS data downloaded on February 21, 2025.

Note: The Sacramento region was impacted by several major wildfires in 2018, 2020, 2021, and 2022, which caused unusually high PM<sub>2.5</sub> concentrations. The peak design value calculation in this chart excluded the wildfire-impacted days with the high ambient concentrations in 2018, 2020, 2021, and 2022.

Additional emission reductions will be necessary and critically important in the future, given that the EPA is currently proposing a more stringent air quality standard for PM<sub>2.5</sub>. On February 7, 2024, the EPA officially lowered the annual PM<sub>2.5</sub> standard by 25% from 12 µg/m<sup>3</sup> to 9 µg/m<sup>3</sup>. In the next year, the District will be working with other local air districts, CARB, and the EPA to determine the attainment status for the Sacramento region. Based on the preliminary 2024 air quality data, Sacramento will be in attainment of the new annual standard, as shown in the graph below. EPA's final attainment determination will be based on certified air quality data between 2022 to 2024 and is expected in early 2026.

**Annual PM<sub>2.5</sub> Design Value: Sacramento Region (PM<sub>2.5</sub>) (2000-2024)**

Data Source: EPA AQS data downloaded on February 21, 2025 (AMP480 and AMP350MX). Preliminary 2024 AQMIS data downloaded on February 21, 2025.

Note: The Sacramento region was impacted by several major wildfires in 2018, 2020, 2021, and 2022, which caused unusually high PM<sub>2.5</sub> concentrations. The peak design value calculation in this chart excluded the wildfire-impacted days with the high ambient concentrations in 2018, 2020, 2021, and 2022.

**Accelerate and Expand Climate Action in the Greater Sacramento Region**

As a leader in the Sacramento region and beyond, the District advances climate resilience strategies, clean air solutions, and enhancements to the quality of life for residents in Sacramento County — all while promoting the growth of the green economy. Whether developing comprehensive local or regional plans, securing local, state, and federal funding to implement new projects, or creating innovative programs to mitigate the harmful impacts of air and climate pollution, the District remains strongly committed to creating an ecologically resilient future.

With a focus on mitigating emissions from the transportation sector, the District continues to promote electric mobility through investments in cleaner, zero- and near-zero-emission vehicles and equipment and infrastructure. Future projects include support for Watt EV's project to build the nation's largest solar-powered electric truck charging depot in Sacramento County, administering \$16.1 million in new funding for four new hydrogen locomotives, providing \$1.5 million to EcoMotive for converting agricultural biomass to hydrogen infrastructure and \$4.2 million to First Element for hydrogen infrastructure. Additionally, in 2024, the District awarded grants totaling nearly \$13 million for 56 EV school buses. The District is also actively engaged in a comprehensive and coordinated regional climate strategy focused on air quality, climate change, public health, zero- and near-zero-emission technologies development, and mobility. The Clean Cars 4 All Program expanded in August of 2024 to all income-qualified residents of Sacramento County. The program expansion welcomed the addition of e-Bikes and increased the base grant amount from \$9,500 to \$12,000. The CC4A team has facilitated the investment of over \$12M in electric vehicles since the program began in 2019. The District partnered with the City of Davis and Elk Grove to acquire MaRTy, a new mobile tool that identifies how residents "feel" heat and where the heat is coming from through measuring Mean Radiant Temperature. MaRTy enables the District to measure thermal comfort, which is determined by air temperature, radiation, wind speed, and many other factors. We are strategically partnering to deploy MaRTy to measure heat impacts and help develop cooling solutions around the region.

The District anticipates having about \$12 million available for 2025 Community Air Protection (CAP) funding for three categories of projects: zero-emission cars and trucks, infrastructure support for clean advanced technologies, and community greening. Community greening is a new program that will focus on tree and shrub planting in disadvantaged communities (DAC) and AB 1390 areas. The District is also working with community partners such as the Sacramento Tree Foundation to find funding opportunities to plant trees and shrubs in low-income communities.

Our Community Car Share (OCCS) is a community cost-sharing transportation program, partnered with Zipcar, which aims to provide accessible, clean transportation to low-income communities. This program helps provide transportation services to reach essential goods and services such as work, school, healthcare, and groceries. Sites are located throughout Sacramento, including specially designated sites at housing facilities.



The District is also actively engaged in a comprehensive and coordinated regional climate strategy focused on air quality, climate change, public health, zero and near-zero emission technologies development, and mobility hubs. Examples include:

- The Sacramento Metropolitan Chamber of Commerce Capital to Capitol Program
- The Capital Region Climate Priorities Plan (see Federal Grants and Funding Opportunities section)
- The Sacramento Area Zero Emission Vehicle Deployment Strategy
- The Sacramento Municipal Utility District's (SMUD) 2030 zero-carbon plan
- The Cal EPIC [California Energy, Power, and Innovation Collaborative], formerly the California Mobility Center
- the ongoing implementation efforts of the Sacramento and West Sacramento Mayors' Climate Commission,
- SACOG's Green Means Go
- Other emerging programs, and local jurisdictions' General Plans and Climate Action Plans.



Sacramento region's first Zero-Emission Mobility Hub in Del Paso Heights in 2023.

### Community Air Protection

The statewide Community Air Protection Program (Assembly Bill 617, C. Garcia, 2017) represents a significant shift in air quality management in California. The law required new state and local programs to address disparities and the health burdens from exposure to highly localized air pollution among the low-income 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.

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 FY24/25. 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.

In September 2018, the state identified the South Sacramento-Florin community as the District's inaugural AB 617 community, and work began on the development of a Community Air Monitoring Plan (CAMP) in partnership with the Community Steering Committee. During its three-phase CAMP implementation, the Air District expanded its air monitoring network by installing portable sensors throughout the South Sacramento-Florin community, measured PM<sub>2.5</sub>, black carbon, toxic metals, and toxic gases, and launched a portable air monitoring laboratory to provide additional hourly monitoring data. The portable lab is currently located at Fern Bacon Middle School near the intersection of Franklin and 47th Avenue, but will be relocated in 2025 as the school will be undergoing extensive renovation. Air quality data from these efforts are posted on the District's website.



Local leaders and members of the Community Steering Committee celebrate the launch of a new portable air monitoring lab.

Following the successful implementation of the CAMP, the Air District's AB 617 community transitioned to a Community Emission Reduction Program (CERP) beginning in 2024. The Air District received funding from CARB to develop and implement a CERP in partnership with the Community Steering Committee and with input from the community. The CERP will include air quality strategies to target local air pollution. The CERP process is expected to take about two years.

As the South Sacramento-Florin community transitions to a CERP, community input will be needed to better understand priorities on the types of strategies desired. Future implementation may include funding for expanding infrastructure, electric charging, working with local jurisdictions on improving land use air quality projects, ensuring compliance with permits, mitigating exposure like air filtration for schools and day cares, and increasing green



space, among other projects. The District continues to work closely with its Steering Committee, community members, and local stakeholders as part of its commitment to foster lasting partnerships with residents, business owners, and community-based organizations interested in advancing AB 617 protections in the region. As part of the CERP process, numerous community meetings will offer opportunities for public engagement.

Continuing its focus on making information available to the public, in 2019, CARB adopted a new regulation that requires businesses to annually report additional information about criteria and toxic emissions from their operations to provide the public with this information through state online tools. To comply with the regulation, the District began collecting data annually from all permitted businesses in 2022. The regulation requires significant District time and resources, but without any dedicated state funding to support the workload required to collect, assess, and submit the data to the state and provide extensive compliance assistance. The regulation also impacts businesses, especially small businesses that are not used to reporting at this level. District staff have developed policies and procedures, reporting forms, and online resources, and provide extensive customer service to assist permit holders with their reporting requirements. In addition, the District has invested significantly in improved technology to develop an online reporting system that allows for a more efficient way for businesses to report and for the District to collect and analyze emission information. The District launched the new online software system in September 2024 and, through tremendous effort from District staff, launched the inaugural online Annual Reporting system in February 2025. The District worked closely with local partners, like the County's Business Environmental Resource Center (BERC), to develop valuable resources and tools to assist businesses with the new online reporting requirements and improve submittal rates.

#### Federal Grants and Funding Opportunities

Through strategic planning and cooperation, the Air District is driving positive change and helping to shape the future of the Sacramento region and foster further resiliency in the region. The District is continuing the cooperation and collaboration in developing and evaluating climate resiliency measures to create substantial greenhouse gas reductions. The Climate Pollution Reduction Grant (CPRG) process is a multi-year process to reduce greenhouse gas emissions and toxic air pollution, address disproportionate pollution exposure, and create green jobs. On March 1, 2024, the Air District, on behalf of the seven-county Sacramento region, submitted its Capital Region Climate Priorities Plan under the EPA's Climate Pollution Reduction Grants (CPRG) program. The District did not receive funding to implement this plan, but was able to get funding to pursue energy measures to develop solar and energy battery storage measures through the Sacramento Municipal Utility District (SMUD) partnership. The District is also moving forward in submitting a Comprehensive Climate Action Plan (contingent upon continued funding available through CPRG) by December 2025. This includes the continuation of working groups to meet in the three key measure categories of Built Environment, Transportation, and Natural and Working Lands.



The Capital Region Climate Priorities Plan contains 24 GHG reduction measures.

Another key piece of funding for District programs is the percentage of incentive funds that can be used to cover outreach, administration, and direct costs to deliver clean transportation, infrastructure, equipment, and stationary source projects in the region. The District worked with CAPCOA and CARB to increase the amount of administration funds the District could use to deliver critical projects in the region from 6.25% to 12.5%. This increase provides much-needed resources to the District to work with local agencies, non-profits, community-based organizations, fleet operators, and others to deliver projects that will remove emissions from our region.

#### Partnership Expansion and Support

The District benefits from existing public-private partnerships with deep roots in the business community, health and environmental advocates, and the community it serves. These partnerships help convey the importance of District programs for the region, and the District plans to expand these efforts, continuing to work with and support the growing partnerships with entities like Civic Well, Breathe California - Sacramento Region, and the Cleaner Air Partnership (CAP). The CAP, administered by Valley Vision, is a long-standing regional collaboration including the Sacramento Metro Chamber of Commerce and leading industry entities like Teichert, Granite Construction, Union Pacific, Sutter Health, and SMUD.

Through a four-agency collaboration between the District, SMUD, SACOG, and SacRT, the District is also advancing broader regional strategies to accomplish shared clean air and climate goals. The Sacramento Area ZEV

Deployment strategy, a key initiative of the group, is part of a larger mission to deliver clean energy, health, housing, transportation, education, workforce, and economic development solutions to sustainable communities. The plan prioritizes electrification of personal vehicles, shared-ride vehicles, public and private transit, micro-transit and shuttles, and medium- and heavy-duty fleets in alignment with the six-county Green Means Go regional pilot, the City of Sacramento's Transportation Priorities Plan, SMUD's 2030 Carbon Plan, and SacRT's Zero Emission Bus Transition Rollout Plan, which addresses the region's transition to zero-emission transit. Transportation, mobility, and regional economic prosperity are mutual goals of the four agencies, creating the impetus and a genuine desire for coordination, collaboration, and mutual support.

The District, SACOG, SacRT, and SMUD have continued their four-agency collaboration to address crucial issues related to land use, transportation, air quality, and climate. This year, the four-agency group was able to lay the groundwork for hydrogen production and use within the region, with SacRT winning a federal grant for hydrogen-fueled buses, the Sacramento Area Sewer District planning hydrogen into its water treatment facilities, and the District awarding incentive contracts for hydrogen-dispensing facilities within the region. For statewide coordination with its peers, the District is an active member of the California Air Pollution Control Officers Association (CAPCOA), which 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.



Members of the Boards of Directors for the four-agency group pass a joint resolution.

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

### Wildfire Smoke Air Pollution Emergency Plan Coordination and Education

As an ongoing priority, the District is dedicated to educating the public and reducing the impacts of wildfire smoke through the Wildfire Smoke Air Pollution Emergency Plan Coordination and Training initiative. In collaboration with key public and private partners in Sacramento County, an emergency plan was developed and adopted in September 2022 to enhance coordination and access to information for responding to future wildfire air pollution events. The District remains committed to public education through online, social media, and in-person outreach efforts, aiming to mitigate exposure to wildfire smoke. The District provides key tools, such as the Air Quality Action Charts, in multiple languages. The charts can be used to help schools, businesses, public agencies, and the general public make decisions based on the AQI to help protect their health.

LUS PAB QHIA HAIS TIAS YOG THAUM MUAI PA HLUAV TAWS THIAH LWM YAM HUAB CUA PHEM YUAV UAS LI CAS			
TSEY KAWM NTAWY			
NYHEM DAIM NTAWY PHAV QHIA LI CAS	KAUJ HUAM ZEED ID	KAUJ HUAM ZEED OB	
	Lub ver xabf hu fire arrow gow yau path qhio koj thoab path koj nheav huong cow huab cow phiem (AQI) nyheh rau haww koj lub ver jeng. Yag cow pauab nyheh raw. It cow raw nyheh trong huab cow phiem cow lub ver xabf hu it not AirQuality.org.	Tiem qhio koj nheav rau lub cow huab cow nyhem koj trong huw nyhem raw cow it cow lawm, siv cow nyhem nyhem nyhem qhio koj lub ver path koj haww nyhem haw nyhem nyhem nyhem nyhem taww kub hnyabf los sis muaj huab cow phiem koj yauw siv lub taww yim tang los path koj.	
YEED YAM	HQI YI ZOD	HQI OB ZOD ME NTIS	HQI PEB TSIS ZOD RAO COW NEEG UAS MUAI MOB YODI YIM
AQI	0-50	51-100	101-150
SIO DA SI (05 FEET)	Tis muaj qhio raw.	Pab cow neeg uas muaj mob yim rau lub neeg cow nyag (huag) rau lawm tus khej.	Cow neeg uas muaj mob yim rau lub neeg cow nyem tauw tauw qhio it cow haww tauw thoab tus thoab uas koj yam nyem. Yag leeg tang haww tauw uas tus tauw pa, cia lawm los koj uas si haww tauw.
CHAY QOI ID CE (60 FEET)	Tis muaj qhio raw.	Pab cow neeg uas muaj mob yim rau lub neeg cow nyag (huag) rau lawm tus khej.	Cow neeg uas muaj mob yim rau lub neeg cow los sis cow neeg uas tauw haww tauw lawm uas tus tauw pa yauw tauw nyem haww tauw. Nyag it chay/it qhio chaww rau cow neeg uas muaj mob yim rau lub neeg cow nyhem raw so thoab nyhem raw uas pa kom yau zag.
KEV NYAUM NTAWY POU/ TEEM CAU NTAWY POU	Tis muaj qhio raw.	Pab cow neeg uas muaj mob yim rau lub neeg cow nyag (huag) rau lawm tus khej.	Pab cow neeg uas muaj mob yim rau lub neeg cow kom tauw tauw rau lawm tus khej. Tauw tauw koj qhio it cow 30 feet tauw tauw. Nyhem raw so thoab nyhem raw yam rau tauw koj uas pa kom yau zag.
TEEM KEV UAS SIS NYAUM ZODY	Tis muaj qhio raw.	Pab cow neeg uas muaj mob yim rau lub neeg cow nyag (huag) rau lawm tus khej.	Pab cow neeg uas muaj mob yim rau lub neeg cow kom tauw tauw nyag (huag) rau lawm tus khej.

Action Chart translated into Hmong, one of the multiple languages the document is available in to expand access of this decision-making tool to different communities.

### Ambient Air Quality Monitoring Network Improvements

The health of our ambient air monitoring stations is critical. These stations are used to collect air quality data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. Infrastructure improvements are planned for various monitoring stations. The District recently replaced the Folsom air monitoring station and is in the process of replacing the Arden-Del Paso station. Replacing the district's oldest station will meet the newest federal monitoring requirements and eliminate downtime due to water intrusion, roof damage, and other ailments, putting at risk monitoring equipment and the ability to collect data per federal requirements. The replacement of Del Paso Manor station is anticipated to be completed at the end of FY24/25, followed by replacements of the Sloughhouse station with an expected completion date in FY25/26, and the North Highlands station completed by FY27/28. Each station replacement project is anticipated to take two years to complete. The District anticipates that the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities.



District employees celebrate the renovation of the Folsom Air Monitoring Station.

### **KEY INITIATIVES**

Key initiatives are undertaken in direct support of the agency's mission and are developed, reviewed, and updated annually to ensure that the work of the District evolves as conditions change, adapting to new opportunities and challenges. Major FY25/26 District initiatives are described below. In addition, important initiatives for the upcoming fiscal year by operational area are highlighted in Section 7 – Organizational Overview.

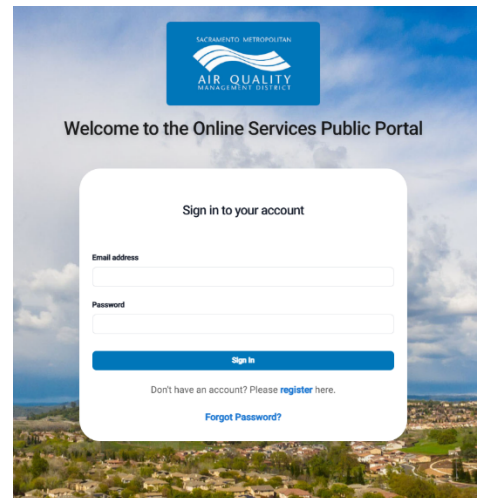
#### AiriA – Permitting and Transportation Software Solution Implementation

The District has undertaken a major project to continue improving and upgrading its information systems. A new cloud-based solution, named AiriA, is being implemented in a phased approach to replace almost all operational applications across the District. In September 2024, the first phase of this major initiative was launched. The antiquated databases that previously managed the work of permitting, compliance, and associated financial transactions that represent approximately 50% of the District's operating budget have now been replaced and upgraded with AiriA. This first release was a significant undertaking for District staff and represents their collective efforts spanning multiple years of intense development. Shedding the shortcomings of the older databases, AiriA now provides an automated and online permit process, streamlines review processes, improves reporting and analytical ability, manages project documents and public records, enhances online customer service tools, and integrates with GIS and other enterprise systems. The next phase of this initiative will replace the Mobile Sources application that supports the transportation incentive contract and compliance processes, followed shortly thereafter with the replacement and integration of the current online public complaint system and public records request solution.

The AiriA software solution was selected through a competitive process, and the project kicked off in the spring of 2022 and is expected to continue through the end of FY25/26.

This District-wide project brings significant benefits to the agency and its customers, including:

1. **Improved Efficiency:** streamline business processes, eliminate redundant tasks, integrate mapping and other software solutions, automate manual tasks, and reduce data entry errors, resulting in increased efficiency and productivity.
2. **Enhanced Data Accuracy:** provide a centralized database, ensuring that all data is accurate and up to date, which eliminates discrepancies and improves decision-making.



The sign-in page for AiriA, the District's new software solution serving as the work portal for District staff and the Online Services Portal for our customers to submit applications, reports, and make payments.



3. Increased Mobility: Cloud technology allows staff to access mission-critical data and software from anywhere, anytime, and from multiple devices, supporting remote work, field inspections, and other related field work.
4. Improved Internal Controls: automate workflows to allow for real-time visibility into a process and ensure compliance with policies and procedures, as well as safeguard against financial risk and losses.
5. Increased Collaboration: provide a platform for better communication and collaboration between departments, resulting in more effective teamwork, reduced duplication of effort, and improved customer service.
6. Scalability: grow and evolve with the District, adding new modules and expanding functionality as needed.
7. Enhanced Customer Service: automating customer applications, improving tracking of customer requests and complaints, and providing self-service for District and customer information will contribute to a better overall experience for customers.
8. Better Decision-making: accurate, real-time data (queries, reports, dashboards, work lists, etc.) will enable better decision-making by providing insights into District activities and other key metrics.

#### Headquarters Building Relocation and Teleworking

The District adopted a hybrid workplace model in April 2022, after following an almost 100% telework model during the COVID-19 pandemic. This model has been overwhelmingly successful, and employees have maintained productivity, collaboration, and strong working relationships.

Recognizing that the hybrid model has fundamentally changed the District's office space needs, an evaluation was conducted to explore options, including consolidating within the existing headquarters or relocating to a smaller, more suitable space. As a result, the District placed its headquarters on the market for sale. However, demand for office space has been limited, particularly for facilities of this size, and the District has not yet identified a suitable buyer.

Downsizing to a smaller space remains a strategic goal that aligns with the District's commitment to telework, financial stewardship, and sustainability. Staff will continue working with the District's broker to monitor market conditions and explore viable options for relocation. While the timing of a sale remains uncertain, the District remains committed to securing a space that best meets operational needs while optimizing efficiency and cost savings.

#### **PERFORMANCE MEASURES**

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

## FY25/26 Performance Measures

Performance Measures	FY23/24 Actual	FY24/25 Projected	FY25/26 Target
Update 33% of Area Source Methodologies	No	No	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	2	4	4
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter at 6 Air Monitoring Sites	1 yes 5 no <sup>12345</sup>	5 yes 1 no <sup>6</sup>	5 yes 1 no <sup>7</sup>
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	86%	>56.4% <sup>8</sup>	>75%
Percentage of Permits to Operate Issued within Two Years of Obtaining an Authority to Construct (excluding extended and reinstated ATCs)	100%	>99%	>99%
Percentage of Violations Successfully Resolved Under the Mutual Settlement Process (Calendar Year)	98%	>98%	>98%
Percentage of Annual Inspections Completed (Calendar year)	71%	90%	100%
Provide a Confirmation Letter for Construction Mitigation Plans Within Four Business Days of a Complete Submittal or Before the Applicant Receives Jurisdictional Permit Approval	100%	100%	100%
Notify the Media and Public the Day Before Every Declared Spare The Air Day	100%	100%	100%
Provide a Daily Air Quality Forecast to the Public Every Day by Noon	100%	100%	100%
Create and Distribute a Quarterly Newsletter with an Above-average Open Rate	100%	100%	100%
Encumber 100% of the Current Allocation-Year Moyer Funds by June 30 of the Allocation Year	100%	100%	100%
Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year	100%	100%	100%
Perform a 5% On-Site Random Annual Audit of All Operational Incentive Projects	100%	100%	100%
Non-Retirement Employee Annual Turnover Rate	≤5%	5.1%	≤5%
Percent of Planned Training Completed for All Staff	100%	100%	100%
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
Receive an Unmodified Audit Opinion for the Annual Comprehensive Financial Report	Yes	Yes	Yes
Receive the GFOA Distinguished. Budget Presentation Award	Yes	Yes	Yes
Manage Actual Financial Results Within the Authorized Budget	Yes	Yes	Yes
Number of Significant Deficiencies or Material Weaknesses in Report on Internal Control over Financial Reporting	0	0	0

## FY 23/24 Footnotes:

<sup>1</sup> At Sacramento-Bercut Dr., the CO monitor did not pass the audit for the lowest concentration level<sup>2</sup> At Elk Grove-Bruceville, the NO2 monitor needed repair due to failing precision checks; the NO2 monitor was also offline later in the year to facilitate a replacement; the rain sensor did not operate correctly<sup>3</sup> At Sacramento-Del Paso Manor, the CO monitors needed factory service; the NOY monitor is malfunctioning<sup>4</sup> At Folsom-Natoma St., the NO2 monitor failed precision checks and needed troubleshooting; the problem with the HVAC also contributed to the NO2 monitor's low capture rate; the solar radiation and temperature sensors malfunctioned and needed a replacement<sup>5</sup> At Sloughhouse, an error in the instrument manual caused installation issues with the O3 monitor and led to a failed audit

## FY 24/25 Footnotes:

<sup>6</sup> The NOY monitor at Sacramento-Del Paso Manor continues to be inoperable while it waits for the station replacement

## FY 25/26 Footnotes:

<sup>7</sup> Sacramento-Del Paso Manor is expected to undergo major renovation and requires a temporary shutdown<sup>8</sup> New applications have been processed at a slower rate in FY24/25 because of substantial effort by District permitting staff to develop and transition to our new online reporting system (AiriA) and the first year of online submittal requirement for the Annual Reporting program.

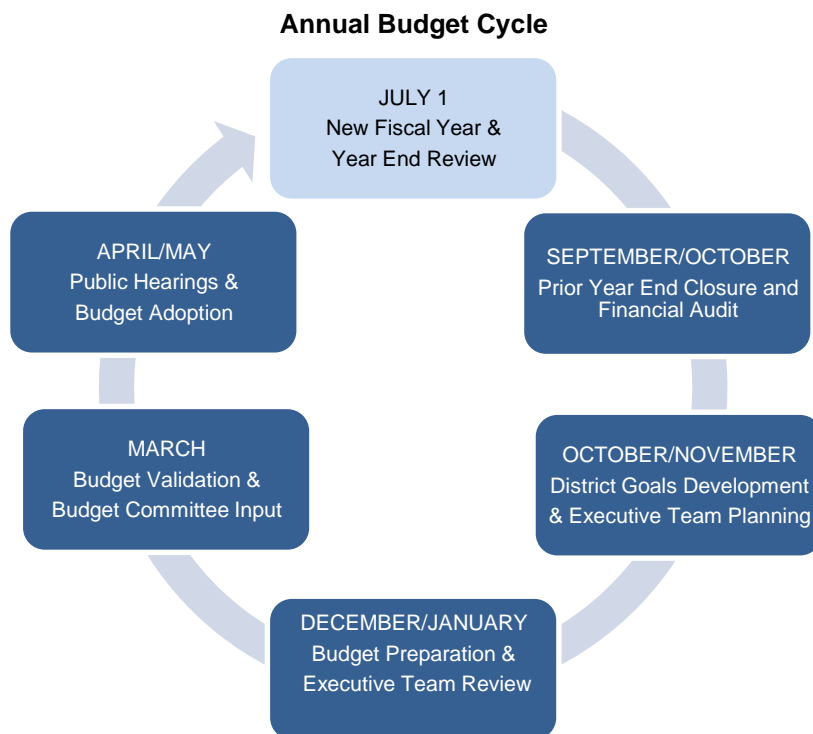


## SECTION 3 - Budget Overview

The Budget Overview section provides information on the District's budget process, budget practices, and strategies, the basis of budgeting, a summary of the FY25/26 Approved Budget, and the factors affecting the District's financial condition.

### BUDGET PROCESS

State law requires that the District adopt its budgets in an open process to educate the public about the costs and benefits of air quality improvement. In addition to the budget process, the District establishes and follows Board-adopted Financial Management Policies, now consolidated, and included in this budget document as Appendix A. There are also common terms used throughout the budget document that can be found in Appendix C – Glossary.



The District operates on a fiscal year that runs from July 1 through June 30 of the following year. Budget development begins with a mid-year review of the current budget in November/December. In December, each of the District divisions, with guidance from the Executive Director/APCO, Administrative Services Division Director, 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 strategic priorities and key initiatives for the upcoming budget year. Divisions may also submit requests for capital projects, staffing additions, or other items that may differ from typical operating expenditures in nature or cost.

The Administrative Services Division reviews and refines the information and integrates it into the draft budget. The Executive Team, along with several Program Managers, reviews and finalizes the draft budget. The Executive Director/APCO, Division Directors, 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 30. 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.

### **FY25/26 Budget Development Schedule**

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

### **BUDGET PRACTICES & STRATEGIES**

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

#### ***Practices***

- Management presents a “balanced” budget to the Board annually, where funding sources (including use of reserves) match expenditures and include revenues and expenditures for the prior year (actual), current year (approved budget), and upcoming year (proposed 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 expenditures
- Budgets are adopted on a basis that includes encumbrances and expenditures, and annual appropriations lapse at the fiscal year-end if they have not been expended or encumbered
- Board approval is required to amend the budget once it is adopted if there is a need to increase the expenditure budget
- The budget is prepared by fund, division, and program
- Transfers of appropriations within a classification (e.g., employee services, services, and supplies, capital expense, and transfers) or across classifications within the same fund may be made without Board approval
- Transfers of appropriations between funds require Board approval, as the legal level of budgetary control is the fund level
- The Executive Director/APCO has the authority and an approved budget to fund events/collaborations with partner organizations throughout the year, enabling the District to respond promptly to requests

#### ***Strategies***

- Ensure the budget reflects the mission of the District, is fiscally sound, and provides resources that realistically fund operations

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

## BASIS OF BUDGETING

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

## BUDGET SUMMARY

The District has three funds: General, Proprietary, and Special Revenue. Each fund serves a specific purpose as noted below. A detailed description of funding sources can be found in the Appendices. (See Appendix B – Description of Funding Sources)

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

The annual budget serves as the foundation for the District's financial planning and control. The FY25/26 Approved Budget totals \$62.3 million in revenue and \$66.0 million in expenditures and includes 105.8 total authorized full-time equivalent (FTE) positions. The following table is a summary of the FY25/26 Approved District Budget by fund.

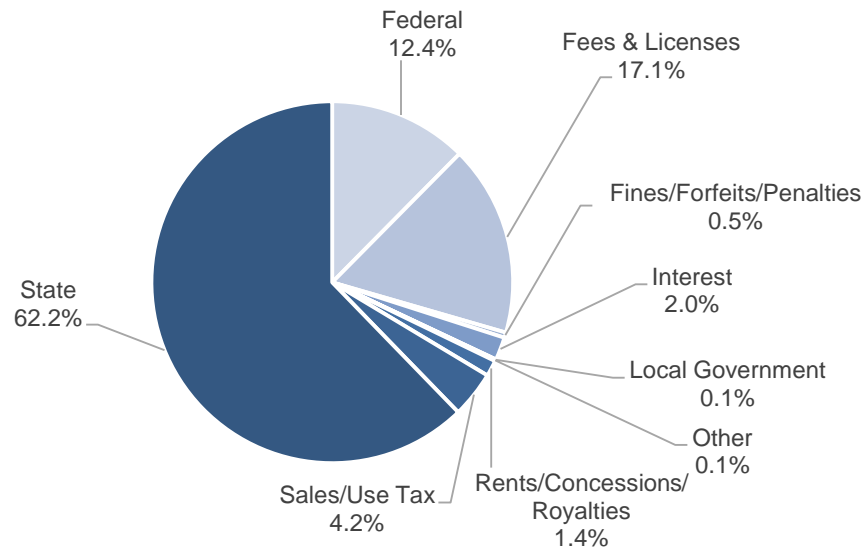
### District Budget by Fund

Fund	FY24/25 Budget	FY25/26 Budget	Variance
General Fund (100)	\$ 26,942,104	\$ 25,977,711	\$ (964,393)
Covell Proprietary Fund (400)	1,075,834	901,736	(174,098)
Special Revenue Fund (500)	31,022,194	35,386,685	4,364,491
<b>Total Revenues</b>	<b>\$ 59,040,132</b>	<b>\$ 62,266,132</b>	<b>\$ 3,226,000</b>
General Fund (100)	\$ 30,020,199	\$ 28,750,318	\$ (1,269,881)
Covell Proprietary Fund (400)	1,075,834	1,101,736	25,902
Special Revenue Fund (500)	36,501,422	36,114,476	(386,946)
<b>Total Expenditures</b>	<b>\$ 67,597,455</b>	<b>\$ 65,966,530</b>	<b>\$ (1,630,925)</b>
<b>Current Suplus/(Deficit)</b>	<b>\$ (8,557,323)</b>	<b>\$ (3,700,398)</b>	

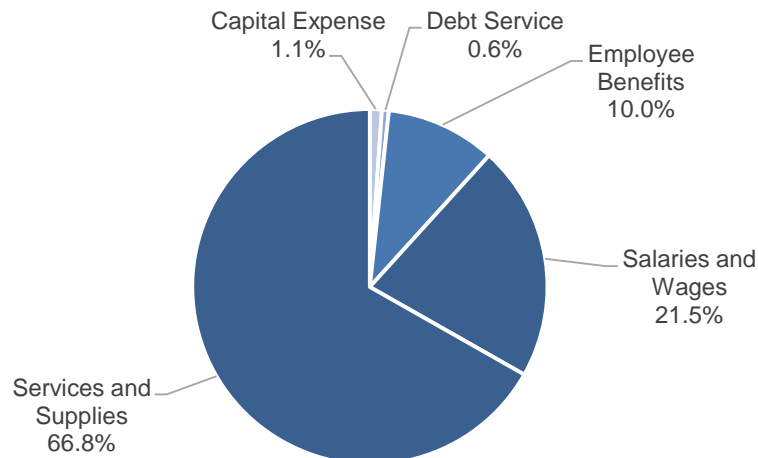
The Approved Budget reflects the District's mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections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

The following charts detail the revenues and expenditures by classification as a percentage of the total FY25/26 Approved District Budget.

**District Budget – Revenues by Classification (\$62.3 million)**



**District Budget – Expenditures by Classification (\$66.0 million)**



The notable changes in revenues and expenditures in the FY25/26 Approved Budget from the FY24/25 Approved Budget for the General, Proprietary (Covell Building), and Special Revenue funds are listed below.

### **General Fund**

#### *Revenues*

- Federal grant revenue is decreasing by \$1.7 million, mainly due to EPA Targeted Air Shed grants (TAG) that the District administers on behalf of other air districts (sub-recipients) in the region. The TAG projects primarily fund Heavy Duty Electrification of school buses, the replacement of off-road agriculture equipment with newer, cleaner equipment, and the replacement of residential non-certified wood-burning appliances in our neighboring districts. The TAG revenues are planned to decrease by \$1.5 million, mainly due to normal variation in sub-recipient disbursements to grant participants.
- Stationary Sources fees are planned to increase by \$677,000, primarily due to an increase in Rule 301 revenues of \$700,000. Rule 301 revenues for FY24/25 are expected to exceed the adopted budget by \$500,000, and the FY25/26 Rule 301 revenues are based on the expected FY24/25 finish. In addition, there is an approved fee CPI increase of 3.84% effective July 1, 2025.

#### *Expenses*

- Employee Services (salaries/wages and benefits) expenditures are increasing by \$979,000 or 4.9% over the prior year's budget. This is mainly due to a 2.5% Cost of Living Adjustment (COLA) and a 7.2% increase in retirement and group insurance contributions for FY25/26. The full-time equivalent (FTE) funded positions for FY25/26 total 105.8 and are unchanged from the FY24/25 amended Positions by Classification. Over-time wages are planned at about 1% of total salaries and wages; the percentage used is based on a benchmarking analysis conducted by the District.
- Services and Supplies expenditures are decreasing by \$2.3 million from the FY24/25 budget, primarily due to lower program distributions of \$1.5 million for the federal TAG programs discussed in the Revenues section above. These are pass-through grants, so the reduction in revenues is directly offset by the decrease in distributions to the sub-recipients, with no effect on the District's General Fund balance. Professional services expenditures are expected to decrease by \$590,000. This reduction is due to the completion of grants in FY24/25, planned scope changes in FY25/26 for contracts that support grant activities, and a right-sizing of operational support contracts.
- Capital project expenditures are decreasing by \$610,000 due to reductions in outlays for air monitoring structures and replacement vehicles for the District's fleet. Capital expenditures for air monitoring structures will be less in FY25/26 since a major air monitoring station renovation is not planned, and no additional fleet vehicle replacements are expected.
- The inter-fund transfer credit (Interfund Charges) is an offset to expenditures and is budgeted to decrease by about \$614,000. The transfer credit is related to the Special Revenue Fund incentive grants. The decrease in the credit for FY25/26 is mainly attributable to the transfer credit being overstated in the FY24/25 Approved Budget.

### **Covell Building Proprietary Fund**

- Rent Revenue is decreasing by \$174,000 due to a change in how rent is allocated to the District for FY25/26. The District listed the Covell Building for sale in a prior fiscal year, and plans to move to a smaller facility (either purchased or leased) that is right-sized to the District's operations. The District is also open to a third-party tenant for the current vacant office space; the prior tenant's lease ended in FY23/24. For FY25/26, the District will be charged rent for the space that it occupies, and the building costs for the vacant space will remain in the Building Fund. Due to current real estate market conditions, the FY25/26 budget does not assume any rent revenue for a new tenant.
- Given the decision to sell the building and relocate to a more efficient space, capital expenditures are budgeted minimally to cover unplanned repairs of building components that might arise (e.g., HVAC, electrical, plumbing, etc.).



### Special Revenue Fund

- State grant special revenue is increasing by \$4.6 million, mainly related to additional revenues for the Clean Cars 4 All program and a CalSTA grant for hydrogen locomotives that the District is administering for a local railway. These increases are offset by a decrease in Moyer grant funds, mainly due to the timing of grant receipts.
- FY25/26 incentive payments are planned at \$34.5 million, up \$427,000 from the prior year's budget. Overall state grant expenditures are expected to increase slightly in FY25/26 by \$65,000. State grants expected to increase include Clean-Cars-for-All and CalSTA (hydrogen locomotives), while Moyer and CAP state grants are budgeted to decrease due to normal variation in grant revenues. The SECAT federal grant is planned to increase by \$362,000.

*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 Plan

The FY25/26 Approved Budget for the General Fund includes a staffing plan of 105.8 FTE (as shown in the table below).

#### Approved Positions

Budget Status	Appointment	FY 24/25 Amended	FY 25/26 Approved	Change
Funded	Regular	105.8	105.8	0.0

### FACTORS AFFECTING FINANCIAL CONDITION

Over the past several years, the District proactively managed expenses to ensure the fund balance in the General Fund was sufficient to support the District's expenditures in case of future revenue shortfalls. The District held numerous positions vacant and executed only essential professional services contracts. As a result, the fund balance of the General Fund increased by about \$5.1 million (excluding the AB617 CERP advance payment in FY23/24) over the last three years, providing a financial buffer for economic instability or unforeseen events.

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

The forecasted FY25/26 California State budget deficit is significant. The District proactively manages grant revenues to reduce the potential for funding gaps and ensure emission reductions are achieved as quickly as possible. While no significant reduction in State grant disbursements for District programs is anticipated in FY25/26, future reductions are possible.

Recent changes in federal funding priorities for EPA programs could also affect the District's revenues. However, the District expects this funding to be provided in FY25/26 and subsequent years.

The District's five-year forecast continues to show some significant funding gaps between revenues and expenditures, which will require District staff to work collaboratively with the Board of Directors in the upcoming years. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases, new state mandates that are not adequately funded, and a history of not fully recovering costs for many of the District's programs. Staff will continue to work with the Board into FY25/26 and beyond on the funding strategies detailed in the General Fund Forecast section of this budget.

## SECTION 4 – Financial Planning

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

### FINANCIAL FORECAST AND PLANNING

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

- Informed/expert judgment
- Trend analysis
- Anticipated operational changes
- Grant documentation and review
- Estimates from other governments

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

The District's near-term financial plan is to conduct an in-depth program costing analysis, continue to identify and implement operational efficiencies, and evaluate and seek out potential revenue sources as described in the General Fund Forecast section below, including fee increases. The District's approach to annual fee changes is to adjust them based on the prescribed CPI index. This is to ensure that fee revenue keeps pace with District costs (mainly COLA adjustments) and to avoid large "catch-up" adjustments that could negatively impact permit holders in a single year. The FY25/26 Approved Fee Schedule reflects a CPI increase of 3.84% to maintain progress toward meeting air quality and climate goals while keeping reserves stable.

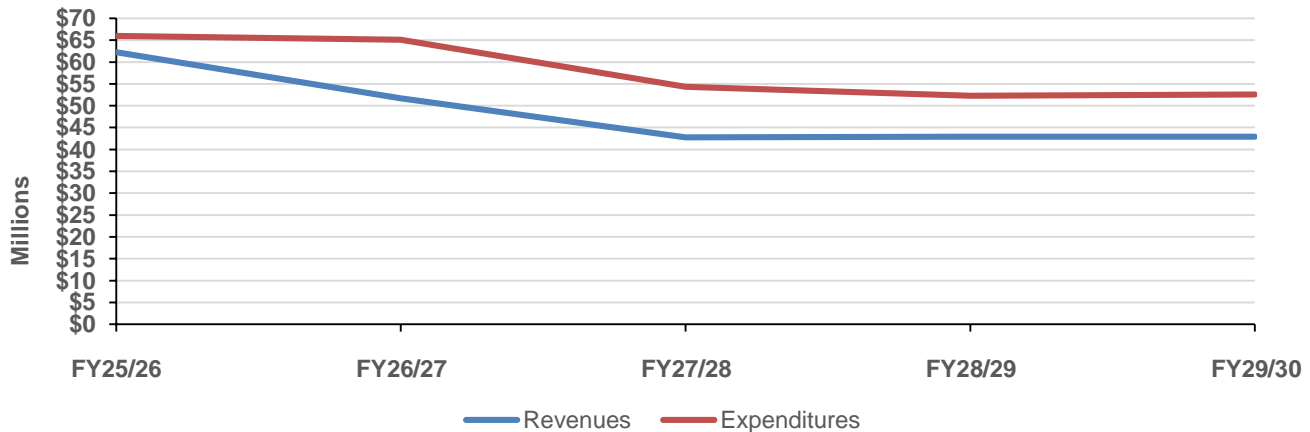
Revenues have been adjusted in the Approved Budget to reflect this change. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District's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

### BUDGET FORECAST

#### District Budget – Five-Year Forecast

Classification	FY 24/25 Approved	FY 24/25 Year-end Projection	FY25/26 Proposed	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast
<b>Beginning Fund Balance</b>	<b>\$ 110,482,227</b>	<b>\$ 110,482,227</b>	<b>\$ 117,508,858</b>	<b>\$ 113,808,460</b>	<b>\$ 100,459,662</b>	<b>\$ 88,854,254</b>	<b>\$ 79,503,017</b>
<b>Revenues</b>							
Revenues	\$ 59,040,132	\$ 62,398,554	\$ 62,266,132	\$ 51,702,284	\$ 42,750,746	\$ 42,930,247	\$ 42,879,772
<b>Revenues Total</b>	<b>\$ 59,040,132</b>	<b>\$ 62,398,554</b>	<b>\$ 62,266,132</b>	<b>\$ 51,702,284</b>	<b>\$ 42,750,746</b>	<b>\$ 42,930,247</b>	<b>\$ 42,879,772</b>
<b>Expenses</b>							
Operating Expense	\$ 65,865,855	\$ 53,898,553	\$ 64,845,030	\$ 63,557,875	\$ 53,246,477	\$ 51,141,865	\$ 51,788,405
Capital Expense	1,323,000	1,064,770	713,000	1,090,307	1,109,677	1,139,620	781,591
Debt Service	408,600	408,600	408,500	402,900	-	-	-
<b>Expenses Total</b>	<b>\$ 67,597,455</b>	<b>\$ 55,371,923</b>	<b>\$ 65,966,530</b>	<b>\$ 65,051,082</b>	<b>\$ 54,356,154</b>	<b>\$ 52,281,485</b>	<b>\$ 52,569,996</b>
Surplus / (Deficit)	\$ (8,557,323)	\$ 7,026,631	\$ (3,700,398)	\$ (13,348,798)	\$ (11,605,408)	\$ (9,351,238)	\$ (9,690,224)
<b>Ending Fund Balance</b>	<b>\$ 101,924,904</b>	<b>\$ 117,508,858</b>	<b>\$ 113,808,460</b>	<b>\$ 100,459,662</b>	<b>\$ 88,854,254</b>	<b>\$ 79,503,017</b>	<b>\$ 69,812,792</b>

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



#### General Fund Forecast

The General Fund reflects financial activity that is non-proprietary and non-special revenues and expenditures. Primary revenue sources in this fund are State and Federal awards, Fees & Licenses, DMV Fees, 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 24/25 Approved	FY 24/25 Year-end Projection	FY25/26 Proposed	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast
<b>Beginning Fund Balance</b>	\$ 27,733,607	\$ 27,733,607	\$ 27,243,236	\$ 24,470,629	\$ 21,575,414	\$ 19,104,397	\$ 16,207,950
<b>Revenues</b>							
Revenues	\$ 26,942,104	\$ 28,057,373	\$ 25,977,711	\$ 24,200,937	\$ 23,907,627	\$ 24,120,902	\$ 24,409,917
<b>Revenues Total</b>	<b>\$ 26,942,104</b>	<b>\$ 28,057,373</b>	<b>\$ 25,977,711</b>	<b>\$ 24,200,937</b>	<b>\$ 23,907,627</b>	<b>\$ 24,120,902</b>	<b>\$ 24,409,917</b>
<b>Expenses</b>							
Operating Expense	\$ 30,998,840	\$ 28,822,024	\$ 29,724,818	\$ 27,886,677	\$ 27,593,723	\$ 28,272,228	\$ 29,051,379
Capital Expense	1,168,000	1,025,720	558,000	787,950	798,250	818,850	607,700
Interfund Charges	(2,146,641)	(1,300,000)	(1,532,500)	(1,578,475)	(2,013,329)	(2,073,729)	(2,135,941)
<b>Expenses Total</b>	<b>\$ 30,020,199</b>	<b>\$ 28,547,744</b>	<b>\$ 28,750,318</b>	<b>\$ 27,096,152</b>	<b>\$ 26,378,643</b>	<b>\$ 27,017,349</b>	<b>\$ 27,523,138</b>
Surplus / (Deficit)	\$ (3,078,095)	\$ (490,371)	\$ (2,772,607)	\$ (2,895,215)	\$ (2,471,017)	\$ (2,896,447)	\$ (3,113,221)
<b>Ending Fund Balance</b>	<b>\$ 24,655,512</b>	<b>\$ 27,243,236</b>	<b>\$ 24,470,629</b>	<b>\$ 21,575,414</b>	<b>\$ 19,104,397</b>	<b>\$ 16,207,950</b>	<b>\$ 13,094,729</b>

The preceding General Fund forecast assumes the following:

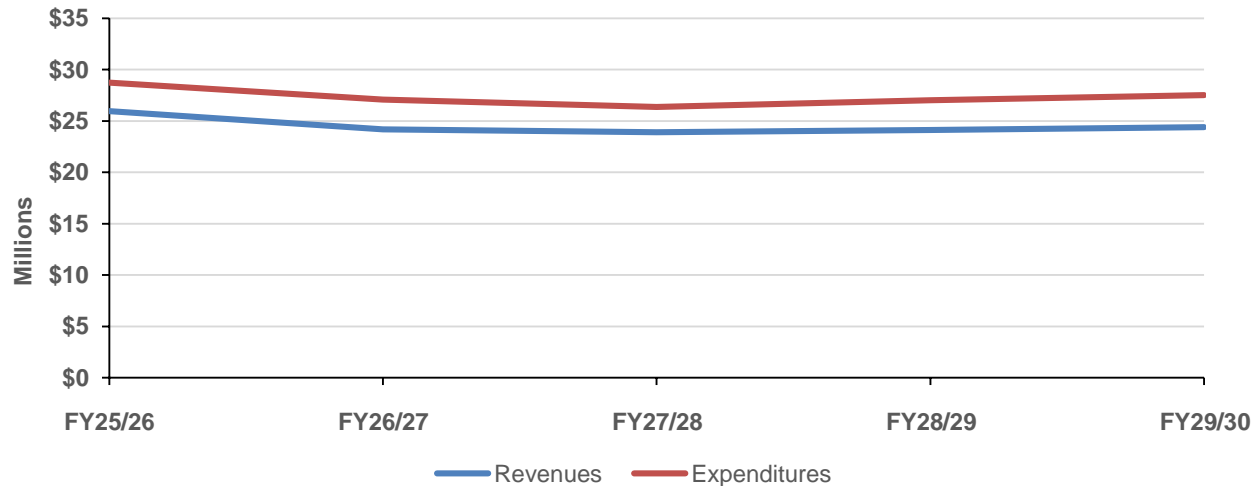
Revenues:

- Federal revenues for FY25/26 are assumed to decrease from the FY24/25 projected amounts, mainly due to the winddown of two grants (TAG). The District facilitates the multi-year federal TAG projects for neighboring air districts through the pass-through of grant funds. The TAG revenue declines again in FY26/27. One of the TAG projects ends in FY25/26 and the other in FY26/27. Federal revenues for FY27/28 through FY29/30 are relatively constant at about \$2.0 million per year for recurring EPA grants.
- State revenues peaked in FY23/24 due to the advance payment of about \$5.0 million of funding for the two-year CERP grant that began July 1, 2024. The recurring state revenues (DMV, AB617 Monitoring, etc.) will be stable for FY25/26 through the end of the forecast period at approximately \$7.2 million per year.
- Sales/Use Tax (Measure A) amounts are per the most recent Sacramento Transportation Authority (STA) forecast. The cumulative annual growth rate for Measure A is about 1.75%.
- The annual CPI adjustment for Stationary Sources fees is forecasted at 3.0%.
- Interest revenue declines in proportion 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 105.8 with no additional positions included in the forecast.
- Employee Services increases an average of 3.0% per year for wages; benefits and retirement contributions grow at a slightly higher annual rate (4.1%) based on historical trends adjusted for expected increases in pension funding.
- After adjusting for one-time items included in the FY25/26 Approved Budget related to non-recurring grants (e.g., CERP, CC4A, and CPRG projects) and the AiriA software project, Services and Supplies increase by a projected CPI of 3.0% per year. Sub-recipient distributions under the TAG projects are included in Services and Supplies through the end of the grant term in FY26/27 and are offset by corresponding Federal revenues each year. Rent varies each year based on expected changes in the Proprietary (Building) Fund expenses.
- Capital expenditures include the replacement of elements of an aging air monitoring network, fleet vehicles, and Information Services infrastructure improvements.
- 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, mainly employee services expenditures. The interfund charge grows at 3% per year and is increased by the additional Moyer administrative revenue percentage expected in FY27/28.

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



#### District Priorities and Potential Funding Strategies

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

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

The general restrictions for the use of the funds, given that revenue streams are frequently restricted to funding specific programs, and a summary of various programs that need funding from these sources are shown in the table below, followed by a description of each strategy.

#### Potential Funding Strategies

Type	Use Category	Programs in Need of Funding
Grant Administration Funding Increase – Legislation	Mobile	Moyer and Other Incentive Grant programs
Community Health Impact Fee	All	AB 617 Community Air Protection Program
Full Cost Recovery – Fee Adjustment	Stationary and Other	Permitting, Enforcement, Planning, Emission Inventory, Rule Development, and Air Monitoring
Per Capita Fee	All	Check Before You Burn, Land Use and Transportation Planning, Public Complaint Response, Community Air Protection, Air Monitoring

*Senate Bill 1158 (Archuleta), 2023-24 California State Legislative Session 2023-24.* This bill aimed to simplify and update the funding and administrative processes for the Carl Moyer Program, which has been highly successful in reducing emissions. The program's effectiveness relies heavily on the resources invested by the District, particularly in staff. With the rapidly evolving regulations for mobile sources, District staff must constantly stay informed, leading to an increased workload in evaluating projects. Moreover, the number and complexity of project applications have risen significantly, demanding more thorough review before funding. Once funded, projects under the Moyer program are monitored for up to 15 years to ensure they achieve the expected emission reductions, resulting in numerous long-term contracts that require continuous reporting and adjustments. These factors have led to additional administrative costs for air districts.

To address these challenges, this bill increased the ceiling for indirect administrative costs for the largest air districts from 6.25% to 12.5%. The passage of this bill provides the necessary funds to implement the Moyer program effectively, support applicants, and select projects that offer the highest emission reductions for disproportionately impacted communities.



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

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

**Per Capita Fee (All)** – Under California Health and Safety Code (CHSC) §40701.5(b), the Board is authorized to assess an annual per capita fee on the county and on those cities within the District that have a member on the Board. Per capita fees mean that the cities and the county are charged a set amount for each person residing in their jurisdiction. While the Board of Directors’ decision was to postpone the adoption of a Per Capita Fee in 2019, staff were instructed to explore alternative funding approaches and to reintroduce this matter for Board review at a later date.

### **Proprietary Fund Forecast**

The Proprietary Fund’s five-year forecast is shown in the following table. The main revenue source for this fund is rent income charged to the District; currently, there is no third-party tenant. The previous third-party lease agreements expired in FY22/23 and FY23/24, and the tenant did not renew the leases. The District evaluated several facility options and decided to sell the current building and relocate to a smaller footprint; the plan is to lease the new District headquarters facility to provide flexibility for the future. The building is currently on the market for sale, and the District is also open to leasing the vacant space. Since the District is not certain of the timing or terms for the sale of the building and relocation to a smaller facility, the five-year forecast was developed on a status-quo basis. A third-party tenant is assumed beginning in FY27/28.

In this projection, annual operating expenses for the building are increased annually by 3.0% for expected inflation. Capital expenses include the projected replacement of building systems/components. The debt associated with the building will be paid off in FY26/27.

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

Classification	FY 24/25 Approved	FY 24/25 Year-end Projection	FY25/26 Proposed	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast
<b>Beginning Fund Balance</b>	\$ 5,931,865	\$ 5,931,865	\$ 6,044,455	\$ 5,844,455	\$ 5,616,743	\$ 5,616,743	\$ 5,616,743
<b>Revenues</b>							
Revenues	\$ 1,075,834	\$ 1,072,036	\$ 901,736	\$ 1,023,909	\$ 874,181	\$ 900,407	\$ 770,917
<b>Revenues Total</b>	<b>\$ 1,075,834</b>	<b>\$ 1,072,036</b>	<b>\$ 901,736</b>	<b>\$ 1,023,909</b>	<b>\$ 874,181</b>	<b>\$ 900,407</b>	<b>\$ 770,917</b>
<b>Expenses</b>							
Operating Expense	\$ 512,234	\$ 511,796	\$ 538,236	\$ 546,364	\$ 562,754	\$ 579,637	\$ 597,026
Capital Expense	155,000	39,050	155,000	302,357	311,427	320,770	173,891
Debt Service	408,600	408,600	408,500	402,900	-	-	-
<b>Expenses Total</b>	<b>\$ 1,075,834</b>	<b>\$ 959,446</b>	<b>\$ 1,101,736</b>	<b>\$ 1,251,621</b>	<b>\$ 874,181</b>	<b>\$ 900,407</b>	<b>\$ 770,917</b>
Surplus / (Deficit)	\$ -	\$ 112,590	\$ (200,000)	\$ (227,712)	\$ -	\$ -	\$ -
<b>Ending Fund Balance</b>	<b>\$ 5,931,865</b>	<b>\$ 6,044,455</b>	<b>\$ 5,844,455</b>	<b>\$ 5,616,743</b>	<b>\$ 5,616,743</b>	<b>\$ 5,616,743</b>	<b>\$ 5,616,743</b>

The Proprietary Fund forecast assumes the following:

**Revenues:**

- Revenues include rent from the District for space on the second and third floors and parking fees; a lease for an external tenant for the vacant space on the second floor is assumed to start in FY27/28.
- The Building Fund is an Internal Service Fund since its revenue is primarily from the District, and as such, overall District rent revenue adjusts (in most years) to ensure that the net surplus/deficit in the building fund is zero. It is a break-even budget when there is a third-party tenant and there is no vacant space.

**Expenses:**

- Operating Expenses represent the day-to-day costs of operating the building and include utilities, custodial services, parking, property management fees, general repairs, maintenance, etc. These expenses are adjusted annually by 3.0% for normal inflation in the forecast.
- Due to the intent to sell the building, capital expenditures are projected at the minimum required to maintain the standard/aesthetic of the building and ensure all systems are functioning as intended.
- The debt service forecast reflects the principal and interest payments on Certificates of Participation (COPs) issued for the purchase of the building and will be fully paid off in FY26/27.

**Special Revenue Fund Forecast**

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

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

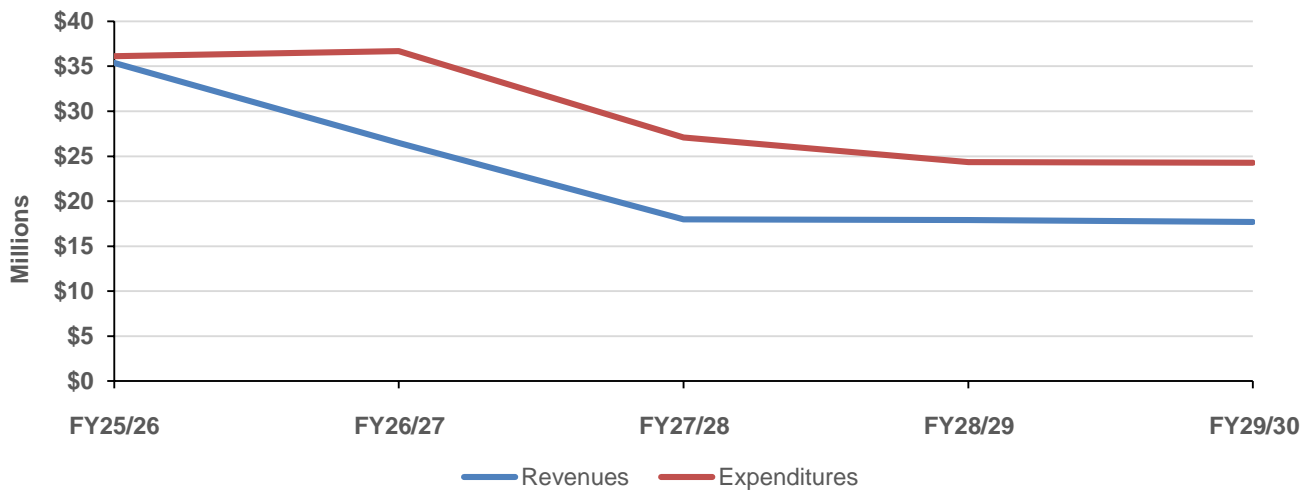
Classification	FY 24/25 Approved	FY 24/25 Year-end Projection	FY25/26 Proposed	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast
<b>Beginning Fund Balance</b>	<b>\$ 76,816,755</b>	<b>\$ 76,816,755</b>	<b>\$ 84,221,167</b>	<b>\$ 83,493,376</b>	<b>\$ 73,267,505</b>	<b>\$ 64,133,114</b>	<b>\$ 57,678,322</b>
<b>Revenues</b>							
Revenues	\$ 31,022,194	\$ 33,269,145	\$ 35,386,685	\$ 26,477,438	\$ 17,968,938	\$ 17,908,938	\$ 17,698,938
<b>Revenues Total</b>	<b>\$ 31,022,194</b>	<b>\$ 33,269,145</b>	<b>\$ 35,386,685</b>	<b>\$ 26,477,438</b>	<b>\$ 17,968,938</b>	<b>\$ 17,908,938</b>	<b>\$ 17,698,938</b>
<b>Expenses</b>							
Operating Expense	\$ 34,354,781	\$ 24,564,733	\$ 34,581,976	\$ 35,124,834	\$ 25,090,000	\$ 22,290,000	\$ 22,140,000
Interfund Charges	2,146,641	1,300,000	1,532,500	1,578,475	2,013,329	2,073,729	2,135,941
<b>Expenses Total</b>	<b>\$ 36,501,422</b>	<b>\$ 25,864,733</b>	<b>\$ 36,114,476</b>	<b>\$ 36,703,309</b>	<b>\$ 27,103,329</b>	<b>\$ 24,363,729</b>	<b>\$ 24,275,941</b>
Surplus / (Deficit)	\$ (5,479,228)	\$ 7,404,412	\$ (727,791)	\$ (10,225,871)	\$ (9,134,391)	\$ (6,454,791)	\$ (6,577,003)
<b>Ending Fund Balance</b>	<b>\$ 71,337,527</b>	<b>\$ 84,221,167</b>	<b>\$ 83,493,376</b>	<b>\$ 73,267,505</b>	<b>\$ 64,133,114</b>	<b>\$ 57,678,322</b>	<b>\$ 51,101,319</b>

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

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

Classification	FY 24/25 Approved	FY 24/25 Year-end Projection	FY25/26 Proposed	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast
DMV \$2	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000
Moyer	12,725,249	13,210,499	6,500,000	6,200,000	6,200,000	6,200,000	6,200,000
SECAT	3,205,960	1,500,000	3,750,000	2,250,000	2,000,000	2,000,000	1,850,000
Community Car Share	700,000	150,000	284,000	-	-	-	-
Community Air Protection Program (CAPP)	6,521,247	6,688,458	6,521,247	6,500,000	6,500,000	6,500,000	6,500,000
Clean Cars 4 All	4,045,000	4,500,000	8,215,000	1,230,000	-	-	-
FARMER	408,300	1,803,750	-	-	-	-	-
CalSTA Grant - H2 Locomotive	-	2,000,000	6,700,000	6,946,000	-	-	-
Other	816,438	816,438	816,438	751,438	668,938	608,938	548,938
<b>Revenues Total</b>	<b>\$ 31,022,194</b>	<b>\$ 33,269,145</b>	<b>\$ 35,386,685</b>	<b>\$ 26,477,438</b>	<b>\$ 17,968,938</b>	<b>\$ 17,908,938</b>	<b>\$ 17,698,938</b>

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



### Capital Expenditures Forecast

The District currently budgets capital expenses on an annual basis. District recurring and non-recurring projects are included in the five-year forecast and include capital expenses primarily related to the air monitoring network, fleet, information systems equipment, and improvements to the District's administrative building, as noted in the next table.

### Capital Expenses Five-Year Forecast

Fund Program	FY 24/25 Budget	FY24/25 Projection	FY25/26 Budget	FY26/27 Forecast	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast
<b>General Fund (100)</b>							
Air Monitoring	\$ 886,000	\$ 785,000	\$ 476,000	\$ 515,000	\$ 515,000	\$ 515,000	\$ 515,000
Fleet	200,000	190,250	-	211,150	169,950	169,950	51,500
Information Systems	82,000	50,470	82,000	61,800	113,300	133,900	41,200
<b>Subtotal</b>	<b>\$ 1,168,000</b>	<b>\$ 1,025,720</b>	<b>\$ 558,000</b>	<b>\$ 787,950</b>	<b>\$ 798,250</b>	<b>\$ 818,850</b>	<b>\$ 607,700</b>
<b>Proprietary Fund (400)</b>							
Building Improvements	\$ 155,000	\$ 39,050	\$ 155,000	\$ 302,357	\$ 311,427	\$ 320,770	\$ 173,891
<b>Subtotal</b>	<b>\$ 155,000</b>	<b>\$ 39,050</b>	<b>\$ 155,000</b>	<b>\$ 302,357</b>	<b>\$ 311,427</b>	<b>\$ 320,770</b>	<b>\$ 173,891</b>
<b>Total Capital Expense</b>	<b>\$ 1,323,000</b>	<b>\$ 1,064,770</b>	<b>\$ 713,000</b>	<b>\$ 1,090,307</b>	<b>\$ 1,109,677</b>	<b>\$ 1,139,620</b>	<b>\$ 781,591</b>

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

#### Air Monitoring Stations

Capital expenses for air monitoring are related to the District's regulatory network of six air monitoring stations and the monitoring network for the Community Air Protection Program AB 617. The District plans to replace the Del Paso Manor station in FY24/25 and the Sloughhouse, North Highlands, and Bruceville stations and equipment during the forecast period. The replacement of air monitoring stations is a non-recurring expense. The District anticipates that the replacement of these structures will help reduce ongoing maintenance costs associated with these aging facilities. Additionally, repair or replacement of air monitoring equipment will be needed. The replacement of equipment for the air monitoring stations is a recurring capital expense, as equipment will need to be replaced as it reaches the end of its lifecycle.

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

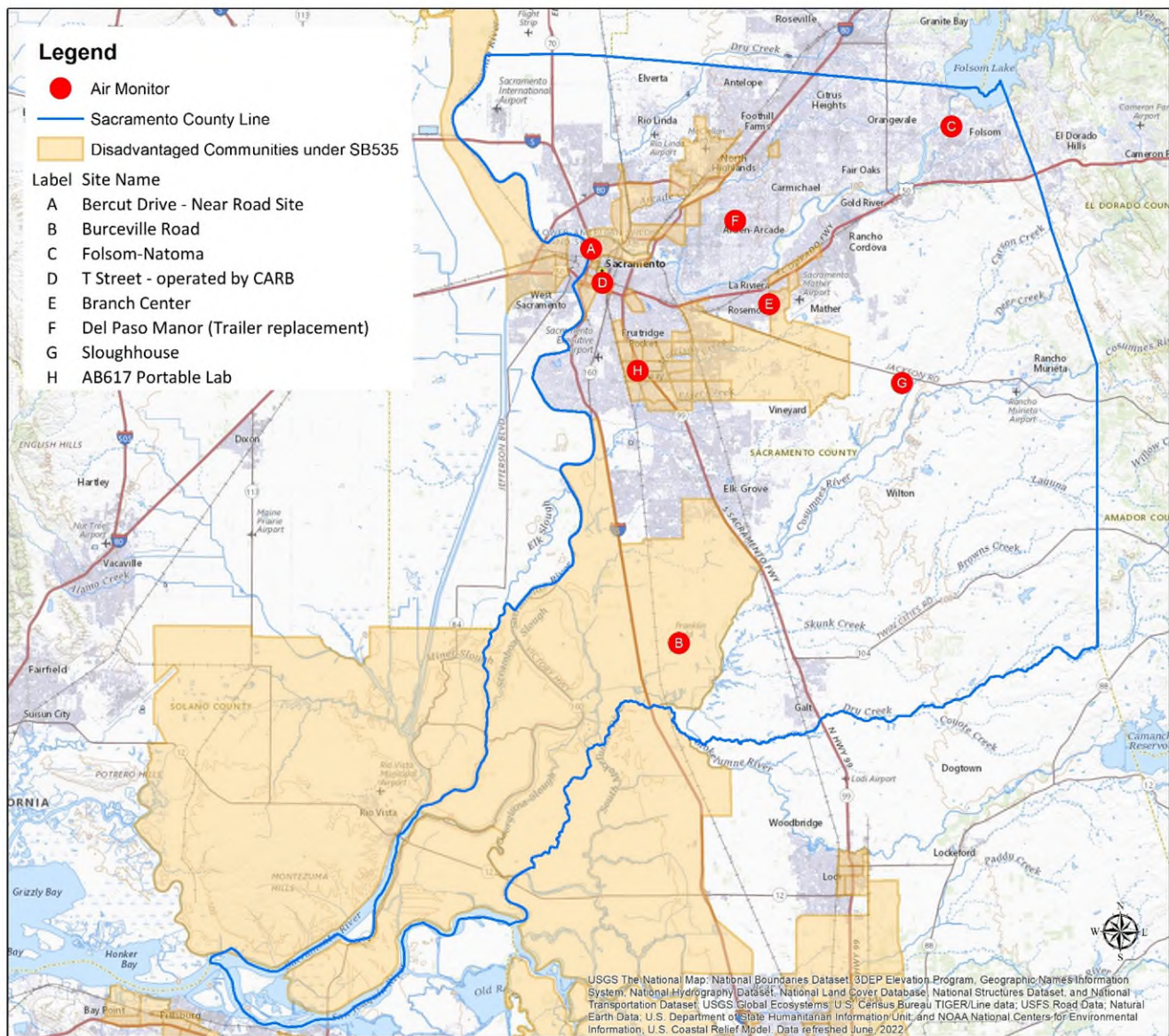


foundation for future monitoring approaches under the AB 617 Community Air Protection Program. A new portable air monitoring station was added to the existing air monitoring network as part of the District's AB 617 efforts.

In FY22/23, the District was contacted by KB Homes, the new property owner of the North Highlands – Blackfoot Way site, to immediately remove the District's air monitoring trailer and equipment from their property since they are developing 250 residential homes on the site. The District removed all equipment and demolished the air monitoring trailer to vacate the premises per the request of the new property owners; a plan to identify a location and construct a new station in North Highlands is underway.

The replacement of Del Paso Manor station (F) is anticipated to be completed at the end of FY24/25, followed by the Sloughhouse station (G) to be renovated in FY25/26, and the North Highlands station in FY26/27 and FY 27/28. The Bruceville station (B) will be replaced during FY27/28 and FY28/29. Each station replacement project is anticipated to take two years to complete. Below is a map of the existing air monitoring stations.

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



### Rule 301 (Permitting and Enforcement) Fleet

The five-year forecast includes funds to replace aging fleet vehicles, which will be replaced with zero- and low-emission vehicles consistent with the District's goal of reducing vehicle emissions. Fleet replacements, averaging \$146,000 per year starting in FY26/27, are a recurring capital outlay due to vehicles having an estimated operational

life of 10-15 years. Incorporating new zero- and 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

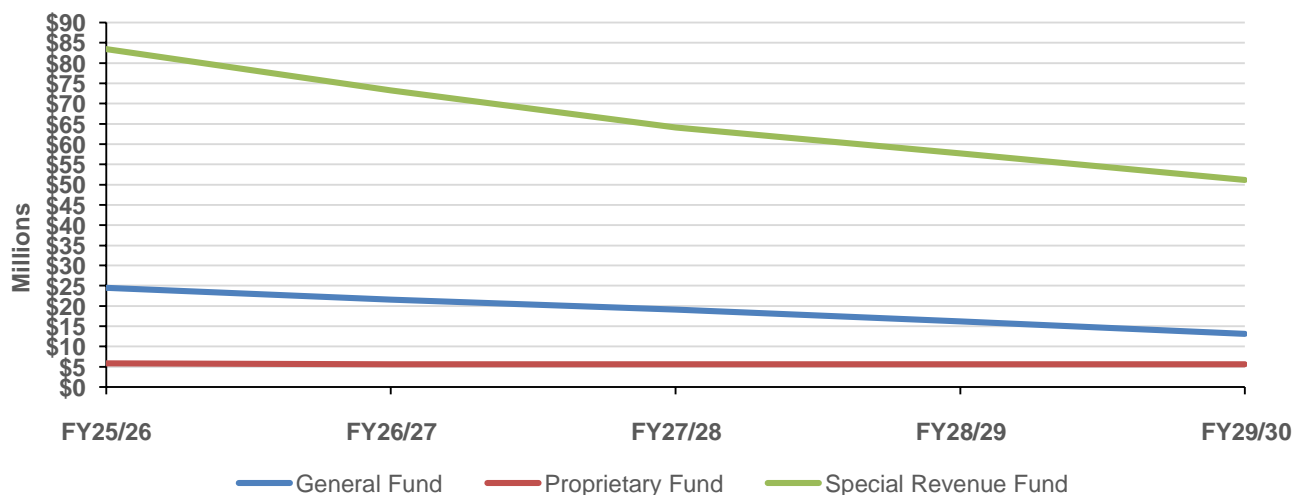
The capital forecast for the Covell Building includes expenditures for building systems (e.g., HVAC, etc.) and annual amounts to fund minor non-recurring building improvements. Funding for these capital expenses primarily comes from rent income.

## **FUND BALANCE FORECAST**

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

The General Fund projected fund balance through the end of the forecast period complies with the District's fund balance reserve policy of a minimum of 120 days, but no less than 60 days, of General Fund expenditures. However, without additional funding sources, the General Fund unencumbered fund balance is projected to decrease by over 50% in the five-year outlook, with the FY29/30 fund balance at only 41 days over the minimum fund balance level. 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**





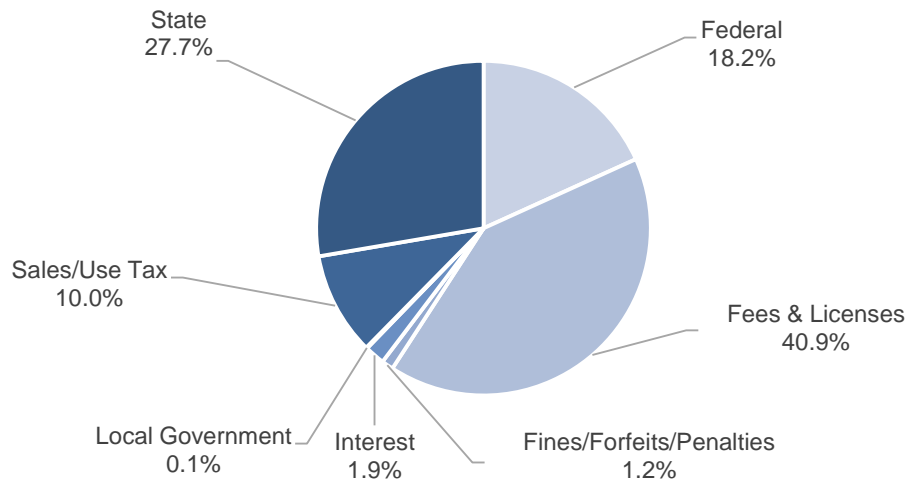
## SECTION 5 - Fund Information

This section contains descriptions of District funds and associated approved budgets for FY25/26. It also includes information on fund budgets (revenues and expenditures by classification and activities, historical trends, and fund balances) to provide additional context for the approved budget.

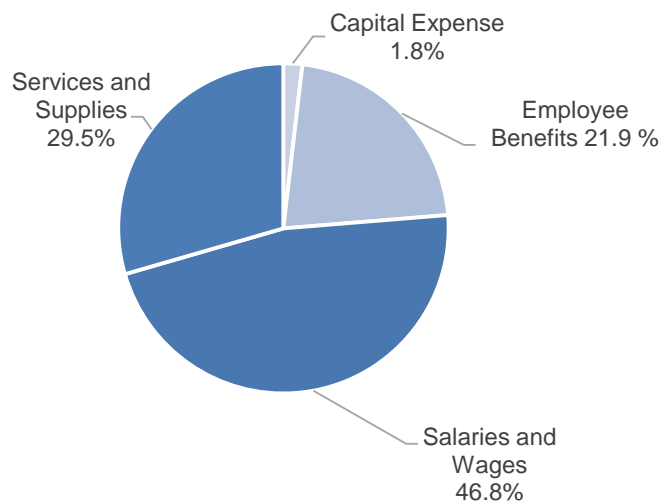
### GENERAL FUND 100

The total FY25/26 Approved General Fund Budget is \$26.0 million in revenue and \$28.8 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total General Fund Budget.

**General Fund Budget – Revenues by Classification (\$26.0 million)**



**General Fund Budget – Expenditures by Classification (\$28.8 million)**



The FY25/26 General Fund Budget includes revenues of \$26.0 million and expenditures of \$28.8 million, resulting in a \$2.8 million use of fund balance. Approximately \$2.5 million of this deficit is related to the AB 617 CERP grant. The CERP is a two-year program that began on July 1, 2024. Most of the funding for the state-funded program was received, and revenue was recognized in FY23/24. Accordingly, the grant funding is included in the ending fund balance on June 30, 2024. The FY25/26 expenditures related to the CERP project will be funded by the grant revenue included in the opening fund balance for FY25/26.

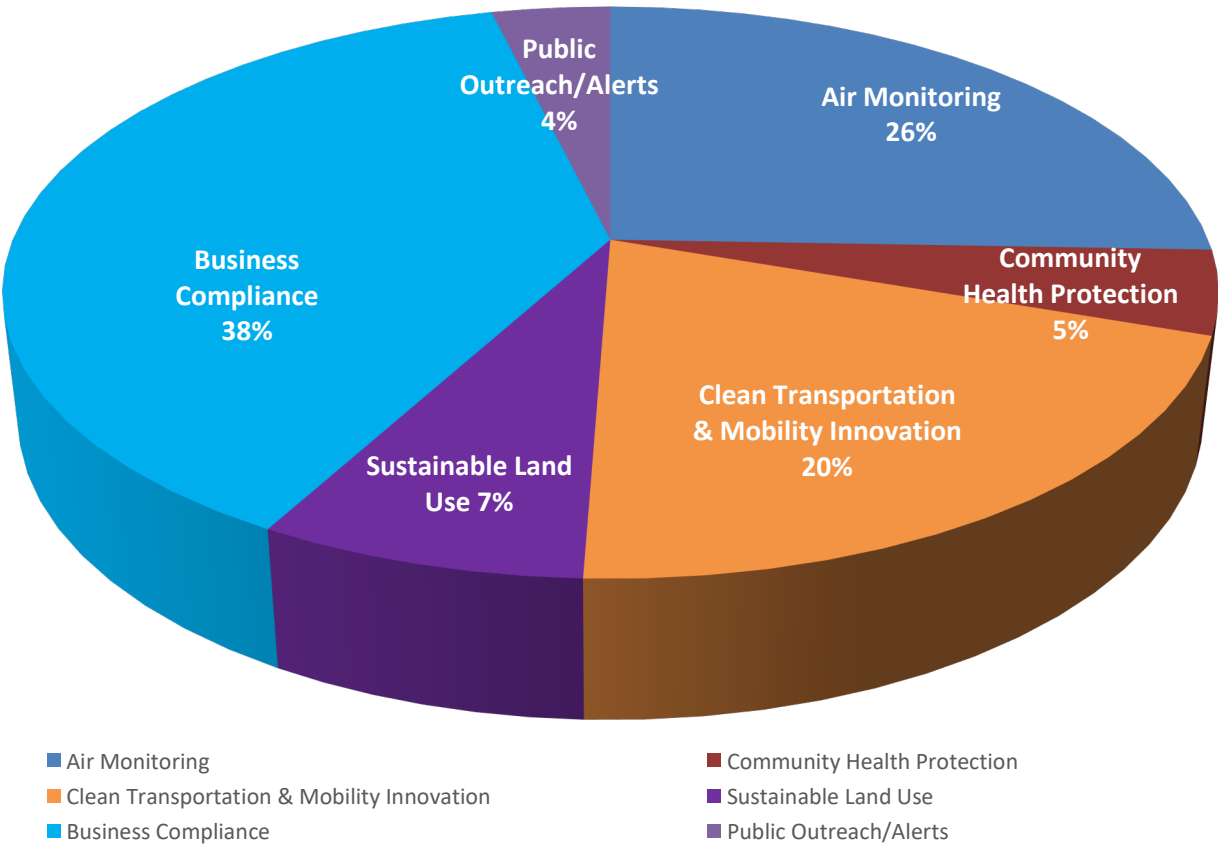
Historically, the District has performed under budget for expenditures due to savings in Employee Services and Professional Services, and therefore, has not fully expended the amount of budgeted expenditures. For the FY25/26 budget, the District continued the use of a vacancy credit in the Employee Services budget. The vacancy credit in Employee Services is to provide for open positions during the recruitment process. In addition, professional services contracts were stringently assessed against District priorities for the fiscal year, and critical contracts were included at their expected cost. The remaining services were evaluated to right-size the professional services budget to exclude lower-priority items and to ensure that the budget included a realistic amount for each contract.

The District expects to operate fully staffed in FY25/26 and to expend the “right-sized” Professional Services budget. The District has adequate operating reserves to fund the remaining (unrelated to the CERP) \$300,000 use of fund balance for FY25/26. The ending fund balance on June 30, 2026, in the Approved Budget will comply with the District’s operating reserve policy.

**Operating Expenses by District Activities**

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

**Allocation of FY25/26 Operating Expenses by District Activity**



### General Fund Trends

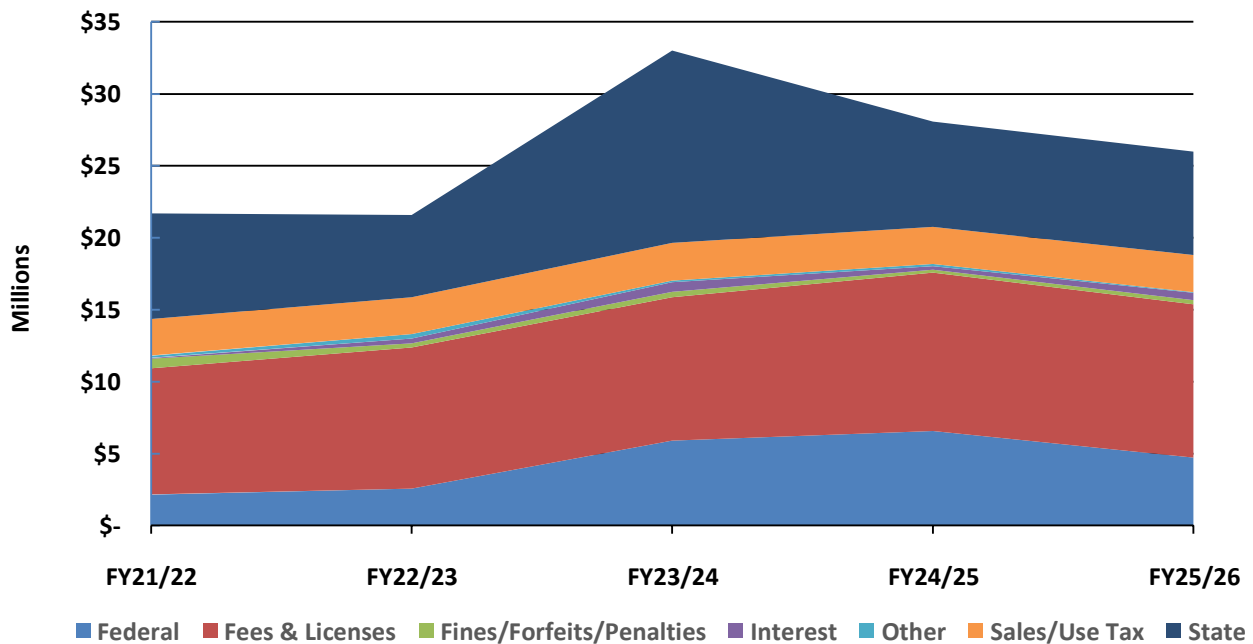
The Five-Year Revenue Trend graph displays revenues by account type. The trend shows federal grant revenues fluctuating over time depending on changes in EPA 103, EPA 105, CPRG, and TAG project funding. The EPA has historically provided federal grants to the District to enforce federal air pollution rules and regulations; these grants are restricted to specific usage and may consist of one-time grants. The two-year CPRG program provides funding to develop a plan for reducing greenhouse gas emissions in the Sacramento region; the District is the lead agency for this grant. The District administers the multi-year TAG project funds for several neighboring air districts. Both the CPRG planning grant and the TAG projects are non-recurring 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. The District is proposing a 3.84% CPI increase in fees for FY25/26. This adjustment is based on the annual change in the California Consumer Price Index in accordance with the Health and Safety Code. In the FY24/25 projection, there is a significant one-time fee that is not expected to recur in FY25/26.

State revenues fluctuate over the period. Included in this category are the DMV registration fee surcharge (DMV) and state grants. DMV revenue is dependent on the number of vehicle registrations in the State of California, with the District receiving a set amount per registration. Community Air Protection Program state incentives related to 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, for example, the two-year CERP funding for AB617 was recognized as revenue in FY23/24 and will fund project activities for the next two fiscal years.

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.

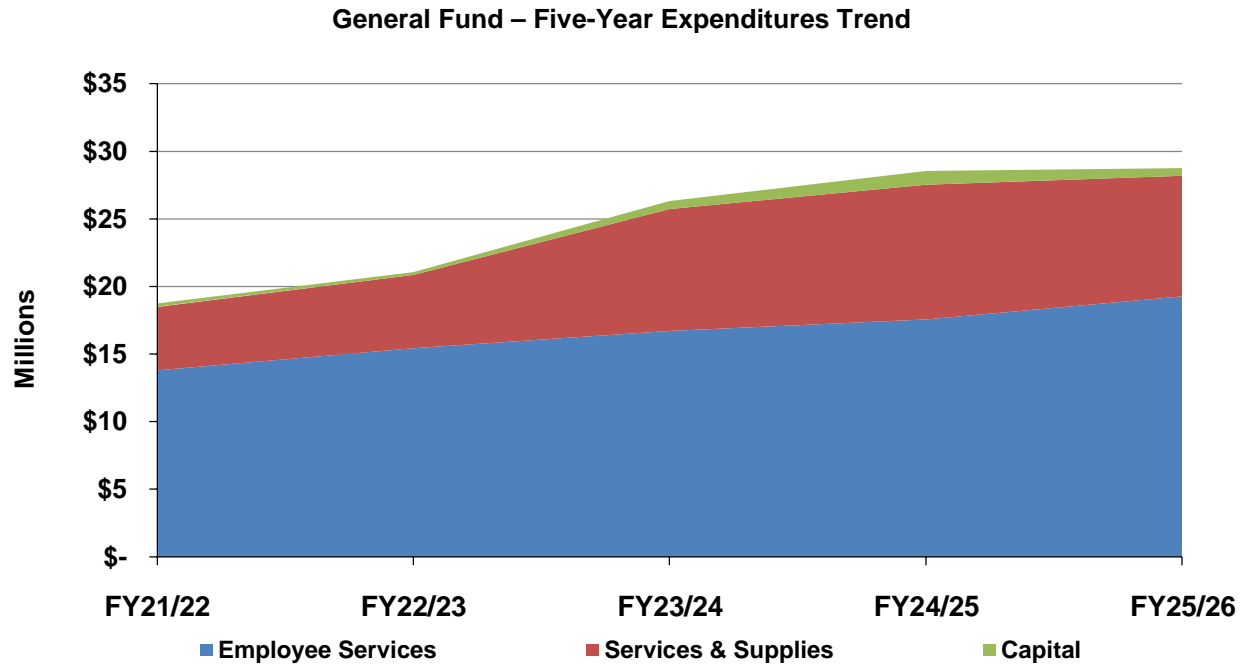
**General Fund – Five-Year Revenue Trend**



The Five-Year Expenditures Trend of the General Fund graph shown below reflects an increase in Employee Services (Salaries, Wages, and Employee Benefits) over the last five years due to 1) an increase in staff Full Time Equivalents (FTE) to support expanding mandates and grant activity, 2) application of the annual Cost of Living Adjustment (COLA) to wages and 3) increasing health care and pension costs. FY25/26 headcount will remain stable with the prior year at 105.8 FTE, and the COLA, effective July 1, 2025, will be 2.5%. For FY25/26, Services and Supplies are expected to decrease mainly due to normal variation in program distributions related to federal pass-through grants (TAG projects) and a reduction in professional services expenditures. The professional services expenditures decreased due to the completion of grants in FY24/25, changes in grant support needs in FY25/26, and the right-sizing of operational consultant contracts for FY25/26. Capital outlays will decrease in

FY25/26 primarily due to the completion of the Del Paso Manor air monitoring station renovation in late FY24/25, which will not recur in FY25/26.

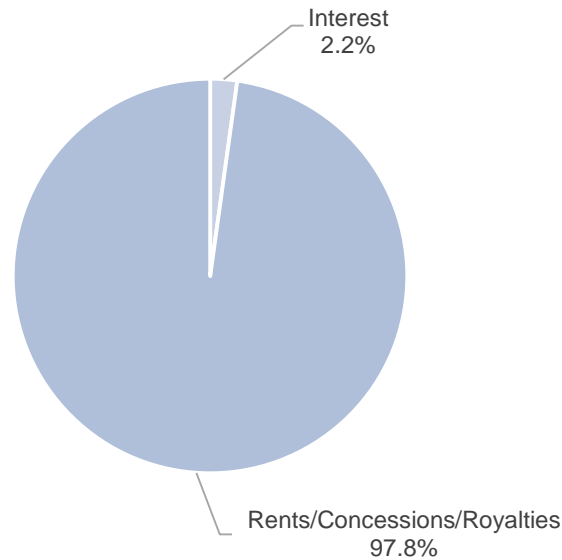
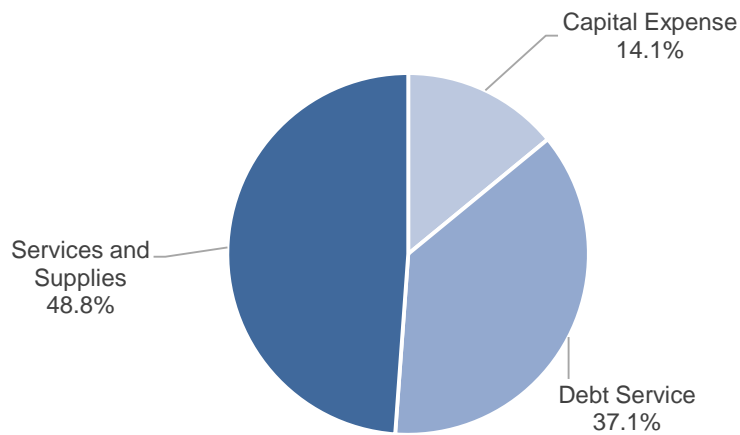
The following graph illustrates the five-year expenditures trend for the General Fund by classification.



#### PROPRIETARY FUND 400

The Proprietary Fund is an Internal Service Fund that supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12<sup>th</sup> Street in Sacramento, California, containing approximately 38,000 square feet of office space on two floors 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 COPs discussed below, along with other funding. The District occupies roughly 23,000 square feet, including the entire third floor and about 4,000 square feet on the second floor. The third-party tenant that historically occupied the remaining rentable 15,000 square feet on the second floor notified the District that they would not renew their two leases and vacated the premises in FY23/24. With no current third-party tenants and the District's hybrid work model, the available space is far greater than what is needed for District operations. As a result, the District evaluated several options for the overall Covell Building and decided to sell the building and move to smaller, more efficient office space. The building is currently offered for sale, and the FY25/26 budget was planned on a "status quo" basis without major improvements or a third-party tenant due to the current "soft" commercial real estate market conditions.

The total FY25/26 Approved Proprietary Fund Budget is \$902,000 in revenues (mainly rent from the District) and \$1.1 million in expenditures. The following are charts detailing the revenues and expenditures by classification as a percentage of the total Proprietary Fund Budget.

**Proprietary Fund Budget – Revenues by Classification (\$902,000)****Proprietary Fund Budget – Expenditures by Classification (\$1.1 million)**

In FY25/26, the District's share of building rent will decrease by \$171,000. To more accurately reflect the facility costs for the District in FY25/26, the budget includes rent expenditures for the space the District occupies and not the vacant square footage; this is a change in practice from the prior year. Total FY25/26 parking rent of \$34,000 is expected to remain relatively stable with the FY24/25 projected parking income.

The budget expenditures are comprised of \$538,000 for services and supplies (day-to-day operating expenses), \$155,000 for capital expenses, and \$408,500 for debt service. Expenses are projected to increase by \$26,000 over the prior year's budget, mainly for maintenance and repairs and parking services due to inflation.



**Debt Service**

The District issued \$5,835,000 worth of COPs in February 2002 and refinanced the original COPs in March 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. The rent expense in the General Fund is projected to be stable over the remaining life of the debt. Upon the sale of the building, the debt will be paid off; there is no penalty for early payoff of the COPs.

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, 2026, will be \$780,000. In FY25/26, a \$385,000 principal payment will be made. The purchase obligation will be fully paid off in FY26/27 unless it is extinguished upon the sale of the building. The principal and interest payments are included in the Proprietary Fund budget. The certificates mature as shown in the table below:

**Debt Repayment Schedule**

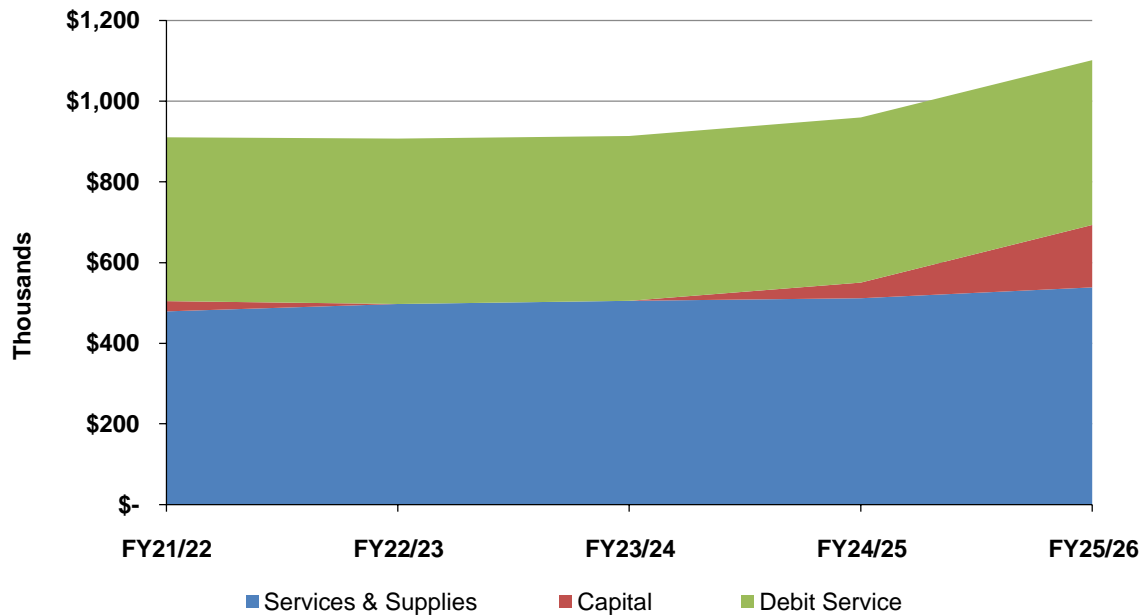
Fiscal Year Ending June 30	Principal	Interest	Total
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
<b>Totals</b>	<b>\$ 780,000</b>	<b>\$ 31,400</b>	<b>\$ 811,400</b>

**Proprietary Fund Trends**

Building revenues consist primarily of District rent, as there are currently no outside tenants. There is also revenue (included as Tenant Rent below) generated from daily/monthly parking passes, though this is less than 5% of the total revenue.

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

Account	FY21/22 Actual	FY22/23 Actual	FY23/24 Actual	FY24/25 Projection	FY25/26 Budget
District Rent	\$ 818,650	\$ 991,211	\$ 1,030,927	\$ 1,018,734	\$ 847,336
Tenant Rent	336,012	358,510	236,425	26,761	34,400
<b>Total Rents</b>	<b>\$ 1,154,662</b>	<b>\$ 1,349,721</b>	<b>\$ 1,267,352</b>	<b>\$ 1,045,495</b>	<b>\$ 881,736</b>

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


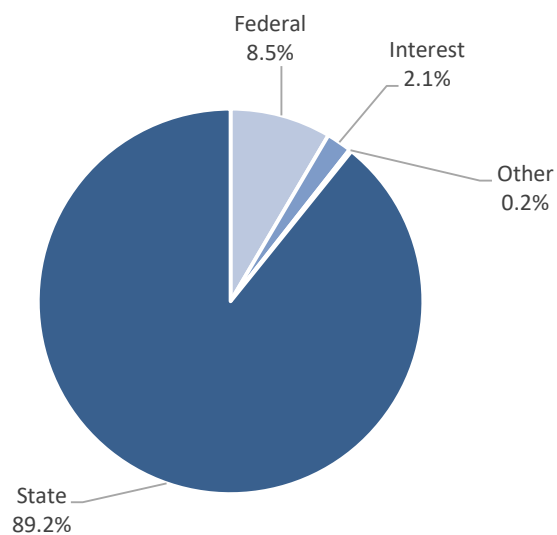
Capital expenses in FY25/26 include funding for potential systems (HVAC) replacements and a relatively minor amount for other unexpected capital improvement projects.

**SPECIAL REVENUE FUND 500**

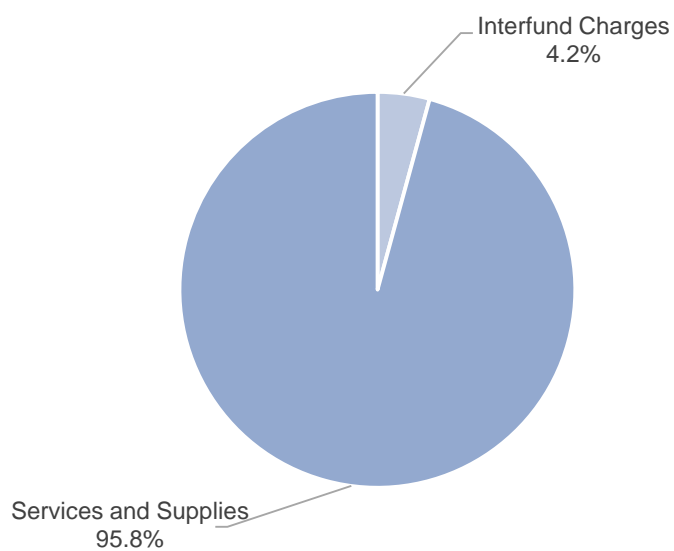
The Special Revenue Fund accounts for the financial activity of restricted funds, generally reflecting grants to provide businesses with incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light-duty on-road vehicles, and owners of off-road equipment, such as that used in agriculture and construction, to modernize their equipment with lower or zero-emission options. Options include re-power, retrofit, and replacement of the equipment, in addition to providing funds for charging and fueling infrastructure. Awards are also made to programs such as Our Community CarShare, in which residents in certain 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 FY25/26 Approved Special Revenue Fund Budget is \$35.4 million in revenues and \$36.1 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 (\$35.4 million)**



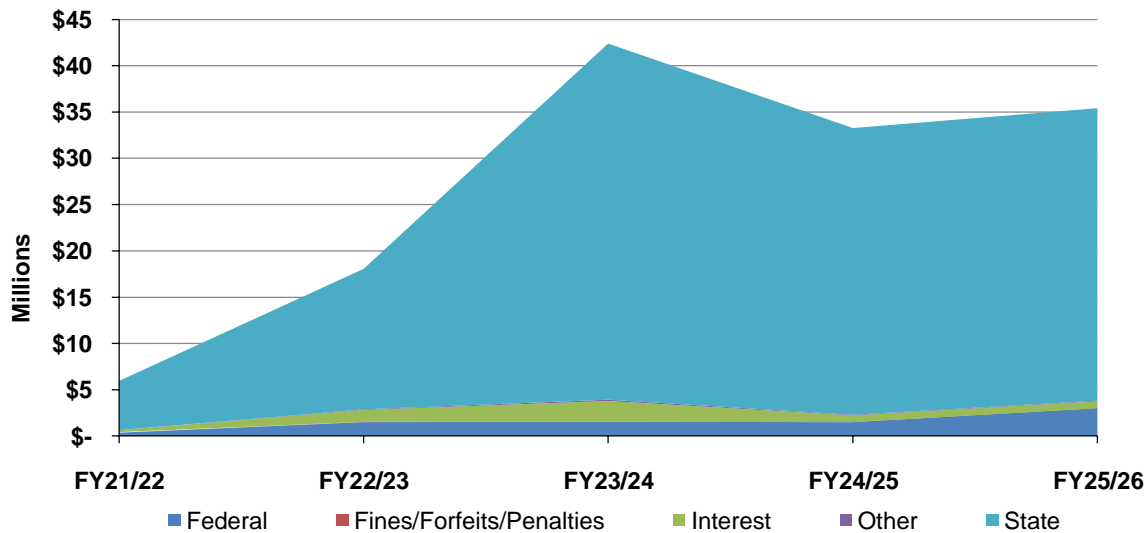
**Special Revenue Fund – Expenditures by Classification (\$36.1 million)**



### Special Revenue Trends

The majority of Special Revenue Funds are from DMV registration fee surcharges (DMV), and state and federal grants, including Moyer, GMERP Heavy Duty Trucks & Locomotive, Community Air Protection Program (CAPP), Clean Cars 4 All (CC4A), and SECAT. Funding for the Special Revenue Fund is much more volatile than the General or Proprietary Funds due to one-time grants, the nature of funding received, and the timing of disbursements. DMV and Moyer (included in the State revenue) are relatively stable and ongoing revenue streams. However, historically, one-time grants, such as CAPP (State revenue) and SECAT (Federal revenue), can vary in amount over time. The increase in revenues in FY23/24 reflects additional State grant funding (mainly CAPP and CC4A funding). The FY25/26 revenue increase is primarily due to a two-year grant from CalSTA for a hydrogen locomotive project. The following graph illustrates the five-year trend of the Special Revenue Fund revenues by account type.

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

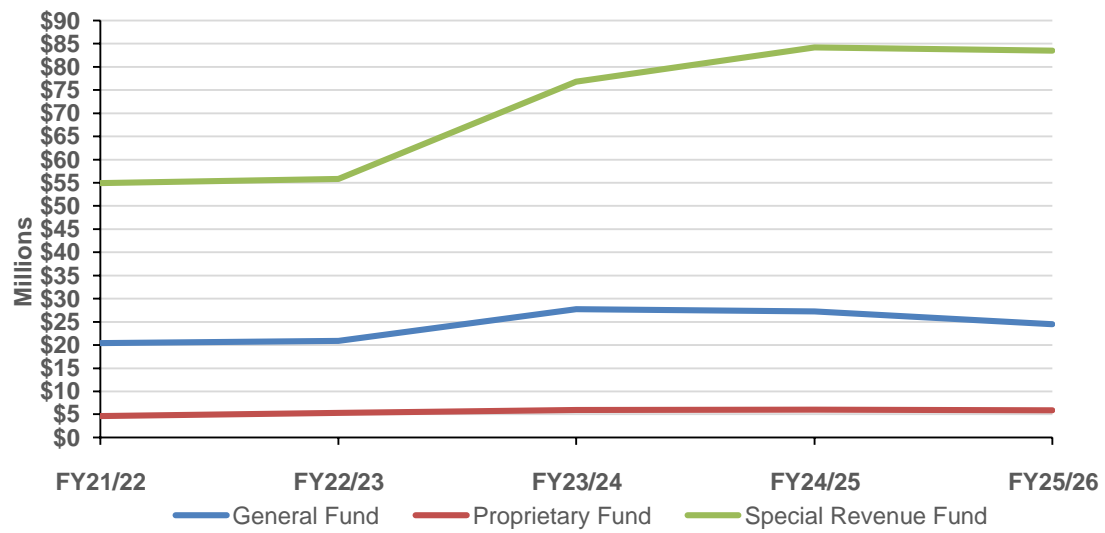


### FUND BALANCE

The District closely manages each fund balance to ensure they remain at adequate and sustainable levels. The fund balance for the General Fund 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 keeping vacant positions open and reducing professional services and capital expenditures. The sharp increase in fund balance in FY23/24 was due to the award of a two-year AB 617 CERP grant. Revenue from that two-year grant (approximately \$5.0 million) was received and recognized in that year. The grant expenditures will occur in FY24/25 and FY25/26 and will be funded from the fund balance. In FY25/26 and beyond, the District anticipates there will be increases in employee services costs, capital expense requirements, and inadequate administrative allocations for implementing grant-related programs. Management will closely evaluate and prioritize District programs to ensure resources are allocated appropriately to continue the essential functions of the District while pursuing additional funding.

The Proprietary Fund is stable, with the revenues from building rent covering most of the recurring 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's funds. The budget tables show the FY23/24 Actuals, the FY24/25 Approved Budget, the FY24/25 Projection, the FY25/26 Approved Budget, as well as the variance between the FY24/25 and the FY25/26 Approved Budgets.

Also included in this section are the schedules for FY25/26 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 FY25/26.

### DISTRICT BUDGET

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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Revenues</b>					
Federal	\$ 7,420,181	\$ 9,674,793	\$ 8,068,833	\$ 7,732,584	\$ (1,942,209)
Fees & Licenses	9,967,647	9,953,047	10,995,603	10,629,795	676,748
Fines/Forfeits/Penalties	379,876	250,000	200,000	300,000	50,000
Interest	3,002,089	1,020,000	1,026,541	1,270,000	250,000
Local Government	94,725	121,851	121,851	28,451	(93,400)
Other	150,951	84,962	88,736	78,938	(6,024)
Rents/Concessions/Royalties	1,267,352	1,055,834	1,045,495	881,736	(174,098)
Sales/Use Tax	2,624,054	2,584,321	2,584,321	2,584,321	-
State	51,848,239	34,295,324	38,267,174	38,760,307	4,464,983
<b>Revenues Total</b>	<b>\$ 76,755,115</b>	<b>\$ 59,040,132</b>	<b>\$ 62,398,554</b>	<b>\$ 62,266,132</b>	<b>\$ 3,226,000</b>
<b>Expenses</b>					
Salaries and Wages	\$ 12,361,702	\$ 13,642,460	\$ 13,034,303	\$ 14,176,782	\$ 534,322
Employee Benefits	5,399,786	6,175,562	5,829,527	6,619,774	444,212
Services and Supplies	30,742,607	46,047,833	35,034,723	44,048,474	(1,999,359)
Capital Expense	599,993	1,323,000	1,064,770	713,000	(610,000)
Debt Service	408,100	408,600	408,600	408,500	(100)
<b>Expenses Total</b>	<b>\$ 49,512,188</b>	<b>\$ 67,597,455</b>	<b>\$ 55,371,923</b>	<b>\$ 65,966,530</b>	<b>\$ (1,630,925)</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 27,242,926</b>	<b>\$ (8,557,323)</b>	<b>\$ 7,026,631</b>	<b>\$ (3,700,398)</b>	

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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Revenues</b>					
Federal	\$ 5,891,669	\$ 6,468,833	\$ 6,568,833	\$ 4,732,584	\$ (1,736,249)
Fees & Licenses	9,967,647	9,953,047	10,995,603	10,629,795	676,748
Fines/Forfeits/Penalties	374,176	250,000	200,000	300,000	50,000
Interest	664,833	250,000	250,000	500,000	250,000
Local Government	94,725	121,851	121,851	28,451	(93,400)
Other	12,866	18,524	22,298	12,500	(6,024)
Sales/Use Tax	2,624,054	2,584,321	2,584,321	2,584,321	-
State	13,366,866	7,295,528	7,314,467	7,190,060	(105,468)
<b>Revenues Total</b>	<b>\$ 32,996,836</b>	<b>\$ 26,942,104</b>	<b>\$ 28,057,373</b>	<b>\$ 25,977,711</b>	<b>\$ (964,393)</b>
<b>Expenses</b>					
Salaries and Wages	\$ 12,361,702	\$ 13,642,460	\$ 13,034,303	\$ 14,176,782	\$ 534,322
Employee Benefits	5,399,786	6,175,562	5,829,527	6,619,774	444,212
Services and Supplies	9,009,865	11,180,818	9,958,194	8,928,262	(2,252,556)
Capital Expense	599,993	1,168,000	1,025,720	558,000	(610,000)
Interfund Charges	(1,045,385)	(2,146,641)	(1,300,000)	(1,532,500)	614,141
<b>Expenses Total</b>	<b>\$ 26,325,961</b>	<b>\$ 30,020,199</b>	<b>\$ 28,547,744</b>	<b>\$ 28,750,318</b>	<b>\$ (1,269,881)</b>
<b>Source / (Use) Fund Balance</b>	<b>\$ 6,670,875</b>	<b>\$ (3,078,095)</b>	<b>\$ (490,371)</b>	<b>\$ (2,772,607)</b>	

## General Fund 100 – Revenues by Account

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Revenues</b>					
<b>Federal</b>					
EPA 103	\$ 199,290	\$ 128,000	\$ 128,000	\$ 128,000	\$ -
EPA 105	1,195,014	1,199,943	1,199,943	1,133,979	(65,964)
Federal	3,686,081	4,440,890	4,540,890	2,792,869	(1,648,021)
FHW-CMAQ	811,284	700,000	700,000	677,736	(22,264)
<b>Subtotal Federal</b>	<b>5,891,669</b>	<b>6,468,833</b>	<b>6,568,833</b>	<b>4,732,584</b>	<b>(1,736,249)</b>
<b>Fees &amp; Licenses</b>					
Ag Burn	20,089	12,000	11,500	16,000	4,000
Asbestos	240,226	218,000	162,000	162,000	(56,000)
Fees & Licenses	18,520	22,292	24,600	26,495	4,203
Mitigation Fees	87,348	150,000	150,000	150,000	-
Rule 301	9,177,008	9,100,000	9,600,000	9,800,000	700,000
SEED Loan-Non Labor	39,597	36,051	644,714	37,100	1,049
SEED Renewal	67,935	64,704	72,789	88,200	23,496
Title V	89,000	120,000	100,000	120,000	-
Toxics AB2588	227,923	230,000	230,000	230,000	-
<b>Subtotal Fees &amp; Licenses</b>	<b>9,967,647</b>	<b>9,953,047</b>	<b>10,995,603</b>	<b>10,629,795</b>	<b>676,748</b>
<b>Fines/Forfeits/Penalties</b>					
Fines/Forfeits/Penalties	374,176	250,000	200,000	300,000	50,000
<b>Subtotal Fines/Forfeits/Penalties</b>	<b>374,176</b>	<b>250,000</b>	<b>200,000</b>	<b>300,000</b>	<b>50,000</b>
<b>Interest</b>					
Interest Earned	664,833	250,000	250,000	500,000	250,000
<b>Subtotal Interest</b>	<b>664,833</b>	<b>250,000</b>	<b>250,000</b>	<b>500,000</b>	<b>250,000</b>
<b>Local Government</b>					
Local Government	94,725	121,851	121,851	28,451	(93,400)
<b>Subtotal Local Government</b>	<b>94,725</b>	<b>121,851</b>	<b>121,851</b>	<b>28,451</b>	<b>(93,400)</b>
<b>Other</b>					
Other	12,866	18,524	22,298	12,500	(6,024)
<b>Subtotal Other</b>	<b>12,866</b>	<b>18,524</b>	<b>22,298</b>	<b>12,500</b>	<b>(6,024)</b>
<b>Sales/Use Tax</b>					
Sales/Use Tax	2,624,054	2,584,321	2,584,321	2,584,321	-
<b>Subtotal Sales/Use Tax</b>	<b>2,624,054</b>	<b>2,584,321</b>	<b>2,584,321</b>	<b>2,584,321</b>	<b>-</b>
<b>State</b>					
ARB Oil & Gas	42,000	42,000	42,000	42,000	-
ARB PERP	255,402	260,000	266,712	280,000	20,000
ARB Subvention	361,664	362,000	361,644	362,000	-
DMV	4,986,921	5,260,000	5,260,000	5,260,000	-
State	7,720,880	1,371,528	1,384,111	1,246,060	(125,468)
<b>Subtotal State</b>	<b>13,366,866</b>	<b>7,295,528</b>	<b>7,314,467</b>	<b>7,190,060</b>	<b>(105,468)</b>
<b>Revenues Total</b>	<b>\$ 32,996,836</b>	<b>\$ 26,942,104</b>	<b>\$ 28,057,373</b>	<b>\$ 25,977,711</b>	<b>\$ (964,393)</b>

## General Fund 100 – Expenses by Account

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Expenses</b>					
<b>Salaries and Wages</b>					
Salaries & Wages-Extra Help	\$ 73,779	\$ 144,769	\$ 89,405	\$ 81,178	\$ (63,591)
Salaries & Wages-OT	97,392	92,535	197,626	145,500	52,965
Salaries & Wages-Premium Pay	66,192	63,327	78,110	82,884	19,557
Salaries & Wages-Regular	12,124,339	13,341,829	12,669,162	13,867,220	525,391
<b>Subtotal Salaries and Wages</b>	<b>12,361,702</b>	<b>13,642,460</b>	<b>13,034,303</b>	<b>14,176,782</b>	<b>534,322</b>
<b>Employee Benefits</b>					
Employee Assistance Program	3,453	5,000	5,000	5,000	-
FICA/Medicare-Employer OASDHI	881,267	978,908	914,267	1,033,398	54,490
Group Insurance	1,718,564	2,036,257	1,891,739	2,077,778	41,521
OPEB GASB 68	700	700	700	700	-
Retirement	2,656,623	3,001,030	2,864,154	3,349,966	348,936
Unemployment-SUI	12,441	28,667	28,667	27,932	(735)
Workers Compensation Insurance	126,738	125,000	125,000	125,000	-
<b>Subtotal Employee Benefits</b>	<b>5,399,786</b>	<b>6,175,562</b>	<b>5,829,527</b>	<b>6,619,774</b>	<b>444,212</b>
<b>Services and Supplies</b>					
<b>Subtotal Services and Supplies</b>	<b>9,009,865</b>	<b>11,180,818</b>	<b>9,958,194</b>	<b>8,928,262</b>	<b>(2,252,556)</b>
<b>Capital Expense</b>					
FA-Computer & Network	-	82,000	41,000	82,000	-
FA-Lab Equipment	247,584	231,000	175,000	246,000	15,000
FA-Monitoring Structures	42,870	655,000	610,000	230,000	(425,000)
FA-Vehicles	309,539	200,000	190,250	-	(200,000)
<b>Subtotal Capital Expense</b>	<b>599,993</b>	<b>1,168,000</b>	<b>1,025,720</b>	<b>558,000</b>	<b>(610,000)</b>
<b>Interfund Charges</b>					
Transfer-In	(1,045,385)	(2,146,641)	(1,300,000)	(1,532,500)	614,141
<b>Subtotal Interfund Charges</b>	<b>(1,045,385)</b>	<b>(2,146,641)</b>	<b>(1,300,000)</b>	<b>(1,532,500)</b>	<b>614,141</b>
<b>Expenses Total</b>	<b>\$ 26,325,961</b>	<b>\$ 30,020,199</b>	<b>\$ 28,547,744</b>	<b>\$ 28,750,318</b>	<b>\$ (1,269,881)</b>

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

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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Expenses</b>					
<b>Services and Supplies</b>					
Advertising, Comm & Outreach	\$ 1,142,330	\$ 1,028,236	\$ 815,500	\$ 1,020,736	\$ (7,500)
Alternative Transit	20,357	25,550	17,682	19,833	(5,717)
Banking & Finance	276	2,435	1,250	2,469	34
Books/Periodicals/Subscriptions	26,886	32,173	23,735	33,983	1,810
Breakroom Supplies	1,780	1,800	2,000	2,200	400
Business Meetings	149,931	233,400	160,560	252,870	19,470
Collaborations	79,127	102,000	100,726	103,000	1,000
Document Storage & Handling	35,698	33,200	35,000	35,200	2,000
Education & Training	40,424	144,900	68,450	134,060	(10,840)
Food	273	-	35	-	-
Fuel & Lubricants	12,992	16,680	10,400	12,720	(3,960)
Internship	7,375	8,000	8,000	-	(8,000)
IS Data Processing Services	42,746	49,400	48,700	54,820	5,420
IS Hardware	74,380	146,444	148,489	168,184	21,740
IS Internet	35,205	36,232	36,192	37,708	1,476
IS Mobile Devices/Services	52,502	51,962	51,944	60,280	8,318
IS SaaS-Software as a Service	524,917	717,499	749,259	755,191	37,692
IS Software	75,105	87,337	68,309	80,650	(6,687)
IS Supplies	8,334	15,564	12,000	15,564	-
Lab Analysis	61,297	106,000	40,200	90,000	(16,000)
Laboratory Equipment & Supplies	52,208	68,000	50,000	63,500	(4,500)
Legal Services	11,532	33,000	12,834	24,000	(9,000)
Legislative Advocacy	66,000	66,250	66,250	66,250	-
Maintenance & Repairs	26,768	27,000	16,600	32,000	5,000
Medical Services	796	3,000	3,000	3,000	-
Membership Dues	32,780	64,140	60,340	63,653	(487)
Mileage/Parking	31,231	32,510	31,470	33,610	1,100
Miscellaneous	(11,106)	100	-	-	(100)
Office Equipment/Furniture	2,576	8,500	6,100	8,500	-
Office Services	493	1,000	500	1,000	-
Office Supplies	1,976	8,500	6,925	9,025	525
Postage/Shipping/Messenger	11,572	18,950	20,800	25,600	6,650
Printing	8,047	10,200	4,850	14,000	3,800
Prof Svc-Consulting	1,636,076	2,420,650	1,670,000	1,830,310	(590,340)
Program Distribution-EPA Grant	3,100,113	3,863,031	3,863,031	2,341,800	(1,521,231)
Property & Liability Insurance	252,050	298,700	292,700	320,700	22,000
Property Management	5,270	25,000	2,000	25,000	-
Public Notices	10,412	28,750	33,370	34,050	5,300
Recognition	11,561	21,300	23,742	30,960	9,660
Recording Fees	50	200	-	200	-
Recruitment	36,508	10,000	10,000	10,000	-
Rent/Lease-Equipment	72,969	79,835	41,118	82,276	2,441
Rent/Lease-Real Property	1,012,728	1,005,834	1,000,874	835,204	(170,630)
Safety Supplies	18,504	5,000	6,870	7,850	2,850
Stipends	13,400	63,600	44,700	82,200	18,600
Telephone Services	25,416	24,936	24,936	17,532	(7,404)
Temporary Staffing	38,369	80,000	198,400	5,000	(75,000)
Tools/Small Equipment	4,229	6,120	6,591	10,170	4,050
Utilities	19,215	20,400	18,000	21,504	1,104
Debt Service/SBITA - Subscription Principal Expen	76,037	-	-	-	-
Debt Service/SBITA - Subscription Interest Expens	2,083	-	-	-	-
Vehicle Maintenance	43,864	47,500	43,300	49,900	2,400
<b>Subtotal Services and Supplies</b>	<b>9,009,865</b>	<b>11,180,818</b>	<b>9,958,194</b>	<b>8,928,262</b>	<b>(2,252,556)</b>



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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Revenues</b>					
Interest	\$ 81,147	\$ 20,000	\$ 26,541	\$ 20,000	\$ -
Rents/Concessions/Royalties	1,267,352	1,055,834	1,045,495	881,736	(174,098)
<b>Revenues Total</b>	<b>\$ 1,348,500</b>	<b>\$ 1,075,834</b>	<b>\$ 1,072,036</b>	<b>\$ 901,736</b>	<b>\$ (174,098)</b>
<b>Expenses</b>					
Services and Supplies	\$ 505,538	\$ 512,234	\$ 511,796	\$ 538,236	\$ 26,002
Capital Expense	-	155,000	39,050	155,000	-
Debt Service	408,100	408,600	408,600	408,500	(100)
<b>Expenses Total</b>	<b>\$ 913,638</b>	<b>\$ 1,075,834</b>	<b>\$ 959,446</b>	<b>\$ 1,101,736</b>	<b>\$ 25,902</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 434,861</b>	<b>\$ -</b>	<b>\$ 112,590</b>	<b>\$ (200,000)</b>	

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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Revenues</b>					
<b>Interest Earned</b>					
Interest Earned	\$ 81,147	\$ 20,000	\$ 26,541	\$ 20,000	\$ -
<b>Subtotal Interest</b>	<b>81,147</b>	<b>20,000</b>	<b>26,541</b>	<b>20,000</b>	<b>-</b>
<b>Rents/Concessions/Royalties</b>					
Parking	66,829	67,460	57,121	67,400	(60)
Rents/Concessions/Royalties	1,200,523	988,374	988,374	814,336	(174,038)
<b>Subtotal Rents/Concessions/Royalties</b>	<b>1,267,352</b>	<b>1,055,834</b>	<b>1,045,495</b>	<b>881,736</b>	<b>(174,098)</b>
<b>Revenues Total</b>	<b>\$ 1,348,500</b>	<b>\$ 1,075,834</b>	<b>\$ 1,072,036</b>	<b>\$ 901,736</b>	<b>\$ (174,098)</b>
<b>Expenses</b>					
<b>Services and Supplies</b>					
Banking & Finance	\$ 2,273	\$ 2,173	\$ 2,173	\$ 2,173	\$ -
Maintenance & Repairs	24,236	35,663	46,077	48,125	12,462
Mileage/Parking	180,434	160,000	165,473	173,746	13,746
Office Equipment/Furniture	1,528	785	1,802	3,500	2,715
Office Services	84,081	86,578	72,679	76,572	(10,006)
Prof Svc-Consulting	-	-	-	-	-
Property & Liability Insurance	50,314	54,000	54,000	62,100	8,100
Property Management	24,000	24,000	24,000	24,000	-
Security	33,687	23,960	35,928	34,820	10,860
Tax/Lic/Assessment	3,667	3,851	3,805	3,900	49
Utilities	101,317	121,224	105,859	109,300	(11,924)
<b>Subtotal Services and Supplies</b>	<b>505,538</b>	<b>512,234</b>	<b>511,796</b>	<b>538,236</b>	<b>26,002</b>
<b>Capital Expense</b>					
FA-Leasehold Improvement	-	155,000	39,050	155,000	-
<b>Subtotal Capital Expense</b>	<b>-</b>	<b>155,000</b>	<b>39,050</b>	<b>155,000</b>	<b>-</b>
<b>Debt Service</b>					
Interest Expense	53,100	38,600	38,600	23,500	(15,100)
Principal	355,000	370,000	370,000	385,000	15,000
<b>Subtotal Debt Service</b>	<b>408,100</b>	<b>408,600</b>	<b>408,600</b>	<b>408,500</b>	<b>(100)</b>
<b>Expenses Total</b>	<b>\$ 913,638</b>	<b>\$ 1,075,834</b>	<b>\$ 959,446</b>	<b>\$ 1,101,736</b>	<b>\$ 25,902</b>

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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Revenues</b>					
Federal	\$ 1,528,512	\$ 3,205,960	\$ 1,500,000	\$ 3,000,000	\$ (205,960)
Fines/Forfeits/Penalties	5,700	-	-	-	-
Interest	2,256,109	750,000	750,000	750,000	-
Other	138,085	66,438	66,438	66,438	-
State	38,481,373	26,999,796	30,952,707	31,570,247	4,570,451
<b>Revenues Total</b>	<b>\$ 42,409,779</b>	<b>\$ 31,022,194</b>	<b>\$ 33,269,145</b>	<b>\$ 35,386,685</b>	<b>\$ 4,364,491</b>
<b>Expenses</b>					
Interfund Charges	\$ 1,045,385	\$ 2,146,641	\$ 1,300,000	\$ 1,532,500	\$ (614,141)
Services and Supplies	21,227,204	34,354,781	24,564,733	34,581,976	227,195
<b>Expenses Total</b>	<b>\$ 22,272,589</b>	<b>\$ 36,501,422</b>	<b>\$ 25,864,733</b>	<b>\$ 36,114,476</b>	<b>\$ (386,946)</b>
<b>Fund Balance Source / (Use)</b>	<b>\$ 20,137,190</b>	<b>\$ (5,479,228)</b>	<b>\$ 7,404,412</b>	<b>\$ (727,791)</b>	

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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Revenues</b>					
<b>Federal</b>					
FHW-SECAT	\$ 1,528,512	\$ 3,205,960	\$ 1,500,000	\$ 3,000,000	\$ (205,960)
<b>Fines/Forfeits/Penalties</b>					
Fines/Forfeits/Penalties	5,700	-	-	-	-
<b>Subtotal Fines/Forfeits/Penalties</b>	<b>5,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest</b>					
Interest Earned	2,256,109	750,000	750,000	750,000	-
<b>Subtotal Interest</b>	<b>2,256,109</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>-</b>
<b>Other</b>					
Auction	138,085	66,438	66,438	66,438	-
<b>Subtotal Other</b>	<b>138,085</b>	<b>66,438</b>	<b>66,438</b>	<b>66,438</b>	<b>-</b>
<b>State</b>					
DMV	2,542,533	2,600,000	2,600,000	2,600,000	-
State	35,938,840	24,399,796	28,352,707	28,970,247	4,570,451
<b>Subtotal State</b>	<b>38,481,373</b>	<b>26,999,796</b>	<b>30,952,707</b>	<b>31,570,247</b>	<b>4,570,451</b>
<b>Revenues Total</b>	<b>\$ 42,409,779</b>	<b>\$ 31,022,194</b>	<b>\$ 33,269,145</b>	<b>\$ 35,386,685</b>	<b>\$ 4,364,491</b>
<b>Expenses</b>					
<b>Services and Supplies</b>					
Incentive Projects	\$ 21,056,387	\$ 34,054,781	\$ 24,427,733	\$ 34,481,976	\$ 427,195
Prof Svc-Consulting	170,817	300,000	137,000	100,000	(200,000)
<b>Subtotal Services and Supplies</b>	<b>21,227,204</b>	<b>34,354,781</b>	<b>24,564,733</b>	<b>34,581,976</b>	<b>227,195</b>
<b>Interfund Charges</b>					
Transfer-Out	1,045,385	2,146,641	1,300,000	1,532,500	(614,141)
<b>Subtotal Interfund Charges</b>	<b>1,045,385</b>	<b>2,146,641</b>	<b>1,300,000</b>	<b>1,532,500</b>	<b>(614,141)</b>
<b>Expenses Total</b>	<b>\$ 22,272,589</b>	<b>\$ 36,501,422</b>	<b>\$ 25,864,733</b>	<b>\$ 36,114,476</b>	<b>\$ (386,946)</b>

**CAPITAL EXPENSES BUDGET**

### Capital Expenses – by Fund

Fund Description	FY25/26 Budget
<b>100 General</b>	
Storage array	\$ 16,500
Storage server for storage array	5,500
Simplivity node	60,000
Data logger	10,000
Chart recorder	17,000
FEM BAM1020	25,000
Non-FEM BAM1020	25,000
H2 generator	10,000
N2 generator	10,000
Auto GC Parts - Install	40,000
CO Analyzer	18,000
Dilution Calibrator	35,000
Ozone analyzer	15,000
Zero air generator	15,000
Non-Methane hydrocarbon analyzer	26,000
Air monitoring stations	230,000
<b>100 General Subtotal</b>	<b>558,000</b>
<b>400 Proprietary</b>	
HVAC replacements	\$ 115,000
Miscellaneous - annual improvements	40,000
<b>400 Proprietary Subtotal</b>	<b>155,000</b>
<b>Capital Expenses Total</b>	<b>\$ 713,000</b>

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

Fund	Type	Fund Balance 06/30/24	FY24/25 Projected Revenues	FY24/25 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/25
100	General Fund	\$ 27,733,607	\$ 28,057,373	\$ 28,547,744	\$ (490,371)	\$ 27,243,236
400	Proprietary Fund	5,931,865	1,072,036	959,446	112,590	6,044,455
500	Special Revenue Fund	76,816,755	33,269,145	25,864,733	7,404,412	84,221,167
<b>Total</b>		<b>\$ 110,482,227</b>	<b>\$ 62,398,554</b>	<b>\$ 55,371,923</b>	<b>\$ 7,026,631</b>	<b>\$ 117,508,858</b>

Fund	Type	Projected Fund Balance 06/30/25	FY25/26 Approved Revenues	FY25/26 Approved Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/26
100	General Fund	\$ 27,243,236	\$ 25,977,711	\$ 28,750,318	\$ (2,772,607)	\$ 24,470,629
400	Proprietary Fund	6,044,455	901,736	1,101,736	(200,000)	5,844,455
500	Special Revenue Fund	84,221,167	35,386,685	36,114,476	(727,791)	83,493,376
<b>Total</b>		<b>\$ 117,508,858</b>	<b>\$ 62,266,132</b>	<b>\$ 65,966,530</b>	<b>\$ (3,700,398)</b>	<b>\$ 113,808,460</b>

The increase in the FY24/25 Special Revenue fund balance is mainly because of higher Moyer grant revenues and lower Clean Cars 4 All participant disbursements than planned.

The use of fund balance in the General Fund for FY25/26 is primarily due to expenditures for the CERP grant and, to a lesser extent, recurring operational costs exceeding annual revenue increases. The FY25/26 fund balance decrease for the Special Revenue Fund is due to the normal variation in receipt and disbursement of incentive grant funds.

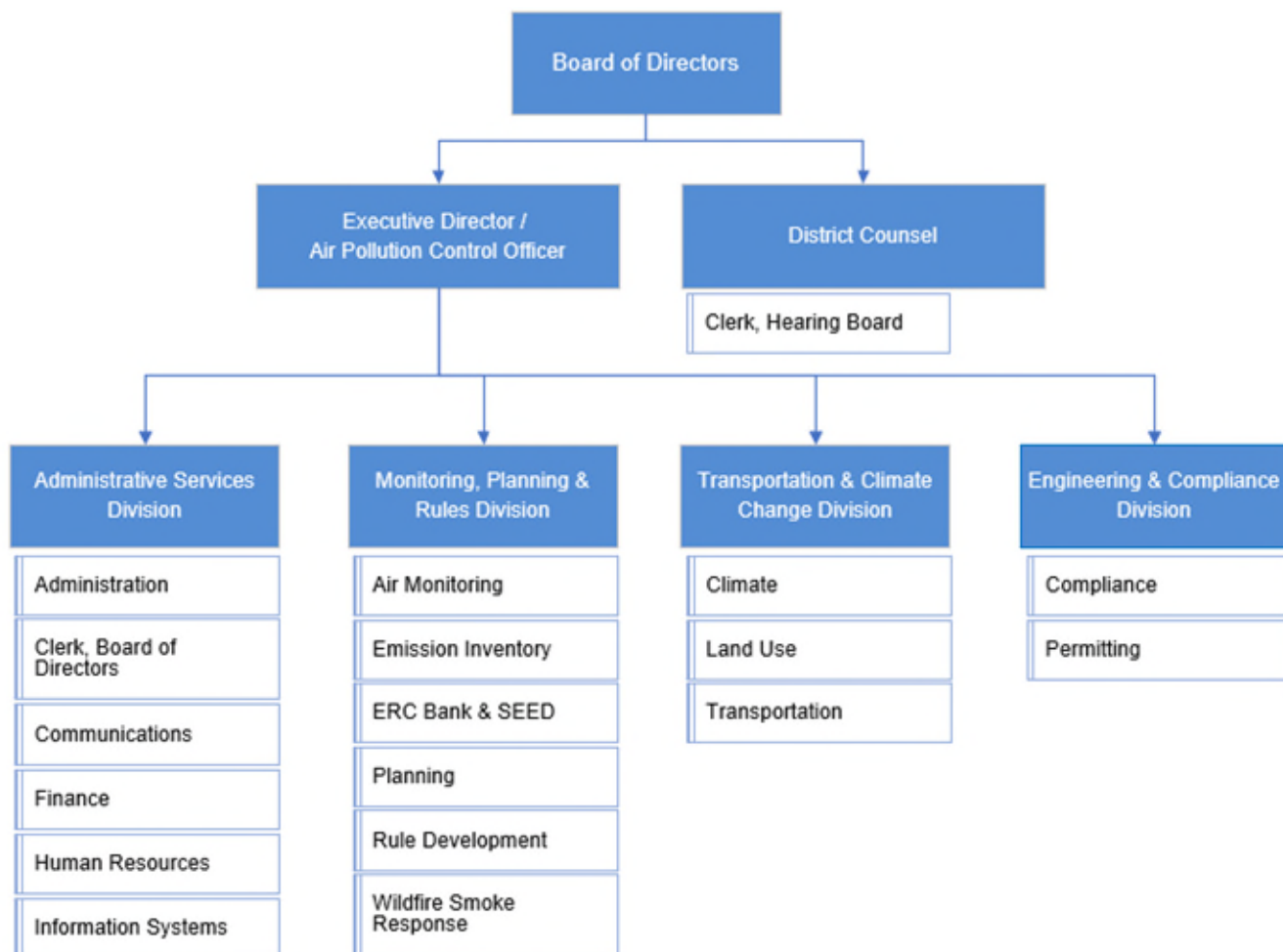
## SECTION 7 - Organizational Overview

This section includes the District's organizational structure, staffing and pay schedules, division budgets, as well as division functions, program summaries, key initiatives for FY25/26, and major accomplishments. The District is organized into divisions that administer various programs and undertake initiatives to support the District's mission and strategic goals.

### ORGANIZATIONAL STRUCTURE

The District Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member each from the Cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency's Executive Director/APCO and District Counsel. The District's organizational structure is comprised of the offices of the Executive Director (EXEC) and the District Counsel (DC), and four operating divisions: Administrative Services (ASD); Monitoring, Planning & Rules (MPR); Transportation & Climate Change (TCC); and Engineering and Compliance (ECD).

**Organization Chart**





**STAFFING**

The FY25/26 Approved Budget includes 105.8 Full-Time Equivalent (FTE) positions, the same as for FY24/25. Each year, the District reassesses the priorities, critical needs, and funding capacity and then recommends positions to be funded in the budget. The following two staffing schedules represent the approved FTE, first displaying positions by classification and then positions by division.

**Positions by Classification**

Classification	FY23/24 Amended	FY24/25 Approved	FY24/25 Amended	Change	FY25/26 Approved
<b>AUTHORIZED</b>					
<b>Regular</b>					
Accountant	-	1.0	1.0	-	1.0
Administrative Assistant	-	-	1.0	-	1.0
Administrative Specialist	4.0	4.0	4.0	-	4.0
Administrative Supervisor/Clerk of Board	1.0	1.0	1.0	-	1.0
Air Pollution Control Officer	1.0	1.0	1.0	-	1.0
Air Quality Engineer	21.0	21.0	21.0	-	21.0
Air Quality Instrument Specialist	3.0	3.0	3.0	-	3.0
Air Quality Planner/Analyst	10.0	11.0	11.0	-	11.0
Air Quality Specialist	22.8	23.8	23.8	-	23.8
Communication & Marketing Specialist	2.0	2.0	2.0	-	2.0
Controller	1.0	1.0	1.0	-	1.0
District Counsel	1.0	1.0	1.0	-	1.0
Division Director	4.0	4.0	4.0	-	4.0
Financial Analyst	1.0	1.0	1.0	-	1.0
Human Resource Technician	1.0	1.0	1.0	-	1.0
Human Resources Officer	1.0	1.0	1.0	-	1.0
Information Systems Analyst	3.0	3.0	3.0	-	3.0
Information Systems Manager	1.0	1.0	1.0	-	1.0
Legal Assistant	1.0	1.0	1.0	-	1.0
Office Assistant	3.0	5.0	4.0	-	4.0
Program Manager	5.0	5.0	5.0	-	5.0
Program Supervisor	12.0	12.0	12.0	-	12.0
Senior Accountant	1.0	1.0	1.0	-	1.0
Statistician	1.0	1.0	1.0	-	1.0
<b>Limited Term</b>					
Air Quality Engineer/Specialist/Planner	1.0	-	-	-	-
<b>AUTHORIZED Total</b>	<b>101.8</b>	<b>105.8</b>	<b>105.8</b>	<b>-</b>	<b>105.8</b>

## Approved FY25/26 Positions by Division

Classification	ASD	DC	EXEC	MPR	ECD	TCC	Total FTE
<b>AUTHORIZED</b>							
<b>Regular</b>							
Accountant	1.0	-	-	-	-	-	1.0
Administrative Assistant	1.0	-	-	-	-	-	1.0
Administrative Specialist	4.0	-	-	-	-	-	4.0
Admin Supervisor/Clerk of Board	1.0	-	-	-	-	-	1.0
Air Pollution Control Officer	-	-	1.0	-	-	-	1.0
Air Quality Engineer	-	-	-	4.0	11.0	6.0	21.0
Air Quality Instrument Specialist	-	-	-	3.0	-	-	3.0
Air Quality Planner/Analyst	-	-	-	3.0	-	8.0	11.0
Air Quality Specialist	-	-	-	5.0	13.8	5.0	23.8
Communication & Marketing Specialist	2.0	-	-	-	-	-	2.0
Controller	1.0	-	-	-	-	-	1.0
District Counsel	-	1.0	-	-	-	-	1.0
Division Director	1.0	-	-	1.0	1.0	1.0	4.0
Financial Analyst	1.0	-	-	-	-	-	1.0
Human Resource Technician	1.0	-	-	-	-	-	1.0
Human Resources Officer	1.0	-	-	-	-	-	1.0
Information Systems Analyst	3.0	-	-	-	-	-	3.0
Information Systems Manager	1.0	-	-	-	-	-	1.0
Legal Assistant	-	1.0	-	-	-	-	1.0
Office Assistant	2.0	-	-	-	-	2.0	4.0
Program Manager	1.0	-	-	1.0	2.0	1.0	5.0
Program Supervisor	1.0	-	-	3.0	5.0	3.0	12.0
Senior Accountant	1.0	-	-	-	-	-	1.0
Statistician	-	-	-	1.0	-	-	1.0
<b>AUTHORIZED Total</b>	<b>21.0</b>	<b>2.0</b>	<b>1.0</b>	<b>21.0</b>	<b>32.8</b>	<b>26.0</b>	<b>105.8</b>

**PAY SCHEDULE**

The following monthly pay schedule includes a cost-of-living adjustment (COLA) of 2.5%, 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, 2025**

Classification	Monthly	
	Minimum	Maximum
Accountant	7,579.91	9,213.43
Administrative Assistant	5,438.28	6,610.26
Administrative Specialist I	6,996.93	8,504.81
Administrative Specialist II	7,579.91	9,213.43
Administrative Supervisor/Clerk of the Board	8,491.29	11,359.31
Air Pollution Control Officer (contract by Board of Directors)	24,362.03	24,362.03
Air Quality Engineer (Assistant)	8,045.24	9,779.04
Air Quality Engineer (Associate)	9,344.12	11,357.84
Air Quality Planner/Analyst (Assistant)	8,045.24	9,779.04
Air Quality Planner/Analyst (Associate)	9,344.12	11,357.84
Air Quality Specialist (Assistant)	8,045.24	9,779.04
Air Quality Specialist (Associate)	9,344.12	11,357.84
Communications & Marketing Specialist (Assistant)	8,045.24	9,779.04
Communications & Marketing Specialist (Associate)	9,344.12	11,357.84
Controller	11,219.98	15,035.36
District Counsel (contract by Board of Directors)	23,580.33	23,580.33
Division Director	12,896.73	17,282.35
Financial Analyst	8,188.48	9,953.15
Human Resources Officer	8,491.29	11,359.31
Human Resources Technician I	5,438.28	6,610.26
Human Resources Technician II	6,254.61	7,602.52
Information Systems Analyst (Assistant)	7,518.39	9,138.65
Information Systems Analyst (Associate)	8,645.77	10,508.99
Information Systems Manager	11,219.98	15,035.36
Legal Assistant I	5,671.81	6,894.12
Legal Assistant II	6,238.43	7,582.85
Office Assistant I	3,770.69	4,583.30
Office Assistant II	4,228.48	5,139.74
Program Manager	11,219.98	15,035.36
Program Supervisor	9,759.94	13,079.60
Senior Accountant	8,188.48	9,953.15
Statistician	9,344.12	11,357.84

Note: In addition to the wages listed above, the District provides special compensation as follows: Directors receive a board-approved 5% management pay differential. Employees may receive incentive pay equal to 5% of their base pay if they have earned professional certifications or licenses relevant to their job, such as Professional Engineer or Certified Public Accountant, or job-relevant doctorate degrees per board-approved Memorandum of Understanding.

**DIVISION BUDGETS**

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

For the FY25/26 Approved Budget, the large decrease in Services and Supplies for the Monitoring, Planning, and Rules (MPR) program is due to normal variation in disbursements to sub-recipients for the TAG projects. The decrease in Capital Expenses for the MPR program is because a major renovation of an air monitoring structure is scheduled to be completed in FY24/25; no large air monitoring structure improvement is planned for FY25/26.

**DISTRICTWIDE – Expenditures by Division by Classification**

Classification Account	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Administrative Services</b>				
Salaries and Wages	\$ 2,812,950	\$ 2,536,090	\$ 2,901,581	\$ 88,631
Employee Benefits	1,281,872	1,192,400	1,371,803	89,931
Services and Supplies	1,689,435	1,591,085	1,805,487	116,052
Capital Expense	282,000	42,250	82,000	(200,000)
<b>Subtotal Administrative Services</b>	<b>6,066,257</b>	<b>5,361,825</b>	<b>6,160,871</b>	<b>94,614</b>
<b>District Counsel</b>				
Salaries and Wages	374,721	363,484	384,025	9,304
Employee Benefits	187,038	153,363	201,759	14,721
Services and Supplies	64,563	50,229	66,560	1,997
<b>Subtotal District Counsel</b>	<b>626,322</b>	<b>567,076</b>	<b>652,344</b>	<b>26,022</b>
<b>Executive Office</b>				
Salaries and Wages	304,397	301,391	316,748	12,351
Employee Benefits	147,464	105,812	159,580	12,116
Services and Supplies	248,350	235,050	272,425	24,075
<b>Subtotal Executive Office</b>	<b>700,211</b>	<b>642,253</b>	<b>748,753</b>	<b>48,542</b>
<b>Non-Departmental</b>				
Salaries and Wages	(345,256)	-	(345,256)	-
Employee Benefits	(24,744)	127,082	(24,744)	-
Services and Supplies	2,060,968	1,804,530	1,684,932	(376,036)
Capital Expense	155,000	39,050	155,000	-
Debt Service	408,600	408,600	408,500	(100)
<b>Subtotal Non-Departmental</b>	<b>2,254,568</b>	<b>2,379,262</b>	<b>1,878,432</b>	<b>(376,136)</b>
<b>Monitoring, Planning and Rules</b>				
Salaries and Wages	2,718,609	2,587,250	3,044,235	325,626
Employee Benefits	1,162,180	1,113,768	1,340,179	177,999
Services and Supplies	5,399,893	4,750,932	3,718,110	(1,681,783)
Capital Expense	886,000	785,000	476,000	(410,000)
<b>Subtotal Monitoring, Planning and Rules</b>	<b>10,166,682</b>	<b>9,236,950</b>	<b>8,578,524</b>	<b>(1,588,158)</b>
<b>Engineering and Compliance</b>				
Salaries and Wages	4,435,334	4,379,380	4,598,584	163,250
Employee Benefits	2,015,863	1,949,244	2,109,446	93,583
Services and Supplies	659,443	875,511	720,412	60,969
Capital Expense	-	189,000	-	-
<b>Subtotal Engineering and Compliance</b>	<b>7,110,640</b>	<b>7,393,135</b>	<b>7,428,442</b>	<b>317,802</b>
<b>Transportation &amp; Climate Change</b>				
Salaries and Wages	3,341,705	2,866,708	3,276,865	(64,840)
Employee Benefits	1,405,889	1,187,858	1,461,751	55,862
Services and Supplies	35,925,181	25,727,386	35,780,548	(144,633)
Capital Expense	-	9,470	-	-
<b>Subtotal Transportation &amp; Climate Change</b>	<b>40,672,775</b>	<b>29,791,422</b>	<b>40,519,164</b>	<b>(153,611)</b>
<b>Expenses Total</b>	<b>\$ 67,597,455</b>	<b>\$ 55,371,923</b>	<b>\$ 65,966,530</b>	<b>\$ (1,630,925)</b>

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

Classification Account	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Administrative Services</b>				
Salaries and Wages	\$ 2,812,950	\$ 2,536,090	\$ 2,901,581	\$ 88,631
Employee Benefits	1,281,872	1,192,400	1,371,803	89,931
Services and Supplies	1,689,435	1,591,085	1,805,487	116,052
Capital Expense	282,000	42,250	82,000	(200,000)
<b>Subtotal Administrative Services</b>	<b>6,066,257</b>	<b>5,361,825</b>	<b>6,160,871</b>	<b>94,614</b>
<b>District Counsel</b>				
Salaries and Wages	374,721	363,484	384,025	9,304
Employee Benefits	187,038	153,363	201,759	14,721
Services and Supplies	64,563	50,229	66,560	1,997
<b>Subtotal District Counsel</b>	<b>626,322</b>	<b>567,076</b>	<b>652,344</b>	<b>26,022</b>
<b>Executive Office</b>				
Salaries and Wages	304,397	301,391	316,748	12,351
Employee Benefits	147,464	105,812	159,580	12,116
Services and Supplies	248,350	235,050	272,425	24,075
<b>Subtotal Executive Office</b>	<b>700,211</b>	<b>642,253</b>	<b>748,753</b>	<b>48,542</b>
<b>Non-Departmental</b>				
Salaries and Wages	(345,256)	-	(345,256)	-
Employee Benefits	(24,744)	127,082	(24,744)	-
Services and Supplies	1,548,734	1,292,734	1,146,696	(402,038)
<b>Subtotal Non-Departmental</b>	<b>1,178,734</b>	<b>1,419,816</b>	<b>776,696</b>	<b>(402,038)</b>
<b>Monitoring, Planning and Rules</b>				
Salaries and Wages	2,718,609	2,587,250	3,044,235	325,626
Employee Benefits	1,162,180	1,113,768	1,340,179	177,999
Services and Supplies	5,399,893	4,750,932	3,718,110	(1,681,783)
Capital Expense	886,000	785,000	476,000	(410,000)
<b>Subtotal Monitoring, Planning and Rules</b>	<b>10,166,682</b>	<b>9,236,950</b>	<b>8,578,524</b>	<b>(1,588,158)</b>
<b>Engineering and Compliance</b>				
Salaries and Wages	4,435,334	4,379,380	4,598,584	163,250
Employee Benefits	2,015,863	1,949,244	2,109,446	93,583
Services and Supplies	659,443	875,511	720,412	60,969
Capital Expense	-	189,000	-	-
<b>Subtotal Engineering and Compliance</b>	<b>7,110,640</b>	<b>7,393,135</b>	<b>7,428,442</b>	<b>317,802</b>
<b>Transportation &amp; Climate Change</b>				
Salaries and Wages	3,341,705	2,866,708	3,276,865	(64,840)
Employee Benefits	1,405,889	1,187,858	1,461,751	55,862
Services and Supplies	1,570,400	1,162,653	1,198,572	(371,828)
Capital Expense	-	9,470	-	-
Interfund Charges	(2,146,641)	(1,300,000)	(1,532,500)	614,141
<b>Subtotal Transportation &amp; Climate Change</b>	<b>4,171,353</b>	<b>3,926,689</b>	<b>4,404,688</b>	<b>233,335</b>
<b>Expenses Total</b>	<b>\$ 30,020,199</b>	<b>\$ 28,547,744</b>	<b>\$ 28,750,318</b>	<b>\$ (1,269,881)</b>

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

Classification Account	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Non-Departmental</b>				
Services and Supplies	\$ 512,234	\$ 511,796	\$ 538,236	\$ 26,002
Capital Expense	155,000	39,050	155,000	-
Debt Service	408,600	408,600	408,500	(100)
<b>Subtotal Non-Departmental</b>	<b>1,075,834</b>	<b>959,446</b>	<b>1,101,736</b>	<b>25,902</b>
<b>Expenses Total</b>	<b>\$ 1,075,834</b>	<b>\$ 959,446</b>	<b>\$ 1,101,736</b>	<b>\$ 25,902</b>

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

Classification Account	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
<b>Transportation &amp; Climate Change</b>				
Services and Supplies	\$ 34,354,781	\$ 24,564,733	\$ 34,581,976	\$ 227,195
Interfund Charges	2,146,641	1,300,000	1,532,500	(614,141)
<b>Subtotal Transportation &amp; Climate Change</b>	<b>36,501,422</b>	<b>25,864,733</b>	<b>36,114,476</b>	<b>(386,946)</b>
<b>Expenses Total</b>	<b>\$ 36,501,422</b>	<b>\$ 25,864,733</b>	<b>\$ 36,114,476</b>	<b>\$ (386,946)</b>



**PROGRAM BUDGETS**

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

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

Program	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
Administration	\$ 1,411,910	\$ 1,071,720	\$ 1,245,851	\$ (166,059)
Agricultural	219,510	149,896	220,848	1,338
Air Monitoring	2,947,368	2,667,159	2,603,701	(343,667)
Asbestos	379,249	340,099	398,297	19,048
Asbestos NOA	7,710	4,312	8,146	436
Board of Directors	13,901	19,177	47,884	33,983
Communications	1,163,564	1,040,605	1,180,623	17,059
Complaints	254,012	168,068	275,615	21,603
District Counsel	626,222	566,976	652,244	26,022
Emission Credit Program	41,706	14,677	58,666	16,960
Emission Inventory	313,215	315,032	334,134	20,919
Exchange Programs	1,500	4,461	25,021	23,521
Finance	1,453,459	1,276,367	1,556,519	103,060
GHG	2,021,592	1,256,642	2,021,014	(578)
Government Affairs	3,863,031	3,863,031	2,341,800	(1,521,231)
Hearing Board	6,148	245	12,175	6,027
Human Resources	442,120	478,800	482,784	40,664
Information Systems	1,508,507	1,403,814	1,624,049	115,542
Non-Departmental	1,178,734	1,419,816	776,696	(402,038)
PERP	39,365	4,771	22,872	(16,493)
Planning	2,254,533	1,613,274	2,412,797	158,264
Rule 301	5,493,201	6,321,329	5,686,947	193,746
Rule 421	245,322	372,394	251,730	6,408
Rule Development	644,027	626,202	691,817	47,790
Strategic Partners	686,260	623,026	700,819	14,559
Title V	206,352	106,860	258,894	52,542
Toxics AB2588	232,554	94,319	247,536	14,982
Transportation Planning & Assist	1,476,764	1,096,755	1,347,929	(128,835)
Vehicle & Equipment Technology	888,363	1,625,308	1,262,910	374,547
<b>Program Expenses Total</b>	<b>\$ 30,020,199</b>	<b>\$ 28,547,744</b>	<b>\$ 28,750,318</b>	<b>\$ (1,269,881)</b>

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

Program	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
Covell Building	\$ 1,075,834	\$ 959,446	\$ 1,101,736	\$ 25,902
<b>Program Expenses Total</b>	<b>\$ 1,075,834</b>	<b>\$ 959,446</b>	<b>\$ 1,101,736</b>	<b>\$ 25,902</b>

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

Program	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
GHG	\$ 17,878,442	\$ 8,499,008	\$ 16,041,801	\$ (1,836,641)
Vehicle & Equipment Technology	18,622,980	17,365,725	20,072,675	1,449,695
<b>Program Expenses Total</b>	<b>\$ 36,501,422</b>	<b>\$ 25,864,733</b>	<b>\$ 36,114,476</b>	<b>\$ (386,946)</b>

## DISTRICT DIVISIONS AND OPERATIONAL INITIATIVES

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

### *Offices of the Executive Director/APCO and District Counsel*

Program	Description
<b>Executive Office/APCO</b>	<p>Under direction from the Board, the Executive Director/APCO is responsible for the overall management and operation of the agency. This includes overseeing the establishment of program priorities, policies, and procedures; formulation of a strategic vision and mission objectives; day-to-day administration and oversight of District activities; and development and implementation of air quality and climate change programs to advance the Capital region towards clean air and a low-carbon future for all.</p> <p>The Executive Office also leads the District's legislative advocacy at the local, state, and federal levels 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>
<b>District Counsel</b>	<p>Under direction from the Board, the District Counsel provides legal services to the Board and District management and staff including advising staff on various legal issues pertaining to human resources, air quality enforcement, new legislation, and contracts; reviews all proposed resolutions, rules, and regulations, and other Board matters for legal adequacy; assists divisions in the implementation of key initiatives; and represents the District before the Hearing Board and in litigation activities.</p> <p>District Counsel also provides administrative support to the District's Hearing Board, which is a quasi-judicial panel that hears petitions for variances and abatement orders, as well as appeals of the Executive Officer's permit and emission reduction credit determinations. Members are appointed by but act independently of the Sacramento Metropolitan Air Quality Management District Board. The Hearing Board membership includes a person from the medical profession, a professional engineer, an attorney, and two at-large members of the public.</p>

**Administrative Services Division**

Program	Description
<b>Administration</b>	Oversees building management contracts, parking garage, tenant improvements, and vehicle fleet acquisition and maintenance; coordinates building and air monitoring facilities maintenance, rehabilitation, and replacement needs; supervises document management to ensure efficient organization, maintenance, and utilization, encompassing storage, retrieval, and control throughout their lifecycle, leveraging document management software and technological solutions; provides administrative support to the Executive Director/APCO; greets customers, addresses inquiries, directs questions to appropriate staff, records complaints, and processes public information requests; records permit information and processes customer payments; purchases and maintains office supplies and equipment.
<b>Clerk, Board of Directors</b>	Facilitates the smooth functioning of board meetings and ensures the integrity of governance processes, including preparing and distributing meeting agendas, recording accurate minutes of proceedings, maintaining official records and documents, managing communications with board members and stakeholders, coordinating logistics for meetings, and ensuring compliance with legal and procedural requirements.
<b>Communications</b>	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; manages social media and media relations, and coordinates communications activities with federal, state, and local agencies; distributes consistent and clear materials to businesses and elected officials that promote clean air goals and solicit funding; secures annual funding for the regional Spare The Air campaign.
<b>Finance</b>	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.
<b>Human Resources</b>	Conducts recruitments and provides guidance in the retention of high-quality staff, ensures compliance with federal and state employment laws and regulations and District personnel policies, coordinates personnel-related training, manages labor relations, processes payroll, and administers district benefits.
<b>Information Systems</b>	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.

**FY25/26 Key Initiatives****Administration**

- Oversee the relocation of the Air District headquarters to a smaller facility in response to and in alignment with the District's commitment to a hybrid work model
- Complete record retention milestones for both paper and digital documents, including digitizing 1,500 boxes of documents located off-site
- Continue the development of a district-wide Title VI compliance and monitoring program

**Communications**

- Increase the number of "Spare The Air" regional partners by 15

- Attend 10 events regionally to promote the Spare The Air program and educate residents about the harmful health effects of air pollution and what they can do to improve air quality
- Create an Air Alert email and text notification system to push out Spare The Air alerts.
- Increase followers of the District's newly launched social media pages by 10%
- Promote District incentive projects through established promotional criteria and contract requirements

**Finance**

- Formalize a schedule for the monthly and quarterly close processes
- Plan and achieve an efficient first-year audit with newly appointed outside auditors
- Implement monthly and quarterly reporting processes to guide the achievement of the FY25/26 budget
- Streamline the process to record payroll data in the New World ERP system
- Serve as the Finance functional lead for the Permitting/Compliance and Transportation software solution implementation

**Human Resources**

- Implement employee-focused activities to support the new hybrid work strategy and retain talented and engaged employees
- Oversee the implementation of the performance management framework
- Conduct a solicitation for a new benefits broker
- Engage in a broker-facilitated benefits evaluation for non-health benefits
- Leverage unused components of the District's third-party recruitment solution to enhance efficiency
- Finalize a District-wide classification and compensation study

**Information Systems**

- Serve as a technical resource for the Permitting/Compliance and Transportation software solution implementation
- Migrate section file shares to SharePoint Online services
- Implement document retention handling for SharePoint document libraries.
- Evaluate and install Co-Pilot solutions into the Office 365 solution
- Implement the Teams phone system
- Upgrade Windows 11 to Windows 12
- Update Technology process policies
- Upgrade and enhance security solutions for the District's technology infrastructure

### ***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 collaboration 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 the construction and operation 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>

### ***FY25/26 Key Initiatives***

#### **Climate Change**

- Complete the Comprehensive Climate Action Plan and promote the Priority Climate Action Plan (PCAP) as a regional guide to priority climate-related activities.
- Actively pursue funding opportunities to implement the measures in the PCAP
- 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
- Collaborate on projects using MaRTy to determine the impacts of heat on residents in the region and work towards developing cooling solutions

#### **Transportation**

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



**Monitoring, Planning, and Rules Division**

Program	Description
<b>Air Monitoring</b>	Performs continuous monitoring of criteria pollutants and their precursors (ozone, hydrocarbons, carbon monoxide, nitrogen oxides, sulfur oxides, lead, and inhalable particulate matter [PM <sub>10</sub> and PM <sub>2.5</sub> ]), meteorological conditions, and other air quality indicators at six sites throughout the County. Continue community-scale monitoring for the South Sacramento-Florin community selected as one of the first AB 617 communities.
<b>Emission Inventory</b>	Estimates actual emissions from stationary and area sources and assists with evaluations of mobile source emissions. Provides emissions data used in developing rules and State Implementation Plans. Collects and reports emissions data required by the Criteria and Toxics Reporting (CTR) regulation.
<b>Emission Reduction Credit Bank &amp; SEED</b>	Maintains the registry of stationary and mobile source credit banks, coordinates and assists credit generators and users, identifies new opportunities for credit use, includes the military base and essential public services accounts, and funds incentive programs to reduce emissions.
<b>Planning &amp; Data Analysis</b>	Develops plans to ensure compliance with state and federal clean air acts, prepares the District's annual reports on progress toward achieving state and federal clean air standards, participates in air quality studies to assess the effectiveness of control strategies, and projects future air quality. Continues collaboration with the AB 617 South Sacramento-Florin community to better understand the localized air quality and develop a CERP.
<b>Rule Development</b>	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans and for expedited Best Available Retrofit Control Technologies (BARCT) under AB 617, performs comparative analyses of District rules with RACT, BARCT, and BACT standards, and develops new control measures and strategies to incorporate into air quality plans.

**FY25/26 Key Initiatives****Air Monitoring**

- Continue sampling of criteria pollutants and their precursors in the portable lab within the AB 617 South Sacramento-Florin Community to further understand the air quality impact in pollution-burdened areas
- Continue sampling of criteria pollutants and their precursors at our six regulatory air monitoring stations to further understand local and regional air quality impacts
- Ensure air monitoring complies with all state and federal quality assurance and control requirements
- Prepare and submit the 2025 Annual Network Plan, which aids in air monitoring transparency and program effectiveness.

**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 and report 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
- Continue to provide SEED loans to area businesses for emission offsets and alternative compliance
- Use revenue from SEED loans to fund emission-reducing strategies, such as replacing high-polluting fireplaces and wood stoves or other incentive programs; bank emission reduction credits from SEED-funded projects; and work to secure additional funding from the state's Cap-and-Trade program revenues

### **Planning & Data Analysis**

- Continue to coordinate meetings and work collaboratively with the AB 617 Community Air Protection Steering Committee
- Analyze and report the monitoring data from the selected AB 617 community
- Continue the development of the CERP for the selected AB 617 community
- Continue to develop the redesignation request and maintenance plan for the 1979 and 1997 ozone NAAQS
- Start the development of the redesignation request and maintenance plan for the 2008 ozone NAAQS

### **Rule Development**

- Adopt rules to expedite the implementation of BARCT for sources subject to AB 617
- Consider rule changes consistent with the developing AB617 CERP
- Develop fee rules as applicable to provide full cost recovery for District programs

**Engineering and Compliance Division**

Program	Description
Compliance	<p>Compliance is charged with enforcing local, state, and federal air pollution regulations to ensure businesses and residents comply with the laws. Compliance encompasses a wide variety of programs that impact businesses and residents throughout Sacramento County.</p> <p><b>Asbestos</b> — Regulates commercial construction and land development projects to ensure the safe handling and removal of asbestos in building materials and naturally occurring asbestos.</p> <p><b>Public Complaints</b> — Investigates public complaints of illegal air pollution.</p> <p><b>Permitted Inspections</b> — Regularly inspects businesses to verify compliance with permit requirements and air quality regulations, including federally designated major sources (Title V facilities) of air pollution.</p> <p><b>Compliance Education and Outreach</b> – Assists businesses and residents in complying with air quality regulations via advisories, business assistance, workshops, and various outreach materials such as letters, brochures, flyers, webpage updates, eblasts, etc.</p> <p><b>Annual Reporting</b> – Provides outreach and assistance to permitted sources for annual report submittals. Assists the permitting section to perform quality assurance reviews of submitted data to ensure compliance with local, state, and federal requirements.</p> <p><b>Burning</b> — 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><b>Violation Resolution</b> — Promotes compliance and swift resolution of violations by administering a Mutual Settlement Program that resolves violations in lieu of litigation.</p> <p><b>State Programs</b> — Partners with the CARB to inspect and enforce regulations that apply to many different types of sources, such as portable engines and natural gas wells.</p>
Permitting	<p>Permitting ensures compliance with applicable local, state, and federal regulations by reviewing project proposals, granting conditional approvals, and authorizing operation by verifying that the equipment can operate in compliance with all applicable regulations. Permitting staff works with sources to help them understand and comply with complex state and federal regulations.</p> <p><b>General Permitting Program</b> – Reviews business applications of new or modified operations, performs in-depth engineering evaluations to verify compliance with all applicable rules and regulations, determines best available control technology for a given process or piece of equipment that requires an air quality permit, assures public noticing requirements are met, and makes final air quality permit determinations that allow for initial construction and final operation of business operations.</p> <p><b>Title V</b> – Title V is the federal permitting program for major sources of air pollution and is implemented by the District's permitting section.</p> <p><b>AB2588 Toxic “Hot Spots” Program</b> – Maintain program toxic emissions inventory and ensure that the toxic emissions from facilities are within acceptable levels.</p> <p><b>Annual Reporting</b> – Set up methodology to determine criteria and toxic emissions from permitted sources, and coordinate with the Compliance section on program requirements. Perform quality assurance reviews of submitted data to ensure compliance with local, state, and federal requirements.</p>

**FY25/26 Key Initiatives**

- Continue to streamline and refine the data collection process from our stationary sources with the new online Annual Reporting program that supports emission data submittal for the CARB's Criteria and Toxic Reporting Program, which will eventually be made available to the public
- Continue to refine processes and procedures to enhance the use of the recently released AiriA software solution to improve staff efficiency, improve quality control, enhance management processes, and improve the customer experience through a new online portal

- Contribute to the Community Air Protection Program through involvement in the CERP development process
- Enhance and improve communication and outreach to our business sector through coordination with business partners and other business-related entities, to improve understanding of regulations and increase compliance rates
- Increase protection for public health by reviewing, providing oversight and enforcement of sources of toxic air pollution, and looking for opportunities to enhance District programs
- Update Division Policies and Procedures to ensure consistency and proper program implementation
- Continue implementation of CARB's GHG Oil and Gas inspection program
- Continue staff development through internal and external training efforts
- Continue work related to the AB2588 Air Toxics "Hot Spots" program
- Review and process permit and Title V permit applications in a timely manner that meets statutory guidelines
- Evaluate programmatic work through the lens of community air protection and the potential for local reductions of emission impacts in disadvantaged communities
- Continue ongoing work related to community air protection, like our innovative Supplemental Environmental Projects (SEP) program and our Unidentified Source Inspection Program (USIP)

## DIVISION ACCOMPLISHMENTS

The Divisions achieved numerous accomplishments in support of the District's strategic goals in FY24/25. The following are the highlights:

Administrative Services
Evaluated the near and long-term space needs of the District headquarters in light of the new hybrid work environment and departure of tenants, and launched the project to relocate the headquarters
Automated the Clean-Cars-4-All accounts payable invoice approval process within the Fluxx system
Selected a new financial audit firm through a competitive bid process
Implemented a new billing system as part of the AiriA Permitting and Compliance software solution
Continued District-wide efforts to ensure compliance with the District's records management and compliance policy
Recruited and appointed 11 new employees
Migrated and now hosting the Air Toxic Protocol Tool in a cloud service
Updated security firewalls for technology solutions and Air Monitoring
Migrated the District intranet to the new SharePoint Online intranet
Implemented new security solutions within the Microsoft Office 365 environment
Met the goal of creating and launching a new, mobile-friendly SpareTheAir.com website
Increased the number of Spare The Air regional partners by 30
Distributed quarterly newsletter with a 36% open rate, a 15% higher open rate than the industry average
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 nine press releases
Coordinated 19 media interviews (Broadcast and print/Spanish and English)
Created and distributed an 18-page 2024 Year in Review document that highlighted the District's accomplishments and initiatives
Supported and/or promoted over 25 major events; some resulted in international, national, state, and/or local media coverage
Attended 28 events regionally to promote the Spare The Air program and educate residents about the harmful health effects of air pollution and what they can do to improve air quality, exceeding the goal of attending ten events
Promoted 56 incentive projects via social media and 74 incentive projects via the District newsletter
Transportation and Climate Change
Funded about 100 new low-emission and zero-emission vehicles and equipment as part of the Community Air Quality Grant Programs, deploying the latest innovative and transformative technology
Provided funding for 75 additional electric school buses, now totaling 175 EV buses in the Sacramento Region
The Clean Cars 4 All team attended 13 different outreach events throughout Sacramento County; Six of those events were in partnership with SMUD and included electric vehicle ride and drives
The Clean Cars 4 All team successfully expended the \$3 million G21-CC4A-04-01 grant, bringing the total amount expended by our CC4A program to over \$12 million

Transportation and Climate Change (continued)
The Clean Cars 4 All team continued to strengthen its partnership with participating dealerships in FY24/25. Staff conducted ten different trainings to inform dealerships of the programmatic changes and provide resources to ensure a smooth transition, as well as visiting four dealerships in person to discuss how to better help the dealerships and improve the process
The Clean Cars 4 All program continues to help low-income residents of Sacramento County transition to cleaner technology vehicles. Over 1,500 individual residents of Sacramento County have been awarded grant letters, and over 1,000 vehicles were permanently scrapped
The Clean Cars 4 All team continued to work with local CBOs to outreach the program to eligible residents of Sacramento County
Collaborated with AB617 Steering Committee volunteers to help in the development of mitigation strategies in the CERP to reduce air pollution from cars, trucks, buses, and other mobile sources in the Sacramento region
Our Community CarShare program continued to explore and expand within the District's low-income communities to include several sites with charging stations and electric vehicles. In 2024, there were about 2,500 vehicle reservations, 6,200 hours reserved, and 47,000 miles driven program-wide
Monitoring, Planning, and Rules
Hosted collaborative steering committee and subcommittee meetings to continue work within the AB 617 community
Continued operation of the portable lab in the South Sacramento-Florin Community sampling for both criteria and non-criteria pollutants
Completed the deployment of 200 low-cost sensors to schools and community members, and completed the mobile monitoring within the City of Sacramento with a one-time investment from the Sacramento City Council
Continued to sample for toxics and particulate matter in the South Sacramento-Florin AB 617 community and the north Sacramento community using funds that were awarded through an EPA toxics grant
Submitted the 2024 Annual Network Plan to the EPA, which aids in air monitoring transparency and program effectiveness
Maintained the District's NCore, PAMS, SLAMS, and special-purpose monitoring stations
Initiated the Del Paso Manor air monitoring station replacement
Adopted the revisions to address contingency measures in the regional ozone plan for the federal 2008 and 2015 Ozone NAAQS
Performed 65 facility emissions inventory surveys and completed annual criteria pollutant emission inventories for point sources and reported emissions to CARB
Performed 21 surveys of toxic pollutant emissions for sources subject to the Criteria and Toxics Reporting regulation and reported emissions to CARB
Updated six area source emission inventory methodologies and submitted them to CARB
Provided seven loans of emission reduction credits to Sacramento area businesses and government agencies, and renewed 35 loans
Amended Rule 101 – General Provisions and Definitions, and adopted or amended Rules 442 – Architectural Coatings, 489 - Greenwaste Composting Operations, and 490 Liquefied Petroleum Gas Transfer and Dispensing as contingency measures for the State Implementation Plan



Monitoring, Planning, and Rules (continued)
Adopted AB 617 Expedited Best Available Retrofit Control Technology determination for steam methane reforming
Adopted Reasonably Available Control Technology permits for major stationary sources of NOx and submitted to the EPA for SIP inclusion
Engineering and Compliance
Issued 165 Authority to Construct permits and 208 Permits to Operate (for FY23/24)
Developed 32 Best Available Control Technology determinations (for FY23/24)
Incorporated AB 2588 reporting into the District's new Annual Reporting program. In September 2024, the District launched a new software solution for electronic reporting for the District's 2,408 organization, representing 4,221 permits. In 2024, the District reported toxics data for 1,207 diesel engines and 360 gasoline dispensing facilities. The 2024 Annual Report on the Air Toxics "Hot Spots" Information & Assessment Act was presented to the Board of Directors and published on our website in October 2024
Enforced 14 wood-burning curtailment days for the Check Before You Burn program and responded to 139 fireplace, wood stove, and open burn complaints during the 2024 Check Before You Burn season
Conducted a total of 2,176 stationary source inspections (2024 calendar year)
Responded to 613 public complaints (2024 calendar year)
Successfully resolved more than 98% of 149 issued violations through the Mutual Settlement Program (2024 calendar year)
Reviewed and processed 1,417 asbestos notifications, which included 755 renovation notifications where the District does not collect a fee, 276 demolitions, 271 asbestos abatement projects, and zero naturally occurring asbestos dust mitigation plans and geologic evaluations (2024 calendar year)
Funded one Supplemental Environmental Project that provided funding to a community organization to help improve air quality and health in local communities for a total of \$50,405
Issued 100 agricultural burn permits for a total of 7,028 acres and approved 2,053 acres of pruning and other wastes under the Ag Burn program to be burned. Made daily burn day determinations, of which 168 were Permissive Burn days and 198 were No Burn days (2024 calendar year)
Continued efforts to reduce greenhouse gas and criteria emissions from oil and gas producing sites by enforcing the State Oil and Gas regulation
Coordinated with eight other air districts in the Sacramento Valley Basinwide Air Pollution Control Council to develop a Legislative Educational Event in April 2025 to bring awareness of the co-benefits of increasing utilization of agricultural biomass and the need for state funding to support the biomass industry.
Continued development of the annual emission reporting structure and integration into the AiriA software solution to collect data from all permitted sources to comply with State Criteria and Toxics Reporting Regulation
Continued development work with a contracted vendor to replace and integrate the public complaint and public records request services into AiriA, the District's custom-built enterprise software solution.

## 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)

	2015 (a)	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund</b>										
Nonspendable	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580	\$ 98,462	\$ 131,192	\$ 136,174	\$ 92,472	\$ 145,428
Restricted	10,287,274	8,796,696	8,061,391	7,811,623	9,572,931	12,588,465	13,459,160	15,861,714	16,090,972	22,394,482
Assigned	320,000	320,000	320,000	320,000	2,607,673	1,737,431	3,013,705	1,696,179	2,727,599	3,078,095
Unrestricted	1,395,878	1,798,521	1,737,137	2,043,980	-	2,298,950	1,059,724	2,709,060	1,984,461	2,115,602
Total General Fund	\$ 12,158,262	\$ 11,086,892	\$ 10,308,730	\$ 10,577,983	\$ 12,333,184	\$ 16,723,308	\$ 17,663,781	\$ 20,403,127	\$ 20,895,504	\$ 27,733,607
<b>Special Revenue Fund (b)</b>										
Restricted	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856	\$ 54,960,056	\$ 55,863,979	\$ 76,816,755
Total Special Revenue Fund	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856	\$ 54,960,056	\$ 55,863,979	\$ 76,816,755

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)

	2015	2016	2017	2018
<b>REVENUES</b>				
Taxes	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	14,342,930	15,445,047	9,232,418	13,718,592
Licenses/Permits	7,416,470	7,646,441	8,001,079	8,395,134
Use of Money/Property	60,372	(31,188)	226,170	1,004,824
Total Revenue	\$ 30,353,348	\$ 32,051,002	\$ 26,600,812	\$ 32,304,454
<b>EXPENDITURES</b>				
Current:				
Stationary Sources	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548
Mobile Source	14,932,141	11,367,756	11,916,194	8,048,476
Program Coordination	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	3,918,802	4,517,235	4,168,340	4,861,221
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	239,283	529,002	322,275	200,510
Total Expenditures	\$ 29,050,073	\$ 27,487,084	\$ 27,940,793	\$ 24,219,871
Excess (Deficiency) of Revenue over Expenditures	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain on sale of capital assets	16,270	-	-	-
Net change in fund balances	\$ 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 four-year period ending 06/30/2018. See the next page for fiscal years subsequent to 06/30/2018.

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

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

	2019	2020	2021	2022	2023	2024
<b>REVENUES</b>						
Sales Tax	\$ 1,940,485	\$ 1,938,341	\$ 2,264,451	\$ 2,551,772	\$ 2,569,539	\$ 2,624,053
Intergovernmental	27,729,654	39,318,096	36,193,700	15,288,362	25,225,851	59,445,689
Fees and Licenses	8,109,883	8,823,399	8,484,401	8,765,312	9,799,466	9,967,646
Use of Money/Property	1,340,691	1,844,719	421,100	106,174	1,848,613	4,328,530
Total Revenue	\$ 39,120,713	\$ 51,924,555	\$47,363,652	\$26,711,620	\$39,443,469	\$76,365,918
<b>EXPENDITURES</b>						
Current:						
Business Compliance	\$ 6,771,994	\$ 6,579,044	\$ 7,334,384	\$ 7,868,485	\$ 8,220,645	\$ 9,174,663
Air Monitoring	3,545,919	3,798,537	3,698,370	3,687,463	4,860,572	7,921,353
Sustainable Land Use	2,347,083	2,383,320	2,571,041	2,226,768	1,959,275	1,774,083
Clean Transportation and						
Mobility Innovation	18,826,749	18,820,962	14,022,933	8,615,440	20,728,882	27,056,523
Community Health Protection	2,067,758	2,198,364	2,142,385	1,993,961	1,941,602	1,970,304
Debt Service:						
Principal	-	-	-	-	110,879	76,037
Interest	-	-	-	-	4,291	2,083
Capital Outlay	114,569	507,044	397,461	253,957	221,023	818,667
Total Expenditures	\$ 33,674,072	\$ 34,287,271	\$30,166,574	\$24,646,074	\$38,047,169	\$48,793,713
Excess (Deficiency) of Revenue over Expenditures	\$ 5,446,641	\$ 17,637,284	\$17,197,078	\$ 2,065,546	\$ 1,396,300	\$27,572,205
<b>OTHER FINANCING SOURCES (USES)</b>						
Subscription	-	-	-	-	-	218,674
Net change in fund balances	\$ 5,446,641	\$ 17,637,284	\$17,197,078	\$ 2,065,546	\$ 1,396,300	\$27,790,879

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

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

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
14-15	\$ 13,018,613	\$ 6,742,313	\$ 564,532	\$ -	\$ 20,325,458
15-16	13,396,624	7,157,659	798,332	-	21,352,615
16-17	13,898,555	7,327,432	1,747,000	-	22,972,987
17-18	14,969,998	6,493,742	881,800	-	22,345,540
18-19	15,811,786	6,728,496	1,164,200	(1,947,586)	21,756,896
19-20	16,688,251	6,489,409	1,905,500	(2,116,371)	22,966,789
20-21	16,378,640	6,795,570	984,500	(1,721,108)	22,437,602
21-22	16,681,622	7,649,772	1,127,000	(1,332,812)	24,125,582
22-23	17,886,807	8,808,754	601,000	(2,117,830)	25,178,731
23-24	18,411,602	10,290,233	1,238,500	(2,115,503)	27,824,832

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

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

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
14-15	\$ 12,112,938	\$ 4,858,855	\$ 239,283	\$ -	\$ 17,211,076
15-16	12,959,077	5,584,127	529,002	-	19,072,206
16-17	13,199,676	5,541,055	322,275	-	19,063,006
17-18	13,660,805	5,236,263	200,510	-	19,097,578
18-19	13,619,667	4,836,842	114,569	(1,513,730)	17,057,348
19-20	14,518,535	4,604,776	507,044	(1,249,271)	18,381,084
20-21	14,924,266	4,830,240	394,643	(1,420,507)	18,728,642
21-22	15,231,426	4,710,878	253,957	(1,442,924)	18,753,337
22-23	16,325,362	5,435,115	221,023	(909,730)	21,071,770
23-24	17,761,492	8,908,231	896,787	(1,045,385)	26,521,125

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
14-15	\$ 6,283,412	\$ 3,516,824	\$ 7,416,470	\$ 25,241	\$ -	\$ 17,241,947
15-16	6,609,429	3,739,523	7,779,365	5,438	-	18,133,755
16-17	6,764,376	3,437,689	8,001,079	81,700	-	18,284,844
17-18	6,859,462	3,336,946	9,016,456	153,968	-	19,366,832
18-19	1,940,485	8,238,416	8,281,069	257,341	95,238	18,812,549
19-20	1,938,341	11,097,630	8,823,399	853,233	58,605	22,771,208
20-21	2,264,451	8,678,334	8,484,401	195,224	49,530	19,671,940
21-22	2,551,772	9,591,877	8,765,312	540,764	42,958	21,492,683
22-23	2,569,539	8,562,389	9,799,466	608,738	24,015	21,564,147
23-24	2,624,053	19,353,263	9,967,646	1,182,726	12,866	33,140,554

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)
2015	4,346	5,059,167
2016	4,344	5,098,778
2017	4,397	5,622,626
2018	4,411	6,393,690
2019	4,461	6,197,766
2020	4,437	7,231,406
2021	4,434	6,977,427
2022	4,446	7,045,970
2023	4,425	7,975,746
2024	4,456	8,517,732

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 2015-2018. Annual permit revenue from the Revenue by Payment Type report from the 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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Classification</b>										
Administrative Assistant I/II	2.0	2.0	2.0	-	-	-	-	-	-	-
Administrative Specialist I/II	-	-	-	2.0	2.0	2.0	3.0	3.0	4.0	4
Administrative Supervisor/Clerk of the Board	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1
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
Air Quality Engineer	19.5	20.5	20.5	20.5	19.5	19.5	15.5	16.5	19.0	19
Air Quality Engineer/Specialist/Planner	-	-	-	-	5.5	5.5	5.0	3.0	1.0	3
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
Air Quality Planner/Analyst	10.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10
Air Quality Specialist	18.6	18.6	18.6	19.6	18.6	18.6	18.6	19.6	21.6	22.8
Assistant Air Pollution Control Officer	-	-	1.0	1.0	-	-	-	-	-	-
Clerical Services Supervisor	1.0	1.0	1.0	-	-	-	-	-	-	-
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9	1.9	1.0	1.0	1.0	2
Controller	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1
District Counsel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1
Division Manager	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4
Executive Assistant/Clerk to the Board	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
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Human Resource Assistant I/II	2.0	2.0	2.0	-	-	-	-	-	-	-
Human Resource Technician I/II	-	-	-	2.0	1.0	1.0	1.0	1.0	1.0	1
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1
Information Systems Administrator	1.0	1.0	-	-	-	-	-	-	-	-
Information Systems Analyst	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3
Information Systems Manager	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1
Legal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1
Office Assistant I/II	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3
Program Coordinator	12.0	12.0	12.0	-	-	-	-	-	-	-
Program Manager	-	-	-	5.0	5.0	5.0	5.0	5.0	5.0	5
Program Supervisor	5.0	5.0	5.0	12.0	12.0	12.0	12.0	12.0	12.0	12
Senior Accountant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1
Statistician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1
<b>Subtotal Funded Positions</b>	<b>94.0</b>	<b>96.0</b>	<b>97.0</b>	<b>98.0</b>	<b>99.5</b>	<b>99.5</b>	<b>94.1</b>	<b>94.1</b>	<b>97.6</b>	<b>101.8</b>
Administrative/Legal Analyst	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Air Quality Engineer	2.0	1.0	1.0	1.0	1.0	1.0	5.0	4.0	-	-
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	0.5	-	-	-
Air Quality Planner/Analyst	1.0	-	-	1.0	-	-	-	-	-	-
Air Quality Specialist	2.0	2.0	1.0	1.0	1.0	1.0	1.0	2.0	-	-
Communication & Marketing Specialist	-	-	-	-	-	-	1.0	1.0	-	-
Human Resource Technician I/II	-	-	-	-	1.0	1.0	1.0	1.0	-	-
Information Systems Analyst	-	-	-	-	-	-	-	1.0	-	-
Office Assistant I/II	1.0	1.0	1.0	-	-	-	-	-	-	-
Program Coordinator	1.0	1.0	-	-	-	-	-	-	-	-
Program Supervisor	-	-	1.0	1.0	-	-	-	-	-	-
<b>Subtotal Unfunded Positions</b>	<b>8.0</b>	<b>6.0</b>	<b>5.0</b>	<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>8.5</b>	<b>9.0</b>	<b>-</b>	<b>-</b>
<b>Total Funded + Unfunded Positions</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>103.0</b>	<b>102.5</b>	<b>102.5</b>	<b>102.6</b>	<b>103.1</b>	<b>97.6</b>	<b>101.8</b>

Source: Approved/Amended Budget

The Positions by Classification and Positions by Operating Division tables previously included unfunded positions. Beginning with this budget cycle, FY22/23, only funded positions are included in the 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 with the District Counsel, i.e., selecting and managing outside legal counsel (e.g., bond and/or disclosure counsel), providing independent verification of the District's compliance with all applicable laws and regulations, and document preparation and review.

#### POLICIES

##### *Budget Adoption*

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

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

##### *Structurally Balanced Budget*

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

### *Budget Amendments*

Changes to the budget and service levels during the fiscal year will be minimized. Changes during the fiscal year will generally be limited to technical adjustments, emergency funding, unforeseen circumstances, time-sensitive opportunities or issues, or new grants or awards. Requests for a new program, modification in service levels, staffing, or other increases in expenditures, without associated revenues or reimbursements, must include a proposed spending offset at the time of the request (if costs are known) or justification for the use of reserves. Changes outside of the annual budget process should primarily be considered during a mid-year 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 and the California Asset Management Program 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 the 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. The California Asset Management Program fund is a short-term cash reserve fund that invests in obligations of the United States Government and its agencies, high-quality debt obligations of U.S. Companies and financial institutions, and reports its investment policy in its Program Guide.

### *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
- Mid-year Budget Update: Staff will prepare a Mid-year 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 their 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 control practices, including segregation of duties in accounting functions; account reconciliation and analysis; physical and inventory controls; hiring and termination checklists; security controls to protect against unauthorized access to systems, networks, and data; and desk procedures and cross-training

### *Procurement*

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

### *Capital Asset Management*

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

Capital expenditures of \$5,000 or more 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); land is not depreciated
- 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 of \$5,000 or more and having a useful (depreciable life) of one year or more. All items with an original value of less than \$5,000, or with an estimated useful life of less than one year, are recorded as operating expenditures.

Tangible assets, primarily technology-related, valued at less than \$5,000, are subject to regular monitoring and documentation to ensure accountability and prevent loss or misuse.

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 are used to further the mission of the District, per the District's Purchasing Policy and within the approved collaboration budget.

#### *User Fees and Charges*

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

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

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

#### *Grants*

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

### *Federal Awards*

In the performance of its mission, the District utilizes several funding sources, including grants provided by the Federal government. To utilize these funds for the reimbursement of costs, the District and its sub-recipients are required to follow Uniform Guidance in 2 CFR, Part 200, Subpart E - Cost Principles when accounting for expenditures. The District charges costs that are reasonable, allowable, and allocable to an award directly or indirectly. All unallowable costs are appropriately segregated from allowable costs in the general ledger to ensure 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 with 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 its 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, confirm that sub-recipients and contractors are not debarred from receiving federal funds, and report disbursements to sub-recipients as directed by the federal government.

### *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 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.

**California State Transportation Agency's 2022 Port and Freight Infrastructure Program (SB 198)** — Grant funds are used to expand on current efforts and develop, demonstrate, and test three additional hydrogen-fueled, zero-emission switcher locomotives to be constructed on a test track in Sierra Northern Railway's West Sacramento rail yard. The project includes the construction of approximately 2,000 feet of ancillary test tackage, the conversion of three locomotives, and the development of refueling infrastructure and protocols.

**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.

**Climate Pollution Reduction Grants (CPRG) Program** — Federal funds provided by the EPA to design priority climate action plans that incorporate greenhouse gas reduction measures.

**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 and community emission reduction plans.

**Community Air Protection Program Incentives** — California State grants, funded by the Greenhouse Gas Reduction Fund and overseen by the CARB, 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 incentive 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, and heavy-duty, low-emission vehicle and infrastructure programs through the federal SECAT program.

**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 CARB Climate Investments are used to implement a diverse set of investments while maintaining the transparency of outcomes and ensuring meaningful community benefits from these investments, and reflect the increasingly important role of California Climate Investments in facilitating the improvement of air quality.

**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 the EPA, 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 CARB, 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 12<sup>th</sup> Street. This revenue includes rents and parking fees and is net of all upkeep and maintenance expenditures of the building and parking area, and is used to pay the interest and principal obligations of the bonds and to build a reserve for improvements.

**Local Government** — Funds provided by local agencies/governments in the form of grants or matching funds, such as neighboring air districts' matching funds for CMAQ grants (Spare The Air) and an air monitoring grant from the City of Sacramento.

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

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

**Moyer (Carl Moyer Memorial A.Q. Standards Attainment) Program** — Funds are available through California Smog Check and new tire purchase fees and are administered through CARB. 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 CARB 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 Sacramento Valley Train Station. The members of the CarShare Program will include residents of selected communities. These members will have access to the electric CarShare vehicles for zero-emission mobility.

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

**Portable Equipment Registration Program (PERP)** — Fee revenue collected by CARB from owners or operators of portable engines, and certain other types of equipment, to operate their equipment throughout California without having to obtain individual permits from local air districts is passed through to 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 CARB to reduce emissions from freight movement in California and \$200 million for school bus retrofit and replacement to reduce air pollution and to reduce children's exposure to diesel exhaust. Examples for the goods movement program include the replacement and/or retrofit of trucks moving goods and locomotives (non-passenger) within the Sacramento, San Joaquin, and Bay Area regions.

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

**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.

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

**Initial Fees** — Process initial ERCs.

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

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

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

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

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

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

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

**Targeted Air Shed Grants (TAG)** — Federal EPA grants under the Non-Attainment Area Community Air Shed Grant program to fund projects in neighboring air Districts to reduce particulate matter emissions within our non-attainment region. The District is the recipient of the grant funds and distributes funds to the sub-recipients.

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

**Toxics Mobile Grant** — This grant is awarded as part of the EPA’s 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.

**Variances** — Fees collected when permitted sources apply for variances 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.

**Amortization** — Is the allocation of the cost of an intangible asset to expense over its useful life.

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

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

**Bond Premium** — The 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.

**Deficit** — When expenses or liabilities exceed revenues or assets during a specific accounting period.

**Depreciation** — The systematic allocation of an asset's cost over its useful life, reflecting the gradual decline in its value due to wear and tear, obsolescence, or other factors.

**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 contributions, 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 annual 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 a budget and tracks revenues and expenditures separately.

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

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

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

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

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

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

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

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

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

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

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

**Special Revenue Fund (500)** — Records the proceeds from certain revenue sources that have expenditure restrictions and provides an extra level of accountability and transparency to the revenue source that the funds will go towards their 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 (the 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. Non-spendable fund balance reflects assets not in spendable form, either because they will never convert to cash (e.g., prepaid items) or must remain intact under legal or contractual requirements. Unassigned funds are spendable funds in the District's General Fund not included in the other fund classifications.

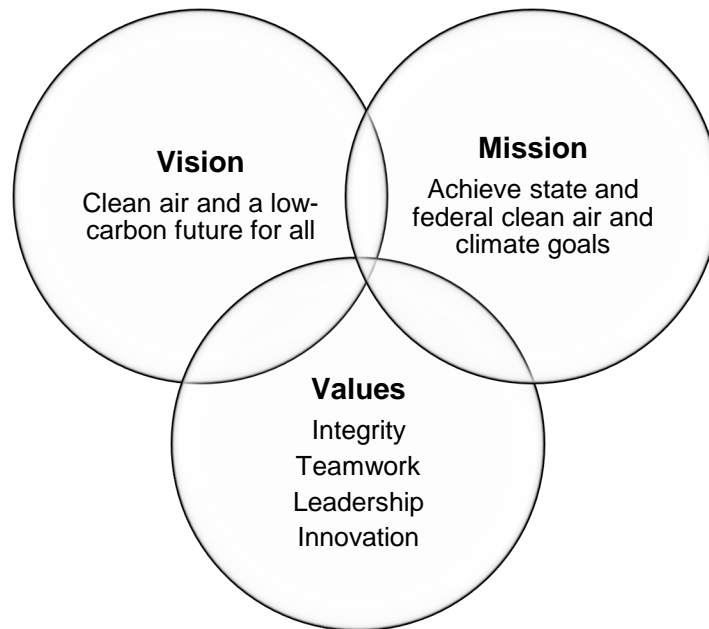
**Variance** — The difference between the budgeted or baseline amount of expense or revenue and the actual amount.

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

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VISION = SOME DAY

MISSION = EVERY DAY



*Sac Metro Air District working hard for your health*

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