

SACRAMENTO METROPOLITAN



SACRAMENTO, CA

APPROVED BUDGET

FISCAL YEAR
2026-2027



APPROVED BUDGET

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT
FISCAL YEAR 2026/2027 BUDGET

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Executive Director / Air Pollution Control Officer

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

District Counsel

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Sacramento Metropolitan Air Quality
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For the Fiscal Year Beginning

July 01, 2025

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Sacramento Metropolitan Air Quality Management District for its annual budget for the fiscal year beginning July 1, 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*

(HYPERLINKS ARE ACTIVE)

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SECTION 1 - Executive Director/APCO Letter

May 28, 2026

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

We are pleased to present the Fiscal Year 2026/2027 (FY26/27) Approved Budget for the Sacramento Metropolitan Air Quality Management District (Air District). The Approved Budget is balanced and reflects total expenditures for FY26/27 of \$56.1 million, including \$28.6 million for the General Fund, \$1.0 million for the Proprietary Fund, and \$26.5 million for the Restricted Revenue Fund, which is pass-through money that supports the clean energy transition by investing in zero-emission electrification projects in the greater Sacramento region. The FY26/27 Approved Air District Budget is a net decrease of \$9.8 million from the FY25/26 Approved Budget, with a \$102,000 decrease in the General Fund, a \$126,000 decrease in the Proprietary Fund, and a \$9.6 million decrease in the Restricted 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 the largest source of air and climate pollution. For this reason, the Air District prioritizes the transition to cleaner, electric, and zero-emission vehicles and equipment under our leading 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.



The Air Districts of the Sacramento region and local leaders celebrate the attainment of the 2008 ozone standards.

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 call out the need for federal action to tackle pollution from sources under their authority. 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 155 state and regional 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 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.

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.



Folsom Cordova USD staff enjoy their new all electric school bus purchased with an Air District incentive award.

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 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.

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 some of our communities. AB 617 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 and the Legislature have included continuous partial funding for AB 617, the commitment 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.

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 mobility flagship 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 vehicles, and hydrogen fueling and electric charging infrastructure.



Our Community CarShare expands to a new site at the Pannell Community Center.

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. Notable among these partnerships is the four-agency collaboration between SMUD, SACOG, SacRT, and the Air District. Together, we are ready to continue to do our job. This budget is a practical step forward.

Respectfully,

Alberto Ayala, PhD, MSE

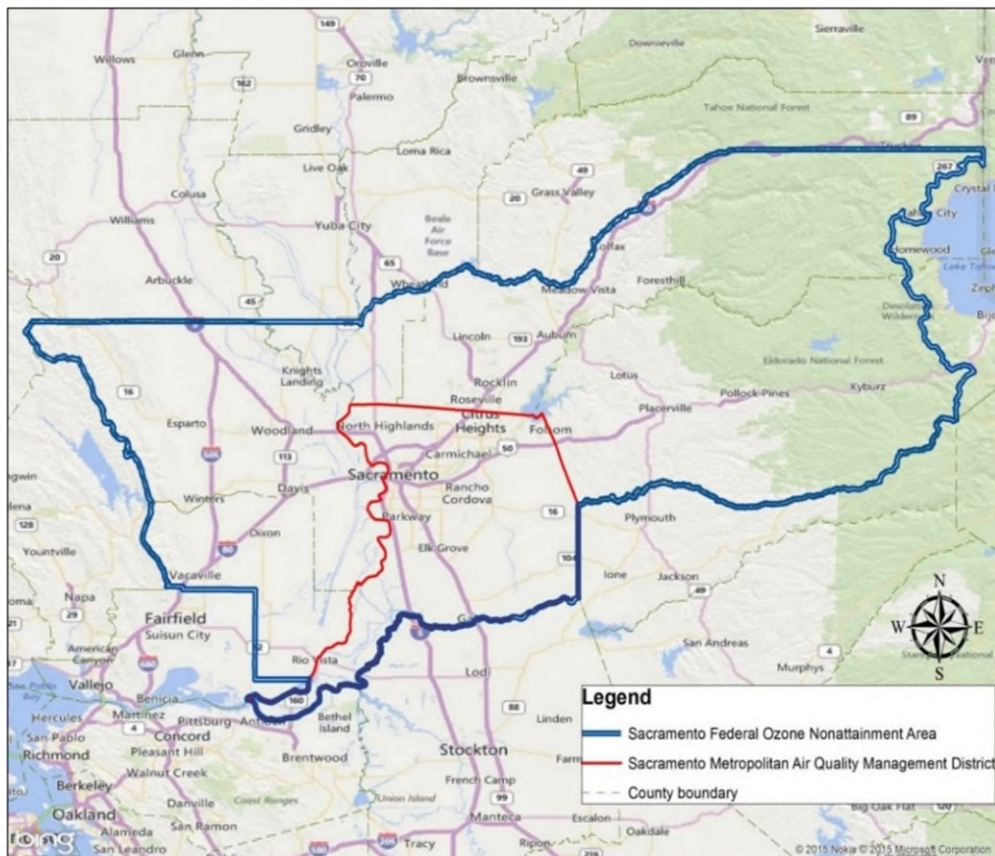
Executive Director and Air Pollution Control Officer

SECTION 2 – About the District

DISTRICT PROFILE

The Sacramento County Board of Supervisors formed the Sacramento Air Pollution Control District 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 (PM₁₀ and PM_{2.5}), progress has been made even as standards have tightened. Despite a huge increase in population over the last two decades, the Sacramento region’s air quality has continued to improve.

Sacramento County’s population was approximately 1.6 million as of the 2025 California Department of Finance Population Estimates. This population represents roughly 63% of the SFNA’s population of approximately 2.5 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA, and the makeup of the SFNA (by percent) by county.

Population in Sacramento Federal Ozone Nonattainment Area

County	SFNA portion of the County	Population		County in SFNA/Total SFNA ³
		County ¹	SFNA/County ²	
El Dorado	159,083	189,384	84%	6.2%
Placer	419,617	428,181	98%	16.4%
Sacramento	1,616,991	1,616,991	100%	63.0%
Solano	140,050	451,773	31%	5.5%
Sutter	3,036	101,188	3%	0.1%
Yolo	225,010	225,010	100%	8.8%
Total	2,563,787	2,958,453	-	100.0%

¹ The county population data is based on the 2025 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 2025.

² 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 3/11/2026.

³ Percentage values are rounded to one decimal point.

A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains, and plenty of sunny days 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"> • Integrity • Teamwork • Leadership • Innovation
Strategic Goals	<ol style="list-style-type: none"> 1. Maximize program effectiveness while balancing environmental and economic considerations 2. Provide regional leadership in protecting public health and the environment 3. Integrate a community focus lens in decision-making for air quality and climate change considerations 4. Develop and enhance diverse partnerships 5. Recruit, develop, and retain excellent diverse staff 6. Influence, develop, and implement innovative programs, and promote resilience and sustainability throughout the region 7. Increase the public’s role in improving air quality and reducing carbon 8. Ensure fiscal responsibility and viability

The District’s FY26/27 Key Initiatives and their linkage to the Strategic Goals can be found in Section 7 – Organizational Overview.

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

- Maintain an effective network of air monitoring stations in Sacramento County.
- Grow the Air District's relationship with and understanding of pollution in the South Sacramento-Florin Community
- Increase the public's awareness of air pollution within Sacramento County
- Start a new air monitoring protocol that looks at ultrafine particles in neighborhood, urban, and microscale environments
- Build the capacity to rapidly deploy air monitoring equipment during unexpected air pollution events

Community Health Protection

- Prompt investigation of and response to air quality complaints
- Targeted review of operating businesses in select 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 and exposure through innovative programs
- Drive innovation in mobility and connected, autonomous, electric, and shared vehicles
- Support micro-mobility 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

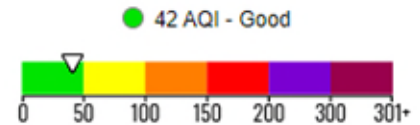
- Provide local jurisdictions with technical assistance and best practices in the areas of air quality, climate change, and resiliency
- Review and comment on land use, transportation, and construction projects to reduce criteria and greenhouse gas emissions
- Ensure compliance with air quality and climate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

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



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.

FY26/27 Performance Measures

Performance Measures	FY24/25 Actual	FY25/26 Projected	FY26/27 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	5	2	1
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter at 6 Air Monitoring Sites	4 yes 2 no ^{1,2}	5 yes 1 no ³	6 yes
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	56%	>62% ⁴	>75%
Percentage of Permits to Operate Issued within Two Years of Obtaining an Authority to Construct (excluding extended and reinstated ATCs)	99%	>86% ⁴	>99%
Percentage of Violations Successfully Resolved Under the Mutual Settlement Process (Calendar Year)	99%	>99%	>98%
Percentage of Annual Inspections Completed (Calendar year)	93%	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%

Performance Measures (continued)	FY24/25 Actual	FY25/26 Projected	FY26/27 Target
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%	50%	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 24/25 Footnotes:

¹ At Sacramento-Del Paso Manor, a February power outage caused ongoing SO2 analyzer failure and required extensive troubleshooting and repair; the NOY monitor was malfunctioning.
² At Sloughhouse, the wind speed sensor failed an annual audit due to an erroneous calibration caused by a malfunctioning transfer standard.

FY 25/26 Footnote:

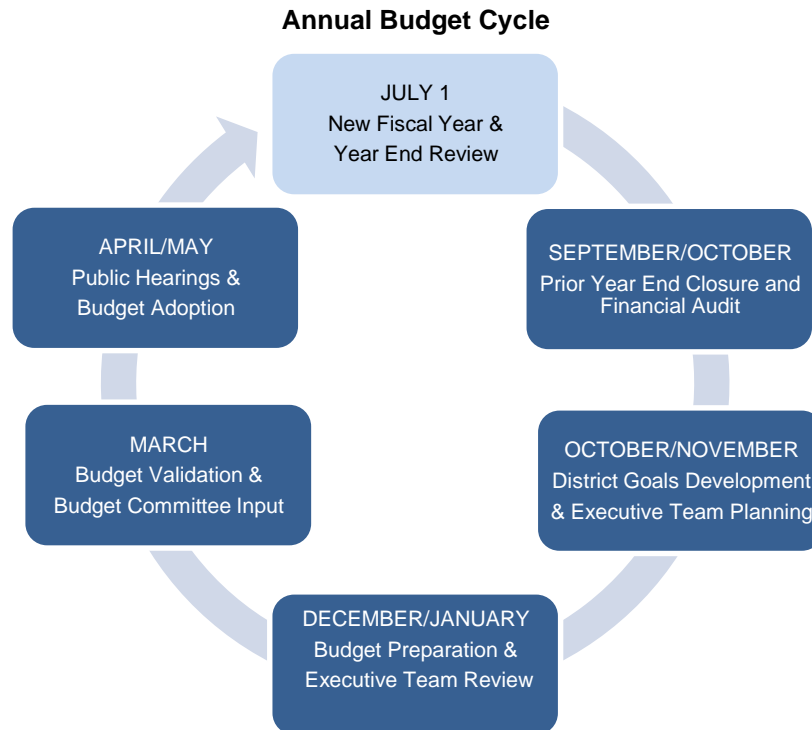
³ Major renovation is underway at Sacramento-Del Paso Manor and requires a temporary shutdown.
⁴ New applications were processed at a slower rate in 2025 because of substantial effort by District permitting staff to develop and transition to our new online reporting system (AiriA) and the first year 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 FY26/27 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, integrating it into the draft budget. The Executive Team reviews and finalizes the draft budget. The Executive Director/APCO, Division Directors, and District Controller meet with the District Board of Directors' Budget and Personnel Committee during budget development to receive direction on 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 to 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.

FY26/27 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	December
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
- 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 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 for 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 Restricted 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	Restricted Revenue	Records the proceeds from certain revenue sources for which fund usage is restricted	DMV, Federal and State Grants (SECAT, Moyer, FARMER, GHG-CarShare, CAPP, Clean Cars 4 All)

The annual budget serves as the foundation for the District's financial planning and control. The FY26/27 Approved Budget totals \$49.6 million in revenue and \$56.1 million in expenditures and includes 101 total authorized full-time equivalent (FTE) positions. The following table is a summary of the FY26/27 Approved District Budget by fund.

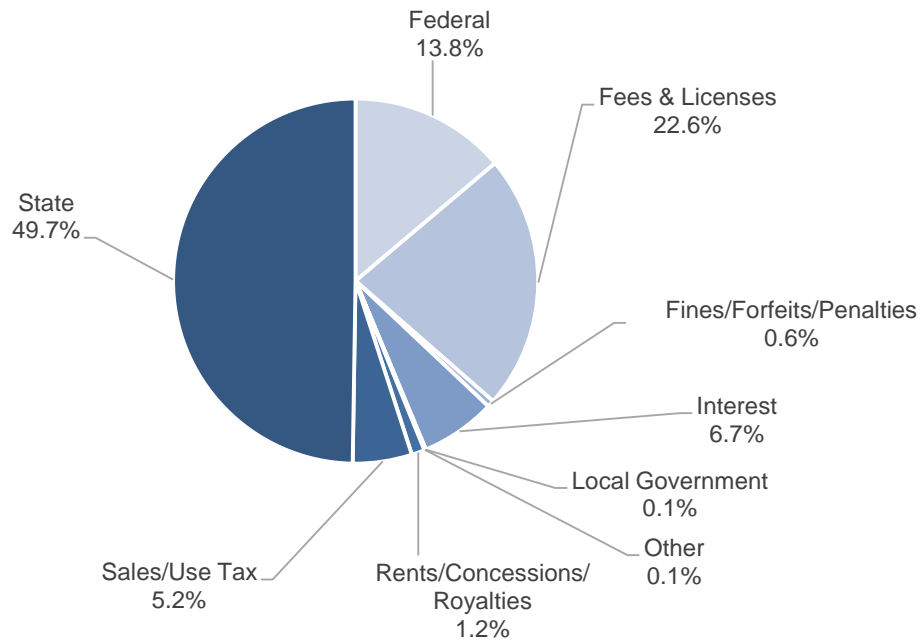
District Budget by Fund

Fund	FY25/26 Budget	FY26/27 Budget	Variance
General Fund (100)	\$ 25,977,711	\$ 26,912,078	\$ 934,367
Covell Proprietary Fund (400)	901,736	633,596	(268,140)
Restricted Revenue Fund (500)	35,386,685	22,054,374	(13,332,311)
Total Revenues	\$ 62,266,132	\$ 49,600,048	\$ (12,666,084)
General Fund (100)	\$ 28,750,318	\$ 28,648,118	\$ (102,200)
Covell Proprietary Fund (400)	1,101,736	975,460	(126,276)
Restricted Revenue Fund (500)	36,114,476	26,520,796	(9,593,680)
Total Expenditures	\$ 65,966,530	\$ 56,144,374	\$ (9,822,156)
Current Supplus/(Deficit)	\$ (3,700,398)	\$ (6,544,326)	

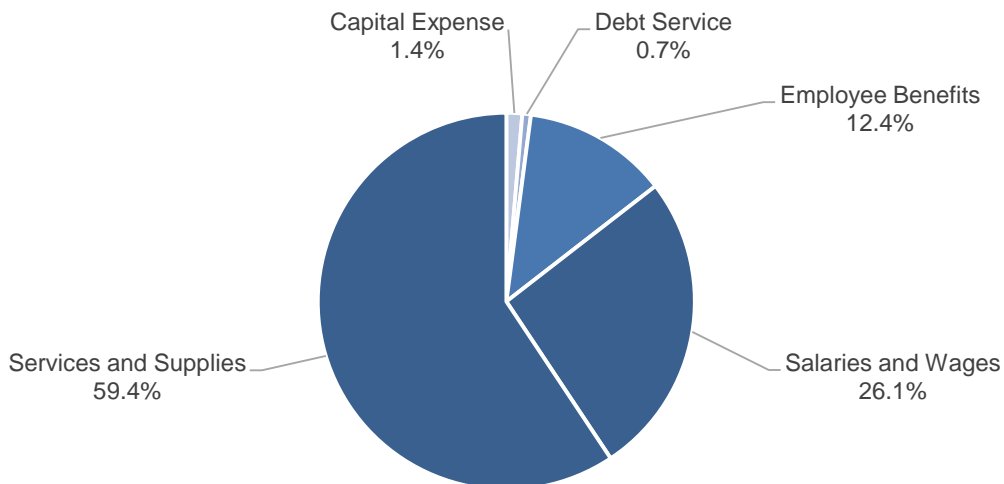
The Approved Budget reflects the District’s mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections 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 FY26/27 Approved District Budget.

District Budget – Revenues by Classification (\$49.6 million)



District Budget – Expenditures by Classification (\$56.1 million)



The notable changes in revenues and expenditures in the FY26/27 Approved Budget from the FY25/26 Approved Budget for the General, Proprietary (Covell Building), and Restricted Revenue funds are listed below.

General Fund

Revenues

- Stationary Sources fees are planned to increase by \$576,000, primarily due to an increase in Rule 301 revenues of \$700,000. Rule 301 revenues for FY25/26 are expected to exceed the adopted budget by \$550,000, and the FY26/27 Rule 301 revenues are based on the expected FY25/26 finish. In addition, there is an approved fee CPI increase of 2.72% effective July 1, 2026.
- Interest income for the FY26/27 budget will increase by \$173,000 over the prior year's budget; the FY25/26 budget was understated.

Expenses

- Employee Services (salaries/wages and fringe benefits) expenditures are increasing by \$858,000 or 4.1% over the prior year's budget. This is mainly due to a 2.9% Cost of Living Adjustment (COLA) and a 5.9% increase in retirement and group insurance contributions for FY26/27. The full-time equivalent (FTE) funded positions for FY26/27 total 101.0, a reduction of 4.8 FTE from the FY25/26 Approved Positions by Classification (see Staffing Plan section for additional comments). Overtime wages are planned at about 1% of regular wages; the percentage used is based on a benchmark analysis conducted by the District.
- Services and Supplies expenditures are decreasing by \$968,000 from the FY25/26 budget, primarily due to lower 1) professional services, 2) IS Software-as-a-Service (SaaS), and 3) facility rent expenditures. Professional services costs are expected to decrease by \$590,000. This reduction is due to reduced need for grant support contracts and fewer contract project management resources for the AiriA software implementation project, which is nearing completion. SaaS expenditures will decline by \$129,000 from the prior year budget, also due to the winddown of the AiriA project. Real property rent is planned to decrease by \$301,000. This is due to the District being charged rent for the portion of the building it occupies based on a cost per square foot; operating costs for the vacant area of the building remain in the Building Fund. The District continues to seek a tenant for the vacant space or a buyer for the building.
- Capital project expenditures are increasing by \$162,000 due to increases in expenditures for air monitoring structures and IS investments.
- The inter-fund transfer credit (Interfund Charges) is an offset to expenditures and is budgeted to increase by about \$155,000. The transfer credit is related to the Restricted Revenue Fund incentive grants and mainly relates to staffing costs to administer the grants. The increase in the credit for FY26/27 is mainly attributable to normal variation in this line item.

Covell Building Proprietary Fund

- Rent Revenue is decreasing by \$308,000 due to a refinement in how rent is allocated to the District for FY26/27. 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 FY26/27, 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 FY26/27 budget does not assume the sale of the building or 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.) and to make modest improvements.

Restricted Revenue Fund

- State grant restricted revenue is decreasing by \$14.2 million, mainly related to normal fluctuation in grant awards for the Clean Cars 4 All and Moyer programs. See note below.
- FY26/27 incentive payments are planned at \$24.8 million, down \$9.7 million from the prior year's budget. Overall state grant expenditures are expected to decrease in FY26/27 by \$8.1 million, and the SECAT federal grant disbursements will be less than the prior year's budget by \$1.5 million. These reductions are normal variations for these multi-year grants. See note below.

Note: The Restricted 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 FY26/27 Approved Budget for the General Fund includes a staffing plan of 101.0 FTE (as shown in the table below). Approved FTE funded positions for FY26/27 will decrease by 4.8 FTE from the FY25/26 Approved Positions by Classification. The change was due to 1) a decision not to fund specific currently vacant positions in the FY26/27 Budget that are not expected to be filled in the coming fiscal year, and 2) an increase in one position to a full FTE.

Approved Positions

Budget Status	Appointment	FY 25/26 Approved	FY 26/27 Approved	Change
Funded	Regular	105.8	101.0	- 4.8

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 \$5.9 million (excluding the AB617 CERP grant 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 FY26/27 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 FY26/27, 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 FY26/27 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 FY26/27 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 an 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 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 FY26/27 Approved Fee Schedule reflects a CPI increase of 2.72% to maintain progress toward meeting air quality and climate goals while keeping reserves stable.

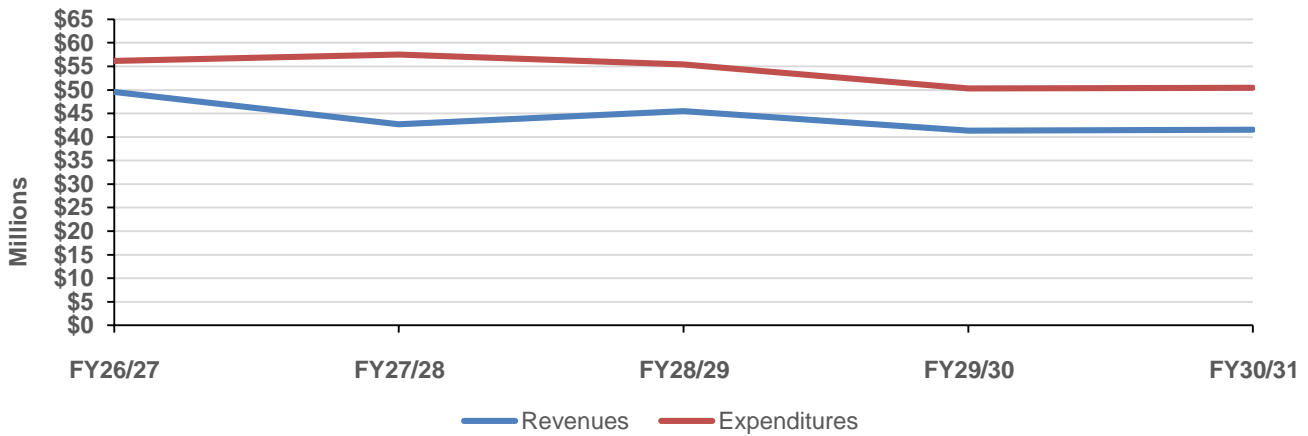
Revenues have been adjusted in the Approved Budget to reflect this change. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District’s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

BUDGET FORECAST

District Budget – Five-Year Forecast

Classification	FY 25/26 Approved	FY 25/26 Year-end Projection	FY26/27 Budget	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast	FY30/31 Forecast
Beginning Fund Balance	\$ 111,624,274	\$ 111,624,274	\$ 116,184,455	\$ 109,640,129	\$ 94,799,046	\$ 84,877,290	\$ 75,912,454
Revenues							
Revenues	\$ 62,266,132	\$ 62,482,277	\$ 49,600,048	\$ 42,691,351	\$ 45,495,850	\$ 41,343,697	\$ 41,527,701
Revenues Total	\$ 62,266,132	\$ 62,482,277	\$ 49,600,048	\$ 42,691,351	\$ 45,495,850	\$ 41,343,697	\$ 41,527,701
Expenses							
Operating Expense	\$ 64,845,030	\$ 56,483,855	\$ 54,971,474	\$ 56,287,434	\$ 54,197,607	\$ 49,578,533	\$ 49,884,598
Capital Expense	713,000	1,029,741	770,000	1,245,000	1,220,000	730,000	580,000
Debt Service	408,500	408,500	402,900	-	-	-	-
Expenses Total	\$ 65,966,530	\$ 57,922,096	\$ 56,144,374	\$ 57,532,434	\$ 55,417,607	\$ 50,308,533	\$ 50,464,598
Surplus / (Deficit)	\$ (3,700,398)	\$ 4,560,181	\$ (6,544,326)	\$ (14,841,083)	\$ (9,921,757)	\$ (8,964,837)	\$ (8,936,897)
Ending Fund Balance	\$ 107,923,876	\$ 116,184,455	\$ 109,640,129	\$ 94,799,046	\$ 84,877,290	\$ 75,912,454	\$ 66,975,556

District Budget – Revenues and Expenditures Five-Year Forecast



General Fund Forecast

The General Fund reflects financial activity that is non-proprietary and non-restricted 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 25/26 Approved	FY 25/26 Year-end Projection	FY26/27 Budget	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast	FY30/31 Forecast
Beginning Fund Balance	\$ 29,656,289	\$ 29,656,289	\$ 29,436,590	\$ 27,700,550	\$ 25,336,219	\$ 22,757,170	\$ 19,986,203
Revenues							
Revenues	\$ 25,977,711	\$ 27,262,552	\$ 26,912,078	\$ 24,407,655	\$ 24,659,971	\$ 25,018,700	\$ 25,374,724
Revenues Total	\$ 25,977,711	\$ 27,262,552	\$ 26,912,078	\$ 24,407,655	\$ 24,659,971	\$ 25,018,700	\$ 25,374,724
Expenses							
Operating Expense	\$ 29,724,818	\$ 28,452,510	\$ 29,615,118	\$ 27,639,172	\$ 28,340,072	\$ 29,291,349	\$ 30,314,472
Capital Expense	558,000	959,741	720,000	1,095,000	920,000	580,000	280,000
Interfund Charges	(1,532,500)	(1,930,000)	(1,687,000)	(1,962,186)	(2,021,051)	(2,081,683)	(2,144,133)
Expenses Total	\$ 28,750,318	\$ 27,482,251	\$ 28,648,118	\$ 26,771,986	\$ 27,239,021	\$ 27,789,666	\$ 28,450,339
Surplus / (Deficit)	\$ (2,772,607)	\$ (219,699)	\$ (1,736,040)	\$ (2,364,331)	\$ (2,579,049)	\$ (2,770,966)	\$ (3,075,615)
Ending Fund Balance	\$ 26,883,682	\$ 29,436,590	\$ 27,700,550	\$ 25,336,219	\$ 22,757,170	\$ 19,986,203	\$ 16,910,588

The preceding General Fund forecast assumes the following:

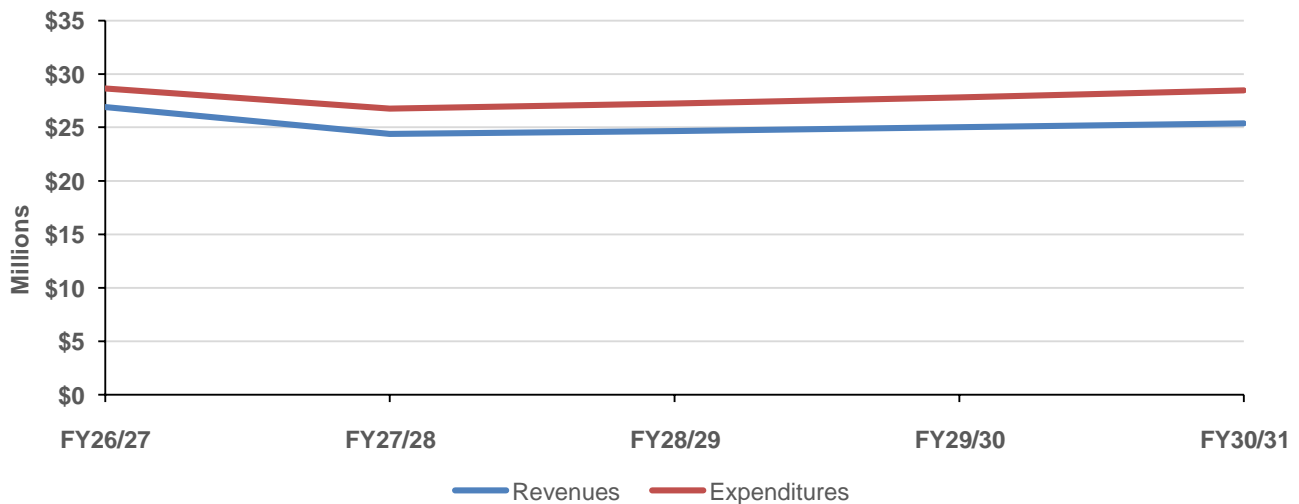
Revenues:

- Federal revenues for FY26/27 are consistent with the FY25/26 projected amounts and are comprised mainly of the EPA 105 grant and two Targeted Airshed 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 to zero in FY27/28 as both projects are set to end in that fiscal year.
- State revenues peaked in FY23/24 due to the advance payment of about \$5.0 million of funding for the multi-year Community Emissions Reduction Plan (CERP) grant that began July 1, 2024. The recurring state revenues (DMV, AB617 Monitoring, etc.) will be stable for FY26/27 through the end of the forecast period at approximately \$7.3 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 2.7%.
- The annual CPI adjustment for Stationary Sources fees is forecasted at about 2.81%.
- 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 101.0 with no additional positions included in the forecast.
- Employee Services increases an average of 3.0% per year for wages; benefits (mainly health insurance costs) and retirement contributions grow at a slightly higher annual rate (5.1%) based on historical trends.
- After adjusting for one-time items included in the FY26/27 Approved Budget related to non-recurring grants (e.g., CERP, CC4A, and CPRG projects) and the AiriA software project, Services and Supplies increase by about 2.0% per year. Sub-recipient distributions under the TAG projects are included in Services and Supplies through the end of the grant terms in FY26/27 and are offset by corresponding Federal revenues each year. Building rent increases by 3% starting in FY27/28.
- Capital expenditure includes the replacement of elements of an aging air monitoring network, fleet vehicles, and Information Services infrastructure improvements throughout the planning horizon.
- Interfund charges consist of restricted grant administrative funds received in the Restricted Revenue Fund and transferred to the General Fund to offset the program implementation costs, mainly employee services expenditures. The interfund charge varies by grant type; the State grant admin rate was increased for the additional Moyer and CAP grants administrative revenue rate (increase from 6.25% of the grant award to 12.5%) starting 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 proportionally 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 lease is assumed to begin 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 25/26 Approved	FY 25/26 Year-end Projection	FY26/27 Budget	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast	FY30/31 Forecast
Beginning Fund Balance	\$ 6,357,092	\$ 6,357,092	\$ 6,318,842	\$ 5,976,978	\$ 5,976,978	\$ 5,829,678	\$ 5,835,161
Revenues							
Revenues	\$ 901,736	\$ 930,146	\$ 633,596	\$ 688,237	\$ 707,084	\$ 726,497	\$ 746,492
Revenues Total	\$ 901,736	\$ 930,146	\$ 633,596	\$ 688,237	\$ 707,084	\$ 726,497	\$ 746,492
Expenses							
Operating Expense	\$ 538,236	\$ 489,896	\$ 522,560	\$ 538,237	\$ 554,384	\$ 571,015	\$ 588,146
Capital Expense	155,000	70,000	50,000	150,000	300,000	150,000	300,000
Debt Service	408,500	408,500	402,900	-	-	-	-
Expenses Total	\$ 1,101,736	\$ 968,396	\$ 975,460	\$ 688,237	\$ 854,384	\$ 721,015	\$ 888,146
Surplus / (Deficit)	\$ (200,000)	\$ (38,250)	\$ (341,864)	\$ 0	\$ (147,299)	\$ 5,482	\$ (141,654)
Ending Fund Balance	\$ 6,157,092	\$ 6,318,842	\$ 5,976,978	\$ 5,976,978	\$ 5,829,678	\$ 5,835,161	\$ 5,693,506

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. District rent is calculated based on the square footage that the District occupies. For FY26/27, the cost related to the vacant space will remain in the building fund. For subsequent years, since a third-party tenant is assumed and there is no vacant space, rental income for both the District and the third-party tenant is projected to increase at 3% per year.

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.
- Capital expenditures are projected to include a baseline of \$150,000 with additional improvements planned every other year 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.

Restricted Revenue Fund Forecast

The Restricted 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.

Restricted Revenue Fund (500) Five-Year Forecast

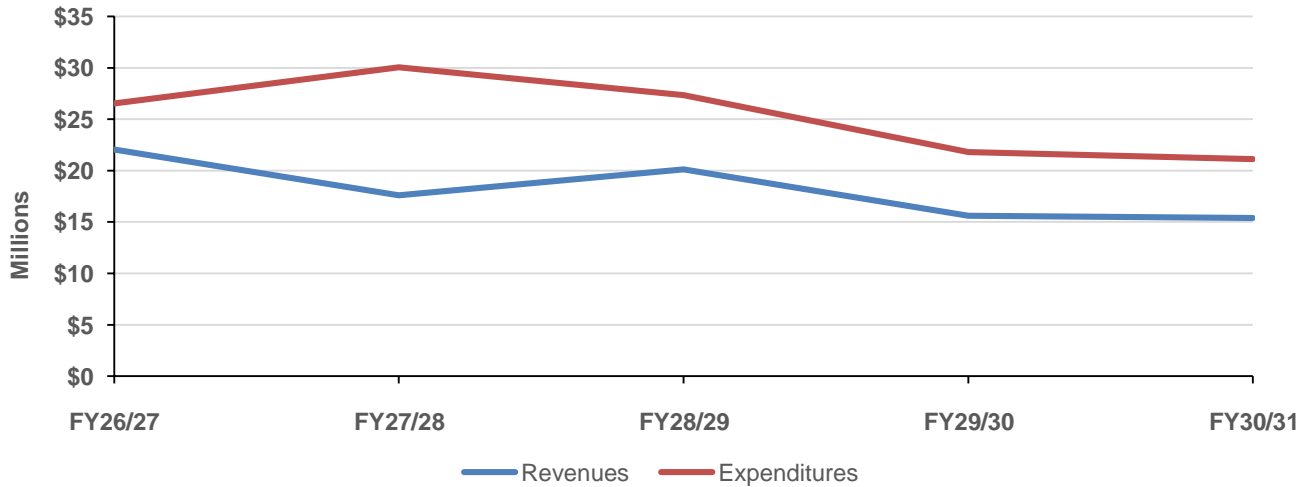
Classification	FY 25/26 Approved	FY 25/26 Year-end Projection	FY26/27 Budget	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast	FY30/31 Forecast
Beginning Fund Balance	\$ 75,610,893	\$ 75,610,893	\$ 80,429,023	\$ 75,962,601	\$ 63,485,849	\$ 56,290,442	\$ 50,091,090
Revenues							
Revenues	\$ 35,386,685	\$ 34,289,579	\$ 22,054,374	\$ 17,595,459	\$ 20,128,795	\$ 15,598,500	\$ 15,406,486
Revenues Total	\$ 35,386,685	\$ 34,289,579	\$ 22,054,374	\$ 17,595,459	\$ 20,128,795	\$ 15,598,500	\$ 15,406,486
Expenses							
Operating Expense	\$ 34,581,976	\$ 27,541,449	\$ 24,833,796	\$ 28,110,026	\$ 25,303,151	\$ 19,716,169	\$ 18,981,980
Interfund Charges	1,532,500	1,930,000	1,687,000	1,962,186	2,021,051	2,081,683	2,144,133
Expenses Total	\$ 36,114,476	\$ 29,471,449	\$ 26,520,796	\$ 30,072,211	\$ 27,324,202	\$ 21,797,852	\$ 21,126,113
Surplus / (Deficit)	\$ (727,791)	\$ 4,818,130	\$ (4,466,422)	\$ (12,476,752)	\$ (7,195,407)	\$ (6,199,352)	\$ (5,719,628)
Ending Fund Balance	\$ 74,883,102	\$ 80,429,023	\$ 75,962,601	\$ 63,485,849	\$ 56,290,442	\$ 50,091,090	\$ 44,371,462

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

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

Classification	FY 25/26 Approved	FY 25/26 Year-end Projection	FY26/27 Budget	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast	FY30/31 Forecast
DMV \$2	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ 2,613,000	\$ 2,626,065	\$ 2,639,195	\$ 2,652,391
Moyer	6,500,000	5,625,000	875,000	6,046,538	6,200,000	6,200,000	6,200,000
SECAT	3,750,000	1,879,000	2,053,000	3,650,000	3,650,000	-	-
Community Car Share	-	85,545	-	-	-	-	-
CHIRP	-	-	1,947,035	-	-	-	-
Community Air Protection Program (CAPP)	6,521,247	-	5,379,480	1,000,000	5,000,000	5,000,000	5,000,000
Clean Cars 4 All	8,215,000	7,820,000	21,000	2,064,560	688,187	-	-
FARMER	-	-	-	-	-	-	-
CalSTA Grant - H2 Locomotive	6,700,000	6,546,000	6,571,000	-	-	-	-
Fines/Forfeits/Penalties	-	-	-	-	-	-	-
McCarty_Assembly Bill 179 AQIP	284,000	-	-	-	-	-	-
Other	816,438	9,734,033	2,607,860	2,221,361	1,964,543	1,759,304	1,554,094
Revenues Total	\$ 35,386,685	\$ 34,289,578	\$ 22,054,375	\$ 17,595,459	\$ 20,128,795	\$ 15,598,500	\$ 15,406,486

Restricted 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 25/26 Budget	FY25/26 Projection	FY26/27 Budget	FY27/28 Forecast	FY28/29 Forecast	FY29/30 Forecast	FY30/31 Forecast
General Fund (100)							
Air Monitoring	\$ 476,000	\$ 884,741	\$ 560,000	\$ 730,000	\$ 700,000	\$ 550,000	\$ 190,000
Fleet	-	55,000	-	300,000	160,000	-	-
Information Systems	82,000	20,000	160,000	65,000	60,000	30,000	90,000
Subtotal	\$ 558,000	\$ 959,741	\$ 720,000	\$ 1,095,000	\$ 920,000	\$ 580,000	\$ 280,000
Proprietary Fund (400)							
Building Improvements	\$ 155,000	\$ 70,000	\$ 50,000	\$ 150,000	\$ 300,000	\$ 150,000	\$ 300,000
Subtotal	\$ 155,000	\$ 70,000	\$ 50,000	\$ 150,000	\$ 300,000	\$ 150,000	\$ 300,000
Total Capital Expense	\$ 713,000	\$ 1,029,741	\$ 770,000	\$ 1,245,000	\$ 1,220,000	\$ 730,000	\$ 580,000

Significant Capital Expenses in the Forecast and Impacts on Operating Budgets

Air Monitoring Stations

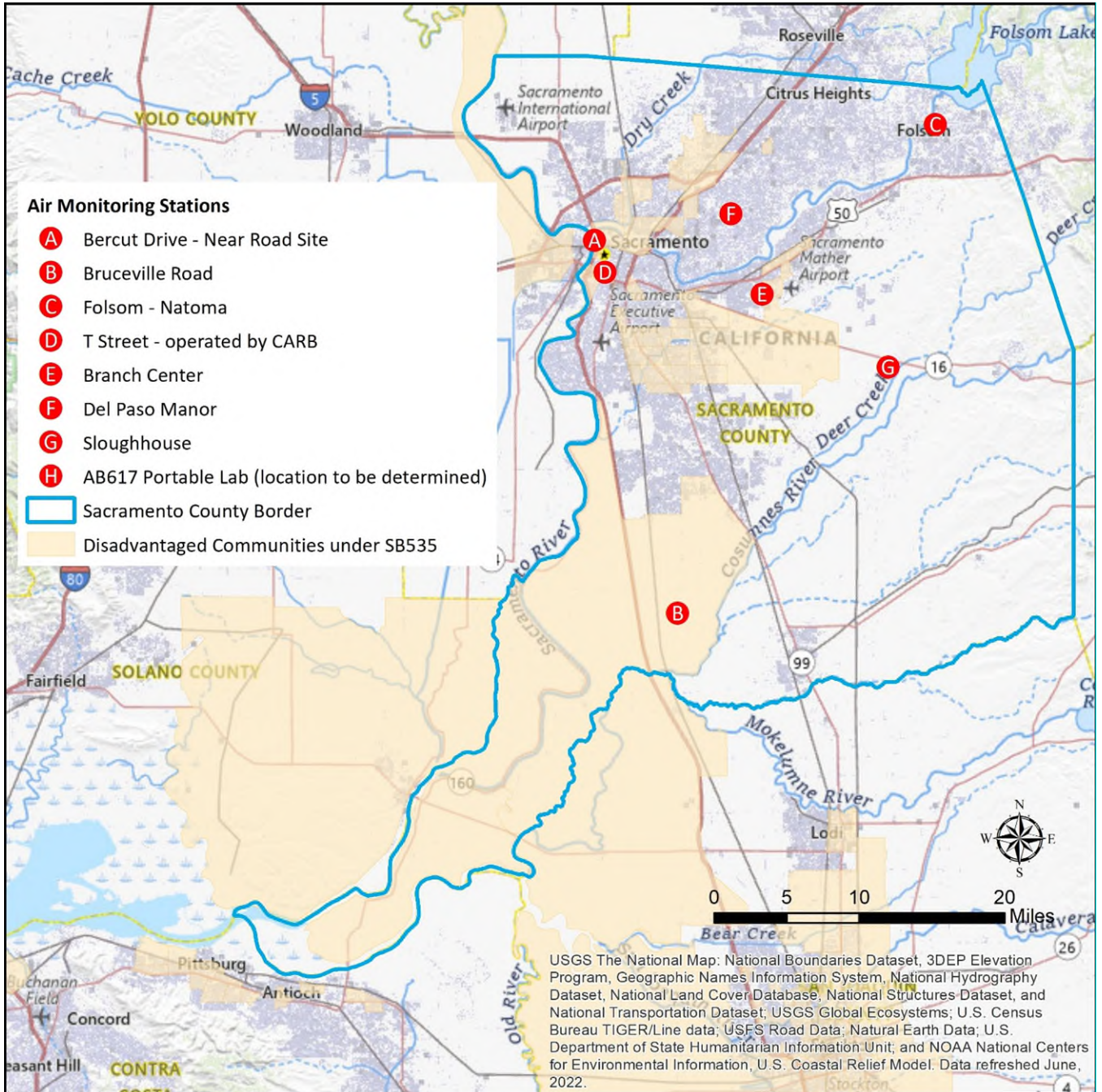
Capital expenses for air monitoring are related to the District’s regulatory network of six air monitoring stations and the monitoring network for the Community Air Protection Program AB 617. The replacement of air monitoring stations is a non-recurring expense. The District anticipates that the replacement of the Sloughhouse, North Highlands, and Bruceville air monitoring stations 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 are an important foundation for monitoring approaches under the AB 617 Community Air Protection Program. A new portable air monitoring station was recently 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 at the request of the new property owners; a plan to identify a location and construct a new station in North Highlands is underway.

The replacements of Sloughhouse (G) and North Highlands will happen concurrently and are anticipated to be completed at the end of FY27/28. The Bruceville station (B) replacement is anticipated to take two years to complete, making the replacement during FY28/29 and FY29/30. 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 starting in FY27/28 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

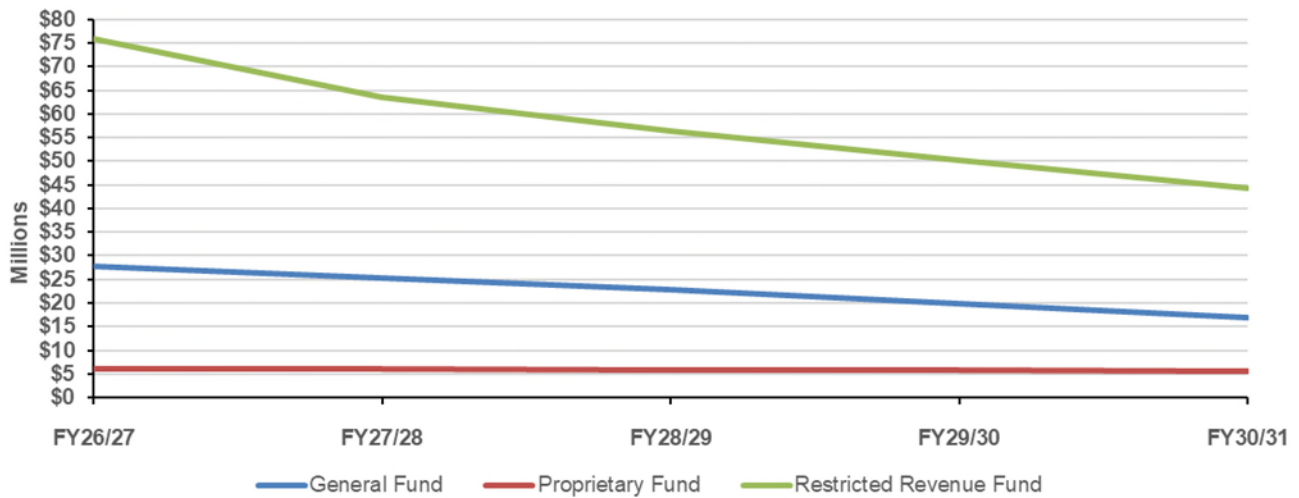
The capital forecast for the Covell Building includes expenditures for building systems (e.g., HVAC, etc.) and annual amounts to fund minor non-recurring building improvements. Funding for these capital expenses primarily comes from rent income.

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 Restricted Revenue Fund balance, 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. Without additional funding sources, the General Fund fund balance is projected to decrease by over 38% in the five-year outlook; however, the FY30/31 fund balance does comply with 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 Restricted Revenue Fund accounts for restricted incentive grants that are intended to be fully expended. Therefore, no reserve targets are established for the Restricted Revenue Fund.

District Budget – Fund Balance Five-Year Forecast



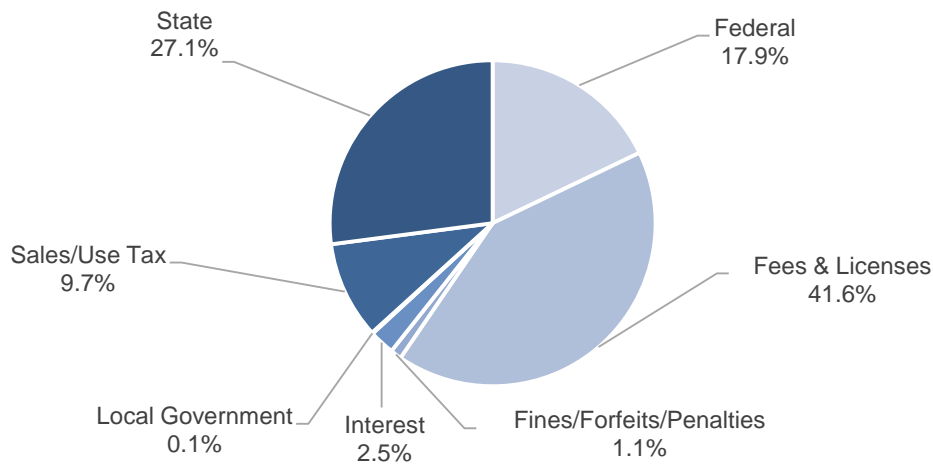
SECTION 5 - Fund Information

This section contains descriptions of District funds and associated approved budgets for FY26/27. 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.

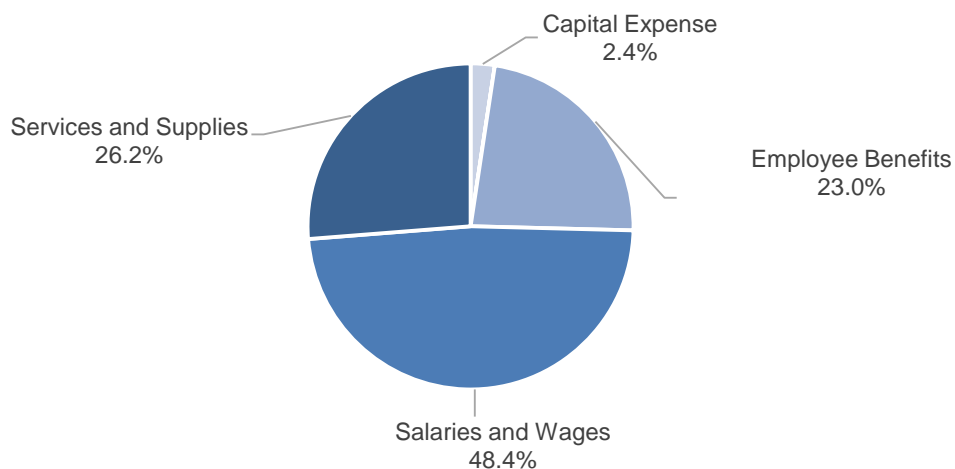
GENERAL FUND 100

The total FY26/27 Approved General Fund Budget is \$26.9 million in revenue and \$28.6 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 (\$26.9 million)



General Fund Budget – Expenditures by Classification (\$28.6 million)



The FY26/27 General Fund Budget includes revenues of \$26.9 million and expenditures of \$28.6 million, resulting in a \$1.7 million use of fund balance. A portion of this deficit is related to the AB 617 CERP grant. The CERP is a multi-year program that began on July 1, 2024. Most of the funding (\$5.0 million) for the state-funded program was received, and revenue was recognized in FY23/24. Accordingly, the grant funding was included in the ending fund balance on June 30, 2024. The FY26/27 expenditures related to the CERP project will be funded by the grant funding included in the opening fund balance for FY26/27.

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 full amount of budgeted expenditures. For the FY26/27 budget, the District continued the use of a modest (\$100,000) 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 FY26/27 and to expend the “right-sized” Professional Services budget. The District has adequate operating reserves to fund the \$1.7 million use of fund balance for FY26/27. The ending fund balance on June 30, 2027, in the Approved Budget will comply with the District’s operating reserve policy.

General Fund Trends

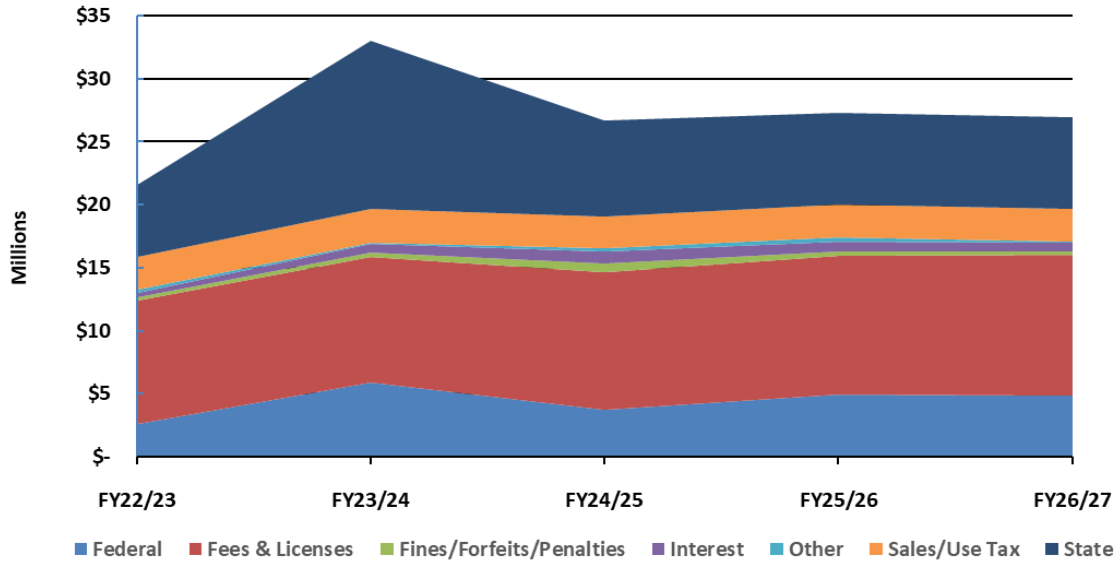
The Five-Year Revenue Trend graph displays revenues by account type. The trend shows federal grant revenues fluctuating over time, depending on changes in EPA 103, EPA 105, CPRG, and TAG project funding. The EPA has historically provided federal grants to the District to enforce federal air pollution 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’s approved CPI increase in fees for FY26/27 is 2.72%. This adjustment is based on the annual change in the California Consumer Price Index in accordance with the Health and Safety Code.

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 multi-year CERP funding for AB617 was recognized as revenue in FY23/24 and will fund project activities for the next several 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

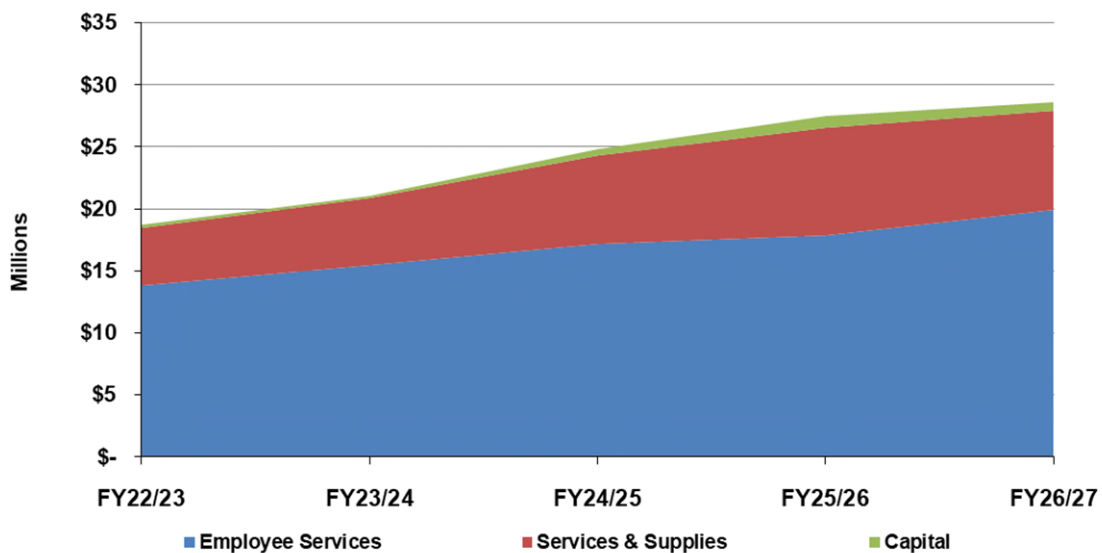


The Five-Year Expenditures Trend of the General Fund graph shown below reflects an increase in Employee Services (Salaries, Wages, and Employee Benefits) over the last five years due to 1) an increase in staff Full Time Equivalent (FTE) to support expanding mandates and grant activity, 2) application of the annual Cost of Living Adjustment (COLA) to wages and 3) increasing health care and pension costs. FY26/27 funded FTE headcount of 101.0 will decrease by 4.8 positions from the prior year funded headcount of 105.8 FTE, and the COLA, effective July 1, 2026, will be 2.9%.

For FY26/27, Services and Supplies are expected to decrease mainly due to a reduction in professional services expenditures and real property rent. The professional services expenditures decreased due to the completion of grants in FY25/26, changes in grant support needs in FY26/27, the winddown of a significant software development project in FY26/27, and the right-sizing of operational consultant contracts for FY26/27. Real property rent expenditures are reduced in FY26/27 due to a refinement in the calculation of rent expense for the District based on occupied square footage. Capital outlays will increase in FY26/27, primarily related to air monitoring station renovation and information systems projects.

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

General Fund – Five-Year Expenditures Trend

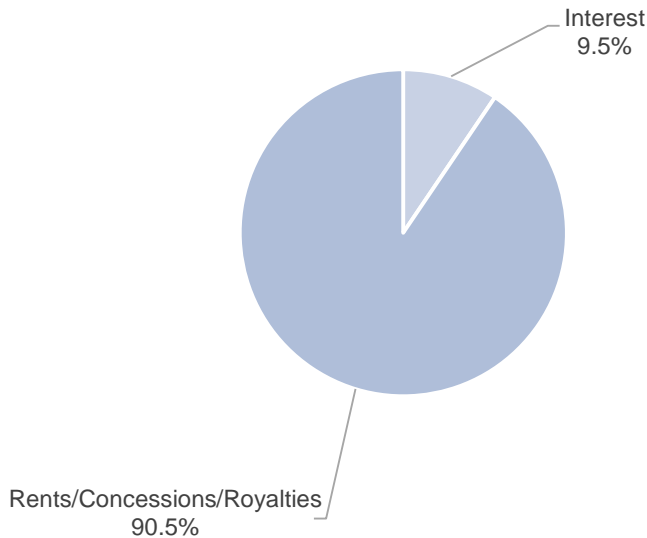


PROPRIETARY FUND 400

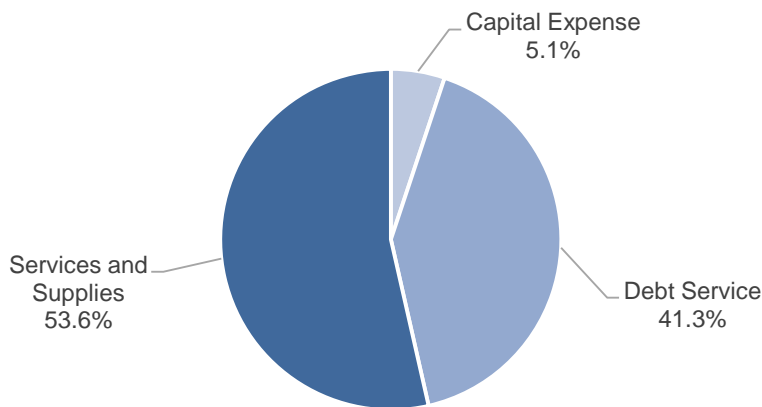
The Proprietary Fund is an Internal Service Fund that supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12th Street in Sacramento, California, containing approximately 38,000 square feet 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 FY26/27 budget was planned on a “status quo” basis without a sale, major improvements, or a third-party tenant due to the current “soft” commercial real estate market conditions.

The total FY26/27 Approved Proprietary Fund Budget is \$634,000 in revenues (mainly rent from the District) and \$975,000 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 (\$634,000)



Proprietary Fund Budget – Expenditures by Classification (\$975,000)



In FY26/27, the District’s share of building rent will decrease by \$301,000. To more accurately reflect the facility costs for the District in FY26/27, the budget includes rent expenditures for the space the District occupies on a square footage basis and excludes the vacant square footage; this is a refinement in the rent calculation from the prior year. Total FY26/27 parking rent of \$61,000 is expected to increase from the FY26/27 projected parking income.

The budget expenditures are comprised of \$523,000 for services and supplies (day-to-day operating expenses), \$50,000 for capital expenses, and \$403,000 for debt service. Expenses are projected to decrease by \$126,000 over the prior year’s budget, mainly for capital expenses, maintenance and repairs, and offset by an increase in parking services costs 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 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 final payment on the COPs is scheduled to be made in FY26/27. If the building is sold before the payment due date, the debt will be paid off as part of the transaction; 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 \$402,900. In FY26/27, a \$395,000 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
2027	395,000	7,900	402,900
Totals	\$ 395,000	\$ 7,900	\$ 402,900

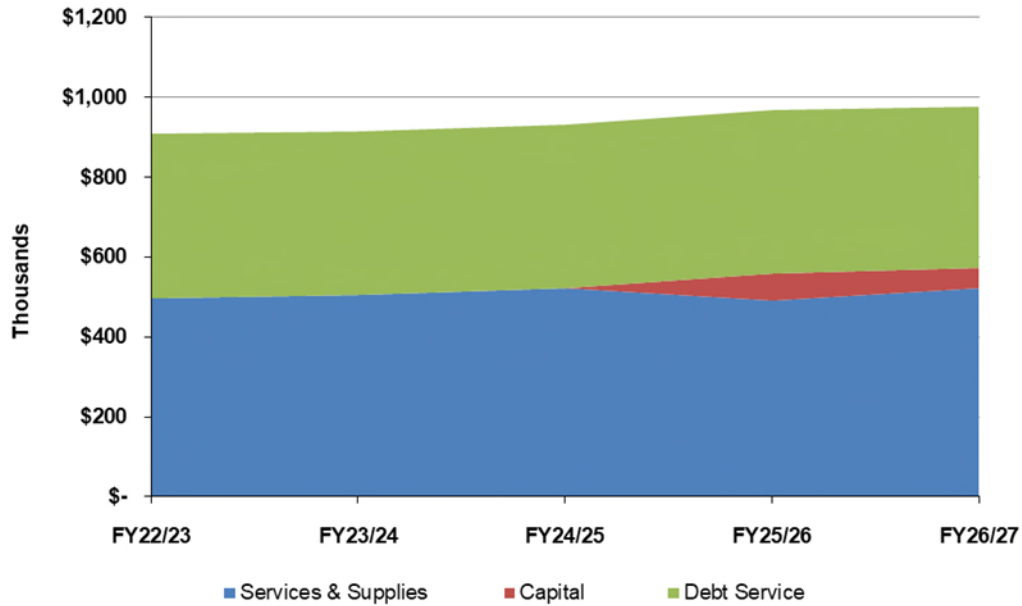
Proprietary Fund Trends

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	FY22/23 Actual	FY23/24 Actual	FY24/25 Actual	FY25/26 Projection	FY26/27 Budget
District Rent	\$ 991,211	\$ 1,030,927	\$ 988,374	\$ 814,336	\$ 512,796
Tenant Rent	358,510	236,425	56,808	42,500	60,800
Total Rents	\$ 1,349,721	\$ 1,267,352	\$ 1,045,182	\$ 856,836	\$ 573,596

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



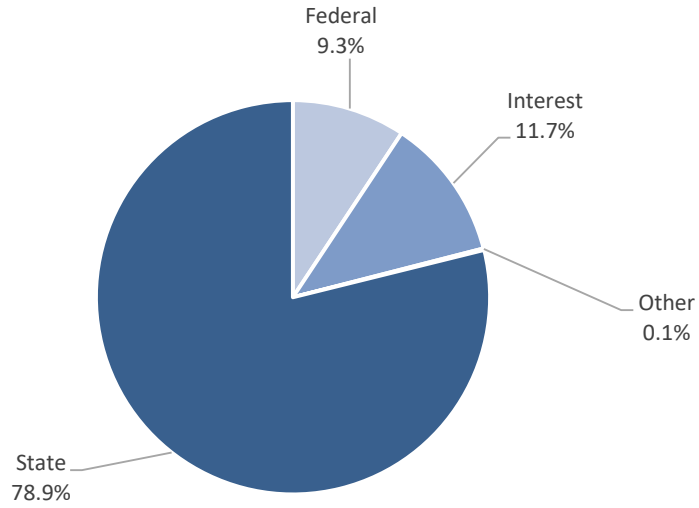
Capital expenses in FY26/27 include a modest amount for general capital improvement projects.

RESTRICTED REVENUE FUND 500

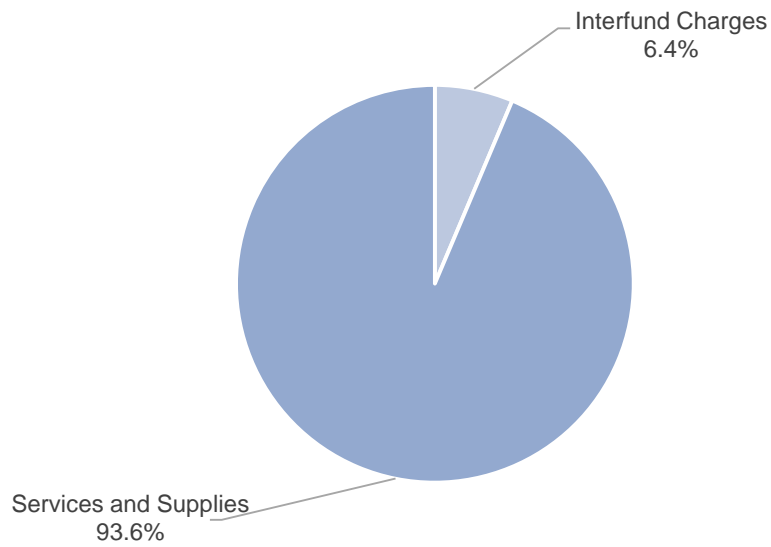
The Restricted Revenue Fund accounts for the financial activity of restricted funds, generally reflecting grants to provide businesses with incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light-duty on-road vehicles, and owners of off-road equipment, such 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 given 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 FY26/27 Approved Restricted Revenue Fund Budget is \$22.1 million in revenues and \$26.5 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Restricted Revenue Fund budget.

Restricted Revenue Fund – Revenues by Classification (\$22.1 million)



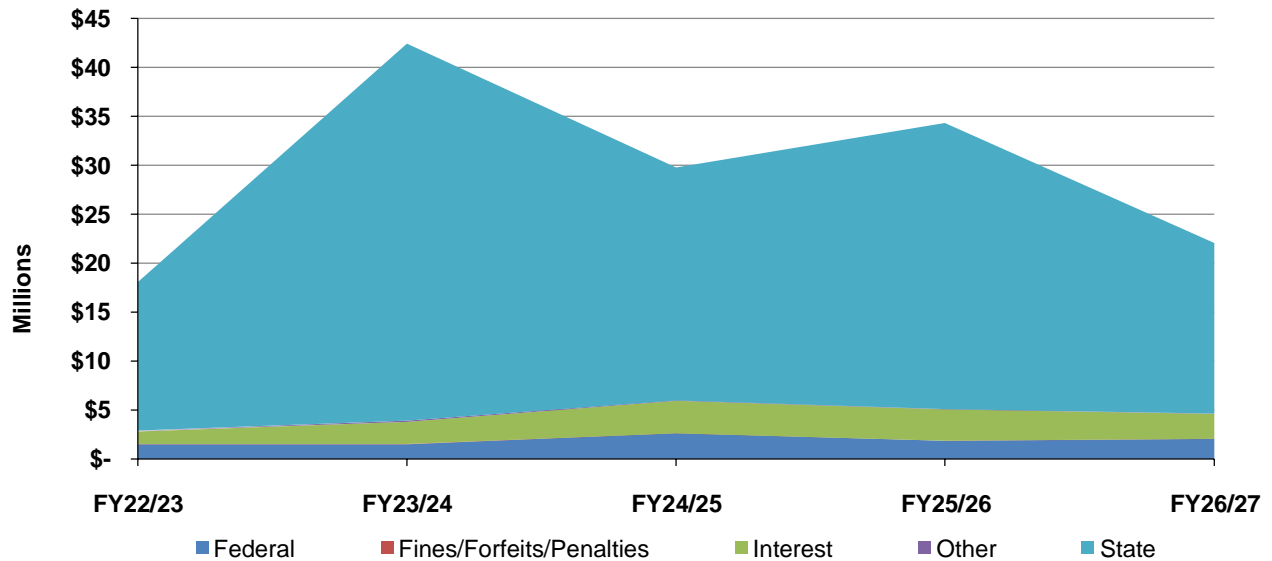
Restricted Revenue Fund – Expenditures by Classification (\$26.5 million)



Restricted Revenue Trends

The majority of Restricted Revenue Funds are from DMV registration fee surcharges (DMV), and state and federal grants, including Moyer, Community Air Protection Program (CAPP), Clean Cars 4 All (CC4A), and SECAT. Funding for the Restricted Revenue Fund is much more volatile than the General or Proprietary Funds due to one-time grants, the timing and 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 Restricted Revenue Fund revenues by account type.

Restricted Revenue Fund – Five-Year Revenue Trend

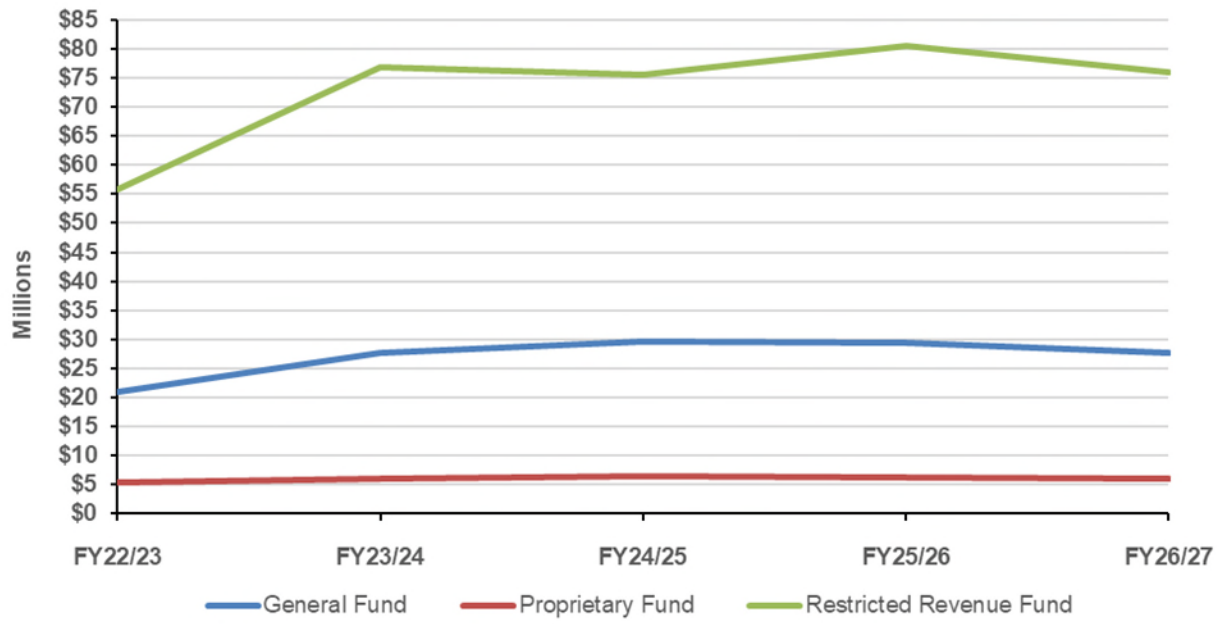


FUND BALANCE

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 multi-year AB 617 CERP grant. Revenue from the grant (approximately \$5.0 million) was received and recognized in FY23/24. The grant expenditures will occur over several years and will be funded from the fund balance. In FY26/27 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 Restricted 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 FY24/25 Actuals, the FY25/26 Approved Budget, the FY25/26 Projection, the FY26/27 Approved Budget, as well as the variance between the FY25/26 and the FY26/27 Approved Budgets.

Also included in this section are the schedules for FY26/27 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 FY26/27.

DISTRICT BUDGET

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

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Revenues					
Federal	\$ 6,365,056	\$ 7,732,584	\$ 6,785,074	\$ 6,866,690	\$ (865,894)
Fees & Licenses	10,871,882	10,629,795	11,070,070	11,206,290	576,495
Fines/Forfeits/Penalties	745,477	300,000	300,000	300,000	-
Interest	4,378,696	1,270,000	4,082,191	3,310,710	2,040,710
Local Government	154,503	28,451	287,111	28,451	-
Other	82,838	78,938	63,672	42,413	(36,525)
Rents/Concessions/Royalties	1,045,183	881,736	856,836	573,596	(308,140)
Sales/Use Tax	2,580,039	2,584,321	2,584,321	2,600,000	15,679
State	31,331,909	38,760,307	36,453,002	24,671,898	(14,088,409)
Revenues Total	\$ 57,555,582	\$ 62,266,132	\$ 62,482,277	\$ 49,600,048	\$ (12,666,084)
Expenses					
Salaries and Wages	\$ 13,307,065	\$ 14,176,782	\$ 13,471,801	\$ 14,669,911	\$ 493,129
Employee Benefits	6,001,583	6,619,774	6,318,153	6,984,889	365,115
Services and Supplies	36,706,792	44,048,474	36,693,901	33,316,674	(10,731,800)
Capital Expense	477,253	713,000	1,029,741	770,000	57,000
Debt Service	408,600	408,500	408,500	402,900	(5,600)
Expenses Total	\$ 56,901,294	\$ 65,966,530	\$ 57,922,096	\$ 56,144,374	\$ (9,822,156)
Fund Balance Source / (Use)	\$ 654,289	\$ (3,700,398)	\$ 4,560,181	\$ (6,544,326)	

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

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Revenues					
Federal	\$ 3,731,339	\$ 4,732,584	\$ 4,906,074	\$ 4,813,690	\$ 81,106
Fees & Licenses	10,871,882	10,629,795	11,070,070	11,206,290	576,495
Fines/Forfeits/Penalties	744,977	300,000	300,000	300,000	-
Interest	972,513	500,000	830,657	673,164	173,164
Local Government	154,503	28,451	287,111	28,451	-
Other	42,568	12,500	29,109	12,100	(400)
Sales/Use Tax	2,580,039	2,584,321	2,584,321	2,600,000	15,679
State	7,551,379	7,190,060	7,255,210	7,278,383	88,323
Revenues Total	\$ 26,649,200	\$ 25,977,711	\$ 27,262,552	\$ 26,912,078	\$ 934,367
Expenses					
Salaries and Wages	\$ 13,307,065	\$ 14,176,782	\$ 13,471,801	\$ 14,669,911	\$ 493,129
Employee Benefits	6,001,583	6,619,774	6,318,153	6,984,889	365,115
Services and Supplies	7,140,174	8,928,262	8,662,556	7,960,318	(967,944)
Capital Expense	477,253	558,000	959,741	720,000	162,000
Interfund Charges	(2,125,503)	(1,532,500)	(1,930,000)	(1,687,000)	(154,500)
Expenses Total	\$ 24,800,573	\$ 28,750,318	\$ 27,482,251	\$ 28,648,118	\$ (102,200)
Source / (Use) Fund Balance	\$ 1,848,626	\$ (2,772,607)	\$ (219,699)	\$ (1,736,040)	

General Fund 100 – Revenues by Account

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Revenues					
Federal					
EPA 103	\$ 102,964	\$ 128,000	\$ 128,000	\$ 75,000	\$ (53,000)
EPA 105	1,151,213	1,133,979	1,133,979	1,100,000	(33,979)
Federal	1,772,256	2,792,869	2,966,359	2,960,954	168,085
FHW-CMAQ	704,906	677,736	677,736	677,736	-
Subtotal Federal	3,731,339	4,732,584	4,906,074	4,813,690	81,106
Fees & Licenses					
Ag Burn	11,896	16,000	13,500	13,500	(2,500)
Asbestos	261,746	162,000	201,700	201,700	39,700
Fees & Licenses	8,317	26,495	22,500	22,650	(3,845)
Mitigation Fees	62,598	150,000	75,000	50,000	(100,000)
Rule 301	9,511,290	9,800,000	10,350,000	10,500,000	700,000
SEED Loan-Non Labor	626,196	37,100	48,370	37,740	640
SEED Renewal	44,402	88,200	84,000	105,700	17,500
Title V	94,939	120,000	73,000	73,000	(47,000)
Toxics AB2588	250,499	230,000	202,000	202,000	(28,000)
Subtotal Fees & Licenses	10,871,882	10,629,795	11,070,070	11,206,290	576,495
Fines/Forfeits/Penalties					
Civil Settlement	-	-	-	-	-
Fines/Forfeits/Penalties	744,977	300,000	300,000	300,000	-
Subtotal Fines/Forfeits/Penalties	744,977	300,000	300,000	300,000	-
Interest					
Interest Earned	972,513	500,000	830,657	673,164	173,164
Subtotal Interest	972,513	500,000	830,657	673,164	173,164
Local Government					
Local Government	154,503	28,451	287,111	28,451	-
Subtotal Local Government	154,503	28,451	287,111	28,451	-
Other					
Auction	-	-	-	-	-
Other	42,568	12,500	29,109	12,100	(400)
FMV Change	-	-	-	-	-
Subtotal Other	42,568	12,500	29,109	12,100	(400)
Sales/Use Tax					
Sales/Use Tax	2,580,039	2,584,321	2,584,321	2,600,000	15,679
Subtotal Sales/Use Tax	2,580,039	2,584,321	2,584,321	2,600,000	15,679
State					
ARB Oil & Gas	42,000	42,000	42,000	42,000	-
ARB PERP	266,712	280,000	167,000	167,000	(113,000)
ARB Subvention	363,156	362,000	369,091	369,000	7,000
DMV	5,213,673	5,260,000	5,260,000	5,417,800	157,800
State	1,665,838	1,246,060	1,417,119	1,282,583	36,523
Subtotal State	7,551,379	7,190,060	7,255,210	7,278,383	88,323
Revenues Total	\$ 26,649,200	\$ 25,977,711	\$ 27,262,552	\$ 26,912,078	\$ 934,367

General Fund 100 – Expenses by Account

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Expenses					
Salaries and Wages					
Salaries & Wages-Extra Help	\$ 70,277	\$ 81,178	\$ 8,810	\$ 39,898	\$ (41,280)
Salaries & Wages-OT	219,571	145,500	192,433	143,263	(2,237)
Salaries & Wages-Premium Pay	80,854	82,884	78,342	76,111	(6,773)
Salaries & Wages-Regular	12,936,363	13,867,220	13,192,216	14,410,639	543,419
Subtotal Salaries and Wages	13,307,065	14,176,782	13,471,801	14,669,911	493,129
Employee Benefits					
Employee Assistance Program	3,588	5,000	5,000	5,000	-
FICA/Medicare-Employer OASDHI	961,053	1,033,398	945,240	1,081,547	48,149
Group Insurance	1,986,729	2,077,778	2,038,963	2,140,110	62,332
OPEB GASB 68	700	700	700	700	-
Retirement	2,958,887	3,349,966	3,175,318	3,606,559	256,593
Unemployment-SUI	12,847	27,932	27,932	25,973	(1,959)
Workers Compensation Insurance	77,779	125,000	125,000	125,000	-
Subtotal Employee Benefits	6,001,583	6,619,774	6,318,153	6,984,889	365,115
Services and Supplies					
Subtotal Services and Supplies	7,140,174	8,928,262	8,662,556	7,960,318	(967,944)
Capital Expense					
FA-Computer & Network	-	82,000	20,000	160,000	78,000
FA-Lab Equipment	130,241	246,000	384,741	260,000	14,000
FA-Monitoring Structures	166,536	230,000	500,000	300,000	70,000
FA-Vehicles	181,686	-	55,000	-	-
Subtotal Capital Expense	477,253	558,000	959,741	720,000	162,000
Interfund Charges					
Transfer-In	(2,125,503)	(1,532,500)	(1,930,000)	(1,687,000)	(154,500)
Subtotal Interfund Charges	(2,125,503)	(1,532,500)	(1,930,000)	(1,687,000)	(154,500)
Expenses Total	\$ 24,800,573	\$ 28,750,318	\$ 27,482,251	\$ 28,648,118	\$ (102,200)

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

General Fund 100 – Expenses by Account (Continued)

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Expenses					
Services and Supplies					
Advertising, Comm & Outreach	\$ 883,033	\$ 1,020,736	\$ 1,046,823	\$ 982,336	\$ (38,400)
Alternative Transit	19,782	19,833	17,808	21,743	1,910
Banking & Finance	224	2,469	769	669	(1,800)
Books/Periodicals/Subscriptions	31,094	33,983	26,270	36,420	2,437
Breakroom Supplies	1,925	2,200	2,200	2,300	100
Business Meetings	175,180	252,870	218,570	230,671	(22,199)
Collaborations	112,632	103,000	101,726	101,726	(1,274)
Document Storage & Handling	33,602	35,200	35,200	38,600	3,400
Education & Training	50,008	134,060	63,250	76,193	(57,867)
Food	121	-	-	-	-
Fuel & Lubricants	10,930	12,720	12,600	12,960	240
Graphic Design	463	-	-	-	-
Incentive Projects	41,325	-	247,129	-	-
Internship	8,000	-	-	-	-
IS Data Processing Services	43,688	54,820	53,620	51,076	(3,744)
IS Hardware	117,362	168,184	156,418	161,595	(6,589)
IS Internet	36,867	37,708	37,708	40,691	2,983
IS Mobile Devices/Services	59,899	60,280	60,152	63,088	2,808
IS SaaS-Software as a Service	542,452	755,191	683,785	626,428	(128,763)
IS Software	43,601	80,650	72,570	73,629	(7,021)
IS Supplies	16,883	15,564	15,500	15,564	-
Lab Analysis	50,847	90,000	89,000	214,000	124,000
Laboratory Equipment & Supplies	79,861	63,500	64,000	64,000	500
Legal Services	8,670	24,000	61,370	33,000	9,000
Legislative Advocacy	66,000	66,250	66,000	66,250	-
Maintenance & Repairs	20,195	32,000	26,700	22,000	(10,000)
Medical Services	1,148	3,000	3,000	3,000	-
Membership Dues	68,867	63,653	62,788	69,072	5,419
Mileage/Parking	31,633	33,610	1,830	32,840	(770)
Office Equipment/Furniture	6,052	8,500	19,500	18,500	10,000
Office Services	487	1,000	600	1,000	-
Office Supplies	2,933	9,025	5,475	8,675	(350)
Postage/Shipping/Messenger	16,041	25,600	18,100	19,400	(6,200)
Printing	9,597	14,000	9,755	11,755	(2,245)
Prof Svc-Consulting	1,588,455	1,830,310	1,568,208	1,240,659	(589,651)
Program Distribution-EPA Grant	1,209,127	2,341,800	2,341,800	2,406,954	65,154
Property & Liability Insurance	292,330	320,700	306,644	338,000	17,300
Property Management	2,834	25,000	10,000	15,000	(10,000)
Public Notices	28,604	34,050	31,650	23,450	(10,600)
Recognition	23,521	30,960	29,289	34,460	3,500
Recording Fees	-	200	200	200	-
Recruitment	7,826	10,000	10,000	10,000	-
Rent/Lease-Equipment	38,705	82,276	14,340	97,636	15,360
Rent/Lease-Real Property	999,111	835,204	829,336	533,796	(301,408)
Safety Supplies	5,401	7,850	7,450	7,450	(400)
Stipends	30,800	82,200	82,200	62,200	(20,000)
Tax/Lic/Assessment	24,950	-	-	-	-
Telephone Services	24,399	17,532	21,020	6,732	(10,800)
Temporary Staffing	196,282	5,000	49,425	-	(5,000)
Tools/Small Equipment	10,489	10,170	9,598	6,000	(4,170)
Utilities	17,566	21,504	21,500	25,000	3,496
Vehicle Maintenance	48,372	49,900	49,680	53,600	3,700
Subtotal Services and Supplies	7,140,174	8,928,262	8,662,556	7,960,318	(967,944)

PROPRIETARY FUND BUDGET

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

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Revenues					
Interest	\$ 86,570	\$ 20,000	\$ 73,310	\$ 60,000	\$ 40,000
Rents/Concessions/Royalties	1,045,183	881,736	856,836	573,596	(308,140)
Revenues Total	\$ 1,131,752	\$ 901,736	\$ 930,146	\$ 633,596	\$ (268,140)
Expenses					
Services and Supplies	\$ 523,381	\$ 538,236	\$ 489,896	\$ 522,560	\$ (15,676)
Capital Expense	-	155,000	70,000	50,000	(105,000)
Debt Service	408,600	408,500	408,500	402,900	(5,600)
Expenses Total	\$ 931,981	\$ 1,101,736	\$ 968,396	\$ 975,460	\$ (126,276)
Fund Balance Source / (Use)	\$ 199,772	\$ (200,000)	\$ (38,250)	\$ (341,864)	

Proprietary Fund 400 – Revenues and Expenses by Account

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Revenues					
Interest Earned					
Interest Earned	\$ 86,570	\$ 20,000	\$ 73,310	\$ 60,000	\$ 40,000
Subtotal Interest	86,570	20,000	73,310	60,000	40,000
Rents/Concessions/Royalties					
Parking	56,809	67,400	42,500	60,800	(6,600)
Rents/Concessions/Royalties	988,374	814,336	814,336	512,796	(301,540)
Subtotal Rents/Concessions/Royalties	1,045,183	881,736	856,836	573,596	(308,140)
Revenues Total	\$ 1,131,752	\$ 901,736	\$ 930,146	\$ 633,596	\$ (268,140)
Expenses					
Services and Supplies					
Banking & Finance	\$ 2,273	\$ 2,173	\$ 2,300	\$ 2,300	\$ 127
Maintenance & Repairs	48,069	48,125	14,737	17,460	(30,665)
Mileage/Parking	192,106	173,746	173,362	185,000	11,254
Office Equipment/Furniture	1,641	3,500	2,202	2,500	(1,000)
Office Services	69,327	76,572	78,958	84,300	7,728
Property & Liability Insurance	54,000	62,100	58,184	63,800	1,700
Property Management	24,000	24,000	28,000	30,000	6,000
Security	29,349	34,820	27,794	29,200	(5,620)
Tax/Lic/Assessment	3,781	3,900	3,814	4,000	100
Utilities	98,835	109,300	100,545	104,000	(5,300)
Subtotal Services and Supplies	523,381	538,236	489,896	522,560	(15,676)
Capital Expense					
FA-Leasehold Improvement	7,833	155,000	70,000	50,000	(105,000)
Subtotal Capital Expense	-	155,000	70,000	50,000	(105,000)
Debt Service					
Interest Expense	38,600	23,500	23,500	7,900	(15,600)
Principal	370,000	385,000	385,000	395,000	10,000
Subtotal Debt Service	408,600	408,500	408,500	402,900	(5,600)
Expenses Total	\$ 931,981	\$ 1,101,736	\$ 968,396	\$ 975,460	\$ (126,276)

RESTRICTED REVENUE FUND BUDGET

Restricted Revenue Fund 500 – Summary of Revenues, Expenditures, and Fund Balances

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Revenues					
Federal	\$ 2,633,717	\$ 3,000,000	\$ 1,879,000	\$ 2,053,000	\$ (947,000)
Fines/Forfeits/Penalties	500	-	-	-	-
Interest	3,319,614	750,000	3,178,224	2,577,546	1,827,546
Other	40,270	66,438	34,563	30,313	(36,125)
State	23,780,530	31,570,247	29,197,792	17,393,515	(14,176,732)
Revenues Total	\$ 29,774,630	\$ 35,386,685	\$ 34,289,579	\$ 22,054,374	\$ (13,332,311)
Expenses					
Interfund Charges	\$ 2,125,503	\$ 1,532,500	\$ 1,930,000	\$ 1,687,000	\$ 154,500
Services and Supplies	29,043,237	34,581,976	27,541,449	24,833,796	(9,748,180)
Expenses Total	\$ 31,168,740	\$ 36,114,476	\$ 29,471,449	\$ 26,520,796	\$ (9,593,680)
Fund Balance Source / (Use)	\$ (1,394,110)	\$ (727,791)	\$ 4,818,130	\$ (4,466,422)	

Restricted Revenue Fund 500 – Revenues and Expenses by Account

Classification Account	FY24/25 Actual	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Revenues					
Federal					
FHW-SECAT	\$ 2,633,717	\$ 3,000,000	\$ 1,879,000	\$ 2,053,000	\$ (947,000)
Subtotal Federal	2,633,717	3,000,000	1,879,000	2,053,000	(947,000)
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	500	-	-	-	-
Subtotal Fines/Forfeits/Penalties	500	-	-	-	-
Interest					
Interest Earned	3,319,614	750,000	3,178,224	2,577,546	1,827,546
Subtotal Interest	3,319,614	750,000	3,178,224	2,577,546	1,827,546
Other					
Auction	40,270	66,438	34,563	30,313	(36,125)
Subtotal Other	40,270	66,438	34,563	30,313	(36,125)
State					
DMV	2,606,837	2,600,000	2,600,000	2,600,000	-
State	21,173,693	28,970,247	26,597,792	14,793,515	(14,176,732)
Subtotal State	23,780,530	31,570,247	29,197,792	17,393,515	(14,176,732)
Revenues Total	\$ 29,774,630	\$ 35,386,685	\$ 34,289,579	\$ 22,054,374	\$ (13,332,311)
Expenses					
Services and Supplies					
Incentive Projects	\$ 28,859,769	\$ 34,481,976	\$ 27,541,449	\$ 24,833,796	\$ (9,648,180)
Prof Src-Consulting	183,468	100,000	-	-	(100,000)
Subtotal Services and Supplies	29,043,237	34,581,976	27,541,449	24,833,796	(9,748,180)
Interfund Charges					
Transfer-Out	2,125,503	1,532,500	1,930,000	1,687,000	154,500
Subtotal Interfund Charges	2,125,503	1,532,500	1,930,000	1,687,000	154,500
Expenses Total	\$ 31,168,740	\$ 36,114,476	\$ 29,471,449	\$ 26,520,796	\$ (9,593,680)

CAPITAL EXPENSES BUDGET

Capital Expenses – by Fund

Fund Description	FY26/27 Budget
100 General	
Simplivity node	\$ 160,000
Data logger	5,000
Chart recorder	34,000
FEM BAM1020	35,000
Met System	16,000
Dilution Calibrator	35,000
No2 NOx analyzer	60,000
Ozone analyzer	45,000
Zero air generator	30,000
Air Monitoring Stations Capital	300,000
100 General Subtotal	720,000
400 Proprietary	
Miscellaneous - annual improvements	\$ 50,000
400 Proprietary Subtotal	50,000
Capital Expenses Total	\$ 770,000

SUMMARY OF FINANCIAL SOURCES, USES, AND FUND BALANCE

Fund	Type	Fund Balance 06/30/25	FY25/26 Projected Revenues	FY25/26 Projected Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/26
100	General Fund	\$ 29,656,289	\$ 27,262,552	\$ 27,482,251	\$ (219,699)	\$ 29,436,590
400	Proprietary Fund	6,357,092	930,146	968,396	(38,250)	6,318,842
500	Restricted Revenue Fund	75,610,893	34,289,579	29,471,449	4,818,130	80,429,023
Total		\$ 111,624,274	\$ 62,482,277	\$ 57,922,096	\$ 4,560,181	\$ 116,184,455

Fund	Type	Projected Fund Balance 06/30/26	FY26/27 Budget Revenues	FY26/27 Budget Expenditures	Fund Balance Sources (Uses)	Projected Fund Balance 06/30/27
100	General Fund	\$ 29,436,590	\$ 26,912,078	\$ 28,648,118	\$ (1,736,040)	\$ 27,700,550
400	Proprietary Fund	6,318,842	633,596	975,460	(341,864)	5,976,978
500	Restricted Revenue Fund	80,429,023	22,054,374	26,520,796	(4,466,422)	75,962,601
Total		\$ 116,184,455	\$ 49,600,048	\$ 56,144,374	\$ (6,544,326)	\$ 109,640,129

The increase in the FY25/26 Restricted Revenue fund balance is mainly because of a net source of fund balance for the Community Air Protection (CAP) and Clean Cars for All (CC4A) grant programs.

The use of fund balance in the General Fund for FY26/27 is primarily due to recurring operational costs exceeding annual revenue increases and, to a lesser extent, expenditures for the CERP grant. The FY26/27 fund balance decrease for the Restricted Revenue Fund is due to the normal variation in receipts and disbursements of incentive grant funds, which resulted in a net use of fund balance for the CC4A and Moyer grant programs.

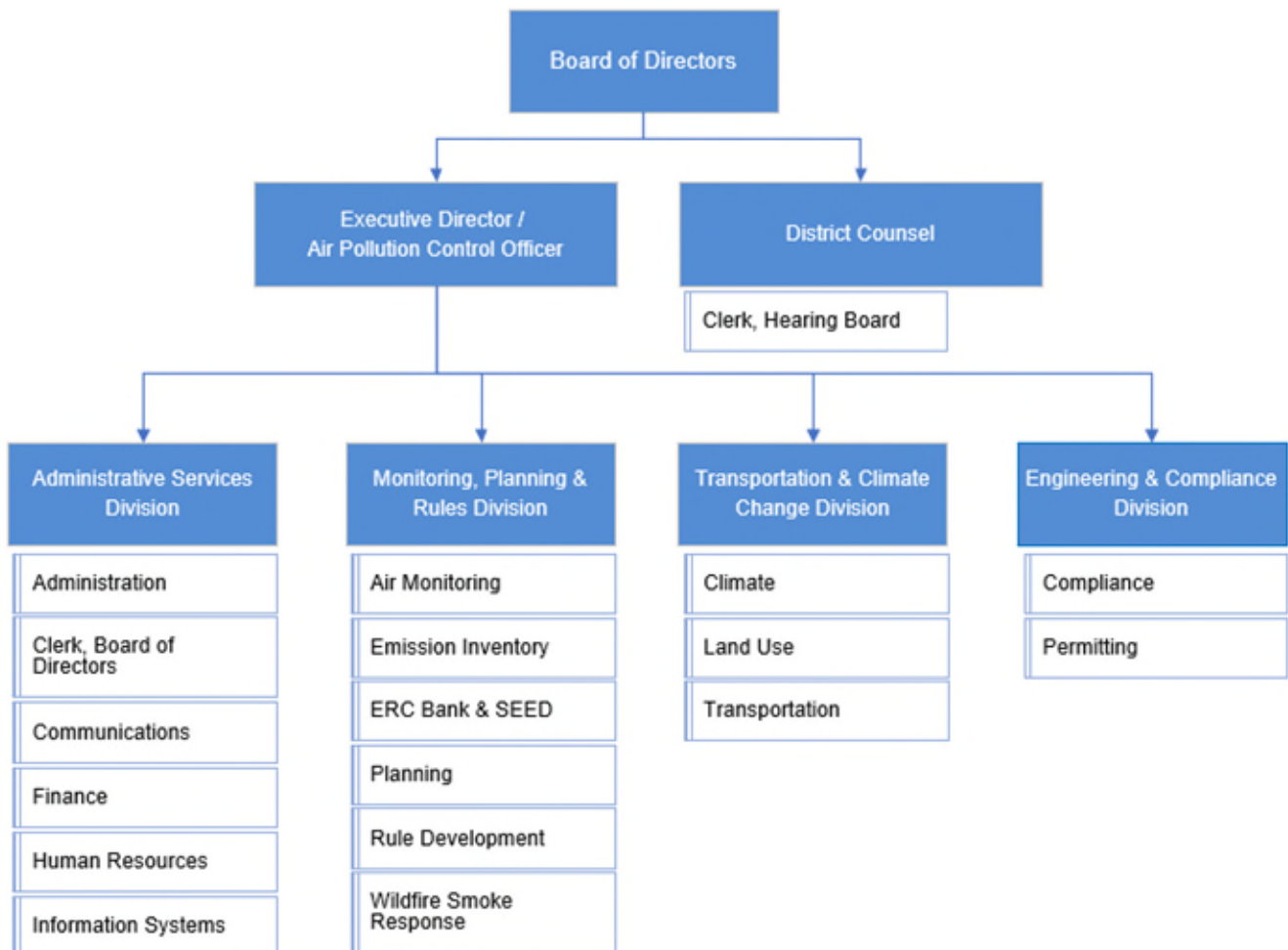
SECTION 7 - Organizational Overview

This section includes the District’s organizational structure, staffing and pay schedules, division budgets, as well as division functions, program summaries, key initiatives for FY26/27, 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 FY26/27 Approved Budget includes 101.0 Full-Time Equivalent (FTE) positions, a reduction of 4.8 FTE from FY25/26. 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	FY24/25 Amended	FY25/26 Approved	Change	FY26/27 Approved
FUNDED				
Regular				
Accountant	1.0	1.0	(1.0)	-
Administrative Assistant	-	1.0	-	1.0
Administrative Specialist	4.0	4.0	-	4.0
Administrative Supervisor/Clerk of Board	1.0	1.0	-	1.0
Air Pollution Control Officer	1.0	1.0	-	1.0
Air Quality Engineer	21.0	21.0	(1.0)	20.0
Air Quality Instrument Specialist	3.0	3.0	-	3.0
Air Quality Planner/Analyst	11.0	11.0	(2.0)	9.0
Air Quality Specialist	23.8	23.8	0.2	24.0
Communication & Marketing Specialist	2.0	2.0	(1.0)	1.0
Controller	1.0	1.0	-	1.0
District Counsel	1.0	1.0	-	1.0
Division Director	4.0	4.0	1.0	5.0
Financial Analyst	1.0	1.0	-	1.0
Human Resource Technician	1.0	1.0	-	1.0
Human Resources Officer	1.0	1.0	-	1.0
Information Systems Analyst	3.0	3.0	-	3.0
Information Systems Manager	1.0	1.0	-	1.0
Legal Assistant	1.0	1.0	-	1.0
Office Assistant	5.0	4.0	-	4.0
Program Manager	5.0	5.0	(1.0)	4.0
Program Supervisor	12.0	12.0	-	12.0
Senior Accountant	1.0	1.0	-	1.0
Statistician	1.0	1.0	-	1.0
Limited Term				
Air Quality Engineer/Specialist/Planner	-	-	-	-
FUNDED Total	105.8	105.8	(4.8)	101.0
UNFUNDED				
Accountant			1.0	1.0
Air Quality Engineer			1.0	1.0
Air Quality Planner/Analyst			2.0	2.0
Communication & Marketing Specialist			1.0	1.0
UNFUNDED Total	-	-	5.0	5.0
AUTHORIZED Total	105.8	105.8	0.2	106.0

Approved FY26/27 Positions by Division

Classification	ASD	DC	EXEC	MPR	ECD	TCC	Total FTE
FUNDED							
Regular							
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	-	-	-	3.0	11.0	6.0	20.0
Air Quality Instrument Specialist	-	-	-	3.0	-	-	3.0
Air Quality Planner/Analyst	-	-	-	3.0	-	6.0	9.0
Air Quality Specialist	-	-	-	5.0	14.0	5.0	24.0
Communication & Marketing Specialist	1.0	-	-	-	-	-	1.0
Controller	1.0	-	-	-	-	-	1.0
District Counsel	-	1.0	-	-	-	-	1.0
Division Director	1.0	-	-	2.0	1.0	1.0	5.0
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	-	-	-	2.0	1.0	4.0
Program Supervisor	1.0	-	-	3.0	5.0	3.0	12.0
Senior Accountant	1.0	-	-	-	-	-	1.0
Statistician	-	-	-	1.0	-	-	1.0
FUNDED Total	20.0	2.0	1.0	20.0	33.0	24.0	101.0
UNFUNDED							
Accountant	1.0						1.0
Air Quality Engineer				1.0			1.0
Air Quality Planner/Analyst						2.0	2.0
Communication & Marketing Specialist	1.0						1.0
UNFUNDED Total	2.0	-	-	1.0	-	2.0	5.0
AUTHORIZED Total	22.0	2.0	1.0	21.0	33.0	26.0	106.0

PAY SCHEDULE

The following monthly pay schedule includes a cost-of-living adjustment (COLA) of 2.9%, 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, 2026**

CLASSIFICATION	MONTHLY	
	MINIMUM	MAXIMUM
Accountant	7,799.73	9,480.62
Administrative Assistant	5,604.94	6,812.84
Administrative Specialist I	7,199.84	8,751.45
Administrative Specialist II	7,799.73	9,480.62
Air Quality Engineer (Assistant)	8,278.55	10,062.63
Air Quality Engineer (Associate)	9,615.10	11,687.21
Air Quality Instrument Specialist I	6,855.99	8,333.50
Air Quality Instrument Specialist II	7,884.68	9,583.88
Air Quality Planner/Analyst (Assistant)	8,278.55	10,062.63
Air Quality Planner/Analyst (Associate)	9,615.10	11,687.21
Air Quality Specialist (Assistant)	8,278.55	10,062.63
Air Quality Specialist (Associate)	9,615.10	11,687.21
Communications & Marketing Specialist (Assistant)	8,278.55	10,062.63
Communications & Marketing Specialist (Associate)	9,615.10	11,687.21
Financial Analyst	8,425.95	10,241.79
Human Resources Technician I	6,080.60	7,391.01
Human Resources Technician II	6,829.23	8,300.97
Information Systems Analyst (Assistant)	8,197.51	9,964.12
Information Systems Analyst (Associate)	9,427.62	11,459.33
Legal Assistant I	5,836.29	7,094.05
Legal Assistant II	6,634.39	8,064.14
Office Assistant I	4,060.85	4,935.99
Office Assistant II	4,619.13	5,614.58
Senior Accountant	8,425.95	10,241.79
Statistician	9,615.10	11,687.21
MANAGEMENT & SUPERVISORY	MINIMUM	MAXIMUM
Administrative Supervisor/Clerk of the Board	8,737.54	11,688.73
Air Pollution Control Officer	27,221.68	27,221.68
Controller	11,545.36	15,471.39
District Counsel	24,264.16	24,264.16
Director	13,270.74	17,783.54
Human Resources Officer	10,042.98	13,458.91
Information Systems Manager	11,545.36	15,471.39
Program Manager	11,545.36	15,471.39
Program Supervisor	9,759.94	13,079.60

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. Air Pollution Control Officer and District Counsel are contracted by the Board of Directors.

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 FY26/27 Approved Budget, the large decrease in Services and Supplies for the Transportation & Climate Change division reflects the reduction in planned incentive expenditures in the Restricted Revenue Fund. The incentive payments typically fluctuate each year in line with the grant life cycles.

DISTRICTWIDE – Expenditures by Division by Classification

Classification Account	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Administrative Services				
Salaries and Wages	\$ 2,901,581	\$ 2,588,007	\$ 2,802,414	\$ (99,167)
Employee Benefits	1,371,803	1,259,726	1,379,469	7,666
Services and Supplies	1,805,487	1,745,812	1,885,978	80,491
Capital Expense	82,000	75,000	160,000	78,000
Subtotal Administrative Services	6,160,871	5,668,545	6,227,861	66,990
District Counsel				
Salaries and Wages	384,025	371,829	396,213	12,188
Employee Benefits	201,759	164,190	221,445	19,686
Services and Supplies	66,560	99,334	81,511	14,951
Subtotal District Counsel	652,344	635,353	699,169	46,825
Executive Office				
Salaries and Wages	316,748	315,898	326,366	9,618
Employee Benefits	159,580	122,214	175,239	15,659
Services and Supplies	272,425	274,075	313,500	41,075
Subtotal Executive Office	748,753	712,187	815,105	66,352
Non-Departmental				
Salaries and Wages	(345,256)	-	-	345,256
Employee Benefits	(24,744)	128,484	131,000	155,744
Services and Supplies	1,684,932	1,591,218	1,381,716	(303,216)
Capital Expense	155,000	70,000	50,000	(105,000)
Debt Service	408,500	408,500	402,900	(5,600)
Subtotal Non-Departmental	1,878,432	2,198,202	1,965,616	87,184
Monitoring, Planning and Rules				
Salaries and Wages	3,044,235	2,829,620	3,058,322	14,087
Employee Benefits	1,340,179	1,260,596	1,342,483	2,304
Services and Supplies	3,718,110	3,359,608	3,482,502	(235,608)
Capital Expense	476,000	741,000	560,000	84,000
Subtotal Monitoring, Planning and Rules	8,578,524	8,190,824	8,443,307	(135,217)
Engineering and Compliance				
Salaries and Wages	4,598,584	4,419,168	4,861,729	263,145
Employee Benefits	2,109,446	2,106,341	2,318,696	209,250
Services and Supplies	720,412	609,598	469,877	(250,535)
Capital Expense	-	143,741	-	-
Subtotal Engineering and Compliance	7,428,442	7,278,848	7,650,302	221,860
Transportation & Climate Change				
Salaries and Wages	3,276,865	2,947,279	3,224,867	(51,998)
Employee Benefits	1,461,751	1,276,602	1,416,557	(45,194)
Services and Supplies	35,780,548	29,014,256	25,701,590	(10,078,958)
Subtotal Transportation & Climate Change	40,519,164	33,238,137	30,343,014	(10,176,150)
Expenses Total	\$ 65,966,530	\$ 57,922,096	\$ 56,144,374	\$ (9,822,156)

FUND 100 – General Fund Expenditures by Division by Classification

Classification Account	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Administrative Services				
Salaries and Wages	\$ 2,901,581	\$ 2,588,007	\$ 2,802,414	\$ (99,167)
Employee Benefits	1,371,803	1,259,726	1,379,469	7,666
Services and Supplies	1,805,487	1,745,812	1,885,978	80,491
Capital Expense	82,000	75,000	160,000	78,000
Subtotal Administrative Services	6,160,871	5,668,545	6,227,861	66,990
District Counsel				
Salaries and Wages	384,025	371,829	396,213	12,188
Employee Benefits	201,759	164,190	221,445	19,686
Services and Supplies	66,560	99,334	81,511	14,951
Subtotal District Counsel	652,344	635,353	699,169	46,825
Executive Office				
Salaries and Wages	316,748	315,898	326,366	9,618
Employee Benefits	159,580	122,214	175,239	15,659
Services and Supplies	272,425	274,075	313,500	41,075
Subtotal Executive Office	748,753	712,187	815,105	66,352
Non-Departmental				
Salaries and Wages	(345,256)	-	-	345,256
Employee Benefits	(24,744)	128,484	131,000	155,744
Services and Supplies	1,146,696	1,101,322	859,156	(287,540)
Subtotal Non-Departmental	776,696	1,229,806	990,156	213,460
Monitoring, Planning and Rules				
Salaries and Wages	3,044,235	2,829,620	3,058,322	14,087
Employee Benefits	1,340,179	1,260,596	1,342,483	2,304
Services and Supplies	3,718,110	3,359,608	3,482,502	(235,608)
Capital Expense	476,000	741,000	560,000	84,000
Subtotal Monitoring, Planning and Rules	8,578,524	8,190,824	8,443,307	(135,217)
Engineering and Compliance				
Salaries and Wages	4,598,584	4,419,168	4,861,729	263,145
Employee Benefits	2,109,446	2,106,341	2,318,696	209,250
Services and Supplies	720,412	609,598	469,877	(250,535)
Capital Expense	-	143,741	-	-
Subtotal Engineering and Compliance	7,428,442	7,278,848	7,650,302	221,860
Transportation & Climate Change				
Salaries and Wages	3,276,865	2,947,279	3,224,867	(51,998)
Employee Benefits	1,461,751	1,276,602	1,416,557	(45,194)
Interfund Charges	(1,532,500)	(1,930,000)	(1,687,000)	(154,500)
Subtotal Transportation & Climate Change	3,206,116	2,293,881	2,954,424	(251,692)
Expenses Total	\$ 28,750,318	\$ 27,482,251	\$ 28,648,118	\$ (102,200)

FUND 400 – Proprietary Fund Expenditures by Division by Classification

Classification Account	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Non-Departmental				
Services and Supplies	\$ 538,236	\$ 489,896	\$ 522,560	\$ (15,676)
Capital Expense	155,000	70,000	50,000	(105,000)
Debt Service	408,500	408,500	402,900	(5,600)
Subtotal Non-Departmental	1,101,736	968,396	975,460	(126,276)
Expenses Total	\$ 1,101,736	\$ 968,396	\$ 975,460	\$ (126,276)

FUND 500 – Restricted Revenue Fund Expenditures by Division by Classification

Classification Account	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Transportation & Climate Change				
Services and Supplies	\$ 34,581,976	\$ 27,541,449	\$ 24,833,796	\$ (9,748,180)
Interfund Charges	1,532,500	1,930,000	1,687,000	154,500
Subtotal Transportation & Climate Change	36,114,476	29,471,449	26,520,796	(9,593,680)
Expenses Total	\$ 36,114,476	\$ 29,471,449	\$ 26,520,796	\$ (9,593,680)

PROGRAM BUDGETS

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

FUND 100 – General Fund Expenditures by Program

Program	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Administration	\$ 1,245,851	\$ 1,247,377	\$ 1,329,565	\$ 83,714
Agricultural	220,848	140,573	237,204	16,356
Air Monitoring	2,603,701	2,727,973	2,829,067	225,366
Asbestos	398,297	395,995	413,900	15,603
Asbestos NOA	8,146	10,569	8,896	750
Board of Directors	47,884	23,209	42,884	(5,000)
Communications	1,180,623	1,033,078	1,054,191	(126,432)
Complaints	275,615	120,943	294,700	19,085
District Counsel	652,244	635,253	699,069	46,825
Emission Credit Program	58,666	15,730	47,723	(10,943)
Emission Inventory	334,134	428,117	377,412	43,278
Exchange Programs	25,021	1,451	25,560	539
Finance	1,556,519	1,380,855	1,450,786	(105,733)
GHG	2,021,014	1,424,122	1,772,783	(248,231)
Government Affairs	2,341,800	2,341,800	2,406,954	65,154
Hearing Board	12,175	6,745	9,975	(2,200)
Human Resources	482,784	505,237	498,031	15,247
Information Systems	1,624,049	1,415,859	1,809,332	185,283
Non-Departmental	776,696	1,229,806	990,156	213,460
PERP	22,872	2,248	49,966	27,094
Planning	2,412,797	2,090,511	2,104,739	(308,058)
Rule 301	5,686,947	6,353,250	6,001,975	315,028
Rule 421	251,730	194,666	262,764	11,034
Rule Development	691,817	489,399	540,060	(151,757)
Strategic Partners	700,819	688,928	772,171	71,352
Title V	258,894	110,524	290,836	31,942
Toxics AB2588	247,536	77,893	252,287	4,751
Transportation Planning & Assist	1,347,929	1,038,773	1,082,735	(265,194)
Unallocated	-	-	-	-
Vehicle & Equipment Technology	1,262,910	1,347,996	992,397	(270,513)
Program Expenses Total	\$ 28,750,318	\$ 27,482,251	\$ 28,648,118	\$ (102,200)

FUND 400 – Proprietary Fund Expenditures by Program

Program	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
Covell Building	\$ 1,101,736	\$ 968,396	\$ 975,460	\$ (126,276)
Program Expenses Total	\$ 1,101,736	\$ 968,396	\$ 975,460	\$ (126,276)

FUND 500 – Restricted Revenue Fund Expenditures by Program

Program	FY25/26 Budget	FY25/26 Projection	FY26/27 Budget	Variance FY27 Budget / FY26 Budget
GHG	\$ 16,041,801	\$ 10,747,090	\$ 8,549,781	\$ (7,492,020)
Vehicle & Equipment Technology	20,072,675	18,724,359	17,971,015	(2,101,660)
Program Expenses Total	\$ 36,114,476	\$ 29,471,449	\$ 26,520,796	\$ (9,593,680)

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 organization's main programs, along with key initiatives for each of the four operating divisions, which are developed each year to support the District’s mission and strategic goals. Each key initiative includes, in parentheses, the strategic goal(s) it supports.

Offices of the Executive Director/APCO and District Counsel

Program	Description
<p>Executive Office/APCO</p>	<p>Under the direction of 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 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>
<p>District Counsel</p>	<p>Under direction from the Board, the District Counsel provides legal services to the Board and District management and staff including advising staff on various legal issues 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
Administration	Oversees building management contracts, parking garage operations, tenant and other building improvements, maintenance and repairs and fleet vehicle acquisition and maintenance; manages the document lifecycle using document management systems to organize, store, retrieve, and control official records; provides administrative support to the Executive Director/APCO; serves as the primary customer contact by greeting visitors, responding to inquiries, directing questions, recording complaints, and processing public information requests; records permit information, processes customer payments and handles purchasing and maintenance of office supplies and equipment.
Clerk, Board of Directors	Facilitates the effective functioning of the Board and supports transparent, compliant governance by preparing and distributing meeting agendas, recording accurate minutes, maintaining official records and documents, managing communications with Board members and stakeholders, coordinating meeting logistics, and ensuring adherence to legal and procedural requirements.
Communications	Builds regional identity for the District as a resource for clean air and climate action; promotes programs to engage and inform residents and organizations about Sacramento's air quality and opportunities to protect public health by reducing emissions via programs such as the "Spare The Air", "Check Before You Burn", Clean Cars 4 All, Community Air Protection and zero-emission mobility; 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.
Finance	Ensures compliance with accounting regulations and requirements, manages the development of the District's annual operating budgets, coordinates financial audits by source agencies and independent auditors, ensures timely and accurate tracking of payroll expenditures, oversees grant administration, provides financial reports to management and the operating divisions, and administers contracts – develops new contracts and contract amendments, oversees the request for proposals process, develops and maintains contract database, prepares routine contract status reports.
Human Resources	Supports the District's workforce and organizational effectiveness by conducting recruitments to hire talented staff; providing guidance to retain high-quality, engaged staff, coordinating employee training and development; managing labor relations; ensuring compliance with federal and state employment laws, regulations, and District personnel policies; and processing payroll and administering District benefits.
Information Systems	Manages and ensures the security of information technology encompassing both computer technology and telecommunications, provides technology solutions, coordinates hardware and software acquisition and maintenance services, provides desktop support, maintains the District website, and oversees related contracts.

FY26/27 Key Initiatives (the strategic goal(s) supported by each key initiative is noted in parentheses following the initiative)

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 (Goal 8)
- Continue the development of a district-wide Title VI compliance and monitoring program (Goals 3, 7)

Communications

- Increase the number of "Spare The Air" regional partners by 15 (Goal 7)
- 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 (Goal 7)

- Increase Air Alert subscriptions by 5% (Goal 7)
- Increase followers of the District's social media pages (Goals 6, 7)
- Promote District incentive projects through established promotional criteria and contract requirements (Goals 2, 4, 6, 7)

Finance

- Formalize a schedule for the monthly and quarterly close processes (Goal 8)
- Implement a quarterly reporting process to guide the achievement of the FY26/27 budget (Goal 8)
- Serve as the Finance functional lead for the mobile sources incentives module of the AiriA software solution. (Goal 8)
- Streamline the process to record payroll and other data in the New World ERP system (Goal 8)

Human Resources

- Implement employee-focused activities to support the new hybrid work strategy and retain talented and engaged employees (Goal 5)
- Conduct a full review, including legal assessment, and update the Employee Handbook (Goal 5)
- Oversee the implementation of the performance management framework (Goal 5)
- Engage in a broker-facilitated benefits evaluation for non-health benefits (Goal 5, 8)

Information Systems

- Assist with technical issues and oversee data migration for the mobile sources incentives module of the AiriA software solution. (Goal 8)
- Develop an AI strategy aligned with Microsoft best practices and support the design and development of AI solutions. (Goal 8)
- Update technology processes and best practices to take advantage of new Microsoft tools and capabilities (Goal 8)
- Modernize and update the network switch environment to enhance performance and security. (Goal 8)
- Establish tools and standards to ensure ADA compliance across digital platforms. (Goal 7)
- Lead the full replacement of the current website with a modern, accessible, secure solution. (Goal 7)
- Upgrade the virtualized environment to improve reliability, scalability, and operational efficiency. (Goal 8)

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>

FY26/27 Key Initiatives

Climate Change

- Begin implementation of the Capital Region Comprehensive Climate Action Plan through the development of a carbon mitigation bank (Goal 6)
- Encourage all jurisdictions within Sacramento County to adopt qualified Climate Action Plans (Goal 8)
- Ensure all projects exceeding thresholds of significance are mitigated to appropriate emissions levels and verify the implementation of all required measures (Goal 1)
- Update all guidance, tools, and reviewed documents to be consistent with the state of the practice (Goal 2)
- 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 (Goal 2)
- Collaborate on projects using MaRTy to determine the impacts of heat on residents in the region and work towards developing cooling solutions (Goal 2)

Transportation

- Work with CAPCOA and CARB on the Clean Transportation Incentive Programs to provide additional flexibility for the various programs (Goals 3, 8)
- Develop infrastructure projects to support zero- and near-zero-emission technologies (Goal 7)
- 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 (Goal 7)
- Work with CAPCOA to address mobile emission impacts in AB 617-identified communities and determine funding opportunities to mitigate emission impacts (Goal 3)
- Collaborate with CBOs to determine mobility needs within low-income and disadvantaged communities (Goal 3)

Monitoring, Planning, and Rules Division

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

FY26/27 Key Initiatives

Air Monitoring

- Provide real-time air quality data for the community – summer ozone pollution forecasts, winter Check Before You Burn program, and other local ordinances (Goals 1, 3)
- Measure, report, and communicate the impacts from wildfire and other events (Goals 1, 2, 3, 7)
- Continue sampling of criteria pollutants and their precursors at our network of regulatory air monitoring stations to further understand and report local and regional air quality impacts (Goal 1)
- Continue to assess our air monitoring network and its effectiveness (Goal 1)
- Prepare and submit the 2026 Annual Network Plan, which aids in air monitoring transparency and program effectiveness (Goal 1)
- Continue sampling of criteria pollutants and their precursors in the portable lab within the AB617 South Sacramento-Florin Community to further understand the air quality impact in pollution-burdened areas (Goal 3)
- Continue to work with the AB 617 South Sacramento-Florin Committee's understanding of air pollution health impacts (Goal 3)
- Understand ultrafine particle levels that regulatory monitoring misses (Goals 2, 4)
- Quickly deploy air monitoring equipment at special events that may cause an increase in ambient air conditions (Goals 1, 2, 3)

Emission Inventory

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

- Collect and report emission inventory data for sources subject to the CTR regulation (Goals 1, 3)

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 (Goal 1)
- Continue to provide SEED loans to area businesses for emission offsets and alternative compliance (Goal 1)
- 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. (Goals 1, 6)

Planning & Data Analysis

- Continue to coordinate meetings and work collaboratively with the AB 617 Community Air Protection Steering Committee (Goals 3, 6)
- Analyze and report the monitoring data from the selected AB 617 community (Goals 3, 7)
- Implement Community Emission Reduction Program (CERP) for the South Sacramento – Florin community (Goals 3, 7)
- Continue to develop the redesignation request and maintenance plan for the 1979, 1997, and 2008 ozone NAAQS (Goals 1, 2, 4)
- Start the development of the redesignation request and maintenance plan for the 2006 24-hour PM_{2.5} NAAQS (Goals 1, 2, 4)

Rule Development

- Adopt new rules or strengthen existing rules to reduce emissions of criteria pollutants and toxic air contaminants, as needed (Goals 1, 2, 8)
- Develop fee rules as applicable to provide full cost recovery for District programs (Goals 1, 2, 8)

Engineering and Compliance Division

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

FY26/27 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 (Goal 1)
- Develop additional modules within the AiriA software solution for public complaints and public records requests to streamline the submittal process for the public, make permit and violation data more easily accessible, and increase staff efficiency when responding to requests and complaints (Goals 1, 7)

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- Continue to refine processes and procedures to enhance the use of the AiriA software solution to improve staff efficiency, improve quality control, enhance management processes, and improve the customer experience through a new online portal (Goal 1)
 - 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 (Goals 1, 2)
 - Update Division Policies and Procedures to ensure consistency and proper program implementation (Goal 1)
 - Continue implementation of CARB's GHG Oil and Gas inspection program and incorporate new leak detection technology, such as the use of an infrared camera during compliance inspections (Goal 1)
 - Dedicate time to assessing and incorporating new technologies into operating programs, e.g., artificial intelligence, virtual visible emission certification, and satellite methane leak detection (Goals 1, 2, 6)
 - Continue staff development through internal and external training efforts (Goals 1, 5)
 - Continue work related to the AB2588 Air Toxics "Hot Spots" program, including presenting and publishing the Air Toxics "Hot Spots" Information & Assessment Act Annual Report and participating in statewide efforts (CARB's Toxics Roadmap) to determine more streamlined approaches to identifying and dealing with newly identified toxic substances (Goals 1, 2, 6)
 - Review and process permit and Title V permit applications promptly that meet statutory guidelines (Goal 1)
 - Contribute to the Community Air Protection Program through involvement in the CERP implementation process and relevant measures – Business Education, Public Information Portal, Public Transparency with Permitted Sources Violations, and Source Investigation and Focused Enforcement (Goals 1, 7)
 - 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 (Goals 1, 2)
 - Continue ongoing work on the Supplemental Environmental Projects (SEP) program that supports our community air protection work (Goals 3, 6)

DIVISION ACCOMPLISHMENTS

The Divisions achieved numerous accomplishments in support of the District's strategic goals in FY25/26. The following are the highlights:

Administrative Services
Completed the first-year financial audit with newly appointed outside auditors. The result was a clean opinion, and there were no findings.
Automated the Lawn & Garden program accounts payable invoice approval process within the Fluxx system
Supported the implementation of a new mobile sources incentives module for the AiriA software solution
Improved budget development process to include a detailed analysis of expenditures to ensure alignment with District goals and that the District's expenditure budget is not overbuilt
Continued District-wide efforts to ensure compliance with the District's records management and compliance policy
Conducted recruitments resulting in the filling of 5 vacant positions
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
Created an Air Alert email and text notification system to push out Spare The Air alerts
Increased the number of Spare The Air regional partners by 41, exceeding the goal of 15 additional partners
Distributed quarterly newsletter with over a 38% 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 seven press releases
Created and distributed an 18-page 2025 Year in Review document that highlighted the District's accomplishments and initiatives
Supported and/or promoted over 76 major events; some resulted in international, national, state, and/or local media coverage
Attended 30 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 62 incentive projects via social media and 57 incentive projects via the District newsletter
Coordinated and executed a press conference to announce and publicize attaining the 2008 PM 2.5 standard
Transportation and Climate Change
Funded about 50 new low-emission and zero-emission vehicles and equipment, and about 350 lawn and garden equipment as part of the Community Air Quality Grant Programs, deploying the latest innovative and transformative technology. Total funding was about \$23 million in FY25/26
The Clean Cars 4 All (CC4A) team attended 13 different outreach events throughout Sacramento County; five of those events were in partnership with SMUD and included electric vehicle ride-and-drives

Transportation and Climate Change (continued)
By the end of FY25/26, the CC4A program allocated the \$12 million G22-CC4A-01 grant, bringing the total amount expended by our CC4A program to almost \$24 million. The recent year had the highest application submittal and vehicle purchase rate, coinciding with the program expanding into all of Sacramento County, and a spike in consumer interest in the federal clean vehicle tax credit
The CC4A program significantly expanded its dealership network and increased direct engagement efforts to dealers to ensure strong program understanding and reinforce a positive and consistent shopping experience with a focus on consumer protections for CC4A grantees. More local and regional dealerships have actively expressed interest in joining the program, reflecting growing awareness of CC4A's impacts and value to Sacramento's businesses. The current network consists of 72 participating dealerships and has expanded consumer choice, giving CC4A participants greater access to a wider range of both new and used vehicles. This broader dealership network improves geographic access, increases vehicle availability, and helps participants more easily find vehicles that meet their transportation needs and budget
The CC4A 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 CC4A team continued to work with local CBOs to outreach the program to eligible residents of Sacramento County. The "Community Fall Festival" hosted by Grace Community Church and ETcommunity's collaboration with the "Oak Park Black Film Festival" were two newly attended events
Collaborated with AB 617 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, while in 2025, there were about 7,873 vehicle reservations, 28,070 hours reserved, and 211,398 miles driven program-wide
The California Air Resources Board conducted a program review of several District incentive programs, including the Carl Moyer Program, the Community Air Protection Incentive Program, the Funding Agriculture Replacement Measures for Emission Reductions (FARMER) Program, and the Clean Cars 4 All Program. The audit concluded with no findings
Monitoring, Planning, and Rules
Hosted collaborative steering committee and subcommittee meetings to continue work within the AB 617 community
Completed the development of the South Sacramento – Florin Community Emission Reduction Program (CERP) Plan
Submitted the 2025 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
Completed 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 64 facility emissions inventory surveys and completed annual criteria pollutant emission inventories for point sources and reported emissions to CARB
Performed 27 surveys of toxic pollutant emissions for sources subject to the Criteria and Toxics Reporting regulation and reported emissions to CARB

Monitoring, Planning, and Rules (continued)
Provided ten loans of emission reduction credits to Sacramento area businesses and government agencies, and renewed 38 loans
Amended Rule 207: Title V – Federal Operating Permit Program
Adopted AB 617 Expedited Best Available Retrofit Control Technology determination for internal combustion engines
Engineering and Compliance
Issued 195 Authority to Construct permits and 202 Permits to Operate (2025 calendar year)
Developed 32 Best Available Control Technology determinations (2025 calendar year)
In 2025, the District launched a new software solution for electronic reporting for the District's 1,403 organizations, representing 4,060 active permits
Continued incorporation of AB 2588 reporting into the District's Annual Reporting Program. The 2025 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 2025 using a mix of electronically reported and paper-submitted data. In 2025, the District reported toxics data for 810 diesel engines and 362 gasoline dispensing facilities.
Enforced 16 wood-burning curtailment days for the Check Before You Burn program and responded to 185 fireplace, wood stove, and open burn complaints during the 2025 Check Before You Burn season
Conducted a total of 4,162 stationary source inspections (2025 calendar year)
Responded to 647 public complaints (2025 calendar year)
Successfully resolved more than 99% of 114 issued violations through the Mutual Settlement Program (2025 calendar year)
Reviewed and processed 1,144 asbestos notifications, which included 816 renovation notifications where the District does not collect a fee, 147 demolitions, 181 asbestos abatement projects, and 8 naturally occurring asbestos dust mitigation plans and geologic evaluations (2025 calendar year)
Funded two Supplemental Environmental Projects that provided funding to a community organization to help improve air quality and health in local communities for a total of \$517,943
Issued 110 agricultural burn permits for a total of 7,569 acres and approved 2,907 acres of pruning and other waste under the Ag Burn program to be burned. Made daily burn day determinations, of which 198 were Permissive Burn days, and 166 were No Burn days (2025 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 (BCC) to support utilization of agricultural biomass by engaging with the biomass industry, working with companies developing portable biomass gasification technology, and continuing education efforts for BCC members
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 year (July 1 – June 30).

Balances of Governmental Funds (Modified Accrual)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580	\$ 98,462	\$ 131,192	\$ 136,174	\$ 92,472	\$ 145,428	\$ 183,906
Restricted	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	25,026,000
Assigned	320,000	320,000	320,000	2,607,673	1,737,431	3,013,705	1,696,179	2,727,599	3,078,095	2,772,607
Unrestricted	1,798,521	1,737,137	2,043,980	-	2,298,950	1,059,724	2,709,060	1,984,461	2,115,602	1,673,776
Total General Fund	\$ 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	\$ 29,656,289
Special Revenue Fund (b)										
Restricted	\$ 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	\$ 75,610,893
Total Special Revenue Fund	\$ 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	\$ 75,610,893

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)

	2016	2017	2018
REVENUES			
Taxes	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	15,445,047	9,232,418	13,718,592
Licenses/permits	7,646,441	8,001,079	8,395,134
Investment earnings and other	(31,188)	226,170	1,004,824
Total Revenue	32,051,002	26,600,812	32,304,454
EXPENDITURES			
Current:			
Stationary Sources	6,501,339	6,799,202	6,725,548
Mobile Source	11,367,756	11,916,194	8,048,476
Program Coordination	4,571,752	4,734,782	4,384,116
Strategic Planning	4,517,235	4,168,340	4,861,221
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	529,002	322,275	200,510
Total Expenditures	27,487,084	27,940,793	24,219,871
Excess (Deficiency) of Revenue over Expenditures	4,563,918	(1,339,981)	8,084,583
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	-	-
Net change in fund balances	\$ 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 three-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	2025
REVENUES							
Sales tax	\$ 1,940,485	\$ 1,938,341	\$ 2,264,451	\$ 2,551,772	\$ 2,569,539	\$ 2,624,053	\$ 2,580,039
Fees and licenses	8,109,883	8,823,399	8,484,401	8,765,312	9,799,466	9,967,646	10,872,283
Intergovernmental	27,729,654	39,318,096	36,193,700	15,288,362	25,225,851	59,445,689	37,768,924
Investment earnings and other	1,340,691	1,844,719	421,100	106,174	1,848,613	4,328,530	5,460,989
Total Revenue	39,120,713	51,924,555	47,363,652	26,711,620	39,443,469	76,365,918	56,682,235
EXPENDITURES							
Current:							
Business Compliance	6,771,994	6,579,044	7,334,384	7,868,485	8,220,645	9,174,663	10,240,895
Air Monitoring	3,545,919	3,798,537	3,698,370	3,687,463	4,860,572	7,921,353	6,398,350
Sustainable Land Use	2,347,083	2,383,320	2,571,041	2,226,768	1,959,275	1,774,083	1,657,177
Clean Transportation and Mobility Innovation	18,826,749	18,820,962	14,022,933	8,615,440	20,728,882	27,056,523	35,123,125
Community Health Protection	2,067,758	2,198,364	2,142,385	1,993,961	1,941,602	1,970,304	1,996,327
Debt service:							
Principal	-	-	-	-	110,879	76,037	69,790
Interest	-	-	-	-	4,291	2,083	5,229
Capital outlay	114,569	507,044	397,461	253,957	221,023	818,667	485,202
Total Expenditures	33,674,072	34,287,271	30,166,574	24,646,074	38,047,169	48,793,713	55,976,095
Excess (Deficiency) of Revenue over Expenditures	5,446,641	17,637,284	17,197,078	2,065,546	1,396,300	27,572,205	706,140
OTHER FINANCING SOURCES (USES)							
Subscription	-	-	-	-	-	218,674	-
Proceeds from sale of assets	-	-	-	-	-	-	10,680
Net change in fund balances	5,446,641	17,637,284	17,197,078	2,065,546	1,396,300	27,790,879	716,820
Debt Service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%	0.1%

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
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
24-25	19,818,022	11,180,818	1,168,000	(2,146,641)	30,020,199

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

Schedule of General Government Expenditures by Major Object (Actual)

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
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
24-25	19,308,648	7,136,281	487,929	(2,125,503)	24,807,357

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)	Licenses/ Permits	Intergovernmental (a)	Investment Earnings (b)	Other	Total
15-16	\$ 6,609,429	\$ 7,779,365	\$ 3,739,523	\$ 5,438	\$ -	\$ 18,133,755
16-17	6,764,376	8,001,079	3,437,689	81,700	-	18,284,844
17-18	6,859,462	9,016,456	3,336,946	153,968	-	19,366,832
18-19	1,940,485	8,281,069	8,238,416	257,341	95,238	18,812,549
19-20	1,938,341	8,823,399	11,097,630	853,233	58,605	22,771,208
20-21	2,264,451	8,484,401	8,678,334	195,224	49,530	19,671,940
21-22	2,551,772	8,765,312	9,591,877	540,764	42,958	21,492,683
22-23	2,569,539	9,799,466	8,562,389	608,738	24,015	21,564,147
23-24	2,624,053	9,967,646	19,353,263	1,182,726	12,866	33,140,554
24-25	2,580,039	10,872,283	11,437,219	1,787,251	42,567	26,719,359

Notes:

(a) Prior to FY2019, the DMV surcharge was included in the Taxes revenue category. Starting in FY2019, the DMV surcharge is more appropriately classified as Intergovernmental revenue.

(b) Includes fines, forfeitures, and penalties

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)
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
2025	4,586	8,781,772

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 2016-2018. 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

Classification	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Accountant I/II	-	-	-	-	-	-	-	-	-	1
Administrative Specialist I/II	-	-	2.0	2.0	2.0	3.0	3.0	4.0	4	4
Administrative Supervisor/Clerk of the Board	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Air Pollution Control Officer /Executive Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Air Quality Engineer	20.5	20.5	20.5	19.5	19.5	15.5	16.5	19.0	21	21
Air Quality Engineer/Specialist/Planner	-	-	-	5.5	5.5	5.0	3.0	1.0	1	-
Air Quality Instrument Specialist I/II	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3	3
Air Quality Planner/Analyst	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10	11
Air Quality Specialist	18.6	18.6	19.6	18.6	18.6	18.6	19.6	21.6	22.8	23.8
Assistant Air Pollution Control Officer	-	1.0	1.0	-	-	-	-	-	-	-
Clerical Services Supervisor	1.0	1.0	-	-	-	-	-	-	-	-
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9	1.0	1.0	1.0	2	2
Controller	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
District Counsel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Division Director	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4	4
Executive Assistant/Clerk to the Board	1.0	1.0	-	-	-	-	-	-	-	-
Financial Analyst	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Human Resource Assistant I/II	2.0	2.0	-	-	-	-	-	-	-	-
Human Resource Technician I/II	-	-	2.0	1.0	1.0	1.0	1.0	1.0	1	1
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Information Systems Administrator	1.0	-	-	-	-	-	-	-	-	-
Information Systems Analyst	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3	3
Information Systems Manager	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Legal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Office Assistant I/II	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3	5
Program Coordinator	12.0	12.0	-	-	-	-	-	-	-	-
Program Manager	-	-	5.0	5.0	5.0	5.0	5.0	5.0	5	5
Program Supervisor	5.0	5.0	12.0	12.0	12.0	12.0	12.0	12.0	12	12
Senior Accountant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Statistician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	1
Subtotal Funded Positions	96.0	97.0	98.0	99.5	99.5	94.1	94.1	97.6	101.8	105.8
Administrative/Legal Analyst	1.0	1.0	1.0	-	-	-	-	-	-	-
Air Quality Engineer	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	-	-	-	-	-	-	-
Air Quality Specialist	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	-	-	-	-	-	-	-	-
Program Coordinator	1.0	-	-	-	-	-	-	-	-	-
Program Supervisor	-	1.0	1.0	-	-	-	-	-	-	-
Subtotal Unfunded Positions	6.0	5.0	5.0	3.0	3.0	8.5	9.0	-	-	-
Total Funded + Unfunded Positions	102.0	102.0	103.0	102.5	102.5	102.6	103.1	97.6	101.8	105.8

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 on 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 Internal Service Fund contains activities related to operating the District's office building. This fund follows the same reserve policy as the General Fund. The Restricted Revenue Fund accounts for various incentive grants that are intended to be fully expended. Therefore, no reserve targets are established for the Restricted 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, or 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 Local Area Investment Fund (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 revenues and expenditures, 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, according to 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 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 ensure 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 the 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, non-governmental 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 trackage, 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.

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 Heat Impact Response Program (CHIRP) — The CHIRP is responsible for mitigating the increased emissions caused by the emergency measures implemented to reduce demand on the electrical grid during an extreme heat event. The CHIRP mitigation plan provides opportunities to fund emission reduction projects that will offset the increased emissions created by an emergency heat event. CHIRP funds are directed toward all eligible Carl Moyer Program and Community Air Protection Incentive project categories.

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 AB 4355, 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 AB 923 - \$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 achieving the program objectives of the fine particulate monitoring network and community toxics grant.

EPA 105 Grant — Revenues are restricted to 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 vehicle sales is reintroduced into the FARMER program to continue funding vehicles.

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

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

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).

Measure A — Per enacting legislation ordinance number STA-0002 dated October 6, 1988, one and one-half 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 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 electric vehicles at several strategic locations (e.g., affordable housing sites, mobility hubs, libraries, etc.). 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.

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 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 AB 2588, 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.

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 — 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 Restricted 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.

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.

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, 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.

Restricted 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.

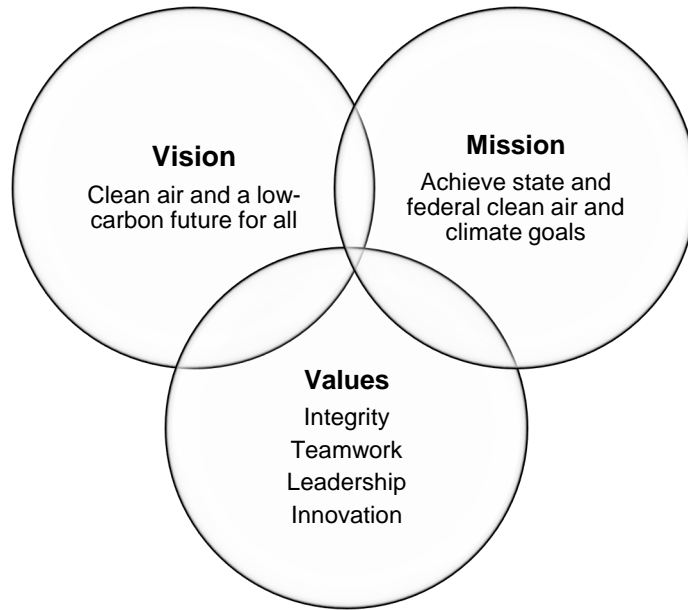
Variance — The difference between the budgeted or baseline amount of expense or revenue and the actual amount.

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

