

# PROPOSED BUDGET

## FISCAL YEAR 2017/18



SACRAMENTO METROPOLITAN



AIR QUALITY  
MANAGEMENT DISTRICT

SACRAMENTO, CA



# PROPOSED BUDGET

## SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2017/18 BUDGET

### Board of Directors

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Council Member, City of Sacramento

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Mayor, City of Elk Grove

Phil Serna  
Sacramento County Board of Supervisors

Roger Gaylord III  
Council Member, City of Folsom

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### Executive Director / Air Pollution Control Officer

Larry Greene

### District Counsel

Kathrine Pittard

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777 12<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Sacramento, CA 95814



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Sacramento Metro Air Quality Management District  
California**

For the Fiscal Year Beginning

**July 1, 2016**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Evans'.

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, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

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

FY2017/18 Budget prepared by  
Administrative Services Division  
Finance section in conjunction with District Staff

**Division Manager**  
Jamilie Moens

**Controller**  
Emily M. Goldhahn, CPA

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

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# SECTION 1

## Executive Director Letter

April 27, 2017

Honorable Chairman, Governing Board, and residents of the  
Sacramento Metropolitan Air Quality Management District  
Sacramento, California

Dear Chair Terry, Board members, and residents:

I respectfully submit to you the Fiscal Year 2017/18 (FY17/18) Proposed Budget for the Sacramento Metropolitan Air Quality Management District. The Proposed Budget is balanced and reflects a total for FY17/18 of \$48.5 million, including \$21.9 million for the Operating Fund, \$1.1 million for the Covell Building Fund, and \$25.5 million for the Emission Technology Fund. The FY17/18 Proposed Consolidated Budget is a net increase of \$3.4 million from the FY16/17 Approved Budget. Emission technology grants represent 100% of the net increase.

Fluctuating state and federal grants require the District to regularly adjust its budget as some programs sunset and new ones begin. The Sacramento Emergency Clean Air & Transportation (SECAT) program is currently scheduled to transition in 2018 from a block grant to an open and competitive grant program. The District has received one-time state grants for the Car Share Program, Zero Emission School Bus Program and the Goods Movement Emission Reduction Program of \$1.1 million, \$7.4 million, and \$10 million, respectively. In the last few years, the scope of the District's mission has expanded as global warming air pollutants have become part of federal, state, and local regulatory programs. Consistent with that objective, the District is competing for cap and trade funding and supports new climate mitigation and adaptation related activities such as the Alliance of Regional Collaborative for Climate Adaptation, the Capital Region Climate Readiness Collaborative, and the CAPCOA Greenhouse Gas Registry/Exchange.

The District's priorities continue to be working towards meeting attainment goals, tracking state and federal programs and legislation to provide input on matters affecting the District, and fostering key partnerships that assist the District in achieving its mission. These efforts are detailed in Section 2 – District Overview. In addition, the District is entering a period of considerable change from a personnel perspective. During the current fiscal year, several experienced managers in key positions have retired and more are projected to retire over the next several years. Succession planning, recruitment, and training will be critical to ensuring continuity and maintaining the high level of service that residents expect. The District has recently embarked on a major initiative to replace outdated information technology systems to enable it to work more efficiently, and enhance transparency and self-service to all its stakeholders. This effort is expected to continue through FY17/18 and into FY18/19. The District must also replace aging infrastructure in its air monitoring network and make improvements to the Covell building.

The District will also be impacted by changes to Federal EPA staffing and funding proposed by the Trump Administration, and by ongoing responses to these changes in California. The District is tracking proposed changes in the federal budget and in federal legislation and to the extent possible will provide key decision makers the impacts of those changes on our Sacramento program. This effort must be fixable as changes and new proposals are appearing rapidly and often detailed analysis is required to assess impacts and potential options. To the extent possible the District leadership is working to anticipate changes, assess the impacts on District operations, and develop flexibility within our structure and budget to respond appropriately. Our priorities will be to preserve funding for our employees and to preserve key programs that will be essential to our future success in continued reductions in air pollution in our county.

The District is working to enhance collaborations with a range of partners that extend the District's capabilities to meet attainment and mission goals. These initiatives include support for the Cleaner Air Partnership managed by Valley Vision, work with Breathe California of Sacramento-Emigrant Trails, WalkSacramento, the Sacramento Area Bike Advocates, and collaboration with the Sacramento Clean Cities Coalition. New opportunities are emerging around the VW Green Cities initiative and emerging grant opportunities around Zero Emission vehicles and technologies.



The District's hard-working, dedicated staff and the Board's leadership will enable the District to successfully face these challenges and continue carrying out its vision of clean air for all.

Respectfully submitted,



Larry Greene  
Executive Director/Air Pollution Control Officer

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# SECTION 2

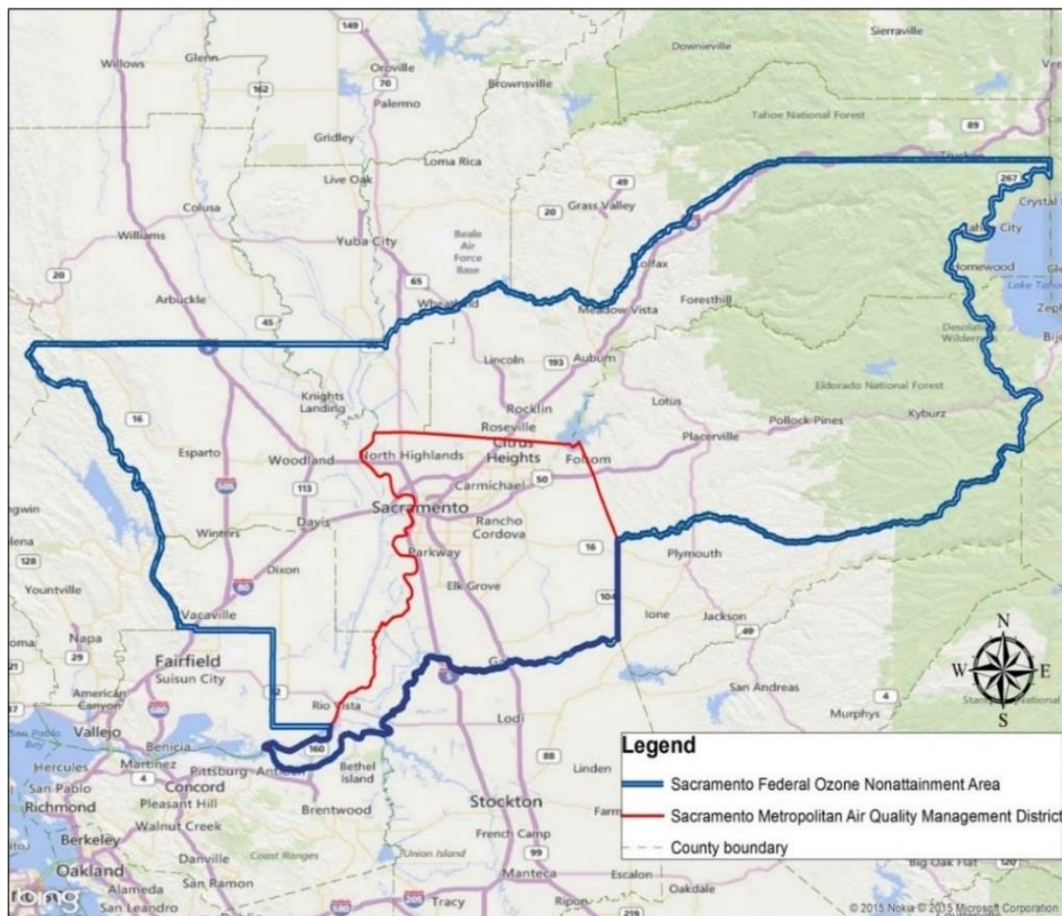
## District Overview

This section contains a profile of the Sacramento Metropolitan Air Quality Management District (District), a summary of the District's FY2017/18 (FY17/18) Proposed Consolidated Budget and a discussion of the factors affecting the District's financial condition. The FY17/18 Proposed Budget totals \$48.5 million from all funding sources and includes 102 total authorized full-time equivalent (FTE) positions with 97 funded and 5 unfunded. No additional positions are being requested.

### DISTRICT PROFILE

The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air quality in the County of Sacramento. It is one of 35 regional air quality districts in California. It has been 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.

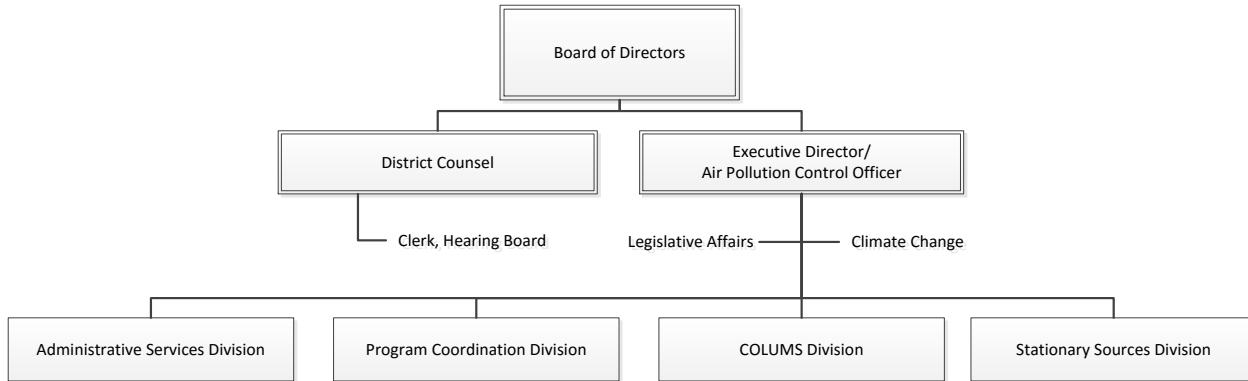
**Map of the Sacramento Federal Ozone Nonattainment Area**



The District 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 and District Counsel. The District's

organizational structure, shown below, is comprised of the Offices of the Executive Director, and District Counsel, and four operating divisions.

**Organization Chart**



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

While air quality in the SFNA currently does not meet the federal health standards for ozone, or the more stringent California standards for ozone and particulate matter (PM<sub>10</sub>), progress has been made even as standards have tightened. In spite of a huge increase in population over the last two decades, the Sacramento region’s air quality has continued to improve.

Sacramento County’s population as of January 2016 is approximately 1,495,297. Roughly 63% of the SFNA’s population, approximately 2.4 million, falls within the District’s boundaries. The table below identifies the counties that are part of the SFNA, and what portion of the county, and related population, are in the SFNA.

**Population in Sacramento Federal Ozone Nonattainment Area**

COUNTY	SFNA portion of the County	POPULATION		County in SFNA/ Total SFNA <sup>2</sup>
		County <sup>1</sup>	SFNA/County	
El Dorado	152,869	184,180	83%	6.4%
Placer	364,809	376,092	97%	15.3%
Sacramento	1,506,677	1,506,677	100%	63.3%
Solano	134,572	434,102	31%	5.7%
Sutter	3,535	98,191	3.6%	.1%
Yolo	216,866	216,866	100%	9.1%
<b>Total</b>	<b>2,379,328</b>	<b>2,816,108</b>	<b>-</b>	<b>100%</b>

<sup>1</sup> 7/1/2016 estimate from California Department of Finance Demographic Research Unit  
<sup>2</sup> Percentage values are rounded to 1 decimal point

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

Mobile sources include cars, trucks, delivery vehicles, big rigs, and “off-road” sources, such as construction, locomotives, mining, and agricultural equipment. In 2017, these mobile sources are projected to contribute approximately 32% of the Volatile Organic Compounds (VOC) and 74% of the Oxides of Nitrogen (NO<sub>x</sub>) emissions, while stationary (industrial) sources contribute about 24% of the VOC emissions and 10% of the NO<sub>x</sub> emissions in the Sacramento region. Increasingly stringent state and federal regulations will help to reduce the impact of motor vehicle fuel and engine emissions on air quality in the future, but as growth in the Sacramento region brings more vehicles in, mobile sources will continue to be a major factor in the region’s air quality problem.

**CONSOLIDATED DISTRICT BUDGET SUMMARY**

The Governing Board is required to adopt an annual budget by July 1 of each fiscal year. Budgets are adopted on a modified accrual basis that includes encumbrances and expenditures. The annual budget serves as the foundation for the District’s financial planning and control.

The Consolidated Budget reflects the total District Budget comprised of three separate funds: Operating, Covell Building, and Emission Technology. Each fund serves a specific purpose and has unique funding sources as noted below:

FUND	Name	Purpose	Primary Funding Source <sup>1</sup>
570A	Operating	Daily operations and programs	Permit fees, DMV, Measure A, Aid from other government agencies (e.g., EPA, CMAQ, ARB, Moyer Admin)
570B	Covell Building	Administrative, operating, and fiscal activities	Tenant rent
570C	Emission Technology	Pass-through incentive funding	Moyer Incentive, GMERP, DMV, SACOG, SECAT, Zero Emissions School Bus, Enhance Fleet Modernization and GHG – Car Share

<sup>1</sup>A detailed description of funding sources can be found in the Appendices. (See Appendix A – Description of Funding Sources)

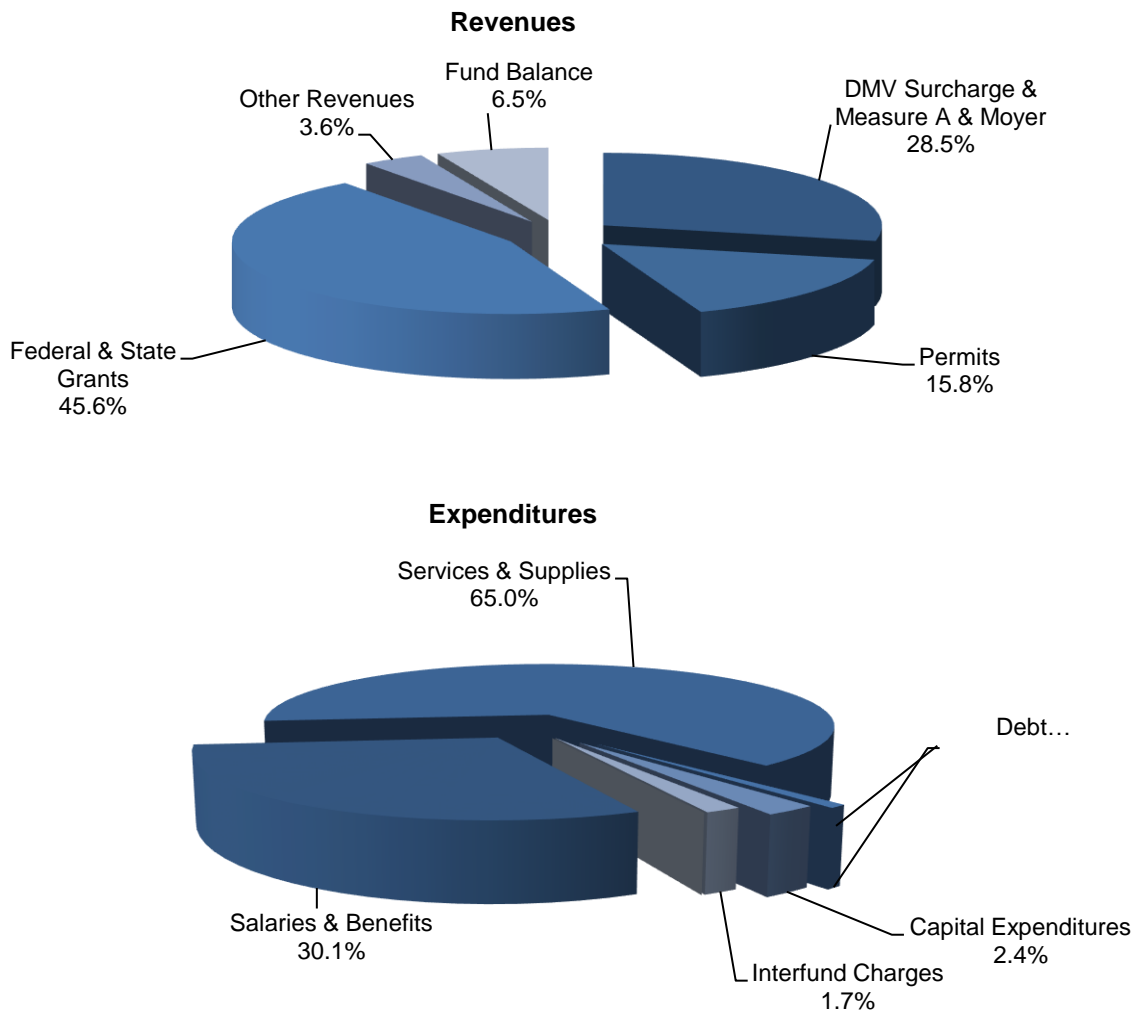
The District’s budget reflects its mission, is fiscally sound, and provides resources that adequately fund operations. Planning efforts include multi-year projections of funding sources and ongoing expenditures to promote long-term planning of resource uses. District management proactively manages revenues and cost-effectively manages ongoing operating costs. The table below is a summary of the FY17/18 Proposed Budget by fund, identifying the net expenditure changes from the FY16/17 Approved Budget.

**FY17/18 Proposed Budget by Fund**

FUND	FY16/17 Approved Budget	Change	FY17/18 Proposed Budget
District Operating	22,972,987	(1,027,032)	21,945,955
Covell Building	1,157,044	(71,400)	1,085,644
Emission Technology	21,009,323 <sup>1</sup>	4,467,875	25,477,198
<b>Total</b>	<b>45,139,354</b>	<b>3,369,443</b>	<b>48,508,797</b>

<sup>1</sup>The board-approved budget for the Emission Technology Fund is \$25,297,448. The FY16/17 budget included fund balance as a source of revenue in the amount of \$7,726,530 and restricted fund balance as an expenditure line item in the amount of \$4,288,125. For purposes of consistency with the District’s other funds and for clarity, the presentation of these items in the FY17/18 budget has been netted for a total fund balance of \$3,348,405, resulting in FY16/17 expenditures of \$21,009,323.

The following charts identify the percentage of the revenues and expenditures of the total Proposed Consolidated Budget of \$48.5 million by category:



**FACTORS AFFECTING FINANCIAL CONDITION**

FY17/18 is the final year of the five-year increase in Rule 301 stationary source renewal fees approved by the Board in 2013. A modest 4% increase is expected in the District's portion of Department of Motor Vehicles (DMV) surcharges and the Measure A sales tax, due in part to a strengthening economy. Moyer funding would have sunset in 2015; however, with the passage of AB8, this funding source is authorized until 2024. Due to new administration, there is uncertainty around the amounts and types of federal funding the District may receive in FY17/18. EPA revenue balances reflected in the FY17/18 budget have been adjusted down by 30% from previous expectations based on funder communications. There have been significant delays in the receipt of some current federal funding, such as the federal EPA 105 funding for the Federal fiscal year beginning in October 2016, which was not received until April 2017.

Regular salaries are projected to increase by 2% which is comprised of the COLA, plus step increases generated by new hires in FY16/17. There was an increase generated by one limited term full-time equivalent (FTE) during a portion of FY16/17 and FY17/18. There are additional funds budgeted for extra-help and overtime due primarily to toxics' grant work, backfill workload from vacant positions and implementation of the new ERP system. Retirement costs have increased, consistent with the growth in salaries and due to a decrease in the CalPERS expected rate of return.

Notable changes from the FY16/17 Approved Budget to the FY17/18 Proposed Budget include:

Revenues – The District is anticipating an increase in overall revenues of \$8.0 million or 21.6%, consisting of the following:

- \$201,000 (4.1%) increase in DMV fees supported by an uptick in the local economy;
- \$524,000 (22.0%) decrease in Federal grant revenues due to changes at the EPA related to the Trump administration;
- \$520,000 (7.4%) increase in Stationary Source permit and renewal fees as a result of Board-approved fee adjustments and CPI adjustments;
- The FY17/18 budget reflects the following anticipated new, one-time grants in the Emissions Technology Fund:
  - SECAT program funding of \$3.3 million;
  - Zero Emission School Bus grant received in the amount of \$3.7 million;
  - Enhanced Fleet Modernization Program grant received in the amount of \$1.5 million;
  - Off-set by a decrease of \$351,000 from several one-time grants and fluctuations in ongoing grants received during FY16/17; and
- Incentive payments are not always made in the same year the related revenue is received. The FY FY16/17 approved budget included a \$3.4 million reduction in fund balance of the Emission Technology Fund while the FY17/18 proposed budget anticipates a \$200,000 increase in fund balance to reflect these timing differences.

Expenditures – The District's FY17/18 budgeted expenditures reflect an increase of \$3.4 million or 7.4% over the prior year, including:

- \$966,000 (40.0%) decrease in capital expenditures due to reduction in cost of several IS component systems, reclassification of \$1.1 million from capital expenditure to other professional services, and an increase of \$200,000 to upgrade the air monitoring stations and equipment;
- \$3.6 million (3.7%) increase in other professional services;
- \$130,000 (49.4%) decrease in legal services due to early resolution of a legal case; and
- \$691,000 (5%) increase in salaries and benefits due primarily to a 2% Cost-of-Living Adjustment (COLA) and an increase in retirement costs of \$265,000 (17.5%) consistent with the CalPERS decrease in expected rate of return.

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## SECTION 3

# Budget Process

State law requires that the District adopt its budgets in an open process in order to educate the public about the costs and benefits of air quality improvement. To ensure that the District can meet its immediate and long-term needs to support its mission of achieving clean air goals, the District develops annual budgets alongside multi-year financial plans. This section provides an understanding of the processes that guide the District's annual budget in support of its strategic goals and long-term planning. Common budget terms can be found in the Appendices. (See Appendix C – Glossary)

### **BUDGET PROCESS**

The District operates on a fiscal year that runs from July 1<sup>st</sup> through June 30<sup>th</sup> of the following year. Annual budgets, as required by state law, are adopted on a modified accrual basis of accounting. The appropriated budget is prepared by fund, function, and division. The District's division managers may make transfers of appropriations within an object (e.g. salaries and benefits, services and supplies, capital outlay and interfund charges). Transfers of appropriations between objects require the approval of the Board. The legal level of budgetary control is the object level.

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

The Administrative Services Division, primarily the finance staff, reviews and refines the information received from other divisions and integrates it into the budget with other financial information, namely revenue and expenditure projections (salary and benefits, general operating, building, capital, etc.)

The Executive Director, Administrative Services Manager, and District Controller meet during budget development with a subcommittee of the District's Board of Directors to receive direction for addressing District priorities and developing a balanced budget.

The budget is publicly noticed 30 days before and is presented at each of two public hearings, according to California Health and Safety Code Section 40131, typically taking place during the Board of Directors meetings in April and May. A presentation of the Proposed Budget is made to the Board during the April public hearing. The Board may ask questions, make comments, provide direction, and receive requests from members of the public to speak. The 2<sup>nd</sup> public hearing in May follows basically the same process as the 1<sup>st</sup> hearing. District staff comments on material differences, should they exist, from the previously presented Proposed Budget. The Board may provide direction and vote to approve the budget. Approval of the budget requires a quorum of Board members and a majority of the voting quorum. Once the budget is approved, staff prepares the final Approved Budget for printing and posting on the District website.

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



**FY2017/18 Budget Development Schedule**

FY2016/17 mid-year review	December 2016
Budget submissions from Division Managers	January 2017
Approval of Comprehensive Annual Financial Report (CAFR) and Audit	January 2017
Budget Notices posted on District website and sent to regulated sources	March 27, 2017
Meeting with Board of Directors Budget Committee	March 23, 2017
Draft Proposed Budget prepared for review by Executive Director	End of March
Proposed Budget delivered to Board of Directors	Mid-April
First public hearing / presentation of Proposed Budget to Board of Directors	April 27, 2017
Second public hearing / vote of the Board to approve the Budget	May 25, 2017
Approved Budget document printed and posted on District website	June 30, 2017

**BUDGET PRACTICES**

The District uses the following guidelines in its budgeting practices:

- Management presents a “balanced” budget to the Board annually, where funding sources match expenditures, and include revenues and expenditures for the prior year (actual), current year (budget), and upcoming year (proposed budget).
- Limited term funding sources are not typically applied to ongoing commitments.
- The Board authorizes a list of all regular, limited-term, and approved positions for the prior, current, and upcoming (budget) year.
- Requests for additional positions or an increase in regular work hours of approved part-time positions must be presented in a formal written justification. Such requests will typically be included as part of the budget process, but may be approved by the Board outside of the budget process if there is a critical need.
- Board approval is required to amend the budget once it is adopted if there is a need to add funds to the budget or to move funds between object levels.
- Board approval is obtained for all capital expenditures, normally through the budget process.
- Budgets are adopted on a basis that include encumbrances and expenditures. Annual appropriations lapse at the fiscal year end if they have not been expended or encumbered.
- The budget is adopted on the modified accrual basis of accounting. Using this method of accounting, revenues are recognized when they are measurable and available, expenditures are recorded when the related fund liability is incurred. “Measurable” means the amount can be determined and “available” means the amount is collectible within the current period.

**FINANCIAL POLICIES**

The California Health & Safety Code provides the basis for some District financial policies while others are created through Board resolutions. Below is an overview of key financial policies.

California Health & Safety Code (HSC)

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

*Stationary Source Permit Fees (HSC §42311)* – The District may adopt a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover the cost of district programs related to permitted stationary sources. The fees assessed may not exceed, for any fiscal year, the actual costs for District programs for the immediately preceding fiscal year with an adjustment not greater than the change in the annual California Consumer Price Index, as determined pursuant to Section 2212 of the Revenue and Taxation Code, for the preceding year. Any revenues received by the District pursuant to the fees, which

exceed the cost of the programs, shall be carried over for expenditure in the subsequent fiscal year, and the schedule of fees shall be changed to reflect that carryover.

#### District Board Resolutions

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

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

Investments – The District's funds are invested in the Sacramento County Pooled Investment Fund through an agreement between the District and Sacramento County. The Sacramento County Department of Finance provides the Board of Supervisors with an annual investment policy with the purpose of establishing cash and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund.

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

### **FISCAL STRATEGIES**

The fiscal strategy for the District strives to meet the following guidelines:

- 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;
- Budget strategy reflects the mission of the District, is fiscally sound and provides resources that realistically fund operations;
- Financial planning includes multi-year projections of funding sources and ongoing expenditures to promote long-term planning of resource uses;
- Proactively oversee revenues and cost-effectively control ongoing operating costs;
- Work with the Board to establish major goals in support of the District's mission which provide short and long-term direction to staff, determine the allocation of resources, and establish priorities;
- The District does not obligate itself to long-term debt without sufficient justification and prior Board approval;
- Fund balances are monitored by fund to ensure sustainable balances; and
- Stationary Source fund balance is reviewed on an ongoing basis to ensure that the maximum fund balance limit set by the Board is not exceeded.

The Operating Fund's fund balance was subject to a budgeted decline in FY16/17; the decrease was planned with the objectives of updating and improving the District's information systems, and of accommodating the cost of temporary replacement, recruiting, and replacing a number of staff who planned to retire during the year. The Covell Building Fund has been stable as rent received by the fund is generally consistent from year to year and adequately funds operating and capital expenditures. Fund balance for the Emission Technology Fund fluctuates because of one-time grants and timing differences between the revenues and expenditures of the fund.

### **STRATEGIC DIRECTION**

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

STRATEGIC DIRECTION	
<b>VISION</b>	Clean air for all
<b>MISSION</b>	Achieve state and federal clean air goals
<b>CORE VALUES</b>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Teamwork</li> <li>• Leadership</li> <li>• Innovation</li> </ul>
<b>STRATEGIC GOALS</b>	<ul style="list-style-type: none"> <li>✓ Maximize program effectiveness while balancing environmental and economic considerations</li> <li>✓ Provide regional leadership in protecting public health and the environment</li> <li>✓ Integrate air quality consideration into transportation and land use decision-making</li> <li>✓ Develop and enhance diverse partnerships</li> <li>✓ Recruit, develop, and retain excellent staff</li> <li>✓ Influence, develop and implement innovative programs, and promote sustainability throughout the region</li> <li>✓ Increase the public’s role and responsibility in improving air quality</li> <li>✓ Ensure fiscal responsibility and viability</li> </ul>

**PERFORMANCE MEASURES**

The District tracks select performance measures which are linked to the District's Strategic Goals. 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. The table below lists key performance measures followed by the Strategic Initiatives for the upcoming fiscal year.

**FY17/18 Performance Measures**

PERFORMANCE MEASURE	FY15/16 Actual	FY16/17 Projected	FY17/18 Target
Update 33% of Area Source Methodologies	Yes	Yes	Yes
100% of Emission Statement/185 Fee Sources Surveyed	Yes	Yes	Yes
Board Adoption of Rulemaking Activities	2	5	4
>90% of Audited Parameters Passed (Monitoring Sites)	Yes	Yes	Yes
>75% Data Completeness for Each Parameter (Monitoring Sites)	8yes/1no	9yes	8yes
Percentage of Permit Applications (Authority to Construct) Processed within 180 Days	65%	>95%	>95%
Percentage of Violations Successfully Resolved under the Mutual Settlement Process	99%	>95%	>95%
Percentage of Scheduled Annual Inspections Completed	63%	85%	85%
Percentage of Scheduled Source Test Reviews Performed	100%	100%	100%
Percentage of Permits to Operate Issued within 2 years of Obtaining an Authority to Construct	95%	>95%	>95%
Perform 100% On-Site Audits of Participating Wood Change-Out Retailers	Yes	Yes	Yes
Perform 5% On-Site Random Audits of Wood Change Outs	Yes	Yes	Yes
Provide Confirmation Letter for Construction Mitigation Plans within 4 Business Days of a Complete Submittal	100%	100%	100%
Number of LUTRAN Newsletters Published Each Year	4	4	4
Notify Media and Public the Day Before Every Declared <i>Spare The Air</i> Day	100%	100%	100%
Provide Daily Air Quality Forecast Public Everyday by Noon	100%	100%	100%
Encumber 100% of Current Allocation-Year Moyer Funds by June 30 of the Allocation Year	100%	100%	100%
Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year	100%	100%	100%

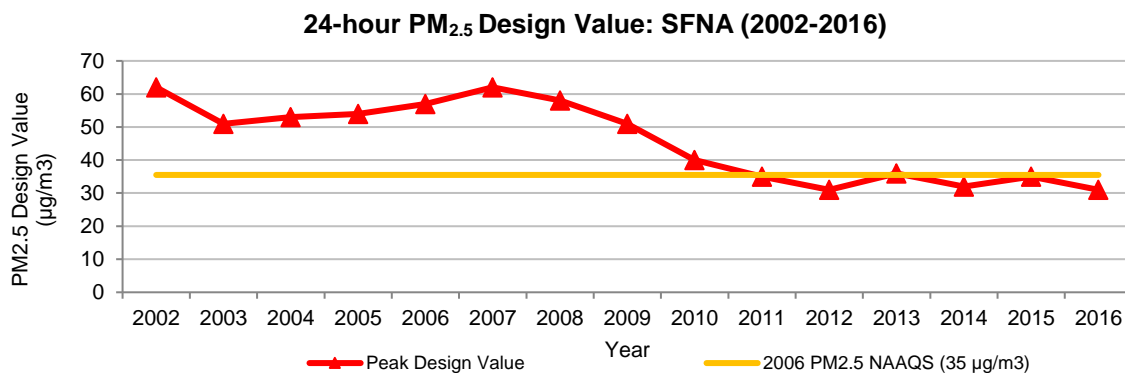
PERFORMANCE MEASURE (Continued)	FY15/16 Actual	FY16/17 Projected	FY17/18 Target
Perform a 5% On-Site Random Annual Audit of All Operational Incentive Projects	100%	100%	100%
Non-Retirement Employee Annual Turnover Rate	2%	≤5%	≤5%
Percent of Planned Training Completed for All Staff	N/A	100%	100%
Receive the Government Finance Officers Association (GFOA) <i>Certificate of Achievement for Excellence in Financial Reporting</i>	Yes	Yes	Yes
Receive Unmodified Audit Opinion for the CAFR	Yes	Yes	Yes
Receive the GFOA <i>Distinguished Budget Presentation Award</i>	Yes	Yes	Yes
Complete the Budget Year within the Approved/Amended Budget	Yes	Yes	Yes
Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting	0	0	0

### STRATEGIC INITIATIVES

In addition to monitoring key performance measures, strategic initiatives are undertaken in support of the Strategic Direction. The initiatives are developed, reviewed, and/or updated annually to ensure that the work of the District evolves as conditions change, adapting to new opportunities and challenges. Administrative and operational initiatives are described in Section 6 – Organizational Overview – under the four operating divisions. This section highlights several key Districtwide initiatives for FY17/18.

#### Attainment Goals

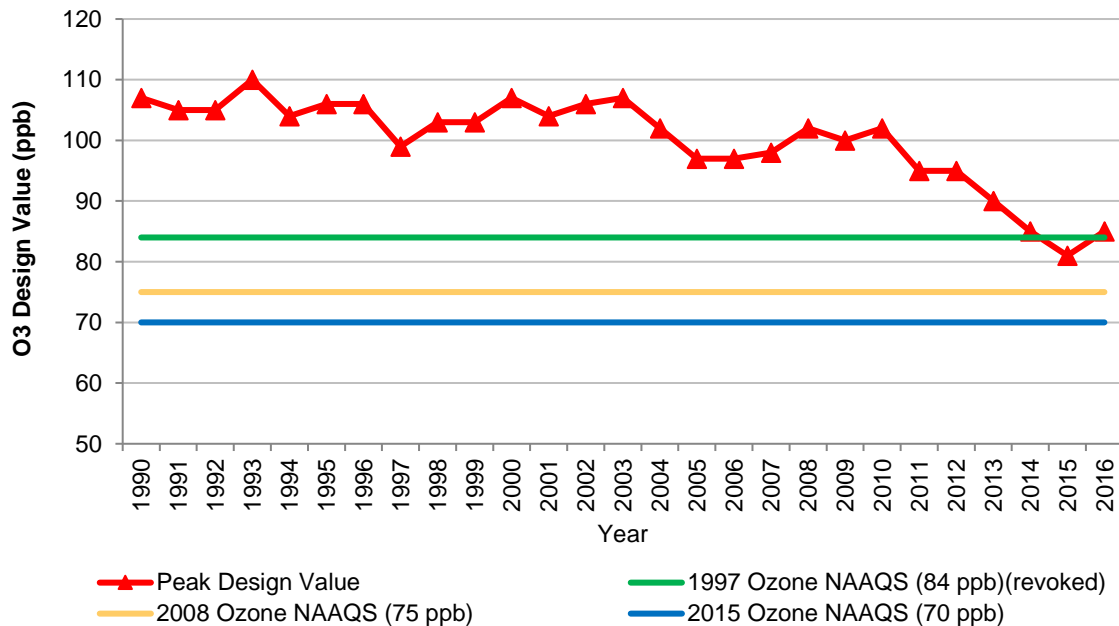
The District will continue to work toward meeting attainment goals. Since mid-2012, the EPA has recognized that Sacramento has met two federal air quality standards: the federal 1-hour ozone standard (in October 2012) and the 24-hour PM<sub>2.5</sub> (in December 2015). Sacramento is updating its plan to meet the 2008 ozone health standards. On December 16, 2016, the EPA proposed to find that the Sacramento PM<sub>2.5</sub> Nonattainment Area attained the 2006 24-hour PM<sub>2.5</sub> National Ambient Air Quality Standards (NAAQA) by the attainment date of December 31, 2015 (81 CFR 91088). The District returned to attainment in 2014 and has continued to stay in attainment in 2015 and 2016, as shown in the figure below.



While it has been a significant challenge, controlling pollution from wood smoke on key days in the fall and winter is essential to maintaining the federal PM<sub>2.5</sub> standard. Consequently, the District’s Wood Smoke Program, including “Check Before You Burn”, continues to be a priority and key strategy. From previous public opinion surveys, the public (even many who comply with the program) do not believe that wood smoke is dangerous to their health. This led the District to include messages from scientists, doctors, and public health experts talking about the dangers of exposure to wood smoke in the “Check Before You Burn” campaign.

For ozone, since 1990, there has been a declining trend in 8-hour ozone exceedances and ozone design value concentration. The current federal standard for ozone (2015 NAAQS) is 70 parts per billion (ppb). The graph below shows the ozone design value for the peak monitoring site in each year and a trend line from 1990 to 2016. The overall 26-year trend line indicates a decline, from 110 ppb, or 40 ppb above the standard, down to 85 ppb, or 15 ppb above the current standard.

**8-hour O3 Design Value: SFNA (1990-2016)**



Tracking State and Federal Programs

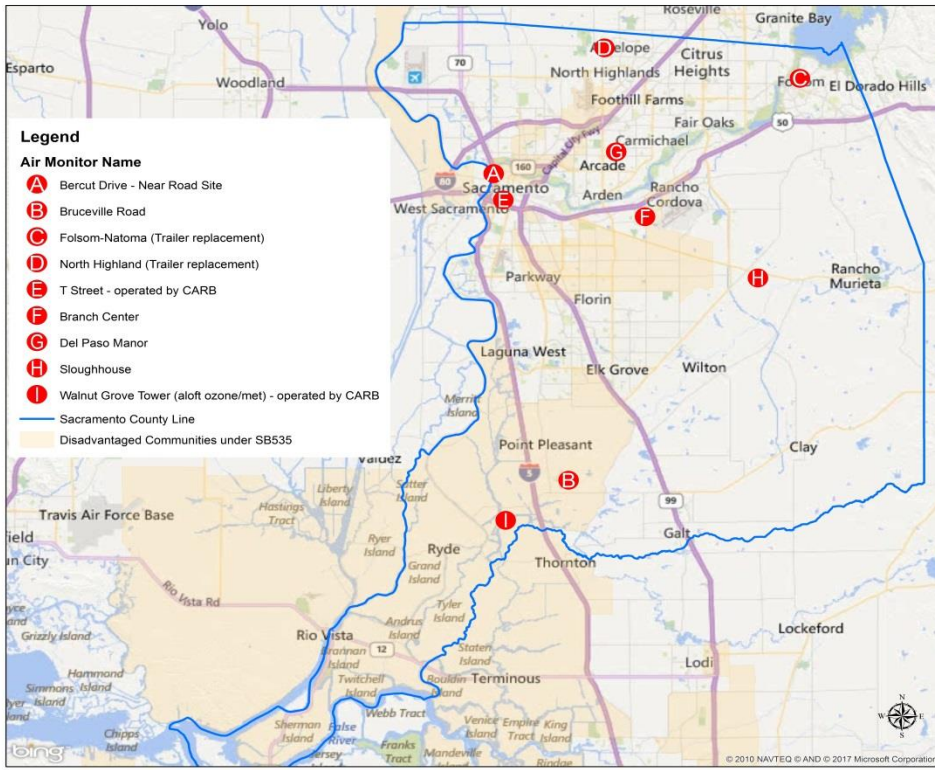
The District is actively engaged in the California Air Pollution Control Officers Association (CAPCOA), which is a critical state association for air pollution control issues. In addition, the District is involved with the National Association of Clean Air Agencies (NACAA) as it serves as a key link for District work with EPA and other agencies at the national level, and for representing local air district issues with a wide range of federal agencies. Participation in these and other agencies allows the District to closely track, monitor and weigh in on important programs and legislative matters affecting the District and its mission. The following are some examples of programs being tracked:

- Climate Adaptation
- 2008 National Ambient Air Quality Standard (NAAQS) for Ozone – Plan due in 2017
- 2015 National Ambient Air Quality Standard for Ozone – Plan due in 2021
- Clean Power Plan under section 111(d) of the Clean Air Act
- Cap and Trade Funding
- Short-lived Climate Forcers
- Statewide (California) Freight Plan
- New Toxics Risk Management Guidelines



## Capital Improvements

Improvements to air monitoring stations are planned including the replacement of two aging air monitoring trailers. Below is a map of the existing air monitoring stations.



## Partnerships

The District has numerous regional, state, and federal partnerships that assist the District in achieving its mission. Continuing collaborations and leveraging these partnerships are key elements in meeting the District's regional air quality goals, as many of the reduction strategies are in areas outside District-direct regulatory oversight. A few notable partners are listed below.

- California Air Pollution Control Officers Association
- National Association of Clean Air Agencies
- Air Resources Board and other state agencies
- Cleaner Air Partnership (numerous partners in this collaboration)
- Valley Vision
- Capitol Region Climate Readiness Collaborative / Alliance of Regional Collaboratives for Climate Adaptation
- Local Government Commission
- Local Agencies: Sacramento Area Council of Governments, Regional Transit, Sacramento Transit Authority
- Sacramento County and Cities in Sacramento County
- Sacramento Metropolitan Chamber of Commerce
- West Coast Diesel Collaborative
- Business Environmental Resource Center
- Environmental organizations: Breathe California, Transform, American Lung Association, Sacramento Area Bicycle Advocates, Sacramento Clean Cities Coalition, etc.



**LONG-TERM FINANCIAL PLANNING**

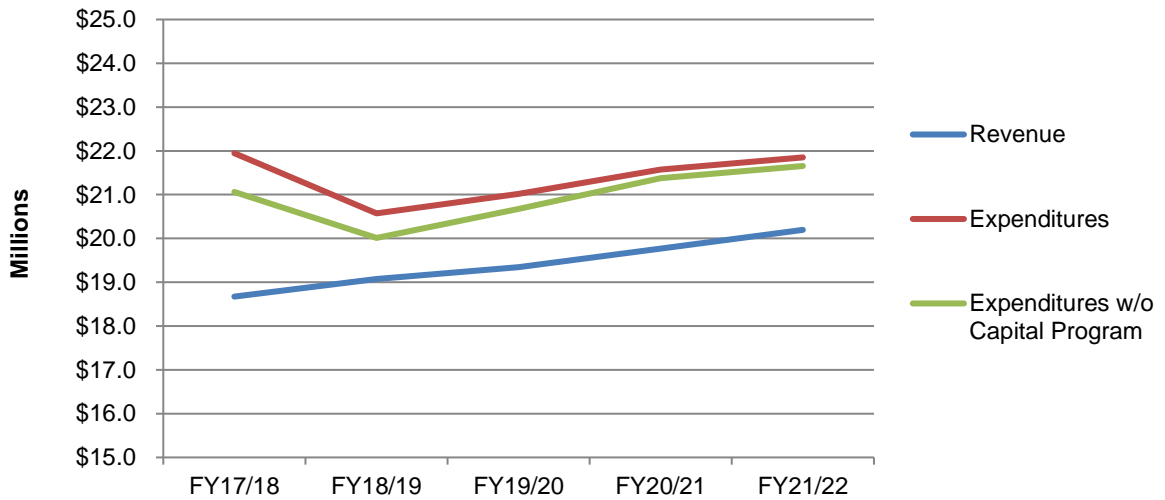
The District annually reviews and updates a five-year financial projection to evaluate the potential internal, external, and programmatic changes that can be implemented over the next fiscal year and beyond. As part of the annual review, staff evaluates the need to increase fees. In July 2013, the District Board approved a multiyear fee increase program to ensure sufficient funding for specific programs and to generate a stable and prudent fund balance; the approved increase is reflected in the FY17/18 Proposed Budget. FY 17/18 is the final year of this board approved increase.

The District's long-term financial plan includes: additional permit fee adjustments as necessary to adequately fund Stationary Source programs; capital expenditures to upgrade and integrate technology solutions, and replace air monitoring stations; and maintenance of prudent reserves. The District will also apply for additional cap and trade and other grants as they are available. The long-term plan supports the key initiatives of meeting air quality attainment goals, enhancing systems, and maintaining the District's air monitoring station network.

The graph below represents a five year forecast of revenues and expenditures in the Operating Fund. The following methods are used in the projections:

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

**Five-Year Forecast of Operating Fund Revenues and Expenditures**



The projection above uses the Proposed FY17/18 budget as a base and assumes the following:

Revenues:

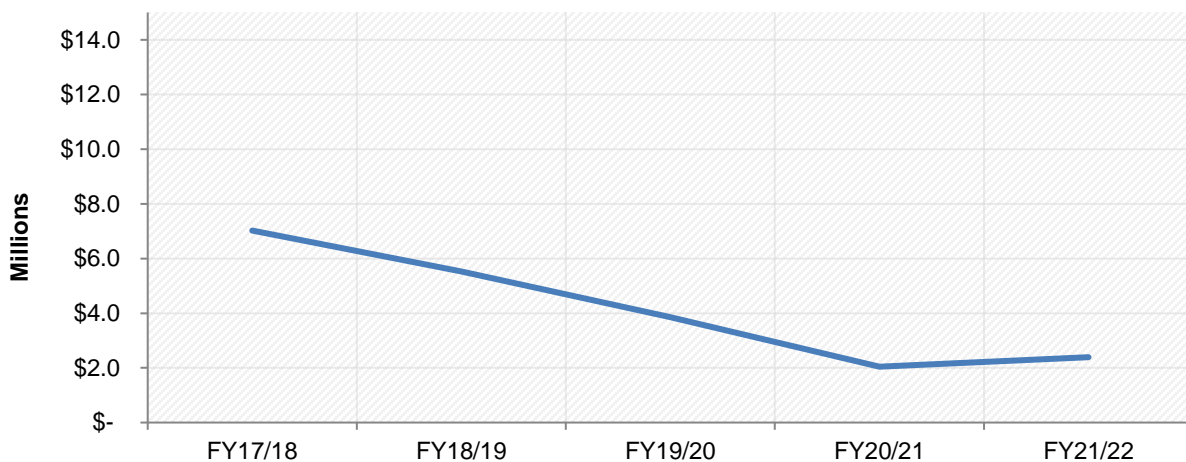
- Sacramento Transportation Authority projections for Measure A sales tax revenue;
- 7.4% increase to Stationary Source permit and renewal fee revenues in FY17/18 and appropriate (approximately 2%) Consumer Price Index (CPI) adjustment thereafter;
- Settlements at \$350,000 per year;
- Interest revenue of 0.3% of projected fund balance;
- SECAT program sunsets after FY21/22; and
- Federal grant revenue of \$1.6 million per year.

Expenditures:

- 2-5% annual increase to salaries for COLA and step increases;
- 7.0% annual increase for group insurance based on average increase in health care premiums;
- Retirement costs of approximately 17.5% of salaries based on analysis of employer pension and OPEB contributions;
- Other Professional Services expenditures based on 5-year historical average of \$2.5 million;
- Capital expenditures based on 5-year capital budget projections (see Capital Expenditures Forecast on p. 20); and
- Operating transfer out for rent of \$806,573 per year based on assumption of no new tenant.

The fund balance of \$10.3 million for the Operating Fund is projected to decline to \$7.0 million from FY16/17 to FY17/18, and continues to decline through FY20/21 at which point the fund begins to stabilize. The near-term decline, to a significant degree, reflects several large capital projects to replace aging air monitoring stations and equipment, and the implementation of the District's Systems Integration project; fund balance levels out after completion of these projects. The District proactively manages revenues, ongoing operating costs and will make programmatic adjustments as needed to ensure a sound long-term financial position of the District. The table below shows the Five-year projected fund balance for the Operating Fund.

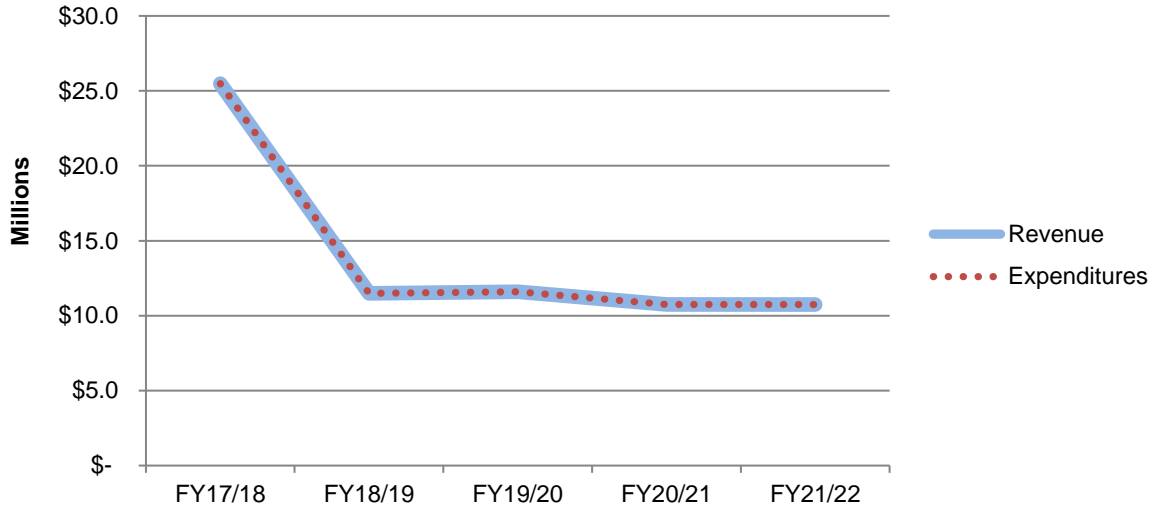
**Five-Year Forecast of Operating Fund Balance**



The Covell Building Fund is expected to be fairly stable in the five-year forecast as the District building is relatively new and annual maintenance is anticipated to be consistent. Moving forward, major rehabilitation and replacement projects will be identified along with expected funding sources. The main funding source for capital expenditures in the Covell Building Fund is rental income.

There are no capital expenditures associated with the Emission Technology Fund as it serves as a pass-through for various emission technology incentive grants. The five-year forecast is projected using historical grant amounts and anticipated grant amounts in the near-term. While the next few years are expected to be stable with respect to grant funding, there is growing uncertainty into the future as some grants are scheduled to sunset, and may not be extended or replaced with other funding.

**Five-Year Forecast of Emission Technology Fund Revenues and Expenditures**



The projection above assumes the following:

- DMV \$2 – CPI 2% per fiscal year
- SECAT – Phase 3- Receive \$3.3 million in FY17/18 and FY19/20
- SECAT Phase 4 – Receive \$3 million from FY19/20 thru FY21/22
- GMERP - \$10 million in FY17/18; Grant will sunset in FY17/18
- Moyer – \$4 million per year based on historical revenues
- ARB- GHG Zero Emission School Bus – One-time \$7.4 million grant in FY16/17 thru FY17/18
- Enhanced Fleet Modernization Program (EFMP) – Receive \$1.5 million per fiscal year from FY17/18 to FY21/22

**Capital Expenditures Forecast**

The District projects capital expenditures for 5 years. The District does not currently have a mechanism for funding multiyear capital projects and budgets annually the amount required each fiscal year for identified projects. The District is developing a long-term asset management program and exploring financial software applications capable of budgeting multiyear projects to allow for improved financial planning/reporting of its larger assets.

Projected capital expenditures in the Operating Fund include expenditures related to the District’s network of 8 air monitoring stations. In FY17/18, trailers and equipment will be upgraded at the Folsom and North Highlands air monitoring stations. Trailers and structures will average \$150,000 per year after FY17/18.

The District plans to replace one to two vehicles per year at an estimated cost of \$40,000 per vehicle. Information Systems will spend \$20,000 per year on replacing servers and switches in its infrastructure.

Major capital expenditures in the Covell Building Fund include updates for the break room/conference rooms in FY17/18 and replacing the HVAC system in FY19/20.

### Five-Year Capital Forecast

Program	Description	Fiscal Year Projections				
		17/18	18/19	19/20	20/21	21/22
Air Monitoring	Trailers/structures	350,000	250,000	150,000	-	-
	Equipment Replacement	294,000	291,000	209,000	196,000	70,000
Fleet	Fleet replacement	105,000	105,000	110,000	115,000	120,000
IT Systems	IT network infrastructure	132,800	120,000	20,000	20,000	20,000
<b>Total Operating Fund</b>		<b>881,800</b>	<b>766,000</b>	<b>489,000</b>	<b>331,000</b>	<b>210,000</b>
Covell Building	Upgrades/Tenant Improvements	297,000	100,000	100,000	100,000	100,000
<b>Total Covell Building Fund</b>		<b>297,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>All Funds</b>		<b>1,178,800</b>	<b>866,000</b>	<b>589,000</b>	<b>431,000</b>	<b>310,000</b>

# SECTION 4

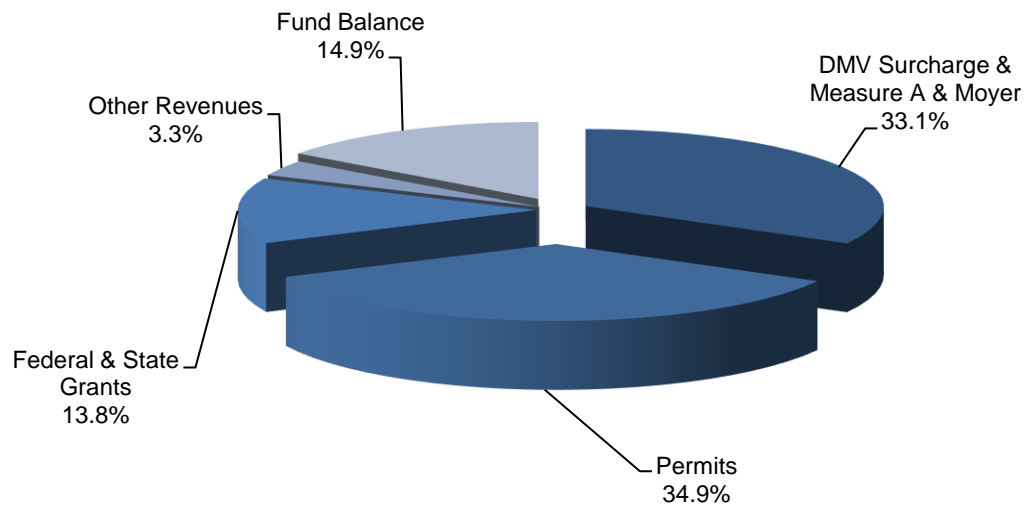
## Fund Information

This section contains descriptions of the District's funds and their associated budgets as proposed for FY17/18. Historical trends of revenues, expenditures and fund balance are presented to provide context for the current year's budget.

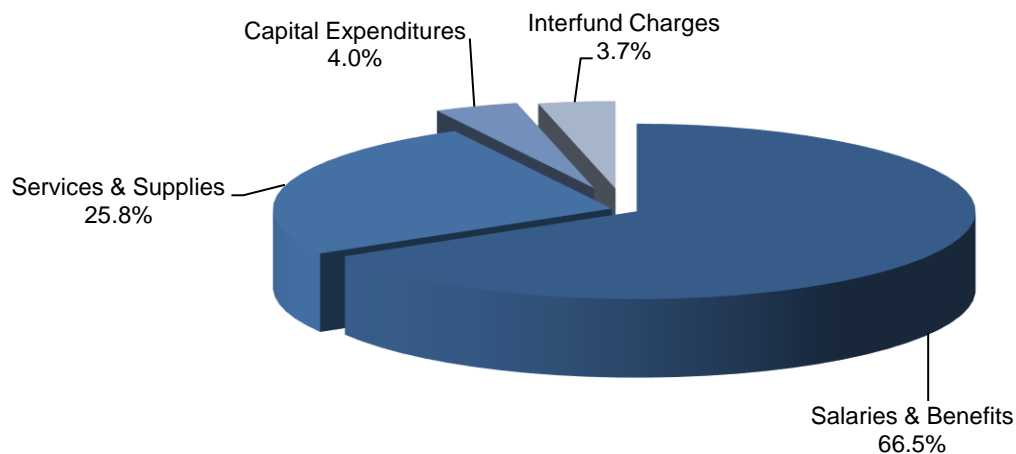
### OPERATING FUND 570A

The Operating Fund reflects financial activity of all operational programs of the District separately from the Emission Technology incentive programs. The total Proposed Operating Budget is \$21.9 million. Fund balance is closely managed to ensure it remains at sustainable levels.

#### Revenues



#### Expenditures



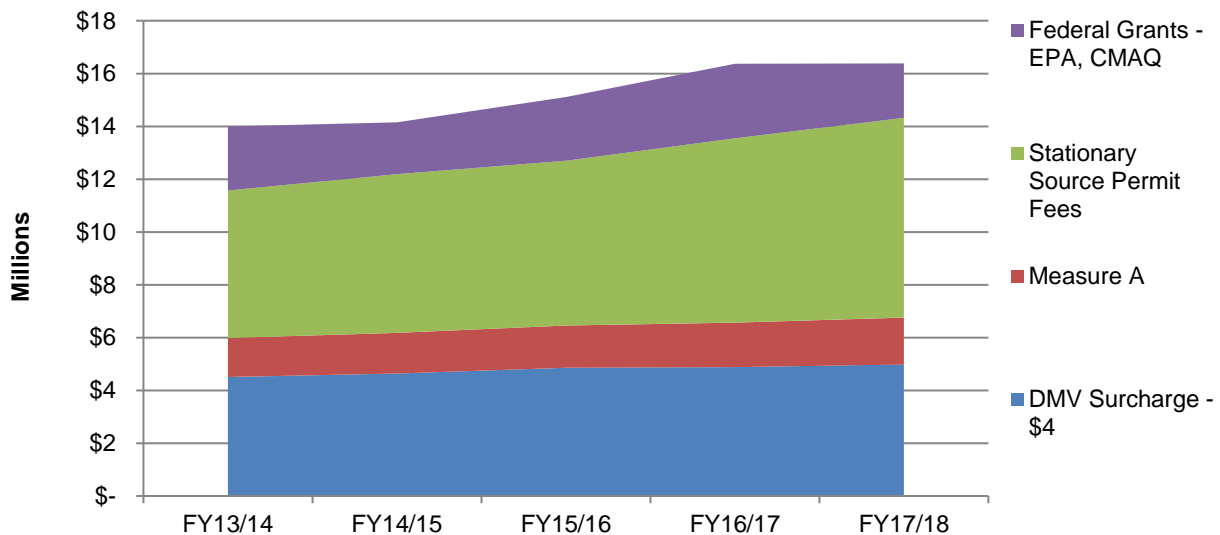
The Operating Budget includes new revenues of \$18.7 million and use of fund balance of \$3.3 million. Historically, the District has been under budget and therefore, has not fully expended the amount of fund balance budgeted.

There is a projected decrease in new revenue from the prior year of \$58,000. The major factors in the change are:

- Increases in Stationary Source permit and renewal fees as a result of Board-approved fee adjustments and CPI adjustments in other fees where applicable of \$520,000;
- Increases in DMV surcharges of \$201,000;
- Increase in Measure A of \$93,000;
- Decrease of \$967,000 of grant funding as grants are closed and uncertainty around future EPA grants affects future years' funding; and
- Increases in other revenues of \$95,000.

Historically, the Operating Fund has received the majority of its revenue from DMV surcharges, Measure A sales tax, stationary source permit fees, and federal grants. The FY17/18 budget reflects these trends continuing with a drop in federal grants.

**5-Year Trend of Major Revenue Sources for the Operating Fund**



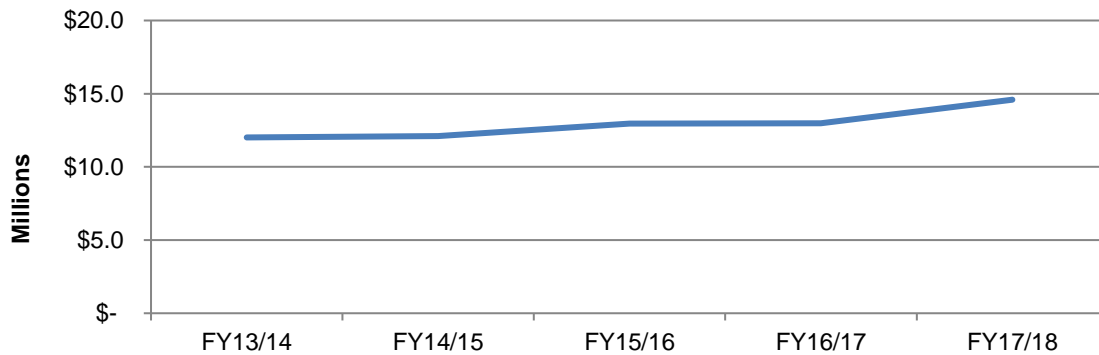
The graph above reflects major funding streams representing approximately 85% of the District's total operating revenue. The graph shows that DMV surcharges and Measure A sales tax revenues have gradually increased over recent years, consistent with the strengthening economy. Stationary Source renewal fees show a more pronounced increase following the 5-year fee increase approved by the Board in 2013, while federal grant revenue has fluctuated due to one-time grants. Most revenues have restrictions and are used to fund allowable personnel, operating, and capital expenditures.

The table below reflects the expenditure changes and highlights the major adjustments in the Operating Fund from the FY16/17 Final Budget to the FY17/18 Proposed Budget.

**Operating Fund – Expenditure Changes  
 (FY16/17 Approved Budget to FY17/18 Proposed Budget)**

Salaries & Wages (2% COLA, Steps, Funded Positions)	381,896
Retirement Contribution	265,066
Medicare, Health & Other Insurance	43,717
<b>Salaries &amp; Benefits</b>	<b>690,679</b>
Travel and Training	29,451
Temporary Services	76,611
Other Professional Services	(900,011)
Information Systems (IS)	46,580
Legal Services	(129,910)
Rent/Lease-Real Property	(14,181)
Miscellaneous	38,950
<b>Services &amp; Supplies</b>	<b>(852,510)</b>
Capital Expenditures (Systems Integration/Air Monitoring)	(865,200)
<b>Capital Expenditures</b>	<b>(865,200)</b>
<b>Total Operating Fund Expenditure Changes</b>	<b>(1,027,031)</b>

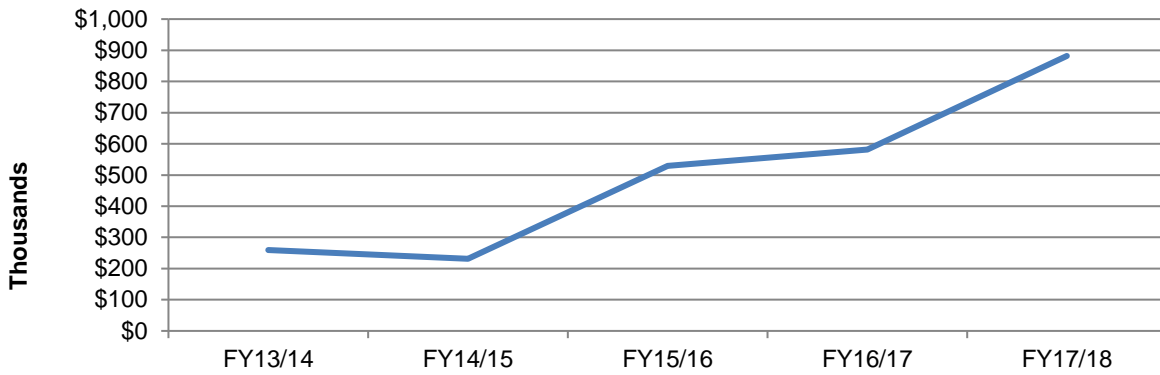
**5-Year Trend of Salaries and Benefits**



The graph above shows that salaries and benefits increased marginally in FY17/18. This is primarily the result of step increases: the addition of one limited-term position authorized in FY16/17; cost of living adjustments; and increases in pension and healthcare costs.



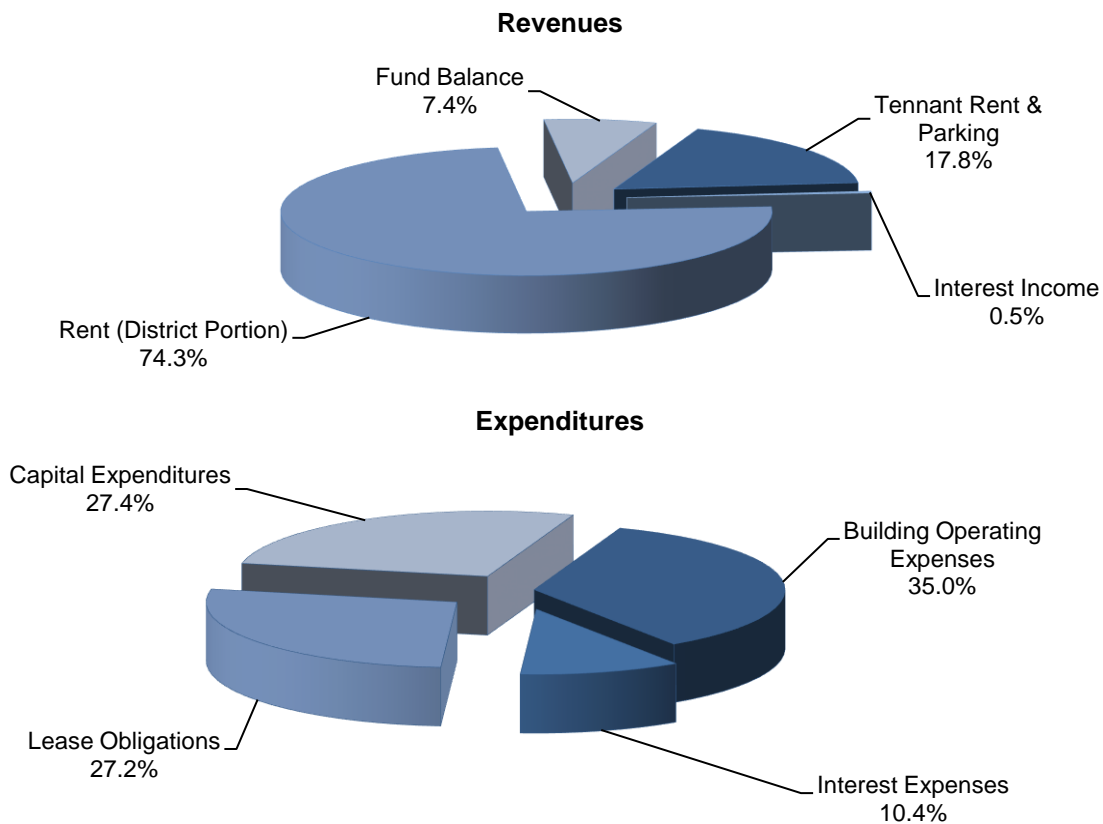
**5-Year Trend of Capital Expenditures for the Operating Fund**



Capital expenditures were between \$260,000 and \$582,000 from FY13/14 to FY16/17. Expenditures on IS infrastructure and replacements or upgrades for the District’s aging air monitoring station network resulted in an increase in capital expenditures for FY17/18.

**COVELL BUILDING FUND 570B**

The Covell Building Fund supports the financial activities of the District building. The total Proposed Covell Building Fund Budget is \$1.1 million for FY17/18.

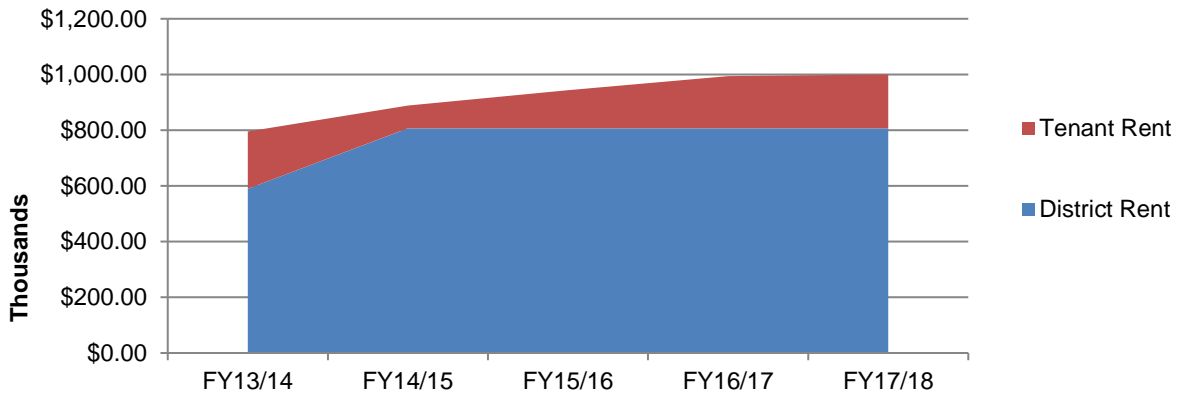


The District moved into the building as a tenant in 1999, and in 2002, purchased the building through a debt issue along with other funding. District staff occupies the 3<sup>rd</sup> floor, approximately 19,200 square feet, and another 2,700 square feet on the 2<sup>nd</sup> floor. The remaining 16,000+ square feet on the 2<sup>nd</sup> floor is currently designated for tenants. Currently, a portion of the 2<sup>nd</sup> floor is vacant. While the District will continue to seek

tenants for the vacant space, no revenue associated with additional tenants is projected in the Proposed Budget. District staff has a need for additional meeting and temporary staffing space, and therefore is currently utilizing a portion of the vacant space for this purpose. The 1<sup>st</sup> floor is covered parking managed on behalf of the District by Standard Parking. In FY11/12, the District refinanced the debt used to purchase the building and the purchase obligation is scheduled to be fully paid off in FY26/27. See page 35 (Debt Obligation) for more information.

Building revenues consist of tenant rents, a transfer of funds from the District's Operating budget to represent District rent payment, and fund balance. The revenue from daily/monthly parking passes is netted against parking garage expenditures.

**5-Year Trend of Rent Revenue**

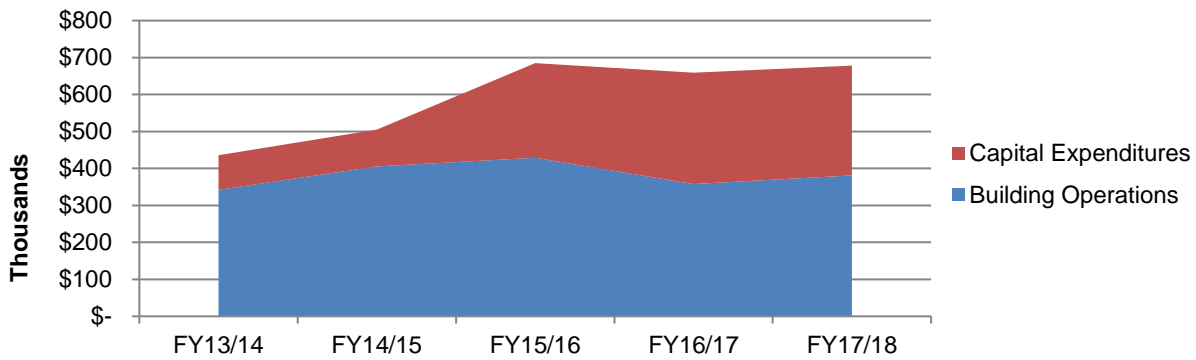


Despite efforts to secure and retain tenants for the 2<sup>nd</sup> floor of the Covell building, the District continues to have vacancies, in part because the bond financing stipulates that space can only be let to other government agencies. One tenant left in FY13/14 and another in FY14/15. A new tenant signed a lease in FY14/15 and started paying rent in FY15/16. The District pays rent to itself through a transfer from the Operating Fund to the Covell Building Fund and the District's portion of the rent has increased to make up for the shortfall in rent from other tenants.

Expenditures for FY17/18 are comprised primarily of three categories: operating expenditures, retirement of purchase obligation (principal and interest), and building improvements/upgrades including potential new-tenant improvements.

The FY17/18 Proposed Budget includes new revenues of \$1.0 million and use of fund balance of \$80,000 for a total of \$1.1 million. This reflects a \$70,000 decrease in expenditures from the FY16/17 Approved Budget. District rent, which is 80% of the Fund's revenue, remains at \$806,573. \$297,000 is budgeted for capital expenditures, and includes \$102,000 for building improvements, charging stations, garage upgrades and the refresh project, \$40,000 for space planning reconfiguration, \$60,000 for window replacements, \$40,000 for ADA compliance upgrades, and \$55,000 for various other items.

**5-Year Trend of Building Operating and Capital Expenditures**

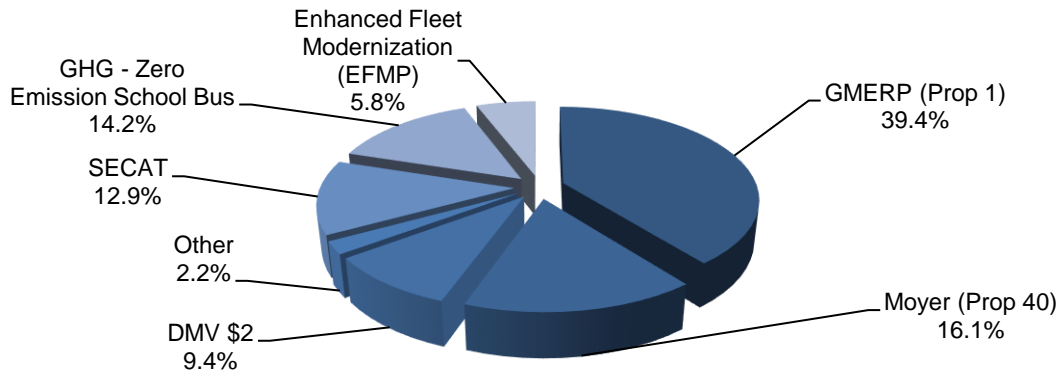


Expenditures for building operations spiked slightly in FY14/15 due to payment of commission for securing a new tenant. Capital expenditures increased gradually in FY13/14 and FY14/15 for upgrades to the elevator, the replacement of an HVAC system, and the addition of security cameras. The significant increase in FY15/16 was for numerous projects including flooring replacement, ADA compliance updates, HVAC & electrical upgrades, FY16/17 expenditures were for the Covell Building refresh projects and other improvements.

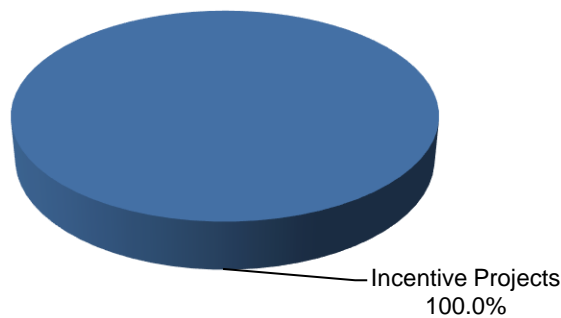
**EMISSION TECHNOLOGY FUND 570C**

Awards from the Emission Technology Fund are made available as an incentive for owners of heavy duty on-road vehicles, such as buses and heavy-duty trucks, 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. The total Emission Technology Fund Budget is \$25.5 million.

**Revenues**



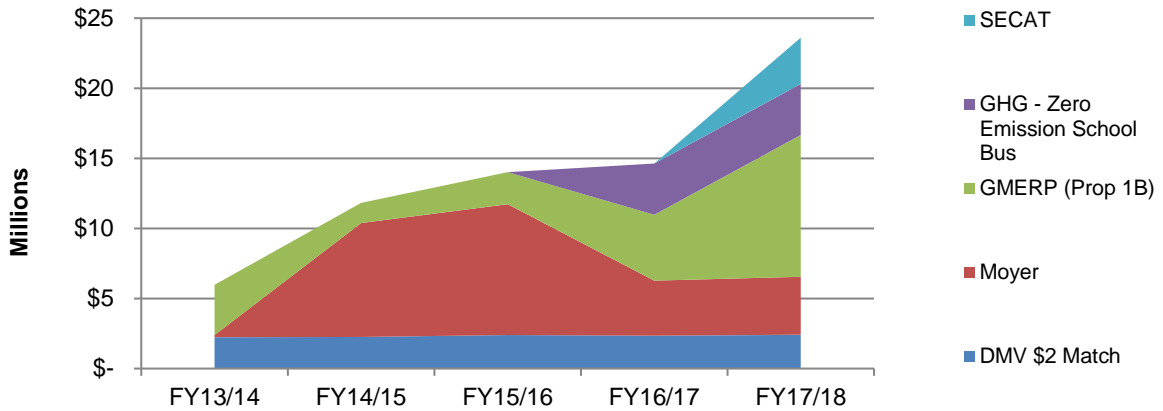
**Expenditures**



The Emission Technology fund provides businesses the resources to fund a portion of the cost to upgrade to a cleaner engine. The Emission Technology Budget includes new revenues of \$25.7 million and expenditures of \$25.5 million. This is an increase of \$4.5 million from FY16/17 Approved Budget.

Each year, the District receives new revenues to fund the Emission Technology programs. Prior year funding received for these programs is budgeted and expended before current year revenues. Therefore, use of fund balance (prior year resources) is common in this fund, as well as a movement of current year funds into Emission Technology fund balance. The Emission Technology Fund has received the majority of its revenue from DMV surcharges, Moyer, GMERP and GHG – Zero Emission School Bus. Previously a pass-through from another local government, the District will receive SECAT revenue directly from the Federal Highway Administration in FY17/18; the District previously administered only the program component.

**5-Year Trend of Major Revenue Sources for the Emissions Technology Fund**

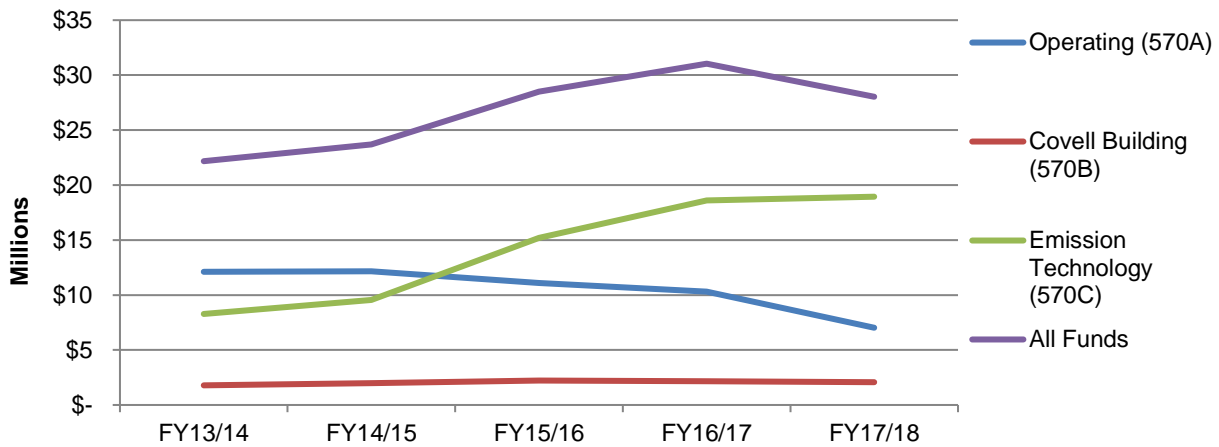


Funding for the Emission Technology Fund is much more volatile than the Operating or Covell Building Funds due to one-time grants and the nature of funding received. DMV \$2 match revenue, however, is stable. GMERP revenue of \$10.0 million is projected to be received in FY17/18, a one-time grant. Because the Emissions Technology Fund is a pass-through fund for vehicle incentive payments and has no personnel or capital expenditures, with the passage of time expenditures generally mirror revenues.

### FUND BALANCE

Fund balance is the total dollars remaining after current expenditures for operations and capital improvements are subtracted from the sum of the beginning fund balance and current revenues. The District seeks to maintain an adequate fund balance for each fund.

**5-Year Trend of Fund Balance by Fund**



## SECTION 5

# Budget Schedules

This section presents the Consolidated District and fund budgets. The schedules show the actuals for the previous year (FY15/16), the approved budget and year-end projection for the current year (FY16/17), and the proposed budget for FY17/18, as well as the variance between the approved budget for the current year and the proposed budget. Following the fund budget schedules, there is the Summary of Financial Sources, Uses, and Fund Balance, which shows the projected year-end fund balance for the current year and FY17/18 by program area. In addition, this section includes the budget schedules for Capital Expenditures, Debt Service, and Collaborations.

### CONSOLIDATED DISTRICT BUDGET

Description	FY15/16 Actual	FY16/17 Approved	FY 16/17 Projected	FY17/18 Proposed	Variance Approved/ Proposed
DMV Surcharge & Measure A & Moyer	13,592,261	13,472,815	13,351,744	13,806,496	333,681
Permits	6,685,147	7,140,581	7,393,653	7,661,104	520,523
Federal & State Grants	3,856,490	14,980,691	12,773,185	22,118,709	7,138,018
Other Revenues	1,890,286	1,704,801	1,328,916	1,764,703	59,902
Fund Balance	3,360,085	7,840,467	(516,154)	3,157,785	(4,682,682)
<b>Total Revenues</b>	<b>29,384,269</b>	<b>45,139,355</b>	<b>34,331,344</b>	<b>48,508,797</b>	<b>3,369,442</b>
Salaries & Benefits	12,959,075	13,898,557	12,970,585	14,589,234	690,677
Services & Supplies	14,428,024	27,882,681	19,264,642	31,526,346	3,643,665
Debt Service	405,631	406,544	406,544	407,844	1,300
Capital Expenditures	784,966	2,145,000	883,000	1,178,800	(966,200)
Interfund Charges	806,573	806,573	806,573	806,573	-
<b>Total Expenditures</b>	<b>29,384,269</b>	<b>45,139,355</b>	<b>34,331,344</b>	<b>48,508,797</b>	<b>3,369,442</b>

### OPERATING BUDGET 570A

Description	FY15/16 Actual	FY16/17 Approved	FY16/17 Projected	FY17/18 Proposed	Variance Approved/ Proposed
DMV Surcharge & Measure A & Moyer	6,963,903	6,925,451	7,077,249	7,261,150	335,699
Permits	6,685,147	7,140,581	7,393,653	7,661,104	520,523
Federal & State Grants	3,377,924	3,992,137	3,544,673	3,025,129	(967,008)
Other Revenues	973,857	672,474	297,598	724,722	52,248
Fund Balance	1,878,006	4,242,343	789,594	3,273,850	(968,493)
<b>Total Revenues</b>	<b>19,878,837</b>	<b>22,972,986</b>	<b>19,102,767</b>	<b>21,945,955</b>	<b>(1,027,032)</b>
Salaries & Benefits	12,959,075	13,898,555	12,970,585	14,589,234	690,679
Services & Supplies	5,584,187	6,520,858	4,743,659	5,668,348	(852,510)
Capital Expenditures	529,002	1,747,000	581,950	881,800	(865,200)
Interfund Charges	806,573	806,573	806,573	806,573	-
<b>Total Expenditures</b>	<b>19,878,837</b>	<b>22,972,986</b>	<b>19,102,767</b>	<b>21,945,955</b>	<b>(1,027,031)</b>

**Operating Fund 570A – Revenue Detail**

Account	Description	FY15/16 Actual	FY16/17 Approved	FY16/17 Projected	FY17/18 Proposed	Variance Approved/ Proposed
91915100	DMV Surcharge - \$4	4,851,347	4,794,376	4,886,476	4,984,206	189,830
91915200	Measure A	1,604,995	1,678,126	1,678,126	1,771,248	93,122
91919900	DMV Surcharge - \$2 Fees- Admin	153,087	156,074	161,169	167,476	11,402
92926100	Land Use Mitigation Fees	220,695	80,850	88,446	173,437	92,587
92929000	ERC - Transfer of Credit	7,159	9,980	15,350	12,362	2,382
92929024	SEED - Loan fees	19,908	25,000	3,577	14,845	(10,155)
92929027	SEED - Renewal Fees	69,255	81,204	50,772	60,177	(21,027)
92929031	Re-inspection Fees	1,325	1,480	1,000	1,000	(480)
92929034	Title V Permit Fees	160,608	155,000	145,000	145,000	(10,000)
92929035	Source Tests	210,146	192,027	200,000	230,000	37,973
92929051	Initial Fee	525,386	483,000	483,000	520,000	37,000
92929052	Stationary Source Renewal Fees	5,098,778	5,800,000	5,700,000	6,200,000	400,000
92929053	Ag Engine Registration Fee	-	2,176	3,000	3,000	824
92929053	Agricultural Burning Field Crops	11,666	14,500	10,500	11,000	(3,500)
93933000	PERP	128,109	111,210	132,924	130,000	18,790
93934000	Civil Settlements	622,868	303,300	300,000	300,000	(3,300)
94941000	Interest	5,438	25,000	44,000	45,000	20,000
95953100	Aid From Local Govt Agencies	56,113	50,333	28,459	28,459	(21,874)
95953100	SECAT Enhanced	7,125	128,762	62,163	100,000	(28,762)
95953100	SECAT	523,225	606,600	500,000	170,000	(436,600)
95956900	State Grants	383,767	949,707	717,492	965,041	15,334
95956905	Moyer Admin Fees	354,474	296,875	351,478	338,220	41,345
95958900	Federal Grants - EPA, CMAQ	2,414,819	2,385,497	2,298,722	1,861,629	(523,868)
96963313	Miscellaneous Revenues	75,779	1,012	1,775	1,375	363
96964100	Planning Service Charges	9,118	8,088	9,000	6,000	(2,088)
97979016	Asbestos Plan Fees	314,733	202,200	225,000	225,000	22,800
97979020	State Toxics Emissions Fee	151,840	174,942	180,000	180,000	5,058
97979022	Variances	4,110	1,011	5,729	5,729	4,718
97979024	NOA Asbestos Fees	2,667	2,022	7,500	9,000	6,978
97979027	Admin Fees	12,291	10,292	22,515	12,900	2,608
<b>New Revenues</b>		<b>18,000,831</b>	<b>18,730,644</b>	<b>18,313,173</b>	<b>18,672,104</b>	<b>(58,540)</b>
	Land Use Mitigation	833,134	1,104,296	(42,529)	(118,282)	(1,222,577)
	Mobile Source/Air Monitoring	732,029	2,536,054	1,082,506	3,517,592	981,538
	Air Toxics	44,359	-	5,460	-	-
	Stationary Source Permitting	268,484	201,993	(64,519)	(63,464)	(265,457)
	Unassigned	-	400,000	(191,324)	(61,995)	(461,995)
<b>Fund Balance</b>		<b>1,878,006</b>	<b>4,242,343</b>	<b>789,594</b>	<b>3,273,851</b>	<b>(968,491)</b>
	<b>Total Operating Revenues</b>	<b>19,878,837</b>	<b>22,972,987</b>	<b>19,102,767</b>	<b>21,945,955</b>	<b>(1,027,031)</b>



**Operating Budget 570A – Expenditure Detail**

Account	Description	FY15/16 Actual	FY16/17 Approved	FY16/17 Projected	FY17/18 Proposed	Variance Approved/ Proposed
10111000	Salaries & Wages - Regular	9,582,146	10,003,076	9,290,714	10,316,020	312,944
10112100	Salaries & Wages - Extra Help	60,436	95,367	70,671	132,484	37,117
10112400	Salaries & Wages - BOD	9,662	10,000	9,535	10,000	-
10113200	Salaries & Wages - OT	22,539	53,553	52,781	78,309	24,756
10113200	Salaries & Wages - Reimbursed OT	-	5,000	5,000	5,000	-
10114100	Salaries & Wages - Premium Pay	75,698	68,040	70,703	75,119	7,079
10121000	Retirement - Employer Cost	1,246,900	1,516,025	1,389,259	1,781,091	265,066
10122000	FICA/Medicare	590,810	651,218	586,016	694,377	43,159
10123000	Group Insurance	1,287,199	1,377,646	1,377,277	1,372,135	(5,511)
10124000	Compensation Insurance	63,339	90,000	89,989	95,000	5,000
10125000	Unemployment (SUI)	20,346	28,630	28,640	29,699	1,069
<b>Total Salaries and Benefits</b>		<b>12,959,075</b>	<b>13,898,555</b>	<b>12,970,585</b>	<b>14,589,234</b>	<b>690,679</b>
20200500	Advertising	29,426	35,009	10,132	33,770	(1,239)
20202200	Books/Periodicals - Supplies	7,071	3,493	3,005	8,392	4,899
20202300	Audio-Video	4,274	4,729	5,000	5,018	289
20202400	Periodical/Subscriptions	25,859	38,723	32,288	35,269	(3,454)
20202900	Business and Conference Expense	99,925	124,989	150,341	154,440	29,451
20203500	Education & Training Services	18,441	29,244	35,840	45,243	15,999
20203803	Recognition Events	3,043	4,850	5,000	5,110	260
20203804	Workplace Amenities	6,252	5,300	7,620	7,815	2,515
20203900	Employee Transportation	69,945	85,000	72,720	73,979	(11,021)
20204500	Freight/Express/Cartage	2,403	1,307	2,200	2,715	1,408
20205100	Liability Insurance	64,702	62,000	90,898	62,135	135
20206100	Membership Dues	24,295	28,999	30,113	31,900	2,901
20207600	Office Supplies	49,574	42,966	49,153	50,038	7,072
20217100	Rents/Leases-Real Property	826,153	29,181	21,000	15,000	(14,181)
20219100	Utilities	18,035	18,598	19,000	21,000	2,402
20219700	Communication Services	15,939	10,314	10,446	11,307	993
20222600	Expendable Tools	75,993	130,672	122,667	144,235	13,563
20223600	Fuels and Lubricants	13,424	15,250	13,525	14,254	(996)
20226100	Office Equipment	13,645	13,036	29,065	17,241	4,205
20227500	Rents/Leases - Equipment	29,641	20,156	25,586	23,408	3,252
20227504	Vehicles	28,701	35,230	33,930	35,578	348
20229100	Other Equipment Maintenance Service	3,816	1,740	6,620	6,908	5,168
20231300	Uniform Allowance	1,471	1,943	2,580	2,080	137
20244300	Medical Services	1,720	2,149	1,190	1,285	(864)
20250500	Accounting/Financial Services	49,982	56,000	54,125	56,046	46
20252100	Temporary Services	57,299	5,184	92,650	81,795	76,611
20253100	Legal Services	172,564	262,860	253,787	132,950	(129,910)
20254400	Safety Program Services	1,850	3,642	1,650	1,686	(1,956)
20259100	Other Professional Services	3,519,178	4,966,743	3,088,184	4,066,732	(900,011)
20281100	Data Processing Services	145,941	104,805	177,048	124,007	19,202
20281201	Hardware	20,012	102,313	74,460	99,770	(2,543)
20281202	Software	66,096	111,827	83,842	141,960	30,133
20281203	IT Supplies	19,189	28,815	28,815	28,800	(15)
20281204	Technical Training/Publications	1,402	18,197	18,197	18,000	(197)
20289900	Other Operating Services	4,221	2,785	5,900	6,967	4,182
20292100	GS Printing Services	10,888	10,830	8,300	12,002	1,172
20292200	GS Mail/Postage Services	15,197	15,988	16,700	17,045	1,057
20292300	GS Messenger Services	3,636	3,500	3,700	3,781	281
20292600	GS Stores Charges	-	-	-	-	-
20292900	GS Work Requests	2,365	4,720	3,500	3,577	(1,143)
20296200	GS Parking Charges	1,400	-	-	-	-
20298700	GS Telephone Services	-	-	-	-	-
20298701	GS Telephone Services - Cell Phone	20,382	15,266	10,482	21,777	6,511
20298702	GS Circuit Charges	5,887	6,250	6,000	6,132	(118)
20298703	GS Land Line Charges	31,333	52,030	35,000	35,770	(16,260)
20298900	GS Telephone Installation	1,617	4,225	1,400	1,431	(2,794)
<b>Total Service and Supplies</b>		<b>5,584,187</b>	<b>6,520,859</b>	<b>4,743,659</b>	<b>5,668,348</b>	<b>(852,510)</b>
43430300	Capital Expenditures	529,002	1,747,000	581,950	881,800	(865,200)
<b>Total Capital Expenditures</b>		<b>529,002</b>	<b>1,747,000</b>	<b>581,950</b>	<b>881,800</b>	<b>(865,200)</b>
50598000	Transfers (Building)	806,573	806,573	806,573	806,573	-
<b>Total Interfund Charges</b>		<b>806,573</b>	<b>806,573</b>	<b>806,573</b>	<b>806,573</b>	<b>-</b>
<b>Total Operating Expenditures</b>		<b>19,878,837</b>	<b>22,972,987</b>	<b>19,102,767</b>	<b>21,945,955</b>	<b>(1,027,031)</b>

**COVELL BUILDING BUDGET 570B**

Account	Description	FY15/16 Actuals	FY16/17 Approved	FY16/17 Projected	FY17/18 Proposed	Variance Approved/ Proposed
94941000	Interest Income	9,163	2,000	2,000	5,000	3,000
96969000	Tenant Rent & Parking	137,319	188,752	187,745	193,408	4,656
59599100	Rent (District Portion)	806,573	806,573	806,573	806,573	-
	Fund Balance	137,495	159,719	69,215	80,663	(79,056)
<b>Total Revenues</b>		<b>1,090,550</b>	<b>1,157,044</b>	<b>1,065,533</b>	<b>1,085,644</b>	<b>(71,400)</b>
20211100	Building Operating	428,955	352,500	357,939	380,800	28,300
30321000	Interest on COPs	130,631	121,544	121,544	112,844	(8,700)
30323000	Lease Obligation	275,000	285,000	285,000	295,000	10,000
43430300	Capital Expenditures	255,964	398,000	301,050	297,000	(101,000)
<b>Total Expenditures</b>		<b>1,090,550</b>	<b>1,157,044</b>	<b>1,065,533</b>	<b>1,085,644</b>	<b>(71,400)</b>

**EMISSION TECHNOLOGY BUDGET 570C**

Account	Description	FY15/16 Actuals	FY16/17 Approved	FY16/17 Projected	FY17/18 Proposed	Variance Amended/ Proposed
95956905	Moyer	4,247,085	4,253,125	3,917,459	4,142,500	(110,625)
94941000	Interest	(36,626)	35,000	35,000	35,000	-
91919900	DMV \$2 Match	2,381,273	2,294,239	2,357,036	2,402,846	108,607
95956900	GMERP (Prop 1B)	28,123	10,000,000	4,705,447	10,108,452	108,452
95958900	EPA - Ag Locomotive	-	-	-	-	-
95958900	EPA - DERA	68,269	279,634	557,509	-	(279,634)
95958900	EPA - DERA Auction	-	-	42,000	-	-
95958900	SECAT	-	-	-	3,300,000	3,300,000
91915100	Car Share - DMV\$4 Match	-	50,000	-	-	(50,000)
95956900	GHG - Car Share	382,174	658,920	267,826	530,898	(128,022)
95956900	GHG - School Buses	-	-	-	-	-
95956900	GHG - Transit Buses	-	-	-	-	-
95956900	GHG - Sacramento Zero-Emission School Bus	-	-	3,655,730	3,655,730	3,655,730
95956900	Enhanced Fleet Modernization (EFMP)	-	-	-	1,498,500	1,498,500
<b>New Revenues</b>		<b>7,070,298</b>	<b>17,570,918</b>	<b>15,538,007</b>	<b>25,673,926</b>	<b>8,103,008</b>
<b>Fund Balance – (Source)/Use</b>		<b>1,344,584</b>	<b>3,438,405</b>	<b>(1,374,963)</b>	<b>(196,728)</b>	<b>(3,635,133)</b>
<b>Total Revenues</b>		<b>8,414,882</b>	<b>21,009,323</b>	<b>14,163,044</b>	<b>25,477,198</b>	<b>4,467,875</b>
20259100	Other Professional Services	8,414,882	21,009,323	14,163,044	25,477,198	4,467,875
<b>Total Expenditures</b>		<b>8,414,882</b>	<b>21,009,323</b>	<b>14,163,044</b>	<b>25,477,198</b>	<b>4,467,875</b>

<sup>1</sup>The board-approved budget for the Emission Technology Fund is \$25,297,448. The FY16/17 budget included fund balance as a source of revenue in the amount of \$7,726,530 and restricted fund balance as an expenditure line item in the amount of \$4,288,125. For purposes of consistency with the District's other funds and for clarity, the presentation of these items in the FY17/18 budget has been netted for a total fund balance of \$3,348,405, resulting in FY16/17 expenditures of \$21,009,323.

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

Fund	Fund Balance 6/30/2016	Projected Revenues FY16/17	Projected Expenditures FY16/17	Fund Balance Sources (Uses)	Projected Fund Balance 6/30/2017
<b>Operating Fund 570A</b>	<b>11,086,898</b>	<b>18,313,173</b>	<b>19,102,767</b>	<b>(789,594)</b>	<b>10,297,304</b>
Land Use Mitigation	747,174	88,446	45,917	42,529	789,703
Mobile Source/Air Monitoring	7,674,994	10,065,628	11,148,134	(1,082,506)	6,592,488
Air Toxics	5,460	180,000	185,460	(5,460)	-
Stationary Source	369,067	6,983,752	6,919,233	64,519	433,586
Contingency	320,000	-	-	-	320,000
Unassigned	1,970,203	995,347	804,023	191,324	2,161,527
<b>Covell Building Fund 570B</b>	<b>2,220,482</b>	<b>996,318</b>	<b>1,065,533</b>	<b>(69,215)</b>	<b>2,151,267</b>
<b>Emission Technology Fund 570C</b>	<b>15,185,241</b>	<b>15,538,007</b>	<b>14,163,044</b>	<b>1,374,963</b>	<b>16,560,204</b>
<b>Total</b>	<b>28,492,621</b>	<b>34,847,498</b>	<b>34,331,344</b>	<b>516,154</b>	<b>29,008,775</b>

Fund	Projected Fund Balance 6/30/2017	Proposed Revenues FY17/18	Proposed Expenditures FY17/18	Fund Balance Sources (Uses)	Projected Fund Balance 6/30/2018
<b>Operating Fund 570A</b>	<b>10,297,304</b>	<b>18,672,104</b>	<b>21,945,955</b>	<b>(3,273,851)</b>	<b>7,023,453</b>
Land Use Mitigation	789,703	173,437	55,155	118,282	907,985
Mobile Source/Air Monitoring	6,592,488	9,723,378	13,240,970	(3,517,592)	3,074,896
Air Toxics	-	180,000	180,000	-	-
Stationary Source	433,586	7,567,513	7,504,049	63,464	497,050
Contingency	320,000	-	-	-	320,000
Unassigned	2,161,527	1,027,776	965,781	61,995	2,223,522
<b>Covell Building Fund 570B</b>	<b>2,151,267</b>	<b>1,004,981</b>	<b>1,085,644</b>	<b>(80,663)</b>	<b>2,070,604</b>
<b>Emission Technology Fund 570C</b>	<b>16,560,204</b>	<b>25,673,926</b>	<b>25,477,198</b>	<b>196,728</b>	<b>16,756,932</b>
<b>Total</b>	<b>29,008,775</b>	<b>45,351,011</b>	<b>48,508,797</b>	<b>(3,157,786)</b>	<b>25,850,989</b>

**CAPITAL EXPENDITURES**

The District budgets capital expenditures on an annual basis. Currently, there is no multi-year capital project funding mechanism to incorporate in the budget. The District develops five-year capital program projections and expects to have a longer-term asset management plan in the upcoming fiscal year. The District is procuring an Enterprise Resource Planning (ERP) solution, which will support the multi-year budgeting and long-term capital program functionality desired by the District.

**FY17/18 Capital Budget**

Program	Description	Amount
Air Monitoring	Folsom Trailer Replacement	200,000
Air Monitoring	North Highlands Trailer/Electrical	150,000
Air Monitoring	Replace SASS Monitor	17,000
Air Monitoring - PAMS	Replace 1 PM.2 BAMS with BAM FEM	80,000
Air Monitoring	Placeholder for PM 2.5 (FRMs or FEM)	25,000
Air Monitoring	Replace Zero Air Generator	9,000
Air Monitoring - PAMS	Ceilometer	37,000
Air Monitoring	Sodar	68,000
Air Monitoring	Sloughhouse Digital Data Logger	10,000
Air Monitoring	Sloughhouse Strip Chart Recorder	9,000
Air Monitoring	1 set of Mass Flow Controller	6,000
Air Monitoring - PAMS	Replacement of Meteorological System	18,000
Air Monitoring - PAMS	Gas Support Systems	15,000
Information Systems	IT Hardware	132,800
Fleet	Vehicle x 2	105,000
<b>Total - Operating Fund</b>		<b>881,800</b>
Covell Building	Building Improvements	52,000
Covell Building	Charging Stations & Garage Upgrades	25,000
Covell Building	Refresh Project	25,000
Covell Building	ADA Updates	40,000
Covell Building	Space Planning Reconfiguration	40,000
Covell Building	Break & Mail Rooms	25,000
Covell Building	Window Replacements	60,000
Covell Building	Sidewalk Repairs	10,000
Covell Building	Building Entry Doors	20,000
<b>Total - Covell Building Fund</b>		<b>297,000</b>
<b>Total Capital Expenditures</b>		<b>1,178,800</b>

**Recurring and Nonrecurring Capital Expenditures**

The District has several capital projects underway. There is an initiative to implement a new application to manage our major lines of business. In addition, the District has several aging air monitoring stations in need of replacement. There are also several pieces of air monitoring equipment which require replacement on an ongoing basis. Finally, the District is focusing on extending the life of its fleet and incorporating new low-emission vehicles into the fleet as replacements are required.

Capital expenditures for FY17/18 are \$1.2 million, comprised of \$881,800 in the Operating Fund and \$297,000 in the Covell Building Fund.

Recurring capital expenditures:

- Air monitoring instrument replacements
- Fleet replacements

Nonrecurring capital expenditures:

- Two air monitoring trailers replacements
- Covell building improvements
- Information Systems hardware

**DEBT SERVICE**

The District may “incur” long-term debt for certain purposes, such as the purchase of real property, but is not authorized to “issue” long-term debt. However, the District does not have a formal debt issuance policy with criteria such as debt limits and level of authority required to incur new debt. There is no debt in the Operating or Emission Technology Funds. The District’s only long-term debt is for the purchase of its building, located at 777 12<sup>th</sup> Street, Sacramento, California, 95814, and is included in the Covell Building Fund.

The District issued Certificates of Participation (COPs) in February 2002 in the amount of \$5,835,000. On March 8, 2012, the District refinanced the original COPs with CSDA 2012 Certificates of Participation. The debt is supported by rent paid by the District (as tenants) transferred from the Operating Fund as well as other tenants of the Covell Building. The rent transfers from the Operating Fund are an operating expense that is projected to be stable over the life of the debt. However, if other tenants vacate, rent transfers from the District Operating Fund may increase to cover the debt payments and ensure solvency of the Covell Building Fund. The details of that debt obligation are covered below. The District does not anticipate incurring any additional long-term debt at this time.

The principal balance outstanding on June 30, 2017 will be \$ 3,420,000. In FY17/18, a \$295,000 principal payment will be made. The principal and interest payments are included in the Covell Building Fund budget. The certificates mature as shown in the following table:

**Debt Repayment Schedule**

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	295,000	112,844	407,844
2019	305,000	103,843	408,843
2020	315,000	94,544	409,544
2021	325,000	85,350	410,350
2022	330,000	75,931	405,931
2023	345,000	65,591	410,591
2024	355,000	53,100	408,100
2025	370,000	38,600	408,600
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
<b>Totals</b>	<b>3,420,000</b>	<b>661,203</b>	<b>4,081,203</b>

**COLLABORATIONS**

The District receives numerous requests for funding from various organizations for a variety of events. The Board of Directors has granted the APCO flexibility in funding events so that the District can respond in a timely manner to such requests. The APCO is authorized to approve collaboration requests up to \$5,000 and is required to notify the Board in advance of any funding requests over \$1,500 that comes from unallocated collaboration funding.

Staff anticipates funding collaborations totaling \$173,700 during FY17/18 as noted below. These collaborations will be approved as part of the budget process, subject to any changes requested by the Board. The funds will be expended at the appropriate time of the year upon receipt of a valid invoice from the sponsored organization. Detailed descriptions of the collaborations can be found in the Appendices. (See Appendix B – Description of Collaborations.)

FY17/18 Collaborations	Amount
Association of Commuter Transportation – ACT Awards	500
Alliance of Regional Collaboratives for Climate Adaption (ARCCA)	15,000
American Lung Association Event – 2017 Fight for Air Climb	1,000
CAPCOA Greenhouse Gas Reduction/Exchange (CAPCOA) GHG Rx	10,000
Capital Public Radio Environment – News Initiative	10,000
Capital Region Climate Readiness Collaborative	15,000
Convention & Visitors Bureau Farm to Fork to Fuel	5,000
ECOS - Earth Day of Sacramento	1,000
ECOS - Environmentalist of the Year Award	1,000
Friends of Light Rail (Annual event)	1,200
Green Capitol Alliance Valley Vision	10,000
Home Energy Conservation	5,000
LGC - California Adaptation Forum	10,000
LGC - Capitol Region Local Policy Makers Program	10,000
LGC – Yosemite Policymakers Conference	10,000
LGC - New Partners for Smart Growth Conference	15,000
May Is Bike Month Event - SACOG	5,000
Power House Science Center	10,000
Sacramento Area Sustainable Business Award	1,500
Sacramento Tree Foundation - Greenprint Summit	1,000
Sacramento Tree Foundation - Sacramento Tree Event	1,500
State of RT Event	1,500
Toast to Clearing the Air Event	2,000
Valet Bike Parking Program	5,000
West Coast Diesel Collaborative	5,000
Unallocated	21,500
<b>TOTAL</b>	<b>173,700</b>

## SECTION 6

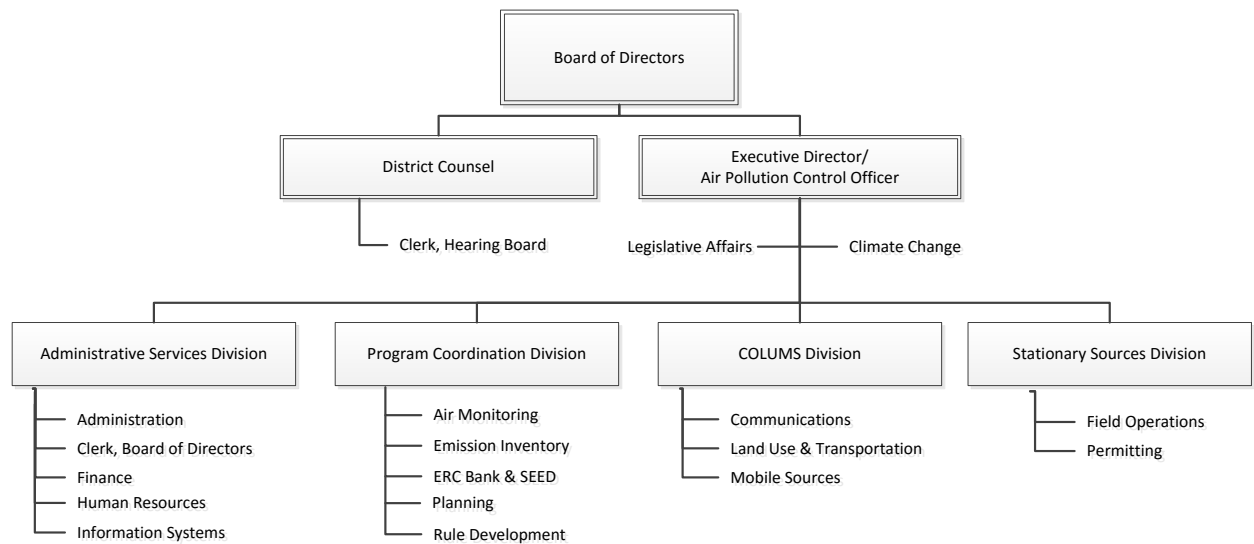
# Organizational Overview

The District is organized into divisions which administer various programs and undertake initiatives to support the District's mission and strategic goals. This section includes the District's organizational structure, a fund/division matrix, division budgets, staffing, division functions and key initiatives, and District accomplishments.

### 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 and District Counsel. The District's organizational structure is comprised of the Offices of the District Counsel, Executive Director and four operating divisions: Administrative Services; Program Coordination Communications, Land Use & Mobile Sources (COLUMS); and Stationary Sources.

### Organization Chart





**FUND/DIVISION MATRIX**

All District positions and expenditures related to Division operations are funded out of the Operating Fund. The Covell Building Fund accounts for expenditures related to the District's headquarter facility and the Emission Technology Fund tracks and is a pass-through mechanism for vehicle incentive funds.

**Fund/Division Matrix**

Division	Fund		
	Operating (570A)	Covell Building (570B)	Emission Technology (570C)
Executive Director/District Counsel	X		
Administrative Services	X		
COLUMNS	X		
Program Coordination	X		
Stationary Sources	X		

**DIVISION BUDGETS**

All division salaries and benefits, services and supplies, and capital expenditures are funded by the Operating Fund. Expenditures by division are presented below.

**Operating Fund Expenditures by Division**

Description	FY 15/16 Actual	FY 16/17 Approved Budget	FY16/17 EOY	FY17/18 Projected Budget
<b>Operating Fund (570A)</b>				
Salaries & Benefits	12,959,075	13,898,554	12,970,585	14,589,234
Services & Supplies	5,584,188	6,520,860	4,743,659	5,668,348
Capital Expenditures	529,001	1,747,000	581,950	881,800
Interfund Charges	806,573	806,573	806,573	806,573
<b>Total Expenditures</b>	<b>19,878,837</b>	<b>22,972,987</b>	<b>19,102,767</b>	<b>21,945,955</b>
<b>Administrative Services</b>				
Salaries & Benefits	1,903,181	2,034,514	1,901,052	2,141,823
Services & Supplies	1,728,609	899,233	1,807,884	1,982,582
Capital Expenditures	134,852	201,177	280,000	237,800
Interfund Charges	132,461	132,461	132,461	132,461
<b>Total Expenditures</b>	<b>3,899,103</b>	<b>3,267,385</b>	<b>4,121,397</b>	<b>4,494,666</b>
<b>COLUMNS</b>				
Salaries & Benefits	4,303,978	4,628,555	4,326,368	4,716,009
Services & Supplies	2,373,725	3,283,987	1,934,377	2,349,541
Capital Expenditures	-	394,665	-	-
Interfund Charges	259,858	259,858	259,858	259,858
<b>Total Expenditures</b>	<b>6,937,561</b>	<b>8,567,065</b>	<b>6,520,603</b>	<b>7,325,408</b>
<b>Program Coordination</b>				
Salaries & Benefits	2,584,684	2,763,602	2,582,651	3,080,823
Services & Supplies	922,116	1,657,691	624,236	779,454
Capital Expenditures	394,149	761,618	301,950	644,000
Interfund Charges	157,771	157,771	157,771	157,771
<b>Total Expenditures</b>	<b>4,058,720</b>	<b>5,340,682</b>	<b>3,666,608</b>	<b>4,662,048</b>
<b>Stationary Source</b>				
Salaries & Benefits	4,167,232	4,471,883	4,160,514	4,650,579
Services & Supplies	559,738	679,949	377,162	556,771
Capital Expenditures	-	389,540	-	-
Interfund Charges	256,483	256,483	256,483	256,483
<b>Total Expenditures</b>	<b>4,983,453</b>	<b>5,797,855</b>	<b>4,794,159</b>	<b>5,463,833</b>



STAFFING

The District has 102 total positions, of which 97 are funded and 5 are unfunded. No changes were proposed for FY17/18.

**Positions by Operating Division**

Classification	Administrative Services	COLUMNS	Program Coordination	Stationary Sources	Total
Administrative Assistant I/II	2.0	-	-	-	2.0
Air Pollution Control Officer	1.0	-	-	-	1.0
Air Quality Engineer	-	6.0	5.5	9.0	20.5
Air Quality Instrument Specialist I/II	-	-	3.0	-	3.0
Air Quality Planner / Analyst	1.0	8.0	2.0	-	11.0
Air Quality Specialist	-	4.0	3.0	12.6	19.6
Clerical Services Supervisor	1.0	-	-	-	1.0
Communications & Marketing Specialist	-	1.9	-	-	1.9
Controller	1.0	-	-	-	1.0
District Counsel	1.0	-	-	-	1.0
Division Manager	1.0	1.0	1.0	1.0	4.0
Executive Assistant / Clerk of the Board	1.0	-	-	-	1.0
Financial Analyst	1.0	-	-	-	1.0
Fiscal Assistant I/II	1.0	-	-	-	1.0
Human Resources Assistant II	2.0	-	-	-	2.0
Human Resources Officer	1.0	-	-	-	1.0
Information Systems Analyst	2.0	-	-	-	2.0
Information Systems Manager	1.0	-	-	-	1.0
Legal Assistant II	1.0	-	-	-	1.0
Office Assistant II	2.0	-	-	-	2.0
Program Coordinator	-	4.0	3.0	5.0	12.0
Program Supervisor	1.0	1.0	1.0	2.0	5.0
Senior Accountant	1.0	-	-	-	1.0
Statistician	-	-	1.0	-	1.0
<b>TOTAL FUNDED</b>	<b>22.0</b>	<b>25.9</b>	<b>19.5</b>	<b>29.6</b>	<b>97.0</b>
Administrative / Legal Analyst	1.0	-	-	-	1.0
Air Quality Engineer	-	-	1.0	-	1.0
Air Quality Specialist	-	-	-	1.0	1.0
Office Assistant	1.0	-	-	-	1.0
Program Coordinator	1.0	-	-	-	1.0
<b>TOTAL UNFUNDED</b>	<b>3.0</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>5.0</b>
<b>TOTAL FUNDED &amp; UNFUNDED</b>	<b>25.0</b>	<b>25.9</b>	<b>20.5</b>	<b>30.6</b>	<b>102.0</b>

Below are tables with the number of positions by classification and the pay schedule.

**Positions by Classification**

Classification	FY15/16 Approved	FY16/17 Approved	Changes	FY17/18 Proposed
Administrative Assistant I/II	2.00	2.00		2.00
Air Pollution Control Officer	1.00	1.00		1.00
Air Quality Engineer	20.50	20.50		20.50
Air Quality Instrument Specialist I/II	3.00	3.00		3.00
Air Quality Planner / Analyst	11.00	11.00		11.00
Air Quality Specialist	18.60	19.60		19.60
Clerical Services Supervisor	1.00	1.00		1.00
Communications & Marketing Specialist	1.90	1.90		1.90
Controller	1.00	1.00		1.00
District Counsel	1.00	1.00		1.00
Division Manager	4.00	4.00		4.00
Executive Assistant / Clerk of the Board	1.00	1.00		1.00
Financial Analyst	1.00	1.00		1.00
Fiscal Assistant I/II	1.00	1.00		1.00
Human Resources Assistant I/II	2.00	2.00		2.00
Human Resources Officer	1.00	1.00		1.00
Information Systems Analyst	2.00	2.00		2.00
Information Systems Manager (1)	1.00	0.00		1.00
Legal Assistant I/II	1.00	1.00		1.00
Office Assistant I/II	2.00	2.00		2.00
Program Coordinator	12.00	12.00		12.00
Program Supervisor	5.00	5.00		5.00
Senior Accountant	1.00	1.00		1.00
Statistician	1.00	1.00		1.00
<b>Total Funded</b>	<b>96.00</b>	<b>97.00</b>	<b>0.00</b>	<b>97.00</b>
Administrative / Legal Analyst	1.00	1.00		1.00
Air Quality Engineer	1.00	1.00		1.00
Air Quality Specialist	2.00	1.00		1.00
Office Assistant I/II	1.00	1.00		1.00
Program Coordinator	1.00	1.00		1.00
<b>Total Unfunded</b>	<b>6.00</b>	<b>5.00</b>	<b>0.00</b>	<b>5.00</b>
<b>Total Funded &amp; Unfunded</b>	<b>102.00</b>	<b>102.00</b>	<b>0.00</b>	<b>102.00</b>

### Pay Schedule

Classification	Monthly	
	Minimum	Maximum
Administrative Assistant I	5,379	6,538
Administrative Assistant II	5,828	7,083
Air Pollution Control Officer (Contract by the Board of Directors)	-	17,269
Administrative / Legal Analyst	6,870	8,352
Air Quality Engineer (Assistant)	6,186	7,519
Air Quality Engineer (Associate)	7,185	8,733
Air Quality Instrument Specialist I	5,117	6,220
Air Quality Instrument Specialist II	5,741	6,977
Air Quality Planner / Analyst (Assistant)	6,186	7,519
Air Quality Planner / Analyst (Associate)	7,185	8,733
Air Quality Specialist (Assistant)	6,186	7,519
Air Quality Specialist (Associate)	7,185	8,733
Clerical Services Supervisor	3,911	4,754
Communications & Marketing Specialist (Assistant)	6,186	7,519
Communications & Marketing Specialist (Associate)	7,185	8,733
Controller	7,809	10,465
District Counsel	-	17,269
Division Manager	9,916	13,289
Executive Assistant / Clerk of the Board	5,117	6,220
Financial Analyst	5,886	7,154
Fiscal Assistant I	3,284	3,991
Fiscal Assistant II	3,611	4,390
Human Resources Assistant I	3,794	4,612
Human Resources Assistant II	4,234	5,146
Human Resources Officer	7,185	8,733
Information Systems Analyst (Assistant)	5,017	6,098
Information Systems Analyst (Associate)	5,914	7,189
Information Systems Manager	8,627	11,561
Legal Assistant I	4,172	5,072
Legal Assistant II	4,797	5,831
Office Assistant I	2,899	3,524
Office Assistant II	3,252	3,953
Program Coordinator	7,504	10,057
Program Supervisor	8,627	11,561
Senior Accountant	5,886	7,154
Statistician	7,185	8,733

In addition to the pay schedules listed above, the District provides special compensation as follows:

- a. Division Managers receive a 5% salary management differential.
- b. Employees may receive incentive pay equal to 5% of their salary if they have earned professional certifications or licenses relevant to their job, such as Professional Engineer, Certified Public Accountant, or job relevant doctorate degrees.
- c. The District pays 1% of the employee contribution for retirement in the form of an Employer Paid Member Contribution (EPMC).

**DIVISION FUNCTIONS AND KEY INITIATIVES**

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

**OFFICE OF THE EXECUTIVE DIRECTOR AND DISTRICT COUNSEL**

**Program Summary**

PROGRAM	DESCRIPTION
<p><b>Executive Director</b></p>	<p>Under direction from the Board of Directors, The Executive Director/Air Pollution Control Officer (APCO) is responsible for overall management of the District. This includes overseeing establishment of policies and procedures, formulation of alternatives and recommendations, overall management of personnel and resources, and development and implementation of air quality related programs. Climate Change and Legislative Affairs programs are also part of the Office of the Executive Director.</p> <p><b>Climate Change</b> — The District is helping the Sacramento region reduce its climate change impacts while becoming more resilient to those impacts. Projects focus on local greenhouse gas mitigation, tracking and monitoring state and federal policies and programs, partnering with other air districts and organizations on projects, and building a regional collaborative to help prepare for extreme weather and other climate impacts.</p> <p><b>Legislative Affairs</b> — Works closely with contract lobbyist and District staff to monitor and analyze state and federal legislation that has a potential impact on air quality programs.</p>
<p><b>District Counsel</b></p>	<p>Advises staff on various legal issues including human resources, air quality enforcement, new legislation, and contracts. Reviews all proposed resolutions, rules and regulations, and other Board matters for legal adequacy. Represents the District before the Hearing Board and in litigation activities. The Office of the District Counsel is also responsible for the Hearing Board Clerk function.</p> <p><b>Clerk, Hearing Board</b> — 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 members of the public.</p>

ADMINISTRATIVE SERVICES DIVISION

Program Summary

PROGRAM	DESCRIPTION
Administration	<p><b>Asset Management</b> — Oversees building management contracts, parking garage, and tenant improvements. Handles building and air monitoring facilities maintenance, rehabilitation, and replacement needs. Oversees vehicle fleet acquisition and maintenance and related contracts.</p> <p><b>Document Management and Reception</b> — Greets customers; answers questions and directs inquiries to appropriate staff; logs complaints, permit information and records into databases; and compiles receipts. Purchases and maintains office supplies and office equipment. Processes public information requests. Coordinates document retention and storage consistent with records retention policy.</p>
Clerk, Board of Directors	Maintains the official record of the Board of Directors' meetings. Schedules Board meetings, prepares meeting agenda and packets, archives action summaries, and provides administrative services to the Executive Director.
Finance	<p>Ensures compliance with accounting regulations and requirements, manages the development of the District's annual operating budgets, coordinates financial audits by source agencies and independent auditors, ensures timely and accurate tracking of payroll expenditures, and provides financial reports to management and the operating divisions. Provides oversight of Measure A, DMV, EPA 103 and 105 grants, CMAQ, SECAT, Moyer and other grant funds.</p> <p>Finance is also responsible for contract administration – develops new contracts and contract amendments, oversees the request for proposals process, develops and maintains contract database, prepares routine contract status reports.</p>
Human Resources	Conducts recruitments and provides guidance in the retention of high quality staff, ensures compliance with federal and state employment law and regulations, coordinates personnel related training, addresses employee issues or concerns, communicates District personnel policy, processes payroll, and administers district benefits.
Information Systems	Provides technology solutions, manages the information technology network, coordinates hardware and software acquisition and maintenance services, provides desktop support, maintains the District website, and oversees related contracts.

Administrative Services Key Initiatives

Administration

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

Finance

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

### **Human Resources**

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

### **Information Systems**

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

COMMUNICATIONS OFFICE, LAND USE, AND MOBILE SOURCES (COLUMS) DIVISION

**Program Summary**

PROGRAM	DESCRIPTION
<p><b>Communications Office</b></p>	<p>Engages and informs residents and organizations about Sacramento's air quality problem and educates them on how their actions can help improve air quality and protect public health. This is achieved through comprehensive public education programs, marketing and community outreach, advisory notices and informational material. The Office manages both routine and emergency media relations and social media for the District.</p> <p>Manages and directs "Spare The Air", a voluntary program that asks residents to reduce emissions by reducing driving. The Office conducts annual survey research to document emission reductions achieved through the program. The Office also manages communications for the mandatory Check Before You Burn program. In addition, the Office manages other key communications coordination with Federal, State and local agencies, special projects such as personal monitors. The office supports Home Energy Conservation (weatherization), clean fuels, Farm to Fork to Fuel and other ad hoc and ongoing programs.</p>
<p><b>Land Use and Transportation</b></p>	<p>Works to reduce mobile source emissions through reduction in vehicle trips and miles traveled by developing and implementing strategies that influence transportation planning and programming, land use planning, and project development.</p> <p>Works on climate change mitigation and adaptation through regional coordination, tracking state policy, supporting local action, and building a regional collaborative to respond to the impacts and opportunities of climate change.</p>
<p><b>Mobile Sources</b></p>	<p>Develops and implements strategies and demonstrates technology available to fleet owners aimed at reducing emissions from vehicular sources.</p>

**COLUMS Key Initiatives**

**Communications**

- Increase the number of Spare The Air and Check Before You Burn App downloads
- Increase the number of Spare The Air Partners in all facets of the community

**Land Use and Transportation**

- Support and expand the Home Energy Conservation Program.
- Actively seek additional funding sources to support the Sacramento Clean Cities' Program, the California Air Resources Board's (CARB) Cap & Trade funding, and EPA's Diesel Emissions Reduction Program
- Work with the CivicSpark program to reduce air pollution and vehicle miles traveled while building local capacity for action on climate adaptation and mitigation

**Mobile Sources**

- Work with CAPCOA and ARB on the Moyer Guideline change, utilizing recent legislation, which has provided additional flexibility to the program
- Successfully transition all SECAT administration to the District (currently split between SACOG and the District) and prepare for Buy America Provisions

**PROGRAM COORDINATION DIVISION**

**Program Summary**

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 <sub>10</sub> and PM <sub>2.5</sub> )), meteorological conditions, and other air quality indicators at 11 sites throughout the County.
Emission Inventory	Estimates actual emissions from stationary and area sources, assists with evaluations of mobile source emissions.
Emission Reduction Credit Bank & SEED	Maintains the registry of stationary and mobile source credit banks, coordinates and assists credit generators and users, identifies new opportunities for credit use, includes the military base and essential public services accounts, implements Project SEED and the Wood Stove/Fireplace replacement incentive program.
Planning	Develops plan to ensure compliance with state and federal clean air acts, prepares the District's annual report on progress toward achieving state and federal clean air standards, participates in air quality studies to assess effectiveness of control strategies, and project future air quality.
Rule Development	Develops regulations to achieve emission reductions and fulfill commitments in air quality plans.

**Program Coordination Key Initiatives**

**Air Monitoring**

- Develop a plan to address recommendations from the 2015 monitoring network assessment by July 2016
- Replace two air monitoring stations
- Conduct Community Toxics Study Monitoring during winter season FY16/17

**Emission Reduction Credit Bank & SEED**

- Replace dirty fireplaces and wood stoves; work to secure additional funding for from the state's Cap and Trade program revenues, and banking and selling emissions reduction credits from the Wood Smoke Change-Out Program

**Planning**

- Develop and submit to the EPA the 2008 National Ambient Air Quality Standards (NAAQS) Attainment Plan in February 2017
- Update and submit to the EPA the PM<sub>2.5</sub> 2006 National Ambient Air Quality Standards (NAAQS) Maintenance Plan by June 2017
- Develop and submit to the EPA the 1997 National Ambient Air Quality Standards (NAAQS) Redesignation substitution by October 2016
- Prepare emission inventory for point sources and 15 area source categories

**Rule Development**

- Present for Board consideration new rules or rule amendments affecting combustion sources, residential and commercial adhesives, plastic parts coatings, LPG transfer and dispersing, natural gas production, and composting
- Develop stationary source emission control measures for the 2008 NAAQS attainment plan by August 2016



STATIONARY SOURCES DIVISION

Program Summary

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

Stationary Sources Key Initiatives

Field Operations Productivity

- Assist in procurement and implementation of line-of-business solution to improve efficiency through the development of an automated inspection prioritization program, work assignment and tracking programs, quality assurance measures, and integrated inter-agency data acquisition and submittal capability
- Work with fire agencies to develop protocol for approving training burns that protect air quality and communities from excess smoke, while recognizing the training needs of fire agency personnel
- Implement performance metrics and recognition programs

Permitting and Toxics Program Resource

- Develop and implement a risk management program that will allow the implementation of OEHHA’s revised HRA guidelines in a manner consistent with SMAQMD’s goals for the permitting program, Air Toxics “Hot Spots” program, and CEQA

## DISTRICT ACCOMPLISHMENTS

In FY16/17, the District achieved numerous accomplishments. The following is a partial list:

- Published a new public website and intranet site for employees using Microsoft SharePoint;
- Continued to provide Leadership I training for approximately 40 employees;
- Coordinated Leadership II training for 24 employees, successfully completing the first series of courses;
- Completed significant efforts in updating the building, including new flooring throughout as well as new paint and wallpaper and wireless flat screen displays in two main conference rooms;
- Provided training to all employees on performance management and rolled out new performance evaluation tool;
- Processed 262 Public Records Requests during the fiscal year-to-date. Estimated to complete 340+ by the end of the fiscal year;
- Processed nine Requests for Proposal leading to new contracts, processed 832+ purchase requests and facilitated execution of more than 46 contracts and Memorandums of Understanding (MOU);
- Completed recruitments for 11 vacant positions, anticipating up to 15 by the end of the fiscal year;
- Downloads of the District's applications increased 205%, 4,444 additional downloads during calendar year 2016;
- Produced and distributed an air pollution forecast every day of calendar year 2016. Notified the public of 37 days where burn restrictions were in place and 17 Spare The Air days during this period. 100% response rate to related media and public requests;
- Increased the number of Spare The Air Partners by 11.4%, for 398 additional partners during calendar year 2016;
- Entered into an MOU with Rebuilding Together Sacramento to improve outreach and communication, including translation of program materials to Russian, Spanish, Hmong, and Mien.
- Published the following:
  - Recommendations for Siting New Projects Near Existing Sources that Emit Odors and Toxic Air Contaminants,
  - Consolidated Construction Mitigation Tool,
  - Roadway Protocol Mapping Tool;
- Revised "Project Review Principles" and "Guide to Air Quality Assessment in Sacramento County";
- Reviewed 247 mitigation projects during calendar year 2016;
- In 2016, District staff attended 121 meetings of governance of local jurisdictions, CAPCOA, Army Corps of Engineers, Caltrans, the Capital Corridor, and community groups;
- Applied for and approved as recipient of the new Sacramento Regional Zero-Emission School Bus Deployment Program;
- Developed guidelines for the Enhanced Fleet Modernization Program (EFMP), a light-duty scrap-and-replace program targeting passenger automobiles of low-income residents;
- Received the Buy America waiver provision;
- Adopted MOU to transition administrative functions of SECAT program to the District;
- Partnered with Placer County Air Pollution Control District on a panel at the California Adaptation Forum on the climate adaptation benefits of carbon sequestration projects;
- Increased membership in the Capital Region Climate Readiness Collaborative by 13 new members;

- Partnered with Sacramento County to incorporate climate change impacts into the Local Hazard Mitigation Plan 2016 update;
- Assisted Sacramento County on their Communitywide Climate Action Plan;
- Provided comments and feedback to State of California on key documents including the forthcoming General Plan Guidelines and 2030 Scoping Plan;
- Collaborated with Sacramento Area Council of Governments by surveying fleet managers and hosting a working group on telematics;
- Participated with Home Energy Conservation Program in retrofit of 50 homes from July 1 - December 31, 2016;
- Collaborated with Sacramento County Solid Waste Authority to expand food waste diversion efforts into the business community;
- Adopted SIP revisions to establish Reasonably Available Control Technology (RACT) for Kiefer Landfill;
- Adopted RACT SIP, which demonstrated compliance with Federal RACT requirements for all major stationary sources and specified emission source categories;
- Adopted amendments to Rule 464 Organic Chemical Manufacturing to address RACT requirements, and Rule 485 Municipal Landfill Gas to implement federal emission guidelines;
- Implemented revisions to fees, approved by the District's Board of Directors, for permits, plans, and loans from the Community Bank and Priority Reserve Bank;
- Continued development of the 2008 Ozone Attainment Plan in cooperation with the other districts of the nonattainment area, including evaluation of the emission reduction potential, cost effectiveness, and feasibility of NO<sub>x</sub> and VOC Reasonably Available Control Measures (RACM) for the plan;
- Submitted a Redesignation Substitution Request demonstrating attainment of the a 1979 Ozone standard;
- Completed 42 low income woodstove/fireplace change outs;
- Worked with both CAPCOA and NESCAUM to develop a state and national framework for woodstove/fireplace change out;
- Addressed recommendations in the 2015 Air Monitoring Network Assessment;
- Completed collection of air monitoring data for the Community Toxic Study;
- Conducted 2791 annual permit inspections in the federal fiscal year ending 9/30/16 and completed 100% of all major source inspections and 63% of minor source inspections under the annual permit inspection program due to staffing shortages;
- From Nov 2016 - Feb 2017, 293 violations were issued for burning on a no burn day; responded to 188 complaints related to burning on a no burn day; inspection staff performed surveillance on Stage 1 and 2 days; new surveillance deployment techniques were developed that improved surveillance and violation detection;
- Responded to 679 public complaints concerning air quality issues; over 50% of these complaints were related to odors;
- Conducted 230 inspections of PERP equipment were performed in federal fiscal year that ended 9/30/16;
- In the first half of FY 16/17, 20% of our observed violations were issued for failure to obtain or renew a permit to operate;
- A total of 219 violations were successfully resolved in federal fiscal year that ended on 9/30/16. Only 2% of cases in FY16, where a settlement offer was sent to a violator, were sent to legal;
- Adopted and implemented the following:

- New Health Risk Management Program,
  - HRA Modeling Guidelines,
  - New Prioritization Guidelines;
- 169 permit applications were received, and 80 Authorities to Construct and 44 Change of Ownership permits were issued in the first half of FY 16/17 with all but 25 permits issued within 180 days; and
- An audit of several State funded incentive programs, including Moyer, School Bus, and GMERP, was concluded with no findings by both the Air Resources Board and the California Department of Finance for the period of July 1, 2007 – June 30, 2015;

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## SECTION 7

# Statistical Information

### OPERATIONAL STATISTICS

The District measures numerous operational activities. A few notable statistics are listed in the table below. The totals, unless otherwise noted, are for July 2016 – June 2017.

Emission Reduction Credit (ERC)	
ERC Applications	1
Transfer Applications	2
Inter-district credit transfer	2
SEED Loans	2
Alternate Compliance Applications	2
Loan Renewals	39

Emission Inventory	
Emission Statements & 185 Fee Sources Updated	16
Facility Surveys	160
Permit Emission Evaluations	1,000
Area Source Category Updates	41

Wood Stove/Fireplace Assistance Program		
	Low Income	Non-Low Income
Approved Vouchers (projected)	50	0
Devices Changed Out (projected)	45	0

Mobile Sources Emission Reductions from Moyer (since 1998 ) & SECAT (since 2000)				
Funding Source	Engines	NO <sub>x</sub> – tons/day	PM <sub>10</sub> – tons/day	ROG – tons/day
SECAT	2,591	2.93	0.31	0.46
Moyer	2,343	5.56	0.52	0.85
Moyer/DMV	24	0.05	NA	0.01
Moyer/EPA	114	0.10	0.01	0.01
EPA	99	0.09	NA	0.01
DMV/Measure A/Lower Emission School Bus	589	0.52	0.04	0.06
Construction Mitigation	39	0.13	0.01	0.02
Other Funds	16	NA	NA	NA
Goods Movement Emission Reduction/Proposition 1B	483	NA	NA	NA
Prop 1B Lower Emission School Bus Program	473	NA	NA	NA
Prop 1B Lower Emission School Bus Program/DMV Match	48	NA	NA	NA
<b>Grand Total<sup>1</sup></b>	<b>6,819</b>	<b>9.38</b>	<b>0.89</b>	<b>1.42</b>

<sup>1</sup>The totals reflect the time period from Program inception through 12/31/2016 and include active projects in process, not all of which move forward to completion.

Air Monitoring Program					
	NCore	PAMS	SLAMS	Special Purpose	Meteorological
Station Monitoring Activities	1	3	8	5	6
Parameters Monitored	9	16	35	7	7

**FINANCIAL STATISTICS**

**Balances of Governmental Funds (Modified Accrual)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Unspendable	-	-	-	-	-	-	-	-	155,110	171,675
Restricted	13,238,198	16,317,844	9,789,530	2,858,052	12,144,152	12,169,654	11,350,172	10,998,388	10,287,274	8,796,696
Assigned	320,000	320,000	320,000	2,407,273	320,000	320,000	320,000	320,000	320,000	320,000
Unrestricted	8,295,221	5,751,365	8,666,336	7,906,636	-	-	-	792,734	1,395,878	1,798,521
<b>Total General Fund</b>	<b>21,853,419</b>	<b>22,389,209</b>	<b>18,775,866</b>	<b>13,171,961</b>	<b>12,464,152</b>	<b>12,489,654</b>	<b>11,670,172</b>	<b>12,111,122</b>	<b>12,158,262</b>	<b>11,086,892</b>
<b>Emission Technology Fund</b>										
Restricted	-	-	-	9,064,562	9,211,835	9,267,343	8,194,251	8,277,548	9,549,952	15,185,241
<b>Total Emission Technology Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,064,562</b>	<b>9,211,835</b>	<b>9,267,343</b>	<b>8,194,251</b>	<b>8,277,548</b>	<b>9,549,952</b>	<b>15,185,241</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes	8,272,593	9,069,286	9,471,327	8,025,308	7,451,650	8,071,327	7,929,307	8,334,914	8,533,576	8,990,702
Intergovernmental	14,617,951	7,754,619	13,564,665	16,058,522	11,162,826	34,081,710	25,879,092	10,507,331	14,342,930	15,445,047
Licenses/Permits	6,786,546	6,405,970	8,371,169	6,705,683	6,479,071	6,180,051	6,015,064	6,741,800	7,416,470	7,646,441
Use of Money/Property	991,786	1,086,702	515,419	268,262	230,368	204,424	193,112	18,965	60,372	(31,188)
<b>Total Revenue</b>	<b>30,668,876</b>	<b>24,316,577</b>	<b>31,922,580</b>	<b>31,057,775</b>	<b>25,323,915</b>	<b>48,537,512</b>	<b>40,016,575</b>	<b>25,603,010</b>	<b>30,353,348</b>	<b>32,051,002</b>
<b>EXPENDITURES</b>										
<b>Current:</b>										
Stationary Sources	5,065,949	5,122,449	8,944,106	6,114,436	5,822,646	5,843,577	5,758,644	5,741,059	6,016,226	6,501,339
Mobile Source	11,432,875	11,261,327	11,647,191	13,088,034	12,207,527	34,704,891	28,394,103	11,475,645	14,932,141	11,367,756
Program coordination	3,867,636	3,474,737	4,575,926	4,334,342	4,285,664	3,959,488	3,780,971	3,832,332	3,943,621	4,571,752
Strategic Planning	3,586,072	3,695,608	3,906,272	4,041,810	3,547,825	3,643,128	3,684,435	3,770,076	3,918,802	4,517,235
Capital Outlay	126,554	226,666	119,082	18,498	20,789	305,418	290,995	259,652	239,283	529,002
<b>Total Expenditures</b>	<b>24,079,086</b>	<b>23,780,787</b>	<b>29,192,577</b>	<b>27,597,120</b>	<b>25,884,451</b>	<b>48,456,502</b>	<b>41,909,148</b>	<b>25,078,764</b>	<b>29,050,073</b>	<b>27,487,084</b>
<b>Excess (Deficiency) of Revenue</b>										
Over Expenditures	6,589,790	535,790	2,730,003	3,460,655	(560,536)	81,010	(1,892,573)	524,246	1,303,275	4,563,918
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfer Out	-	-	456,966	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	16,270	-
<b>Net change in fund balances</b>	<b>6,589,790</b>	<b>535,790</b>	<b>2,273,037</b>	<b>3,460,655</b>	<b>(560,536)</b>	<b>81,010</b>	<b>(1,892,573)</b>	<b>524,246</b>	<b>1,319,545</b>	<b>4,563,918</b>

Sacramento Metropolitan Air Quality Management District  
 Fiscal Year 17/18 Proposed Budget

**Statement of Net Position by Component (Accrual Basis)**

<b>Governmental Activities</b>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Investment in capital assets, net of related debt	535,979	624,503	594,518	447,263	327,593	507,625	653,680	764,943	792,677	1,111,788
Restricted	17,846,829	18,471,262	16,840,972	20,451,561	20,834,838	20,864,065	19,018,128	18,732,929	14,705,749	19,374,392
Unrestricted	3,422,783	3,150,700	1,142,535	946,120	-	-	-	792,734	(900,807)	(157,287)
<b>Total governmental activities net position</b>	<b>21,805,591</b>	<b>22,246,465</b>	<b>18,578,025</b>	<b>21,844,944</b>	<b>21,162,431</b>	<b>21,371,690</b>	<b>19,671,808</b>	<b>20,290,606</b>	<b>14,597,619</b>	<b>20,328,893</b>
<b>Business-type Activities</b>										
Investment in capital assets, net of related debt	313,325	335,681	85,216	142,689	438,929	403,041	113,259	93,109	232,801	613,133
Restricted	-	-	431,776	427,031	433,754	424,243	416,252	416,293	418,340	416,382
Unrestricted	287,763	323,454	802,936	990,954	762,937	909,129	1,094,081	1,274,390	1,331,412	1,190,967
<b>Total business-type activities net position</b>	<b>601,088</b>	<b>659,135</b>	<b>1,319,928</b>	<b>1,560,674</b>	<b>1,635,620</b>	<b>1,736,413</b>	<b>1,623,592</b>	<b>1,783,792</b>	<b>1,982,553</b>	<b>2,220,482</b>
<b>Primary government</b>										
Net investment in capital assets	849,304	960,184	679,734	589,952	766,522	910,666	766,939	858,052	1,025,478	1,724,921
Restricted	17,846,829	18,471,262	17,272,748	20,878,592	21,268,592	21,288,308	19,434,380	19,149,222	15,124,089	19,790,774
Unrestricted	3,710,546	3,474,154	1,945,471	1,937,074	762,937	909,129	1,094,081	2,067,124	430,605	1,033,680
<b>Total primary government net position</b>	<b>22,406,679</b>	<b>22,905,600</b>	<b>19,897,953</b>	<b>23,405,618</b>	<b>22,798,051</b>	<b>23,108,103</b>	<b>21,295,400</b>	<b>22,074,398</b>	<b>16,580,172</b>	<b>22,549,375</b>

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

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/Fixed Assets	Interfund Charges	Contingency	Total
07-08	10,959,562	22,329,068	360,400	840,000	450,000	34,939,030
08-09	12,183,771	13,507,796	110,400	5,142,528	450,000	31,394,495
09-10	12,199,760	8,128,192	38,000	3,851,831	-	24,217,783
10-11	11,584,777	6,425,969	43,500	1,407,642	-	19,461,888
11-12	11,946,558	6,619,728	317,000	704,652	-	19,587,938
12-13	11,997,789	5,552,842	397,000	679,789	-	18,627,420
13-14	12,472,301	5,132,405	180,532	806,871	-	18,592,109
14-15	13,018,613	5,670,628	564,532	1,071,655	-	20,325,428
15-16	13,396,624	6,807,818	768,332	806,573	-	21,779,347
16-17	13,898,555	32,577,351	2,145,000	806,573	-	49,427,479

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



**Schedule of General Government Revenues by Source**

Fiscal Year	Taxes	Intergovernmental	Licenses/ Permits	Use of Money & Property	Total
06-07	8,272,593	14,617,951	6,786,546	991,786	30,668,876
07-08	9,069,286	7,754,619	6,405,970	1,086,702	24,316,577
08-09	9,471,327	13,564,665	8,371,169	515,419	31,922,580
09-10	5,810,923	3,653,527	6,705,683	116,135	16,286,268
10-11	5,498,449	3,998,568	6,479,071	59,403	16,035,491
11-12	5,940,636	4,289,423	6,180,051	44,337	16,454,447
12-13	5,862,442	3,637,602	6,015,064	64,380	15,579,488
13-14	6,095,314	4,082,326	6,741,800	9,934	16,929,374
14-15	6,283,412	3,516,824	7,416,470	25,241	17,241,947
15-16	6,609,429	3,739,523	7,779,365	5,438	18,133,755

**Permit Revenue**

Year	Active Permits**	Actual Revenue***
2007	4,006	2,656,920
2008	4,060	2,381,639
2009	4,183	3,345,143
2010	4,242	3,501,857
2011	4,238	4,366,411
2012	4,247	4,224,561
2013	4,269	4,419,326
2014	4,331	4,754,372
2015	4,346	4,767,562
2016	4,182	5,136,508

Sacramento Metropolitan Air Quality Management District  
 Fiscal Year 17/18 Proposed Budget

**Full-Time Equivalent Employees as of June 30**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Classification:</u>										
Accountant I/II	1	1	1	1	-	-	-	-	-	-
Administrative Assistant I/II	2	2	2	2	2	2	2	2	2	2
Administrative/Legal Analyst	1	1	1	-	-	-	-	-	-	-
Executive Director/Air Pollution Control Officer	1	1	1	1	1	1	1	1	1	1
Air Quality Engineer	21.5	21.5	21.5	21.5	20.5	19.5	19.5	19.5	20.5	20.50
Air Quality Instrument Specialist I/II	3	3	3	3	3			3	3	3
Air Quality Planner/Analyst	10.5	11	12	11	10	10	10	10	11	11
Air Quality Specialist	22.5	21.5	20.6	18.6	18.6	18.6	18.6	18.6	18.6	19.60
Communications & Marketing Specialist	2.85	2.85	2.85	1.85	1.85	1.85	1.85	1.90	1.9	1.90
Clerical Services Supervisor	1	1	1	1	1	1	1	1	1	1
District Accountant/Controller	1	1	1	1	1	1	1	1	1	1
District Counsel	1	1	1	1	1	1	1	1	1	1
District Counsel Legal Assistant	1	1	1	1	1	1	1	1	1	1
Division Manager	4	4	4	4	3	3	3	4	4	4
Executive Assistant/Clerk to the Board	1	1	1	1	1	1	1	1	1	1
Financial Analyst	-	-	-	-	1	1	1	1	1	1
Fiscal Assistant I/II	1	1	1	1	1	1	1	1	1	1
Human Resources Officer	1	1	1	1	1	1	1	1	1	1
Information Systems Administrator	1	1	1	1	1	1	1	1	1	-
Information Systems Analyst	2	2	2	2	2	2	2	2	2	2
Information Systems Manager	-	-	-	-	-	-	-	-	-	1
Office Assistant I/II	3	3	3	3	2	2	2	2	2	2
Human Resource Assistant I/II	2	2	2	2	2	2	2	2	2	2
Program Coordinator	13	13	13	13	12	12	12	12	12	12
Program Supervisor	5	5	5	5	5	5	5	5	5	5
Senior Accountant	1	1	1	1	1	1	1	1	1	1
Statistician	1	1	1	1	1	1	1	1	1	1
<b>Total Funded Positions</b>	<b>104.35</b>	<b>103.85</b>	<b>103.95</b>	<b>98.95</b>	<b>93.95</b>	<b>92.95</b>	<b>92.95</b>	<b>94.00</b>	<b>96.00</b>	<b>97.00</b>
<u>Positions Unfunded</u>										
Administrative/Legal Analyst	-	-	-	1	1	1	1	1	1	1
Air Quality Planner/Analyst	-	-	-	-	1	1	1	1	-	-
Air Quality Specialist	-	-	1	2	2	2	2	2	2	1
Air Quality Engineer	-	-	-	-	1	2	2	2	1	1
Division Manager	-	-	-	-	1	1	1	-	-	
Office Assistant I/II	-	-	-	-	1	1	1	1	1	1
Program Coordinator	-	-	-	-	1	1	1	1	1	1
<b>Total Positions Unfunded</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>5</b>
<b>Total Funded + Unfunded</b>	<b>104.35</b>	<b>103.85</b>	<b>104.95</b>	<b>101.95</b>	<b>101.95</b>	<b>101.95</b>	<b>101.95</b>	<b>102.00</b>	<b>102.00</b>	<b>102.00</b>

Note: Funded positions may vary from budget due to changes in staffing during the fiscal year

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# Appendices

**APPENDIX A**  
**DESCRIPTION OF FUNDING SOURCES**

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

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

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

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

**CARB Subvention & Enforcement Grant<sup>1</sup>** — Grant funds used for Stationary Source program expenditures not offset by permit fees, including Engineering, Compliance/Enforcement, Air Monitoring, Rule Development & Planning.

**CARB Walnut Grove Tower<sup>1</sup>** — CARB funds 100% of the contractor cost to operate the Walnut Grove ozone and meteorological monitoring station.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Initial Fees** — Process initial ERCs.

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

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

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

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

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

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

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

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

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

<sup>1</sup> *These funding sources are included as State Grants in the Revenue chart for the Consolidated District Budget in Section 2 of this document.*

## **APPENDIX B**

### **DESCRIPTION OF COLLABORATIONS**

#### **ASSOCIATION OF COMMUTER TRANSPORTATION AWARDS**

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

#### **ALLIANCE OF REGIONAL COLLABORATIVE FOR CLIMATE ADAPTATION**

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

#### **AMERICAN LUNG ASSOCIATION EVENT: FIGHT FOR AIR CLIMB**

This is an annual event that takes place in Sacramento with one of the key organizations supporting air district work locally and in the state.

#### **CALIFORNIA AIR POLLUTION CONTROL OFFICERS ASSOCIATION GREENHOUSE GAS REDUCTION-EXCHANGE**

The California Air pollution Control Officers Association (CAPCOA) Greenhouse Gas Reduction-Exchange (GHG Rx), is a mechanism to validate and bank credits from in-state programs that reduce greenhouse gases. All credits must meet strict protocols approved by the CAPCOA Board. This funding pays the District's share of costs to administer the GHG Rx. As credits come available they will support projects in the Sacramento region.

#### **CAPITAL PUBLIC RADIO ENVIRONMENT – NEWS INITIATIVE**

The District partners with a wide range of agencies, regional partners, business interests and Capital Public Radio to provide environmental and energy news for the region. This highly successful initiative ensures the availability of fair and experienced environmental news and has provided excellent public outreach for air district programs.

#### **CAPITAL REGION CLIMATE READINESS COLLABORATIVE**

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

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

#### **CONVENTION & VISITORS BUREAU FARM TO FORK TO FUEL – CLEAN CITIES CONFERENCE**

This event is a regional initiative to enhance a key industry in California and Sacramento Region in a variety of ways. Agencies collaborate in improving the regional economy and environment in addition to highlighting unique aspects of the Sacramento Region.

#### **ENVIRONMENTAL COUNCIL OF SACRAMENTO**

##### **EARTH DAY SACRAMENTO**

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

##### **ENVIRONMENTALIST OF THE YEAR AWARD**

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



### **FRIENDS OF LIGHT RAIL**

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

### **GREEN CAPITOL ALLIANCE - VALLEY VISION**

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

### **HOME ENERGY CONSERVATION)**

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

### **LOCAL GOVERNMENT COMMISSION**

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

#### **CALIFORNIA ADAPTATION FORUM**

In 2014 the inaugural California Adaptation Forum in Sacramento brought together over 800 people to discuss state and local responses to common challenges such as drought, wildfires, flooding, energy security, and sea level rise. This forum draws academics, policy experts, community leaders, planners, and more to learn, share, and build new partnerships to build resilience in California from the ground up. In addition, the conference allows Sacramento local and regional agencies, county and city staff to influence state policy direction in these areas.

#### **CAPITAL REGION LOCAL POLICY MAKERS PROGRAM**

These events allow elected officials from the region to discuss issues of mutual concern and learn about strategies to reduce emissions, including more walkable communities and transit-oriented development. The events include presentations by experts in various planning areas that are significant to sustainable growth and successful lines of communication of new initiatives and innovative concepts.

#### **YOSEMITE POLICYMAKERS CONFERENCE**

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

#### **NEW PARTNERS FOR SMART GROWTH CONFERENCE**

Funding supports LGC efforts to assist public officials to implement strategies that result in more livable communities.

### **MAY IS BIKE MONTH – SACRAMENTO AREA COUNCIL OF GOVERNMENTS**

This supports efforts to encourage participants to replace car trips with bicycle trips for errands and commuting. This is a key event supporting biking in Sacramento.

## **POWER HOUSE SCIENCE CENTER**

The Powerhouse Science Center promotes science and learning among students and provides millions of dollars for the local economy. This collaboration will be the fourth of a ten year commitment at \$10,000 per year. It offers an opportunity to have air quality information and exhibits in the facility and potential leverage with other state and federal air quality funding partnerships.

## **SACRAMENTO AREA SUSTAINABLE BUSINESS AWARDS**

The District has partnered with the Business Environmental Resource Center (BERC) for many years with BERC providing ombudsman type services that meet some of the District United States Environment Protection Agency (EPA) small business outreach requirements. BERC is now partnering with the Sacramento Chamber of Commerce for the annual Sacramento Area Sustainable Business Awards, an award ceremony the District has long supported. It is beneficial to the District's business outreach goals to help sponsor this event.

## **SACRAMENTO TREE FOUNDATION**

### **GREENPRINT SUMMIT**

The Greenprint Summit is a venue where speakers from around the nation share policy and research insights on how trees impact communities.

### **SACRAMENTO TREE EVENT**

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

## **STATE OF REGIONAL TRANSIT EVENT**

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

## **TOAST TO CLEARING THE AIR EVENT**

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

## **VALET BIKE PARKING PROGRAM**

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

## **WEST COAST DIESEL COLLABORATIVE**

The West Coast Diesel Collaborative is an effort that advances clean fuels, vehicles and lower emission diesel engines in the west coast states. This effort has been very beneficial to the District, and has supported a number of grant programs we have received from the federal government, as well as linking with our work with the regional Clean Cities coalition. This funding supports the annual event.

## APPENDIX C

### GLOSSARY

**Account** – The primary accounting field in the budget used to describe the type of the 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** – Actual level of expenditures/FTE positions approved for fiscal year.

**Amended** – Level of expenditures/FTE positions reflecting adjustments made during the current fiscal year.

**Assembly Bill (AB)** – California State Assembly bills obligating funds to the District for air pollution control programs.

**Balanced Budget** – The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus other available resources.

**Beginning/Ending Fund Balance** – Unencumbered resources available in a fund from the prior/current year after payment of the prior/current year's expenditures. Not necessarily cash on hand. Also refer to Fund Balance.

**Budget** – An annual financial plan consisting of Proposed/Approved expenditures for specified purposes and the Proposed/Approved means of financing them.

**Capital Assets** – Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period (fiscal year).

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

**Cash Basis** – Revenue and expenditures are recorded in the period they are actually received or expended in cash.

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

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

**Consumer Price Index (CPI)** value is obtained through the State of California, Office of the Director-Research Unit. Rule 205 Community Bank and Priority Reserve Bank and Rule 304 Plan Fees for Naturally Occurring Asbestos are both subject to annual CPI adjustments.

**Covell Building Fund (570B)** – The District's building fund, which is supported by rent revenue and which, generally, has restrictions on its use.

**Debt Issue** – Issuance of bonds and other debt instruments to finance municipal improvements and services.

**Debt Service** – The costs of paying the principal and interest on borrowed money according to a predetermined payment schedule.

**Direct Cost** – Portion of cost that is directly expended in providing service.

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

**Emission Technology Fund (570C)** – The District's fund representing pass-through incentive programs, which are supported by a variety of sources and which, generally, have restrictions on their use.

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

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

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

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

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

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

**Fund Balance** – The total dollars remaining after current expenditures for operations and capital improvements are subtracted from the sum of the beginning fund balance and current resources.

**Fund Balance (Use of)** – Revenues received during prior fiscal years that were not expended. Some revenues may already be earmarked for specific projects or programs that were not completed during the prior fiscal year. Fund Balance is used to balance the budget when new revenues are insufficient to fund budgeted expenditures. The use restriction is specific to original source of the revenue. Examples include: Measure A, SEED, CMAQ, DMV and EPA 105 grants.

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

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

**Greenhouse Gas** – Gases that trap heat in the atmosphere.

**Indirect Cost** – Portion of cost that are necessary to provide the service that are not readily identified to the unit of service, such as administration, supplies, etc. For many of the District's programs, the percentage of indirect cost allowed is set by the EPA as a cognizant agency.

**Modified Accrual Basis** – A mixture of cash and accrual basis accounting used for governmental funds.

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

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

**Operating Fund (570A)** – The District's principal operating fund, which is supported by federal grants, California State funds, and fees, funds ongoing program costs, including employee services, other services and supplies, equipment, and debt service.

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

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

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

**Resolution** – A formal declaration by the District Board of Directors.

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

**Senate Bill (SB)** – California State Senate bills obligating funds to the District for air pollution control programs.

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

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

**Types of Funds** – Restricted funds are restricted by legal or contractual requirements to a specific area. Unrestricted funds are not restricted by legal or contractual requirements and may be used in multiple areas. Assigned funds are specific in where they can be used.

**Variance** – Change in expenditures or staffing levels between fiscal years.

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

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[www.airquality.org](http://www.airquality.org)

**BOARD OF DIRECTORS**

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*Mayor, City of Rancho Cordova*

**Eric Guerra, Vice Chair**

*Council Member, City of Sacramento*

**Patrick Kennedy**

*Sacramento County Board of Supervisors*

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*Council Member, City of Sacramento*

**Steve Ly**

*Mayor, City of Elk Grove*

**10 EASY TIPS TO IMPROVE AIR QUALITY**

1. Drive less
2. Postpone errands on smoggy days
3. Keep vehicle's engine tuned up and tires properly inflated
4. Sign up for Air Quality alerts at [www.SpareTheAir.com](http://www.SpareTheAir.com)
5. Carpool, Vanpool or take public transit
6. Ride a bicycle or walk for some trips
7. Refuel in the evening and never top off the gas tank
8. Switch to electric powered yard equipment
9. Watch air quality maps at [SpareTheAir.com](http://SpareTheAir.com) to see air pollution levels in the Sacramento Region
10. Use an electric or chimney briquette starter to light the barbecue or use a propane gas grill

SACRAMENTO METROPOLITAN

