

APPROVED BUDGET FISCAL YEAR 2024/2025



SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

SACRAMENTO, CALIFORNIA

APPROVED BUDGET

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FISCAL YEAR 2024/2025 BUDGET

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Executive Director / Air Pollution Control Officer

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

District Counsel

Kathrine Pittard

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



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For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Sacramento Metropolitan Air Quality Management District for its annual budget for the fiscal year beginning July 1, 2023. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

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

The Fiscal Year 2024/2025 Budget was prepared by the Administrative Services Division
Finance section in conjunction with District Staff

Division Director
Megan Shepard

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

(HYPERLINKS ARE ACTIVE)

TABLE OF CONTENTS

SECTION 1 - EXECUTIVE DIRECTOR/APCO LETTER..... 1

SECTION 2 – ABOUT THE DISTRICT 4

DISTRICT PROFILE 4

STRATEGIC DIRECTION 6

DISTRICT ACTIVITIES 6

STRATEGIC PRIORITIES 8

KEY INITIATIVES 15

PERFORMANCE MEASURES 16

SECTION 3 - BUDGET OVERVIEW 18

BUDGET PROCESS 18

BUDGET PRACTICES & STRATEGIES 19

BASIS OF BUDGETING 20

BUDGET SUMMARY 20

FACTORS AFFECTING FINANCIAL CONDITION 23

SECTION 4 – FINANCIAL PLANNING 24

FINANCIAL FORECAST AND PLANNING 24

BUDGET FORECAST 24

FUND BALANCE FORECAST 32

SECTION 5 - FUND INFORMATION 33

GENERAL FUND 100 33

PROPRIETARY FUND 400 36

SPECIAL REVENUE FUND 500 39

FUND BALANCE 41

SECTION 6 - BUDGET SCHEDULES 43

DISTRICT BUDGET 43

GENERAL FUND BUDGET 44

PROPRIETARY FUND BUDGET 48

SPECIAL REVENUE FUND BUDGET 48

CAPITAL EXPENSES BUDGET 50

SUMMARY OF FINANCIAL SOURCES, USES, AND FUND BALANCE 51

SECTION 7 - ORGANIZATIONAL OVERVIEW 52

ORGANIZATIONAL STRUCTURE 52

STAFFING 53

PAY SCHEDULE 55

DIVISION BUDGETS 56

PROGRAM BUDGETS 59

DISTRICT DIVISIONS AND OPERATIONAL INITIATIVES 61

DIVISION ACCOMPLISHMENTS 69

SECTION 8 - STATISTICAL INFORMATION 72

FINANCIAL STATISTICS 72

| | |
|---|-----------|
| SECTION 9 - APPENDICES | 77 |
| APPENDIX A – FINANCIAL MANAGEMENT POLICIES | 77 |
| APPENDIX B – DESCRIPTION OF FUNDING SOURCES | 82 |
| APPENDIX C – GLOSSARY | 86 |

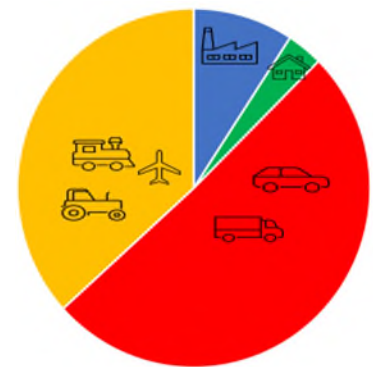
SECTION 1 - Executive Director/APCO Letter

May 23, 2024

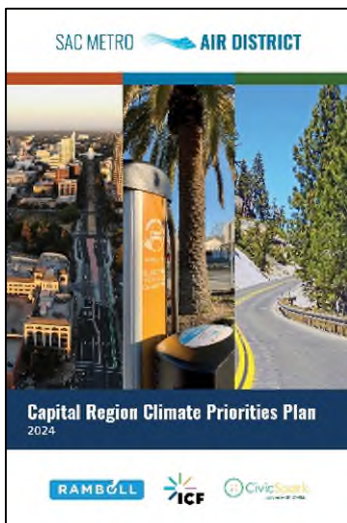
Dear Chair Kennedy, Vice-Chair Aquino, Board of Directors, and Sacramento County residents:

We are pleased to present the Fiscal Year 2024/2025 (FY24/25) Approved Budget for the Sacramento Metropolitan Air Quality Management District (Air District). The Approved Budget is balanced and reflects total expenditures for FY24/25 of \$67.6 million, including \$30.0 million for the General Fund, \$1.1 million for the Proprietary Fund, and \$36.5 million for the Special Revenue Fund, which supports the clean energy transition by investing in zero-emission projects in the greater Sacramento region. The FY24/25 Approved Air District Budget is a net increase of \$8.9 million from the FY23/24 Approved Budget with a \$2.2 million increase in the General Fund, a \$794,000 decrease in the Proprietary Fund, and a \$7.5 million increase in the Special Revenue Fund. The successful completion of this approved budget creates a clear path for the Air District to continue its work to protect residents of the Sacramento region from the harmful effects of air and climate pollution through the next fiscal year.

Despite significant progress over the last few decades due to the multifaceted investments and initiatives of this agency, the greater Sacramento region still suffers from too much air pollution. And we are not alone. The World Health Organization attributes 7 to 10 million premature deaths annually around the globe to industrialization and our reliance on fossil fuel energy. In a recent report by the Asthma and Allergy Foundation of America, Sacramento was ranked 42, right behind Stockton, in the top 100 “most challenging places to live with asthma in 2023.” While many risk factors play a role in asthma outcomes, exposure to air pollution is a widely recognized contributor. In the Sacramento region, like most urban settings in the country and around the world, the transportation sector – cars, trucks, buses, trains, and equipment – is the largest source of air and climate pollution. For this reason, the Air District prioritizes the transition to cleaner, electric, and zero-emission vehicles under our leading clean air incentives program funded primarily by local and state dollars. The Air District invests approximately \$20 million annually in cleaner and zero-emission technologies, including necessary charging and fueling infrastructure to support the transition to sustainable transportation. The funding goes directly to local businesses, agencies, and individuals who voluntarily choose to work with the Air District by adopting cleaner technologies. Thus, our programs are also an economic development engine for the region.



Sources of smog-forming emissions in the region



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

The Inflation Reduction Act (IRA) stands to be a game-changer for the region if we succeed in attracting federal investments for our climate priorities. In March, the Air District submitted its *Capital Region Climate Priorities Plan* (Plan) to the federal government. The Plan is the first coordinated strategy for climate action in the seven-county region reflecting the opportunities identified by 29 jurisdictions

participating in the process. The Plan is the first installment in the regional application for federal funding, identifying potential measures in three sectors - the built environment, transportation, and natural and working lands. The Air

District and its partners will continue to pursue other IRA funding opportunities to help us move toward our clean air and climate goals.

The clean energy transition will take time and resources, but at this moment in time, we have a unique opportunity to expand and accelerate actions for decarbonizing our local economy and protecting public health thanks to available federal funding. We can achieve the desired outcome in an inclusive way that benefits all, especially our most marginalized neighborhoods, so all residents can fully partake in the green energy future.



Rendering of Del Paso Heights Mobility Hub

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

The Air District's school bus electrification efforts have been extremely successful. Air District grants have facilitated the early adoption of all-electric school buses throughout Sacramento County with every school district in the county participating, making Sacramento County home to one of the largest all-electric school bus fleets in California. This is made possible due to local and state funding. New federal dollars could help scale and speed the deployment of this and other types of EVs for public and private fleets in our region.



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

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

A second example is AB 617. This state-mandated program is a paradigm shift in air quality management. It calls for new targeted efforts to address the uneven health burdens imposed on our most marginalized communities by exposure to highly localized air pollution. AB 617 also launched several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties. While Governor Newsom has included continuous, partial funding for AB 617 implementation and incentives, the amount of funding is not sufficient to meet the needs of the AB 617 communities or the local agencies implementing this state-mandated program. It is likely that the current state budget deficit will make a difficult situation even more challenging.

The Air District's financial forecast still shows a persistent funding gap between revenues and expenditures and staff will continue to work closely with the Board's Budget and Personnel Committee to identify viable funding solutions and strategies. Invariably, an increase in existing fees and/or new fees applicable to permitted businesses to cover the myriad of newly mandated programs will be necessary. In the meantime, we remain laser-focused on our commitment to carry out our mission of achieving state and federal clean air and climate goals while envisioning a clean air and low-carbon future for all.

As we help the region chart a path toward the future of electric mobility and the transition to sustainability, livability, and prosperity, we will continue to implement our leading equity and mobility programs – Clean Cars 4 All and Our

Community Car Share. We also remain committed to the expansion of mobility hubs throughout the region. The Air District and its partners unveiled the Sacramento region's first Zero-Emission Mobility Hub in Del Paso Heights in 2023. A glimpse into the sustainable future, this project is the first of 52 planned hubs for the region. We also will continue to prioritize the deployment of cleaner and zero-emission vehicles, especially electric school buses, battery-electric and fuel-cell electric trucks, and hydrogen fueling and electric charging infrastructure.

We cannot forget our regional partners. The Air District is fortunate to enjoy strong bonds with the Sacramento Regional Transit District (SacRT), the Sacramento Municipal Utility District (SMUD), SACOG, and many other government and non-government entities that are aligned in the common belief that the Sacramento region can realize a clean energy, zero-carbon, and equitable future for all if we continue to work together. The Air District is ready to continue to do its part. This Approved Budget is a practical step forward.

Respectfully,



Alberto Ayala, PhD, MSE

Executive Director and Air Pollution Control Officer

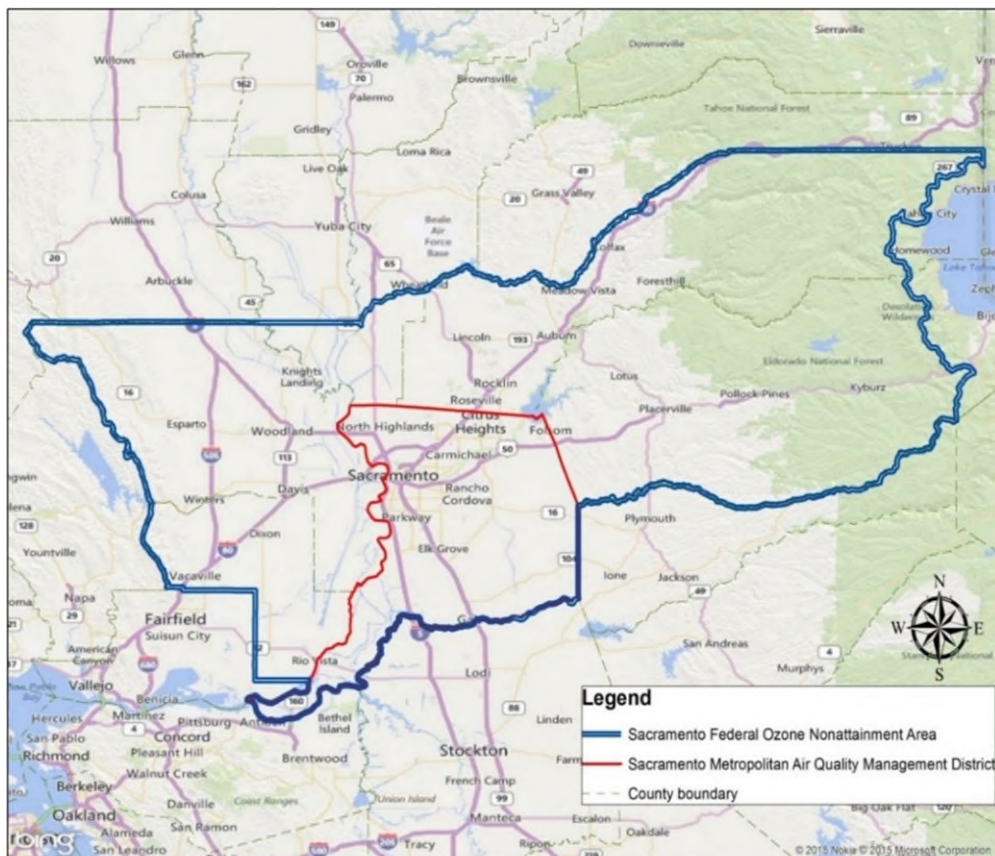
SECTION 2 – About the District

The About the District section describes the founding of the Sacramento Metropolitan Air Quality Management District, its mission, strategic goals and major activities. This section also highlights strategic priorities, outlines key initiatives for Fiscal Year 2024/2025 (FY24/25), and reports on key measures.

DISTRICT PROFILE

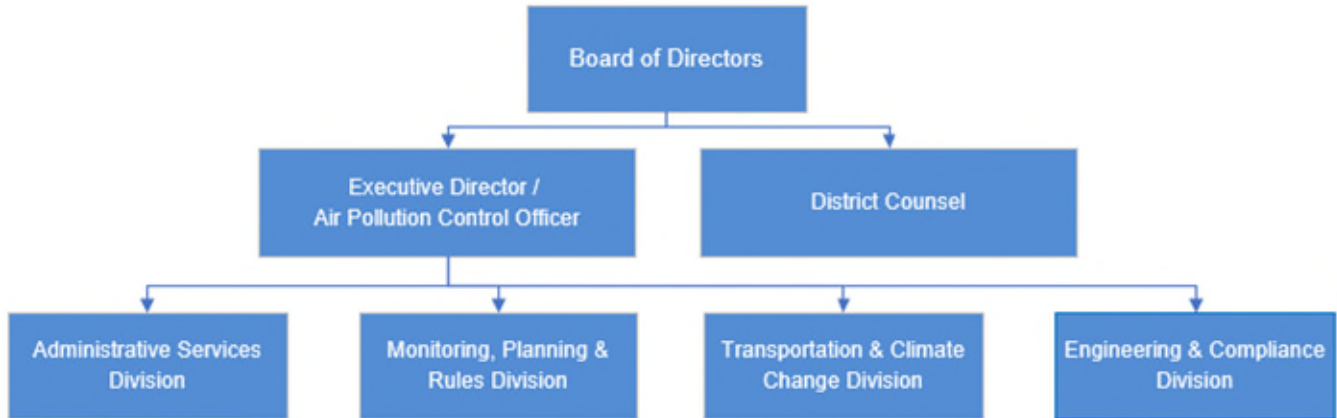
The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote, and improve air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

Map of the Sacramento Federal Ozone Nonattainment Area



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

Organization Chart



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

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

Sacramento County's population was approximately 1.6 million as of the 2023 California Department of Finance Population Estimates. This population represents roughly 63% of the SFNA's population of approximately 2.5 million. The table below identifies the counties that are part of the SFNA, the portion of each county that falls within the SFNA, and the makeup of the SFNA (by percent) by county.

Population in Sacramento Federal Ozone Nonattainment Area

| County | SFNA portion of the County | Population | | County in SFNA/Total SFNA ³ |
|--------------|----------------------------|---------------------|--------------------------|--|
| | | County ¹ | SFNA/County ² | |
| El Dorado | 157,285 | 187,285 | 84% | 6.3% |
| Placer | 400,786 | 410,706 | 98% | 16.0% |
| Sacramento | 1,581,831 | 1,581,831 | 100% | 63.1% |
| Solano | 140,626 | 446,745 | 31% | 5.6% |
| Sutter | 3,193 | 98,151 | 3% | 0.1% |
| Yolo | 222,381 | 222,381 | 100% | 8.9% |
| Total | 2,506,102 | 2,947,099 | - | 100.0% |

¹ The county population data is based on the 2023 California Department of Finance Population Estimates and Components of Change by County (Table E-6) <https://dof.ca.gov/Forecasting/Demographics/Estimates/>. It represents the population estimate as of July 2023.

² The SFNA/County population percentages are based on the 2020 Census Data, which was downloaded from: https://www2.census.gov/programssurveys/decennial/2020/data/01-Redistricting_File--PL_94-171/California/ on 02/10/2022.

³ Percentage values are rounded to one decimal point.

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

Air and climate emissions in the Sacramento region come from mobile, stationary and area-wide sources. The largest contributor is from the transportation sector, such as motor vehicles, airplanes, locomotives, and other fossil fuel combustion engines and portable equipment. The category also includes “off-road” sources, such as construction, mining, and agricultural equipment. State and federal regulations coupled with local programs to modernize the vehicle fleet will help to reduce the impact of motor vehicle fuel and engine emissions on our air

quality in the future. However, as general activity and expected growth in our region return and bring more people and vehicles, mobile sources will continue to be the dominant factor in the region’s ongoing air pollution problem.

STRATEGIC DIRECTION

This Strategic Direction is the roadmap for the District’s programs and activities focused on accomplishing its principal functions. Importantly, this roadmap is also a line of communication of the District’s vision to staff, its Board of Directors, agency partners and stakeholders, and the public at large. Gaining and maintaining the trust of the community it serves is paramount, and the Strategic Direction provides a sound basis for resource allocations, expenditures, clean air investments, and general community support while ensuring transparency and accountability.

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

DISTRICT ACTIVITIES

District activities are the day-to-day functions and processes that occur within operational areas and play a critical role in supporting the District’s mission to achieve state and federal clean air and climate goals. How the agency performs the activities, i.e., how it goes about its work, is informed by its strategic goals. The strategic goals are the long-term objectives the District has set to guide its decisions and actions and typically involve a significant level of planning, coordination, and resources to achieve. By understanding how district activities relate to its strategic goals, leaders can make informed decisions about resource allocation, staffing, and other factors that will impact the success of District initiatives. The District’s activities are listed in the table below followed by brief descriptions of the main functions of each activity.

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

Air Monitoring

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

Community Health Protection

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

Clean Transportation and Future Mobility

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



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

Sustainable Land Use

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

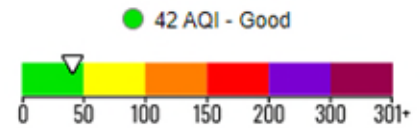
- Ensure compliance with air quality and climate provisions of the California Environmental Quality Act
- Monitor operational and construction air quality and climate change mitigation

Permitting and Business Compliance

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

Public Outreach and Notification

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



Support Services, encompassing administrative support, technological infrastructure, financial oversight, communications, maintenance, and human resources management, play a pivotal role in supporting the District's activities. They ensure that essential resources are available and optimized, facilitating the effective execution of the district's operations.

STRATEGIC PRIORITIES

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

Attainment and Maintenance of Ambient Air Quality Standards

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



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

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

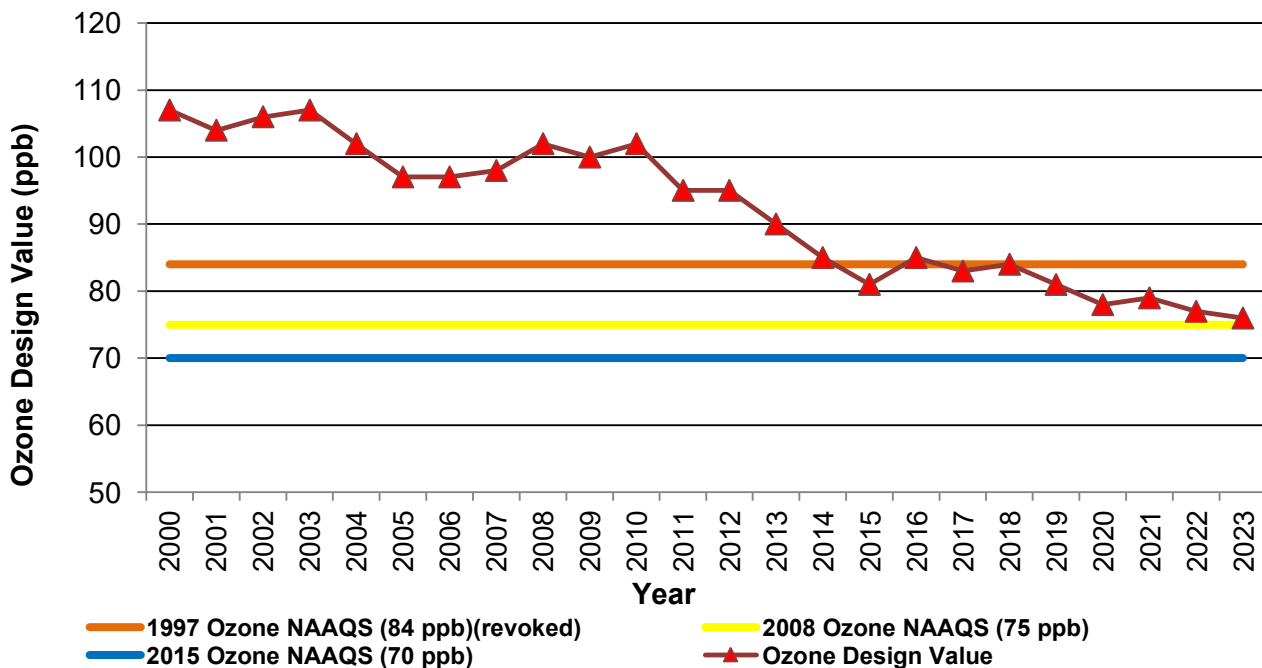
In 2017, the Sacramento region adopted the Sacramento Regional 2008 8-hour Ozone Attainment and Reasonable Further Progress Plan (Plan) to address the 2008 ozone NAAQS (75 ppb). This Plan was approved by CARB and submitted to EPA on December 18, 2017. The Plan is a significant achievement for the region. It shows further progress on air quality primarily through the implementation of existing District rules and policies. It also serves as an example of sensible air quality management by balancing the needs of the environment and local businesses.

In October 2021, the EPA published a final rule in the Federal Register approving all applicable ozone nonattainment area requirements in the SFNA, except for contingency measures (requirements per 86 FR 58582). A recent court ruling on contingency measures precluded full approval of the Plan. The air districts in the SFNA will continue to work with CARB and EPA to address this remaining requirement.

Although much progress has been made in the region, challenging work remains ahead for the District. Next is the attainment of the most current 2015 ozone NAAQS of 70 ppb. In 2023, the District adopted the 2015 NAAQS 8-hour Ozone Attainment Plan that provides a pathway for the Sacramento region to attain the 2015 standard by the attainment date of August 2033. The region will rely on continued reductions of ozone precursor emissions, namely NO_x and volatile organic compounds (VOCs), from familiar sources. The transportation sector is the single largest source of NO_x emissions in the SFNA. Investments toward cleaner vehicles and engines, including zero-emission electric vehicles and equipment, will yield multiple co-benefits and reduce other pollutants like GHGs. VOC pollution sources are ubiquitous, they include consumer products and combustion for various types of vehicles and equipment.

As the figure below illustrates, ambient concentrations of ozone pollution in the region (indicated as design values) have seen a gradual decline since the early 2000s. The chart shows the peak annual ozone design values for the designated ambient air monitoring site in the SFNA from 2000 to 2023. The 24-year trend line indicates stubbornly stable concentrations for the first 10 years and an encouraging decline over the next 14 years. In these periods, ozone pollution measured at 107 ppb (well above the three standards indicated) decreased to 76 ppb. This level is above the most recent and stringent 2015 standard. In 2018 and 2020, the Sacramento region was impacted by numerous wildfires, and they caused unusually high ozone concentrations in the region. EPA has a process in place to exclude days that are proven to be affected by wildfires from the data used to make the attainment demonstration.

8-hour Ozone Design Value: SFNA (2000-2023)



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

Sources: 2000-2022 design values were extracted from AQS Report (AMP 480) downloaded on February 21, 2024. Design value is calculated based on AQS data (AMP 350MX) and preliminary AQMIS data downloaded on February 20, 2024. The SFNA was impacted by wildfires in 2018 and 2020, which caused unusually high ozone concentrations. The peak design value calculation in this chart excluded the high ozone readings due to wildfires.

For fine particulate matter (PM_{2.5}), EPA determined the Sacramento PM_{2.5} Nonattainment Area attained the 2006 24-hour PM_{2.5} NAAQS of 35 µg/m³ by the attainment date of December 31, 2015 (82 FR 21711). Ambient daily PM_{2.5} concentrations from 2011 to 2017 have fluctuated very closely around the standard. In 2018, 2020, and 2021, PM_{2.5} concentrations exceeded the standard because of unusually high PM_{2.5} concentrations in days impacted by smoke from wildfires. If the EPA finds the region did not attain due to these high PM_{2.5} days, then the District will

need to demonstrate that these days were influenced by an exceptional event – namely, the wildfires. If EPA agrees, the impacted data may be excluded from the attainment determination.

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



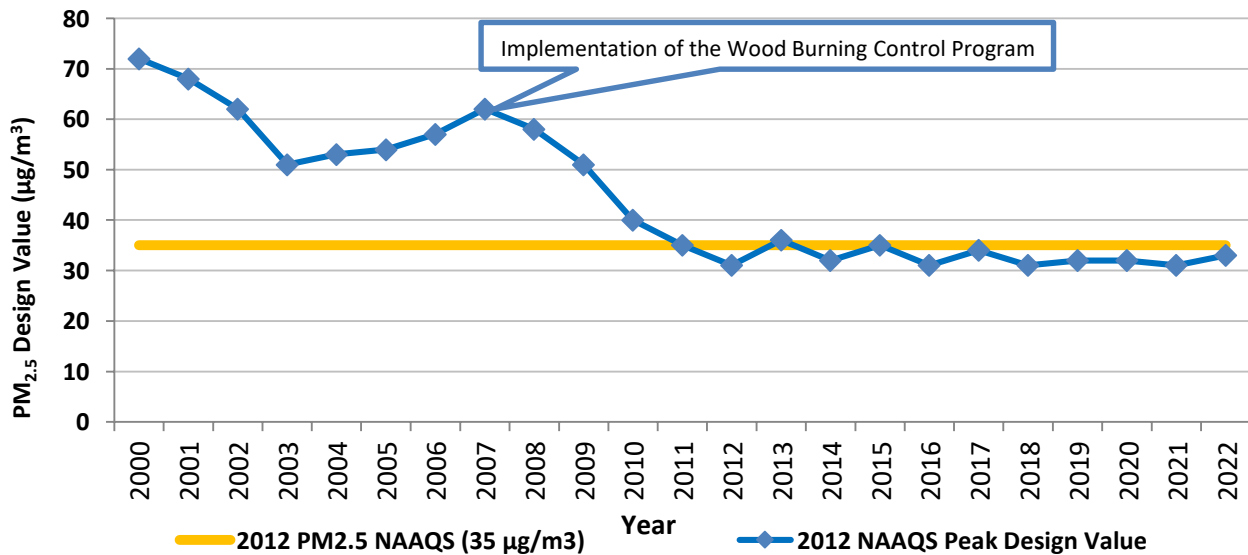
From November through February, District staff regularly share Check Before You Burn information with the public through media interviews, social media, advertising, newsletters, videos, and other District communications.

Key messages focus on educating residents and businesses about:

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

The 24-hour PM_{2.5} Design Value trend chart below shows the District is expected to remain in attainment of the PM_{2.5} 24-hour standard of 35 ug/m³, provided EPA accepts an exceptional event demonstration for excluding days when PM_{2.5} pollution values were above the standard due to wildfires. Future efforts will focus on staying in attainment and securing additional PM emission reductions whenever possible so that particle pollution concentrations trend down. Key sources of particle pollution include the transportation sector and wood burning.

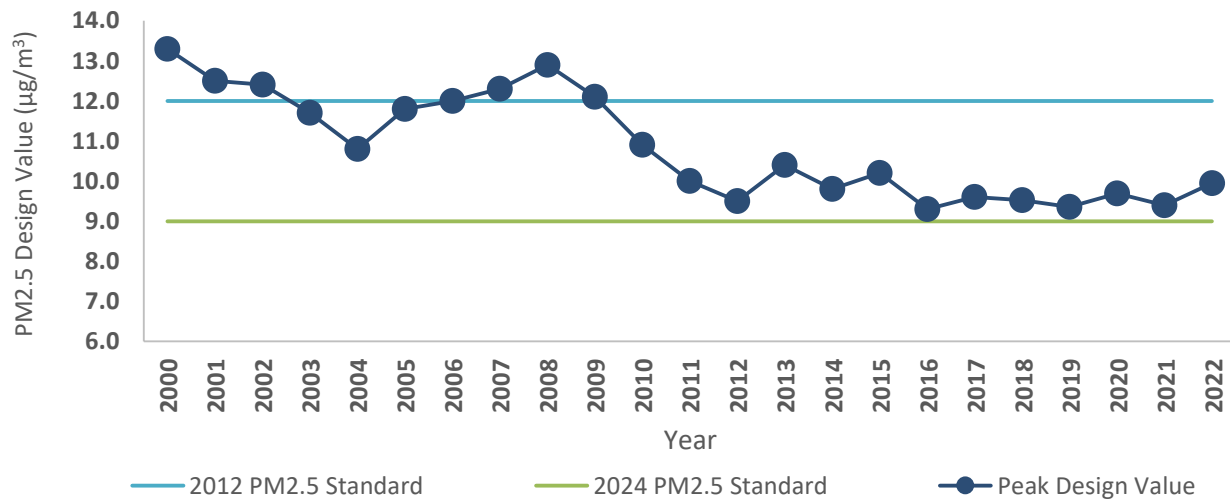
24-hour PM_{2.5} Design Value: SFNA (PM_{2.5}) (2000-2022)



Sources: 2000-2022 Design Values were extracted from AQS Reports (AMP 480 and AMP350MX), which was downloaded on February 21, 2024.
 Note: The SFNA-PM_{2.5} was impacted by several major wildfires in 2018, 2020, 2021, and 2022, which caused unusually high ambient PM_{2.5} concentrations. The peak design value calculation in this chart excluded the wildfire impacted days with the high ambient concentrations in 2018, 2020, 2021, and 2022.

Additional emission reductions will be necessary and critically important in the future given that the EPA is currently proposing a more stringent air quality standard for PM_{2.5}. On February 7, 2024, the EPA officially lowered the annual PM_{2.5} standard by 25% from 12 ug/m³ to 9 ug/m³. In the next two years, the District will be working with other local air districts, CARB, and EPA to determine the attainment status for the Sacramento region. Based on the preliminary 2022 air quality data, Sacramento is close to attaining the new standard as shown in the graph below. EPA’s final attainment determination will be based on air quality data between 2022 to 2024.

Annual PM_{2.5} Design Value: Sacramento Region (PM_{2.5}) (2000-2022)



Sources: 2000-2022 Design Values were extracted from AQS Reports (AMP 480 and AMP350MX), which was downloaded on October 6, 2023.
 Note: The Sacramento region was impacted by several major wildfires in 2018, 2020, 2021, and 2022, which caused unusually high ambient PM_{2.5} concentrations. The peak design value calculation in this chart excluded the wildfire impacted days with the high ambient concentrations in 2018, 2020, 2021, and 2022.

Accelerate and Expand Climate Action in the Greater Sacramento Region

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

With a focus on mitigating emissions from the transportation sector, the District continues to promote electric mobility and equity through investments in cleaner, zero- and near-zero-emission vehicles and equipment and infrastructure. Recently completed projects include the replacement of 18 heavy-duty trucks with Tesla Semis, the installation of four chargers at PepsiCo’s South Sacramento Facility, and the launch of the region’s first Zero-Emission Mobility Hub in Del Paso Heights. Future projects include support for Watt EV’s project to build the nation’s largest solar-powered electric truck charging depot in Sacramento County, administering \$15.6 million in new funding for three new hydrogen locomotives and a one-of-a-kind EV Lowrider conversion project by high school students to replace an internal combustion engine and related hydraulic equipment with a full-battery electric powertrain and actuators while providing invaluable skills under a new electric vehicle career pathway in the Sacramento Academic and Vocational Academy’s transportation department. The District is also actively engaged in comprehensive and coordinated regional climate strategy focused on air quality, climate change, public health, zero- and near-zero-emission technologies development, mobility, and equity.



The Air District and its partners unveiled the Sacramento region’s first Zero-Emission Mobility Hub in Del Paso Heights in 2023.

Examples include:

- The Capital Region Climate Priorities Plan (see Federal Grants and Funding Opportunities section)
- The Sacramento Area Zero Emission Vehicle Deployment Strategy
- The Sacramento Municipal Utility District’s (SMUD) 2030 zero-carbon plan
- The California Mobility Center, the ongoing implementation efforts of the Sacramento and West Sacramento Mayors’ Climate Commission,
- SACOG’s Green Means Go
- Other emerging programs, and local jurisdiction’s General Plans and Climate Action Plans.

Community Air Protection

The statewide Community Air Protection Program (Assembly Bill 617, C. Garcia, 2017) represents a significant shift in air quality management in California. The law required new state and local programs to address disparities and the health burdens from exposure to highly localized air pollution among the low-income and marginalized communities that have been most disproportionately impacted. The program launched several new requirements for air districts including community-level air quality monitoring, development of emission reduction plans, accelerated review of pollution controls on industrial facilities, and enhanced reporting requirements and penalties.

Perhaps most importantly, AB 617 designates state funds for financial incentives (i.e., subsidies for cleaner technology) that can be targeted to reduce, specifically, the emissions affecting AB 617 communities. The state continues to allocate hundreds of millions of public dollars for incentives for FY24/25. These incentives are intended primarily for achieving sorely needed emission reductions toward NAAQS attainment, but they can also help the region advance its broader economic and social goals.

In September 2018, the state identified the South Sacramento-Florin community as the District's inaugural AB 617 community and work began on the development of a Community Air Monitoring Plan (CAMP) in partnership with the Community Steering Committee. During its three-phase CAMP implementation, the Air District expanded its air monitoring network by installing portable sensors throughout the South Sacramento-Florin community, measured PM2.5, black carbon, toxic metals, and toxic gases, and launched a portable air monitoring laboratory to provide additional hourly monitoring data. The portable lab is currently located at Fern Bacon Middle School near the intersection of Franklin and 47th Avenue. Air quality data from these efforts are posted on the District's website.

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



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

As the South Sacramento-Florin community transitions to a CERP, community input will be needed to better understand priorities on the types of strategies desired. Future implementation may include funding for expanding infrastructure, electric charging, working with local jurisdictions on improving land use air quality projects, ensuring compliance with permits, mitigating exposure like air filtration for schools, and day cares, and increasing green space, among other projects. The Air District continues to work closely with its Steering Committee, community members, and local stakeholders as part of its commitment to fostering lasting partnerships with residents, business owners, and community-based organizations interested in advancing AB 617 protections in the region. As part of the CERP process, numerous community meetings will offer opportunities for public engagement.

Continuing its focus on making information available to the public, in 2019, CARB adopted a new regulation that requires businesses to annually report additional information about criteria and toxic emissions from their operations to provide the public with this information through state online tools. To comply with the regulation, the District began collecting data annually from all permitted businesses beginning in 2022. The regulation requires significant District time and resources but without any dedicated state funding to support the workload required to collect, assess, and submit the data to the state and provide extensive compliance assistance. The regulation also impacts businesses, especially small businesses that are not used to reporting at this level. District staff has developed policies and procedures, reporting forms, and online resources and provides extensive customer service to assist permit holders with their reporting requirements. In addition, the District is investing significantly in improved technology to implement the regulation more efficiently in the coming years. The District is also engaging other business partners, like the County's Business Environmental Resource Center (BERC) and the state to help impacted businesses and improve submittal rates.

Federal Grants and Funding Opportunities

Through strategic planning and cooperation, the Air District is driving positive change and helping to shape the future of the Sacramento region. On March 1, 2024, the Air District, on behalf of the seven-county Sacramento region, submitted its *Capital Region Climate Priorities Plan* (Plan) under the U.S. Environmental Protection Agency's Climate Pollution Reduction Grants (CPRG) program. The Plan, which resulted in unprecedented cooperation and collaboration among 29 local and regional partners led by the Air District, outlines 24 climate measures that would create substantial greenhouse gas emission reductions and a myriad of co-benefits, including advancing equity and opportunities in the clean energy transition.

Measures cover topics including:

- Increasing the use of renewable energy in new and existing buildings
- Land use improvements targeted at reducing the region's vehicle miles traveled
- ZEV adoption and charging infrastructure investments ensuring access to clean transportation
- Public transit improvements to encourage ridership by making it safer and more convenient to use
- Biomass utilization policies to decarbonize our energy
- Wildfire resilience and management policies that will reduce wildfire intensity and wildfire smoke impacts



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

The Air District submitted the region's application for phase two implementation funding on April 1. The EPA anticipates the award of 30-115 grants ranging between \$2 million and \$500 million. Approximately \$93 million was requested in the Capital Region application. The awards will be announced in July.

Another key piece of funding for District programs is the percentage of incentive funds that can be used to cover outreach, administration, and direct costs to deliver clean transportation, infrastructure, equipment, and stationary source projects in the region. Senate Bill 1158 (Archuleta) would increase the amount of administration funds the District could use to deliver critical projects in the region from 6.25 percent to 12.5 percent. If passed, this bill would give much-needed resources to the District to work with local agencies, non-profits, community-based organizations, fleet operators, and others to deliver projects that will remove emissions from our region.

Partnership Expansion and Support

The District does not go about its business alone; it benefits from existing public-private partnerships with deep roots in the business community, health and environmental advocates, and the community it serves. These partnerships help convey the importance of District programs for the region, and the District plans to expand these efforts, continuing to work with and support the growing partnerships with entities like Civic Well, Breathe California - Sacramento Region, and the Cleaner Air Partnership (CAP). The CAP, administered by Valley Vision, is a long-standing regional collaboration including the Sacramento Metro Chamber of Commerce and leading industry entities like Teichert, Granite Construction, Union Pacific, Sutter Health, and SMUD.

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

Additionally, in a first-of-its-kind joint board meeting last year, the Air District, SACOG, SacRT, and SMUD adopted a resolution underscoring the four-agency group's shared dedication to fostering interagency collaboration to address crucial issues related to land use, transportation, air quality, and climate. Recognizing that these issues are interconnected, the four-agency group is committed to working together to develop comprehensive strategies that consider the broader implications of their actions. This collaborative approach aims to leverage the resources, strengths, and expertise of each organization to create more effective and sustainable solutions. The joint commitment also aligns with broader regional efforts to combat climate change through the Air District's leadership of the U.S. Environmental Protection Agency's Climate Pollution Reduction Grants program in the Sacramento region, with the resulting Capital Region Climate Priorities Plan serving as a strategic framework to guide cooperative actions. For statewide coordination with its peers, the District is an active board member of the California Air Pollution Control Officers Association (CAPCOA). This association advocates for the general interests of all of California's 35 local air districts before the legislature, the state administration, and various other agencies at the state and federal levels.



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

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

Wildfire Smoke Air Pollution Emergency Plan Coordination and Training

As an ongoing priority, the District is dedicated to educating the public and reducing the impacts of wildfire smoke through the Wildfire Smoke Air Pollution Emergency Plan Coordination and Training initiative. In collaboration with key public and private partners in Sacramento County, an emergency plan was developed and adopted in September 2022 to enhance coordination and access to information for responding to future wildfire air pollution events. The District remains committed to public education through online, social media, and in-person outreach efforts, aiming to mitigate exposure to wildfire smoke. Additionally, the District conducts meetings and training sessions with public health, emergency services, school districts, and other stakeholders to ensure preparedness and effective coordination during wildfire smoke events.

Advancing Air and Climate Policy Through Regional Events



In March 2024, the Power Inn Alliance, in partnership with SAVA and the District, showcased progress on the EV Lowrider conversion project.

Leading and participating in regional events are important endeavors that provide valuable platforms for knowledge-sharing, collaboration, and the dissemination of best practices among stakeholders, thus facilitating the development and implementation of effective air and climate policies at both local and regional levels. The District provided leadership and support by coordinating multiple events in 2023. As an example, in conjunction with eight other air districts in the Sacramento Valley Basinwide Air Pollution Control Council, the District helped put on the first-of-its-kind Agricultural Biomass Conference, a two-day event held in October in Winters, CA. The conference brought speakers and panelists from around the state from both public and private entities to highlight the potential that agricultural biomass resources represent for the creation of useful alternatives to agricultural burning – non-combustion biomass energy and other biomass products. The conference brought together over 100 participants and stimulated ongoing collaborations and stimulus to bring beneficial funding opportunities to the northern valley regions that can reduce air and climate pollution while supporting economic and workforce development.

Ambient Air Quality Monitoring Network Improvements

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



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

In addition, a new portable air monitoring lab was launched in the spring of 2023 which adds to the existing air monitoring network and is a key element of the District's AB 617 efforts in South Sacramento.

KEY INITIATIVES

Key initiatives are undertaken in direct support of the agency's mission and are developed, reviewed, and updated annually to ensure that the work of the District evolves as conditions change, adapting to new opportunities and challenges. Major FY24/25 District initiatives are described below. In addition, important initiatives for the upcoming fiscal year by operational area are highlighted in Section 7 – Organizational Overview.

AiriA – Permitting and Transportation Software Solution Implementation

The District has undertaken a significant project to continue improving and upgrading its information systems. A new cloud-based solution, named AiriA, is being implemented to replace various operational applications across the District. Multiple Microsoft Access databases currently manage the Stationary Source programs, including permitting and enforcement and compliance operations. The Access databases have numerous shortcomings in their current state that limit the ability to automate the permit process, streamline review processes, improve reporting and analytical ability, manage project documents and public records, enhance online customer service tools, and integrate with GIS and other enterprise systems. In addition, the Mobile Sources application that supports the transportation incentive contract and compliance processes needs replacing. Finally, the current online public complaint system and public records request solution require improvements.

The AiriA software solution was selected through a competitive process and the project kicked off in the spring of 2022 and is expected to continue through the end of FY24/25. The AiriA project, being a district-wide effort involving resources from all divisions, is important because it has the potential to bring significant benefits to the agency. Here are some reasons why the success of this project is crucial.

1. **Improved Efficiency:** streamline business processes, eliminate redundant tasks, integrate mapping and other software solutions, automate manual tasks, and reduce data entry errors, resulting in increased efficiency and productivity.
2. **Enhanced Data Accuracy:** provide a centralized database, ensuring that all data is accurate and up to date, which eliminates discrepancies and improves decision-making.
3. **Increased Mobility:** cloud technology allows staff to access mission-critical data and software from anywhere, anytime and from multiple devices, supporting remote work, field inspections and other related field work.
4. **Improved Internal Controls:** automate workflows to allow for real-time visibility into a process and ensure compliance with policies and procedures as well as safeguard against financial risk and losses.
5. **Increased Collaboration:** provide a platform for better communication and collaboration between departments, resulting in more effective teamwork, reduced duplication of effort, and improved customer service.

6. Scalability: grow and evolve with the District, adding new modules and expanding functionality as needed.
7. Enhanced Customer Service: automate customer applications, improve tracking of customer requests and complaints, self-service for District and customer information will contribute to a better overall experience for customers.
8. Better Decision-making: accurate, real-time data (queries, reports, dashboards, work lists, etc.) will enable better decision-making by providing insights into District activities and other key metrics.

In summary, the AiriA software project is important because it has the potential to transform daily work in many positive respects, and its success will not only benefit the District itself but also its customers and stakeholders.

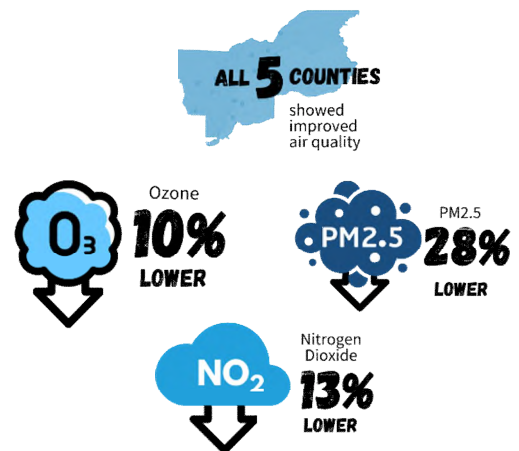
Headquarter Building Relocation and Teleworking

During the COVID-19 pandemic, the District transitioned seamlessly to an almost 100% telework model, and in April 2022, modified the telework schedule into a hybrid workplace model, which has been an overwhelming success. Staff members have welcomed the flexibility and work-life balance made possible by working remotely while maintaining productivity and the ability to continue to collaborate and build relationships with coworkers.

The District anticipated that the hybrid model would transform the use of office space and began evaluating various alternatives including remaining in place and consolidating work areas and selling the current headquarters and leasing or buying new space. The assessment was completed, and the headquarters was put up for sale. Consequently, the staff will be relocating to a smaller, more suitable location, which will be a major project in the coming fiscal year.

Downsizing into a smaller space represents a firm commitment to the ongoing telework initiative within the District. This strategic move not only aligns with modern work trends but also contributes significantly to the reduction in vehicle miles traveled (VMT) and district financial savings. By embracing telework on a larger scale, employees can enjoy greater flexibility while reducing their daily commute, thereby decreasing overall VMT and associated carbon emissions. Moreover, downsizing results in financial savings for the District, as it minimizes overhead costs associated with maintaining a larger physical office space.

The District’s telework policy is underscored by the results of a regional air quality study it conducted that found that during the period of shelter-in-place restrictions when traffic and driving were markedly reduced, there was significantly less vehicle-related air pollution in the Sacramento region. Between March 2020 – July 2020, there was 28% less particulate matter pollution (PM_{2.5}), 13% less nitrogen dioxide (NO₂) pollution, and 10% less ground-level ozone (O₃) pollution. For the same period, SACOG observed that daily VMT in the six-county SACOG region dropped to approximately half the driving relative to pre-pandemic levels, with the sharpest drop occurring in April 2020 when VMT in the region was 74% lower than pre-pandemic levels.



Key findings from the shelter-in-place analysis

Because of the significant air quality benefits associated with less driving and the effectiveness of technology for remote meetings, the District is encouraging public agencies and businesses to telework and teleconference where possible. When in-office work is required, businesses and organizations are urged to promote carbon-friendly commuting methods, such as the use of public transit, electric vehicles, and active transportation (walking, biking). Telework and teleconferencing are effective strategies that complement the numerous low-carbon projects deployed by the District and therefore, the District will continue to model these practices and support regional efforts to reduce VMT.

PERFORMANCE MEASURES

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

FY24/25 Performance Measures

| Performance Measures | FY22/23 Actual | FY23/24 Projected | FY24/25 Target |
|--|-------------------------------|-------------------------------|----------------------------|
| Update 33% of Area Source Methodologies | No | No | Yes |
| 100% of Emission Statement/185 Fee Sources Surveyed | Yes | Yes | Yes |
| Board Adoption of Rulemaking Activities | 1 | 2 | 6 |
| >90% of Audited Parameters Passed (Monitoring Sites) | Yes | Yes | Yes |
| >75% Data Completeness for Each Parameter at 6 Air Monitoring Sites | 2 yes 4 no ¹²³⁴ | 2 yes 4 no ⁵⁶⁷⁸ | 5 yes 1 no ⁹ |
| Percentage of Permit Applications (Authority to Construct) Processed within 180 Days | 86% | >68% | >75% |
| Percentage of Permits to Operate Issued within two Years of Obtaining an Authority to Construct (excluding extended and re-instated ATCs) | 100% | >99% | >99% |
| Percentage of Violations Successfully Resolved under the Mutual Settlement Process (Calendar Year) | 98% | >98% | >98% |
| Percentage of Annual Inspections Completed (Calendar year) | 91% | 90% | 100% |
| Provide Confirmation Letter for Construction Mitigation Plans within Four Business Days of a Complete Submittal or Before Applicant Receiving Jurisdictional Permit Approval | 100% | 100% | 100% |
| Notify Media and Public the Day Before Every Declared Spare The Air Day | 100% | 100% | 100% |
| Provide Daily Air Quality Forecast to the Public every day by Noon | 100% | 100% | 100% |
| Create and distribute quarterly newsletter with above average open rate | 100% | 100% | 100% |
| Encumber 100% of Current Allocation-Year Moyer Funds by June 30 of the Allocation Year | 100% | 100% | 100% |
| Liquidate 100% of the Allocation-Year Moyer Funds by June 30 of the Fourth Year After the Allocation Year | 100% | 100% | 100% |
| Perform a 5% On-Site Random Annual Audit of All Operational Incentive Projects | 100% | 100% | 100% |
| Non-Retirement Employee Annual Turnover Rate | ≤5% | 5.1% | ≤5% |
| Percent of Planned Training Completed for All Staff | 100% | 100% | 100% |
| Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting | Yes | Yes | Yes |
| Receive Unmodified Audit Opinion for the Annual Comprehensive Financial Report | Yes | Yes | Yes |
| Receive the GFOA Distinguished. Budget Presentation Award | Yes | Yes | Yes |
| Manage actual financial results within the Authorized Budget | Yes | Yes | Yes |
| Significant Deficiency or Material Weakness in Report on Internal Control over Financial Reporting | 0 | 0 | 0 |

FY 22/23 Footnotes:

¹ At Sacramento-Bercut Dr., the CO and NO₂ monitors did not meet federal data quality objectives and needed to be repaired

² At Elk Grove-Bruceville, the rain and ultraviolet sensors did not operate correctly

³ At Sacramento-Del Paso Manor, CO monitors needed factory service; the NO_y monitor had a calibration error and is pending further troubleshooting; and the solar radiation sensor did not operate correctly

⁴ At Folsom-Natoma St., the solar radiation and temperature sensors did not operate correctly after their re-installation following a site renovation

FY 23/24 Footnotes:

⁵ The CO monitor at Sacramento-Bercut has calibration issues where some test points were not low enough to match the typically low concentration measured at the station

⁶ The rain sensor at Elk Grove-Bruceville has the same operational issue as FY22/23; it was repaired in February 2024

⁷ At Sacramento-Del Paso Manor, the CO monitor is undergoing further testing after factory service; the NO_y monitor still needs further troubleshooting

⁸ At Folsom-Natoma St, the solar radiation and temperature sensors were repaired in November but are not expected to meet a 75% completeness

FY 24/25 Footnotes:

⁹ Sacramento-Del Paso Manor is expected to have major renovation which requires a temporary shutdown

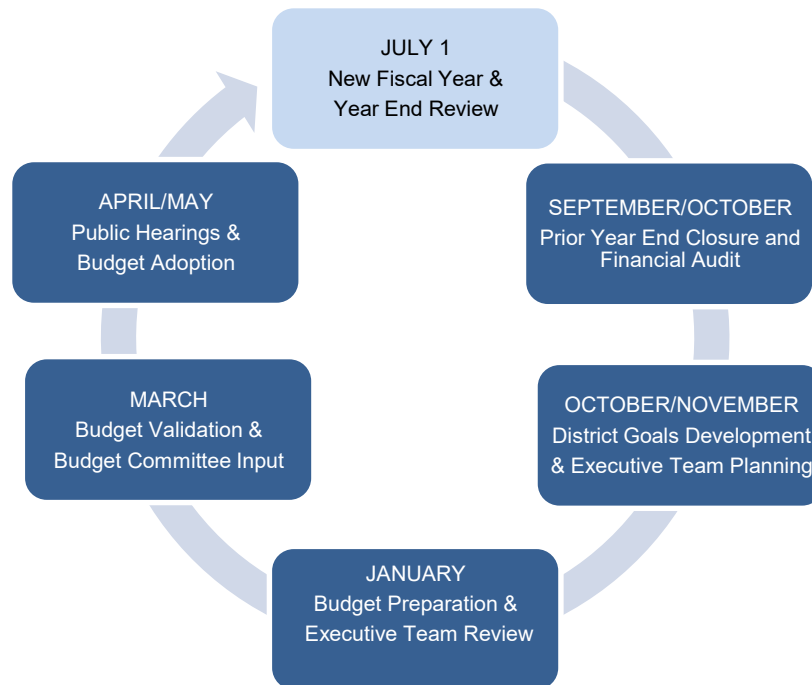
SECTION 3 - Budget Overview

The Budget Overview section provides information on the District’s budget process, budget practices and strategies, the basis of budgeting, a summary of the FY24/25 Approved Budget, and the factors affecting the District’s financial condition.

BUDGET PROCESS

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

Annual Budget Cycle



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

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

The budget is publicly noticed 30 days in advance and is presented at each of two public hearings, consistent with California Health and Safety Code Section 40131, typically taking place during the Board meetings in April and May. At the first public hearing, generally in April, the Proposed Budget is presented, and the Board may ask questions, make comments, provide direction, and receive requests from members of the public to speak. The second public hearing, typically in May, follows a similar process as the first hearing and District staff comments on

material differences, should they exist, from the previously presented Proposed Budget and reports back on Board requests, if any. The Board may provide direction and vote to approve the budget at the second public hearing. Approval of the budget requires a quorum of Board members and a majority of the voting quorum. Once the budget is approved, staff posts the Approved Budget on the District website.

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

FY24/25 Budget Development Schedule

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

BUDGET PRACTICES & STRATEGIES

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

Practices

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

Strategies

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

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

BASIS OF BUDGETING

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

BUDGET SUMMARY

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

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

The annual budget serves as the foundation for the District’s financial planning and control. The FY24/25 Approved Budget totals \$59.0 million in revenue and \$67.6 million in expenditures and includes 105.8 total authorized full-time equivalent (FTE) positions. The following table is a summary of the FY24/25 Approved District Budget by fund.

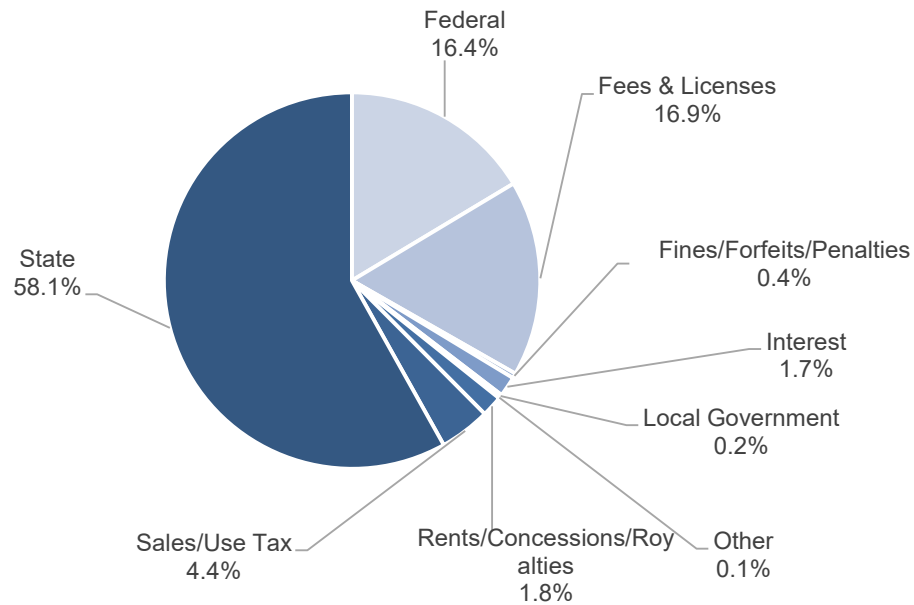
District Budget by Fund

| Fund | FY23/24 Approved Budget | FY24/25 Approved Budget | Variance |
|---------------------------------|----------------------------|----------------------------|---------------------|
| General Fund (100) | \$ 25,097,233 | \$ 26,942,104 | \$ 1,844,871 |
| Covell Proprietary Fund (400) | 1,170,002 | 1,075,834 | (94,168) |
| Special Revenue Fund (500) | 30,840,382 | 31,022,194 | 181,812 |
| Total Revenues | \$ 57,107,617 | \$ 59,040,132 | \$ 1,932,515 |
| General Fund (100) | \$ 27,824,832 | \$ 30,020,199 | \$ 2,195,367 |
| Covell Proprietary Fund (400) | 1,870,001 | 1,075,834 | (794,167) |
| Special Revenue Fund (500) | 29,032,269 | 36,501,422 | 7,469,153 |
| Total Expenditures | \$ 58,727,102 | \$ 67,597,455 | \$ 8,870,353 |
| Current Suplus/(Deficit) | \$ (1,619,485) | \$ (8,557,323) | |

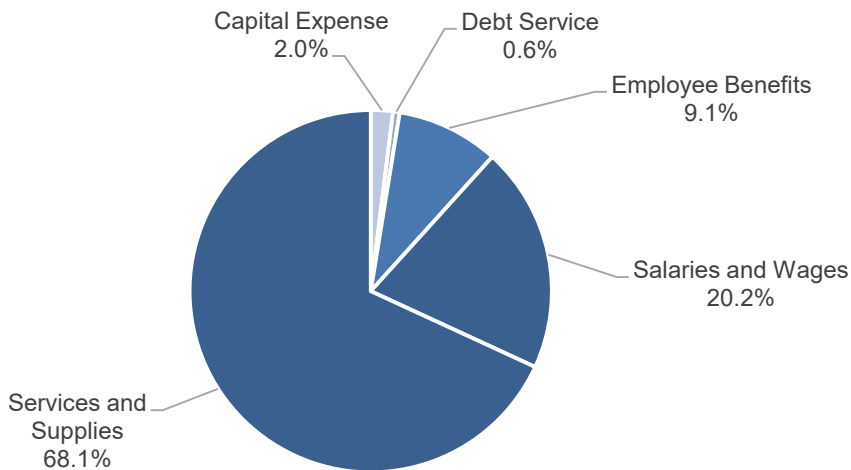
The Approved Budget reflects the District's mission, is fiscally sound, and provides resource allocation recommendations that adequately fund operations. To ensure performance within authorized budgets, District management proactively manages revenues and operating costs. In addition, multi-year projections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

The following charts detail the revenues and expenditures by classification as a percentage of the total FY24/25 Approved District Budget.

District Budget – Revenues by Classification (\$59.0 million)



District Budget – Expenditures by Classification (\$67.6 million)



The notable changes in revenues and expenditures in the FY24/25 Approved Budget from the FY23/24 Approved Budget for the General, Proprietary (Covell Building), and Special Revenue funds are listed below.

General Fund

Revenues

- Federal grant revenue is increasing by \$1.0 million mainly due to funds that the District administers on behalf of other air districts in the region, the main grant being the Targeted Airshed Grant (TAG), which will primarily fund Heavy Duty Electrification of school buses, replacement of off-road agriculture equipment with newer, cleaner equipment and replacement of residential non-certified wood burning appliances in our neighboring districts. The federal Climate Pollution Reduction Grant (CPRG) was awarded in FY23/24 and, therefore, was not included in the budget for that year; the grant continues in FY24/25 and totals \$368,000 in the Approved Budget.
- Stationary Sources and Mitigation fees are planned to increase by \$574,000, primarily due to an expected increase in Rule 301 revenues of \$800,000. Rule 301 revenues for FY23/24 are expected to exceed the adopted budget by \$600,000 and the FY24/25 Rule 301 revenues are based on the expected FY23/24 finish. In addition, there is an approved fee CPI increase of 4.17% effective July 1, 2024.

Expenses

- Employee Services expenditures are increasing by \$1.4 million due to the addition of 8.2 full-time equivalent (FTE) positions from the FY23/24 Approved FTE Budget, a 3.6% Cost of Living Adjustment (COLA), and an increase in retirement and group insurance contributions for FY24/25. The FY23/24 Approved FTE Budget was amended by the Board in March 2024; this resolution increased the FTE count by 4.2 from the Approved FY23/24 FTE Budget of 97.6 to the Amended FY23/24 FTE Budget of 101.8. These positions are expected to be filled by June 30, 2024, will not have a material effect on the FY23/24 projected expenditures, and are included in the FY24/25 Approved Budget. An additional four FTEs are included in the FY24/25 Approved Budget for a total of 105.8 FTEs. The FTE positions were added primarily to support expanded grant activities for the District and increased workload requirements for the Engineering and Compliance Division.
- Services and Supplies are increasing by \$891,000 mainly in professional services contracts and higher program distributions for the TAG projects. Professional services expenditures are expected to increase by \$546,000 mainly to support the AB617 Community Air Protection grant and the CPRG program. Pass-through distributions for the TAG projects are planned to increase by \$584,000.
- Capital project expenses are decreasing by \$71,000 due to less expenditure on lab equipment.
- The inter-fund transfer credit is consistent with the prior year's Approved Budget.

Covell Building Proprietary Fund

- Rent Revenue is decreasing by \$94,000 as a tenant lease expired in FY23/24 and will not be renewed. The District listed the Covell Building for sale and plans to move to a smaller facility (either purchased or leased) that is right-sized to the District operations within the next two years.
- There is a decrease of \$800,000 in Capital Expenses. For the FY23/24 Approved Budget, additional capital was planned for a renovation of the District facility; this project did not occur. Given the decision to sell the building and relocate to a more efficient space, no renovation to the Covell Building is planned for FY24/25.

Special Revenue Fund

- State revenue is increasing by \$414,000, mainly related to the Moyer program revenues in FY24/25.
- Incentive payments are budgeted to increase by about \$7.4 million primarily related to state-funded grants. State grants expected to increase include Clean-Cars-for-All, Moyer, and CalSTA (hydrogen locomotives).

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

The FY24/25 Approved Budget includes a staffing plan of 105.8 FTE (as shown in the table below).

Approved Positions

| Budget Status | Appointment | FY 23/24 Amended | FY 24/25 Approved | Change |
|---------------|-------------|------------------|-------------------|--------|
| Funded | Regular | 101.8 | 105.8 | 4.0 |

FACTORS AFFECTING FINANCIAL CONDITION

Over the past several years, the District proactively managed expenses to ensure the fund balance in the General Fund was sufficient to support the District expenditures in case of future revenue shortfalls. The District held numerous positions vacant and executed only essential professional services contracts. As a result, the fund balance of the General Fund increased by about \$4.2 million over the last three years, providing the funds necessary to move forward with critical staffing needs. Largely due to the increase in FTE, the FY24/25 Approved Budget does not project adding more to the reserves.

The Board amended the FY23/24 position budget, adding four FTEs, to initiate the recruitment process of critical resources; however, additional funding for the positions was not allocated at that time as salary savings were leveraged. In the FY24/25 Approved Budget, an additional four positions are included, with funding for all eight positions reflected in the FY24/25 Approved Budget. These additional resources will support expanded grant activities and operational requirements.

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

The forecasted FY24/25 California State budget deficit is significant. The District proactively manages grant revenues to reduce the potential for funding gaps and ensure emission reductions are achieved as quickly as possible. While no significant reduction in State grant disbursements for District programs is anticipated in FY24/25, future reductions are possible.

The District's five-year forecast continues to show some significant funding gaps between revenues and expenditures, which will require District staff to work collaboratively with the Board of Directors in the upcoming years. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases, new state mandates that are not adequately funded, and a history of not fully recovering costs for many of the District's programs. Staff will continue to work with the Board into FY24/25 and beyond on the funding strategies detailed in the General Fund Forecast section of this budget.

SECTION 4 – Financial Planning

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

FINANCIAL FORECAST AND PLANNING

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

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

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

The District’s near-term financial plan is to conduct an in-depth program costing analysis, continue to identify and implement operational efficiencies, and evaluate and seek out potential revenue sources as described in the General Fund Forecast section below, including fee increases. The District’s approach to annual fee changes is to adjust them based on the prescribed CPI index. This is to ensure that fee revenue keeps pace with District costs (mainly COLA adjustments) and to avoid large “catch-up” adjustments that could negatively impact permit holders in a single year. The FY24/25 Approved Fee Schedule reflects a CPI increase of 4.17% to maintain progress toward meeting air quality and climate goals while keeping reserves stable.

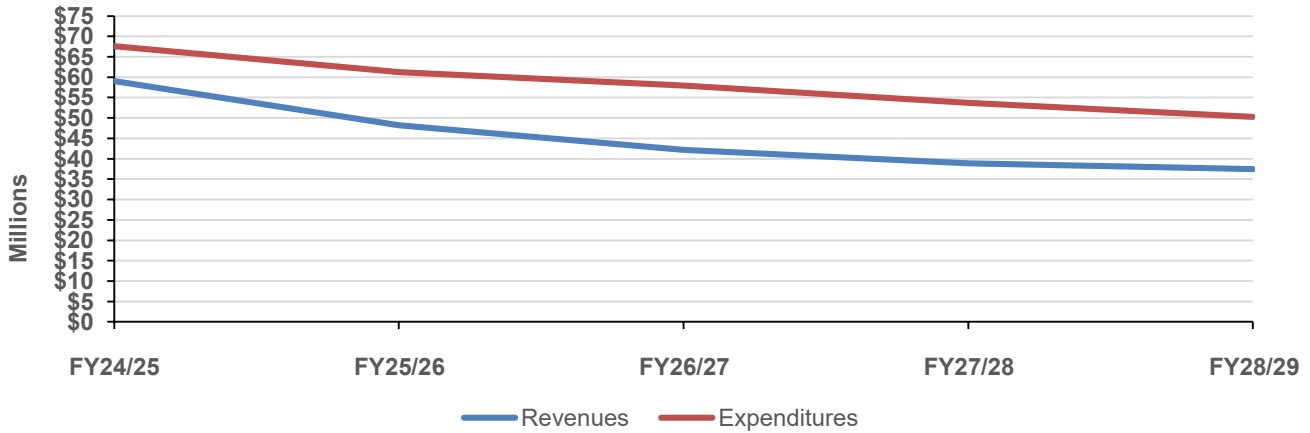
Revenues have been adjusted in the Approved Budget to reflect this change. It may be necessary to consider new and updated fees in the future to continue funding critical programs as the District moves towards full-cost recovery for its programs. Below are tables and charts that reflect the District’s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

BUDGET FORECAST

District Budget – Five-Year Forecast

| Classification | FY 23/24 Approved | FY 23/24 Year-end Projection | FY24/25 Approved | FY25/26 Forecast | FY26/27 Forecast | FY27/28 Forecast | FY28/29 Forecast |
|-------------------------------|----------------------|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Fund Balance | \$ 82,062,092 | \$ 82,062,092 | \$ 124,577,284 | \$ 116,019,961 | \$ 103,054,669 | \$ 87,297,392 | \$ 72,636,918 |
| Revenues | | | | | | | |
| Revenues | \$ 57,107,617 | \$ 93,846,648 | \$ 59,040,132 | \$ 48,209,310 | \$ 42,161,492 | \$ 38,906,688 | \$ 37,471,032 |
| Revenues Total | \$ 57,107,617 | \$ 93,846,648 | \$ 59,040,132 | \$ 48,209,310 | \$ 42,161,492 | \$ 38,906,688 | \$ 37,471,032 |
| Expenses | | | | | | | |
| Operating Expense | \$ 56,125,502 | \$ 50,054,290 | \$ 65,865,855 | \$ 59,659,316 | \$ 56,422,672 | \$ 52,491,403 | \$ 49,428,317 |
| Capital Expense | 2,193,500 | 869,066 | 1,323,000 | 1,106,787 | 1,093,197 | 1,075,760 | 794,981 |
| Debt Service | 408,100 | 408,100 | 408,600 | 408,500 | 402,900 | - | - |
| Expenses Total | \$ 58,727,102 | \$ 51,331,456 | \$ 67,597,455 | \$ 61,174,603 | \$ 57,918,769 | \$ 53,567,163 | \$ 50,223,298 |
| Surplus / (Deficit) | \$ (1,619,485) | \$ 42,515,192 | \$ (8,557,323) | \$ (12,965,293) | \$ (15,757,276) | \$ (14,660,475) | \$ (12,752,266) |
| Ending Fund Balance | \$ 80,442,607 | \$ 124,577,284 | \$ 116,019,961 | \$ 103,054,669 | \$ 87,297,392 | \$ 72,636,918 | \$ 59,884,651 |

District Budget – Revenues and Expenditures Five-Year Forecast



General Fund Forecast

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

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

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

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

General Fund (100) Five-Year Forecast

| Classification | FY 23/24 Approved | FY 23/24 Year-end Projection | FY24/25 Approved | FY25/26 Forecast | FY26/27 Forecast | FY27/28 Forecast | FY28/29 Forecast |
|-------------------------------|-------------------|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Fund Balance | \$ 20,895,504 | \$ 20,895,504 | \$ 27,440,409 | \$ 24,362,314 | \$ 20,950,889 | \$ 17,879,361 | \$ 14,808,539 |
| Revenues | | | | | | | |
| Revenues | \$ 25,097,233 | \$ 33,564,814 | \$ 26,942,104 | \$ 23,706,074 | \$ 23,340,230 | \$ 23,364,054 | \$ 23,787,893 |
| Revenues Total | \$ 25,097,233 | \$ 33,564,814 | \$ 26,942,104 | \$ 23,706,074 | \$ 23,340,230 | \$ 23,364,054 | \$ 23,787,893 |
| Expenses | | | | | | | |
| Operating Expense | \$ 28,701,835 | \$ 28,329,982 | \$ 30,998,840 | \$ 28,213,068 | \$ 27,586,988 | \$ 27,695,597 | \$ 28,447,541 |
| Capital Expense | 1,238,500 | 729,066 | 1,168,000 | 804,430 | 781,770 | 754,990 | 621,090 |
| Interfund Charges | (2,115,503) | (2,039,139) | (2,146,641) | (1,900,000) | (1,957,000) | (2,015,710) | (2,076,181) |
| Expenses Total | \$ 27,824,832 | \$ 27,019,909 | \$ 30,020,199 | \$ 27,117,498 | \$ 26,411,758 | \$ 26,434,877 | \$ 26,992,450 |
| Surplus / (Deficit) | \$ (2,727,599) | \$ 6,544,905 | \$ (3,078,095) | \$ (3,411,425) | \$ (3,071,528) | \$ (3,070,822) | \$ (3,204,557) |
| Ending Fund Balance | \$ 18,167,905 | \$ 27,440,409 | \$ 24,362,314 | \$ 20,950,889 | \$ 17,879,361 | \$ 14,808,539 | \$ 11,603,982 |

The preceding General Fund forecast assumes the following:

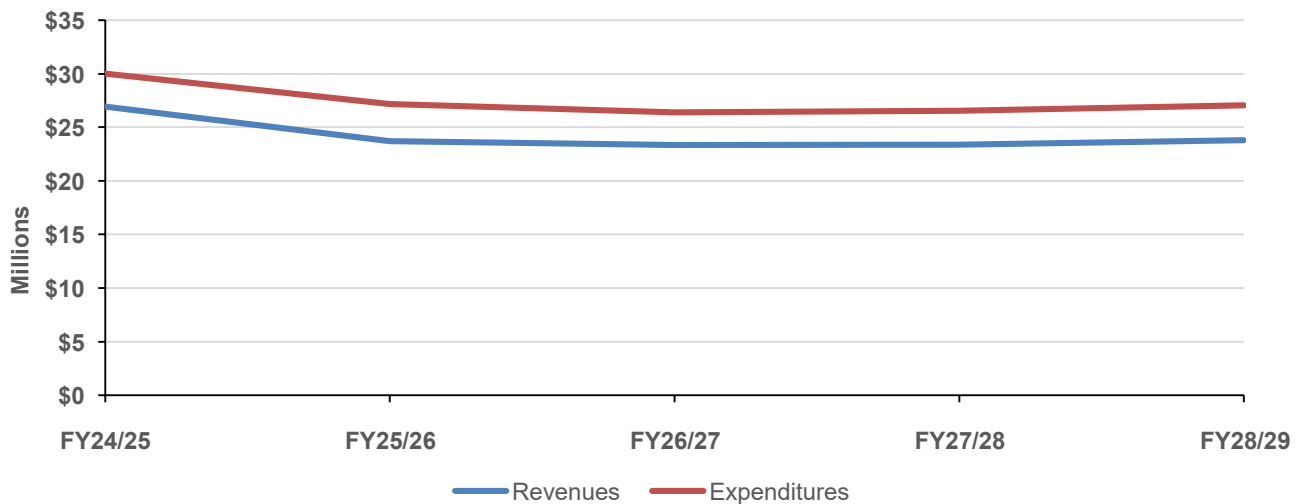
Revenues:

- Federal revenues for FY24/25 are assumed to be stable with the FY23/24 projection. These revenues are expected to decline in FY25/26 and again in FY26/27 with the winddown of the Target Airshed Grant (TAG) projects. The District facilitates the federal TAG projects for neighboring air districts through the pass-through of grant funds. Federal revenues for FY27/28 and FY28/29 are constant at about \$1.9 million per year for recurring grants.
- State revenues peak in the FY23/24 projection due to the advance payment of about \$5.2 million of funding the two-year Community Emissions Reduction Plan (CERP) grant that begins July 1, 2024. The recurring state revenues (DMV, AB617 Monitoring, etc.) will be stable for FY24/25 through the end of the forecast period at approximately \$7.3 million per year.
- Sales/Use Tax (Measure A) amounts are per the most recent Sacramento Transportation Authority (STA) forecast. The cumulative annual growth rate for Measure A is about 2.97%.
- The annual CPI adjustment for Stationary Sources fees is forecasted at 3%.
- Interest revenue declines due to the decrease in fund balance.
- No new revenue is included in the base five-year forecast.

Expenditures:

- Over the next four years, the FTE count is held constant at 105.8 with no additional positions included in the forecast.
- Employee Services increases an average of 3% per year for wages and benefits; retirement contributions grow at a slightly higher rate based on historical trends.
- After adjusting for one-time items included in the FY24/25 Approved Budget related to non-recurring grants (e.g., CERP, CC4A, and CPRG projects), Services and Supplies increase by a projected CPI of 3% per year. Sub-recipient distributions under the TAG projects are included in Services and Supplies through the end of the grant term in FY26/27 and are offset by corresponding Federal revenues each year.
- Capital expenditures include the replacement of elements of an aging fleet and air monitoring network and Information Services infrastructure improvements.
- Interfund charges consist of grant administrative funds received in the Special Revenue Fund and transferred to the General Fund to offset the program implementation costs, mainly employee services expenditures.

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



District Priorities and Potential Funding Strategies

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

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

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

Potential Funding Strategies

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

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

To address these challenges, this bill proposes increasing the ceiling for indirect administrative costs for the largest air districts from 6.25% to 12.5%. This increase will provide the necessary funds to implement the Moyer program effectively, support applicants, and select projects that offer the highest emission reductions for disadvantaged communities.

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

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

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

Proprietary Fund Forecast

The Proprietary Fund five-year forecast is shown in the following table. The main funding source for this fund is rent income (mainly District rent). The District building is relatively new and annual operating expenses are anticipated to be consistent over the planning period. Capital expenses include the projected replacement of building systems/components. The debt associated with the building will be paid off in FY26/27. The existing third-party lease agreements expired in FY22/23 and FY23/24 and the tenant did not review the leases. The District evaluated several facility options and decided to sell the current building and relocate to a smaller footprint; the plan is to lease the new District headquarters facility to provide flexibility for the future. The building is currently on the market for sale. Since The District is not certain of the timing or terms for the sale of the building and relocation to a smaller facility, the five-year forecast was developed on a status-quo basis. No third-party tenant is assumed in this break-even projection.

Proprietary Fund (400) Five-Year Forecast

| Classification | FY 23/24 Approved | FY 23/24 Year-end Projection | FY24/25 Approved | FY25/26 Forecast | FY26/27 Forecast | FY27/28 Forecast | FY28/29 Forecast |
|-------------------------------|----------------------|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Fund Balance | \$ 5,302,609 | \$ 5,302,609 | \$ 5,575,402 | \$ 5,575,402 | \$ 5,575,402 | \$ 5,575,402 | \$ 5,575,403 |
| Revenues | | | | | | | |
| Revenues | \$ 1,170,002 | \$ 1,317,199 | \$ 1,075,834 | \$ 1,257,221 | \$ 1,277,081 | \$ 900,407 | \$ 770,917 |
| Revenues Total | \$ 1,170,002 | \$ 1,317,199 | \$ 1,075,834 | \$ 1,257,221 | \$ 1,277,081 | \$ 900,407 | \$ 770,917 |
| Expenses | | | | | | | |
| Operating Expense | \$ 506,901 | \$ 496,306 | \$ 512,234 | \$ 546,364 | \$ 562,754 | \$ 579,637 | \$ 597,026 |
| Capital Expense | 955,000 | 140,000 | 155,000 | 302,357 | 311,427 | 320,770 | 173,891 |
| Debt Service | 408,100 | 408,100 | 408,600 | 408,500 | 402,900 | - | - |
| Expenses Total | \$ 1,870,001 | \$ 1,044,406 | \$ 1,075,834 | \$ 1,257,221 | \$ 1,277,081 | \$ 900,407 | \$ 770,917 |
| Surplus / (Deficit) | \$ (699,999) | \$ 272,793 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Ending Fund Balance | \$ 4,602,610 | \$ 5,575,402 | \$ 5,575,402 | \$ 5,575,402 | \$ 5,575,402 | \$ 5,575,403 | \$ 5,575,402 |

The preceding Proprietary Fund forecast assumes the following:

Revenues:

- Revenues include rent from the District (to which it pays itself) for space on the third and second floors and parking fees; no external tenant is assumed.
- The building fund is an Internal Service Fund since its revenue is from the District and as such, overall District rent revenue adjusts (in most years) to ensure that the net surplus/deficit is zero. It is a breakeven budget with no source or use of fund balance.

Expenses:

- Operating Expense represents the day-to-day costs of operating the building and includes utilities, custodial services, parking, property management fees, general repairs and maintenance, etc., and reflects an average annual increase of 3%.
- Capital expenditures were based on historical actuals, excluding leasehold improvements for the previous third-party tenants; the actuals were increased by 3% annually.

- The debt service forecast reflects the principal and interest payments on Certificates of Participation (COPs) issued for the purchase of the building and will be fully paid off in FY26/27.

Special Revenue Fund Forecast

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

Special Revenue Fund (500) Five-Year Forecast

| Classification | FY 23/24 Approved | FY 23/24 Year-end Projection | FY24/25 Approved | FY25/26 Forecast | FY26/27 Forecast | FY27/28 Forecast | FY28/29 Forecast |
|-------------------------------|----------------------|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Fund Balance | \$ 55,863,979 | \$ 55,863,979 | \$ 91,561,473 | \$ 86,082,245 | \$ 76,528,377 | \$ 63,842,629 | \$ 52,252,976 |
| Revenues | | | | | | | |
| Revenues | \$ 30,840,382 | \$ 58,964,635 | \$ 31,022,194 | \$ 23,246,016 | \$ 17,544,182 | \$ 14,642,226 | \$ 12,912,221 |
| Revenues Total | \$ 30,840,382 | \$ 58,964,635 | \$ 31,022,194 | \$ 23,246,016 | \$ 17,544,182 | \$ 14,642,226 | \$ 12,912,221 |
| Expenses | | | | | | | |
| Operating Expense | \$ 26,916,766 | \$ 21,228,002 | \$ 34,354,781 | \$ 30,899,884 | \$ 28,272,929 | \$ 24,216,169 | \$ 20,383,750 |
| Interfund Charges | 2,115,503 | 2,039,139 | 2,146,641 | 1,900,000 | 1,957,000 | 2,015,710 | 2,076,181 |
| Expenses Total | \$ 29,032,269 | \$ 23,267,141 | \$ 36,501,422 | \$ 32,799,884 | \$ 30,229,929 | \$ 26,231,879 | \$ 22,459,931 |
| Surplus / (Deficit) | \$ 1,808,113 | \$ 35,697,494 | \$ (5,479,228) | \$ (9,553,868) | \$ (12,685,748) | \$ (11,589,653) | \$ (9,547,710) |
| Ending Fund Balance | \$ 57,672,092 | \$ 91,561,473 | \$ 86,082,245 | \$ 76,528,377 | \$ 63,842,629 | \$ 52,252,976 | \$ 42,705,267 |

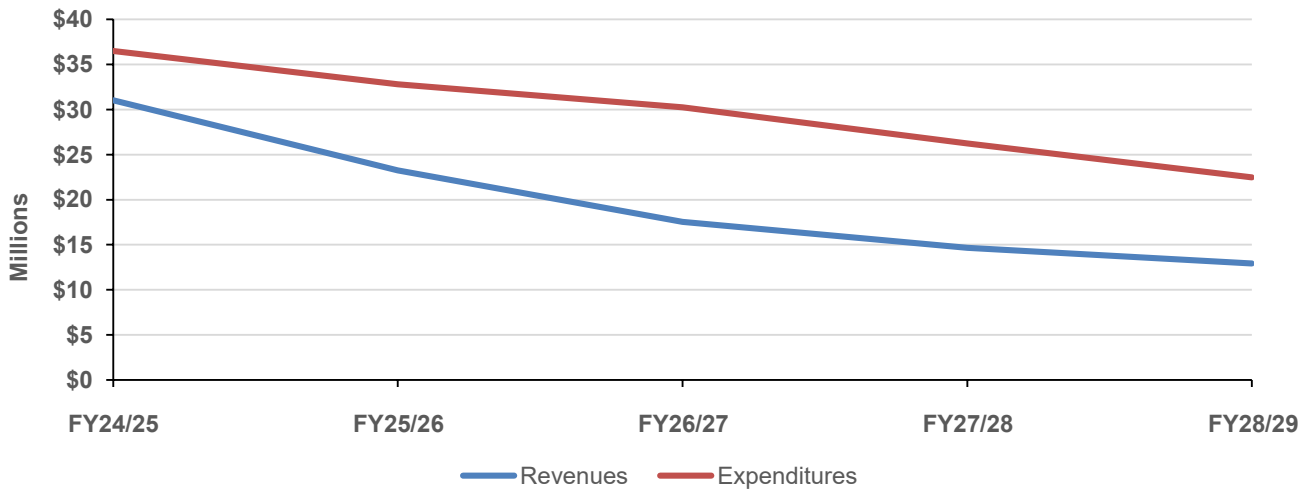
The preceding Special Revenue Fund forecast assumes the following revenue for DMV \$2 and various grants:

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

| Classification | FY 23/24 Approved | FY 23/24 Year-end Projection | FY24/25 Approved | FY25/26 Forecast | FY26/27 Forecast | FY27/28 Forecast | FY28/29 Forecast |
|---|----------------------|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| DMV \$2 | \$ 2,600,000 | \$ 2,600,000 | \$ 2,600,000 | \$ 2,626,000 | \$ 2,652,260 | \$ 2,678,783 | \$ 2,705,570 |
| Moyer | 11,420,750 | 13,217,920 | 12,725,249 | 6,200,000 | 6,200,000 | 6,200,000 | 6,200,000 |
| SECAT | 3,450,000 | 1,725,000 | 3,205,960 | 6,117,647 | 4,000,000 | 1,176,471 | - |
| Community Car Share | - | 400,000 | 700,000 | - | - | - | - |
| GMERP | - | 1,903,840 | - | - | - | - | - |
| Community Air Protection Program (CAPP) | 6,688,458 | 13,934,288 | 6,521,247 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| Clean Cars 4 All | 5,060,000 | 6,455,000 | 4,045,000 | 3,500,000 | - | - | - |
| FARMER | 816,600 | 1,395,450 | 408,300 | 500,000 | 500,000 | 500,000 | - |
| CalSTA Grant - H2 Locomotive | - | 15,646,000 | - | - | - | - | - |
| Fines/Forfeits/Penalties | - | 5,700 | - | - | - | - | - |
| Other | 804,574 | 1,681,438 | 816,438 | 802,369 | 691,922 | 586,973 | 506,651 |
| Revenues Total | \$ 30,840,382 | \$ 58,964,635 | \$ 31,022,194 | \$ 23,246,016 | \$ 17,544,182 | \$ 14,642,226 | \$ 12,912,221 |

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

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



Capital Expenditures Forecast

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

Capital Expenses Five-Year Forecast

| Fund Program | FY 23/24 Approved | FY23/24 Projection | FY24/25 Approved | FY25/26 Forecast | FY26/27 Forecast | FY27/28 Forecast | FY28/29 Forecast |
|-------------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| General Fund (100) | | | | | | | |
| Air Monitoring | \$ 983,500 | \$ 310,000 | \$ 886,000 | \$ 541,780 | \$ 513,970 | \$ 538,690 | \$ 466,590 |
| Fleet | 180,000 | 344,066 | 200,000 | 159,650 | 164,800 | 113,300 | 113,300 |
| Information Systems | 75,000 | 75,000 | 82,000 | 103,000 | 103,000 | 103,000 | 41,200 |
| Subtotal | \$ 1,238,500 | \$ 729,066 | \$ 1,168,000 | \$ 804,430 | \$ 781,770 | \$ 754,990 | \$ 621,090 |
| Proprietary Fund (400) | | | | | | | |
| Building Improvements | \$ 955,000 | \$ 140,000 | \$ 155,000 | \$ 302,357 | \$ 311,427 | \$ 320,770 | \$ 173,891 |
| Subtotal | \$ 955,000 | \$ 140,000 | \$ 155,000 | \$ 302,357 | \$ 311,427 | \$ 320,770 | \$ 173,891 |
| Total Capital Expense | \$ 2,193,500 | \$ 869,066 | \$ 1,323,000 | \$ 1,106,787 | \$ 1,093,197 | \$ 1,075,760 | \$ 794,981 |

Significant Capital Expenses in the Forecast and Impacts on Operating Budgets

Air Monitoring Stations

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

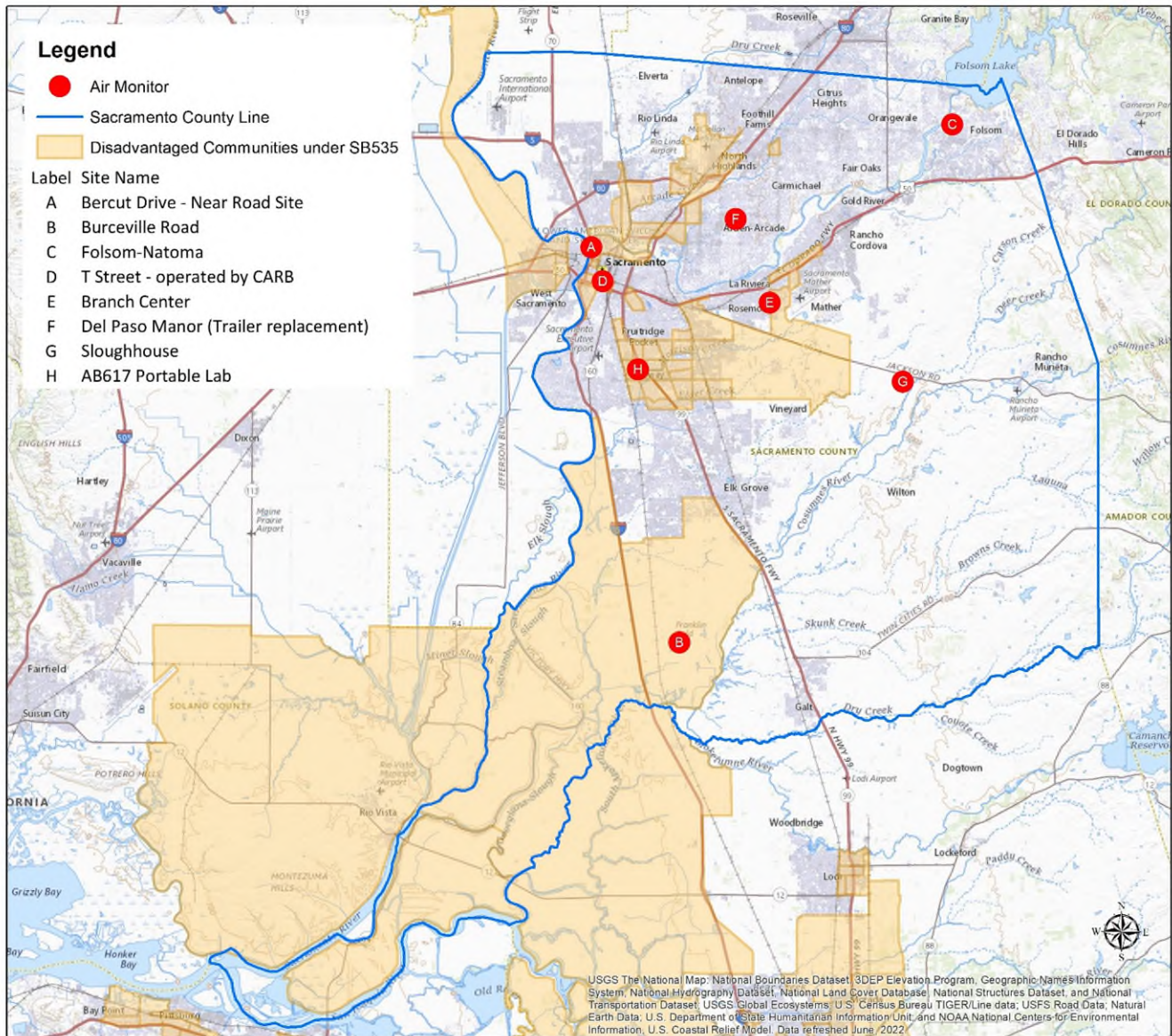
The District’s ambient air monitoring stations are used to collect monitoring data for criteria pollutants to determine compliance with the NAAQS and to support regional air quality forecasting. These sites will also be an important

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

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

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

Map of Air Monitoring Stations in Sacramento County



Rule 301 (Permitting and Enforcement) Fleet

The five-year forecast includes funds to replace aging fleet vehicles, which will be replaced with zero- and low-emission vehicles consistent with the District’s goal of reducing vehicle emissions. Fleet replacement, averaging \$150,000 per year for the forecast, is a recurring capital outlay due to vehicles having an estimated operational life

of 10-15 years. Incorporating new zero- and near-zero-emission vehicles into the fleet is anticipated to reduce operating expenses related to fuel and maintenance.

Information Systems

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

Covell Building

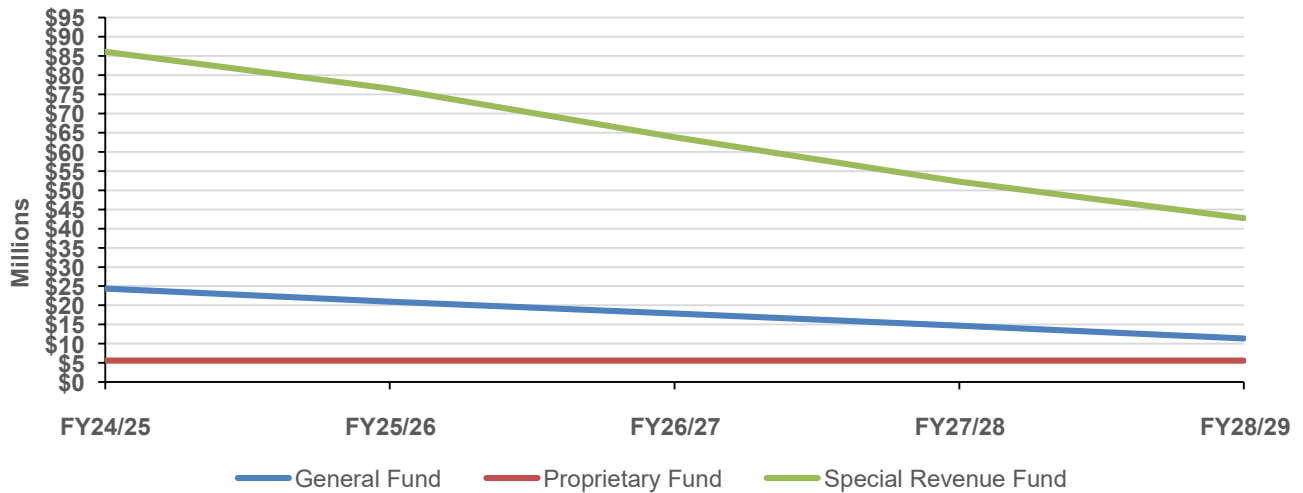
The capital forecast for the Covell Building includes expenditures for building systems (e.g., HVAC, etc.) and annual amounts to fund minor non-recurring building improvements. Funding for these capital expenses primarily comes from rent income.

FUND BALANCE FORECAST

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

The General Fund projected fund balance at the end of FY24/25 complies with the District's fund balance reserve policy of a minimum of 120 days, but no less than 60 days, of General Fund expenditures. However, without additional funding sources, the General Fund unencumbered fund balance is projected to decrease by over 50% in the five-year outlook with the FY28/29 fund balance at only 23 days over the minimum fund balance level. When the target is not met, the policy requires that a plan be developed and implemented to replenish the funds used. The Proprietary Fund balance is compliant with policy and stable throughout the five years. The Special Revenue Fund accounts for various incentive grants that are intended to be fully expended. Therefore, no reserve targets are established for the Special Revenue Fund.

District Budget – Fund Balance Five-Year Forecast



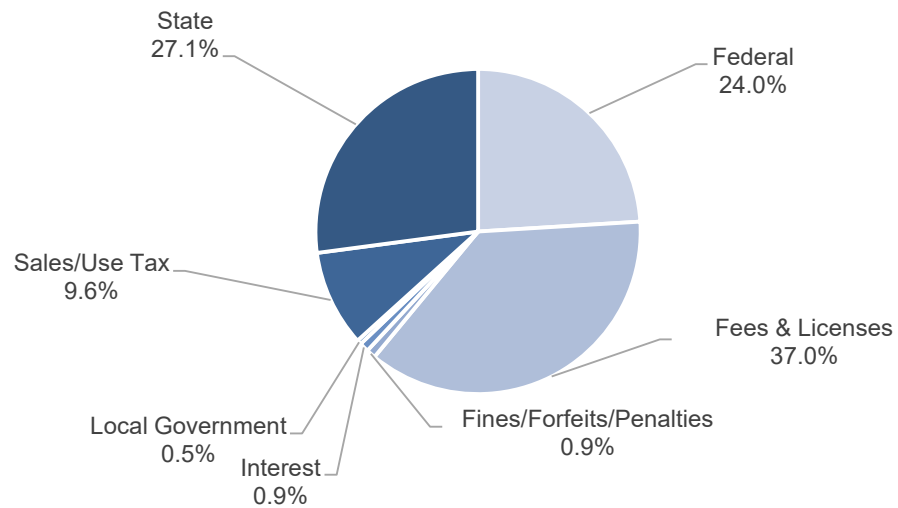
SECTION 5 - Fund Information

This section contains descriptions of District funds and associated approved budgets for FY24/25. It also includes information on fund budgets (revenues and expenditures by classification and activities, historical trends, and fund balances) to provide additional context for the approved budget.

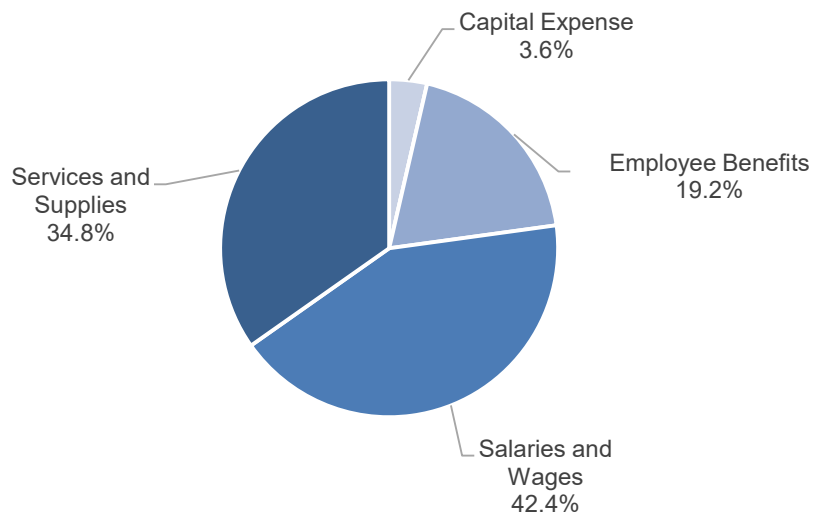
GENERAL FUND 100

The total FY24/25 Approved General Fund Budget is \$26.9 million in revenue and \$30.0 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total General Fund Budget.

General Fund Budget – Revenues by Classification (\$26.9 million)



General Fund Budget – Expenditures by Classification (\$30.0 million)



The FY24/25 General Fund Budget includes revenues of \$26.9 million and expenditures of \$30.0 million resulting in a \$3.1 million use of fund balance. Approximately \$2.5 million of this deficit is related to the AB 617 Community Emission Reduction Plan (CERP) grant. The CERP is a two-year program that begins July 1, 2024. Most of the funding for the state-funded program will be received and revenue recognized in FY23/24. Accordingly, the grant funding is included in the ending fund balance on June 30, 2024. The FY24/25 and FY25/26 expenditures related to the CERP project will be funded by the grant revenues included in the opening fund balance for FY24/25.

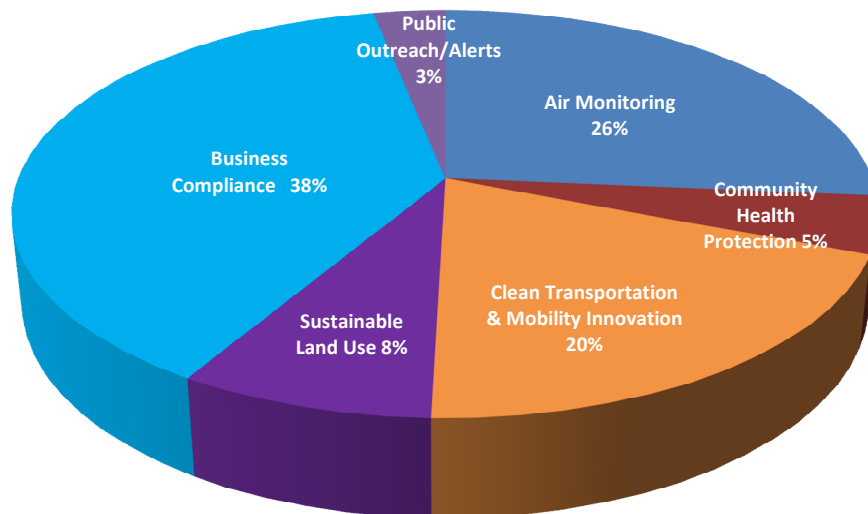
Historically, the District has performed under budget for expenditures due to savings in Employees Services and Professional Services, and therefore, has not fully expended the amount of budgeted expenditures. For the FY24/25 budget, the District implemented two adjustments to minimize variances to the budget. The first adjustment is a vacancy credit in Employee Services to allow for open positions during the recruitment process. In addition, professional services contracts were assessed against District priorities for the fiscal year and critical contracts were included at their expected cost. The remaining services were pooled, and the total “pooled” amount was reduced by about 60% to forecast expenditures more accurately. District divisions will share the pooled budget for these potential professional services contracts as needs arise.

The District expects to operate fully staffed in FY24/25 and to expend the “right-sized” Professional Services budget. The District has adequate operating reserves to fund the remaining (unrelated to the CERP) \$600,000 use of fund balance for FY 24/25. The ending fund balance on June 30, 2025, in the Approved Budget, will comply with the District’s operating reserve policy.

Operating Expenses by District Activities

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

Allocation of FY24/25 Operating Expenses by District Activity



General Fund Trends

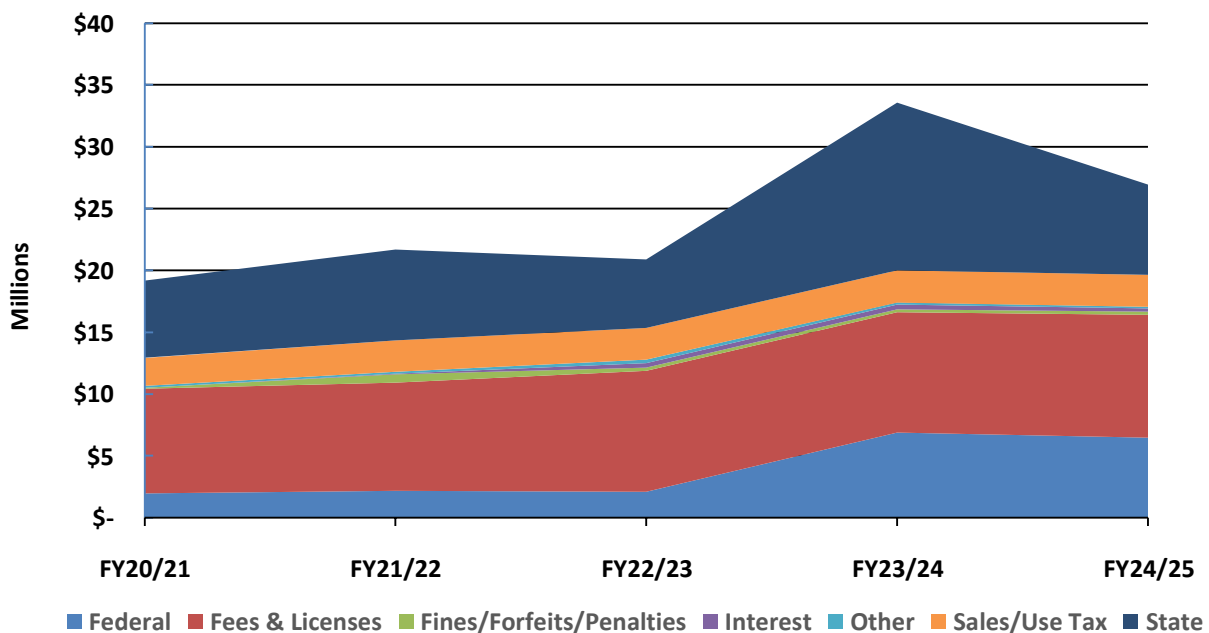
The Five-Year Revenues Trend graph displays revenues by account type. The trend shows federal grant revenues fluctuating over time depending on changes in EPA 103, EPA 105, CPRG and TAG project funding. The EPA has historically provided federal grants to the District to enforce federal air pollution rules and regulations; these grants are restricted to specific usage and may consist of one-time grants. The CPRG program provides funding to develop a plan for reducing greenhouse gas emissions in the Sacramento region; the District is the lead agency for this grant. The District administers the TAG project funds for several neighboring air districts. Both the CPRG planning grant and the TAG projects are non-recurring grants.

Stationary Source fees are collected from businesses that have equipment that emits pollutants into the air; these fees are based on the type and size of the equipment and the amount of pollutants emitted. The District is proposing a 4.17% CPI increase in fees for FY24/25. This adjustment is based on the annual change in the California Consumer Price Index in accordance with the Health and Safety Code.

State revenues fluctuate over the period. Included in this category are the DMV registration fee surcharge (DMV) and state grants. DMV revenue is dependent on the number of vehicle registrations in the State of California with the District receiving a set amount per registration. Community Air Protection Program state incentives related to Assembly Bill AB 617 are included in this line item. State grant revenue may contain one-time grants that create year-to-year variability in this category, for example, the two-year CERP funding for AB617 will be recognized in FY23/24 and will fund project activities for the next two fiscal years.

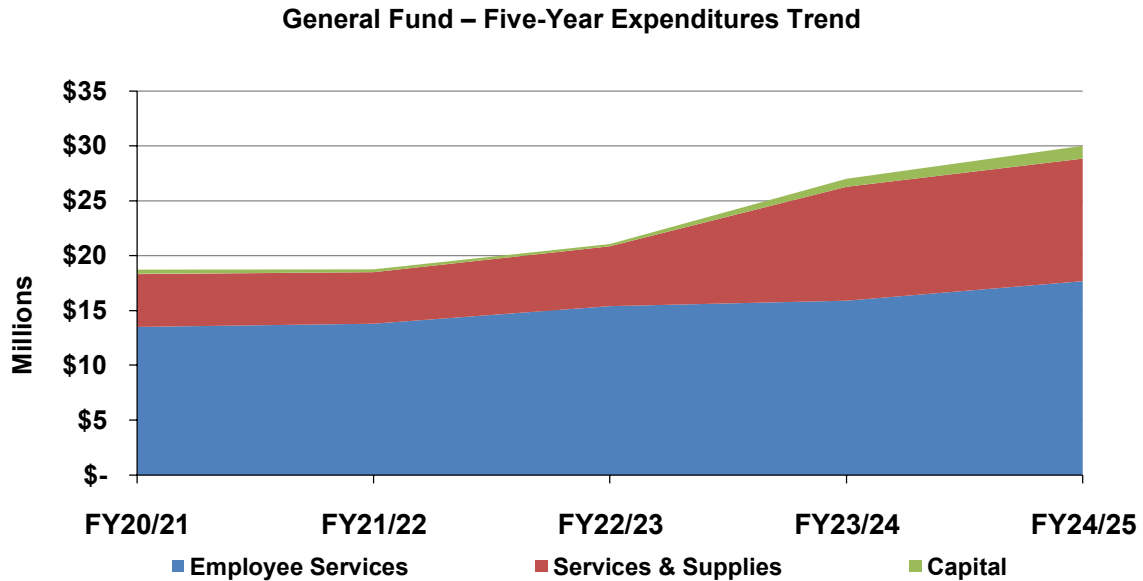
Sales and Use Tax revenue is based on a sales tax proposition (Measure A) that allocates a portion of the sales tax collected to the District for emission reduction activities and community education.

General Fund – Five-Year Revenues Trend



The Five-Year Expenditures Trend of the General Fund graph shown below reflects an increase in Employee Services (Salaries, Wages, and Employee Benefits) due to 1) an increase in staff Full Time Equivalents (FTE) to support expanding mandates and grant activity and 2) keeping pace with the cost of living and 3) addressing health care and pension costs. For FY24/25 Services and Supplies are expected to increase mainly due to program distributions related to a federal pass-through grant (TAG projects) and professional services expenditures to support expanded grant activity. Capital outlays will increase in FY24/25 primarily due to the completion of the Del Paso Manor air monitoring station renovation.

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

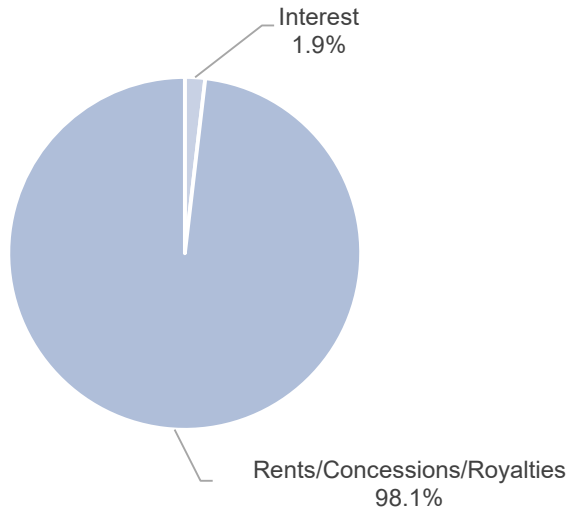


PROPRIETARY FUND 400

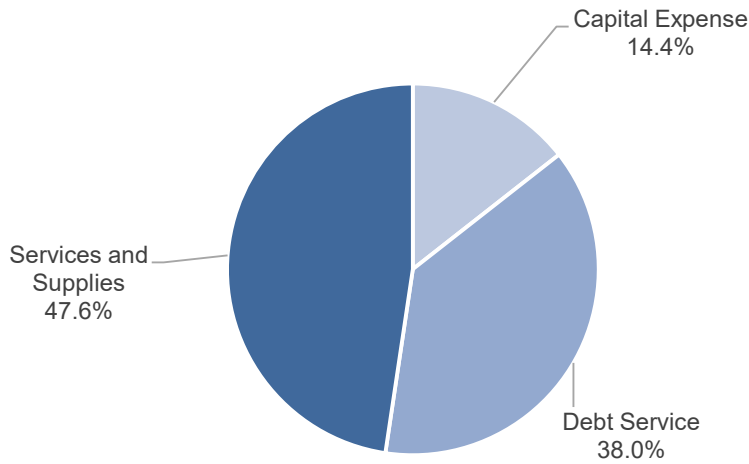
The Proprietary Fund is an Internal Service Fund that supports the financial activities of the District administration (Covell) building. The Covell Building is a three-story commercial office building, located at 777 12th Street in Sacramento, California, containing two floors of office space with paid parking on the first floor. The District moved into the building as a tenant in 1999 and purchased the building in 2002 through the issuance of the Certificates of Participation (COPs) discussed below, along with other funding. The District occupies roughly 23,000 square feet, including the entire third floor and about 4,000 square feet on the second floor. The third-party tenant that historically occupied the remaining rentable 15,000 square feet on the second floor notified the District that they would not renew their two leases. As a result, the District evaluated several options for the overall Covell Building and decided to sell the building and move to smaller more efficient office space. The building is currently offered for sale and the FY24/25 budget was planned on a “status quo” basis without major improvements or a third-party tenant and is assumed to breakeven.

The total FY24/25 Approved Proprietary Fund Budget is \$1.0 million in revenues (rent from the District) and \$1.0 million in expenditures. The following are charts detailing the revenues and expenditures by classification as a percentage of the total Proprietary Fund Budget.

Proprietary Fund Budget – Revenues by Classification (\$1.0 million)



Proprietary Fund Budget – Expenditures by Classification (\$1.0 million)



In FY24/25, the District’s share of building rent will decrease by \$12,193 (from \$1,000,567 to \$988,374). Total FY24/25 parking rent of \$67,460 is expected to remain stable with the FY23/24 projected parking income. Overall, rent revenue, which accounts for nearly all Proprietary Fund revenues, is projected to decrease by \$94,168 over FY23/24 budgeted rent revenue. The decrease in rent revenue is due to the third-party tenant in the building opting to not renew their leases. The budget expenditures are comprised of \$512,234 for services and supplies (day-to-day operating expenses), \$155,000 for capital expenses, and \$408,600 for debt service. Expenses are projected to decrease by \$794,165 over the prior year’s budget; this change is primarily due to a decrease of \$800,000 in capital expenses, offset by a combined increase of \$5,835 in Services and Supplies and Debt service costs. The decrease in capital outlay is mainly because the FY23/24 budget included \$700,000 in leasehold improvements for the District portion of the building to facilitate a hybrid workplace. This project was not initiated due to the decision to sell the building.

Debt Service

The District issued \$5,835,000 worth of Certificates of Participation (COPs) in February 2002 and refinanced the original COPs in March of 2012. The new COPs, issued by California Special District Association Finance Corporation, were issued for \$4,350,000, with the interest rates ranging from 3.0% to 4.0% and a bond premium of \$72,382 to be amortized over the life of the COPs. The debt is supported by rent paid by the District. The rent expense in the General Fund is projected to be stable over the remaining life of the debt. Upon sale of the building, the debt will be paid off; there is no penalty for early payoff of the COPs.

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

The principal balance outstanding on June 30, 2025, will be \$1,150,000. In FY24/25, a \$370,000 principal payment will be made. The purchase obligation will be fully paid off in FY26/27 unless it is extinguished upon the sale of the building. The principal and interest payments are included in the Proprietary Fund budget. The certificates mature as shown in the table below:

Debt Repayment Schedule

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|----------------------------|---------------------|------------------|---------------------|
| 2025 | 370,000 | 38,600 | 408,600 |
| 2026 | 385,000 | 23,500 | 408,500 |
| 2027 | 395,000 | 7,900 | 402,900 |
| Totals | \$ 1,150,000 | \$ 70,000 | \$ 1,220,000 |

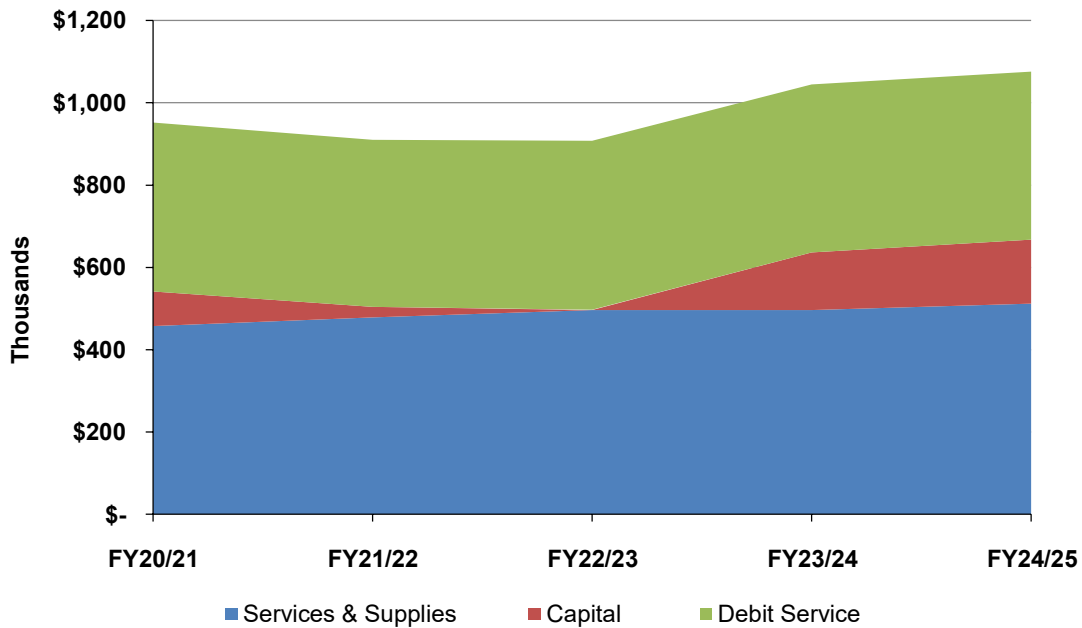
Proprietary Fund Trends

Building revenues consist primarily of tenant rents. There is also revenue generated from daily/monthly parking passes, though this is less than 1% of the total revenue. The Approved FY24/25 tenant rent decreases by approximately \$194,365 from the FY23/24 projected tenant rent. In the past, the third-party tenant leased two spaces in the building. The tenant opted to not renew the leases at expiration and as a result, tenant rent decreased for FY24/25.

Proprietary Fund – Five-Year Trend of Rent Revenues

| Account | FY20/21 Actuals | FY21/22 Actuals | FY22/23 Actuals | FY23/24 Projection | FY24/25 Approved |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| District Rent | \$ 871,025 | \$ 818,650 | \$ 991,211 | \$ 1,068,215 | \$ 1,055,834 |
| Tenant Rent | 323,157 | 336,012 | 358,510 | 181,984 | - |
| Total Rents | \$ 1,194,182 | \$ 1,154,662 | \$ 1,349,721 | \$ 1,250,199 | \$ 1,055,834 |

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



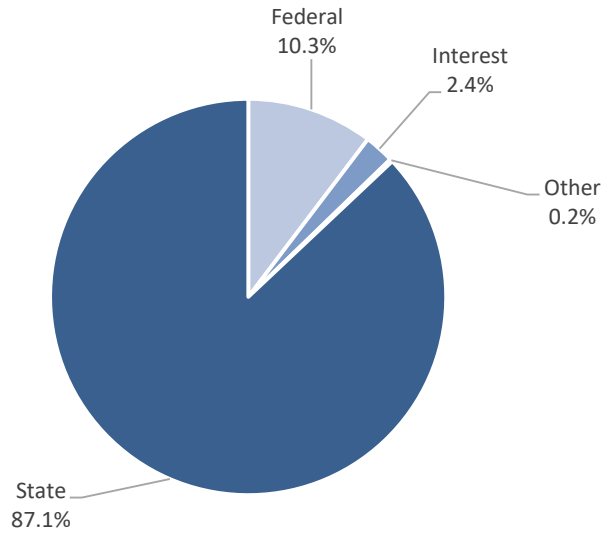
Capital expenses in FY24/25 include funding for potential systems (HVAC) replacements and a relatively minor amount for other unexpected capital improvement projects.

SPECIAL REVENUE FUND 500

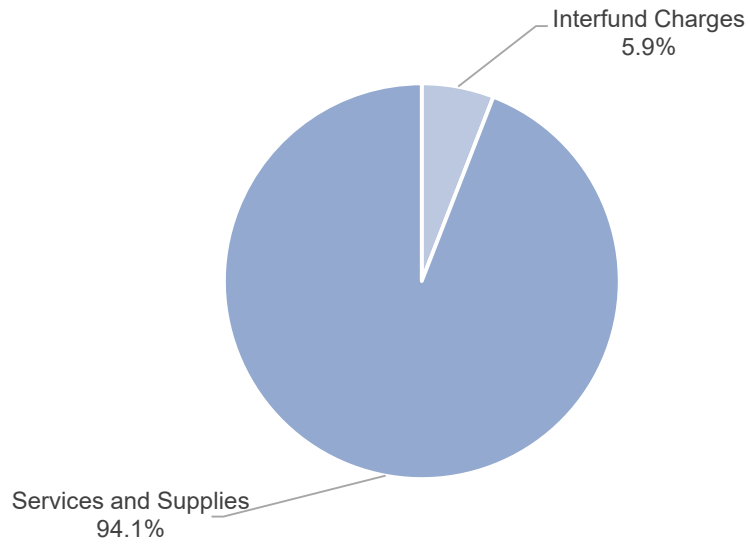
The Special Revenue Fund accounts for the financial activity of restricted funds, generally reflecting grants to provide businesses with incentive funds to upgrade to cleaner technology. Typical awards are made to owners of heavy and light-duty on-road vehicles, and owners of off-road equipment, such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

The total FY24/25 Approved Special Revenue Fund Budget is \$31.0 million in revenues and \$36.5 million in expenditures. Below are charts detailing the revenues and expenditures by classification as a percentage of the total Special Revenue Fund budget.

Special Revenue Fund – Revenues by Classification (\$31.0 million)



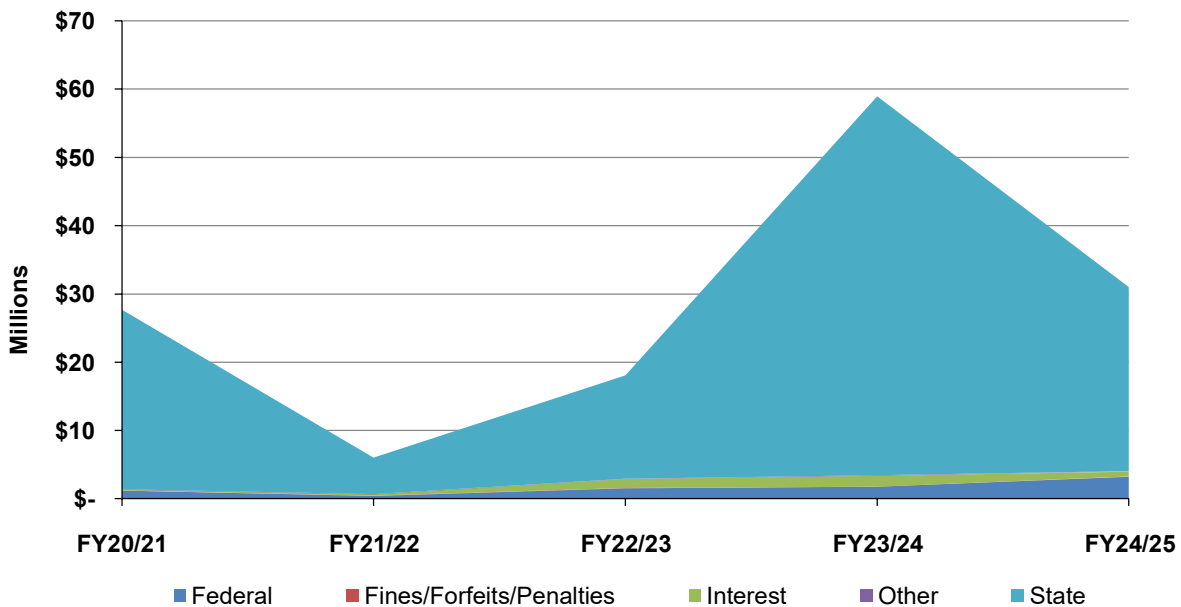
Special Revenue Fund – Expenditures by Classification (\$36.5 million)



Special Revenue Trends

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

Special Revenue Fund – Five-Year Revenues Trend

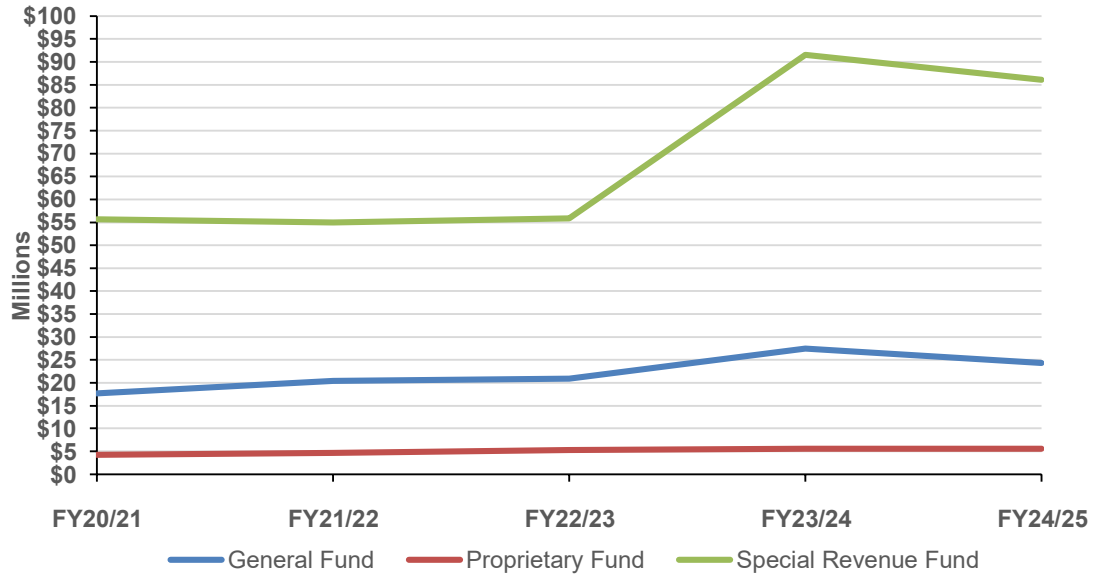


FUND BALANCE

The District closely manages each fund balance to ensure they remain at adequate and sustainable levels. The fund balance for the General Fund gradually increased over recent years as the District implemented steps to cautiously manage expenses, particularly during the economic uncertainty of the COVID-19 pandemic. These steps included temporarily keeping vacant positions open and reducing professional services and capital expenditures. In FY24/25 and beyond, the District anticipates there will be increases in employee services costs, capital expense requirements, and inadequate administrative allocations for implementing grant-related programs. Management will closely evaluate and prioritize District programs to ensure resources are allocated appropriately to continue the essential functions of the District while pursuing additional funding.

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

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



SECTION 6 - Budget Schedules

This section presents budget schedules for the District Budget and each of the District funds. The budget tables show the FY22/23 Actuals, the FY23/24 Approved Budget, the FY23/24 Projection, the FY24/25 Approved Budget, as well as the variance between the FY23/24 Approved and FY24/25 Approved Budgets.

Also included in this section are the schedules for FY24/25 Approved Capital Expenses and the Summary of Financial Sources, Uses, and Fund Balance, which shows the projected year-end fund balance for the current year and FY24/25.

DISTRICT BUDGET

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

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|--|
| Revenues | | | | | |
| Federal | \$ 4,075,034 | \$ 8,911,056 | \$ 8,610,552 | \$ 9,674,793 | \$ 763,737 |
| Fees & Licenses | 9,799,468 | 9,379,397 | 9,721,015 | 9,953,047 | 573,650 |
| Fines/Forfeits/Penalties | 304,037 | 350,000 | 255,700 | 250,000 | (100,000) |
| Interest | 1,700,614 | 950,000 | 2,057,000 | 1,020,000 | 70,000 |
| Local Government | 276,582 | 36,533 | 131,533 | 121,851 | 85,318 |
| Other | 83,611 | 83,962 | 106,121 | 84,962 | 1,000 |
| Rents/Concessions/Royalties | 1,349,721 | 1,150,002 | 1,250,199 | 1,055,834 | (94,168) |
| Sales/Use Tax | 2,569,539 | 2,590,825 | 2,590,825 | 2,584,321 | (6,504) |
| State | 20,874,232 | 33,655,842 | 69,123,703 | 34,295,324 | 639,482 |
| Revenues Total | \$ 41,032,838 | \$ 57,107,617 | \$ 93,846,648 | \$ 59,040,132 | \$ 1,932,515 |
| Expenses | | | | | |
| Salaries and Wages | \$ 11,492,787 | \$ 12,822,050 | \$ 12,473,038 | \$ 13,642,460 | \$ 820,410 |
| Employee Benefits | 4,832,575 | 5,589,552 | 5,451,886 | 6,175,562 | 586,010 |
| Services and Supplies | 21,997,746 | 37,713,900 | 32,129,366 | 46,047,833 | 8,333,935 |
| Capital Expense | 221,024 | 2,193,500 | 869,066 | 1,323,000 | (870,500) |
| Debt Service | 410,591 | 408,100 | 408,100 | 408,600 | 500 |
| Expenses Total | \$ 38,954,722 | \$ 58,727,102 | \$ 51,331,456 | \$ 67,597,455 | \$ 8,870,355 |
| Fund Balance Source / (Use) | \$ 2,078,116 | \$ (1,619,485) | \$ 42,515,192 | \$ (8,557,323) | |

GENERAL FUND BUDGET

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

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|--|
| Revenues | | | | | |
| Federal | \$ 2,575,872 | \$ 5,461,056 | \$ 6,885,552 | \$ 6,468,833 | \$ 1,007,777 |
| Fees & Licenses | 9,799,468 | 9,379,397 | 9,721,015 | 9,953,047 | 573,650 |
| Fines/Forfeits/Penalties | 270,176 | 350,000 | 250,000 | 250,000 | (100,000) |
| Interest | 349,456 | 191,865 | 390,000 | 250,000 | 58,135 |
| Local Government | 276,582 | 36,533 | 131,533 | 121,851 | 85,318 |
| Other | 19,237 | 17,524 | 24,683 | 18,524 | 1,000 |
| Sales/Use Tax | 2,569,539 | 2,590,825 | 2,590,825 | 2,584,321 | (6,504) |
| State | 5,709,931 | 7,070,033 | 13,571,206 | 7,295,528 | 225,495 |
| Revenues Total | \$ 21,570,261 | \$ 25,097,233 | \$ 33,564,814 | \$ 26,942,104 | \$ 1,844,871 |
| Expenses | | | | | |
| Salaries and Wages | \$ 11,492,787 | \$ 12,822,050 | \$ 12,473,038 | \$ 13,642,460 | \$ 820,410 |
| Employee Benefits | 4,832,575 | 5,589,552 | 5,451,886 | 6,175,562 | 586,010 |
| Services and Supplies | 5,435,112 | 10,290,233 | 10,405,058 | 11,180,818 | 890,585 |
| Capital Expense | 221,024 | 1,238,500 | 729,066 | 1,168,000 | (70,500) |
| Interfund Charges | (909,730) | (2,115,503) | (2,039,139) | (2,146,641) | (31,138) |
| Expenses Total | \$ 21,071,768 | \$ 27,824,832 | \$ 27,019,909 | \$ 30,020,199 | \$ 2,195,367 |
| Source / (Use) Fund Balance | \$ 498,493 | \$ (2,727,599) | \$ 6,544,905 | \$ (3,078,095) | |

General Fund 100 – Revenues by Account

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|--|----------------------|----------------------|-----------------------|----------------------|--|
| Revenues | | | | | |
| Federal | | | | | |
| EPA 103 | \$ 42,895 | \$ 78,800 | \$ 128,000 | \$ 128,000 | \$ 49,200 |
| EPA 105 | 1,138,908 | 1,150,000 | 1,199,943 | 1,199,943 | 49,943 |
| Federal | 636,976 | 3,461,836 | 4,687,189 | 4,440,890 | 979,054 |
| FHW-CMAQ | 757,093 | 770,420 | 870,420 | 700,000 | (70,420) |
| Subtotal Federal | 2,575,872 | 5,461,056 | 6,885,552 | 6,468,833 | 1,007,777 |
| Fees & Licenses | | | | | |
| Ag Burn | 24,995 | 22,000 | 28,000 | 12,000 | (10,000) |
| Asbestos | 418,273 | 356,000 | 214,500 | 218,000 | (138,000) |
| Fees & Licenses | 14,333 | 5,860 | 20,507 | 22,292 | 16,432 |
| Mitigation Fees | 285,431 | 274,632 | 133,730 | 150,000 | (124,632) |
| Rule 301 | 8,631,979 | 8,300,000 | 8,900,000 | 9,100,000 | 800,000 |
| SEED Loan-Non Labor | 3,404 | 43,000 | 48,166 | 36,051 | (6,949) |
| SEED Renewal | 59,403 | 71,447 | 62,112 | 64,704 | (6,743) |
| Title V | 151,980 | 101,553 | 90,000 | 120,000 | 18,447 |
| Toxics AB2588 | 209,670 | 204,905 | 224,000 | 230,000 | 25,095 |
| Subtotal Fees & Licenses | 9,799,468 | 9,379,397 | 9,721,015 | 9,953,047 | 573,650 |
| Fines/Forfeits/Penalties | | | | | |
| Fines/Forfeits/Penalties | 270,176 | 350,000 | 250,000 | 250,000 | (100,000) |
| Subtotal Fines/Forfeits/Penalties | 270,176 | 350,000 | 250,000 | 250,000 | (100,000) |
| Interest | | | | | |
| Interest Earned | 349,456 | 191,865 | 390,000 | 250,000 | 58,135 |
| Subtotal Interest | 349,456 | 191,865 | 390,000 | 250,000 | 58,135 |
| Local Government | | | | | |
| Local Government | 276,582 | 36,533 | 131,533 | 121,851 | 85,318 |
| Subtotal Local Government | 276,582 | 36,533 | 131,533 | 121,851 | 85,318 |
| Other | | | | | |
| Other | 19,237 | 17,524 | 24,683 | 18,524 | 1,000 |
| Subtotal Other | 19,237 | 17,524 | 24,683 | 18,524 | 1,000 |
| Sales/Use Tax | | | | | |
| Sales/Use Tax | 2,569,539 | 2,590,825 | 2,590,825 | 2,584,321 | (6,504) |
| Subtotal Sales/Use Tax | 2,569,539 | 2,590,825 | 2,590,825 | 2,584,321 | (6,504) |
| State | | | | | |
| ARB Oil & Gas | 42,000 | 42,000 | 42,000 | 42,000 | - |
| ARB PERP | 174,189 | 180,000 | 255,401 | 260,000 | 80,000 |
| ARB Subvention | 359,033 | 359,033 | 362,000 | 362,000 | 2,967 |
| DMV | 5,122,126 | 5,200,000 | 5,200,000 | 5,260,000 | 60,000 |
| State | 12,583 | 1,289,000 | 7,711,805 | 1,371,528 | 82,528 |
| Subtotal State | 5,709,931 | 7,070,033 | 13,571,206 | 7,295,528 | 225,495 |
| Revenues Total | \$ 21,570,261 | \$ 25,097,233 | \$ 33,564,814 | \$ 26,942,104 | \$ 1,844,871 |

General Fund 100 – Expenses by Account

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|---------------------------------------|----------------------|----------------------|-----------------------|----------------------|--|
| Expenses | | | | | |
| Salaries and Wages | | | | | |
| Salaries & Wages-Extra Help | \$ 64,140 | \$ 98,388 | \$ 73,461 | \$ 144,769 | \$ 46,381 |
| Salaries & Wages-OT | 75,281 | 68,432 | 64,111 | 92,535 | 24,103 |
| Salaries & Wages-Premium Pay | 61,189 | 61,132 | 68,115 | 63,327 | 2,195 |
| Salaries & Wages-Regular | 11,292,176 | 12,594,098 | 12,267,351 | 13,341,829 | 747,731 |
| Subtotal Salaries and Wages | 11,492,787 | 12,822,050 | 12,473,038 | 13,642,460 | 820,410 |
| Employee Benefits | | | | | |
| Employee Assistance Program | 3,327 | 5,000 | 5,000 | 5,000 | - |
| FICA/Medicare-Employer OASDHI | 808,374 | 919,288 | 894,361 | 978,908 | 59,620 |
| Group Insurance | 1,561,804 | 1,893,336 | 1,845,053 | 2,036,257 | 142,921 |
| OPEB GASB 68 | 700 | 700 | 700 | 700 | - |
| Retirement | 2,347,114 | 2,619,767 | 2,553,573 | 3,001,030 | 381,263 |
| Unemployment-SUI | 12,265 | 26,461 | 26,461 | 28,667 | 2,206 |
| Workers Compensation Insurance | 98,991 | 125,000 | 126,738 | 125,000 | - |
| Subtotal Employee Benefits | 4,832,575 | 5,589,552 | 5,451,886 | 6,175,562 | 586,010 |
| Services and Supplies | | | | | |
| Subtotal Services and Supplies | 5,435,112 | 10,290,233 | 10,405,058 | 11,180,818 | 890,585 |
| Capital Expense | | | | | |
| FA-Computer & Network | 22,514 | 75,000 | 75,000 | 82,000 | 7,000 |
| FA-Lab Equipment | 168,767 | 388,500 | 235,000 | 231,000 | (157,500) |
| FA-Monitoring Structures | 19,582 | 595,000 | 75,000 | 655,000 | 60,000 |
| FA-Vehicles | 10,161 | 180,000 | 344,066 | 200,000 | 20,000 |
| Subtotal Capital Expense | 221,024 | 1,238,500 | 729,066 | 1,168,000 | (70,500) |
| Interfund Charges | | | | | |
| Transfer-In | (909,730) | (2,115,503) | (2,039,139) | (2,146,641) | (31,138) |
| Subtotal Interfund Charges | (909,730) | (2,115,503) | (2,039,139) | (2,146,641) | (31,138) |
| Expenses Total | \$ 21,071,768 | \$ 27,824,832 | \$ 27,019,909 | \$ 30,020,199 | \$ 2,195,367 |

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

General Fund 100 – Expenses by Account (Continued)

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|---------------------------------------|--------------------|---------------------|-----------------------|---------------------|--|
| Expenses | | | | | |
| Services and Supplies | | | | | |
| Advertising, Comm & Outreach | \$ 1,005,071 | \$ 1,074,500 | \$ 1,044,511 | \$ 1,028,236 | \$ (46,264) |
| Alternative Transit | 18,920 | 31,410 | 20,830 | 25,550 | (5,860) |
| Banking & Finance | 1,158 | 3,620 | 1,235 | 2,435 | (1,185) |
| Books/Periodicals/Subscriptions | 29,424 | 29,029 | 27,779 | 32,173 | 3,144 |
| Breakroom Supplies | 1,454 | 1,800 | 1,500 | 1,800 | - |
| Business Meetings | 158,285 | 168,150 | 137,248 | 233,400 | 65,250 |
| Collaborations | 80,508 | 147,000 | 90,726 | 102,000 | (45,000) |
| Document Storage & Handling | 34,795 | 32,000 | 33,000 | 33,200 | 1,200 |
| Education & Training | 33,396 | 97,050 | 98,979 | 144,900 | 47,850 |
| Food | 397 | - | 33 | - | - |
| Fuel & Lubricants | 16,914 | 20,300 | 16,100 | 16,680 | (3,620) |
| Intemship | 7,375 | 7,375 | 7,400 | 8,000 | 625 |
| IS Data Processing Services | 38,491 | 46,400 | 47,900 | 49,400 | 3,000 |
| IS Hardware | 64,539 | 93,350 | 93,350 | 146,444 | 53,094 |
| IS Internet | 33,289 | 34,840 | 34,800 | 36,232 | 1,392 |
| IS Mobile Devices/Services | 46,415 | 36,360 | 44,499 | 51,962 | 15,602 |
| IS SaaS-Software as a Service | 403,054 | 1,100,334 | 666,949 | 717,499 | (382,835) |
| IS Software | 75,005 | 117,623 | 118,725 | 87,337 | (30,286) |
| IS Supplies | 13,260 | 16,000 | 15,563 | 15,564 | (436) |
| Lab Analysis | 18,922 | 130,000 | 57,000 | 106,000 | (24,000) |
| Laboratory Equipment & Supplies | 58,721 | 68,000 | 57,000 | 68,000 | - |
| Legal Services | 6,801 | 61,000 | 61,000 | 33,000 | (28,000) |
| Legislative Advocacy | 60,700 | 66,250 | 66,250 | 66,250 | - |
| Maintenance & Repairs | 23,645 | 38,500 | 20,600 | 27,000 | (11,500) |
| Medical Services | 694 | 3,000 | 3,000 | 3,000 | - |
| Membership Dues | 46,529 | 49,444 | 50,874 | 64,140 | 14,696 |
| Mileage/Parking | 30,885 | 33,370 | 31,710 | 32,510 | (860) |
| Miscellaneous | 1,221 | 100 | (20) | 100 | - |
| Office Equipment/Furniture | 378 | 13,500 | 7,000 | 8,500 | (5,000) |
| Office Services | 525 | 1,000 | 1,000 | 1,000 | - |
| Office Supplies | (662) | 9,000 | 5,813 | 8,500 | (500) |
| Postage/Shipping/Messenger | 10,623 | 13,750 | 16,400 | 18,950 | 5,200 |
| Printing | 4,988 | 8,700 | 7,200 | 10,200 | 1,500 |
| Prof Svc-Consulting | 1,179,714 | 1,874,500 | 1,896,387 | 2,420,650 | 546,150 |
| Program Distribution-EPA Grant | 512,107 | 3,278,836 | 4,032,525 | 3,863,031 | 584,195 |
| Property & Liability Insurance | 205,417 | 227,650 | 252,300 | 298,700 | 71,050 |
| Property Management | 14,211 | 25,000 | 10,000 | 25,000 | - |
| Public Notices | 2,618 | 32,800 | 19,075 | 28,750 | (4,050) |
| Recognition | 9,363 | 13,550 | 13,900 | 21,300 | 7,750 |
| Recording Fees | - | 200 | 100 | 200 | - |
| Recruitment | 9,867 | 10,000 | 42,000 | 10,000 | - |
| Rent/Lease-Equipment | 74,803 | 81,635 | 77,825 | 79,835 | (1,800) |
| Rent/Lease-Real Property | 973,497 | 1,021,327 | 1,014,572 | 1,005,834 | (15,493) |
| Safety Supplies | 4,406 | 7,000 | 3,100 | 5,000 | (2,000) |
| Stipends | 9,500 | 20,100 | 21,200 | 63,600 | 43,500 |
| Telephone Services | 26,124 | 27,180 | 25,300 | 24,936 | (2,244) |
| Temporary Staffing | - | 20,000 | 50,000 | 80,000 | 60,000 |
| Tools/Small Equipment | 35,733 | 30,200 | 3,320 | 6,120 | (24,080) |
| Utilities | 15,441 | 22,000 | 18,000 | 20,400 | (1,600) |
| Vehicle Maintenance | 36,590 | 45,500 | 39,500 | 47,500 | 2,000 |
| Subtotal Services and Supplies | 5,435,112 | 10,290,233 | 10,405,058 | 11,180,818 | 890,585 |

PROPRIETARY FUND BUDGET

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

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|------------------------------------|---------------------|---------------------|-----------------------|---------------------|--|
| Revenues | | | | | |
| Interest | \$ 52,346 | \$ 20,000 | \$ 67,000 | \$ 20,000 | \$ - |
| Rents/Concessions/Royalties | 1,349,721 | 1,150,002 | 1,250,199 | 1,055,834 | (94,168) |
| Revenues Total | \$ 1,402,068 | \$ 1,170,002 | \$ 1,317,199 | \$ 1,075,834 | \$ (94,168) |
| Expenses | | | | | |
| Services and Supplies | \$ 496,965 | \$ 506,901 | \$ 496,306 | \$ 512,234 | \$ 5,335 |
| Capital Expense | - | 955,000 | 140,000 | 155,000 | (800,000) |
| Debt Service | 410,591 | 408,100 | 408,100 | 408,600 | 500 |
| Expenses Total | \$ 907,556 | \$ 1,870,001 | \$ 1,044,406 | \$ 1,075,834 | \$ (794,165) |
| Fund Balance Source / (Use) | \$ 494,512 | \$ (699,999) | \$ 272,793 | \$ 0 | |

Proprietary Fund 400 – Revenues and Expenses by Account

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|---|---------------------|---------------------|-----------------------|---------------------|--|
| Revenues | | | | | |
| Interest Earned | | | | | |
| Interest Earned | \$ 52,346 | \$ 20,000 | \$ 67,000 | \$ 20,000 | \$ - |
| Subtotal Interest | 52,346 | 20,000 | 67,000 | 20,000 | - |
| Rents/Concessions/Royalties | | | | | |
| Parking | 81,461 | 70,660 | 67,648 | 67,460 | (3,200) |
| Rents/Concessions/Royalties | 1,268,260 | 1,079,342 | 1,182,552 | 988,374 | (90,968) |
| Subtotal Rents/Concessions/Royalties | 1,349,721 | 1,150,002 | 1,250,199 | 1,055,834 | (94,168) |
| Revenues Total | \$ 1,402,068 | \$ 1,170,002 | \$ 1,317,199 | \$ 1,075,834 | \$ (94,168) |
| Expenses | | | | | |
| Services and Supplies | | | | | |
| Banking & Finance | \$ 2,173 | \$ - | \$ 2,173 | \$ 2,173 | \$ - |
| Maintenance & Repairs | 31,465 | 43,900 | 35,971 | 35,663 | (8,235) |
| Mileage/Parking | 178,296 | 160,000 | 157,378 | 160,000 | - |
| Office Equipment/Furniture | 1,421 | 2,500 | 1,600 | 785 | (1,715) |
| Office Services | 84,451 | 87,036 | 86,009 | 86,578 | 1,715 |
| Prof Svc-Consulting | 2,600 | - | - | - | - |
| Property & Liability Insurance | 38,307 | 44,052 | 46,000 | 54,000 | 9,948 |
| Property Management | 24,000 | 26,000 | 24,000 | 24,000 | (2,000) |
| Security | 19,776 | 26,090 | 23,266 | 23,960 | (2,130) |
| Tax/Lic/Assessment | 3,634 | 3,700 | 3,667 | 3,851 | 151 |
| Utilities | 110,842 | 113,623 | 116,242 | 121,224 | 7,601 |
| Subtotal Services and Supplies | 496,965 | 506,901 | 496,306 | 512,234 | 5,335 |
| Capital Expense | | | | | |
| FA-Leasehold Improvement | - | 955,000 | 140,000 | 155,000 | (800,000) |
| Subtotal Capital Expense | - | 955,000 | 140,000 | 155,000 | (800,000) |
| Debt Service | | | | | |
| Interest Expense | 65,591 | 53,100 | 53,100 | 38,600 | (14,500) |
| Principal | 345,000 | 355,000 | 355,000 | 370,000 | 15,000 |
| Subtotal Debt Service | 410,591 | 408,100 | 408,100 | 408,600 | 500 |
| Expenses Total | \$ 907,556 | \$ 1,870,001 | \$ 1,044,406 | \$ 1,075,834 | \$ (794,165) |

SPECIAL REVENUE FUND BUDGET

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

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|------------------------------------|----------------------|----------------------|-----------------------|-----------------------|--|
| Revenues | | | | | |
| Federal | \$ 1,499,161 | \$ 3,450,000 | \$ 1,725,000 | \$ 3,205,960 | \$ (244,040) |
| Fines/Forfeits/Penalties | 33,862 | - | 5,700 | - | - |
| Interest | 1,298,812 | 738,135 | 1,600,000 | 750,000 | 11,865 |
| Other | 64,374 | 66,438 | 81,438 | 66,438 | - |
| State | 15,164,301 | 26,585,809 | 55,552,497 | 26,999,796 | 413,987 |
| Revenues Total | \$ 18,060,510 | \$ 30,840,382 | \$ 58,964,635 | \$ 31,022,194 | \$ 181,812 |
| Expenses | | | | | |
| Interfund Charges | \$ 909,730 | \$ 2,115,503 | \$ 2,039,139 | \$ 2,146,641 | \$ 31,138 |
| Services and Supplies | 16,065,669 | 26,916,766 | 21,228,002 | 34,354,781 | 7,438,015 |
| Expenses Total | \$ 16,975,398 | \$ 29,032,269 | \$ 23,267,141 | \$ 36,501,422 | \$ 7,469,153 |
| Fund Balance Source / (Use) | \$ 1,085,111 | \$ 1,808,113 | \$ 35,697,494 | \$ (5,479,228) | |

Special Revenue Fund 500 – Revenues and Expenses by Account

| Classification Account | FY22/23 Actuals | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|---------------------------------|----------------------|----------------------|-----------------------|----------------------|--|
| Revenues | | | | | |
| Federal | | | | | |
| FHW-SECAT | \$ 1,499,161 | \$ 3,450,000 | \$ 1,725,000 | \$ 3,205,960 | \$ (244,040) |
| Fines/Forfeits/Penalties | | | | | |
| Fines/Forfeits/Penalties | 33,862 | - | 5,700 | - | - |
| Interest | | | | | |
| Interest Earned | 1,298,812 | 738,135 | 1,600,000 | 750,000 | 11,865 |
| Other | | | | | |
| Auction | 64,374 | 66,438 | 81,438 | 66,438 | - |
| State | | | | | |
| DMV | 2,561,063 | 2,600,000 | 2,600,000 | 2,600,000 | - |
| State | 12,603,238 | 23,985,809 | 52,952,497 | 24,399,796 | 413,987 |
| Revenues Total | \$ 18,060,510 | \$ 30,840,382 | \$ 58,964,635 | \$ 31,022,194 | \$ 181,812 |
| Expenses | | | | | |
| Services and Supplies | | | | | |
| Incentive Projects | \$ 15,859,020 | \$ 26,801,766 | \$ 21,113,002 | \$ 34,054,781 | \$ 7,253,015 |
| Prof Srv-Consulting | 206,649 | 115,000 | 115,000 | 300,000 | 185,000 |
| Interfund Charges | | | | | |
| Transfer-Out | 909,730 | 2,115,503 | 2,039,139 | 2,146,641 | 31,138 |
| Expenses Total | \$ 16,975,398 | \$ 29,032,269 | \$ 23,267,141 | \$ 36,501,422 | \$ 7,469,153 |

CAPITAL EXPENSES BUDGET

Capital Expenses – by Fund

| Fund Description | FY24/25 Approved |
|-------------------------------------|---------------------|
| 100 General | |
| New vehicle replacements | \$ 200,000 |
| PM10 continuous | 30,000 |
| Storage array | 16,500 |
| Storage server for storage Array | 5,500 |
| Simplivity node | 60,000 |
| Data logger | 8,000 |
| Chart recorder | 22,000 |
| FEM BAM1020 | 50,000 |
| H2 generator | 10,000 |
| N2 generator | 10,000 |
| Ozone analyzer | 30,000 |
| Transfer standard | 30,000 |
| Zero air generator | 15,000 |
| Non-Methane hydrocarbon analyzer | 26,000 |
| A/C unit replacement | 20,000 |
| DPM finish replacement | 610,000 |
| DPM construction | 25,000 |
| 100 General Subtotal | 1,168,000 |
| 400 Proprietary | |
| HVAC replacements | \$ 115,000 |
| Miscellaneous - annual improvements | 40,000 |
| 400 Proprietary Subtotal | 155,000 |
| Capital Expenses Total | \$ 1,323,000 |

SUMMARY OF FINANCIAL SOURCES, USES, AND FUND BALANCE

| Fund | Type | Fund Balance 06/30/23 | FY23/24 Projected Revenues | FY23/24 Projected Expenditures | Fund Balance Sources (Uses) | Projected Fund Balance 06/30/24 |
|--------------|----------------------|--------------------------|----------------------------------|--------------------------------------|--------------------------------|---------------------------------------|
| 100 | General Fund | \$ 20,895,504 | \$ 33,564,814 | \$ 27,019,909 | \$ 6,544,905 | \$ 27,440,409 |
| 400 | Proprietary Fund | 5,302,609 | 1,317,199 | 1,044,406 | 272,793 | 5,575,402 |
| 500 | Special Revenue Fund | 55,863,979 | 58,964,635 | 23,267,141 | 35,697,494 | 91,561,473 |
| Total | | \$ 82,062,092 | \$ 93,846,648 | \$ 51,331,456 | \$ 42,515,192 | \$ 124,577,284 |

| Fund | Type | Projected Fund Balance 06/30/24 | FY24/25 Approved Revenues | FY24/25 Approved Expenditures | Fund Balance Sources (Uses) | Projected Fund Balance 06/30/25 |
|--------------|----------------------|---------------------------------------|---------------------------------|-------------------------------------|--------------------------------|---------------------------------------|
| 100 | General Fund | \$ 27,440,409 | \$ 26,942,104 | \$ 30,020,199 | \$ (3,078,095) | \$ 24,362,314 |
| 400 | Proprietary Fund | 5,575,402 | 1,075,834 | 1,075,834 | 0 | 5,575,402 |
| 500 | Special Revenue Fund | 91,561,473 | 31,022,194 | 36,501,422 | (5,479,228) | 86,082,245 |
| Total | | \$ 124,577,284 | \$ 59,040,132 | \$ 67,597,455 | \$ (8,557,323) | \$ 116,019,961 |

The increase in the FY23/24 General Fund fund balance is mainly because of the \$5.4 million of project revenue from the CERP grant that will be recognized upon receipt before June 30, 2024. Expenditures to support the two-year grant will be funded in subsequent years from the revenues received in FY23/24. The increase in the FY23/24 Special Revenue Fund fund balance is primarily due to the timing of revenue for CAPP and CC4A incentives and a hydrogen locomotive project (CalSTA).

The use of fund balance in the General Fund for FY24/25 is primarily due to expenditures for the CERP grant and to a lesser extent recurring operational costs exceeding annual revenue increases. The FY24/25 fund balance decrease for the Special Revenue Fund is due to the normal variation in receipt and disbursement of incentive grant funds.

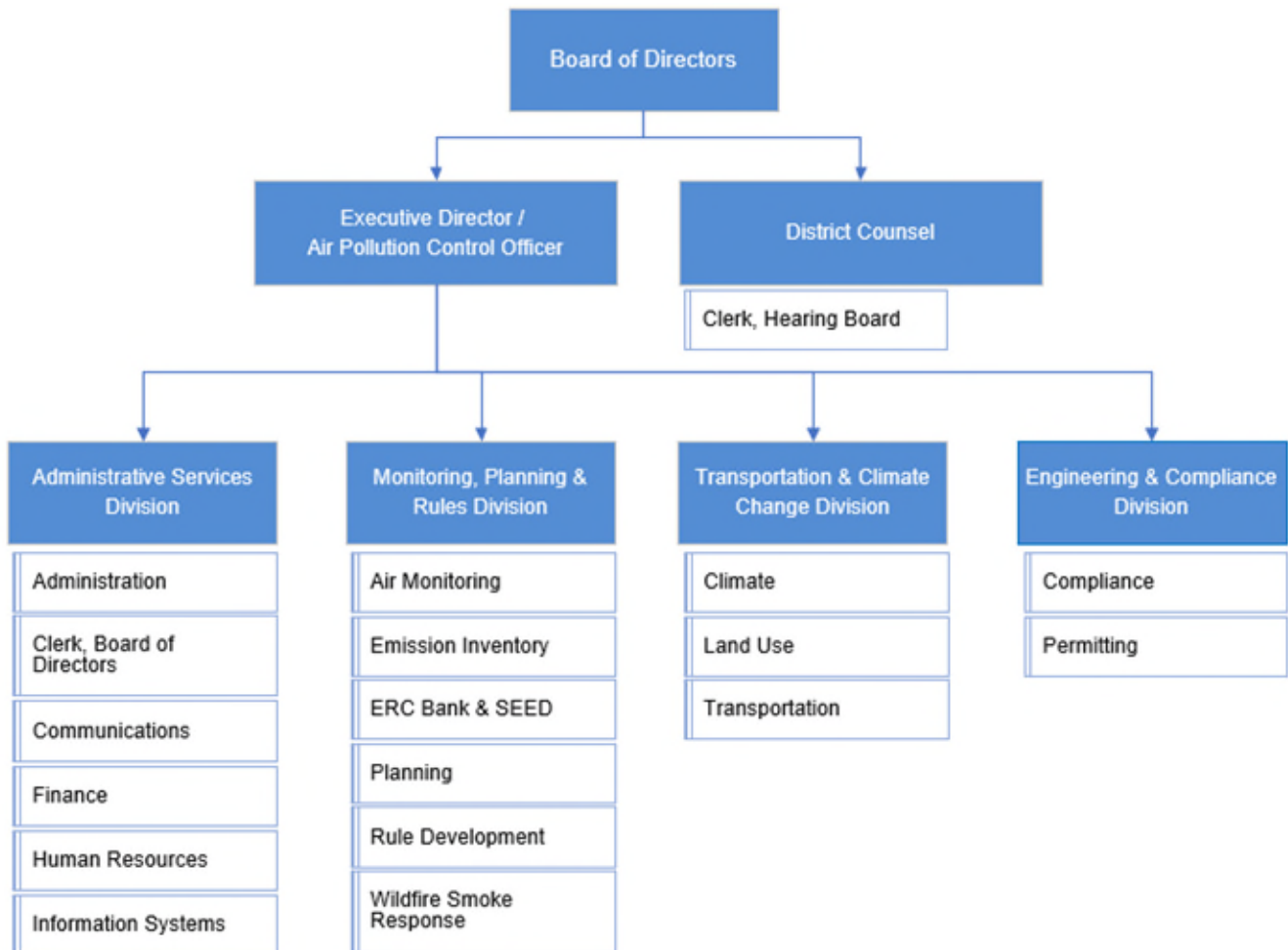
SECTION 7 - Organizational Overview

This section includes the District’s organizational structure, staffing and pay schedules, division budgets, as well as division functions, program summaries, key initiatives for FY24/25 as well as major accomplishments. The District is organized into divisions that administer various programs and undertake initiatives to support the District’s mission and strategic goals.

ORGANIZATIONAL STRUCTURE

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

Organization Chart



STAFFING

The FY24/25 Approved Budget includes 105.8 Full Time Equivalent (FTE) positions. Each year, the District reassesses the priorities, critical needs, and funding capacity and then recommends positions to be funded in the budget. The Board amended the FY23/24 position budget, adding four FTEs, to initiate the recruitment process of critical resources; however, additional funding for the positions was not allocated at that time as salary savings were leveraged. In the FY24/25 Approved Budget, an additional four positions are included, with funding for all eight positions reflected in the FY24/25 Approved Budget. These additional resources will support expanded grant activities and operational requirements. The following two staffing schedules represent the approved FTE, first displaying positions by classification and then positions by division.

Positions by Classification

| Classification | FY22/23 Amended | FY23/24 Approved | FY23/24 Amended | Change | FY24/25 Approved |
|---|--------------------|---------------------|--------------------|------------|---------------------|
| AUTHORIZED | | | | | |
| Regular | | | | | |
| Accountant | - | - | - | 1.0 | 1.0 |
| Admin Supervisor/Clerk of Board | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Administrative Specialist | 4.0 | 4.0 | 4.0 | - | 4.0 |
| Air Pollution Control Officer | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Air Quality Engineer | 19.0 | 19.0 | 21.0 | - | 21.0 |
| Air Quality Instrument Specialist | 3.0 | 3.0 | 3.0 | - | 3.0 |
| Air Quality Planner/Analyst | 10.0 | 10.0 | 10.0 | 1.0 | 11.0 |
| Air Quality Specialist | 21.6 | 21.6 | 22.8 | 1.0 | 23.8 |
| Communication & Marketing Specialist | 1.0 | 1.0 | 2.0 | - | 2.0 |
| Controller | 1.0 | 1.0 | 1.0 | - | 1.0 |
| District Counsel | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Division Director | 4.0 | 4.0 | 4.0 | - | 4.0 |
| Financial Analyst | 1.0 | 1.0 | 1.0 | | 1.0 |
| Human Resource Technician | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Human Resources Officer | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Information Systems Analyst | 3.0 | 3.0 | 3.0 | - | 3.0 |
| Information Systems Manager | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Legal Assistant | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Office Assistant | 3.0 | 3.0 | 3.0 | 2.0 | 5.0 |
| Program Manager | 5.0 | 5.0 | 5.0 | - | 5.0 |
| Program Supervisor | 12.0 | 12.0 | 12.0 | - | 12.0 |
| Senior Accountant | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Statistician | 1.0 | 1.0 | 1.0 | - | 1.0 |
| Limited Term | | | | | |
| Air Quality Engineer/Specialist/Planner | 1.0 | 1.0 | 1.0 | -1.0 | - |
| AUTHORIZED Total | 97.6 | 97.6 | 101.8 | 4.0 | 105.8 |

Approved FY24/25 Positions by Division

| Classification | ASD | DC | EXEC | MPR | ECD | TCC | Total FTE |
|--------------------------------------|-------------|------------|------------|-------------|-------------|-------------|--------------|
| AUTHORIZED | | | | | | | |
| Regular | | | | | | | |
| Accountant | 1.0 | - | - | - | - | - | 1.0 |
| Admin Supervisor/Clerk of Board | 1.0 | - | - | - | - | - | 1.0 |
| Administrative Specialist | 4.0 | - | - | - | - | - | 4.0 |
| Air Pollution Control Officer | - | - | 1.0 | - | - | - | 1.0 |
| Air Quality Engineer | - | - | - | 4.0 | 11.0 | 6.0 | 21.0 |
| Air Quality Instrument Specialist | - | - | - | 3.0 | - | - | 3.0 |
| Air Quality Planner/Analyst | - | - | - | 3.0 | - | 8.0 | 11.0 |
| Air Quality Specialist | - | - | - | 5.0 | 13.8 | 5.0 | 23.8 |
| Communication & Marketing Specialist | 2.0 | - | - | - | - | - | 2.0 |
| Controller | 1.0 | - | - | - | - | - | 1.0 |
| District Counsel | - | 1.0 | - | - | - | - | 1.0 |
| Division Director | 1.0 | - | - | 1.0 | 1.0 | 1.0 | 4.0 |
| Financial Analyst | 1.0 | - | - | - | - | - | 1.0 |
| Human Resource Technician | 1.0 | - | - | - | - | - | 1.0 |
| Human Resources Officer | 1.0 | - | - | - | - | - | 1.0 |
| Information Systems Analyst | 3.0 | - | - | - | - | - | 3.0 |
| Information Systems Manager | 1.0 | - | - | - | - | - | 1.0 |
| Legal Assistant | - | 1.0 | - | - | - | - | 1.0 |
| Office Assistant | 3.0 | - | - | - | - | 2.0 | 5.0 |
| Program Manager | 1.0 | - | - | 1.0 | 2.0 | 1.0 | 5.0 |
| Program Supervisor | 1.0 | - | - | 3.0 | 5.0 | 3.0 | 12.0 |
| Senior Accountant | 1.0 | - | - | - | - | - | 1.0 |
| Statistician | - | - | - | 1.0 | - | - | 1.0 |
| AUTHORIZED Total | 22.0 | 2.0 | 1.0 | 21.0 | 32.8 | 26.0 | 105.8 |

PAY SCHEDULE

The following monthly pay schedule includes a cost-of-living adjustment (COLA) of 3.6% consistent with the terms of the Memorandum of Understanding between Management and the Sacramento Air District Employees' Association and the Unrepresented Personnel Resolution.

**Pay Schedule
Effective July 1, 2024**

| Classification | Monthly | |
|--|-----------|-----------|
| | Minimum | Maximum |
| Accountant | 7,395.03 | 8,988.71 |
| Administrative Specialist I | 6,826.27 | 8,297.37 |
| Administrative Specialist II | 7,395.03 | 8,988.71 |
| Administrative Supervisor/Clerk of the Board | 8,284.19 | 11,082.25 |
| Air Pollution Control Officer (contract by Board of Directors) | 23,767.83 | 23,767.83 |
| Air Quality Engineer (Assistant) | 7,849.01 | 9,540.52 |
| Air Quality Engineer (Associate) | 9,116.21 | 11,080.81 |
| Air Quality Instrument Specialist I | 6,500.26 | 7,901.11 |
| Air Quality Instrument Specialist II | 7,475.58 | 9,086.61 |
| Air Quality Planner/Analyst (Assistant) | 7,849.01 | 9,540.52 |
| Air Quality Planner/Analyst (Associate) | 9,116.21 | 11,080.81 |
| Air Quality Specialist (Assistant) | 7,849.01 | 9,540.52 |
| Air Quality Specialist (Associate) | 9,116.21 | 11,080.81 |
| Communications & Marketing Specialist (Assistant) | 7,849.01 | 9,540.52 |
| Communications & Marketing Specialist (Associate) | 9,116.21 | 11,080.81 |
| Controller | 10,946.32 | 14,668.64 |
| District Counsel (contract by Board of Directors) | 23,005.20 | 23,005.20 |
| Director | 12,582.18 | 16,860.83 |
| Financial Analyst | 7,988.76 | 9,710.39 |
| Human Resources Officer | 8,284.19 | 11,082.25 |
| Human Resources Technician I | 5,305.64 | 6,449.04 |
| Human Resources Technician II | 6,102.06 | 7,417.09 |
| Information Systems Analyst (Assistant) | 7,335.01 | 8,915.75 |
| Information Systems Analyst (Associate) | 8,434.90 | 10,252.67 |
| Information Systems Manager | 10,946.32 | 14,668.64 |
| Legal Assistant I | 5,533.47 | 6,725.97 |
| Legal Assistant II | 6,086.27 | 7,397.90 |
| Office Assistant I | 3,678.72 | 4,471.51 |
| Office Assistant II | 4,125.35 | 5,014.39 |
| Office Assistant III | 4,620.38 | 5,616.10 |
| Program Manager | 10,946.32 | 14,668.64 |
| Program Supervisor | 9,521.89 | 12,760.59 |
| Senior Accountant | 7,988.76 | 9,710.39 |
| Statistician | 9,116.21 | 11,080.81 |

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

DIVISION BUDGETS

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

For the FY24/25 Approved Budget, The large decrease in Capital for the Non-Departmental program is due to a planned building renovation that was included in the FY23/24 Proprietary Fund budget that did not occur and is not included in the FY24/25 budget due to the decision to sell the District headquarters building. The increase in Services and Supplies for MPR is primarily due to additional federal grant passthrough payments to the TAG grant sub-recipients and increased professional services expenditures for the AB 617 CERP grant in FY24/25. For FY24/25 TCC Services and Supplies will increase as more state grant special revenue incentives will be distributed to participants.

DISTRICTWIDE – Expenditures by Division by Classification

| Classification Account | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|---|----------------------|-----------------------|----------------------|--|
| Administrative Services | | | | |
| Salaries and Wages | \$ 2,492,880 | \$ 2,473,104 | \$ 2,812,950 | \$ 320,070 |
| Employee Benefits | 1,065,275 | 1,127,872 | 1,281,872.00 | 216,597 |
| Services and Supplies | 1,871,122 | 1,835,690 | 1,689,435.00 | (181,687) |
| Capital Expense | 255,000 | 130,562 | 282,000.00 | 27,000 |
| Subtotal Administrative Services | 5,684,277 | 5,567,228 | 6,066,257 | 381,980 |
| District Counsel | | | | |
| Salaries and Wages | 361,713 | 361,022 | 374,721 | 13,008 |
| Employee Benefits | 165,943 | 153,237 | 187,038 | 21,095 |
| Services and Supplies | 99,958 | 99,938 | 64,563 | (35,395) |
| Subtotal District Counsel | 627,614 | 614,197 | 626,322 | (1,292) |
| Executive Office | | | | |
| Salaries and Wages | 294,144 | 298,624 | 304,397 | 10,253 |
| Employee Benefits | 130,673 | 120,068 | 147,464 | 16,791 |
| Services and Supplies | 452,425 | 216,904 | 248,350 | (204,075) |
| Subtotal Executive Office | 877,242 | 635,596 | 700,211 | (177,031) |
| Non-Departmental | | | | |
| Salaries and Wages | - | - | (345,256) | (345,256) |
| Employee Benefits | 129,500 | 129,501 | (24,744) | (154,244) |
| Services and Supplies | 1,748,528 | 1,760,738 | 2,060,968 | 312,440 |
| Capital Expense | 955,000 | 140,000 | 155,000 | (800,000) |
| Debt Service | 408,100 | 408,100 | 408,600 | 500 |
| Subtotal Non-Departmental | 3,241,128 | 2,438,339 | 2,254,568 | (986,560) |
| Monitoring, Planning and Rules | | | | |
| Salaries and Wages | 2,654,728 | 2,566,451 | 2,718,609 | 63,881 |
| Employee Benefits | 1,085,232 | 1,005,363 | 1,162,180 | 76,948 |
| Services and Supplies | 4,362,549 | 4,862,617 | 5,399,893 | 1,037,344 |
| Capital Expense | 983,500 | 310,000 | 886,000 | (97,500) |
| Subtotal Monitoring, Planning and Rules | 9,086,009 | 8,744,431 | 10,166,682 | 1,080,673 |
| Engineering and Compliance | | | | |
| Salaries and Wages | 3,959,447 | 3,856,628 | 4,435,334 | 475,887 |
| Employee Benefits | 1,682,386 | 1,781,500 | 2,015,863 | 333,477 |
| Services and Supplies | 1,044,632 | 553,405 | 659,443 | (385,189) |
| Capital Expense | - | 288,504 | - | - |
| Subtotal Engineering and Compliance | 6,686,465 | 6,480,037 | 7,110,640 | 424,175 |
| Transportation & Climate Change | | | | |
| Salaries and Wages | 3,059,138 | 2,917,209 | 3,341,705 | 282,567 |
| Employee Benefits | 1,330,543 | 1,134,345 | 1,405,889 | 75,346 |
| Services and Supplies | 28,134,686 | 22,800,074 | 35,925,181 | 7,790,495 |
| Subtotal Transportation & Climate Change | 32,524,367 | 26,851,628 | 40,672,775 | 8,148,408 |
| Expenses Total | \$ 58,727,102 | \$ 51,331,456 | \$ 67,597,455 | \$ 8,870,353 |

FUND 100 – General Fund Expenditures by Division by Classification

| Classification Account | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|---|----------------------|-----------------------|----------------------|--|
| Administrative Services | | | | |
| Salaries and Wages | \$ 2,492,880 | \$ 2,473,104 | \$ 2,812,950 | \$ 320,070 |
| Employee Benefits | 1,065,275 | 1,127,872 | 1,281,872 | 216,597 |
| Services and Supplies | 1,871,122 | 1,835,690 | 1,689,435 | (181,687) |
| Capital Expense | 255,000 | 130,562 | 282,000 | 27,000 |
| Subtotal Administrative Services | 5,684,277 | 5,567,228 | 6,066,257 | 381,980 |
| District Counsel | | | | |
| Salaries and Wages | 361,713 | 361,022 | 374,721 | 13,008 |
| Employee Benefits | 165,943 | 153,237 | 187,038 | 21,095 |
| Services and Supplies | 99,958 | 99,938 | 64,563 | (35,395) |
| Subtotal District Counsel | 627,614 | 614,197 | 626,322 | (1,292) |
| Executive Office | | | | |
| Salaries and Wages | 294,144 | 298,624 | 304,397 | 10,253 |
| Employee Benefits | 130,673 | 120,068 | 147,464 | 16,791 |
| Services and Supplies | 452,425 | 216,904 | 248,350 | (204,075) |
| Subtotal Executive Office | 877,242 | 635,596 | 700,211 | (177,031) |
| Non-Departmental | | | | |
| Salaries and Wages | - | - | (345,256) | (345,256) |
| Employee Benefits | 129,500 | 129,501 | (24,744) | (154,244) |
| Services and Supplies | 1,241,627 | 1,264,432 | 1,548,734 | 307,107 |
| Subtotal Non-Departmental | 1,371,127 | 1,393,933 | 1,178,734 | (192,393) |
| Monitoring, Planning and Rules | | | | |
| Salaries and Wages | 2,654,728 | 2,566,451 | 2,718,609 | 63,881 |
| Employee Benefits | 1,085,232 | 1,005,363 | 1,162,180 | 76,948 |
| Services and Supplies | 4,362,549 | 4,862,617 | 5,399,893 | 1,037,344 |
| Capital Expense | 983,500 | 310,000 | 886,000 | (97,500) |
| Subtotal Monitoring, Planning and Rules | 9,086,009 | 8,744,431 | 10,166,682 | 1,080,673 |
| Engineering and Compliance | | | | |
| Salaries and Wages | 3,959,447 | 3,856,628 | 4,435,334 | 475,887 |
| Employee Benefits | 1,682,386 | 1,781,500 | 2,015,863 | 333,477 |
| Services and Supplies | 1,044,632 | 553,405 | 659,443 | (385,189) |
| Capital Expense | - | 288,504 | - | - |
| Subtotal Engineering and Compliance | 6,686,465 | 6,480,037 | 7,110,640 | 424,175 |
| Transportation & Climate Change | | | | |
| Salaries and Wages | 3,059,138 | 2,917,209 | 3,341,705 | 282,567 |
| Employee Benefits | 1,330,543 | 1,134,345 | 1,405,889 | 75,346 |
| Services and Supplies | 1,217,920 | 1,572,072 | 1,570,400 | 352,480 |
| Interfund Charges | (2,115,503) | (2,039,139) | (2,146,641) | (31,138) |
| Subtotal Transportation & Climate Change | 3,492,098 | 3,584,487 | 4,171,353 | 679,255 |
| Expenses Total | \$ 27,824,832 | \$ 27,019,909 | \$ 30,020,199 | \$ 2,195,367 |

FUND 400 – Proprietary Fund Expenditures by Division by Classification

| Classification Account | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|----------------------------------|---------------------|-----------------------|---------------------|--|
| Non-Departmental | | | | |
| Services and Supplies | \$ 506,901 | \$ 496,306 | \$ 512,234 | \$ 5,333 |
| Capital Expense | 955,000 | 140,000 | 155,000 | (800,000) |
| Debt Service | 408,100 | 408,100 | 408,600 | 500 |
| Subtotal Non-Departmental | 1,870,001 | 1,044,406 | 1,075,834 | (794,167) |
| Expenses Total | \$ 1,870,001 | \$ 1,044,406 | \$ 1,075,834 | \$ (794,167) |

FUND 500 – Special Revenue Fund Expenditures by Division by Classification

| Classification Account | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|---|----------------------|-----------------------|----------------------|--|
| Transportation & Climate Change | | | | |
| Services and Supplies | \$ 26,916,766 | \$ 21,228,002 | \$ 34,354,781 | \$ 7,438,015 |
| Interfund Charges | 2,115,503 | 2,039,139 | 2,146,641 | 31,138 |
| Subtotal Transportation & Climate Change | 29,032,269 | 23,267,141 | 36,501,422 | 7,469,153 |
| Expenses Total | \$ 29,032,269 | \$ 23,267,141 | \$ 36,501,422 | \$ 7,469,153 |

PROGRAM BUDGETS

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

FUND 100 – General Fund Expenditures by Program

| Program | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|----------------------------------|----------------------|-----------------------|----------------------|--|
| Administration | \$ 1,359,285 | \$ 1,256,504 | \$ 1,411,910 | \$ 52,625 |
| Agricultural | 148,673 | 130,818 | 219,510 | 70,837 |
| Air Monitoring | 3,052,001 | 2,293,698 | 2,947,368 | (104,633) |
| Asbestos | 338,080 | 373,460 | 379,249 | 41,169 |
| Asbestos NOA | 8,386 | 7,292 | 7,710 | (676) |
| Board of Directors | 14,051 | 16,601 | 13,901 | (150) |
| Communications | 1,227,611 | 1,172,346 | 1,163,564 | (64,047) |
| Complaints | 241,888 | 155,389 | 254,012 | 12,124 |
| District Counsel | 627,564 | 614,147 | 626,222 | (1,342) |
| Emission Credit Program | 42,598 | 14,885 | 41,706 | (892) |
| Emission Inventory | 344,739 | 274,088 | 313,215 | (31,524) |
| Exchange Programs | 12,912 | 2,687 | 1,500 | (11,412) |
| Finance | 1,234,523 | 1,215,726 | 1,453,459 | 218,936 |
| GHG | 1,134,454 | 1,446,803 | 2,021,592 | 887,138 |
| Government Affairs | 3,278,836 | 4,032,525 | 3,863,031 | 584,195 |
| Hearing Board | 8,648 | 8,179 | 6,148 | (2,500) |
| Human Resources | 434,699 | 492,318 | 442,120 | 7,421 |
| Information Systems | 1,392,924 | 1,358,073 | 1,508,507 | 115,583 |
| Non-Departmental | 1,371,127 | 1,393,933 | 1,178,734 | (192,393) |
| PERP | 23,608 | 31,146 | 39,365 | 15,757 |
| Planning | 1,421,522 | 1,365,031 | 2,254,533 | 833,011 |
| Rule 301 | 5,435,098 | 5,506,380 | 5,493,201 | 58,103 |
| Rule 421 | 246,539 | 246,729 | 245,322 | (1,217) |
| Rule Development | 773,552 | 634,630 | 644,027 | (129,525) |
| Strategic Partners | 863,166 | 605,590 | 686,260 | (176,906) |
| Title V | 160,631 | 170,189 | 206,352 | 45,721 |
| Toxics AB2588 | 222,895 | 48,426 | 232,554 | 9,659 |
| Transportation Planning & Assist | 1,525,537 | 1,384,854 | 1,476,764 | (48,773) |
| Vehicle & Equipment Technology | 879,285 | 762,033 | 888,363 | 9,078 |
| Program Expenses Total | \$ 27,824,832 | \$ 27,019,909 | \$ 30,020,199 | \$ 2,195,367 |

FUND 400 – Proprietary Fund Expenditures by Program

| Program | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|-------------------------------|---------------------|-----------------------|---------------------|--|
| Covell Building | \$ 1,870,001 | \$ 1,044,406 | \$ 1,075,834 | \$ (794,165) |
| Program Expenses Total | \$ 1,870,001 | \$ 1,044,406 | \$ 1,075,834 | \$ (794,165) |

FUND 500 – Special Revenue Fund Expenditures by Program

| Program | FY23/24 Approved | FY23/24 Projection | FY24/25 Approved | Variance FY25 Approved / FY24 Approved |
|-------------------------------|----------------------|-----------------------|----------------------|--|
| GHG | \$ 16,285,831 | \$ 9,079,895 | \$ 17,878,442 | \$ 1,592,611 |
| Vehicle & Equipment Techn | 12,746,438 | 14,187,246 | 18,622,980 | 5,876,542 |
| Program Expenses Total | \$ 29,032,269 | \$ 23,267,141 | \$ 36,501,422 | \$ 7,469,153 |

DISTRICT DIVISIONS AND OPERATIONAL INITIATIVES

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

Offices of the Executive Director/APCO and District Counsel

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

Administrative Services Division

| Program | Description |
|---------------------------|---|
| Administration | Oversees building management contracts, parking garage, tenant improvements, and vehicle fleet acquisition and maintenance; coordinates building and air monitoring facilities maintenance, rehabilitation, and replacement needs; supervises document management to ensure efficient organization, maintenance, and utilization, encompassing storage, retrieval, and control throughout their lifecycle, leveraging document management software and technological solutions; provides administrative support to the Executive Director/APCO; greets customers, addresses inquiries, directs questions to appropriate staff, records complaints, and processes public information requests; records permit information and processes customer payments; purchases and maintains office supplies and equipment. |
| Clerk, Board of Directors | Facilitates the smooth functioning of board meetings and ensures the integrity of governance processes, including preparing and distributing meeting agendas, recording accurate minutes of proceedings, maintaining official records and documents, managing communications with board members and stakeholders, coordinating logistics for meetings, and ensuring compliance with legal and procedural requirements. |
| Communications | Builds regional identity for the District as a resource for clean air and climate action; promotes programs to engage and inform residents and organizations about Sacramento's air quality and opportunities to protect public health by reducing emissions via programs such as the "Spare The Air", "Check Before You Burn", Clean Cars 4 All, Community Air Protection and zero-emission mobility; integrates equity and environmental justice into District communication practices; manages social media and media relations, and coordinates communications activities with federal, state, and local agencies; distributes consistent and clear materials to businesses and elected officials that promote clean air goals and solicit funding; secures annual funding for the regional Spare The Air campaign. |
| Finance | Ensures compliance with accounting regulations and requirements, manages the development of the District's annual operating budgets, coordinates financial audits by source agencies and independent auditors, ensures timely and accurate tracking of payroll expenditures, oversees grant administration, provides financial reports to management and the operating divisions, and administers contracts – develops new contracts and contract amendments, oversees the request for proposals process, develops and maintains contract database, prepares routine contract status reports. |
| Human Resources | Conducts recruitments and provides guidance in the retention of high-quality staff, ensures compliance with federal and state employment laws and regulations and District personnel policies, coordinates personnel-related training, manages labor relations, processes payroll, and administers district benefits. |
| Information Systems | Manages and ensures the security of information technology encompassing both computer technology and telecommunications, provides technology solutions, coordinates hardware and software acquisition and maintenance services, provides desktop support, maintains the District website, and oversees related contracts. |

FY24/25 Key Initiatives

Administration

- Oversee the relocation of the Air District headquarters to a smaller facility in response to and in alignment with the District's commitment to a hybrid work model
- Complete record retention milestones for both paper and digital documents, including digitizing 1,500 boxes of documents located offsite
- Facilitate the development of a district-wide Title VI compliance and monitoring program
- Implement a new solution for administering board meeting agendas and minutes

Communications

- Increase the number of “Spare The Air” regional partners by 50
- Implement newly created branding and promotion procedures for incentive projects
- Attend 10 events regionally to promote the Spare The Air program and educate residents about the harmful health effects of air pollution and what they can do to improve air quality
- Create and launch a new SpareTheAir.com mobile-friendly website

Finance

- Automate the Clean-Cars-for-All accounts payable invoice approval process within the Fluxx system
- Formalize quarterly close processes and procedures
- Lead the billing module component for the Permitting/Compliance and Transportation Incentive software implementation

Human Resources

- Implement employee-focused activities to support the new hybrid work strategy and retain talented and engaged employees
- Oversee the implementation of the performance management framework
- Leverage unused components of the District’s third-party recruitment solution to enhance efficiency
- Consolidate and update the administrative policies into a single document
- Conduct and implement a District-wide classification and compensation study

Information Systems

- Serve as Technical Lead for the Permitting/ Compliance and Transportation software solution implementation
- Migrate Application Xtender data repositories to SharePoint
- Launch Skynet Online, migrate files from the district File Share to SharePoint, and implement document retention handling for SharePoint
- Evaluate and install new Office365 G5 security enhancements
- Implement Teams phone system
- Upgrade Windows 10 to Windows 11
- Update Technology process policies

Transportation and Climate Change Division

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

FY24/25 Key Initiatives

Climate Change

- Complete the Comprehensive Climate Action Plan and promote the Priority Climate Action Plan (PCAP) as a regional guide to priority climate-related activities. Actively pursue funding opportunities to implement the measures in the PCAP.
- Encourage all jurisdictions within Sacramento County to adopt qualified Climate Action Plans
- Ensure all projects exceeding thresholds of significance mitigate to appropriate emissions levels and verify the implementation of all required measures
- Update all guidance, tools, and reviewed documents to be consistent with the state of the practice
- Build a strong regional collaborative to improve resilience to extreme heat, drought, flood, wildfire, and other impacts, focusing specifically on efforts to reduce the urban heat island effect, improve public health, increase business resilience, and bridge the urban-rural divide

Transportation

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

Monitoring, Planning and Rules Division

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

FY24/25 Key Initiatives

Air Monitoring

- Continue sampling of criteria pollutants and their precursors in the mobile lab within the AB 617 South Sacramento-Florin Community to further understand the air quality impact in underserved areas.
- Ensure air monitoring complies with all state and federal quality assurance and control requirements
- Prepare and submit the 2024 Annual Network Plan which aids in air monitoring transparency and program effectiveness.

Emission Inventory

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

Emission Reduction Credit Bank & SEED

- Maintain the credit registry when credits are sold or used, and evaluate applications for new credits from voluntary emission reduction activities
- Continue to provide SEED loans to area businesses for emission offsets and alternative compliance
- Use revenue from SEED loans to fund emission-reducing strategies, such as replacing high-polluting fireplaces and wood stoves or other incentive programs; bank emission reduction credits from SEED-funded projects; and work to secure additional funding from the state's Cap-and-Trade program revenues

Planning & Data Analysis

- Continue to coordinate meetings and work collaboratively with the AB 617 Air Quality Steering Committee
- Analyze and report to the community the monitoring data from the selected AB 617 community
- Start the development of the CERP for the selected AB 617 community
- Adopt SIP revisions related to the contingency measures element in the State Implementation Plan for the 2008 and 2015 Ozone NAAQS
- Track the Sacramento region's progress in meeting the 2008 Ozone NAAQS
- Develop the redesignation request for the 1979 and 1997 ozone NAAQS

Rule Development

- Adopt contingency measures for the attainment plan for the 2008 and 2015 federal ozone standards
- Adopt rules to expedite the implementation of Best Available Retrofit Control Technology (BARCT) for sources subject to AB 617
- Amend rules to incorporate current EPA SIP requirements
- Develop fee rules as applicable to provide full cost recovery for District programs

Engineering and Compliance Division

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

FY24/25 Key Initiatives

- Continue to streamline data collection from our stationary sources by the rollout of our annual reporting program that will report data to the California Air Resources Board Criteria and Toxic Reporting Program, making actual emissions available to the public
- Implement the AiriA software solution that will increase staff efficiency, improve quality control, enhance management processes, and improve the customer experience through a new online portal
- Contribute to the Community Air Protection Program through involvement in the Community Emission Reduction Plan (CERP) development process
- Enhance and improve communication and outreach to our business sector through coordination with business partners and other business-related entities, to improve understanding of regulations and increase compliance rates
- Increase protection for public health by reviewing, providing oversight and enforcement of sources of toxic air pollution, and looking for opportunities to enhance our programs

- Update Division Policies & Procedures to ensure consistency and proper program implementation
- Continue implementation of CARB's GHG Oil and Gas inspection program
- Continue staff development through internal and external training efforts
- Continue work related to the AB2588 Air Toxics "Hot Spots" program
- Review and process permit and Title V permit applications in a timely manner that meets statutory guidelines
- Evaluate programmatic work through the lens of community air protection and the potential for local reductions of emission impacts in disadvantaged communities
- Continue ongoing work related to community air protection like our innovative Supplemental Environmental Projects (SEP) program and our Unidentified Source Inspection Program (USIP)

DIVISION ACCOMPLISHMENTS

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

| Administrative Services |
|--|
| Evaluated the near and long-term space needs of the District headquarters in light of the new hybrid work environment and departure of tenants, and launched the project to relocate the headquarters |
| Secured an additional pooled investment account to prudently manage and invest the increasing volume of incentive funds |
| Continued District-wide efforts to ensure compliance with the District’s records management and compliance policy |
| Recruited and appointed ten new employees |
| Replaced the outdated support backup solution with a new system capable of handling larger volumes and providing support for district data |
| Implemented state-of-the-art firewalls to protect Air Monitoring sites and block cyber threats |
| Successfully passed the Technology Audit with no issues |
| Enhanced Microsoft security by adding new controls and features to improve security and risk management capabilities |
| Met goal of increasing downloads of the Sac Region Air Quality App by 5% |
| Met goal of increasing the number of Spare The Air regional partners by 100 |
| Distributed quarterly newsletter with a 38% open rate, a 10% higher open rate than the industry average |
| Informed the public and the media of District programs/achievements, smoke impacts, Spare The Air, mutual settlements, partnerships and grant recipients via the distribution of 9 press releases |
| Coordinated 30 media interviews (Broadcast and print/Spanish & English) |
| Redesigned “Scooter’s World,” the microsite for students and teachers to learn/teach about air pollution through interactive exercises, games and lessons |
| Managed the development and implementation of a Spare The Air survey to quantify program awareness, participation, and emission reductions |
| Supported and/or promoted over ten major events that resulted in international, national, state, and/or local media coverage |
| Transportation and Climate Change |
| Completed the Priority Climate Action Plan as part of the Federal Inflation Reduction Act award the District received in March of 2023. The Plan was the first seven-county collaboration aimed at reducing climate and other air pollutants from all sectors of our region |
| Applied for the Climate Pollution Reduction Grant Phase 2 Implementation Funds, under the Federal Inflation Reduction Act. This application was the result of months of regional collaboration by District staff and partner agencies and culminated in the submission of a three-area implementation program focused on infill development, mobility hubs, and carbon farming |
| Funded about 100 new low-emission and zero-emission vehicles and equipment as part of the Community Air Quality Grant Programs, deploying the latest innovative and transformative technology |
| Provided funding for 75 additional electric school buses, now totaling 175 EV buses in the Sacramento Region |

| |
|---|
| <p>CC4All teams' partnership with SMUD led to collaboration on six different ride-and-drive events located around the Sacramento County Area and 61 completed EVSE installations in CC4All participant homes</p> <p>CC4All program continues to help low-income residents of Sacramento County transition to cleaner technology vehicles. Over 750 individual residents of Sacramento County were awarded grant letters and over 500 vehicles were permanently scrapped</p> <p>CC4All team set a goal to increase dealership participation in the program in April of 2023 by improving the dealer experience. As of March 2024, the program now has 57 participating dealers, and the team continues to get requests monthly from dealers asking to be a part of the program</p> <p>CC4All program has been awarded an additional \$12 million in funding by the California Air Resources Board. This will allow the program to expand to all zip codes in Sacramento County, increase the maximum grant amount to \$12,000, and offer incentives to go towards the purchase of e-bikes instead of a vehicle</p> <p>CC4All team will continue to work with local Community-Based Organizations to outreach the program to those residents of Sacramento County that need it most</p> |
| <p>Collaborated with AB 617 Steering Committee volunteers to develop the 2024 Community Air Quality Grant solicitation for supporting infrastructure and to reduce air pollution from cars, trucks, buses, and other mobile sources in the Sacramento region</p> |
| <p><i>Our Community CarShare</i> program continues to explore and expand within the District's disadvantaged communities to include several sites with charging stations and electric vehicles</p> |
| <p>Monitoring, Planning and Rules</p> |
| <p>Hosted collaborative steering committee meetings to continue work within the AB 617 community</p> |
| <p>Deployment and operation of the mobile lab in the South Sacramento-Florin Community sampling for both criteria and non-criteria pollutants</p> |
| <p>Deployed 200 low-cost sensors to schools and community members and completed the mobile monitoring within the city of Sacramento with a one-time investment from the Sacramento City Council</p> |
| <p>Continued to sample for toxics and particulate matter in the South Sacramento-Florin AB 617 community and north Sacramento Community using funds that were awarded through an EPA toxics grant</p> |
| <p>Submitted the 2023 Annual Network Plan to EPA which aids in air monitoring transparency and program effectiveness</p> |
| <p>Maintained the District's NCore, PAMS, SLAMS, and special-purpose monitoring stations</p> |
| <p>Initiated the Del Paso Manor air monitoring station replacement</p> |
| <p>Adopted the regional ozone plan for the federal 2015 Ozone NAAQS</p> |
| <p>Developed and submitted to EPA a request for clean data for the federal 1997 Ozone NAAQS</p> |
| <p>Updated and submitted to EPA the regional Exceptional Event Mitigation Plan</p> |
| <p>Performed 65 facility emissions inventory surveys and completed annual criteria pollutant emission inventories for point sources and reported emissions to CARB</p> |
| <p>Performed 46 surveys of toxic pollutant emissions for sources subject to the Criteria and Toxics Reporting regulation and reported emissions to CARB</p> |
| <p>Updated four area source emission inventories and submitted them to CARB</p> |
| <p>Provided three loans of emission reduction credits to Sacramento area businesses and government agencies and renewed 34 loans</p> |

| |
|--|
| Amended Rule 442 – Architectural Coatings to incorporate contingency provisions |
| Adopted Reasonably Available Control Technology permits for major stationary sources of NOx and submitted to EPA for SIP inclusion |
| Engineering and Compliance |
| Issued 184 Authority to Construct permits and 296 Permits to Operate (for FY22/23) |
| Developed 13 Best Available Control Technology determinations (for FY22/23) |
| Incorporated AB 2588 reporting into the District’s new Annual Reporting program. The District received annual reports for 692 additional permits for the 2022 data reporting year and received reports from 826 companies for the 2023 data reporting year. Screened toxics data for 1,206 diesel engines and 134 gasoline dispensing facilities |
| Enforced 16 wood-burning curtailment days for the Check Before You Burn (CBYB) program and responded to 179 fireplace, wood stove, and open burn complaints during the 2023 CBYB season |
| Conducted a total of 3,249 stationary source inspections (2023 calendar year) |
| Responded to 627 public complaints (2023 calendar year) |
| Successfully resolved more than 98% of 112 issued violations through the Mutual Settlement Program (2023 calendar year) |
| Reviewed and processed 677 asbestos notifications, which included 134 demolitions, 333 asbestos abatement projects, and 4 naturally occurring asbestos dust mitigation plans and geologic evaluations (2023 calendar year) |
| Funded one Supplemental Environmental Project that provided funding to a community organization to help improve air quality and health in local communities for a total of \$50,405. |
| Issued 117 agricultural burn permits for a total of 6,469 acres and approved 1009 acres of pruning and other wastes under the Ag Burn program to be burned. Made daily burn day determinations, of which 193 were permissive burn days and 172 were no burn (2023 calendar year) |
| Continued efforts to reduce greenhouse gas and criteria emissions from oil and gas producing sites by enforcing the State Oil and Gas regulation |
| Associate Air Quality Specialist, Daniel Noakes, was awarded the Rodney A. Swartzendrubber Award, which is the annual Inspector of the Year awarded by the California Air Pollution Control Officers Association (CAPCOA). It is to honor top quality inspectors and is typically awarded to only three air quality inspectors out of all 35 air districts every year. |
| Coordinated with eight other air districts in the Sacramento Valley Basinwide Air Pollution Control Council to develop and host a conference on Agricultural Biomass. The conference brought speakers from around the state from both private and public sectors with over 100 attendees during a two-day event in October 2023. |
| Continued development of the annual emission reporting structure and integration into the AiriA software solution to collect data from all permitted sources to comply with State Criteria and Toxics Reporting Regulation |
| Continued development work with a contracted vendor to replace the permitting and compliance and billing databases with a custom-built comprehensive enterprise software solution – AiriA |

SECTION 8 - Statistical Information

FINANCIAL STATISTICS

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

Balances of Governmental Funds (Modified Accrual)

| | 2014 | 2015 (a) | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ 155,110 | \$ 171,675 | \$ 190,202 | \$ 402,380 | \$ 152,580 | \$ 98,462 | \$ 131,192 | \$ 136,174 | \$ 92,472 |
| Restricted | 10,998,388 | 10,287,274 | 8,796,696 | 8,061,391 | 7,811,623 | 9,572,931 | 12,588,465 | 13,459,160 | 15,861,714 | 16,090,972 |
| Assigned | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 | 2,607,673 | 1,737,431 | 3,013,705 | 1,696,179 | 2,727,599 |
| Unrestricted | 792,734 | 1,395,878 | 1,798,521 | 1,737,137 | 2,043,980 | - | 2,298,950 | 1,059,724 | 2,709,060 | 1,984,461 |
| Total General Fund | \$ 12,111,122 | \$ 12,158,262 | \$ 11,086,892 | \$ 10,308,730 | \$ 10,577,983 | \$ 12,333,184 | \$ 16,723,308 | \$ 17,663,781 | \$ 20,403,127 | \$ 20,895,504 |
| Special Revenue Fund (b) | | | | | | | | | | |
| Restricted | \$ 8,277,548 | \$ 9,549,952 | \$ 15,185,241 | \$ 14,623,422 | \$ 22,438,751 | \$ 26,130,091 | \$ 39,377,251 | \$ 55,633,856 | \$ 54,960,056 | \$ 55,863,979 |
| Total Special Revenue Fund | \$ 8,277,548 | \$ 9,549,952 | \$ 15,185,241 | \$ 14,623,422 | \$ 22,438,751 | \$ 26,130,091 | \$ 39,377,251 | \$ 55,633,856 | \$ 54,960,056 | \$ 55,863,979 |

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

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

Changes in Fund Balance of Governmental Funds (Modified Accrual)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|
| REVENUES | | | | | |
| Taxes | \$ 8,334,914 | \$ 8,533,576 | \$ 8,990,702 | \$ 9,141,145 | \$ 9,185,904 |
| Intergovernmental | 10,507,331 | 14,342,930 | 15,445,047 | 9,232,418 | 13,718,592 |
| Licenses/Permits | 6,741,800 | 7,416,470 | 7,646,441 | 8,001,079 | 8,395,134 |
| Use of Money/Property | 18,965 | 60,372 | (31,188) | 226,170 | 1,004,824 |
| Total Revenue | \$ 25,603,010 | \$ 30,353,348 | \$ 32,051,002 | \$ 26,600,812 | \$ 32,304,454 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Stationary Sources | \$ 5,741,059 | \$ 6,016,226 | \$ 6,501,339 | \$ 6,799,202 | \$ 6,725,548 |
| Mobile Source | 11,475,645 | 14,932,141 | 11,367,756 | 11,916,194 | 8,048,476 |
| Program Coordination | 3,832,332 | 3,943,621 | 4,571,752 | 4,734,782 | 4,384,116 |
| Strategic Planning | 3,770,076 | 3,918,802 | 4,517,235 | 4,168,340 | 4,861,221 |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Capital Outlay | 259,652 | 239,283 | 529,002 | 322,275 | 200,510 |
| Total Expenditures | \$ 25,078,764 | \$ 29,050,073 | \$ 27,487,084 | \$ 27,940,793 | \$ 24,219,871 |
| Excess (Deficiency) of Revenue over Expenditures | \$ 524,246 | \$ 1,303,275 | \$ 4,563,918 | \$ (1,339,981) | \$ 8,084,583 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Gain on sale of capital assets | - | 16,270 | - | - | - |
| Net change in fund balances | \$ 524,246 | \$ 1,319,545 | \$ 4,563,918 | \$ (1,339,981) | \$ 8,084,583 |

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

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

Changes in Fund Balance of Governmental Funds (Modified Accrual)

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

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

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

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

| Fiscal Year | Salaries & Benefits | Services & Supplies | Equipment/ Capital Assets | Interfund Charges | Total |
|-------------|------------------------|------------------------|------------------------------|-------------------|---------------|
| 13-14 | \$ 12,472,301 | \$ 5,939,276 | \$ 180,532 | \$ - | \$ 18,592,109 |
| 14-15 | 13,018,613 | 6,742,313 | 564,532 | - | 20,325,458 |
| 15-16 | 13,396,624 | 7,157,659 | 798,332 | - | 21,352,615 |
| 16-17 | 13,898,555 | 7,327,432 | 1,747,000 | - | 22,972,987 |
| 17-18 | 14,969,998 | 6,493,742 | 881,800 | - | 22,345,540 |
| 18-19 | 15,811,786 | 6,728,496 | 1,164,200 | (1,947,586) | 21,756,896 |
| 19-20 | 16,688,251 | 6,489,409 | 1,905,500 | (2,116,371) | 22,966,789 |
| 20-21 | 16,378,640 | 6,795,570 | 984,500 | (1,721,108) | 22,437,602 |
| 21-22 | 16,681,622 | 7,649,772 | 1,127,000 | (1,332,812) | 24,125,582 |
| 22-23 | 17,886,807 | 8,808,754 | 601,000 | (2,117,830) | 25,178,731 |

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

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

Schedule of General Government Expenditures by Major Object (Actual)

| Fiscal Year | Salaries & Benefits | Services & Supplies | Equipment/ Capital Assets | Interfund Charges | Total |
|-------------|---------------------|---------------------|------------------------------|-------------------|---------------|
| 13-14 | \$ 12,011,320 | \$ 4,217,453 | \$ 259,652 | \$ - | \$ 16,488,425 |
| 14-15 | 12,112,938 | 4,858,855 | 239,283 | - | 17,211,076 |
| 15-16 | 12,959,077 | 5,584,127 | 529,002 | - | 19,072,206 |
| 16-17 | 13,199,676 | 5,541,055 | 322,275 | - | 19,063,006 |
| 17-18 | 13,660,805 | 5,236,263 | 200,510 | - | 19,097,578 |
| 18-19 | 13,619,667 | 4,836,842 | 114,569 | (1,513,730) | 17,057,348 |
| 19-20 | 14,518,535 | 4,604,776 | 507,044 | (1,249,271) | 18,381,084 |
| 20-21 | 14,924,266 | 4,830,240 | 394,643 | (1,420,507) | 18,728,642 |
| 21-22 | 15,231,426 | 4,710,878 | 253,957 | (1,442,924) | 18,753,337 |
| 22-23 | 16,325,362 | 5,435,115 | 221,023 | (909,730) | 21,071,770 |

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

Schedule of General Government Revenues by Source

| Fiscal Year | Taxes (a) | Intergovernmental (a) | Licenses/ Permits | Use of Money & Property | Other | Total |
|-------------|--------------|-----------------------|-------------------|-------------------------|--------|---------------|
| 13-14 | \$ 6,095,314 | \$ 4,082,326 | \$ 6,741,800 | \$ 9,934 | \$ - | \$ 16,929,374 |
| 14-15 | 6,283,412 | 3,516,824 | 7,416,470 | 25,241 | - | 17,241,947 |
| 15-16 | 6,609,429 | 3,739,523 | 7,779,365 | 5,438 | - | 18,133,755 |
| 16-17 | 6,764,376 | 3,437,689 | 8,001,079 | 81,700 | - | 18,284,844 |
| 17-18 | 6,859,462 | 3,336,946 | 9,016,456 | 153,968 | - | 19,366,832 |
| 18-19 | 1,940,485 | 8,238,416 | 8,281,069 | 257,341 | 95,238 | 18,812,549 |
| 19-20 | 1,938,341 | 11,097,630 | 8,823,399 | 853,233 | 58,605 | 22,771,208 |
| 20-21 | 2,264,451 | 8,678,334 | 8,484,401 | 195,224 | 49,530 | 19,671,940 |
| 21-22 | 2,551,772 | 9,591,877 | 8,765,312 | 540,764 | 42,958 | 21,492,683 |
| 22-23 | 2,569,539 | 8,562,389 | 9,799,466 | 608,738 | 24,015 | 21,564,147 |

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

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

Permit Revenue

| Year | Active Permits (a) | Actual Revenue (b) |
|------|--------------------|--------------------|
| 2014 | 4,331 | 4,465,746 |
| 2015 | 4,346 | 5,059,167 |
| 2016 | 4,344 | 5,098,778 |
| 2017 | 4,397 | 5,622,626 |
| 2018 | 4,411 | 6,393,690 |
| 2019 | 4,461 | 6,197,766 |
| 2020 | 4,437 | 7,231,406 |
| 2021 | 4,434 | 6,977,427 |
| 2022 | 4,446 | 7,045,970 |
| 2023 | 4,425 | 7,975,746 |

Note: (a) Stationary Source Database as of June 30. Active permits are Annual Renewal only.
 (b) Annual permit revenue from Annual Report Working Trial Balance for FY 2014-2018. Annual permit revenue from Revenue by Payment Type report from Tyler New World (NW) system for FY2019 forward. NW Report on Receipts by Payment Code Report for the reporting FY with the following status: Posted; Report Detail: Detail; Selected Payment Code(s): RNW (Air Toxics, Permit, Reinspection, Source Test & Title V).

Source: Sacramento Metropolitan Air Quality Management District

Full-Time Equivalent Employees as of June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Classification | | | | | | | | | | |
| Accountant I/II | - | - | - | - | - | - | - | - | - | - |
| Administrative Assistant I/II | 2.0 | 2.0 | 2.0 | 2.0 | - | - | - | - | - | - |
| Administrative Specialist I/II | - | - | - | - | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 4.0 |
| Administrative Supervisor/Clerk of the Board | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Air Pollution Control Officer /Executive Director | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Air Quality Engineer | 19.5 | 19.5 | 20.5 | 20.5 | 20.5 | 19.5 | 19.5 | 15.5 | 16.5 | 19.0 |
| Air Quality Engineer/Specialist/Planner | - | - | - | - | - | 5.5 | 5.5 | 5.0 | 3.0 | 3.0 |
| Air Quality Instrument Specialist I/II | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Air Quality Planner/Analyst | 10.0 | 10.0 | 11.0 | 11.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Air Quality Specialist | 18.6 | 18.6 | 18.6 | 18.6 | 19.6 | 18.6 | 18.6 | 18.6 | 19.6 | 19.6 |
| Assistant Air Pollution Control Officer | - | - | - | 1.0 | 1.0 | - | - | - | - | - |
| Clerical Services Supervisor | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - | - | - |
| Communications & Marketing Specialist | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.0 | 1.0 | 1.0 |
| Controller | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| District Counsel | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Division Manager | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Executive Assistant/Clerk to the Board | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - | - | - |
| Financial Analyst | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Fiscal Assistant I/II | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - |
| Human Resource Assistant I/II | 2.0 | 2.0 | 2.0 | 2.0 | - | - | - | - | - | - |
| Human Resource Technician I/II | - | - | - | - | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Human Resources Officer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Information Systems Administrator | 1.0 | 1.0 | 1.0 | - | - | - | - | - | - | - |
| Information Systems Analyst | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Information Systems Manager | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Legal Assistant I/II | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Office Assistant I/II | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Program Coordinator | 12.0 | 12.0 | 12.0 | 12.0 | - | - | - | - | - | - |
| Program Manager | - | - | - | - | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Program Supervisor | 5.0 | 5.0 | 5.0 | 5.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Senior Accountant | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Statistician | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Subtotal Funded Positions | 93.0 | 94.0 | 96.0 | 97.0 | 98.0 | 99.5 | 99.5 | 94.1 | 94.1 | 97.6 |
| Administrative/Legal Analyst | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - | - |
| Air Quality Engineer | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 5.0 | 4.0 | - |
| Air Quality Engineer/Specialist/Planner | - | - | - | - | - | - | - | 0.5 | - | - |
| Air Quality Planner/Analyst | 1.0 | 1.0 | - | - | 1.0 | - | - | - | - | - |
| Air Quality Specialist | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | - |
| Communication & Marketing Specialist | - | - | - | - | - | - | - | 1.0 | 1.0 | - |
| Division Manager | 1.0 | - | - | - | - | - | - | - | - | - |
| Human Resource Technician I/II | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | - |
| Information Systems Analyst | - | - | - | - | - | - | - | - | 1.0 | - |
| Office Assistant I/II | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - | - | - |
| Program Coordinator | 1.0 | 1.0 | 1.0 | - | - | - | - | - | - | - |
| Program Supervisor | - | - | - | 1.0 | 1.0 | - | - | - | - | - |
| Subtotal Unfunded Positions | 9.0 | 8.0 | 6.0 | 5.0 | 5.0 | 3.0 | 3.0 | 8.5 | 9.0 | - |
| Total Funded + Unfunded Positions | 102.0 | 102.0 | 102.0 | 102.0 | 103.0 | 102.5 | 102.5 | 102.6 | 103.1 | 97.6 |

Source: Approved/Amended Budget

The Positions by Classification and Positions by Operating Division tables previously included unfunded positions. Beginning with this budget cycle, FY22/23, only funded positions are included in the budget.

SECTION 9 - Appendices

APPENDIX A – FINANCIAL MANAGEMENT POLICIES

PURPOSE

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

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

GOVERNING AUTHORITY

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

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

POLICIES

Budget Adoption

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

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

Structurally Balanced Budget

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

Budget Amendments

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

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

General and Internal Service Funds Reserves

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

Debt Management

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

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

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

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

Investments

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

Per California Government Code §53646(a)(2), the District may annually present to the Board a statement of investment policy for consideration at a public meeting. The Investment Policy of the Pooled Money Investment Account (PMIA) is published by the Office of State Treasurer. The LAIF represents one of three primary sources of funds in the PMIA. Therefore, the PMIA Investment Policy applies to investments made in the LAIF. The CAMP fund is a short-term cash reserve fund that invests in obligations of the United States Government and its agencies, high-quality debt obligations of U.S. Companies and financial institutions, and reports its investment policy in their Program Guide.

Long-Term Financial Planning

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

Accounting, Auditing, and Financial Reporting

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

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

Internal Control and Risk Management

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

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

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

Procurement

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

Capital Asset Management

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

Capital expenditures of \$5,000 or more are initially recorded as assets, and are then subject to the following general types of accounting transactions:

- Periodic depreciation (for tangible assets) or amortization (for intangible assets); land is not depreciated
- Impairment write-downs (if the value of an asset declines below its net book value)
- Disposition (once assets are disposed of)

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

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

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

Petty Cash

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

Collaborations

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

User Fees and Charges

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

Memorandum of Understanding (MoU)

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

Grants

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

Federal Awards

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

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

Acceptance of Non-District Funds

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

APPENDIX B – DESCRIPTION OF FUNDING SOURCES

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

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

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

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

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

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

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

Climate Pollution Reduction Grants (CPRG) Program — Federal funds provided by EPA to design priority climate action plans that incorporate greenhouse gas reduction measures. Phase 2 of the program is a competitive process to apply for funds to implement greenhouse gas reduction measures included in an applicable priority climate action plan.

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

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

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

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

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

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

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 US EPA but may not be used to cover costs associated with Title V permitting. Allowed uses include compliance and enforcement, air monitoring, transportation, land-use programs, and development and maintenance of AIRS data.

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

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

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

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

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

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

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

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

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

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

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

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

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

Port and Freight Infrastructure — Grant funds are used to expand on its current efforts and develop, demonstrate, and test three additional hydrogen-fueled, zero-emissions switcher locomotives to be constructed on a test track in Sierra Northern Railway's West Sacramento rail yard. The project includes the construction of approximately 2,000 feet of ancillary test trackage, the conversion of three locomotives, and the development of refueling infrastructure and protocols.

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

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

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

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

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

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

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

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

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

Initial Fees — Process initial ERCs.

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

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

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

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

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

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

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

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

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

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

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

APPENDIX C – GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Types of Funds — Restricted funds are restricted by legal or contractual requirements to a specific area. Unrestricted funds are not restricted by legal or contractual requirements and may be used in multiple areas. Assigned funds are intended for a specific purpose but do not meet the criteria to be classified as restricted. Non-spendable fund balance reflects assets not in spendable form, either because they will never convert to cash (e.g., prepaid items) or must remain intact under legal or contractual requirements. Unassigned funds are spendable funds in the District's General Fund not included in the other fund classifications.

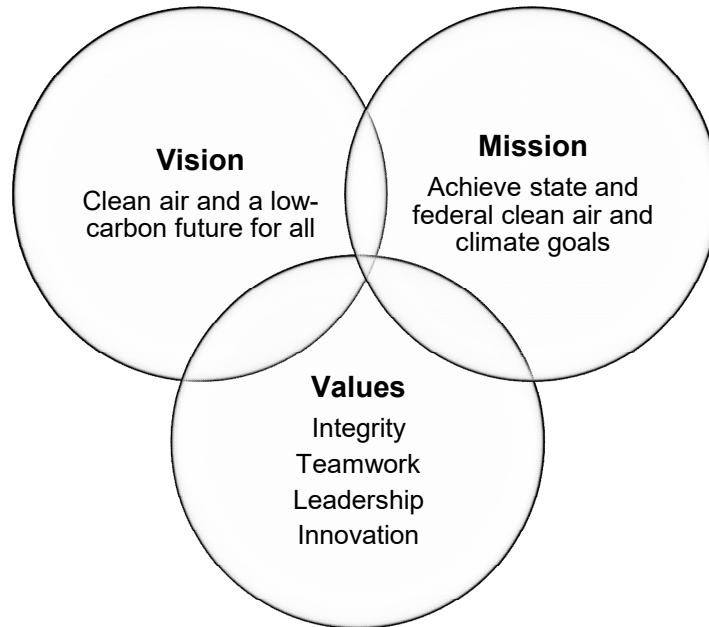
Variance — The difference between the budgeted or baseline amount of expense or revenue, and the actual amount.

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

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VISION = SOME DAY

MISSION = EVERY DAY



Sac Metro Air District working hard for your health

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