



YOLO-SOLANO
AIR QUALITY MANAGEMENT DISTRICT

2019/2020 Final Annual Budget

Mat Ehrhardt, P.E.
Executive Director/APCO
www.ysaqmd.org



YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT FINAL BUDGET FISCAL YEAR 2019/2020

Table of Contents

MISSION STATEMENT	1
BOARD OF DIRECTORS	2
EXECUTIVE DIRECTOR LETTER	3
BUDGET-AT-A-GLANCE	4
ABOUT THE YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT	5
ORGANIZATION CHART AND DIVISION RESPONSIBILITIES	6
DISTRICT BOUNDARIES	7
GOALS AND ACCOMPLISHMENTS BY DIVISION	8
BUDGET SUMMARY FISCAL YEAR 2019/2020 RECOMMENDED BUDGET	12
STAFFING FOR FISCAL YEAR 2019/2020	23
SUMMARY OF FUND BALANCES AND CLASSIFICATIONS	28
GENERAL FUND COST RECOVERY	31
VARIANCE REPORT	33
ACCOUNT DESCRIPTIONS	34

Our Mission

The Yolo-Solano Air Quality Management District is responsible for protecting human health and property from the harmful effects of air pollution.



Board of Directors

The District is governed by a 14-member board comprised of elected representatives from both counties including county board of supervisors and mayors or city council members from the various cities in the District.

Board Member	Representing
Harold Anderson	City of Winters, Council Member
Jim Ernest	City of Dixon, Council Member
Ronald Kott	City of Rio Vista, Mayor
Monica Brown	Solano County Supervisor, Second District
Duane Chamberlain	Yolo County Supervisor, Fifth District
Dilenna Harris	City of Vacaville, Council Member
Beverly Sandeen	City of West Sacramento, Council Member
Jim Provenza	Yolo County Supervisor, Fourth District
Gary Sandy	Yolo County Supervisor, Third District
Don Saylor	Yolo County Supervisor, Second District
Tom Stallard, Chair	City of Woodland, Council Member
Gloria Partida	City of Davis, Mayor Pro Tempore
Skip Thomson	Solano County Supervisor, Fifth District
John Vasquez, Vice Chair	Solano County Supervisor, Fourth District

Executive Director Letter

September 6, 2019

Board of Directors:

The District's commitment to protecting our air without creating undue burdens for local residents or businesses is being presented in this final budget for fiscal year 2019/2020. The budget funds the District's public health mission and the objectives set forth by the Board. Our fiscal policies are conservative. We focus on core programs and maintain strong internal controls to avoid financial risks. We seek the most cost-effective solutions on behalf of local residents and businesses. We strive every day to work with the community, industry, and regional partners to find reasonable solutions to the challenge of protecting air quality. This fiscal year will continue to implement two new grant programs, FARMER and the Woodsmoke Reduction Program. In addition, the District continues to develop a registration program to enforce the state Oil and Gas Methane regulation along with the implementation of significant new legislation (AB 617). Final budget highlights are listed below:

- Cost recovery for the Stationary Source Program is projected at 78%.
- The budget includes a cost recovery fee adjustment of 3.6% for most programs, effective July 1, 2019.
- The District Board approved a new Memorandum of Understanding (MOU) with the Employee Association. The increases in salary and benefits are included in the final budget.
- We are adding one additional Air Quality Engineering position. This will increase the number of full time positions to 23.
- The District will prepay the unfunded CalPERS pension liability of \$163,500.
- The District will make the Other Post-Retirement Employee Benefits (OPEB) annual payment of \$235,000.

Respectfully submitted,



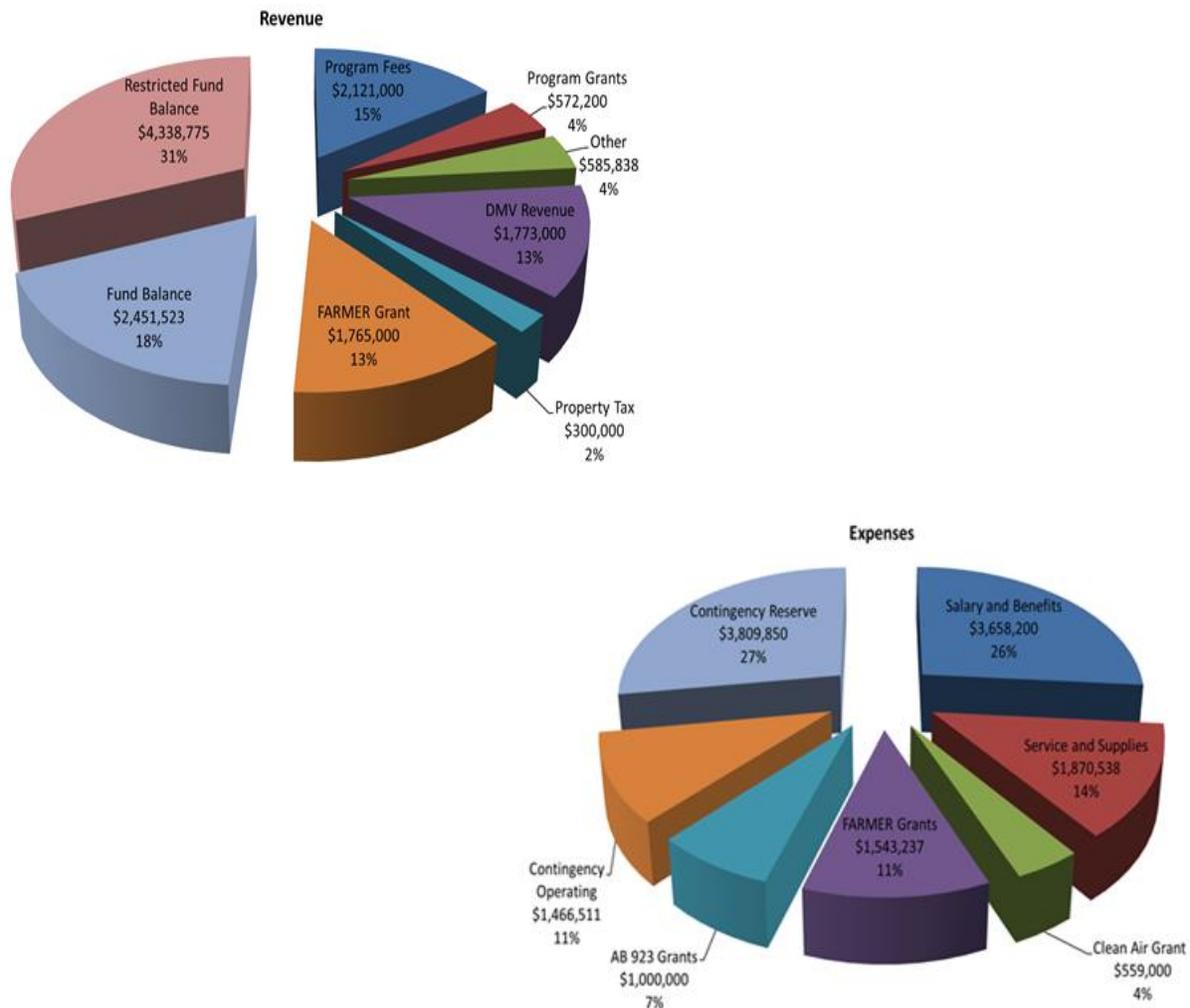
Mat Ehrhardt, P.E.
Executive Director/Air Pollution Control Officer



Budget-at-a-Glance

The following charts summarize the revenues and expenses of the fiscal year 2019/2020 budget, totaling \$13,907,335. As in previous years, our consistent major sources of revenue are generated from the stationary source program, DMV vehicle registrations, federal and state grants and property tax revenues. Expenditures continue to be salaries and benefits, services, supplies, equipment and grant programs. Of the total budget, \$5,528,738 is considered the operating budget of the District, with the balance being restricted due to legislation and/or District Board policy.

The District strives to be prepared for unforeseen events. The General Fund Reserve balance of \$299,146 (approximately 5% of the operating budget), along with the estimated operating contingency reserve of \$1,466,511 that can be used during a fiscal emergency. The District has also set aside \$750,000 in a restricted settlement account to deal with long term pension obligations and Other Employee Post-Retirement Benefits (OPEB). More information on the importance of maintaining general and contingency reserves can be found on page 27 under *Summary of Fund Balances and Classifications*.



About The Yolo-Solano Air Quality Management District

District History

The Yolo-Solano AQMD was established in 1971 by an agreement between the Yolo and Solano County Boards of Supervisors. In 1994, city representation was added to the District's Board of Directors by agreement between the two county boards and the seven cities within the District's jurisdiction. The 14-member board consists of county supervisors and mayors or city council members from the various cities in the District. The District has jurisdiction of all of Yolo County as well as the northeast portion of Solano County from Vacaville on the west to Rio Vista on the south. Our District is unique in that half of Solano County is in our District whereas the other portion of Solano County is the Bay Area AQMD's jurisdiction. This boundary was created because the county falls between two separate air basins, the Sacramento Valley Air Basin and the San Francisco Bay Area Air Basin. Our District is one of 35 air districts in the state.

Air Quality Management Districts and Their Functions

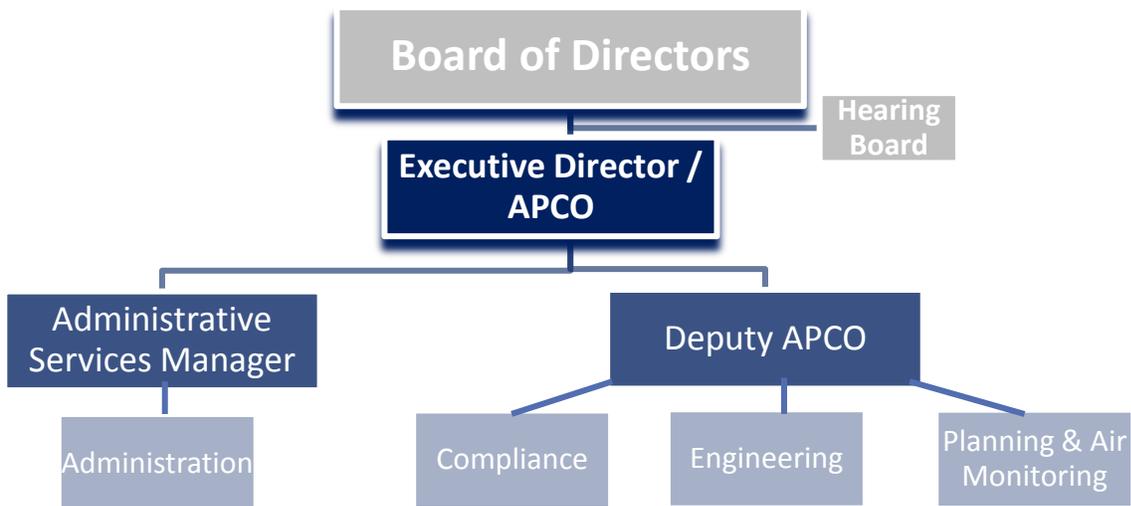
Air pollution regulation in California occurs at three levels: federal, state and local. Local and regional air districts are charged by statute with the primary responsibility to control air pollution from non-vehicular, i.e., stationary or industrial sources. The goal of this control effort is to achieve and maintain the state ambient air quality standards which are adopted by the California Air Resources Board (ARB) and to endeavor to attain and maintain the national ambient air quality standards adopted by the federal Environmental Protection Agency (EPA). All of the powers and duties of the air district (as well as ARB) are set forth in the California Health and Safety Code, while the powers and duties of the EPA can be found in the federal Clean Air Act.

The legislature has given the districts a number of tools to carry out their responsibilities. Acting through district boards of directors, the districts enact rules and regulations which apply to stationary sources and indicate which sources need permits to construct and operate, the criteria which must be met to receive such permits, and nature and amount of various pollutants which a source may emit. Stationary sources include but are not limited to dry cleaners, gasoline fueling stations, grain mills, auto body paint shops, agricultural engines, and manufacturing operations. Air districts also have control over area sources (residential fuel combustion and agricultural burning).



Organizational Chart and Division Responsibilities

The District works to fulfill its public health mission in a range of ways. In its regulatory role, the District enforces applicable rules on stationary sources of air pollution and creates strategies to meet federal air quality standards. In its land use role, the District provides guidance to local agencies on the air quality impacts of projects and planning documents. In its public health role, the District monitors local air quality and works with health officials to disseminate information to the public. There are four divisions of the District and their responsibilities are outlined below.



- Administrative & Technical Support
- Board Support
- Contract & Grant Administration
- Facility & Equipment Maintenance
- Financial Management
- Human Resources
- Office Management
- Public Education & Outreach
- Public Records Requests
- Safety & Wellness

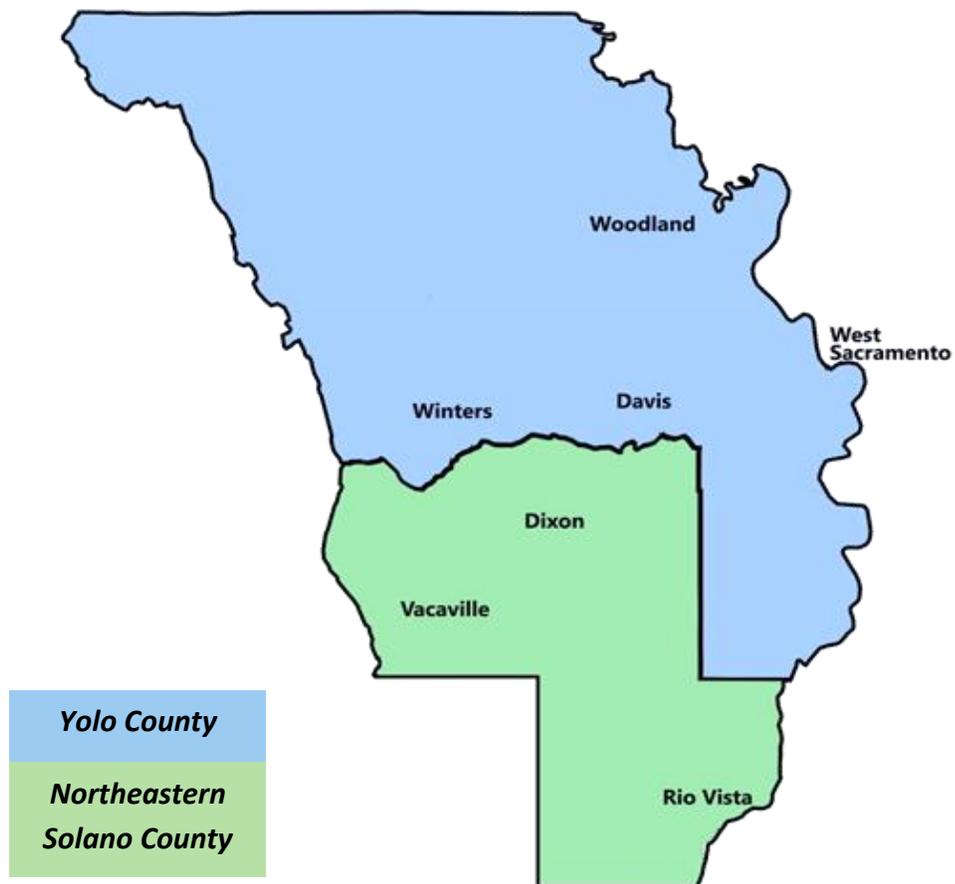
- Agricultural Burning
- Agricultural Engines
- Asbestos
- Complaint Response
- Compliance Inspections
- Mutual Settlements
- Portable Equipment
- Variances (hearing board)

- Air Toxic Hot Spots
- Emission Inventory
- Emission Reduction Credits & Banking
- Permit Processing
- Rule Development
- Source Testing

- Air Monitoring
- CEQA Review (General & Specific Plans)
- Mobile Source Grant and Incentive Programs
- SIP Planning & Modeling
- Transportation & Land Use
- FARMER Grant Program

District Boundaries

The District boundaries include all of Yolo County and the northeastern portion of Solano County



Goals and Accomplishments by Division

Administration

Accomplishments for Fiscal Year 2018/2019

Update the financial policy for budget and audit committee review and approval as accounting practices are evaluated and cost recovery policy is refined. The policy will include the organizations purpose, objectives, fund balance and reserves, mid-year Board review, independent auditing, internal controls, budget process, long-term obligations and cost recovery. **The project is ongoing and will be continued into this fiscal year.**

Operate the in-house accounting system (operating fund) while reconciling with the current County system to the extent that the funds can be audited side by side. The end goal will be to have the system operating as needed to be audited by June 30, 2019. **District staff is on track to meet this goal.**

Maintain and build relationships with different communities with regards to the District's outreach and education programs. **The Public Information Officer participated in numerous community events and has created a number of educational materials which are distributed at various events and by request.**

Create innovative and relevant content on the District's social media platforms (i.e. Facebook and Twitter). **The District continued to gain additional followers on our social media accounts.**

Goals for Fiscal Year 2019/2020

Update the financial policy for budget and audit committee review and approval as accounting practices are evaluated and cost recovery policy is refined. The policy will include the fund balance and reserves, auditing, internal controls, budget process, long-term obligations and cost recovery. Continue to develop and refine the in-house accounting system.

Develop a management training program regarding various Human Resources and safety laws and regulations.

Maintain and build relationships with different communities with regards to the District's outreach and education programs.

Work with the County Health Officers to assist local school districts to be equipped to deal with smoke events associated with wildfires.

Engage and support potential stakeholders in applying for VW Environmental Mitigation Plan funds.

Planning & Air Monitoring

Accomplishments for Fiscal Year 2018/2019

Prepare and submit an Emergency Episode Mitigation Plan to EPA to ensure that monitoring data collected during future exceptional events will not be considered as data for record. **The Emergency Episode Mitigation Plan was submitted to EPA in collaboration with the other air districts in the Sacramento Federal Nonattainment Area.**

Expend the majority of the District's Funding Agricultural Replacement Measures for Emission Reductions (FARMER) allocation to qualifying projects within the District. **District staff has signed agreements with tractor owners to expend close to 75% of the first allocation of FARMER funding. Staff has received applications for projects that will allow the District to expend the remainder of the first allocation of funding by the deadlines specified by Air Resources Board for this program.**

Prepare and submit the District's State Triennial Plan for the 2015-2017 period to the District Board for approval. **The Triennial Plan was approved by the Board at the May 2019 Board meeting and transmitted to the Air Resources Board.**

Begin implementation of a Woodsmoke Reduction Program using State Cap and Trade funding and expend available funds during fiscal year 2018/2019. **The District began implementation of its Woodsmoke Reduction Program in fiscal year 2018/2019. To date, the District has funded 30 projects throughout the District, with more pending.**

Goals for Fiscal Year 2019/2020

Expend the District's 2nd allocation of funding for the Agricultural Replacement Measures for Emission Reductions (FARMER) program.

Work in collaboration with the other air districts of the Sacramento Federal Nonattainment Area to prepare an ozone attainment plan for the federal 2015 8-hour ozone standard, and submit this plan to EPA for approval.

Fully expend the District's first allocation of funding for the Woodsmoke Reduction Program.

Compliance

Accomplishments for Fiscal Year 2018/2019

Inspect stationary sources (except emergency back-up generators and small boilers) at least once every 12 months and emergency back-up generators and small natural gas fired boilers once every 24 months. Ensure that no scheduled inspection is overdue by more than 90 days. **District compliance staff completed 1,300 ongoing annual inspections during the fiscal year plus an additional 775 other inspections. Currently 10% of District Permits to Operate (PTOs) are overdue for inspection.**

Agricultural engines are scheduled to be inspected every 36 months. Ensure that no scheduled inspection is overdue by more than 120 days. **There were 171 Ag engines inspected this year. Currently 35% of District Ag engine registrations are overdue for inspection.**

In a timely manner, settle Notices of Violations (NOV), with a goal to complete in 270 days or less from date of issuance. Improve District processes for collecting on court judgments. **During the fiscal year the District issued 161 NOVs and settled 142 NOVs, with 91% being settled in less than 270 days. There are currently 78 In Process NOVs, of which 32 are over 270 days. The Mutual Settlement Agreement (MSA) template was updated to reduce administrative steps and minimize settlement delays due to unsigned MSAs.**

Revise District Rule 5.1 - Procedure before the Hearing Board, and Rule 5.2 - Upset/Breakdown Conditions: Emergency Variance, and promulgate rule amendments to improve the effectiveness of these rules. **Preliminary work began in the 2018/2019 fiscal year and will be carried forward into the 2019/2020 fiscal year.**

Goals for Fiscal Year 2019/2020

Inspect all stationary sources (except emergency back-up generators and small boilers) at least once every 12 months and inspect emergency back-up generators and small natural gas fired boilers once every 24 months.

Catch up on overdue agricultural engine inspections, with the goal to inspect engines every 36 months.

Inspect 33% of the PERP (portable equipment registration program) units registered with the District as the home district annually.

In a timely manner, settle Notices of Violations (NOV), with a goal to complete in 270 days or less from date of issuance. Improve District processes for collecting on court judgments, and update the Mutual Settlement Agreement template.

Conduct weekly surveillance inspections for asbestos renovations and demolitions, primarily to identify projects that have failed to comply with District Rules and the Federal Asbestos NESHAP.

Review District Rule 5.1 – Procedure before the Hearing Board, and Rule 5.2 – Upset/Breakdown Conditions: Emergency Variance, and promulgate rule amendments to improve the effectiveness of these rules.

Conduct the first round of Oil and Gas compliance inspections at gas production facilities. Ensure that gas producers are registered with ARB and the District, and have initiated Leak Detection and Repair programs.

Initiate a process to ensure that owners of PERP in the District request inspections within 45 days of being issued a new or renewed registration.

Engineering

Accomplishments for Fiscal Year 2018/2019

Process all applications in a timely fashion in accordance with the guidelines established for processing Authority to Construct, Permit to Operate, Emission Reduction Credits, Title V and Confined Animal Facility applications. **Approximately 50% of all ATCs/PTOs were processed within the specified timeframes. Currently there are no Title V, CAF, or ERC applications overdue.**

Adopt amendments to the Graphic Arts Printing Operations (Rule 2.29) in accordance with Ozone Attainment Plan by July 2018 and the Boilers, Steam Generators, and Process Heaters Rule (Rule 2.27) by the end of the fiscal year. **The revision to the Graphic Arts Printing Operations Rule (Rule 2.29) was adopted on July 11, 2018. The revision to the Large Boiler Rule (Rule 2.27) and the adoption of an additional Boiler Rule (Rule 2.45) were adopted by the Board on May 15, 2019.**

Develop an expedited schedule for implementation of Best Available Retrofit Control Technology pursuant to AB 617. **The expedited schedule was approved by the governing board on October 10, 2018.**

Finalize prioritizations for additional sources as part of the AB 2588 restart program, including automotive body shops and diesel engines. Review updated Toxic Emissions Inventory Plans for AB 2588 Core facilities. **Prioritizations for facilities with diesel engines were completed. Additionally, health risk assessments for high priority facilities were processed during the fiscal year. The prioritization of auto body shops has been delayed, awaiting guidance from the Air Resources Board and CAPCOA. Review of core facility plans are ongoing, and will be completed in the next fiscal year.**

Develop a program to implement the State Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities. **Work on a Rule to implement the state Oil and Gas Regulation is currently in progress, and is expected to be adopted in the next fiscal year.**

Goals for Fiscal Year 2019/2020

Process all applications in a timely fashion in accordance with the guidelines established for processing Authority to Construct, Permit to Operate, Emission Reduction Credits, Title V and Confined Animal Facility applications.

Adopt a rule to implement the State Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities and register all applicable facilities by the end of the fiscal year.

Finalize prioritizations for automotive body shops as part of the AB 2588 restart program. Review updated Toxic Emissions Inventory Plans for AB 2588 Core facilities.

Adopt amendments to the Stationary internal Combustion Engine Rule (Rule 2.32) by the end of the fiscal year.



Budget Summary Fiscal Year 2019/2020 Budget

Budget Funds and Accounts

The District's financial structure is organized based on funds and account groups, each of which is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balances, revenues and expenditures. Last year a fifth fund was added to provide tracking of a new incentive program, Funding Agricultural Replacement Measures for Emission Reductions (FARMER). The funds are briefly outlined below. Revenue and expenditure account descriptions begin on page 19.

General Fund: This operating fund provides accounting and tracking of the fee programs stationary source, asbestos, agricultural engines, agricultural burning, air toxics, and grants from ARB and the EPA. Revenue supports staff that work within these programs.

Mobile Source Program - AB 2766 DMV: This fund is considered a restricted account that tracks revenue received from the Department of Motor Vehicles (DMV). The DMV collects and provides to the District \$4 for each vehicle registered within the District's jurisdiction. This money is used in part as an operating fund to support staff that work within the mobile source program, activities to meet the California Clean Air Act, and provides grant funding toward the District's Clean Air Funds Program.

Mobile Source Program - AB 923 DMV: This fund is considered a restricted account that tracks revenue received from the DMV. The DMV collects and provides to the District \$2 for each vehicle registered within the District's jurisdiction. This money provides additional funding for programs as allowed under the legislative guidelines.

Solano County Property Tax: This fund is considered restricted and includes apportionment of property taxes and redevelopment agencies (RDA) statutory pass-thru money. Revenue received from Solano County is used toward the Clean Air Funds program.

FARMER: The Funding Agricultural Replacement Measures for Emission Reductions fund manages the necessary tracking to support a new incentive program relating to the replacement of qualified agricultural equipment.

District's Reserve Fund Balances

On May 8, 2013, the Board approved a revision to the Reserve Fund Balance Policy, which outlines the appropriate levels of the District's fund balance accounts. The general reserves will be maintained in the range of 5-15% of the average total operating expenditures reported in the preceding three fiscal years. The contingency accounts (stabilization reserves) in the General Fund and Mobile Source DMV AB 2766 Fund will be maintained in a range of 3-5%. Contingency reserves may be used at the discretion of the Board to provide resources for unanticipated needs of a non-recurring nature or to provide for small increases in service delivery costs unanticipated during the budget development cycle, or to provide for one-time expenditures not originally approved in the budget.

The District has also provided a summary outlining the importance of maintaining an appropriate level of reserves, a three-year history of the reserve fund balances in the General Fund and Mobile Source DMV AB 2766, as well as classifications of the fund balances for fiscal year 2019/2020, as required under Government Accounting Standards Board (GASB) Statement No. 54. See page 28 for the *Summary of Fund Balances and Classifications*.

Long Term Financial Obligations

The Board’s goal is to review the District’s long term financial obligations on an annual basis and to continue to pay down the obligations as the budget allows. The two obligations that affect the District are the Other Post-Retirement Employment Benefits (OPEB) and pension. The following information is provided to outline the obligations.

OPEB: The District provides healthcare benefits to not only active employees but to eligible retirees and their dependents through the California Public Employees' Retirement System (CalPERS) health program. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the District and its employees. The District provides a retiree medical contribution for employees who retire directly from the District under CalPERS. The retiree is covered as well as dependents. The monthly premium caps the District contributes on behalf of the retiree are as follows: employee only at \$550; employee plus one at \$1,100; and employee plus family at \$1,430. Once the retiree and/or dependent reach Medicare eligibility the employer contribution is normally reduced.

The District's annual OPEB (expense) is calculated based on the Actuarial Determined Contribution (ADC), as outlined in the District’s biennial actuarial valuation report. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The ADC payments that the District contributed toward the California Employers’ Retiree Benefit Trust (CERBT) since joining CERBT are outlined below along with future payments.

Contributions to the CERBT by Fiscal Year						
2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
\$105,000	\$110,000	\$127,400	\$130,000	\$201,000	\$207,000	\$228,705

Future ADC Based on June 30, 2017 Report		
2019/2020*	2020/2021	2021/2022
\$235,000	\$258,600	\$274,516

*Budgeted amount for FY 2019/2020

The District contributes the ADC at the beginning of each fiscal year. CERBT allows for agencies to request disbursements of the monthly pay-as-you-go costs paid on behalf of the retiree’s health care premiums. The District did not request a disbursement of the monthly premium costs that the District paid on behalf of the retirees during 2018/2019. The District is not planning on requesting a disbursement in 2019/2020, as well.

CERBT requires biennial actuarial valuations on OPEB obligations. The District’s actuarial showed a significant increase in ADC from 2015/2016 to 2016/2017. The increase, along with the continuing steady climb, is due to a number of factors including: increasing health care costs; new mortality projections; excise tax under the Affordable Health Care Act; CalPERS Experience Study; retirements greater than expected in the last few years (age 55 or younger); and Implied Subsidy for community rated plans such as PEMHCA.

CERBT Account Summary as of June 30, 2019	
Beginning Balance	\$748,215
Contributions	\$228,000
Earnings	\$61,488
Expense	(\$713)
Ending Balance	\$1,036,950

Pension: District employees are eligible to participate in the District's pension plan, an agent multiple-employer public employee defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by State statute and may be amended by District resolution. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment with the retirement formula of 2%@55 for existing “classic” members and 2%@62 for new members known as Public Employees’ Pension Reform Act members (PEPRA). The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1st following notice of a rate change. The total plan contributions are determined through the CalPERS annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s cost of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employees under the Classic and PEPRA tiers are required to contribute 7% and 6.8% of their annual pay, respectively. Under an agreement with the District employees, the District decreased their portion of the employer paid portion of the Classic Members contributions, and Members are now paying the entire portion of their 7% employee contribution.

The District’s 5-year comparison employer paid contribution is outlined below.

Classic Members:

Fiscal Year	Employer Rate	Employer Payment of Unfunded Liability
2015/2016	8.50%	\$67,117 (lump sum prepayment paid)
2016/2017	8.88%	\$75,911 (lump sum prepayment paid)
2017/2018	8.91%	\$96,840 (lump sum prepayment paid)
2018/2019	9.40%	\$134,000 (lump sum prepayment paid)
2019/2020	10.22%	\$168,968 prepayment option

PEPRA Members:

Fiscal Year	Employer Rate	Employer Payment of Unfunded Liability
2015/2016	6.30%	N/A
2016/2017	6.55%	\$18 (lump sum prepayment paid)
2017/2018	6.53%	\$56 (lump sum prepayment paid)
2018/2019	6.84%	\$185 (lump sum prepayment paid)
2019/2020	6.99%	\$447 prepayment option

General Fund

The District is recommending a cost recovery fee adjustment of 3.6% that affects the Stationary Source Program, Agricultural Engine Registration Program and Asbestos Program fees. The adjustment recommended under the final budget is based on the California Consumer Price Index (CPI) April-to-April prior years (2017-2018) effective July 1, 2019. The cost recovery in the stationary source program is expected to be 78% this year which is less than the Board adopted goal of 90%. Cost recovery in the program was 104% in fiscal year 2018-2019. This is higher due to the receipt of our initial allocation for the Oil and Gas grant (\$242,000) and first year funding (\$100,000). The cost recovery in the other District programs is projected to be between 23% and 83% for fiscal year 2019/2020. The tables outlining the General Fund programs can be found on pages 34-35.

Revenue Highlights:

Fiscal Year 2019/2020 will see continuing or increased revenue in two new programs that were initially funded last year. The legislature passed AB 617 which is intended to improve air quality and reduce exposure in communities most impacted by air pollution. The amount of grant funding for this program will increase from \$58,000 to \$136,000 in this fiscal year. The District also expects to receive an additional \$100,000 to implement the ARB Oil and Gas methane regulation. The Fund Balance available for Fiscal Year 2019/2020 is \$1,906,575.

Expenditure Highlights:

Salaries and Benefits: The Board approved and entered into agreement, No. 19-09 with the Yolo-Solano Air Quality Management District Employees’ Association on July 10, 2019. This budget takes into account the salary and benefit increases contained in that agreement. The expenditure budget was updated to include the recommended new engineering position. Other costs within this category include normal merit, payroll tax and applicable benefits.

CalPERS pension: As of July 1, 2018, classic members pay the full 7% employee paid member contribution (EPMC). The District no longer contributes to the Classic Member's EPMC. New members will continue to pay the full employee cost, as the District does not contribute to those employee contributions. PERS has determined the FY 2019/2020 employer rates for Classic Members to be 10.221% and for New Members 6.985%.

Actuarial Determined Contribution: The District is proposing to transfer the annual required contribution of \$235,180 to the OPEB CalPERS trust. This expense line item also includes the pay-as-you-go costs for the retiree portion of the health care premium. The District has an option to request a disbursement at year's end to cover the monthly District paid premium for retirees if needed for cash flow purposes. The District has no intentions on asking for a disbursement.

Services and Supplies: An increase of \$300,000 is proposed. This is a combination of expense reductions in a number of account line items, and the addition of a \$485,000 CEQA offset project.

Equipment: The District replaced one 2001 fleet vehicle with an electric vehicle in FY 2018/2019, and does not propose to replace a fleet vehicle during FY 2019/2020.

Contingency: There is \$1,049,300 available for unanticipated expenses. The District will be exploring options to reduce pension and OPEB obligations in the next fiscal year.

Mobile Source DMV AB 2766

The District receives \$4 for each vehicle registered in the District. This funding can be used to reduce emissions from motor vehicles and activities to implement the California Clean Air Act.

Revenue Highlights:

Revenue is expected to increase slightly from last year to \$1,182,000. The projected 2019/2020 Fund Balance available as cash is \$544,948.

Expenditure Highlights:

We are proposing an increase in salaries and benefits increase by \$31,860 over the 2018/2019 budget. There is a decrease in the budget for Services and Supplies, decreasing by \$17,160. This total includes \$100,000 for the Clean Air Funds grant program.

Mobile Source DMV AB 923

The District receives \$2 for each vehicle registered in the District. This funding is used to reduce emissions from motor vehicles under the California Clean Air Act. Currently funding is used in our Clean School Bus Program.

Revenue Highlights:

Revenue is expected to increase slightly to \$591,000. The Fund Balance estimated to be available for 2019/2020 is \$1,746,700.

Expenditure Highlights:

The District will continue to focus on replacing school buses during 2019/2020. We are budgeting \$1,000,000 in grant funding for this purpose.

Solano County Property Tax

The District receives an apportionment of property taxes and redevelopment agencies (RDA) statutory pass-thru money to provide Clean Air Funds grants for Solano County.

Revenue Highlights:

Property tax revenue is budgeted conservatively as housing markets can be unpredictable. The 2019/2020 budget will increase to \$350,000. The Fund Balance estimated to be available for Fiscal Year 2019/2020 is \$918,837.

Expenditure Highlights:

The District is asking the Board to expend \$450,000 in projects for 2019/2020, an increase of \$150,000 from the previous year. This includes an additional \$50,000 in grant awards and \$100,000 for a grant that was awarded in the last cycle and has not been paid out yet.

FARMER Grant Program

The District anticipates receiving additional funds to support this new incentive program relating to the replacement of qualified agricultural equipment.

Revenue Highlights:

It is anticipated to receive approximately \$1,765,000 for the second year of this agricultural incentive program.

Expenditure Highlights:

Approximately \$2,796,250 will be used as incentives to replace specific agricultural equipment. Up to 12.5% of the revenue received is allowed to support the program.

FISCAL YEAR 2019/2020 FINAL BUDGET

Consolidated Overview

Consolidated Budget Summary				
	Adopted 2018/2019	Actual 2018/2019	Final 2019/2020	Variance Final-Adopted
General Fund	\$4,059,352	\$5,070,687	\$5,180,112	\$1,120,760
AB 2766 Mobile Source	\$1,528,436	\$1,611,682	\$1,727,198	\$198,762
AB 923 Mobile Source	\$1,223,895	\$1,948,776	\$2,337,950	\$1,114,055
Solano Property Tax	\$716,530	\$1,152,990	\$1,218,837	\$502,307
FARMER	\$1,802,000	\$1,840,897	\$3,443,237	\$1,641,237
Total Revenues¹	\$9,330,213	\$11,625,032	\$13,907,335	\$4,577,122
Salaries and Benefits	\$3,420,459	\$3,039,100	\$3,658,200	\$237,741
Service and Supplies	\$1,672,883	\$1,151,451	\$1,870,538	\$197,655
Clean Air Grants	\$400,000	\$274,553	\$559,000	\$159,000
AB 923 Grants	\$550,000	\$165,000	\$1,000,000	\$450,000
FARMER Grants	\$1,577,000	\$167,660	\$1,543,237	(\$33,763)
Contingency Operating	\$680,446	\$0	\$1,466,511	\$786,065
Contingency Restricted	\$1,029,425	\$0	\$3,809,850	\$2,780,425
Total Expenditures	\$9,330,213	\$4,797,765	\$13,907,335	\$4,577,122

¹ Revenues shown include the cash that is moving forward to the new fiscal year and is available for use.



Revenue and Expenditure by Fund

General Fund				
Revenue	Adopted 2018/2019	Actual 2018/2019	Final 2019/2020	Variance Final-Adopted
Stationary Source Programs				
Renewal Permits	\$1,425,000	\$1,531,674	\$1,500,000	\$75,000
New Permits	\$175,000	\$237,020	\$190,000	\$15,000
Source Testing	\$87,000	\$120,691	\$90,000	\$3,000
Subtotal	\$1,687,000	\$1,889,385	\$1,780,000	\$93,000
Stationary Source Grants				
EPA Section 105 Pilot Grant	\$78,110	\$78,111	\$78,100	(\$10)
ARB Subvention Grant	\$90,000	\$87,847	\$87,850	(\$2,150)
ARB AB 197 Grant	\$26,000	\$26,267	\$12,500	(\$13,500)
Prescribed Fire Grant	\$0	\$0	\$20,000	\$20,000
Subtotal	\$194,110	\$192,225	\$198,450	\$4,340
Miscellaneous Programs				
Ag Engine Registration	\$82,500	\$83,266	\$76,000	(\$6,500)
Ag Burning	\$21,000	\$17,433	\$17,000	(\$4,000)
Asbestos	\$125,000	\$190,189	\$137,000	\$12,000
ARB Portable Equipment	\$60,000	\$94,867	\$60,000	\$0
Air Toxic Hot Spots	\$25,000	\$35,464	\$51,000	\$26,000
Subtotal	\$313,500	\$421,220	\$341,000	\$27,500
Miscellaneous Grants				
ARB AB 617 Grant	\$58,000	\$58,071	\$136,000	\$78,000
EPA Section 103 Grant	\$12,750	\$12,753	\$12,750	\$0
CAPCOA Woodsmoke Reduction	\$125,000	\$0	\$125,000	\$0
ARB Oil and Gas Grant	\$242,000	\$342,000	\$100,000	(\$142,000)
Subtotal	\$437,750	\$412,824	\$373,750	(\$64,000)
Other				
Mutual Settlements	\$125,000	\$233,397	\$135,000	\$10,000
Interest	\$2,500	\$50,441	\$2,500	\$0
Intrafund Transfers	\$516,000	\$303,303	\$433,338	(\$82,663)
Penalties and Miscellaneous	\$9,000	\$513,789	\$9,000	\$0
Sale of Fixed Assets	\$250	\$2,225	\$500	\$250
Subtotal	\$652,750	\$1,103,155	\$580,338	(\$72,413)
Total	\$3,285,110	\$4,018,809	\$3,273,538	(\$11,573)
Fund Balance	\$774,242	\$1,051,878	\$1,906,575	\$1,132,333
Total Revenue Available	\$4,059,352	\$5,070,687	\$5,180,112	\$1,120,760
Expenditures				
Salaries and Benefits	\$2,610,119	\$2,353,282	\$2,816,000	\$205,881
Services and Supplies	\$982,705	\$773,861	\$1,285,000	\$302,295
Equipment	\$35,000	\$36,970	\$30,000	(\$5,000)
Total Requirements	\$3,627,824	\$3,164,112	\$4,131,000	\$503,176
Contingency	\$431,710	\$0	\$1,049,112	\$617,402
Total Expenses	\$4,059,534	\$3,164,112	\$5,180,112	\$1,120,578

General Fund				
Expenditure Detail	Adopted 2018/2019	Actual 2018/2019	Final 2019/2020	Variance Final-Adopted
Regular Employees	\$1,599,405	\$1,505,999	\$1,763,000	\$163,595
Extra-Help	\$0	\$0	\$0	\$0
Overtime	\$18,380	\$15,589	\$18,500	\$120
Vacation Buyback	\$16,609	\$16,044	\$16,500	(\$109)
Retirement	\$221,685	\$234,013	\$275,000	\$53,315
Medicare and Social Security	\$23,650	\$22,196	\$24,000	\$350
Employee Group Insurance	\$296,000	\$211,458	\$296,000	\$0
OPEB	\$312,000	\$269,557	\$320,000	\$8,000
Unemployment Insurance	\$6,500	\$7,141	\$9,000	\$2,500
Workers Compensation Insurance	\$12,800	\$11,596	\$14,000	\$1,200
Other Benefits/Expenses	\$103,090	\$59,689	\$80,000	(\$23,090)
Salary & Benefit Total	\$2,610,119	\$2,353,282	\$2,816,000	\$205,881
Clothing and Personal Supplies	\$2,000	\$348	\$2,000	\$0
Communications	\$17,000	\$10,089	\$17,000	\$0
Food	\$1,000	\$1,788	\$2,000	\$1,000
Household Expense	\$3,000	\$1,575	\$2,500	(\$500)
Household Expense-Contracts	\$17,500	\$20,573	\$17,500	\$0
Insurance-Public Liability	\$47,180	\$42,052	\$47,180	\$0
Maint-Equipment	\$18,000	\$6,394	\$18,000	\$0
Maint-Bldgs & Improv	\$925	\$0	\$900	(\$25)
Medical, Dental & Lab Supplies	\$500	\$577	\$500	\$0
Memberships	\$9,000	\$6,508	\$9,000	\$0
Miscellaneous Expense	\$1,400	\$4,801	\$1,400	\$0
Office Expense	\$11,500	\$8,137	\$11,500	\$0
Office Expense-Postage	\$9,000	\$5,624	\$9,000	\$0
Office Expense-Printing	\$5,000	\$2,289	\$5,000	\$0
Indirect/Overhead A-87 Costs	\$18,000	\$63,494	\$18,000	\$0
Auditing and Fiscal Services	\$39,400	\$25,280	\$39,400	\$0
Information Services	\$63,000	\$55,105	\$63,000	\$0
Legal Services	\$48,000	\$32,400	\$48,000	\$0
Medical Services	\$1,000	\$240	\$1,000	\$0
Professional & Specialized	\$332,000	\$152,038	\$770,000	\$438,000
Board Member Stipends	\$16,000	\$7,821	\$16,000	\$0
Publications & Legal Notices	\$5,000	\$7,356	\$7,000	\$2,000
Rents & Leases-Equipment	\$2,800	\$1,659	\$2,800	\$0
Rents & Lease-Bldgs & Improv	\$205,000	\$191,229	\$205,000	\$0
Minor Equipment	\$12,000	\$6,327	\$12,000	\$0
Training Expense	\$10,500	\$5,215	\$10,500	\$0
Special Dept. Expense-Other	\$24,500	\$32,906	\$24,500	\$0
Transportation & Travel	\$25,700	\$15,001	\$25,700	\$0
Vehicle Fuel	\$12,000	\$9,263	\$12,000	\$0
Utilities	\$14,000	\$11,191	\$14,000	\$0
Capital Lease and Interest	\$10,800	\$9,612	\$10,800	\$0
Equipment (Capital Assets)	\$35,000	\$36,970	\$30,000	(\$5,000)
Services, Supplies & Equipment	\$1,017,705	\$773,861	\$1,453,180	\$435,475
Contingency	\$248,736	\$0	\$1,301,013	\$1,052,277
Operating Expenditures	\$3,876,560	\$3,127,142	\$5,570,193	\$1,693,633

AB2766 Mobile Source				
	Adopted	Actual	Final	Variance
Revenue	2018/2019	2018/2019	2019/2020	Final-Adopted
DMV Revenue	\$1,155,000	\$1,181,422	\$1,182,000	\$27,000
Interest	\$250	\$276	\$250	\$0
Total	\$1,155,250	\$1,181,699	\$1,182,250	\$27,000
Fund Balance	\$373,186	\$429,983	\$544,948	\$171,762
Total Revenue Available	\$1,528,436	\$1,611,682	\$1,727,198	\$198,762
Expenditures				
Regular Employees	\$523,000	\$475,079	\$553,000	\$30,000
Overtime	\$2,080	\$97	\$2,000	(\$80)
Vacation/Payroll Buyback	\$9,210	\$10,829	\$9,200	(\$10)
Retirement	\$84,000	\$70,786	\$84,000	\$0
Medicare Tax	\$7,750	\$7,184	\$8,000	\$250
Employee Group Insurance	\$72,000	\$36,993	\$72,000	\$0
OPEB	\$78,000	\$63,840	\$82,000	\$4,000
Unemployment Insurance	\$1,800	\$2,095	\$2,500	\$700
Workers Compensation	\$5,000	\$4,456	\$5,500	\$500
Other Miscellaneous Benefits	\$27,500	\$14,462	\$24,000	(\$3,500)
Salaries and Benefits Total	\$810,340	\$685,819	\$842,200	\$31,860
Clothing and Personal Supplies	\$150	\$0	\$150	\$0
Communications	\$3,500	\$4,067	\$3,500	\$0
Food	\$550	\$503	\$550	\$0
Maint-Equipment	\$12,100	\$2,054	\$12,000	(\$100)
Maint-Bldgs. & Improvements	\$6,000	\$0	\$6,000	\$0
Memberships	\$5,000	\$3,425	\$5,000	\$0
Miscellaneous Expense	\$100	\$49	\$100	\$0
Office Expense	\$4,000	\$1,633	\$4,000	\$0
Office Expense-Postage	\$350	\$73	\$350	\$0
Office Expense-Printing	\$7,000	\$2,180	\$7,000	\$0
Auditing and Fiscal Services	\$2,000	\$588	\$2,000	\$0
Information Services	\$6,300	\$1,589	\$6,300	\$0
Medical Services	\$150	\$55	\$150	\$0
Professional & Specialized	\$45,000	\$25,773	\$27,000	(\$18,000)
Board Member Stipends	\$600	\$0	\$600	\$0
Publications & Legal Notices	\$1,200	\$80	\$1,200	\$0
Rents & Lease-Bldgs & Improv	\$0	\$0	\$0	\$0
Minor Equipment	\$5,300	\$9,462	\$5,300	\$0
Training Expense	\$4,060	\$1,211	\$4,000	(\$60)
Special Dept. Expense-Other	\$20,000	\$7,131	\$20,000	\$0
Utilities	\$1,000	\$650	\$1,000	\$0
Transportation & Travel	\$10,000	\$9,080	\$10,000	\$0
Vehicle Fuel - Electric Charging	\$5,000	\$4,687	\$6,000	\$1,000
Services and Supplies	\$139,360	\$74,288	\$122,200	(\$17,160)
Administrative/Intrafund Transfer	\$230,000	\$216,836	\$236,400	\$6,400
Clean Air Grants	\$100,000	\$89,791	\$109,000	\$9,000
Total Requirements	\$1,279,700	\$1,066,733	\$1,309,800	\$30,100
Contingency	\$248,736	\$0	\$417,398	\$168,662
Total Expenses	\$1,528,436	\$1,066,733	\$1,727,198	\$198,762

AB923 Mobile Source				
Revenue	Adopted 2018/2019	Actual 2018/2019	Final 2019/2020	Variance Final-Adopted
DMV Revenue	\$575,000	\$593,211	\$591,000	\$16,000
Interest	\$250	\$23,360	\$250	\$0
Total	\$575,250	\$616,571	\$591,250	\$16,000
Fund Balance	\$648,645	\$1,332,205	\$1,746,700	\$1,098,055
Total Revenue Available	\$1,223,895	\$1,948,776	\$2,337,950	\$1,114,055
Expenditures				
Intrafund Transfer	\$36,000	\$37,076	\$36,938	\$938
AB 923 Grants	\$550,000	\$165,000	\$1,000,000	\$450,000
Total Requirements	\$586,000	\$202,076	\$1,036,938	\$450,938
Contingency	\$637,895	\$0	\$1,301,013	\$663,118
Total Expenses	\$1,223,895	\$202,076	\$2,337,950	\$1,114,055

Solano Property Tax				
Revenue	Adopted 2018/2019	Actual 2018/2019	Final 2019/2020	Variance Final-Adopted
Solano Property Tax	\$225,000	\$394,269	\$275,000	\$50,000
Redevelopment Pass Through	\$25,000	\$99,641	\$25,000	\$0
Total	\$250,000	\$493,910	\$300,000	\$50,000
Fund Balance	\$466,530	\$659,080	\$918,837	\$452,307
Total Revenue Available	\$716,530	\$1,152,990	\$1,218,837	\$502,307
Expenditures				
Intrafund Transfer	\$25,000	\$49,391	\$30,000	\$5,000
Clean Air Grants	\$300,000	\$184,762	\$450,000	\$150,000
Total Requirements	\$325,000	\$234,153	\$480,000	\$155,000
Contingency	\$391,530	\$0	\$738,837	\$347,307
Total Expenses	\$716,530	\$234,153	\$1,218,837	\$502,307

FARMER				
Revenue	Adopted 2018/2019	Actual 2018/2019	Final 2019/2020	Variance Final-Adopted
ARB FARMER Grant	\$1,800,000	\$1,830,900	\$1,765,000	(\$35,000)
Interest	\$2,000	\$9,997	\$5,000	\$3,000
Total	\$1,802,000	\$1,840,897	\$1,770,000	(\$32,000)
Fund Balance	\$0	\$0	\$1,673,237	\$1,673,237
Total Revenue Available	\$1,802,000	\$1,840,897	\$3,443,237	\$1,641,237
Expenditures				
Intrafund Transfer	\$225,000	\$0	\$130,000	(\$95,000)
FARMER Grants	\$1,577,000	\$167,660	\$1,543,237	(\$33,763)
Total Requirements	\$1,802,000	\$167,660	\$1,673,237	(\$128,763)
Contingency	\$0	\$0	\$1,770,000	\$1,770,000
Total Expenses	\$1,802,000	\$167,660	\$3,443,237	\$1,641,237

Staffing For Fiscal Year 2019/2020

The District is proposing to add one full-time position for fiscal year 2019/2020, bringing the total to 23 full-time positions as shown below. More detail is provided on the following page that includes the Executive Director/APCO recommendations for the new fiscal year.

<i>Job Classifications</i>	FY 2018/2019 FTE*	FY 2019/2020 FTE*
Executive Director/Air Pollution Control Officer (contracted position)	1.00	1.00
Deputy Air Pollution Control Officer	1.00	1.00
<i>Administration Division</i>		
Administrative Services Manager	1.00	1.00
Administrative Operations Coordinator/Board Clerk	1.00	1.00
Administrative Assistant or Administrative Clerk	2.00	2.00
Air Quality Technician	2.00	2.00
Public Information Officer	1.00	1.00
<i>Compliance Division</i>		
Compliance Manager	1.00	1.00
Assistant/Associate Air Quality Specialist	4.00	4.00
Senior Air Quality Specialist	1.00	1.00
<i>Engineering Division</i>		
Engineering Manager	1.00	1.00
Assistant/Associate Air Quality Engineer	3.00	4.00
<i>Planning and Air Monitoring Division</i>		
Planning and Air Monitoring Manager	1.00	1.00
Air Monitoring Technician I/II	1.00	1.00
Assistant/Associate Air Quality Planner	1.00	1.00
TOTAL	22.00	23.00

*FTE – Full Time Equivalent

Executive Director Salary and Benefit Recommendations

The District Board approved agreement, No. 19-09 with the Yolo-Solano Air Quality Management District Employees' Association approved by the Board of Directors on July 10, 2019. The increases to employee compensation or benefits are included in the final budget.

We are recommending adding one Air Quality Engineer in the coming year. The District has a significantly increased workload since the 2018/2019 due to new ARB grants and programs. In fiscal year 2019/2020 the District will be receiving grants for Oil and Gas (\$100,000), AB 617 (\$136,000), AB 197 (\$12,500) and prescribed fire (\$20,000). For all of these grants the District must show hours worked in the program to receive the funding. With existing staffing levels, the District would risk not collecting the grant funding and, in some cases, still be required to perform the duties.



Salary Resolution No. 19-07
Effective July 1, 2019

YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT
SALARY RESOLUTION NO. 19-07
Effective 7/1/2019

Classifications		Step A	Step B	Step C	Step D	Step E	FLSA Status	Covered Under MOU
Administration								
Administrative Clerk	23	\$3,064 \$36,767 \$17.68	\$3,217 \$38,605 \$18.56	\$3,378 \$40,536 \$19.49	\$3,547 \$42,562 \$20.46	\$3,724 \$44,690 \$21.49	Non-exempt	Yes
Administrative Assistant	41	\$3,665 \$43,979 \$21.14	\$3,848 \$46,178 \$22.20	\$4,041 \$48,487 \$23.31	\$4,243 \$50,911 \$24.48	\$4,455 \$53,456 \$25.70	Non-exempt	Yes
Air Quality Technician	67	\$4,747 \$56,964 \$27.39	\$4,984 \$59,812 \$28.76	\$5,234 \$62,802 \$30.19	\$5,495 \$65,943 \$31.70	\$5,770 \$69,240 \$33.29	Non-exempt	Yes
Public Information Officer	93	\$6,149 \$73,783 \$35.47	\$6,456 \$77,472 \$37.25	\$6,779 \$81,345 \$39.11	\$7,118 \$85,413 \$41.06	\$7,474 \$89,683 \$43.12	Non-exempt	Yes
Administrative Operations Coordinator/Board Clerk	94	\$6,210 \$74,520 \$35.83	\$6,521 \$78,246 \$37.62	\$6,847 \$82,159 \$39.50	\$7,189 \$86,267 \$41.47	\$7,548 \$90,580 \$43.55	Non-exempt	No
Compliance								
Assistant Air Quality Specialist	80	\$5,402 \$64,830 \$31.17	\$5,673 \$68,071 \$32.73	\$5,956 \$71,475 \$34.36	\$6,254 \$75,049 \$36.08	\$6,567 \$78,801 \$37.89	Non-exempt	Yes
Associate Air Quality Specialist	95	\$6,272 \$75,266 \$36.19	\$6,586 \$79,029 \$37.99	\$6,915 \$82,980 \$39.89	\$7,261 \$87,129 \$41.89	\$7,624 \$91,486 \$43.98	Non-exempt	Yes
Senior Air Quality Specialist	105	\$6,928 \$83,140 \$39.97	\$7,275 \$87,297 \$41.97	\$7,638 \$91,662 \$44.07	\$8,020 \$96,245 \$46.27	\$8,421 \$101,057 \$48.59	Non-exempt	Yes

Salary Resolution No. 19-07 (continued)

Engineering								
Classifications		Step A	Step B	Step C	Step D	Step E	FLSA Status	Covered Under MOU
Assistant Air Quality Engineer	92	\$6,088 \$73,052 \$35.12	\$6,392 \$76,705 \$36.88	\$6,712 \$80,540 \$38.72	\$7,047 \$84,567 \$40.66	\$7,400 \$88,795 \$42.69	Non-exempt	Yes
Associate Air Quality Engineer	107	\$7,068 \$84,811 \$40.77	\$7,421 \$89,052 \$42.81	\$7,792 \$93,504 \$44.95	\$8,182 \$98,180 \$47.20	\$8,591 \$103,089 \$49.56	Non-exempt	Yes
Associate Air Quality	112	\$7,428	\$7,800	\$8,189	\$8,599	\$9,029	Non-exempt	Yes
Engineer with P.E.		\$89,137 \$42.85	\$93,594 \$45.00	\$98,274 \$47.25	\$103,188 \$49.61	\$108,347 \$52.09		
Senior Air Quality Engineer	117	\$7,807 \$93,684 \$45.04	\$8,197 \$98,369 \$47.29	\$8,607 \$103,287 \$49.66	\$9,038 \$108,451 \$52.14	\$9,489 \$113,874 \$54.75	Non-exempt	Yes
Senior Air Quality Engineer with P.E.	122	\$8,205 \$98,463 \$47.34	\$8,616 \$103,386 \$49.70	\$9,046 \$108,556 \$52.19	\$9,499 \$113,983 \$54.80	\$9,974 \$119,683 \$57.54	Non-exempt	Yes
Planning and Air Monitoring								
Air Monitoring Technician I	67	\$4,747 \$56,964 \$27.39	\$4,984 \$59,812 \$28.76	\$5,234 \$62,802 \$30.19	\$5,495 \$65,943 \$31.70	\$5,770 \$69,240 \$33.29	Non-exempt	Yes
Air Monitoring Technician II	82	\$5,511 \$66,133 \$31.79	\$5,787 \$69,440 \$33.38	\$6,076 \$72,912 \$35.05	\$6,380 \$76,557 \$36.81	\$6,699 \$80,385 \$38.65	Non-exempt	Yes
Assistant Air Quality Planner	83	\$5,566 \$66,794 \$32.11	\$5,845 \$70,134 \$6.00	\$6,137 \$73,641 \$35.40	\$6,444 \$77,323 \$37.17	\$6,766 \$81,189 \$39.03	Non-exempt	Yes
Associate Air Quality Planner	98	\$6,462 \$77,546 \$37.28	\$6,785 \$81,424 \$39.15	\$7,125 \$85,495 \$41.10	\$7,481 \$89,769 \$43.16	\$7,855 \$94,258 \$45.32	Non-exempt	Yes
Clerical Extra-Help/Interns								
Clerical Extra-Help	1	\$14.20	per hour				Non-exempt	No
Intern (College)	21	\$17.33	\$18.19	\$19.10	\$20.06	\$21.06	Non-exempt	No

Salary Resolution No. 19-07M (Management-Exempt Positions)

Effective July 1, 2019

YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT

Management - Exempt Positions

SALARY RESOLUTION NO. 19-07M

EFFECTIVE JULY 1, 2019

Salary Range	Minimum		Maximum		Position
	Hourly	Monthly	Hourly	Monthly	
M-115	\$42.93	\$7,442	\$53.67	\$9,303	
M-116	\$43.36	\$7,516	\$54.20	\$9,396	
M-117	\$43.80	\$7,592	\$54.75	\$9,489	
M-118	\$44.24	\$7,668	\$55.29	\$9,584	Planning Manager
M-119	\$44.68	\$7,744	\$55.85	\$9,680	
M-120	\$45.12	\$7,822	\$56.41	\$9,777	Compliance Manager
M-121	\$45.58	\$7,900	\$56.97	\$9,875	
M-122	\$46.03	\$7,979	\$57.54	\$9,974	
M-123	\$46.49	\$8,059	\$58.12	\$10,073	
M-124	\$46.96	\$8,139	\$58.70	\$10,174	
M-125	\$47.43	\$8,221	\$59.28	\$10,276	
M-126	\$47.90	\$8,303	\$59.88	\$10,379	
M-127	\$48.38	\$8,386	\$60.47	\$10,482	
M-128	\$48.86	\$8,470	\$61.08	\$10,587	
M-129	\$49.35	\$8,554	\$61.69	\$10,693	
M-130	\$49.85	\$8,640	\$62.31	\$10,800	
M-131	\$50.34	\$8,726	\$62.93	\$10,908	
M-132	\$50.85	\$8,814	\$63.56	\$11,017	Administrative Services Manager Engineer Manager
M-133	\$51.36	\$8,902	\$64.20	\$11,127	
M-134	\$51.87	\$8,991	\$64.84	\$11,238	
M-135	\$52.39	\$9,081	\$65.49	\$11,351	
M-136	\$52.91	\$9,171	\$66.14	\$11,464	
M-137	\$53.44	\$9,263	\$66.80	\$11,579	
M-138	\$53.98	\$9,356	\$67.47	\$11,695	
M-139	\$54.52	\$9,449	\$68.14	\$11,812	
M-140	\$55.06	\$9,544	\$68.83	\$11,930	
M-141	\$55.61	\$9,639	\$69.51	\$12,049	
M-142	\$56.17	\$9,736	\$70.21	\$12,170	
M-143	\$56.73	\$9,833	\$70.91	\$12,291	
M-144	\$57.30	\$9,931	\$71.62	\$12,414	
M-145	\$57.87	\$10,031	\$72.34	\$12,538	
M-146	\$58.45	\$10,131	\$73.06	\$12,664	
M-147	\$59.03	\$10,232	\$73.79	\$12,790	Deputy APCO
M-148	\$59.62	\$10,335	\$74.53	\$12,918	
M-149	\$60.22	\$10,438	\$75.27	\$13,047	
M-150	\$60.22	\$10,438	\$75.27	\$13,047	

SUMMARY OF FUND BALANCES AND CLASSIFICATIONS

Appropriate Level of Fund Balances and Reserves

It is essential that governments maintain adequate levels of fund balance and reserves to mitigate current or future risks (e.g., revenue shortfalls and unanticipated expenditures). Fund balance levels are a crucial consideration in long-term financial planning. However, managing reserves can be a challenge, especially in terms of determining an appropriate balance level. Political pressure to spend fund balance reserves on current operational needs is all too common. The primary reason for a reserve fund balance policy is to be prepared for contingencies (such as future emergencies, natural disasters, and for economic uncertainty). The importance of having a policy and the purposes of a policy related to the District include:

- 1) Plan for contingencies. Governments will always face challenges when it comes to balancing their budgets. For our District local events such as the closure of businesses, natural disasters, and state or federal funding shortfalls, can negatively affect revenues. Reserves can be used to make up for revenue delays or shortfalls.
- 2) Generate investment income. Reserves can be a good source for investment yield, depending on market conditions.
- 3) Ensure cash availability when revenue is unavailable. Reserves can be used to bridge gaps during the year that normally see temporary low levels of cash. Maintaining adequate reserves can balance differences in cash availability.
- 4) Formal reserve policies create a shared understanding of the appropriate level and use of fund balance reserves.

The adequacy of fund balances in general funds should be assessed based upon the agency's own specific circumstances. Nevertheless, Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size maintain a fund balance in their general fund of no less than two months of regular operating revenues or regular operating expenditures. The District Board adopted the policy in 2004 of at least 10% of regular General Fund and Mobile Source DMV AB 2766 Fund (AB 2766 Fund) operating revenues in the reserve fund balance (General Reserves), and at least 5% in contingency reserves in both the General Fund and the AB 2766 Fund. Since the contingency account fluctuates each fiscal year, the importance of maintaining the reserve fund balance at an appropriate level should continue to be a priority for the District in long-range planning. The GFOA's recommendation of a minimum reserve is only a baseline, and as such each agency's reserve fund balance will need to be adjusted based on local risks. A risk is defined as the probability and magnitude of a loss, disaster, or other undesirable event. A reserve is one tool that the District can use to mitigate any potential risk. Besides risk, there are other "drivers" that can determine the size of the reserves. Other drivers include the size of the agency, commitment or assignments, and budget practices.

After analysis and review, District staff recommended and the Board approved on May 8, 2013, that the balance of the reserves be maintained in the range of 5% to 15% of the average total operating expenditures reported in the year-end totals of the preceding three fiscal years. This information will be provided each spring during the development of the budget to the Budget and Audit Committee, and then reported in the annual budget documents. If the General Reserves falls below the target level of 5% the District will review replenishing the reserves within a 5-year time frame or as soon as economic conditions allow. Use of the General Reserve requires Board approval, and could provide resources in the event of an economic downturn while expenditure reductions are implemented; provide resources to meet emergency expenditures in case of a local disaster or

any other emergency; or if the District experiences unexpected declines in revenues and/or unpredicted large one-time expenditures. Use of the General Reserve requires a majority vote of the Board or approval during adoption of the annual budget.

In addition, it was recommended and approved to target a 3-5% contingency reserve fund balance in both the General and AB 2766 Funds. Contingency reserves may be used at the discretion of the Board to provide resources for unanticipated needs of a non-recurring nature or provide for small increases in service delivery costs that were not anticipated during the budget development cycle, or provide for one-time expenditures not originally approved in the annual budget.

The District's General Fund's unassigned Fund Balance and AB 2766's restricted Fund Balance rolls forward to the next fiscal year as cash available. Excess funds, once revenue and expenditures are projected for the new year, are put into the stabilization contingency account (unassigned fund balance), which is used for the calculation of the appropriate level of operating funds (unassigned in the General Fund and restricted in the AB 2766 Fund). It is equally important to maintain an adequate amount to carry forward each year, as it is to maintain the reserves accounts.

The amounts shown in the table below reflect the history of the District's operating funds (General Fund and Mobile Source DMV Fund AB 2766) from 2016/2017, 2018/2019 and the budgeted 2019/2020 figures. Based on the target goals described above, the combined fund balance to operating expenditure ratio is at 31% which exceeds the recommended fund balance reserve policy. The percentage combined reserves for the three-year period are at 28.3%, which is above the board adopted goal. The District will be evaluating the current reserve policies through the next fiscal year.

Operating Fund Balance and Expenditures			
Fiscal Year	Combined Fund Balance	Operating Expenditures (OE)	Ratio
2016/2017	\$1,058,044	\$3,728,747	28%
2017/2018	\$1,196,877	\$4,351,086	28%
2018/2019	\$1,481,861	\$3,924,218	38%
3 Year Average	\$1,245,594	\$4,001,350	31%
Projection 2019/2020	\$2,451,523	\$5,528,738	44%

Contingency and General Fund Reserves						
Fiscal Year	Contingency	% Contingency of OE	Special Reserve	Unassigned Reserve	% Committed of OE	% Combined of OE
2016/2017	\$417,224	11.2%	\$28,281	\$299,146	8.8%	20.0%
2017/2018	\$589,513	13.5%	\$28,281	\$299,146	7.5%	21.1%
2018/2019	\$680,446	17.3%	\$28,281	\$1,049,146	27.5%	44.8%
3 Year Avg.	\$562,394	14.0%	\$28,281	\$549,146	14.6%	28.6%
2019/2020	\$1,466,511	26.5%	\$28,281	\$1,049,146	19.0%	46.0%

Fund Balance Classifications

The District, to meet the requirements of the Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions, has classified the District's fund balances as Unassigned (fund balance, general reserves and contingency), and Assigned (equipment and special program reserve accounts, and encumbrances) and Committed (future OPEB trust fund or reserve). In addition, revenue received under AB 2766, AB 923 and Solano County Tax Proceeds are classified as "Restricted."

We have outlined the recommended fund balance classifications below. The District will review classifications each fiscal year according to GASB, and will make recommendations to the Board by budget adoption.

Assigned: Equipment and special program reserves, and encumbrances which are considered resources with self-imposed limitations, but do not require approval by the highest level of decision making authority or the same level of formal action to remove or modify limitations. Use of reserves requires a formal action of the Board (minute order) through the budget adoption process or amendments. The encumbering of funds is usually done at staff level with approval by the Administrative Services Manager. All of the District's encumbrances are related to grants.

Unassigned: General reserves and contingency accounts are considered resources that cannot be reported in any other classification. Use of general reserves and/or contingency requires formal action of the Board (minute order.)

Restricted: AB 2766, AB 923, Solano County Property Tax and FARMER are considered restricted resources and constrained to specific purposes by an external provider, government laws and regulations, or by constitutional provisions or enabling legislation.

Committed: Future Other Post-retirement Employee Benefits (OPEB) reserves in which prior to placing in a trust fund and are considered resources with self-imposed limitations, evidenced by the Board's approved formal action (minute order and/or resolution).

Non-spendable: Prepaid expenses are resources that cannot be spent because they are not in an expendable form or must be maintained intact. Examples for the District would be invoices due by July 1 of the new fiscal year, and must "prepay" at the close of the current fiscal year.

2019/2020 Reserve Summary		
Reserve Description	Classification	Amount
Equipment Replacement/Special Projects	Assigned Reserves	\$28,281
General Reserves	Unassigned Reserves	\$299,146
Mutual Settlement	Unassigned Reserves	\$750,000

Cost Recovery by Program

The District has calculated the cost recovery by program. The methodology has been updated in this budget cycle. The revenue for each program is added to the grant funding received for each specific program. The District estimates the time spent by employees in each program and calculates a percentage for that program. The services and supplies and salaries and benefits from the general fund are allocated to each of these programs by percentage. The salary and benefits are adjusted by the intrafund transfer amounts of the AB 923, Solano Property Tax and FARMER programs to account for employees working in those programs. Services and supplies are adjusted for any pass through grants funded out of the professional services account.

The District Board has adopted a cost recovery goal of 90% for the Stationary Source program. Staff will work with the Board to adopt cost recovery goals for the other programs over the next year. Any short fall in program recovery is made up through AB 2766 DMV fees, only for activities to meet the California Clean Air Act, mutual settlement revenue and miscellaneous sources of income.

Cost Recovery Fiscal Year 2018-2019

The projected cost recovery in the stationary source program is 104%. This is due to the receipt of a “start-up” grant (\$242,000) as well as a “first-year” (\$100,000) grant for the Oil and Gas Program. Without the “start-up” grant cost recovery would have been 90%. Cost recovery for the other programs range between 14% and 83%.

Actual Cost Recovery By Program					
	Stationary Source	Air Toxics Hotspot	Agricultural Burning	Asbestos	Agricultural Engines
Expense Percentage	80%	2%	5%	8%	4%
Revenue	\$1,984,252	\$35,464	\$17,433	\$190,189	\$83,266
Grants ¹	\$510,440	\$1,669	\$4,656	\$7,028	\$3,865
Total	\$2,494,692	\$37,133	\$22,089	\$197,217	\$87,131
Salaries and Benefits ²	\$1,822,519	\$43,069	\$120,141	\$181,345	\$99,740
Services and Supplies ³	\$569,120	\$13,449	\$37,517	\$56,629	\$31,146
Total	\$2,391,639	\$56,519	\$157,658	\$237,974	\$130,886
Cost Recovery Percentage	104%	66%	14%	83%	67%

¹ The Subvention Grant is divided in the programs based on expense percentage. Stationary source grants include Oil & Gas, EPA 105, AB 197 and 75% of AB617.

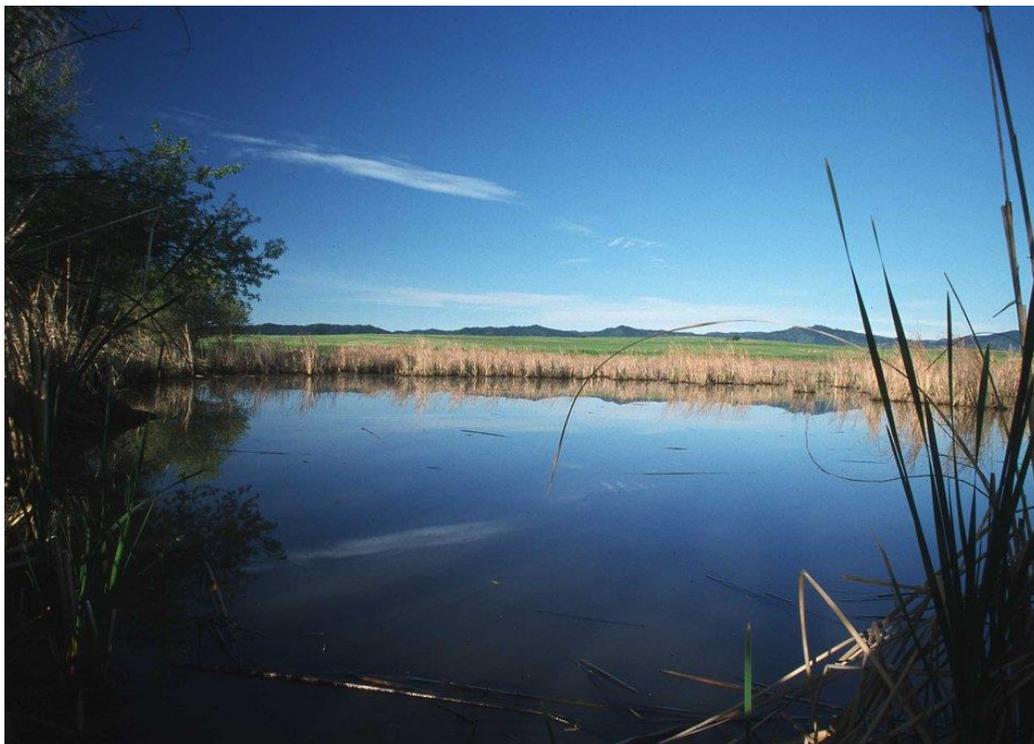
² Reduced by the intrafund transfers from AB923, Solano Property Tax and FARMER.

³ Reduced by any pass through grant amounts in Specialized Services.

Projected Cost Recovery Fiscal Year 2019-2020

The proposed cost recovery in the stationary source program is 78%. This is below the Board goal of 90%. District staff is recommending a 3.6% increase based on the CPI as allowed by the fee schedules. Cost recovery for the other programs range between 23% and 83%.

Projected Cost Recovery By Program					
	Stationary Source	Air Toxics Hotspot	Agricultural Burning	Asbestos	Agricultural Engines
Expense Percentage	80%	2%	5%	8%	4%
Revenue	\$1,840,000	\$51,000	\$17,000	\$137,000	\$76,000
Grants ¹	\$258,106	\$1,669	\$24,656	\$7,028	\$3,865
Total	\$2,098,106	\$52,669	\$41,656	\$144,028	\$79,865
Salaries and Benefits ²	\$2,105,726	\$49,762	\$138,810	\$209,525	\$115,239
Services and Supplies ³	\$593,352	\$14,022	\$39,114	\$59,040	\$32,472
Total	\$2,699,078	\$63,784	\$177,924	\$268,565	\$147,711
Cost Recovery Percentage	78%	83%	23%	54%	54%
¹ The Subvention Grant is divided in the programs based on expense percentage. Stationary source grants include Oil & Gas, EPA 105, AB 197 and 75% of AB617. Prescribed fire included in ag burning. ² Reduced by the intrafund transfers from AB923, Solano Property Tax and FARMER. ³ Reduced by any pass through grant amounts in Specialized Services.					



Variances

Variance Greater Than \$5,000 and 20%		
Fund	Variance	Explanation
General Fund Revenue		
ARB AB 197 Grant	(\$13,500)	Initial year grant included additional funds. Grant Reduced to annual amount.
Prescribed Fire Grant	\$20,000	This is a new grant for this fiscal year.
Air Toxic Hot Spots	\$26,000	Cylical program with more facilities subject.
ARB AB 617 Grant	\$78,000	Increase in ARB grant amount.
CAPCOA Woodsmoke Reduction	\$0	This is the remainder of the 18/19 grant.
ARB Oil and Gas Grant	(\$142,000)	Funding received this year was for initial start up and first year funds. This year we will receive second year funds.
General Fund Expense		
Professional & Specialized	\$438,000	CEQA Grant Funding of \$485,000 to be awarded.
Equipment (Capital Assets)	(\$5,000)	Less capital asset purchase this fiscal year.
Contingency	\$1,052,277	Cash that can be used with Board approval.
AB 2766 Revenue		
Fund Balance	\$171,762	Contingency moved from previous year.
AB 2766 Expense		
Professional & Specialized	(\$18,000)	Reduced to move in line with actual expense.
AB 923 Revenue		
Fund Balance	\$1,098,055	Budgeted was lower than projected. If the projected is used the variance 380K.
AB 923 Expense		
AB 923 Grants	\$450,000	Increase to do electric school buses.
Contingency	\$663,118	Cash that can be used with Board approval.
Solano Property Revenue		
Fund Balance	\$452,307	Budgeted was lower than projected. If the projected is used the variance 102K.
Solano Property Expense		
Contingency	\$347,307	Cash that can be used with Board approval.
FARMER Revenue		
Fund Balance	\$1,673,237	This is grant funding that is rolling over to next year. It will be expended in FY 19/20,
FARMER Expense		
Intrafund Transfer	(\$95,000)	Less administrative work on the program than anticipated. Additional funding will be used as grants.
Contingency	\$1,770,000	Grants awarded were less than expected. Will be awarded this fiscal year.

FUNDS AND ACCOUNT DESCRIPTIONS

Fund	Description
General Fund	This fund account is the operating fund and is used for the permit programs (stationary source, confined animal facilities, agricultural engines, and portable equipment, agricultural burning, asbestos, and mutual settlement programs, and small grants from the California Air Resources Board and the U.S. Environmental Protection Agency (EPA). The revenue supports staff that work within these programs.
Mobile Source DMV AB2766	This fund account is considered a restricted account that tracks revenue received from the Department of Motor Vehicles (DMV). The DMV collects and provides to the District \$4.00 for each vehicle registered within the District's jurisdiction. The money is used in part as an operating fund to support staff that work within the mobile source program, and provides grant funding toward the District's Clean Air Funds Program.
Mobile Source DMV AB923	This fund account is considered a restricted account that tracks revenue received from the DMV. The DMV collects and provides to the District \$2.00 for each vehicle registered within the District's jurisdiction. This money provides additional funding for programs as allowed under the legislative guidelines.
Solano County Property Tax	This fund account is considered restricted and supports the District's Clean Air Funds program and additional Board approved projects, equipment and programs.
FARMER	Funding Agricultural Replacement Measures for Emission Reductions (FARMER). This restricted fund account tracks and manages the new incentive program to assist in the replacement of qualified agricultural equipment.
AB 197	State program focused on reporting of annual emissions inventories.

Revenue Accounts (Alphabetical Order) Description

AB 617	Focuses on improving air quality and reducing exposure in communities most impacted by air pollution.
Administrative Overhead	Administrative fees for indirect and overhead charges against Restricted Funds.
Agricultural Burning – Permit Fees	Fees related to the agricultural burning program.
Agricultural Engine Program	Fees related to the agricultural engine registrations.
Air Toxic Hot Spots Fees	Fees collected from permitted sources under the stationary source program as mandated by the State of California under the Air Toxic Hot Spots Program (AB2588)
Asbestos Notification and Demolition Fees	Fees related to the asbestos notification and demolition program
Funding Agricultural Replacement Measures for Emission Reductions (FARMER)	New incentive program to assist with the replacement of qualified agricultural equipment.
Federal Revenue	Pass-thru revenue for the EPA 103 PM2.5 grant program and the EPA 105 grant program.
Interest	Interest earned on cash invested in the Yolo County Investment Pool.
New Permit Fees	Stationary source new permit revenue
Oil and Gas	State program, enforced by the District, regulating oil and gas methane.
Other Revenue	Miscellaneous revenue such as time and material rate for information requests.
Penalty Assessments	Penalty charges against delinquent fees.
Redevelopment Pass Through from Solano County	(RDA) revenue received under Solano County property tax allotments
Renewal Permit Fees	Stationary source annual renewal permit fees.
Sale of Capital Assets	To recognize sale of District capital assets.
Settlement – Fines	Mutual settlement program.
Solano County Property Tax	Tax proceeds collected from the northeastern portion of Solano County

Source Testing Fees	Fees related to stationary source emission testing.
Stale Date Warrants	Warrants over six months old that have not been cashed.
State of California Department of Motor Vehicle and/or Other State Agencies	Assembly Bill 2766: Revenue based on vehicles registered in the District (\$4 per vehicle); PERP pass-through from the ARB; and any miscellaneous state revenue.
State of California Department of Motor Vehicle and Air Resources Board (ARB)	Assembly Bill 923: \$2 vehicle surcharge on motor vehicles registered in the District. Released under Board approved programs as allowed under legislation. Includes ARB subvention grant.
Woodsmoke Reduction Program	Grant funds used to replace qualified wood burning devices.

Payroll Expenditure Accounts (Alphabetical Order) Description

Employee Group Insurance	Health, dental and vision coverage, group life insurance and long-term disability coverage.
Extra-help	Wages paid to extra-help employees/interns.
FICA	Social security federal tax.
Medicare Tax	Federal payroll tax.
FICA	Social security federal tax.
Medicare Tax	Federal payroll tax.
OPEB	Contributions to CalPERS Trust and monthly pay-as-you-go costs for retiree's health insurance coverage.
Other Miscellaneous Benefits	Payroll expenses including deferred compensation match, sick leave incentive, flex spending account administrative fee, and payroll service charges to third-party vendor.
Overtime	Overtime wages paid to employees
Payroll payout/Vacation buy back	Terminating employees receive certain leave accrual payouts, and used for vacation buy-back.
Regular Employees	Wages paid to employees.
Retirement	Pension payments to CalPERS
Unemployment Insurance	State payroll tax.
Workers Compensation Insurance	Self-insured payments to YCPARMIA.

Expense Accounts (Alphabetical Order) Description

AB923 Grant Program	DMV AB923 grant programs.
Administrative Indirect Cost	A-87 Cost Allocation with Yolo County and Intrafund charges from restricted funds to the general fund.
Appropriation for Contingency	Contingency account.
Auditing & Fiscal Services	Yolo County Auditor charges and independent audit.
Board Member Stipends	Payment for District Board of Directors and Hearing Board Members attendance at District related meetings.
Capital Lease/Interest Account	Capital lease equipment.
Clean Air Funds Program	DMV AB 2766 and Solano County property tax program.
Clothing and Personal Supplies	Safety boots, clothing and accessories
Communications	Telephone and cell phone expenses.
Equipment	Purchases of capital assets.
Food	Hosted meetings.
Household Expense	Common expenses to maintain the office.
Household Expenses – Contracts	Janitorial service.
Information Services	Network, computer support and internet costs.
Insurance – Liability	Self-insured payments to YCPARMIA (liability, property, fidelity).
Legal Services	Attorney fees.
Maintenance- Buildings & Improvements	Items such as locksmith services, building improvements/repairs and fire extinguisher refills.
Maintenance- Equipment	Maintenance agreements, maintenance on vehicles, computers, other equipment.

Medical Services	Pre-employment physicals and medical examinations.
Medical Supplies	First aid supplies.
Memberships	Education and partner memberships.
Miscellaneous Expense	This category is for misc. expenses that do not fall under any established account number.
Office Expense – Printing	Items such as stationary supplies, forms and brochures.
Office Expense – Postage	Postage and shipping expenses.
Professional & Specialized Services	Contracts and services provided including advertising.
Publications	Public and legal notices, and job announcements and advertisements.
Rents & Leases – Buildings	Office lease and public event booth rental.
Rents & Leases – Equipment	Rental or leased equipment.
Small Tools & Minor Equipment	All equipment purchased under \$3,000 and not considered a capital asset.
Special Dept. Expense – Other	Items such as specialty gases, plaques, public events, employee and Board awards.
Training Expense	All training.
Transportation & Travel	Transportation and travel.
Utilities	Gas and electricity
Vehicle Fuel	Fuel account.