

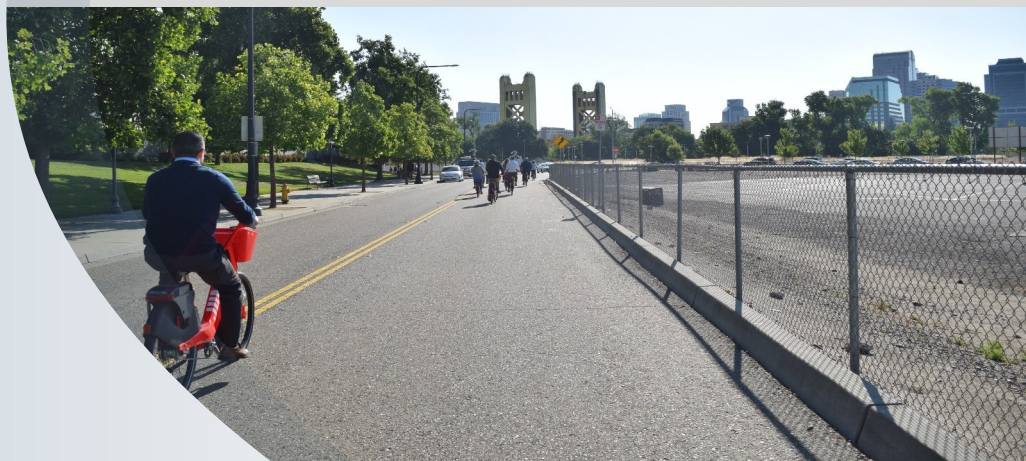


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Final Budget Fiscal Year 2021/2022

Mat Ehrhardt, P.E.
Executive Director/APCO






Yolo-Solano Air Quality Management District

Final Budget Fiscal Year 2021/2022

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To protect human
health and property
from the harmful
effects of air pollution.



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Yolo-Solano Air Quality Management District 2021 Board of Directors



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City of West Sacramento



Victoria Fernandez
City of Woodland



Gary Sandy
Yolo County Supervisor



Harold Anderson
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Ronald Kott
Mayor, City of Rio Vista



Don Saylor
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Mitch Mashburn
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Monica Brown
Solano County Supervisor



Gloria Partida
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Jeanette Wylie
City of Vacaville



Jim Ernest
City of Dixon



Jim Provenza
Yolo County Supervisor

Board of Directors:

Yolo-Solano Air Quality Management District

The final budget for Fiscal Year 2021/2022 supports the District's commitment to protecting human health and property from the harmful effects of air pollution. The District consistently practices conservative financial management and planning policies, promoting cost-effective and efficient operations to ensure services continue to be provided with the least burden on residents and businesses. This budget will allow core programs and partnerships with the community, industry and other stakeholders to continue working together to improve air quality while maximizing resources within the District.

This budget includes increased revenues from the Stationary Source Program in addition to new grant funding for electric vehicle infrastructure investment within the District. The Final budget shows a modest 1% decrease in the operating budget compared to the FY 2020/2021 Approved Final Budget. This modest amount is in recognition of the unique challenges we continue to experience due to COVID-19 and reflect adjustments the District has made to improve efficiencies in operations.

Budget Highlights include:

- Final FY 2021/2022 Operating Budget decrease of 1% from FY 2020/2021 Approved Final Budget.
- Consistent revenue streams with the addition of two new grant funding sources, the Target Airshed (EPA) Grant and State Reserve Funding (CARB).
- Reorganization of District Divisions to improve the efficiency of operations by elimination of Planning & Air Monitoring Division and redistribution of functions to the Administrative Division
- The District will prepay the unfunded CalPERS pension liability of \$276,193.

The District will make Other Post-Retirement Employee Benefits (OPEB) annual payment of \$206,052.

I look forward to continuing to serve this community and improving air quality for Yolo and Solano county residents in the next fiscal year.

Respectfully submitted,



Mat Ehrhardt, P.E.

Executive Director/Air Pollution Control Officer



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About the Yolo-Solano Air Quality Management District

California air pollution is regulated on three levels: federal, state and local. There are 35 local Air Districts that are charged by statute to control air pollution from non-vehicular sources. The goal of these control efforts is to achieve and maintain the state ambient air quality standards which are adopted by the California Air Resources Board (ARB) and the endeavor to attain and maintain the national ambient air quality standards adopted by the federal Environmental Protection Agency (EPA).



Local Districts range in size from single to multi-county agencies. They provide local expertise and knowledge to address local issues.

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. California is divided into 15 air basins that generally have similar meteorological and geographic conditions throughout.



The Yolo-Solano Air Quality Management District 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 and the northeast portion of Solano County from Vacaville on the west to Rio Vista on the South.

For the past 50 years, the District has implemented a five pronged approach to air quality protection: rules and compliance, permits, incentives, land use and public awareness. Through these efforts we have continued to see improvements in air quality, implementation of new technologies, behavior changes and great partnerships that will enable this work to continue on for another 50 years.



GOALS & ACCOMPLISHMENTS

ADMINISTRATIVE***Accomplishments for Fiscal Year 2020/2021***

Continue to 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. **The District has contracted with GovInvest for policy guidance and training. We will be making a presentation to the Board of Directors during the FY 2021/2022.**

Continue to develop and refine the in-house accounting system and complete year-end closing processes as refined due to the new in-house system. Train to use QuickBooks for the budget process to automate information. **The Administrative Division has made great strides in refining the processes and procedures. This will be an ongoing goal.**

Upgrade the Ag Burn portion of the website to make it more user friendly for our clientele and automate agriculture burn processes to streamline the program as much as possible. **Updates to the website are ongoing, but specifically in the agriculture burn portion of the website, we made the burn line information more easily accessible to the public. Streamlining processes is an on-going goal.**

Upgrade our contact form on the website to provide a drop-down menu for various correspondence. This will automate the process and create electronic documentation of communication. **The complaint form is now automated, thus reducing duplicate data entry. Other forms are being completed to increase efficiency.**

Apply for COVID-19 relief as provided for in any upcoming funding allocations from the state or federal government. **Special Districts were not part of the original COVID-19 funding, this will remain an on-going goal.**

Goals for Fiscal Year 2021/2022

The Administrative Division will be working on automating processes to enhance increased efficiencies. During this fiscal year, Permit to Operate processing will become automated.

Along with the above process the division will scan all personnel files and securely store them within our ERP system. This will allow for easy access and reduce the need to make copies of documents.

The automated accounting system, QuickBooks, is now operational, however we need to utilize the budget module to automate budget reports. This will increase efficiency in processing monthly reports for management review.

Grant administration is delegated to the Administrative Division, it is the goal of this division to seek alternate funding for projects. We will also enhance outreach to our sources for funding that only they can apply for.





PLANNING & AIR MONITORING

Accomplishments for Fiscal Year 2020/2021

Expend the District's 3rd allocation of funding for the Agricultural Replacement Measures for Emission Reductions (FARMER) program. If additional funding for this program becomes available from other sources, begin the process of obligating and expending these additional funds. **The District has identified the projects to fund that will use up all the Year 3 funding.**

Submit the Reasonably Available Control Technology State Implementation Plan (RACT SIP) for the 2015 ozone standard to EPA. **The RACT SIP for the 2015 ozone standard was approved by the Board on September 9, 2020.**

Fully expend the District's second allocation of funding for the woodsmoke reduction program. If additional funding for this program becomes available from other sources, begin the process of obligating and expending these additional funds. **The District expended or obligated all of these funds, and is working to develop a new program using EPA a targeted air-shed grant.**

Work with underserved communities within the District to identify opportunities for improving bicycle and pedestrian infrastructure benefiting schools in these communities. **The District has awarded several Clean Air Funds to local schools and will continue working on additional opportunities.**

COMPLIANCE

Accomplishments for Fiscal Year 2020/2021

Covid-19 continued to make inspections challenging for the Compliance Division in FY 2020/2021. The division was able to accomplish good results by employing additional precautions during on-site inspections, conducting many inspections remotely, and improving the inspection report process to be mostly paperless. Once Shelter-in-Place restrictions expire and field inspections are possible, conduct on average each month:

- 100 ongoing Stationary Source Inspections
- 15 agricultural inspections
- 15 registered PERP (portable equipment registration program) unit inspections

The District conducted on average:

- **85 ongoing Stationary Source inspections per month,**
- **44 Agricultural Engine inspections per month,**
- **15 registered PERP unit inspections per month.**

In a timely manner, settle Notices of Violations (NOV), with a goal to complete in 270 days or less from the date of issuance. Improve District processes for collecting on court judgments. **Seventy-nine percent (79%) of the Notices of Violations (NOV) settled in FY 2020/2021 were completed within 270 days.**

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. **The Compliance Division reviewed and re-drafted District Rule 5.1, Rule 5.2, and Rule 4.4 – Hearing Board Fees. The proposed Rules will be presented to the Board during the September 2021 meeting.**

GOALS & ACCOMPLISHMENTS

Ensure that natural gas producers are conducting required quarterly Leak Detection and Repair inspections and repairing leaks within relevant timeframes. **With the exception of a few abandoned natural gas wells, gas producers in the District are conducting the required quarterly Leak Detection and Repair inspections and repairing leaks within relevant timeframes. Additionally, District inspectors ensured that the pressure/vacuum vent valves were tested at all gasoline dispensing facilities in the District as required by Title 40 of the Code of Federal Regulations, Part 63, Subpart CCCCCC.**

Goals for Fiscal Year 2021/2022

Conduct on average:

- 100 ongoing Stationary Source inspections per month.
- 15 agricultural inspections per month.
- 15 registered PERP unit inspections per month.

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.

Complete the process for getting District Rule 5.1 – Procedure before the Hearing Board, Rule 5.2 – Upset/Breakdown Conditions: Emergency Variance, and Rule 4.4 – Hearing Board Fees, adopted by the Board.

Participate with the local Firesafe council to facilitate increased prescribed burning in the District.

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

Accomplishment for Fiscal Year 2020/2021

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. **The COVID-19 pandemic led to delays in processing ATCs and PTOs due to coordination challenges with sources and restrictions on in-person inspections. It is anticipated that with lessening restrictions the number of overdue assignments will be significantly reduced.**

Complete revision to engineering standard evaluation packages for gasoline dispensing facilities, boilers, and emergency engines. **Revisions to the standard evaluation packages are currently drafted and are anticipated to be completed by the end of Spring 2021.**

Review updated Toxic Emissions Inventory Plans and Reports for AB 2588 Core facilities. **District Engineering Staff completed review of the 12 Toxic Emission Inventory Plans and Reports received in the 2020/2021 Fiscal Year or prior.**





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Goals & Accomplishments By Division



Complete and submit to the California Air Resources Board the emissions inventory for facilities subject to the Criteria and Toxics Reporting Regulation. **District Engineering Staff developed a reporting template and completed Criteria and Toxic Reporting for 49 facilities in addition to the normal annual emissions inventory submittal.**

Goals for Fiscal Year 2021/2022

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

Promulgate an amendment to the Solvent Cleaning and Degreasing Rule (Rule 2.31) consistent with EPA comments.

Review updated Toxic Emissions Inventory Plans and Reports for AB 2588 Core facilities and re-evaluate all non-exempt gasoline dispensing facilities.



Complete and submit to the California Air Resources Board the emissions inventory for facilities subject to the Criteria and Toxics Reporting Regulation.

Finalize or implement specified policies to regulate the way the section addresses potentially exempt sources, portable analyzer monitoring, and the transfer of ownership at facilities with an active Authority to Construct.

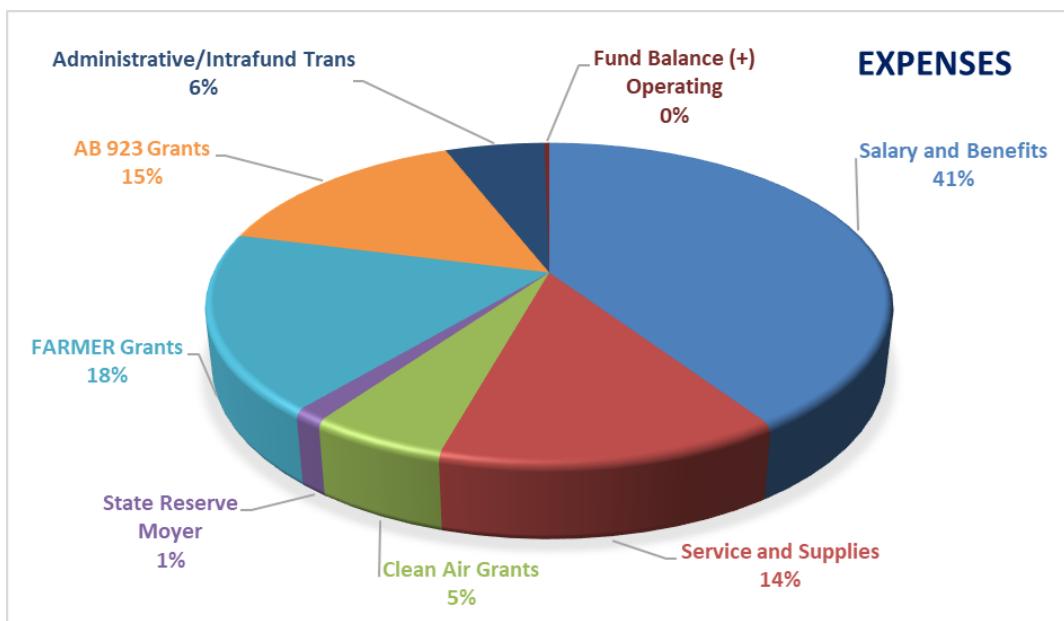
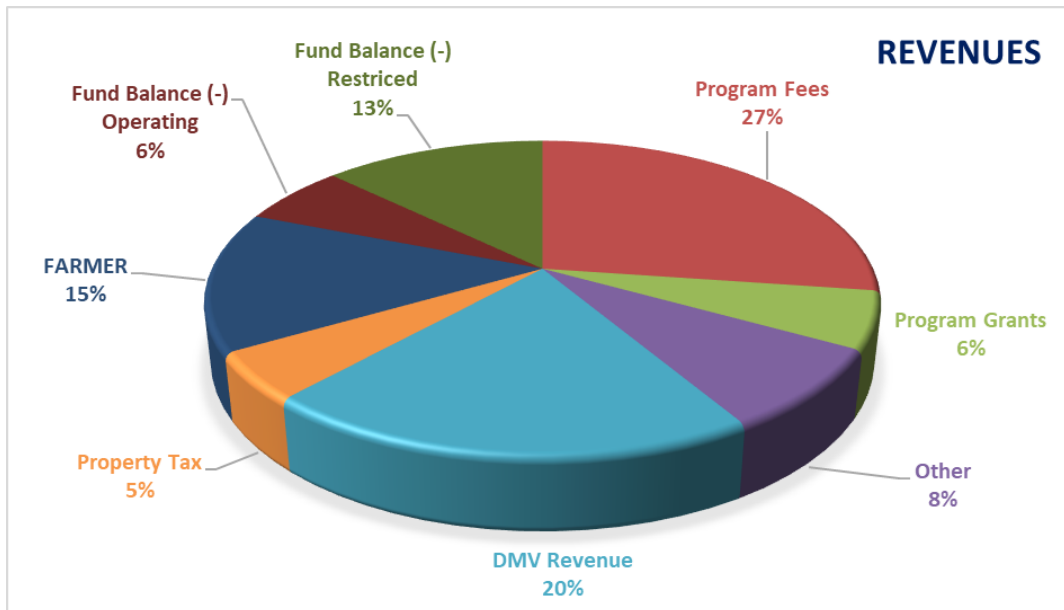
Work in collaboration with the other air districts of the Sacramento Federal Nonattainment Area to prepare an ozone attainment plan for the federal 2015 1-hour ozone standard, and submit this plan to EPA for approval.



BUDGET-AT-A-GLANCE

The following charts summarize the revenues and expenses of the fiscal year 2021/2022 budget, totaling \$8,697,050. Our 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, \$5,273,237 is considered the operating budget of the District, with the balance being restricted due to legislation and/or District Board policy.

The General Fund Reserve balance of \$299,146 (approximately 6% of the operating budget) 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).





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. Our fifth fund was added to provide tracking of an incentive program, Funding Agricultural Replacement Measures for Emission Reductions (FARMER). The funds are briefly outlined below. Revenue and expenditure account descriptions begin on page 33.

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 an 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 2021/2022, as required under Government Accounting Standards Board (GASB) Statement No. 54. See page 29 for the *Summary of Fund Balances and Classifications*.

BUDGET SUMMARY

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.

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	2019/2020	2020/2021
\$105,000	\$110,000	\$127,400	\$130,000	\$201,000	\$207,000	\$228,000	\$239,618	\$199,045

Future ADC Based on June 19, 2020 Report	
2021/2022	2022/2023
\$206,052	\$198,288

*Budgeted amount for FY 2021/2022

The District contributes the ADC 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 is not planning on requesting a disbursement of the monthly premium costs.

CERBT requires biennial actuarial valuations on OPEB obligations. The District's actuarial showed a slight increase in ADC from 2020/2021 to 2021/2022. 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. A presentation to the Board of Directors will be forthcoming.

CERBT Account Summary as of April 30, 2021	
Beginning Balance	\$1,540,415
Contributions	\$199,045
Earnings	\$104,366
Expense	(\$436)
Ending Balance	\$1,843,390



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 1 following notice of a change in the rate. 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
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 (lump sum prepayment paid)
2020/2021	11.03%	\$197,045 (lump sum prepayment paid)
2021/2022	10.88%	\$237,411 prepayment option

PEPRA Members:

Fiscal Year	Employer Rate	Employer Payment of Unfunded Liability
2017/2018	6.53%	\$56 (lump sum prepayment paid)
2018/2019	6.84%	\$185 (lump sum prepayment paid)
2019/2020	6.99%	\$447 (lump sum prepayment paid)
2020/2021	7.73%	\$2,573 (lump sum prepayment paid)
2021/2022	7.59%	\$2,782 prepayment option

BUDGET SUMMARY

General Fund

The District is recommending a cost recovery fee adjustment of 1.0% 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 (2019-2020) effective July 1, 2021. The cost recovery in the stationary source program is expected to be 94% this year. Cost recovery in the program is expected to be 78% in fiscal year 2021/2022, which is less than the Board approved goal of 90%. The cost recovery in the other District programs is projected to be between 21% and 60% for fiscal year 2021/2022. The tables outlining the General Fund programs can be found on pages 18-19.

Revenue Highlights:

Fiscal Year 2021/2022 will see continuing revenue in two newer programs. AB 617 is intended to improve air quality and reduce exposure in communities most impacted by air pollution. The ARB Oil and Gas revenue is intended for methane regulations. Due to COVID-19, the District was conservative when budgeting Stationary Source revenues, this budget projects an increase of 15% in these revenues. Stationary Source grants are expected to remain constant, however we are predicting an overall 6% decrease in miscellaneous programs. The decreases equates to \$18,424 in miscellaneous grants, a new grant for EV infrastructure has been added. The Fund Balance available for Fiscal Year 2021/2022 is estimated to be \$2,425,758.

Expenditure Highlights:

Salaries and Benefits: The current agreement, No. 19-07 with the Yolo-Solano Air Quality Management District Employees' Association approved by the Board of Directors on June 8, 2019, allocated a cost of living raise based on the Consumer Price Index (CPI) between April 2019 and April 2020. The CPI increase is 1%, however the MOU states there will be a minimum Cost of Living increase of 2%. So, 2% has been reflected in the expenditures. Other costs within this category include normal merit, payroll tax and applicable benefits.

CalPERS pension: As of July 1, 2020, 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 2021/2022 employer rates for Classic Members to be 10.88% and for New Members 7.59%.

Actuarial Determined Contribution: The District is proposing to transfer the annual required contribution of \$206,052 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, but as stated above, the District has no intentions on requesting a disbursement.

Services and Supplies: A decrease of \$157,039 is proposed. This is a combination of expense reductions in a number of account line items, but mainly due to a reduction in costs allocated for the database upgrade and a reimbursement from Yolo County for A-87 costs.

Equipment: The District does not propose to replace a fleet vehicle during FY 2021/2022. We are working with our IT contractor to establish a computer refresh program.

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. A reorganization of duties in the Planning and Air Monitoring Division reallocated staff time in these programs.



Mobile Source DMV AB 2766

Revenue Highlights:

Revenue is expected to remain steady in DMV fees as compared to last year. The projected 2021/2022 Fund Balance available as cash is \$531,036.

Expenditure Highlights:

We are projecting a decrease in salaries and benefits by \$211,878 over the course of the 2021/2022 budget. There is a decrease in the budget for Services and Supplies of \$18,200. There is an increase in Clean Air Funding of \$28,000.

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.

Revenue Highlights:

Revenue is expected to remain steady at \$589,000. The Fund Balance estimated to be available for 2021/2022 is \$1,377,474.

Expenditure Highlights:

The District will continue to focus on replacing school buses during 2021/2022. We are budgeting \$1,300,000 in grant funding for this purpose.

Solano County Property Tax

The District receives an apportionment of property taxes and redevelopment agencies (RDA) statutory pass-through 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 2021/2022 budget is \$425,000. The Fund Balance estimated to be available for Fiscal Year 2021/2022 is \$1,012,337.

Expenditure Highlights:

The District is asking the Board to expend \$325,299 in projects for 2021/2022.

FARMER Grant Program

The District anticipates receiving additional funds to support this new incentive program relating to the replacement of qualified agricultural equipment. This has not been approved in the State budget, but is expected to be passed. The Final Budget will include the final revenue and expenditure allocations.

Revenue Highlights:

It is anticipated to receive a minimum of \$1,250,000 for the fourth year of this agricultural incentive program. Year three funding is expected to be fully expended early within the new fiscal year. The remaining fund balance will be utilized and administrative fees will be transferred.

Expenditure Highlights:

Approximately \$1,550,000 will be used as incentives to replace specific agricultural equipment. Up to 12.5% of the revenue received is allowed to support the program.

FINAL BUDGET

Consolidated Overview

Consolidated Budget Summary			
	Adopted 2020/2021	Actual 2020/2021	Final 2021/2022
General Fund	\$3,960,340	\$4,248,662	\$4,092,737
AB 2766 Mobile Source	\$1,323,584	\$1,208,518	\$1,180,500
AB 923 Mobile Source	\$1,636,700	\$632,139	\$1,336,813
Solano Property Tax	\$517,500	\$494,259	\$425,000
FARMER	\$1,556,824	\$1,450,825	\$1,662,000
Total Revenues¹	\$8,994,948	\$8,034,403	\$8,697,050
Salaries and Benefits	\$3,543,975	\$3,329,030	\$3,512,473
Service and Supplies	\$1,748,787	\$1,644,339	\$1,668,893
Clean Air Grants	\$602,000	\$435,376	\$475,299
State Reserve Moyer Grant	\$0	\$0	\$109,060
AB 923 Grants	\$1,600,000	\$396,767	\$1,300,000
FARMER Grants	\$1,500,186	\$1,347,041	\$1,550,000
Fund Balance (+) Operating	\$0	\$569,367	\$24,114
Fund Balance (+) Restricted	\$0	\$312,483	\$57,211
Total Expenditures	\$8,994,948	\$8,034,403	\$8,697,050

¹ Revenues shown does not include the cash that is moving forward to the new fiscal year. NEW





Fiscal Year 2021/2022 Final Budget Revenue and Expenditure by Fund

General Fund			
Revenue	Adopted 2020/2021	Actual 2020/2021	Final 2021/2022
Stationary Source Programs			
Renewal Permits	\$1,408,664	\$1,739,479	\$1,624,666
New Permits	\$168,000	\$244,260	\$224,000
Source Testing	\$100,000	\$155,065	\$120,000
Subtotal	\$1,676,664	\$2,138,804	\$1,968,666
Stationary Source Grants			
EPA Section 105 Pilot Grant	\$78,000	\$78,866	\$78,866
ARB Subvention Grant	\$87,596	\$89,753	\$88,440
ARB AB 197 Grant	\$12,500	\$12,500	\$12,500
Prescribed Fire Grant	\$20,000	\$32,058	\$16,000
Subtotal	\$198,096	\$213,177	\$195,806
Miscellaneous Programs			
Ag Engine Registration	\$79,256	\$104,598	\$90,900
Ag Burning	\$23,000	\$23,347	\$23,000
Asbestos	\$121,250	\$138,040	\$130,000
ARB Portable Equipment	\$60,000	\$60,000	\$101,000
Air Toxic Hot Spots	\$66,000	\$87,156	\$55,000
Subtotal	\$349,506	\$413,141	\$399,900
Miscellaneous Grants			
ARB AB 617 Grant	\$132,000	\$64,814	\$67,186
EPA Section 103 Grant	\$12,100	\$12,100	\$21,500
State Reserve Moyer Year 23	\$0	\$0	\$124,640
CAPCOA Woodsmoke Reduction	\$87,650	\$112,520	\$0
ARB Oil and Gas Grant	\$100,000	\$100,000	\$100,000
Subtotal	\$331,750	\$289,434	\$313,326
Other			
Mutual Settlements	\$125,000	\$639,939	\$125,000
Interest	\$36,200	\$36,482	\$39,630
Intrafund Transfers	\$391,538	\$504,854	\$501,850
Penalties and Miscellaneous	\$11,000	\$12,831	\$11,000
Sale of Fixed Assets	\$1,500	\$0	\$200
Subtotal	\$565,238	\$1,194,106	\$677,680
Total Revenues	\$3,121,254	\$4,248,662	\$3,555,378
Due from (-) Fund Balance	\$839,086	\$0	\$537,359
Total Revenues and Fund Balance	\$3,960,340	\$4,248,662	\$4,092,737
Salaries and Benefits	\$2,720,141	\$2,603,480	\$2,900,517
Services and Supplies	\$1,228,199	\$1,095,568	\$1,072,160
Equipment	\$12,000	\$0	\$11,000
State Reserve Moyer Year 23	\$0	\$0	\$109,060
Total Expenses	\$3,960,340	\$3,699,048	\$4,092,737
Due to (+) Fund Balance	\$0	\$549,614	\$0
Total Expenses and Fund Balance	\$3,960,340	\$4,248,662	\$4,092,737

FINAL BUDGET

General Fund			
Expenditure Detail	Adopted 2020/2021	Actual 2020/2021	Final 2021/2022
Regular Employees	\$1,709,572	\$1,623,550	\$1,800,508
COVID FFCRA Earnings	\$20,000	\$0	\$0
Extra-Help	\$25,000	\$0	\$25,000
Overtime	\$19,540	\$11,503	\$18,377
Vacation Buyback	\$15,430	\$21,579	\$23,430
Retirement	\$265,500	\$290,320	\$338,274
Medicare and Social Security	\$24,789	\$28,488	\$26,620
Employee Group Insurance	\$218,488	\$246,581	\$226,667
OPEB	\$323,102	\$280,349	\$338,274
Unemployment Insurance	\$7,946	\$2,971	\$8,368
Workers Compensation Insurance	\$15,565	\$11,369	\$17,940
Other Benefits/Expenses	\$75,209	\$86,770	\$77,059
Salary & Benefit Total	\$2,720,141	\$2,603,480	\$2,900,517
Clothing and Personal Supplies	\$1,700	\$948	\$1,500
Communications	\$16,000	\$11,396	\$14,000
Food	\$2,400	\$0	\$2,400
Household Expense	\$2,500	\$1,110	\$2,100
Household Expense-Contracts	\$17,500	\$6,391	\$17,500
Insurance-Public Liability	\$29,299	\$29,299	\$42,232
Maint-Equipment	\$15,500	\$5,537	\$10,000
Maint-Bldgs & Improv	\$2,600	\$246	\$2,000
Medical, Dental & Lab Supplies	\$500	\$79	\$500
Memberships	\$12,500	\$8,964	\$10,500
Miscellaneous Expense	\$1,200	\$3,334	\$1,200
Office Expense	\$12,500	\$6,785	\$12,500
Office Expense-Postage	\$9,000	\$7,020	\$9,000
Office Expense-Printing	\$5,000	\$5,292	\$5,000
Indirect/Overhead A-87 Costs	\$7,000	-\$56,873	-\$45,000
Auditing and Fiscal Services	\$43,000	\$7,488	\$40,000
Information Services	\$68,000	\$93,824	\$66,378
Legal Services	\$45,000	\$43,200	\$45,000
Medical Services	\$1,000	\$55	\$1,000
Professional & Specialized	\$600,000	\$615,620	\$505,000
Board Member Stipends	\$13,000	\$6,000	\$12,600
Publications & Legal Notices	\$6,000	\$2,794	\$5,500
Rents & Leases-Equipment	\$2,200	\$7,443	\$2,200
Rents & Lease-Bldgs & Improv	\$205,000	\$218,468	\$205,000
Minor Equipment	\$10,500	\$3,964	\$9,000
Training Expense	\$10,500	\$1,451	\$10,500
Special Dept. Expense-Other	\$20,000	\$27,000	\$16,750
Transportation & Travel	\$26,300	\$8,584	\$25,300
Vehicle Fuel	\$16,000	\$14,461	\$16,000
Utilities	\$14,000	\$12,810	\$14,000
Capital Lease and Interest	\$12,500	\$2,878	\$12,500
Equipment (Capital Assets)	\$12,000	\$0	\$11,000
Services, Supplies & Equipment	\$1,240,199	\$1,095,568	\$1,083,160
Due to (+) Fund Balance	\$0	\$0	\$0
Operating Expenditures	\$3,960,340	\$3,699,048	\$3,983,677



Final Budget Fiscal Year 2021/2022 Revenue and Expenditure by Fund

AB2766 Mobile Source			
Revenue	Adopted 2020/2021	Actual 2020/2021	Final 2021/2022
DMV Revenue	\$1,173,000	\$1,207,096	\$1,178,000
Interest	\$4,500	\$1,422	\$2,500
Total Revenues	\$1,177,500	\$1,208,518	\$1,180,500
Due from (-) Fund Balance	\$146,084	\$0	\$0
Total Revenues and Fund Balance	\$1,323,584	\$1,208,518	\$1,180,500
Expenditures			
Regular Employees	\$539,802	\$442,923	\$348,181
COVID 19 FFCRA	\$15,000	\$0	\$0
Overtime	\$2,000	\$0	\$1,500
Vacation/Payroll Buyback	\$9,000	\$64,117	\$18,000
Retirement	\$96,780	\$90,634	\$103,697
Medicare Tax	\$7,827	\$7,379	\$6,487
Employee Group Insurance	\$52,300	\$40,406	\$51,987
OPEB	\$72,800	\$53,742	\$57,694
Unemployment Insurance	\$1,750	\$577	\$1,338
Workers Compensation	\$4,825	\$4,300	\$3,166
Other Miscellaneous Benefits	\$21,750	\$21,472	\$19,906
Salaries and Benefits Total	\$823,834	\$725,550	\$611,956
Clothing and Personal Supplies	\$150	\$0	\$150
Communications	\$2,550	\$2,883	\$2,750
Food	\$500	\$0	\$500
Maint-Equipment	\$10,500	\$0	\$6,500
Maint-Bldgs. & Improvements	\$4,500	\$0	\$2,500
Memberships	\$4,500	\$3,164	\$4,500
Miscellaneous Expense	\$300	\$45	\$300
Office Expense	\$6,500	\$97	\$6,500
Office Expense-Postage	\$0	\$77	\$0
Office Expense-Printing	\$2,500	\$0	\$2,500
Auditing and Fiscal Services	\$2,000	\$0	\$0
Information Services	\$11,200	\$0	\$0
Medical Services	\$150	\$0	\$150
Professional & Specialized	\$23,000	\$17,854	\$23,000
Board Member Stipends	\$600	\$0	\$0
Publications & Legal Notices	\$800	\$0	\$0
Rents & Lease-Bldgs & Improv	\$0	\$0	\$0
Minor Equipment	\$5,300	\$7,245	\$7,500
Training Expense	\$4,500	\$747	\$4,500
Special Dept. Expense-Other	\$18,000	\$9,225	\$18,000
Utilities	\$1,000	\$600	\$1,000
Transportation & Travel	\$12,000	\$1,980	\$12,000
Vehicle Fuel - Electric Charging	\$6,500	\$0	\$6,500
Services and Supplies Total	\$117,050	\$43,917	\$98,850
Administrative/Intrafund Transfer	\$260,700	\$313,922	\$295,580
Clean Air Grants	\$122,000	\$105,376	\$150,000
Total Expenses	\$1,323,584	\$1,188,765	\$1,156,386
Due to (+) Fund Balance	\$0	\$19,753	\$24,114
Total Expenses and Fund Balance	\$1,323,584	\$1,208,518	\$1,180,500

FINAL BUDGET

AB923 Mobile Source			
Revenue	Adopted 2020/2021	Actual 2020/2021	Final 2021/2022
DMV Revenue	\$586,500	\$603,548	\$589,000
Interest	\$39,500	\$28,591	\$32,500
Total Revenues	\$626,000	\$632,139	\$621,500
Due from (-) Fund Balance	\$1,010,700	\$0	\$715,313
Total Revenues and Fund Balance	\$1,636,700	\$632,139	\$1,336,813
Expenditures			
Intrafund Transfer	\$36,700	\$37,722	\$36,813
AB 923 Grants	\$1,600,000	\$396,767	\$1,300,000
Total Expenses	\$1,636,700	\$434,489	\$1,336,813
Due to (+) Fund Balance	\$0	\$197,650	\$0
Total Expenses and Fund Balance	\$1,636,700	\$632,139	\$1,336,813

Solano Property Tax			
Revenue	Adopted 2020/2021	Actual 2020/2021	Final 2021/2022
Solano Property Tax	\$375,000	\$429,642	\$375,000
Redevelopment Pass Through	\$50,000	\$64,617	\$50,000
Total Revenues	\$425,000	\$494,259	\$425,000
Due from (-) Fund Balance	\$92,500	\$0	\$0
Total Revenues and Fund Balance	\$517,500	\$494,259	\$425,000
Expenditures			
Intrafund Transfer	\$37,500	\$49,426	\$42,490
Clean Air Grants	\$480,000	\$330,000	\$325,299
Total Expenses	\$517,500	\$379,426	\$367,789
Due to (+) Fund Balance	\$0	\$114,833	\$57,211
Total Expenses and Fund Balance	\$517,500	\$494,259	\$425,000

FARMER			
Revenue	Adopted 2020/2021	Actual 2020/2021	Final 2021/2022
ARB FARMER Grant	\$871,360	\$743,411	\$1,250,000
Interest	\$12,525	\$13,493	\$13,525
Total Revenues	\$883,885	\$756,904	\$1,263,525
Due from (-) Fund Balance	\$672,939	\$693,921	\$398,475
Total Revenues and Fund Balance	\$1,556,824	\$1,450,825	\$1,662,000
Expenditures			
Intrafund Transfer	\$56,638	\$103,784	\$112,000
FARMER Grants	\$1,500,186	\$1,347,041	\$1,550,000
Total Expenses	\$1,556,824	\$1,450,825	\$1,662,000
Due to (+) Fund Balance	\$0	\$0	\$0
Total Expenses and Fund Balance	\$1,556,824	\$1,450,825	\$1,662,000

YSAQMD 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 their 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 three divisions of the District and their responsibilities are outlined below.

Administrative Division:

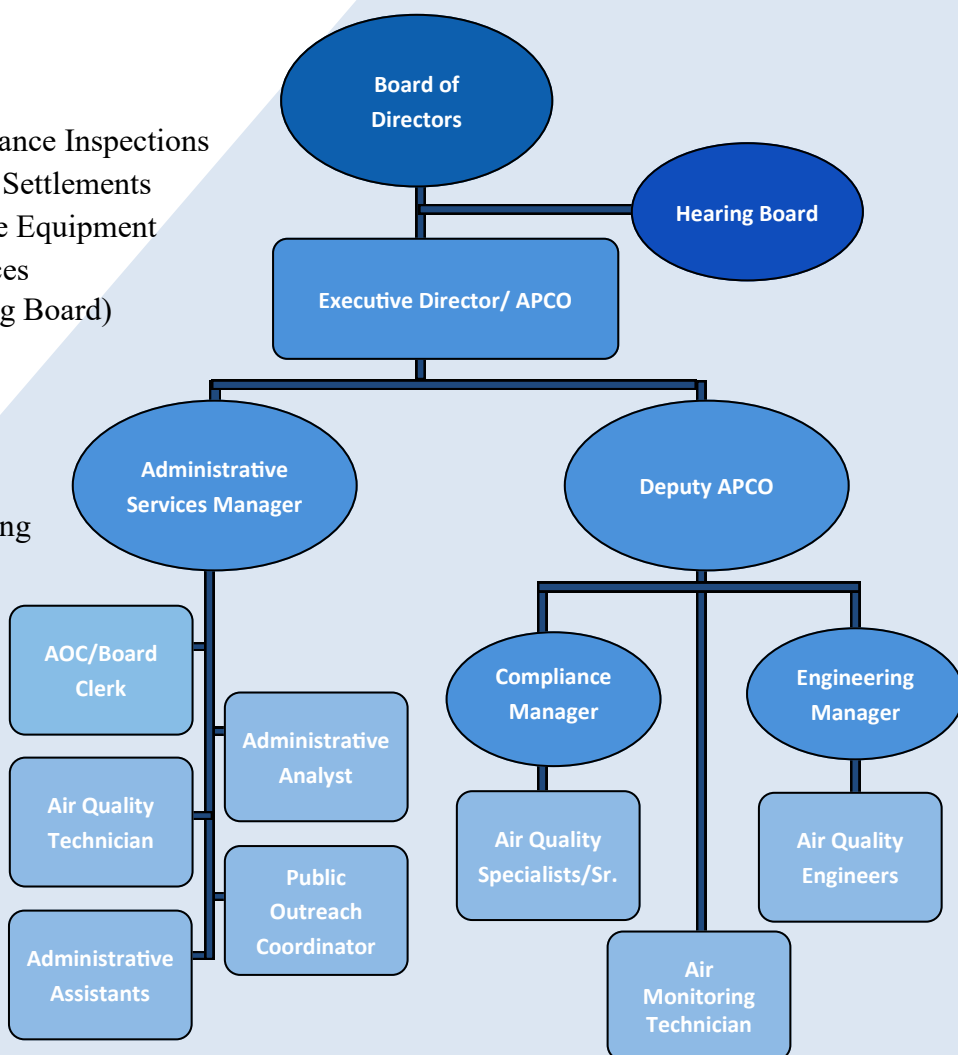
- Administrative Support
- Technical Support
- Board Support
- Contract Administration
- Facility & Equipment Maintenance
- Financial Management
- Human Resources
- Office Management
- Public Education & Outreach
- Public Records Requests
- Safety & Wellness
- Payroll Processing
- Grant Management
- Record Management
- CEQA Review (DAPCO)
- Transportation & Land Use (DAPCO)
- Air Monitoring (DAPCO)

Compliance Division:

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

Engineering Division:

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



STAFFING LEVELS

The District is proposing the addition of one full-time Administrative Assistant and the reclassification of the Public Information Officer to an Administrative Analyst. These proposals are part of the District's restructuring, dissolving the Planning Divisions and redistribution of those duties. The District is proposing a total of 22 full-time positions that are shown below.

Job Classifications	FY 2020/2021 FTE*	FY 2021/2022 FTE*
Executive Director/Air Pollution Control Officer (contracted position)	1.00	1.00
Deputy Air Pollution Control Officer	1.00	1.00
Administrative Division		
Administrative Services Manager	1.00	1.00
Administrative Operations Coordinator/Board Clerk	1.00	1.00
Administrative Assistant or Administrative Clerk	2.00	3.00
Air Quality Technician	2.00	2.00
Public Information Officer /Administrative Analyst	1.00	1.00
Public Outreach Coordinator	0.00	1.00
TBD	0.00	-1.00
Compliance Division		
Compliance Manager	1.00	1.00
Assistant/Associate Air Quality Specialist	4.00	4.00
Senior/Associate Air Quality Specialist	1.00	1.00
Engineering Division		
Engineering Manager	1.00	1.00
Assistant/Associate Air Quality Engineering	4.00	4.00
Planning and Air Monitoring Division		
Planning and Air Monitoring Manager	1.00	0.00
Air Monitoring Technician I/II	1.00	1.00
Assistant/Associate Air Quality Planner	1.00	0.00
TOTAL	23.00	22.00

Executive Director Salary and Benefits Recommendations

The current staff salary resolution, No. 19-07 with the Yolo-Solano Air Quality Management District Employees' Association, was approved by the Board of Directors on July 10, 2019 and expires June 30, 2023. This budget has allocated a cost of living increase of 2.0% and has allocations for one additional administrative assistant and notes the proposed reclassification of the public information officer within the same salary range.

YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT SALARY RESOLUTION NO. 21-04 Effective 7/1/21

Classifications		Step A	Step B	Step C	Step D	Step E	FLSA Status	Covered Under MOU
Administration								
Administrative Clerk	MO	\$3,229	\$3,390	\$3,560	\$3,738	\$3,925	Non-exempt	yes
	YR	\$38,748	\$40,680	\$42,720	\$44,856	\$47,100		
	HR	\$18.63	\$19.56	\$20.54	\$21.57	\$22.64		
Administrative Assistant	MO	\$3,862	\$4,055	\$4,258	\$4,471	\$4,694	Non-exempt	yes
	YR	\$46,344	\$48,660	\$51,096	\$53,652	\$56,328		
	HR	\$22.28	\$23.39	\$24.57	\$25.79	\$27.08		
Air Quality Technician	MO	\$5,002	\$5,253	\$5,515	\$5,791	\$6,080	Non-exempt	yes
	YR	\$60,024	\$63,036	\$66,180	\$69,492	\$72,960		
	HR	\$28.86	\$30.31	\$31.82	\$33.41	\$35.08		
Public Outreach Coordinator	MO	\$5,002	\$5,253	\$5,515	\$5,791	\$6,080	Non-exempt	yes
	YR	\$60,024	\$63,036	\$66,180	\$69,492	\$72,960		
	HR	\$28.86	\$30.31	\$31.82	\$33.41	\$35.08		
Public Information Officer/ Administrative Anaylst	MO	\$6,479	\$6,803	\$7,144	\$7,501	\$7,876	Non-exempt	yes
	YR	\$77,748	\$81,636	\$85,728	\$90,012	\$94,512		
	HR	\$37.38	\$39.25	\$41.22	\$43.28	\$45.44		
Administrative Operations Coordinator & Board Clerk	MO	\$6,544	\$6,871	\$7,215	\$7,576	\$7,955	Non-exempt	no
	YR	\$78,528	\$82,452	\$86,580	\$90,912	\$95,460		
	HR	\$37.75	\$39.64	\$41.63	\$43.71	\$45.89		
Compliance								
Assistant Air Quality Specialist	MO	\$5,693	\$5,978	\$6,277	\$6,591	\$6,920	Non-exempt	yes
	YR	\$68,316	\$71,736	\$75,324	\$79,092	\$83,040		
	HR	\$32.84	\$34.49	\$36.21	\$38.03	\$39.92		
Associate Air Quality Specialist	MO	\$6,610	\$6,940	\$7,287	\$7,652	\$8,034	Non-exempt	yes
	YR	\$79,320	\$83,280	\$87,444	\$91,824	\$96,408		
	HR	\$38.13	\$40.04	\$42.04	\$44.15	\$46.35		
Senior Air Quality Specialist	MO	\$7,301	\$7,666	\$8,050	\$8,452	\$8,875	Non-exempt	yes
	YR	\$87,612	\$91,992	\$96,600	\$101,424	\$106,500		
	HR	\$42.12	\$44.23	\$46.44	\$48.76	\$51.20		

SALARY RESOLUTION

YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT
SALARY RESOLUTION NO. 21-04
Effective 7/1/21

Classifications		Step A	Step B	Step C	Step D	Step E	FLSA Status	Covered Under MOU
Engineering								
Assistant Air Quality Engineer	MO	\$6,415	\$6,736	\$7,073	\$7,426	\$7,798	Non-exempt	yes
	YR	\$76,980	\$80,832	\$84,876	\$89,112	\$93,576		
	HR	\$37.01	\$38.86	\$40.81	\$42.84	\$44.99		
Associate Air Quality Engineer	MO	\$7,448	\$7,820	\$8,211	\$8,622	\$9,053	Non-exempt	yes
	YR	\$89,376	\$93,840	\$98,532	\$103,464	\$108,636		
	HR	\$42.97	\$45.12	\$47.37	\$49.74	\$52.23		
Associate Air Quality Engineer with P.E.	MO	\$7,828	\$8,219	\$8,630	\$9,062	\$9,515	Non-exempt	yes
	YR	\$93,936	\$98,628	\$103,560	\$108,744	\$114,180		
	HR	\$45.16	\$47.42	\$49.79	\$52.28	\$54.89		
Senior Air Quality Engineer	MO	\$8,227	\$8,639	\$9,070	\$9,524	\$10,000	Non-exempt	yes
	YR	\$98,724	\$103,668	\$108,840	\$114,288	\$120,000		
	HR	\$47.46	\$49.84	\$52.33	\$54.95	\$57.69		
Senior Air Quality Engineer with P.E.	MO	\$8,647	\$9,079	\$9,533	\$10,010	\$10,510	Non-exempt	yes
	YR	\$103,764	\$108,948	\$114,396	\$120,120	\$126,120		
	HR	\$49.89	\$52.38	\$55.00	\$57.75	\$60.63		
Air Monitoring								
Air Monitoring Technician I	MO	\$5,002	\$5,253	\$5,515	\$5,791	\$6,080	Non-exempt	yes
	YR	\$60,024	\$63,036	\$66,180	\$69,492	\$72,960		
	HR	\$28.86	\$30.31	\$31.82	\$33.41	\$35.08		
Air Monitoring Technician II	MO	\$5,808	\$6,098	\$6,403	\$6,723	\$7,059	Non-exempt	yes
	YR	\$69,696	\$73,176	\$76,836	\$80,676	\$84,708		
	HR	\$33.51	\$35.18	\$36.94	\$38.79	\$40.73		
Clerical Extra-Help/Interns								
Intern (College)	HR	\$18.26	\$19.17	\$20.13	\$21.14	\$22.20	Non-exempt	no



YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT

Management - Exempt Positions

SALARY RESOLUTION NO. 21-03M

EFFECTIVE JULY 1, 2021

Minimum Hourly	Minimum Monthly	Maximum Hourly	Maximum Monthly	Range/Position
\$45.25	\$7,842	\$56.56	\$9,803	
\$45.70	\$7,921	\$57.12	\$9,901	
\$46.15	\$8,000	\$57.69	\$10,000	
\$46.62	\$8,080	\$58.27	\$10,100	
\$47.08	\$8,161	\$58.85	\$10,201	
\$47.55	\$8,243	\$59.44	\$10,303	Compliance Manager
\$48.03	\$8,325	\$60.04	\$10,406	
\$48.51	\$8,408	\$60.64	\$10,510	
\$48.99	\$8,492	\$61.24	\$10,615	
\$49.48	\$8,577	\$61.85	\$10,722	
\$49.98	\$8,663	\$62.47	\$10,829	
\$50.48	\$8,750	\$63.10	\$10,937	
\$50.98	\$8,837	\$63.73	\$11,046	
\$51.49	\$8,925	\$64.37	\$11,157	
\$52.01	\$9,015	\$65.01	\$11,268	
\$52.53	\$9,105	\$65.66	\$11,381	
\$53.05	\$9,196	\$66.32	\$11,495	
\$53.58	\$9,288	\$66.98	\$11,610	Administrative Services Manager Engineer Manager
\$54.12	\$9,381	\$67.65	\$11,726	
\$54.66	\$9,475	\$68.33	\$11,843	
\$55.21	\$9,569	\$69.01	\$11,962	
\$55.76	\$9,665	\$69.70	\$12,081	
\$56.32	\$9,762	\$70.40	\$12,202	
\$56.88	\$9,859	\$71.10	\$12,324	
\$57.45	\$9,958	\$71.81	\$12,447	
\$58.02	\$10,057	\$72.53	\$12,572	
\$58.60	\$10,158	\$73.26	\$12,698	
\$59.19	\$10,260	\$73.99	\$12,825	
\$59.78	\$10,362	\$74.73	\$12,953	
\$60.38	\$10,466	\$75.47	\$13,082	
\$60.98	\$10,570	\$76.23	\$13,213	
\$61.59	\$10,676	\$76.99	\$13,345	
\$62.21	\$10,783	\$77.76	\$13,479	Deputy APCO
\$62.83	\$10,891	\$78.54	\$13,613	
\$63.46	\$11,000	\$79.32	\$13,750	
\$64.09	\$11,110	\$80.12	\$13,887	

FUND BALANCES & 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.



Fund Balances and Classifications

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 2018/2019 - 2020/2021 and the budgeted 2021/2022 figures. Based on the target goals described above, the average General Reserve percentages for the three-year period are at 53%, which exceeds recommended fund balance reserve policy. The Contingency Reserves at 5% of operating expenses meet the reserve fund target goal.

Operating Fund Balance and Expenditures			
Fiscal Year	Combined Fund Balance	Operating Expenditures (OE)	Ratio
2018/2019	\$1,481,861	\$3,924,218	38%
2019/2020	\$2,395,338	\$4,511,715	53%
2020/2021 *	\$2,964,705	\$4,468,515	66%
3 Year Average	\$2,280,635	\$4,301,483	53%
Projection 2021/2022	\$2,451,460	\$4,803,543	51%

¹ This is the projected fund balance less the committed reserves.

Contingency and General Fund Reserves						
Fiscal Year	Contingency	Contingency of OE	Special Reserve	Unassigned Reserve	% Committed	% Combined of OE
2018-2019	\$196,210	5.0%	\$28,281	\$299,146	22.1%	27.1%
2019-2020	\$225,585	5.0%	\$28,281	\$1,049,146	31.0%	36.0%
2020-2021	\$223,426	5.0%	\$28,281	\$1,049,146	26.7%	31.7%
3 Year Avg.	\$215,074	5.0%	\$28,281	\$799,146	26.6%	31.6%
2021-2022	\$240,177	5.0%	\$28,281	\$1,049,146	30.5%	35.5%

FUND BALANCES & CLASSIFICATIONS

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.

2021/2022 Reserve Summary		
Reserve Description	Classification	Amount
Equipment Replacement/Special Projects	Assigned Reserves	\$28,281
General Reserves	Unassigned Reserves	\$299,146
Mutual Settlements	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.

Projected Cost Recovery Fiscal Year 2020-2021

The projected cost recovery in the stationary source program is 94%. Cost recovery for the other programs range between 36% and 82%.

Projected Cost Recovery By Program FY 2020/2021					
	Stationary Source	Air Toxics Hotspot	Agricultural Burning	Asbestos	Agricultural Engines
Expense Percentage	80%	2%	5%	8%	4%
Revenue	\$2,198,804	\$87,156	\$23,347	\$138,040	\$104,598
Grants ¹	\$311,779	\$1,795	\$36,546	\$7,180	\$3,590
Total	\$2,510,583	\$88,951	\$59,893	\$145,220	\$108,188
Salaries and Benefits ²	\$1,930,038	\$48,251	\$120,627	\$193,004	\$96,502
Services and Supplies ³	\$753,187	\$60,394	\$47,074	\$75,319	\$37,659
Total	\$2,683,226	\$108,645	\$167,702	\$268,323	\$134,161
Cost Recovery Percentage	94%	82%	36%	54%	81%
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.					

GENERAL FUND COST RECOVERY

Proposed Cost Recovery Fiscal Year 2021/2022

The proposed cost recovery in the stationary source program is 78%. This is below the Board goal of 90%. District staff is recommending a 1% increase based on the CPI as allowed by the fee schedules. Cost recovery for the other programs range between 21% and 60%.

Projected Cost Recovery By Program FY 2021/2022					
	Stationary Source	Air Toxics Hotspot	Agricultural Burning	Asbestos	Agricultural Engines
Expense Percentage	81%	2%	6%	6%	5%
Revenue	\$2,069,666	\$55,000	\$23,000	\$130,000	\$90,900
Grants ¹	\$313,569	\$1,701	\$21,020	\$5,299	\$4,607
Total	\$2,383,235	\$56,701	\$44,020	\$135,299	\$95,507
Salaries and Benefits ²	\$2,199,878	\$52,102	\$153,790	\$162,330	\$141,114
Services and Supplies ³	\$848,262	\$47,590	\$59,301	\$62,594	\$54,413
Total	\$3,048,140	\$99,693	\$213,091	\$224,924	\$195,527
Cost Recovery Percentage	78%	57%	21%	60%	49%
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 ² Reduced by the intrafund transfers from AB923, Solano Property Tax and FARMER. ³ Reduced by any pass through grant amounts in Specialized Services.					



Variance Greater Than \$5,000 and 20%		
Fund	Variance	Explanation
General Fund Revenue		
New Permits	\$56,000	Increase in applications
ARB Portable Equipment	\$41,000	State program with an increase in registrations
Air Toxic Hot Spots	-\$11,000	Cylical program based on facilities subject to regulations
ARB AB 617 Grant	-\$64,814	Overbudgeted original newer program
EPA Section 103 Grant	\$9,400	Increased funding for IT upgrades
Intrafund Transfer	\$110,312	Increases in other programs
State Reserve Moyer Year 23	\$124,640	New incentive program
CAPCOA Woodsmoke Reduction	-\$87,650	No state funding for continuation of this program
General Fund Expense		
Vacation Buyback	\$8,000	Due to Covid excess leave balances paid out
COVID 19 FFCRA	-\$20,000	Covid leave not available currently
Retirement	\$72,774	Increase in salaries and UAL payment due
Insurance-Public Liability	\$12,933	Reduced billing by YCPARMIA
Maint-Equipment	\$12,933	Reduced maintenance projected
Indirect/Overhead A-87 Costs	-\$52,000	Refund from Yolo County for prior year charges
Professional & Specialized	-\$95,000	Less expenditure for database improvements
AB 2766 Revenue		
DMV Revenue	\$5,000	Slight increase in DMV fees
Due from (-) Fund Balance	-\$146,084	Reduced fund balance used
AB 2766 Expense		
Regular Employees	-\$191,621	Reorganization and reduction in FTE
COVID 19 FFCRA	-\$15,000	Covid leave not available currently
Vacation/Payroll Buyback	\$9,000	Due to Covid excess leave balances paid out
OPEB	-\$15,106	Reduced liability
Information Services	-\$11,200	Included in intrafund transfer to Fund 10
AB 923 Revenue		
Interest	-\$7,000	Reduced interest posted by Treasurer
Due from (-) Fund Balance	-\$295,388	Reduced grants results in less fund balance required
AB 923 Expense		
AB 923 Grants	-\$300,000	Reduction in grant incentives, prior budget had rollover incentives
Solano Property Revenue		
Due from (-) Fund Balance	-\$92,500	Less usage of fund balance
Solano Property Expense		
Clean Air Grants	-\$154,701	Prior budget had Covid delayed funding carry-over
Due to (+) Fund Balance	\$57,211	Increasing fund balance
FARMER Revenue		
ARB FARMER Grant	\$378,640	Increased year four funding
Due from (-) Fund Balance	-\$274,464	Reduced fund balance used
FARMER Expense		
Intrafund Transfer	\$55,362	Increased administrative work on the program

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. Fiscal Year 2021/2022 has new grant incentive program added to this fund
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
State Reserve Moyer Funding	State program focused on a variety of programs to reduce emissions



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

FUND & ACCOUNT DESCRIPTIONS

Revenue Accounts (Alphabetical Order)		Description
State of California Department of Motor and Air Resources Board (ARB)	Vehicle	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. This program has ended in Fiscal Year 2021/2022 and will be replaced by a new source of funding under the Targeted Air Shed grant

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
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 vendors
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



Fund Balances and Classifications

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

FUND & ACCOUNT DESCRIPTIONS

Expense Accounts (Alphabetical Order)	Description
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

Acronym	Definition
AB	Assembly Bill
ADC	Actuarial Determined Contribution
APCO	Air Pollution Control Officer
AQI	Air Quality Index
AQMD	Air Quality Management District
ARB	California Air Resources Board
ATC	Authority to Construct
CalPERS	California Public Employees' Retirement System
CARB	California Air Resource Board
CAF	Clean Air Funds
CEC	California Energy Commission
CEQA	California Environmental Quality Act
CERBT	California Employers' Retiree Benefit Trust
COLA	Cost of Living Adjustment
COVID-19	Corona Virus Disease
CPI	Consumer Price Index
District	Yolo-Solano Air Quality Management District
DMV	Department of Motor Vehicles
EPA	U.S. Environmental Protection Agency
EPMC	Employer Paid Member Contribution
ERP	Enterprise Resource Planning Program
EV	Electric Vehicle
FARMER	Funding for Agricultural Replacement Measures for Emission Reductions Program
FY	Fiscal Year
GASB	Government Accounting Standards Board
IT	Information Technology
MOU	Memorandum of Understanding
NOV	Notice of Violation
OPEB	Other Postemployment Benefits
PEMHCA	Public Employees' Medical and Hospital Care Act
PEPRA	Public Employees' Pension Reform Act
PERL	Public Employees' Retirement Law

LIST OF ACRONYMS

Acronym	Definition
PERP	Portable Equipment Registration Program
PM2.5	Particulate Matter of 2.5 Microns in Aerometric Diameter or Less
PTO	Permit to Operate
RACT	Reasonably Available Control Technology
RDA	Redevelopment Agencies
SB	Senate Bill
SIP	State Implementation Plan
STA	Solano Transportation Authority
STA	Spare The Air (www.sparetheair.com)
TAG	Targeted Airshed Grant