



Yolo-Solano AQMD Final Budget Fiscal Year 2016/2017



Mat Ehrhardt, P.E.

Executive Director/APCO

FY 2016/2017

www.ysaqmd.org



YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT

RECOMMENDED BUDGET FISCAL YEAR 2016/2017

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MISSION STATEMENT



“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

YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT

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:

Harold Anderson

Jack Batchelor, Jr.

Constance Boulware

Duane Chamberlain

Sean Denny

Dilenna Harris

Mark Johannessen

Jim Provenza

Matt Rexroad, Vice Chair

Don Saylor

Linda Seifert

Rochelle Swanson

Skip Thomson

John Vasquez, Chair

Representing:

City of Winters, Council Member

City of Dixon, Mayor

City of Rio Vista, Council Member

Yolo County Supervisor, Fifth District

City of Woodland, Council Member

City of Vacaville, Council Member

City of West Sacramento, Council Member

Yolo County Supervisor, Fourth District

Yolo County Supervisor, Third District

Yolo County Supervisor, Second District

Solano County Supervisor, Second District

City of Davis, Council Member

Solano County Supervisor, Fifth District

Solano County Supervisor, Fourth District

EXECUTIVE DIRECTOR LETTER

September 14, 2016

Board of Directors:

This recommended final budget for fiscal year 2016/2017 exemplifies the District's commitment to protecting our clean air without creating undue burdens for local residents or businesses. The budget supports the District's public health mission and the objectives set forth by the Board and state and federal laws. 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 sensible solutions to the challenge of protecting our air quality. The proposed budget highlights for fiscal year 2016/2017, which are outlined below, are the product of deep consideration of our mission and our programs.

- The cost recovery for the Stationary Source Program is projected at 78%.
- A cost recovery fee adjustment of 1.1% was approved by the Board on June 8, 2016 that was effective July 1, 2016.
- The budget maintains 22 full-time positions:
 - Salaries effective July 1, 2016 (as approved by the Board of Directors on June 10, 2015, MOU Agreement No. 15-11 and by Minute Orders #15-11.C. and #15-11.D.)
 - Cost-of-living-adjustments of 1.1% and equity adjustments of 1.5%
 - Retirement contributions for Classic Members (2%@55 benefit formula)
 - Employer contribution 8.88% of regular salary and \$78,706 toward unfunded liability (UL) (UL is estimated at 4.24% of projected payroll)
 - Employer paid member contribution 2.50% of regular salary
 - Retirement contributions for New Members (2%@62 benefit formula)
 - Employer contribution 6.555% of regular salary and \$19 toward UL (UL is estimated at 0.017% of projected payroll)
 - No employer paid member contribution
- Available funding for grant programs:
 - Clean Air Funds Grant Program \$380,000; and \$2,250 rollover from one prior year project
 - AB923 Grant Program \$600,000 available for replacement of school buses; and \$488,719 rollover from 2015/2016 for designated agricultural equipment replacement
- Other Post-retirement Employee Benefits (OPEB) Annual Required Contribution is \$201,000
- It is recommended to transfer of \$40,000 into the General Fund Reserves to mitigate current and future risks.

Respectfully submitted,



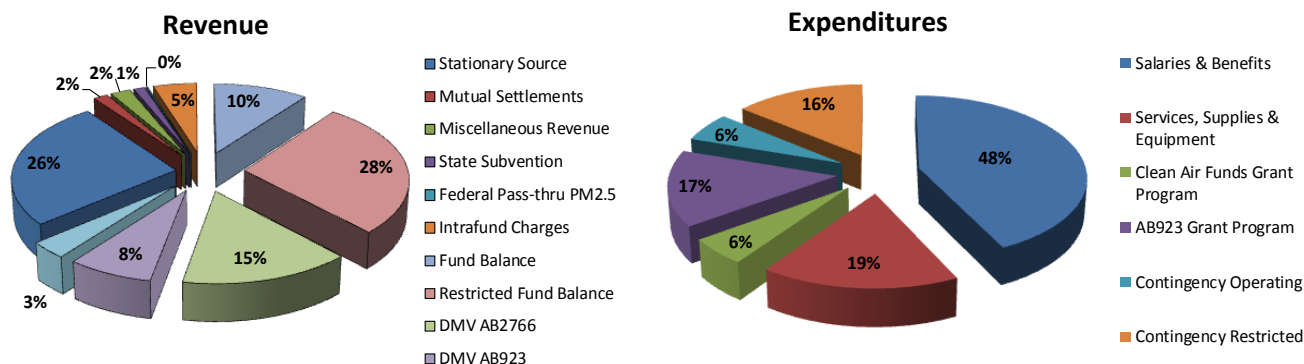
Mat Ehrhardt, P.E.
Executive Director/Air Pollution Control Officer



BUDGET-AT-A-GLANCE

The two pie charts that follow represent the recommended revenues and expenses; both totaling \$7,242,570 of our balanced budget for fiscal year 2016/2017. As in previous years, our major sources of revenue are generated from the stationary source program, DMV vehicle registrations, and federal and state grants, and property tax revenues. Expenditures continue to be salaries and benefits, services, supplies and equipment, and grant programs. Of the total budget \$4,332,504 is considered the operating budget of the District and the balance is restricted due to legislations and/or District Board policy.

The District is well prepared for unforeseen expenses in that our fund balances provides an adequate reserve, especially with the recommended increase in the General Reserves of \$40,000. In fiscal year 2010/2011 the Board approved moving \$40,000 from the reserves to the general fund operating budget to offset the reduced revenue attributed to the down turn in the economy. The action to transfer the \$40,000 back increases the General Fund Reserve Fund Balance to \$299,146 which is 7% of the operating budget. The estimated operating contingency reserve is at \$417,224 which is approximately 10% of total operating budget. Both the Reserve and Contingency Reserves can be used during a fiscal emergency. More information on the importance of maintaining general and contingency reserves can be found starting on page 29 *under Summary of Fund Balances and Classifications*.



Total Operating Budget is \$4,332,504 of the balance of \$7,242,570 with \$2,910,066 restricted for use either for intrafund transfers, grants and/or contingency. The District also has a General Reserve of \$299,146 which is 7% of the operating budget and within the Board approved goal of 5%-15% reserves.

Detail for Consolidated Final Budget FY 2016/2017

Revenue

Stationary Source	26%	\$1,880,458
Mutual Settlements	2%	\$116,300
Miscellaneous Revenue	2%	\$160,500
State Subvention	1%	\$90,000
Federal Pass-thru PM2.5	0%	\$12,700
Intrafund Charges	5%	\$347,000
Fund Balance	10%	\$754,558
Restricted Fund Balance	28%	\$1,998,014
DMV AB2766	15%	\$1,091,090
DMV AB923	8%	\$546,950
Property Tax	3%	\$245,000
	100%	\$7,242,570

Expenditures

Salaries & Benefits	48%	\$3,100,780
Services, Supplies & Equipment	19%	\$1,231,724
Clean Air Funds Grant Program	6%	\$382,250
AB923 Grant Program	17%	\$1,088,719
Contingency Operating	6%	\$417,224
Contingency Restricted	16%	\$1,021,873
	111%	\$7,242,570

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 board of 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. We have a unique situation in this District 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 was done 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 control 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 the 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.

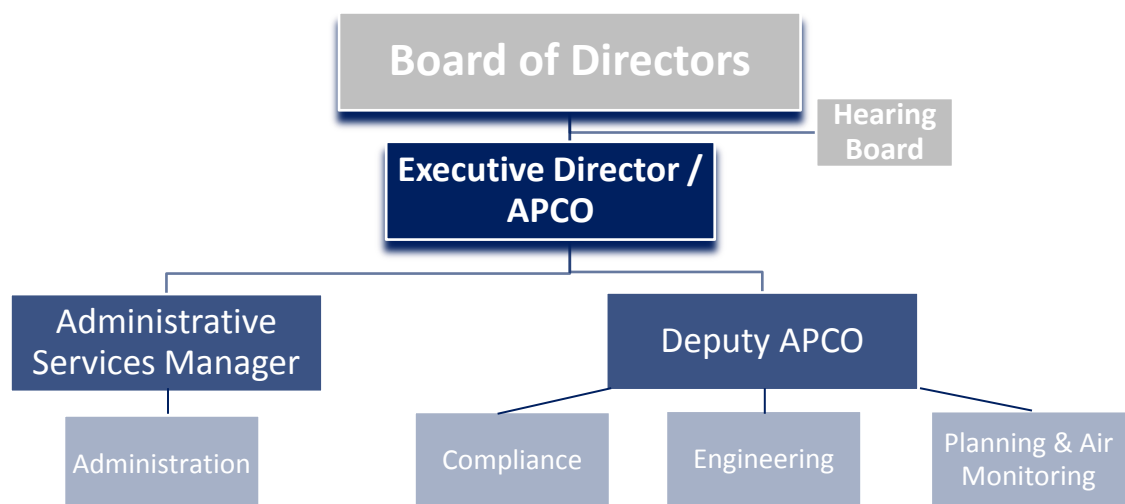
The legislature has given the districts a number of tools to carry out their responsibilities. Acting through district boards of directors, the districts enact rules and regulations which apply to stationary sources and indicate which sources need permits to construct and operate, the criteria which must be met to receive such permits, and nature and amount of various pollutants which a source may emit. Stationary sources include but 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 (e.g. residential fuel combustion, and agricultural burning).



ORGANIZATION 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.

YOLO-SOLANO AIR QUALITY MANAGEMENT DISTRICT



- 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

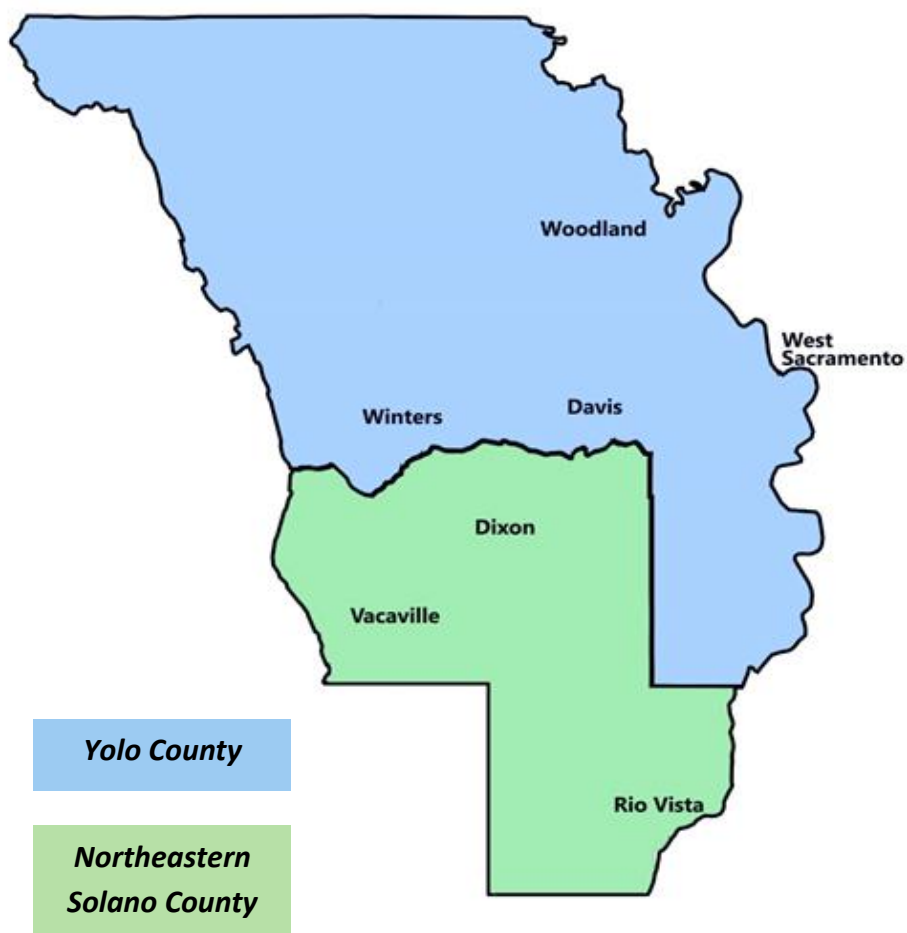
- Agricultural Burning
- Agricultural Engines
- Asbestos
- Complaint Response
- Compliance Inspections
- Mutual Settlements
- Portable Equipment
- Variances (hearing board)

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

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

DISTRICT BOUNDARIES

The District boundaries include all of Yolo County and the northeastern portion of Solano County. The Solano boundary extends from I-80 eastward along the southern boundary of the California Medical Facility, which corresponds to Hay Road. Southerly, it extends to Goose Haven Road toward the vicinity of Birds Landing and Montezuma Hills Road; it then goes easterly 3/4 of a mile south of Montezuma Hills Road to the intersection of the Sacramento River.



GOALS AND ACCOMPLISHMENTS BY DIVISION

Administration Division

Goals and Accomplishments for FY 2015/16

- Complete the update of the District job descriptions to ensure they are compliant with current laws. ***The District has started the process of updating the job descriptions. This goal consists of updating the descriptions, review by legal counsel, meet and confer with employee's association if applicable or exempt employees and then Board approval will be required.***
- Finish the update of the District Personnel Policy to ensure it meets requirements to cover future law revisions and/or updates. ***Draft has been completed by staff and reviewed by legal counsel, and the next steps will be a meet and confer with employees' association and exempt employees, and then Board approval will be required.***
- Continue work toward a paperless retention of District records under established retention protocols. ***The District continues this effort and we have scanned over 65,000 records as of June 30, 2016. The employee Records Management Committee continues to meet and make recommendations to management on retention protocols.***
- Continue to build community awareness of the health impacts of air pollution and the public's role in protecting air quality. ***Staff continued to execute community awareness campaigns to boost acknowledge and understanding of air pollution's health impact. This included building awareness of the Don't Light Tonight and Spare The Air programs, boosting the District's social media reach, receiving a record number of entries for the Clean Air Calendar contest, working collaboratively with community partners, attending local events and developing a primary-level education curriculum.***
- Redesign the District website to boost its usefulness to the public and ensure that staff can update the site easily and frequently. ***The District successfully completed an RFP process for the website redesign project and has an agency under contract. The project is on track to be completed in early fiscal year 2016/2017.***
- Build awareness of the District's incentive programs, including the Clean Air Funds and the Clean Agricultural Equipment and Municipal Fleet program. ***District staff placed media stories on the Clean Air Funds program and helped the Planning and Air Monitoring Division exhaust all funding for the Clean Agricultural Equipment and Municipal Fleet program.***

Goals for Fiscal Year 2016/2017

- Review the concept of moving the financial accounting system in-house, starting with accounts payable.
- Update the District's Public Records Act Policy for Board approval.
- Update the District's Record Retention Policy for Board approval.

- Draft and present recommended financial policy to the budget and audit committee then to the Board for approval. Policy will include but not limited to the purpose, organization, objectives, fund balance and reserves, mid-year Board review, independent auditing, internal controls, budget process, long-term obligations, and cost recovery.
- Execute a baseline awareness survey on residential wood burning and local health impacts from wood smoke during the winter season.
- Work with regional partners (Solano Transportation Authority and SACOG) to establish the District's role in reducing single-occupancy vehicle miles and lowering the air pollution impacts from mobile sources through voluntary means.
- Grow the District's social media presence and subscribership to the EnviroFlash air quality alert service.

Compliance Division

Goals and Accomplishments for Fiscal Year 2015/2016

- Inspect all stationary sources (except emergency back-up generators and small boilers) at least once every 12 months, with emergency back-up generators and small natural gas fired boilers being once every 24 months. ***At the end of June the Division has performed 1,521 ongoing annual inspections, 104 more (a 7% increase) than the prior fiscal year. There are currently 27 overdue inspections, of which four are more than 30 days overdue.***
- Complete the project of catching up on overdue agricultural engine inspections, with the goal to inspect engines every 36 months. ***There have been 436 agricultural engine inspections compared to 181 engines inspected in all of fiscal year 2014/2015.***
- Complete the project of catching up on overdue PERP (portable equipment registration program) inspections, with a goal to inspect engines every 36 months. ***The Division has conducted 329 PERP inspections by the end of June. There are currently 1,050 PERP units registered in the District, necessitating a minimum of 350 inspections annually to complete.***
- Complete the settlement process for Notices of Violations (NOV) in a timely manner, with a goal of completion in less than 270 days from date of issuance. ***The District has settled 105 NOVs so far this fiscal year, and 98% were settled in less than 270 days. There are currently 24 in process NOVs, of which six are over 270 days.***
- Inspect at least 10% of asbestos renovations and demolitions that submit notification to the District. ***The District was not able to meet the 10% goal due to staff shortage; however, staff did identify six renovation projects that failed to conduct surveys for asbestos prior to renovation activities and had not notified the District.***

Goals for Fiscal Year 2016/2017

- Inspect all stationary sources (except emergency back-up generators and small boilers) at least once every 12 months, with emergency back-up generators and small natural gas fired boilers being once every 24 months.
- Complete the project of catching up on overdue agricultural engine inspections, with the goal to inspect engines every 36 months.
- Annually inspect 33% of the PERP (portable equipment registration program) units registered with District as the home district.
- Complete the settlement process for Notices of Violations (NOV) in a timely manner, with a goal of completion in less than 270 days from date of issuance.
- 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 Rules 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.

Engineering Division

Goals and Accomplishments for Fiscal Year 2015/2016

- Continue to process all applications in a timely fashion. ***Despite a 33% decrease from budgeted engineering person-hours, 62% of ATCs and 66% of PTOs were issued within the specified timeframes. Overdue Title V renewal applications have been issued, and remaining renewal applications are on track to be completed in the timeframes specified in the Title V Rule.***
- Continue processing unclaimed emission reductions for the priority reserve and begin rule development to amend Rule 3.6 in accordance with guidance from the Board. ***More than half of unclaimed permit cancellations have been evaluated. Rule development has been postponed.***
- Continue to promulgate rules in accordance with established priorities, specifically including amendments to the Asbestos Rule and Asbestos Fee Rule. ***The Asbestos Rule and Asbestos Fee Rule were amended on June 10, 2015. The General Provisions and Definitions Rule was amended July 8, 2015. The Air Toxics “Hot Spots” Fee Rule was amended December 9, 2015. Development of the Architectural Coating rule amendment, along with some EPA-required corrections to the Organic Liquid Storage Tank rule, is on track for September 2016.***
- Restart the District’s AB2588 program in full accordance with the program requirements and the new risk assessment guidelines promulgated by the Office of Environmental Health Hazard Assessment on March 6, 2015. ***Following amendments to the fee rule in December 2015, invoices were sent to affected facilities in early April 2016. Staff has begun evaluating risk for gasoline dispensing facilities (GDF).***

- Continue to update existing permits in a timely manner after rule amendments or adoptions, specifically including NESHAP Subpart ZZZZ for compression-ignited internal combustion engines. ***GDF permits were updated for the Gasoline Dispensing Facility rule amendment by September 30, 2015, along with agricultural engine registrations updated for NESHAP Subpart ZZZZ. All other stationary engines were updated for NESHAP Subpart ZZZZ by December 31, 2015.***
- Assist with Ag Engine Registration program, specifically including updates to existing registrations that expired on December 31, 2014. ***For engines that hadn't reached their sunset date, but the registrations had expired, the registrations were renewed by the end of March 2016. Applications to modify registrations for engines which reached their sunset date are currently being processed to convert to low-use or intermittent use.***
- Finalize or implement specified policies to regulate the way the section addresses portable analyzer monitoring, risk management and health risk assessments, and allowable deviations from the construction authorization that will not require a new ATC. ***Policy 30 on Equipment Startup Conventions was revised to address what deviations from the ATC could and could not be accommodated during the PTO conversion process on April 9, 2015. Policy 33 to define offset requirements for how partially-offset units are calculated was implemented by the engineering division on April 9, 2015. Policies 34 and 35, which define how orphan emission reductions will be captured to the priority reserve, both prospectively and retrospectively, were implemented on June 2, 2015. Policy 36 on Portable Analyzer Monitoring was approved on August 11, 2015.***

Goals for Fiscal Year 2016/2017

- Finish processing all overdue applications and maintain on-time processing rate of 90% or greater.
- Finish processing unclaimed emission reductions for the priority reserve and begin rule development to amend Rule 3.6 in accordance with guidance from the Board.
- Promulgate Architectural Coating and Organic Liquid Storage Tank Rules. Promulgate amendments to Boilers, Steam Generators, and Process Heaters Rule (Rule 2.27), and Graphic Arts Printing Operations (Rule 2.29) in first half of 2017 in accordance with Ozone Attainment Plan.
- Prioritize all facilities covered by first round of AB2588 restart program, and conduct or review (as appropriate) health risk assessments for all "high" priority facilities in accordance with schedule specified in Health and Safety Code.
- Finalize revisions to Risk Management Policy.

Planning & Air Monitoring Division

Goals and Accomplishments for Fiscal Year 2015/2016

- Conduct an all feasible measure analysis to be included in the regional plan for attainment of the 2008 federal ozone standard. ***The all feasible measure analysis is ongoing, with coordination occurring between the districts of the Sacramento Federal Nonattainment Area for ozone.***

- Work with the District's agricultural community to identify and fund equipment replacement projects using AB 923 funds in order to obtain surplus emission reductions. ***District staff worked closely with the farming community on public outreach to ensure they were aware of the grant funds available to replace older farm equipment. As of June 30, 2016 the District has released \$1,293,383 of the \$1.8 million available in fiscal year 2015/2016. The balance of \$488,719 has been obligated through signed agreements and will be released once all criteria are met. The \$488,179 will rollover as fund balance available in the restricted AB923 fund and will be designated for release in 2016/2017.***
- Coordinate with lead agencies in the District on consistent preparation of climate change impact analysis to fulfill the requirements of the CEQA Guidelines. ***District staff coordinates with lead agencies on an ongoing basis regarding preparation of climate change impact analyses to ensure consistency between jurisdictions. New case law has temporarily delayed the development of threshold of significance for climate change to be used in CEQA analyses.***
- Complete internal procedures for all functions of the Planning and Air Monitoring section. ***Internal procedures have been developed for all Planning and Air Monitoring section functions.***
- Develop a draft cost-recovery rule for CEQA review work performed by District staff. ***A rule is in the process of being developed as a result of ongoing internal discussions.***
- Air Monitoring Program – finalize all corrective actions in response to the Air Resources Board Technical Systems Audit. Present findings of the final audit to the District Board. ***Most corrective actions have been finalized and submitted to ARB. Remaining corrective actions were newly-identified actions by ARB. An update on the District's monitoring program and the results of the Technical System Audit will be presented to the Board in 2016.***

Goals for Fiscal year 2016/2017

- In coordination with the other air districts of the Sacramento Federal Nonattainment Area, finalize and submit to ARB a federal ozone attainment plan for the 2008 8-hour ozone standard.
- Re-start the District's Clean School Bus program and coordinate with school districts to assist with the replacement of 3-4 buses per year in the 1987 – 1993 model year range.
- Update all recommended best management practices for the mitigation of construction emissions during CEQA land use projects.
- Complete RACT SIP analysis and submit the finalized document to EPA.
- Conduct a comprehensive evaluation of all District monitoring sites to ensure all locations meet current EPA siting requirements.



BUDGET SUMMARY

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. The four funds are briefly outlined below. Revenue and expenditures account descriptions are found in the Appendix.

General Fund: This fund 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 works within these programs.

Mobile Source Program - Dept. of Motor Vehicle Fees under AB2766: 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 \$4.00 for each vehicle registered within the District's jurisdiction. This money is used in part as an operating fund to support staff that works within the mobile source program, and provides grant funding toward the District's Clean Air Funds Program.

Mobile Source Program – Dept. of Motor Vehicle Fees under 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 Co. Property Tax: This fund account 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 and additional programs, projects and/or equipment as approved by the Board.

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 AB2766 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 AB2766, and as well as classifications of the fund balances for fiscal year 2016/2017, as required under Government Accounting Standards Board (GASB) Statement No. 54. *See page 29 for the Summary 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 (2) 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 healthcare program (PEMHCA). The District joined PEMHCA in 1989. 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 that 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. In addition, once the retiree and/or dependent reach Medicare eligibility, the employer contribution is normally reduced based on the coordination of Medicare and PEMHCA.

The District's annual OPEB (expense) is calculated based on the Annual Required Contribution (ARC), as outlined in the District's bi-annual actuarial valuation report. The ARC 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 ARC payments (by FY) that the District contributed toward the California Retiree Benefit Trust (CERBT) since joining CERBT are outlined below.

2012/2013	2013/2014	2014/2015	2015/2016
\$105,000	\$110,000	\$127,400	\$130,000

Five-year estimated ARC per Actuarial Valuation Report ending June 30, 2015:

2016/2017*	2017/2018	2018/2019	2019/2020	2020/2021
\$201,000	\$207,000	\$214,000	\$221,000	\$228,000

**Budgeted amount for FY 2016/2017*

OPEB Summary-

The District contributes the ARC at the beginning of each fiscal year and 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. In 2013/2014 and 2014/2015 the District did request disbursements of \$78,603 and \$89,200 respectively. The District did budget for a large portion of the disbursement of the monthly premium costs that the District paid on behalf of the retirees during 2015/2016 of \$90,000, and received the disbursement from CERBT.

CERBT requires bi-annual actuarial valuations on the OPEB obligations and for year ending June 30, 2015, the District's actuarial shows a significant increase in ARC from 2015/2016 to 2016/2017. The increase 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 March 31, 2016 (June 30, 2016 not available at time of publication)

Yolo-Solano Air Quality Management District	
Beginning Balance	\$203,971
Contribution	\$130,000
Investment Earnings	\$1,023
Admin Expense	(\$108)
Investment Expense	(\$79)
Disbursement	(\$90,000)
Ending Balance	\$334,806

- 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 (also known as PEPRAs members). 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 be 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 costs 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 PEPRAs (New Members) Tiers are required to contribute 7% and 6.25% of their annual pay, respectively. Under an Agreement with the District employees the District is decreasing their portion of the employer paid portion of the Classic Members contributions, and by 2018/2019 Classic Members will be paying the entire portion of their 7% employee contribution. The employer contribution is outlined below.

Classic Members: (5-year comparison)

Fiscal Year	Employer Rate	Employer Payment of Unfunded Liability
2013/2014	12.31%	N/A
2014/2015	12.35%	N/A
2015/2016	8.50%	\$67,117 (lump sum prepayment made)
2016/2017	8.88%	\$78,706 (or 4.24% based on projected payroll) Or \$75,911 (lump sum prepayment option)
2017/2018*	8.90%	\$100,381 *Projection only

New Members: (5-year comparison)

Fiscal Year	Employer Rate	Employer Payment of Unfunded Liability
2013/2014	6.25%	N/A
2014/2015	6.25%	N/A
2015/2016	6.30%	N/A
2016/2017	6.555%	\$19 (or 0.017% based on projected payroll) Or \$18 (lump sum prepayment option)
2017/2018*	6.60%	\$42 *Projection only

Pension Summary-

- The District was able to pay down the pension side-fund over a three year period from 2013 to 2015 totaling \$311,019 that reduced the employer contributions under the Classic Member Plan by 1% over the course of the pay down.
- New CalPERS assumptions approved by the CalPERS board based on economic and demographic assumptions including mortality rate improvements increased employer contributions rates starting in 2016/2017 for local agencies. CalPERS also approved a five-year smoothing period in 2014 with a fixed 20-year amortization. The smoothing will recognize potential gains and losses in pension assets and provide stability to contributions over the 2-year period.
- In 2015/2016 CalPERS under the Classic Member's Plan for the first time started collecting employer contributions toward the employer's unfunded liability instead of a percentage of payroll, and agencies may prepay as a lump sum. The District prepaid the 2015/2016 unfunded liability of \$62,117, and in 2016/2017 the District will prepay both the Classic Members' Plan of \$75,911 and New Members' of \$19. (Note: 2016/2017 is the first year CalPERS prepared an actuarial valuation study for the New Member's Plan under PEPRA).

Revenue and Expenditures by Fund

(Variances of 15%, less or greater than \$2,500 are listed starting on page 36)

General Fund

The District Board of Directors approved a cost recovery fee adjustment of 1.1% that affects the Stationary Source Program and Asbestos Program fees. The adjustment recommended under the proposed budget is based on the California Consumer Price Index (CPI) April-to-April prior years (2014-2015) effective July 1, 2016. This is centered on the cost recovery in the stationary source program which is projected at 78% for fiscal year 2016/2017. The cost recovery year ending June 30, 2016 is projected at 98%. Both charts outlining the General Fund programs can be found in the Appendix.

Revenue Highlights

- Stationary Source Program: The revenue projected under Portable Equipment Registrations for 2016/2017 is \$40,000 less than the 2015/2016 approved budget. This is based on fluctuation in the three-year renewal process of the state program.
- Asbestos Program: We are projecting to receive \$25,000 more than in 2015/2016 due to the new fee structure adopted by the Board in 2015/2016.
- Administrative Overhead/Intrafund Transfers: This revenue is estimated to increase by \$41,525. We are requesting an additional \$20,500 from Solano County Property Tax to use toward a replacement fleet vehicle and assist in the cost of the internship program. In addition for 2016, the District will be able to

increase the administrative fees on the revenue received from the DMV from 5% to 6.25%; and a small portion of the increase is attributed to an estimated increase in normal operating costs under indirect transfers.

- The Fund Balance available is estimated at \$794,558 and is due from extra revenue and expenditure savings at year-end June 30, 2016 as outlined below. The fund balance will move forward to 2016/2017 with a recommendation to increase General Reserves by \$40,000, which reduces the cash available to \$754,558.

Extra Projected Revenue in 2015/2016

- Stationary Source \$61,667
- Mutual Settlement \$123,212
- Admin/Intrafund \$27,755

Estimated Unspent Expenditures in 2015/2016

- Salaries and Benefits \$177,195
- Services and Supplies \$100,359
- Unspent Contingency \$282,960

Expenditure Highlights

- Salaries and Benefits: Increase of \$191,420 is projected in 2016/2017 over 2015/2016 adopted budget. The increase is directly related to the increase in OPEB as explained in the Long Term Obligation Summary on page 14 of budget document. More information is provided on page 25 under “Salary and Benefit Recommendations”.
- Services, Supplies and Capital Equipment: Variance decrease of \$16,266 overall.

Mobile Source DMV AB2766 Fund

The District reviewed the DMV collection of registration fees within the District’s jurisdiction to ensure all revenue is directed to the correct air quality agency. In reviewing other county and/or air district’s population with the number of registered vehicles it appears the District is proportionately receiving our share of revenue collected within the District’s jurisdiction. This would apply to both the AB2766 \$4 per registered vehicle and AB923 \$2 per registered vehicle.

Revenue Highlights

- Revenue received from the DMV under AB2766 is projected at a small increase of \$14,340.
- The Fund Balance available is estimated at \$250,203 and is due from extra revenue and expenditure savings at year-end June 30, 2016 as outlined below. The fund balance will move forward to 2016/2017 as cash available.

Extra Projected Revenue in 2015/2016

- Small overall increase from adopted budget to year-end of \$34,870

Estimated Unspent Expenditures in 2015/2016

- Salaries and Benefits \$29,301
- Services and Supplies \$51,964
- Unspent Contingency \$131,818

Expenditure Highlights

- Salaries and Benefits: Increase of \$62,520 over the prior year budget which is an increase in regular salaries and the OPEB annual required contribution.
- Services and Supplies: The expenditures remain steady with no significant increases or decreases.

- Clean Air Funds Program: A decrease of \$17,750 in the 2016/17 program.

Mobile Source DMV AB923 Fund

Revenue Highlights

- Revenue received from the DMV under AB923 is projected to increase by \$7,200 to \$546,700.
- The Fund Balance available is estimated at \$1,202,028 and is due from extra revenue and expenditure savings at year-end June 30, 2016 as outlined below, which includes two grants that were not paid out under the agricultural engine and public fleet replacement program which totals \$488,719. The fund balance will move forward to 2016/2017 as cash available.

Extra Projected Revenue in 2015/2016

- Small overall increase from adopted budget to year-end of \$11,877
- Increase in interest earned (Yolo Co. Investment Pool) of \$10,322

Estimated Unspent Expenditures in 2015/2016

- Administrative/Intrafund Transfer of \$71,600 (Board approved to a short term transfer to assist in paying the pension unfunded liability if the General Fund did not have the cash available in July 2016; however, the District did not have to transfer any money from this fund)
- Unspent Contingency: \$601,612

Expenditure Highlights

- AB923 Grant Program: The District will focus this year's grant program on replacing school buses. There is \$600,000 available in 2016/2017. Also, included in the total amount available is \$488,179 that rolled over as fund balance available from 2015/2016 due to agricultural equipment projects being obligated under the Agricultural Equipment and Public Fleet Program which will be released in new fiscal year.

Solano Co. Property Tax Fund

Revenue Highlights

- It is projected to receive \$220,000 in 2016/2017 in Solano County property tax proceeds.
- Under the Redevelopment Agencies (RDA) Pass-thru fund are projected at \$25,000.
- The Fund Balance available is estimated at \$545,783 and is due from extra revenue and expenditure savings at year-end June 30, 2016 as outlined below. The fund balance will move forward to 2016/2017 as cash available.

Extra Projected Revenue in 2015/2016

- Solano Property Tax \$102,322
- RDA pass-thru \$39,625

Estimated Unspent Expenditures in 2015/2016

- Clean Air Funds \$40,000 (one canceled project)
- Unspent Contingency \$365,366

Expenditure Highlights

- Clean Air Funds Program: The District will ask the Board to grant \$300,000 in projects for 2016/2017.
- Administrative/Intrafund Transfer to the General Fund: The recommended budget includes a \$20,500 increase from 2015/16. The \$85,000 requested will be used to purchase one low or zero emission vehicle, support the internship program (public outreach and emission inventory); and also includes a 10% administrative fee.

FISCAL YEAR 2016/2017 RECOMMENDED BUDGET

Consolidated Overview

Description	Adopted FY 2015/16	Actual Yr. End FY 2015/16	Final FY 2016/17	Variance Adopted to Final
General Fund	\$3,163,324	\$3,396,466	\$3,361,516	\$198,192
Mobile Source Program DMV AB2766 Fund	\$1,280,888	\$1,315,758	\$1,341,293	\$60,405
Mobile Source Program DMV AB923 Fund	\$2,503,587	\$2,525,786	\$1,748,978	(\$754,609)
Solano Co. Property Tax Fund	\$749,116	\$891,063	\$790,783	\$41,667
TOTAL REVENUES¹	\$7,696,915	\$8,129,073	\$7,242,570	(\$454,345)
Salaries and Benefits	\$2,846,840	\$2,640,344	\$3,100,780	\$253,940
Services and Supplies	\$1,187,020	\$964,627	\$1,171,724	(\$15,296)
Capital Equipment Purchases ²	\$81,299	\$80,397	\$60,000	(\$21,299)
DMV AB2766 Clean Air Funds Program	\$100,000	\$97,750	\$82,250	(\$17,750)
DMV AB923 Grant Program ³	\$1,800,000	\$1,293,383	\$1,088,719	(\$711,281)
Solano Co. Property Tax Clean Air Funds Program	\$300,000	\$260,000	\$300,000	\$0
Contingency - Operating Funds	\$414,778	\$0	\$417,224	\$2,446
Contingency - Restricted Funds	\$966,978	\$0	\$1,021,873	\$54,895
TOTAL EXPENDITURES	\$7,696,915	\$5,336,501	\$7,242,570	(\$454,345)

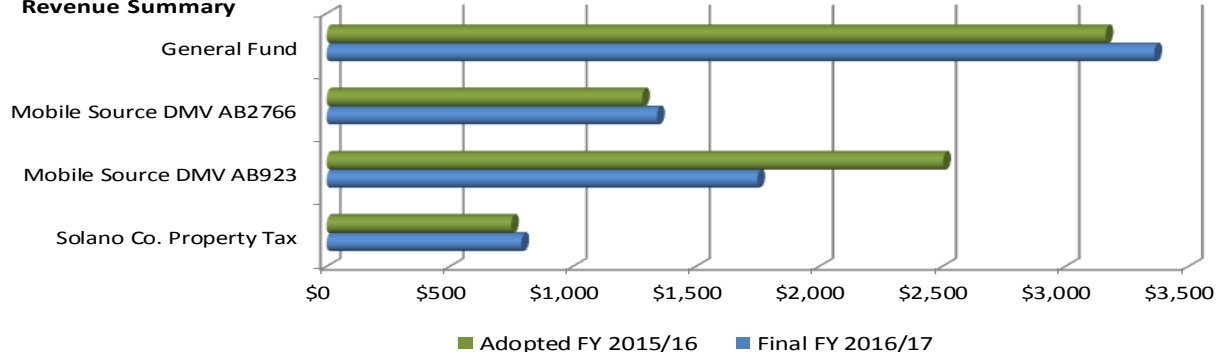
¹Revenues shown include the fund balance available in each fund. This is cash that is moving forward to the new fiscal year and is available for use. The fund balance of each Fund is shown under the detailed summaries by fund on the following pages.

²Budget revision in 2015/2016 to increase appropriations in capital equipment in the General Fund and to increase revenue (miscellaneous) of \$21,299 (vehicle insurance payout from claim).

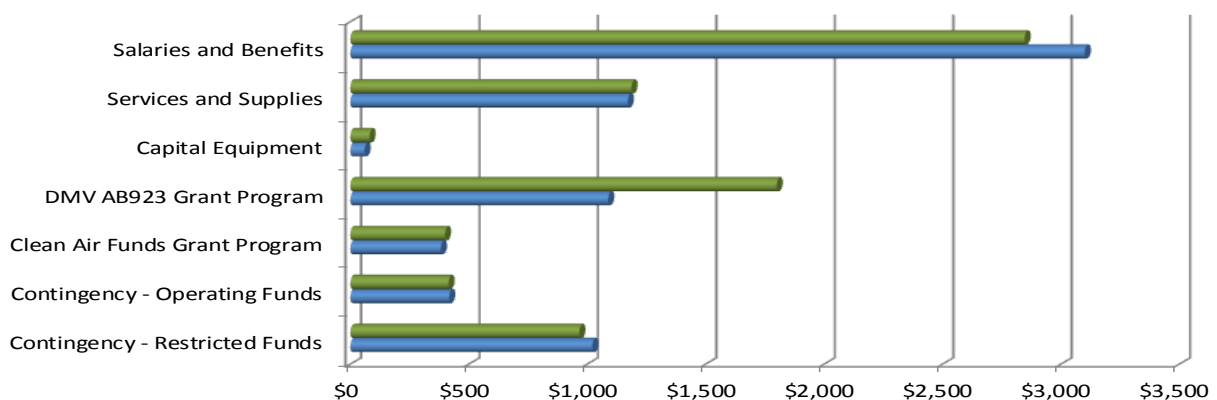
³AB923 grant funds from FY 2015/2016 (ag equipment) rolled over to new year of \$488,179 related to 2 projects were not able to be paid out as of 6/30/16.

Total Operating Expenditures is \$4,332,504 of the total budget of \$7,242,570

Revenue Summary



Expenditure Summary



General Fund – Revenue Detail

Account Name	Adopted FY 2015/16	Actual Yr. End FY 2015/16	Final FY 2016/17	Variance Adopted to Final
STATIONARY SOURCE PROGRAM				
Renewal Permits	\$1,420,900	\$1,361,705	\$1,430,000	\$9,100
New Permits	\$147,650	\$202,404	\$158,300	\$10,650
Source Testing	\$80,000	\$104,498	\$85,000	\$5,000
Agricultural Engine Registrations	\$80,650	\$116,462	\$70,000	(\$10,650)
Portable Equipment Registration - State ARB	\$100,000	\$105,001	\$60,000	(\$40,000)
EPA 105 Pilot Program (Federal Revenue)	\$77,158	\$77,955	\$77,158	\$0
SUBTOTAL	\$1,906,358	\$1,968,025	\$1,880,458	(\$25,900)
Fees/Air Toxics State Program	\$60,000	\$41,537	\$60,000	\$0
Agricultural Burning Program	\$21,000	\$19,716	\$20,000	(\$1,000)
Asbestos Program	\$40,000	\$65,713	\$65,000	\$25,000
SUBTOTAL	\$121,000	\$126,966	\$145,000	\$24,000
Mutual Settlement Program	\$115,000	\$238,212	\$116,300	\$1,300
Interest Earned (Yolo Co. Investment Pool)	\$2,500	\$8,044	\$2,500	\$0
Air Resources Board Subvention (State Revenue)	\$90,000	\$89,498	\$90,000	\$0
Miscellaneous Revenue (State Revenue)	\$0	\$0	\$0	\$0
EPA 103 PM2.5 grant (Federal Revenue)	\$23,000	\$23,910	\$12,700	(\$10,300)
Administrative/Intrafund Transfers	\$305,475	\$333,230	\$347,000	\$41,525
Penalty Assessments	\$10,000	\$14,040	\$12,000	\$2,000
Miscellaneous Revenue*	\$22,299	\$23,634	\$1,000	(\$21,299)
Stale Date Warrants	\$0	\$0	\$0	\$0
Sale of Fixed Assets	\$0	\$430	\$0	\$0
SUBTOTAL	\$568,274	\$730,998	\$581,500	\$13,226
TOTALS	\$2,595,632	\$2,825,989	\$2,606,958	\$11,326
FUND BALANCE AVAILABLE	\$539,764	\$570,477	\$794,558	\$254,794
Transfer to General Reserves	\$0	\$0	(\$40,000)	(\$40,000)
Transfer to Operating Budget (Restricted Reserves)	\$27,928	\$0	\$0	(\$27,928)
GENERAL FUND OPERATING REVENUE	\$3,163,324	\$3,396,466	\$3,361,516	\$198,192

*Revision to adopted budget FY 2015/2016 to recognize insurance claim payout, increased by \$21,299



General Fund – Expenditure Detail

Account Name	Adopted FY 2015/16	Actual Yr. End FY 2015/16	Proposed FY 2016/17	Variance Adopted to Final
Regular Employees	\$1,392,850	\$1,312,652	\$1,393,000	\$150
Extra-Help	\$7,950	\$19,895	\$30,600	\$22,650
Overtime (includes expedite program)	\$15,500	\$15,221	\$15,000	(\$500)
Vacation/Payroll Buyback (or payout)	\$14,500	\$21,140	\$24,750	\$10,250
Retirement	\$201,200	\$195,284	\$205,000	\$3,800
Medicare and Social Security Tax	\$21,260	\$20,545	\$23,120	\$1,860
Employee Group Insurance	\$285,900	\$232,105	\$283,000	(\$2,900)
OPEB (health pay-as-you-go & trust fund)	\$105,790	\$88,422	\$252,500	\$146,710
Unemployment Insurance	\$6,400	\$3,728	\$6,300	(\$100)
Workers Compensation Insurance	\$11,810	\$12,037	\$10,910	(\$900)
Other Miscellaneous Benefits/Expenses	\$89,600	\$54,536	\$100,000	\$10,400
SALARY & BENEFIT TOTAL	\$2,152,760	\$1,975,565	\$2,344,180	\$191,420
Clothing and Personal Supplies	\$2,500	\$385	\$2,500	\$0
Communications	\$18,800	\$13,221	\$18,800	\$0
Food	\$1,000	\$970	\$1,000	\$0
Household Expense	\$2,000	\$1,263	\$2,000	\$0
Household Expense-Contracts	\$16,640	\$16,512	\$17,175	\$535
Insurance-Public Liability	\$15,950	\$14,436	\$22,000	\$6,050
Maint-Equipment	\$18,700	\$13,964	\$18,700	\$0
Maint-Bldgs & Improv	\$925	\$1,507	\$925	\$0
Medical, Dental & Lab Supplies	\$400	\$305	\$400	\$0
Memberships	\$6,100	\$3,846	\$6,100	\$0
Miscellaneous Expense	\$1,400	\$1,782	\$1,400	\$0
Office Expense	\$12,200	\$7,471	\$12,200	\$0
Office Expense-Postage	\$9,000	\$8,718	\$9,000	\$0
Office Expense-Printing	\$7,100	\$1,409	\$7,000	(\$100)
Indirect/Overhead A-87 Costs-JPA with Yolo Co.	\$18,000	\$18,000	\$18,000	\$0
Auditing and Fiscal Services	\$37,500	\$36,556	\$35,000	(\$2,500)
Information Services	\$55,200	\$54,258	\$53,650	(\$1,550)
Legal Services (County Counsel Agreement)	\$44,000	\$43,200	\$44,000	\$0
Medical Services	\$1,220	\$562	\$1,220	\$0
Professional & Specialized Services	\$82,450	\$58,305	\$117,400	\$34,950
Board Member Stipends	\$19,400	\$7,940	\$19,400	\$0
Publications & Legal Notices	\$3,400	\$4,552	\$3,400	\$0
Rents & Leases-Equipment	\$2,700	\$2,947	\$2,700	\$0
Rents & Lease-Bldgs & Improv	\$180,520	\$177,725	\$185,200	\$4,680
Minor Equipment	\$22,700	\$10,967	\$13,100	(\$9,600)
Training Expense	\$10,100	\$2,677	\$10,100	\$0
Special Dept Expense-Other	\$2,400	\$575	\$2,400	\$0
Transportation & Travel	\$23,000	\$14,774	\$25,700	\$2,700
Vehicle Fuel	\$11,000	\$6,589	\$10,600	(\$400)
Utilities	\$10,000	\$9,740	\$12,000	\$2,000
Capital Lease and Interest	\$10,000	\$10,790	\$10,800	\$800
Equipment (Capital Assets)*	\$81,299	\$80,397	\$60,000	(\$21,299)
SERVICES, SUPPLIES & EQUIPMENT	\$727,604	\$626,343	\$743,870	\$16,266
Contingency Reserves	\$282,960	\$0	\$273,466	(\$9,494)
GENERAL FUND OPERATING EXPENDITURES	\$3,163,324	\$2,601,908	\$3,361,516	\$198,192

*Revision to adopted budget FY 2015/2016 to recognize appropriation increase due to insurance claim (increased by \$21,299).

Mobile Source DMV AB2766 Revenue and Expenditure Detail

Account Name	Adopted FY 2015/16	Actual Yr. End FY 2015/16	Proposed FY 2016/17	Variance Adopted to Final
AB2766 DMV Revenue	\$1,076,500	\$1,100,987	\$1,090,840	\$14,340
Interest Earned (Yolo Co. Investment Pool)	\$250	\$652	\$250	\$0
Miscellaneous Revenue	\$0	\$0	\$0	\$0
SUBTOTAL	\$1,076,750	\$1,101,639	\$1,091,090	\$14,340
FUND BALANCE AVAILABLE	\$204,138	\$214,119	\$250,203	\$46,065
MOBILE SOURCE DMV AB2766 OPERATING REVENUE	\$1,280,888	\$1,315,758	\$1,341,293	\$60,405
<i>Mobile Source DMV AB2766 - Expenditure Detail</i>				
Regular Employees	\$465,400	\$466,609	\$484,300	\$18,900
Overtime	\$1,600	\$425	\$1,600	\$0
Vacation/Payroll Buyback	\$9,200	\$4,313	\$16,900	\$7,700
Retirement	\$73,400	\$74,527	\$78,750	\$5,350
Medicare Tax	\$6,900	\$6,789	\$7,300	\$400
Employee Group Insurance	\$69,350	\$52,584	\$72,630	\$3,280
OPEB (health pay-as-you-go & trust fund)	\$39,000	\$39,000	\$62,100	\$23,100
Unemployment Insurance	\$1,700	\$917	\$1,700	\$0
Workers Compensation Insurance	\$4,600	\$4,593	\$4,220	(\$380)
Other Miscellaneous Benefits	\$22,930	\$15,022	\$27,100	\$4,170
SALARY & BENEFIT TOTAL	\$694,080	\$664,779	\$756,600	\$62,520
Clothing and Personal Supplies	\$150	\$122	\$150	\$0
Communications	\$2,475	\$2,933	\$3,075	\$600
Food	\$550	\$231	\$550	\$0
Maint-Equipment	\$13,000	\$5,931	\$12,000	(\$1,000)
Maint-Bldgs. & Improvements	\$1,650	\$358	\$1,000	(\$650)
Memberships	\$3,800	\$2,266	\$3,800	\$0
Miscellaneous Expense	\$100	\$0	\$100	\$0
Office Expense	\$2,200	\$626	\$1,950	(\$250)
Office Expense-Postage	\$300	\$61	\$300	\$0
Office Expense-Printing	\$7,500	\$1,547	\$7,500	\$0
Administrative/Intrafund Transfer (to General Fund)	\$214,000	\$224,160	\$216,700	\$2,700
Auditing and Fiscal Services	\$2,800	\$2,135	\$500	(\$2,300)
Information Services	\$14,750	\$13,573	\$5,620	(\$9,130)
Medical Services	\$130	\$0	\$130	\$0
Professional & Specialized Services	\$52,700	\$29,251	\$61,100	\$8,400
Board Member Stipends	\$600	\$600	\$600	\$0
Publications & Legal Notices	\$3,350	\$641	\$1,100	(\$2,250)
Rents & Lease-Bldgs & Improv	\$625	\$0	\$0	(\$625)
Minor Equipment	\$5,000	\$3,115	\$4,200	(\$800)
Training Expense	\$4,100	\$3,123	\$4,100	\$0
Special Dept Expense-Other	\$14,400	\$5,736	\$19,900	\$5,500
Transportation & Travel	\$9,100	\$4,931	\$9,100	\$0
Vehicle Fuel (District Electric Charging Station)	\$1,500	\$1,451	\$4,400	\$2,900
Utilities	\$210	\$235	\$810	\$600
Clean Air Funds Program	\$100,000	\$97,750	\$82,250	(\$17,750)
SERVICES, SUPPLIES & EQUIPMENT	\$454,990	\$400,776	\$440,935	(\$14,055)
Contingency Reserves	\$131,818	\$0	\$143,758	\$11,940
MOBILE SOURCE DMV AB2766 OPERATING EXPENDITURES	\$1,280,888	\$1,065,555	\$1,341,293	\$60,405

Mobile Source DMV AB923 and Solano County Property Tax Revenue and Expenditure Detail

Account Name	Adopted FY 2015/16	Actual Yr. End FY 2015/16	Proposed FY 2016/17	Variance Adopted to Final
AB923 DMV Revenue	\$539,500	\$551,377	\$546,700	\$7,200
Interest Earned (Yolo Co. Investment Pool)	\$3,000	\$13,322	\$250	(\$2,750)
Miscellaneous Revenue	\$0	\$0	\$0	\$0
SUBTOTAL	\$542,500	\$564,699	\$546,950	\$4,450
FUND BALANCE AVAILABLE	\$1,961,087	\$1,961,087	\$1,202,028	(\$759,059)
MOBILE SOURCE DMV AB923 RESTRICTED REVENUE	\$2,503,587	\$2,525,786	\$1,748,978	(\$754,609)
<i>Mobile Source DMV AB923 - Expenditure Detail</i>				
Administrative/Intrafund Transfer	\$101,975	\$30,375	\$34,169	(\$67,806)
AB923 Grant Program(s)	\$1,800,000	\$1,293,383	\$1,088,719	(\$711,281)
SUBTOTAL	\$1,901,975	\$1,323,758	\$1,122,888	(\$779,087)
Contingency Reserves Restricted	\$601,612	\$0	\$626,090	\$24,478
MOBILE SOURCE DMV AB923 RESTRICTED EXPENDITURES	\$2,503,587	\$1,323,758	\$1,748,978	(\$754,609)

Account Name	Adopted FY 2015/16	Actual Yr. End FY 2015/16	Proposed FY 2016/17	Variance Adopted to Final
Solano Tax Revenue	\$220,000	\$322,322	\$220,000	\$0
Redevelopment, Statutory Pass-Through	\$25,000	\$64,625	\$25,000	\$0
SUBTOTAL	\$245,000	\$386,947	\$245,000	\$0
FUND BALANCE AVAILABLE	\$504,116	\$504,116	\$545,783	\$41,667
SOLANO CO. PROPERTY TAX RESTRICTED REVENUE	\$749,116	\$891,063	\$790,783	\$41,667
Clean Air Funds Projects	\$300,000	\$260,000	\$300,000	\$0
Administrative/Intrafund Transfer ¹	\$64,500	\$78,695	\$85,000	\$20,500
Public Outreach (website/publications/events)	\$19,250	\$6,585	\$10,000	(\$9,250)
SUBTOTAL	\$383,750	\$345,280	\$395,000	\$11,250
Contingency Reserves Restricted	\$365,366	\$0	\$395,783	\$30,417
SOLANO CO. PROPERTY TAX RESTRICTED EXPENDITURES	\$749,116	\$345,280	\$790,783	\$41,667

¹Intrafund transfer includes 10% admin fee based on revenue received and also a request to reimburse the General Fund for \$60,500 to purchase a low emission or zero emission vehicle and to assist in funding the internship program (mobile source public awareness and emission inventory programs).



STAFFING FOR FISCAL YEAR 2016/2017

The District is requesting to maintain 22 positions for fiscal year 2016/2017 as shown below. The budget also includes one (1) extra-help position that is not part of the approved job classifications as shown below, which will be used to assist the District for special projects and programs. This is covered in more detail on the following page that includes the Executive Director/APCO recommendations for the new fiscal year.

<i>Job Classifications</i>	FY 2015/2016 FTE*	FY 2016/2017 FTE*
Executive Director/Air Pollution Control Officer (contracted position) Deputy Air Pollution Control Officer	1.00 1.00	1.00 1.00
<i>Administration Division</i> Administrative Services Manager Administrative Operations Coordinator/Board Clerk Administrative Assistant Air Quality Technician Public Information Officer	1.00 1.00 2.00 2.00 1.00	1.00 1.00 2.00 2.00 1.00
<i>Compliance Division</i> Compliance Manager Assistant/Associate Air Quality Specialist Senior Air Quality Specialist	1.00 4.00 1.00	1.00 4.00 1.00
<i>Engineering Division</i> Engineering Manager Assistant/Associate Air Quality Engineer	1.00 3.00	1.00 3.00
<i>Planning and Air Monitoring Division</i> Planning and Air Monitoring Manager Air Monitoring Technician I/II Assistant/Associate Air Quality Planner	1.00 1.00 1.00	1.00 1.00 1.00
TOTAL	22.00	22.00

*FTE – Full Time Equivalent



Executive Director/APCO Salary and Benefit Recommendations

The following salary and benefit changes became effective July 1, 2016 as approved by the Board of Directors June 8, 2016; originally approved on June 10, 2015 by the Board of Directors, by Agreement No. 15-11 with the Yolo-Solano Air Quality Management District Employees' Association (this is the second year of the four-year agreement) and by Minute Order No. 15-11.C. and No. 15-11.D.

- An equity adjustment of 1.5% is included in Salary Resolution No. 16-01 and No. 16-01M for all positions except the Executive Director/Air Pollution Control Officer.
- A cost-of-living adjustment of 1.1% based on the prior year California Consumer Price Index (CPI) April 2014 to April 2015 and also included in the Resolutions as referenced above.
- CalPERS pension effective July 1, 2016:
 - "Classic Members" will pay 4.50% of the 7% Employee Paid Member Contribution (EPMC). The District will contribute 2.50% of the Classic Member's EPMC.
 - "New Members" will pay 6.25% which is one-half of the normal cost as established by CalPERS actuarial valuation study. The District does not contribute toward New Members' employee contributions.
- Health premiums capped per month at employee only \$550; employee plus one \$1,100; and employee plus family \$1,430.
- Cafeteria Benefit Dollars are offered to employees participating in the District's health care program. The taxable dollars can offset employee paid benefits.
- Employees that opt-out of the District's health insurance plan will receive \$250 per month in taxable earnings. Employees that opt-out are not eligible for Cafeteria Benefit Dollars.
- Deferred Compensation Plan District match is \$80 per month.

Other recommendation:

- One (1) extra-help engineer (Range 92) or extra-help intern (Range 21) of the Salary Resolution No. 16-01 for fiscal year 2016/2017 to assist the District in projects and programs.



Salary Resolution No. 16-01**Board Approved June 8, 2016 – Effective July 1, 2016**

Classifications		Step A	Step B	Step C	Step D	Step E	FLSA Status	Covered Under MOU
Administration								
Administrative Clerk	23	\$2,730 \$32,760 \$15.75	\$2,866 \$34,392 \$16.53	\$3,009 \$36,108 \$17.36	\$3,160 \$37,920 \$18.23	\$3,318 \$39,816 \$19.14	Non-exempt	yes
Administrative Assistant	41	\$3,265 \$39,180 \$18.84	\$3,428 \$41,136 \$19.78	\$3,600 \$43,200 \$20.77	\$3,780 \$45,360 \$21.81	\$3,969 \$47,628 \$22.90	Non-exempt	yes
Air Quality Technician	67	\$4,229 \$50,748 \$24.40	\$4,441 \$53,292 \$25.62	\$4,663 \$55,956 \$26.90	\$4,896 \$58,752 \$28.25	\$5,141 \$61,692 \$29.66	Non-exempt	yes
Administrative Operations Coordinator/Board Clerk	77	\$4,672 \$56,064 \$26.95	\$4,905 \$58,860 \$28.30	\$5,150 \$61,800 \$29.71	\$5,408 \$64,896 \$31.20	\$5,678 \$68,136 \$32.76	Non-exempt	no
Public Information Officer	93	\$5,478 \$65,736 \$31.60	\$5,752 \$69,024 \$33.18	\$6,039 \$72,468 \$34.84	\$6,341 \$76,092 \$36.58	\$6,658 \$79,896 \$38.41	Non-exempt	yes
Compliance								
Assistant Air Quality Specialist	80	\$4,813 \$57,756 \$27.77	\$5,054 \$60,648 \$29.16	\$5,306 \$63,672 \$30.61	\$5,572 \$66,864 \$32.15	\$5,850 \$70,200 \$33.75	Non-exempt	yes
Associate Air Quality Specialist	95	\$5,588 \$67,056 \$32.24	\$5,867 \$70,404 \$33.85	\$6,161 \$73,932 \$35.54	\$6,469 \$77,628 \$37.32	\$6,792 \$81,504 \$39.18	Non-exempt	yes
Senior Air Quality Specialist	105	\$6,173 \$74,076 \$35.61	\$6,481 \$77,772 \$37.39	\$6,805 \$81,660 \$39.26	\$7,145 \$85,740 \$41.22	\$7,503 \$90,036 \$43.29	Non-exempt	yes
Engineering								
Assistant Air Quality Engineer	92	\$5,424 \$65,088 \$31.29	\$5,695 \$68,340 \$32.86	\$5,979 \$71,748 \$34.49	\$6,278 \$75,336 \$36.22	\$6,592 \$79,104 \$38.03	Non-exempt	yes
Associate Air Quality Engineer	107	\$6,297 \$75,564 \$36.33	\$6,611 \$79,332 \$38.14	\$6,942 \$83,304 \$40.05	\$7,289 \$87,468 \$42.05	\$7,654 \$91,848 \$44.16	Non-exempt	yes
Associate Air Quality Engineer with P.E.	112	\$6,618 \$79,416 \$38.18	\$6,949 \$83,388 \$40.09	\$7,296 \$87,552 \$42.09	\$7,661 \$91,932 \$44.20	\$8,044 \$96,528 \$46.41	Non-exempt	yes
Senior Air Quality Engineer	117	\$6,955 \$83,460 \$40.13	\$7,303 \$87,636 \$42.13	\$7,668 \$92,016 \$44.24	\$8,052 \$96,624 \$46.45	\$8,454 \$101,448 \$48.77	Non-exempt	yes
Senior Air Quality Engineer with P.E.	122	\$7,310 \$87,720 \$42.17	\$7,676 \$92,112 \$44.28	\$8,059 \$96,708 \$46.49	\$8,462 \$101,544 \$48.82	\$8,886 \$106,632 \$51.27	Non-exempt	yes

Salary Resolution No. 16-01 (continued)

Classifications		Step A	Step B	Step C	Step D	Step E	FLSA Status	Covered Under MOU
Planning and Air Monitoring								
Air Monitoring Technician I	67	\$4,229 \$50,748 \$24.40	\$4,441 \$53,292 \$25.62	\$4,663 \$55,956 \$26.90	\$4,896 \$58,752 \$28.25	\$5,141 \$61,692 \$29.66	Non-exempt	yes
Air Monitoring Technician II	82	\$4,910 \$58,920 \$28.33	\$5,155 \$61,860 \$29.74	\$5,413 \$64,956 \$31.23	\$5,684 \$68,208 \$32.79	\$5,968 \$71,616 \$34.43	Non-exempt	yes
Assistant Air Quality Planner	83	\$4,959 \$59,508 \$28.61	\$5,207 \$62,484 \$6.00	\$5,467 \$65,604 \$31.54	\$5,741 \$68,892 \$33.12	\$6,028 \$72,336 \$34.78	Non-exempt	yes
Associate Air Quality Planner	98	\$5,757 \$69,084 \$33.21	\$6,045 \$72,540 \$34.88	\$6,347 \$76,164 \$36.62	\$6,665 \$79,980 \$38.45	\$6,998 \$83,976 \$40.37	Non-exempt	yes
Clerical Extra-Help/Interns								
Clerical Extra-Help	1	\$12.65 per hour					Non-exempt	no
Intern (College)	21	\$15.28	\$16.05	\$16.85	\$17.69	\$18.58	Non-exempt	no



Salary Resolution No. 16-01M (Management-Exempt Positions)**Board Approved June 8, 2016 – Effective July 1, 2016**

Salary Range	Minimum		Maximum		Range/Position
	Hourly	Monthly	Hourly	Monthly	
M-115	\$38.25	\$6,630	\$47.81	\$8,288	
M-116	\$38.63	\$6,696	\$48.29	\$8,371	
M-117	\$39.02	\$6,763	\$48.77	\$8,454	
M-118	\$39.41	\$6,831	\$49.26	\$8,539	Planning Manager
M-119	\$39.80	\$6,899	\$49.75	\$8,624	
M-120	\$40.20	\$6,968	\$50.25	\$8,710	Compliance Manager
M-121	\$40.60	\$7,038	\$50.75	\$8,798	
M-122	\$41.01	\$7,108	\$51.26	\$8,886	
M-123	\$41.42	\$7,179	\$51.78	\$8,974	
M-124	\$41.83	\$7,251	\$52.29	\$9,064	
M-125	\$42.25	\$7,324	\$52.82	\$9,155	
M-126	\$42.68	\$7,397	\$53.34	\$9,246	
M-127	\$43.10	\$7,471	\$53.88	\$9,339	
M-128	\$43.53	\$7,546	\$54.42	\$9,432	
M-129	\$43.97	\$7,621	\$54.96	\$9,526	
M-130	\$44.41	\$7,697	\$55.51	\$9,622	
M-131	\$44.85	\$7,774	\$56.07	\$9,718	
M-132	\$45.30	\$7,852	\$56.63	\$9,815	Administrative Services Manager Engineer Manager
M-133	\$45.75	\$7,931	\$57.19	\$9,913	
M-134	\$46.21	\$8,010	\$57.76	\$10,012	
M-135	\$46.67	\$8,090	\$58.34	\$10,113	
M-136	\$47.14	\$8,171	\$58.92	\$10,214	
M-137	\$47.61	\$8,253	\$59.51	\$10,316	
M-138	\$48.09	\$8,335	\$60.11	\$10,419	
M-139	\$48.57	\$8,419	\$60.71	\$10,523	
M-140	\$49.05	\$8,503	\$61.32	\$10,628	
M-141	\$49.54	\$8,588	\$61.93	\$10,735	
M-142	\$50.04	\$8,674	\$62.55	\$10,842	
M-143	\$50.54	\$8,760	\$63.18	\$10,950	
M-144	\$51.05	\$8,848	\$63.81	\$11,060	
M-145	\$51.56	\$8,936	\$64.45	\$11,171	
M-146	\$52.07	\$9,026	\$65.09	\$11,282	
M-147	\$52.59	\$9,116	\$65.74	\$11,395	Deputy APCO
M-148	\$53.12	\$9,207	\$66.40	\$11,509	
M-149	\$53.65	\$9,299	\$67.06	\$11,624	
M-150	\$54.19	\$9,392	\$67.73	\$11,740	

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 times of 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 proper 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 AB2766 Fund (AB2766 Fund) operating revenues in the reserve fund balance (General Reserves), and at least 5% in contingency reserves in both the General Fund and the AB2766 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 AB2766 Funds. Currently the fiscal policy allows for a 5% contingency reserve in both 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 AB2766'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 AB2766 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 AB2766) fund balance from 2013/2014 to 2015/2016 (2015/2016 are year-end projections) and recommended budget for 2016/2017. Based on the target goal the average operating percentages for 2013/2014 to 2015/2016 are at 19%, which is slightly above the recommended fund balance' reserve policy. The projections for the combined reserves under the recommended budget for 2016/2017 are 17% and slightly above the targeted percentage of the board policy of 5 % to 15%. The General Reserve includes an increase of \$40,000 in 2016/2017.

Fiscal Year	General & DMV AB2766 Funds Fund Balance & Operating Expenditures (Unassigned)			General & DMV AB2766 Funds Contingency and General Fund Reserves (Unassigned, Assigned and Committed)					
	Unassigned & AB2766 Restricted Fund Balance ¹	Operating Expenditures	% of Unassigned Fund Balance	Contingency (Unassigned & AB2766 Restricted) Fund Balance ²	% of Contingency and Expenditure Budget	Equipment & Special Program Reserves (Assigned ³ & Committed ⁴)	General Reserve ⁵ (Unassigned)	% of General Reserves and Operating Budget	% of Operating Budget (combined reserves)
2013/14	\$795,279	\$3,443,835	23%	\$393,304	11%	\$27,924	\$259,146	8%	20%
2014/15	\$767,666	\$3,527,411	22%	\$328,292	9%	\$27,928	\$259,146	7%	17%
2015/16	\$784,596	\$3,569,713	22%	\$414,778	12%	\$28,200	\$259,146	7%	20%
3-Yr. Avg	\$782,514	\$3,513,653	22%	\$378,791	11%	\$28,200	\$259,146	7%	19%
Projections for 2016/2017:									
2016/17	\$1,004,761	\$4,332,504	23%	\$417,224	10%	\$27,298	\$299,146	7%	17%

2015/16 Projected Year-end Operating Fund Bal. & Expenditures

3-yr. average (2013/14 to 2015/16)

2016/17 Projected Unassigned & AB2766 Restricted Fund Balance and Operating Expenditures (General Fund and Mobile Source DMV AB2766). The amount allocated to the CAF grant program is deducted from operating expenditures under DMV)

2016/17 Contingency (General Fund and Mobile Source DMV AB2766) and General Reserve Fund Balance

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 AB2766, AB923 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 which 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: AB2766, AB923 and Solano County Property Tax which are considered resources are 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).
- Nonspendable: 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.

Reserve Summary

GENERAL FUND	FY 15/16 Year-End Balance	FY 16/17 Anticipated	FY 16/17 Recommended Expenditures	FY 16/17 Projected Balance
RESERVES				
Assigned Reserves (Equip. Replacement/Special Projects) ¹	\$28,210	\$0	\$0	\$28,210
Unassigned Reserves-General ²	\$259,146	\$40,000	\$0	\$299,146

¹ Assigned Reserves: Equipment replacement and/or special projects.

² Unassigned Fund Balance: Reserves in the General Fund

GENERAL FUND PROJECTED COST RECOVERY FOR 2016/2017

Program Name	Subvention	Revenue Projections for 16/17	Revenue Total for Cost Recovery	Employee %	Expenditures	Variance Positive or (Negative)	Cost Recovery Percentage
Stationary Source	\$77,569	\$1,880,458	\$1,958,027	81%	\$2,495,768	(\$537,742)	78%
Air Toxics	\$0	\$60,000	\$60,000	1%	\$69,549	(\$9,549)	86%
Agricultural Burning	\$6,465	\$70,000	\$76,465	3%	\$91,169	(\$14,704)	84%
Asbestos	\$5,966	\$65,000	\$70,966	2%	\$74,044	(\$3,078)	96%
Mutual Settlement	\$0	\$116,300	\$116,300	5%	\$163,263	(\$46,963)	71%
Administration ¹	\$0	\$325,200	\$325,200	7%	\$194,256 ²	\$130,943	167%
Totals	\$90,000	\$2,516,958	\$2,606,958	100%	\$3,088,050	(\$481,092)	
Fund Balance:			\$754,558		\$273,466	:Contingency	
BUDGET TOTALS FOR 16/17:			\$3,361,516		\$3,361,516		

Projected budget for 2016/2017 includes paying OPEB Annual Required Contribution (ARC) of \$210,000. Fund balance includes moving \$40,000 into General Reserves.

¹Revenue received under Administration includes money received from the following sources:

- EPA pass-thru 103 grant for the PM 2.5 air monitoring program \$12,700.
- Administrative fees and overhead and indirect (intrafund) charges from restricted accounts to offset operating expenses of the employees and/or programs working within the mobile source programs (\$216,700 AB2766 Fund, \$27,400 AB923 Fund (admin fee only 5%), and \$85,000 Solano Co. Property Tax Fund).
- Interest earned and miscellaneous revenue.

²Expenditures under Administration include administrative, management and general support, overhead/indirect (intrafund) expenses, and air monitoring activities under the PM2.5 program related to stationary and mobile source emissions.



GENERAL FUND PROJECTED COST RECOVERY FOR YEAR-END 2015/2016

Program Name	Subvention	Revenue Projections for 15/16	Revenue Total for Cost Recovery	Employee %	Expenditures	Variance Positive or (Negative)	Cost Recovery Percentage
Stationary Source	\$76,488	\$1,968,025	\$2,044,513	80%	\$2,081,351	(\$36,838)	98%
Air Toxics	\$0	\$41,537	\$41,537	1%	\$47,809	(\$6,272)	87%
Agricultural Burning	\$7,100	\$19,716	\$26,816	3%	\$89,748	(\$62,932)	30%
Asbestos	\$5,910	\$65,713	\$71,623	2%	\$62,276	\$9,347	115%
Mutual Settlement	\$0	\$238,212	\$238,212	6%	\$149,426	\$88,786	159%
Administration ¹	\$0	\$403,288	\$403,288	7%	\$171,299 ²	\$231,989	235%
Totals	\$89,498	\$2,736,491	\$2,825,989	100%	\$2,601,908	\$224,081	
Fund Balance:			\$570,477			Fund Balance \$794,558 > to 2016/2017	
BUDGET TOTALS FOR 15/16:			\$3,396,466		\$2,601,908		

Projected year end budget includes paying OPEB Annual Required Contribution of \$130,000, and reflects that \$90,000 was paid back to the General Fund as a disbursement of annuitants pay-as-you-go costs.

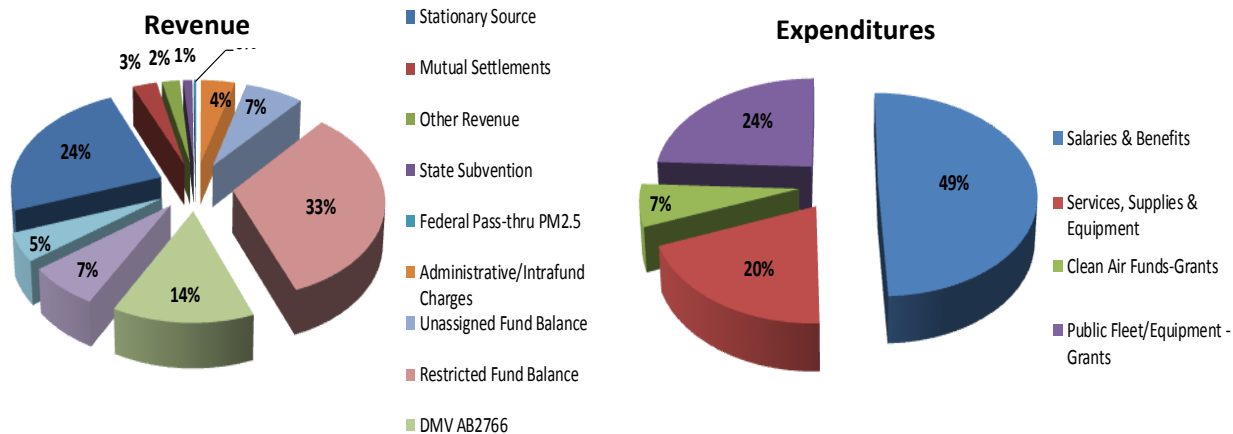
¹Revenue received under Administration includes money received from the following sources:

- EPA pass-thru 103 grant for the PM 2.5 air monitoring program \$23,910.
- Administrative fees and overhead and indirect (intrafund) charges from restricted accounts to offset expenses of the employees working within the mobile source programs (\$224,160 AB2766 Fund, \$30,375 AB923 Fund, and \$82,280 Solano Co. Property Tax Fund).
- Interest earned and miscellaneous revenue.

²Expenditures under Administration include administrative, management and general support, overhead/indirect (intrafund) expenses, and air monitoring activities under the PM2.5 program related to stationary and mobile source emissions.



CONSOLIDATED ACTUAL BUDGET SUMMARY FISCAL YEAR 2015/2016



The large restricted fund balance is due to AB923's fund balance moving from 2014/2015. Approximately \$1.158M was available and not released in 2014/2015 under the Ag Equipment and Public Fleet grant program. Public outreach increased in anticipation of releasing \$1.8M in 2015/2016. Funds not released under this grant program in 2015/2016 will rollover as fund balance available and will be released as an expenditure line item in the Mobile Source DMV AB923 Fund.

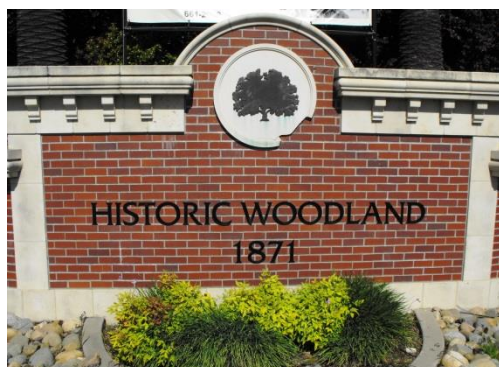
Detail for Consolidated Projected Year End Budget FY 2015/2016

Revenue

Stationary Source	24%	\$1,968,025
Mutual Settlements	3%	\$238,212
Other Revenue	2%	\$173,114
State Subvention	1%	\$89,498
Federal Pass-thru PM2.5	0%	\$23,910
Administrative/Intrafund Charges	4%	\$333,230
Unassigned Fund Balance	7%	\$570,477
Restricted Fund Balance	33%	\$2,679,322
DMV AB2766	14%	\$1,101,639
DMV AB923	7%	\$564,699
Property Tax	5%	\$386,947
	100%	\$8,129,073

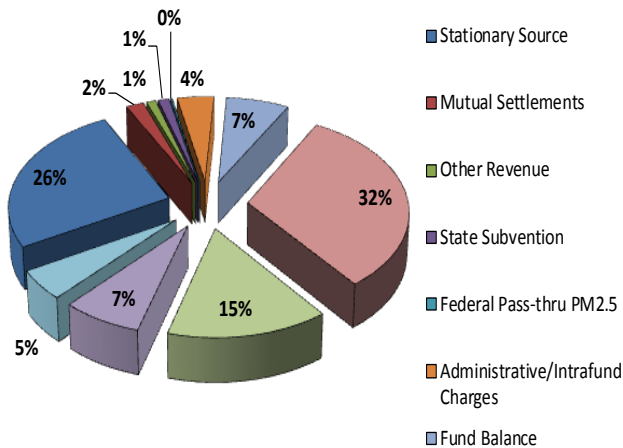
Expenditures

Salaries & Benefits	49%	\$2,640,344
Services, Supplies & Equipment	20%	\$1,045,024
Clean Air Funds-Grants	7%	\$357,750
Public Fleet/Equipment - Grants	24%	\$1,293,383
	100%	\$5,336,501

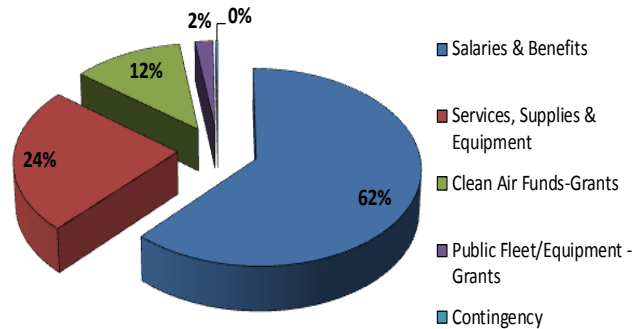


CONSOLIDATED ACTUAL BUDGET SUMMARY FISCAL YEAR 2014/2015

Revenue



Expenditures



Clean Air Fund grants paid under restricted revenue totaled \$505,200. The District released \$82,095 under the Public Fleet/Equipment-Grant Program in 2014/2015. Contingency reserves of \$10,000 was used in the General Fund.

Detail for Consolidated Actuals for Budget FY 2014/2015

Revenue

Stationary Source	26%	\$1,912,834
Mutual Settlements	2%	\$144,904
Other Revenue	1%	\$75,492
State Subvention	1%	\$89,455
Federal Pass-thru PM2.5	0%	\$14,500
Administrative/Intrafund Charges	4%	\$300,101
Fund Balance	7%	\$515,157
Restricted Fund Balance	32%	\$2,346,092
DMV AB2766	15%	\$1,086,917
DMV AB923	7%	\$540,959
Property Tax	5%	\$369,602
	100%	\$7,396,013

Expenditures

Salaries & Benefits	62%	\$2,584,816
Services, Supplies & Equipment	24%	\$1,004,797
Clean Air Funds-Grants	12%	\$505,200
Public Fleet/Equipment - Grants	2%	\$82,095
Contingency	0%	\$10,000
	100%	\$4,186,908



VARIANCES – BUDGET ACCOUNT LINE ITEMS

Approved FY 2015/2016 to Recommended FY 2016/2017

Greater than 15% and/or \$2,500

Description	Increase/ (Decrease)	+/-15%	Explanation
General Fund - Revenue:			
Portable Equipment Registrations	(\$40,000)	-40%	Decrease: This is based on fluctuation in the three-year renewal process of the state program.
Asbestos Program	\$25,000	63%	Increase: Board approved a revised rule in 2015/2016 that slowly increases revenue.
EPA 103 PM 2.5 Grant	(\$10,300)	-45%	Decrease: Based on the EPA award for 2016/2017.
Miscellaneous Revenue	(\$21,299)	-96%	Decrease: Increased under budget revision in 2015/2016 to recognize insurance claim payout of \$21,299.
Fund Balance Available	\$254,794	47%	Increase: Contingency moves from prior year to current year as fund balance available, and includes any extra revenue and/or expenditure savings. A small percentage is recommended to move to general reserves and is outlined below.
Transfer Funds to General Reserves	\$40,000	100%	Increase: In 2010/2011 the Board approved moving \$40,000 from the General Reserves to offset revenue lost due to the economy. With the increase in cash moving forward to new year, staff is recommending to transfer \$40,000 back into the General Reserves.
Transfer Funds from Special Reserves	(\$27,928)	-100%	Decrease: Plans are not to use special reserves for 2016/2017. Did not use the reserves in prior year.
General Fund - Expenditures:			
Extra-help	\$22,650	285%	Increase: To assist in engineering work, the District plans on hiring an extra-help engineer under 1000 hours in 2016/2017.
Vacation/Payroll Buyback (or payout)	\$10,250	71%	Increase: Larger than normal payouts due to two retirements.
OPEB (retiree pay as you go and Trust)	\$146,710	139%	Increase: Increase in retirees and the OPEB annual required contribution to the Trust shows a significant increase in 2016/2017.
Insurance-Public Liability	\$6,050	38%	Increase: Payment to YCPARMIA for general liability, property and Fidelity; and deductible expense for current year.
Professional & Specialized Services	\$34,950	42%	Increase: We are anticipating an increase in hours worked under the internship program by approximately \$10,000; and an increase in the database management project.
Minor Equipment	(\$9,600)	-42%	Decrease: Based on equipment needed in 2016/2017.
Capital Equipment	(\$21,999)	-26%	Decrease: Last FY due to an vehicle claim payout, the District did a budget revision that increased this line item by \$21,999.

Description	Increase/ (Decrease)	+/-15%	Explanation
Mobile Source Program (DMV AB2766) - Revenue:			
Fund Balance Available	\$46,065	23%	Increase: Contingency moves from prior year to current year as fund balance available, and includes any extra revenue and/or expenditure savings.
Mobile Source Program (DMV AB2766) - Expenditures:			
Vacation/Payroll Buyback (or payout)	\$7,700	84%	Increase: Based on budgeted expenditures for 2016/2017 and one retirement payout.
OPEB (retiree pay as you go and Trust	\$23,100	59%	Increase: OPEB annual required contribution to the Trust shows a significant increase in 2016/2017.
Other Miscellaneous Benefits	\$4,170	18%	Increase: Cafeteria benefit dollars to employees is paid from this account. Assumption in demographics (marital status and dependents) also affect the costs.
Information Services	\$9,130	-62%	Decrease: Website redesign project was paid out of this account in 2015/2016.
Professional & Specialized Services	\$8,400	16%	Increase: Based on budgeted amount available for 2016/2017, including additional funding for the database management project.
Special Expense-Other	\$5,500	38%	Increase: Based on budgeted expenditures for 2016/2017, which includes special projects and programs.
Clean Air Funds Program	(\$17,750)	-18%	Decrease: Based on budgeted amount available for 2016/2017.
Mobile Source Program (DMV AB923) - Revenue:			
Interest Earned (Yolo County Investment Pool)	(\$2,750)	-92%	Decrease: This fund had a large cash balance in 2015/2016 and is expected to go down with the payout of grants in 2015/2016; and therefore, less interest earned in 2016/2017 is projected.
Mobile Source Program (DMV AB923) - Expenditures:			
Administrative/Intrafund Transfers	(\$67,806)	-67%	Decrease: In 2015/2016 the Board had approved the District to transfer money to the General Fund to assist in paying the pension unfunded liability; however, the short term transfer was not needed in 2015/2016, and will not be needed in 2016/2017.
AB923 Grant Program	(\$711,281)	-40%	Decrease: The District had a large amount to expend under the ag equipment and public fleet replacement grant program in 2015/2016 and was able to obligate \$1,293,383 of the \$1,800,000 available. For 2016/2017 there is \$600,000 budgeted toward the clean school bus program; and \$488,719 rolled over to complete two projects from the prior year's program.
Solano County Property Tax - Revenue and Expenditures:			
Administrative/Intrafund Transfers	\$20,500	32%	Increase: Recommended to use property tax to assist the District in the purchase of a hybrid and/or electric vehicle to replace a fleet vehicle for \$30,000; and to assist in funding the District's internship program for 2016/2017 (public outreach and emission inventory).
Public Outreach (website/publications/events)	(\$9,250)	-48%	Decrease: Based on expenditures toward public awareness programs.

REVENUE AND EXPENDITURE ACCOUNT DESCRIPTIONS

By Fund and Program

General Fund Revenue

STATIONARY SOURCE PROGRAM

Renewal Permits	Annual renewal fees from permitted businesses and/or industries (sources).
New Permits	Permit applications and variance petition fees.
Source Testing	Fees received from sources related to source testing of equipment that is a requirement of rules and permit conditions.
Agricultural Engine Registrations	Registration applications and renewal fees.
Portable Equipment Registrations	Pass-thru from the California Air Resources Board (ARB) for portable equipment registered in the District's jurisdiction.
EPA Pilot 105 Grant	Federal revenue received as pass-thru from the California Air Pollution Control Officers Association (CAPCOA) to be used to fund the District's stationary source permit program.

AIR TOXICS HOT SPOTS PROGRAM

Fees collected from permitted sources under the stationary source program as mandated by the ARB's Air Toxic Hot Spots Program (AB2588).

AGRICULTURAL BURN PERMIT PROGRAM

Fees collected under the ag burn program.

ASBESTOS PROGRAM

Fees collected under the asbestos notification and demolition program.

MUTUAL SETTLEMENT PROGRAM

Settlement and/or fines collected from sources and/or others that violated rules and/or state or federal law and the District has settled with the violator for a monetary value.

OTHER

Interest Earned	Investment income that is received from Yolo County as part of the Yolo County's Investment Pool.
ARB Subvention Grant	Subvention grant money received from the ARB. Amount received is based on District population and is approximately 2% to 3% of revenue in the General Fund.
State Revenue – Miscellaneous	This account is used for miscellaneous revenue received from the State, i.e. Medicare Part D subsidy, small miscellaneous grants.
EPA 103 PM 2.5 Grant	Federal revenue received as pass-thru from CAPCOA to be used toward the District air monitoring PM 2.5 program.
Administrative Overhead	Intrafund transfers from restricted funds which include administrative fees, overhead/indirect costs, and funding for special one-time projects, program and/or equipment.

OTHER (continued)

Penalty Assessments	Penalties charged against delinquent payments.
Other Revenue	Miscellaneous account for revenue, i.e., information requests, photocopies, rules and regulation sales.

Stale Date Warrants	Warrants (checks) over six (6) months old that have not been cashed. The District makes attempts to reissue.
Sale of Capital Assets	Money received from sale of capital assets.

Mobile Source DMV AB2766, AB923 and Solano County Property Tax Revenue

DMV AB2766 Revenue	Revenue received from the DMV under AB2766 which allows for a collection of \$4.00 per vehicle registered within the District's jurisdiction
DMV AB923 Revenue	Revenue received from the DMV under AB923 and extended January 1, 2015 under AB8 which allows the DMV to collect an additional \$2.00 per vehicle registered with the District's jurisdiction. The money is released under programs and/or projects as allowed by the legislation and requires Board approval.
Solano County Property Tax	Tax proceeds collected from the northeastern portion of Solano County. Money received from the tax proceeds is used toward the District CAF program and other special projects, programs and/or equipment as approved by the Board.
Redevelopment Pass-thru from Solano County	Revenue received from Solano County that is required to pass-thru to agencies that fall under the property tax allotment in Solano County.
Other Revenue	Miscellaneous revenue related to the funds would be assigned to this account, i.e., returned grant monies.

EXPENDITURES – ALL FUNDS

Salaries and Benefits

Regular Employees	Wages paid to District employees.
Extra-Help	Wages paid to extra-help employees
Overtime	Overtime wages paid to employees.
Vacation and/or Leave Payout	Terminating employees receive certain leave accrual payouts, and used for management cash out of vacation hours.
Retirement	Pension payments to CalPERS.
Medicare and Social Security	Payroll tax.
Group Insurance	Health, dental and vision coverage, and group life insurance and long-term disability coverage.
OPEB	Contribution to CalPERS Trust and pay-as-you-go costs for retiree's health insurance coverage.
Unemployment Insurance	Payroll tax.
Other Miscellaneous Benefits	Payroll related expenses including deferred compensation match, sick leave incentive, flex spending account administrative fee, in-lieu of medical coverage payments, and payroll service charges to third-party vendor.

Services, Supplies and Capital Equipment

Clothing and Personal Supplies	Safety boots, clothing and accessories.
Communications	Phone and cell services; and cell phone stipends.
Food	Food and related expenses.
Household Expense	Expenses related to office/household items such as cleaner, paper supplies, mat service, etc.
Household Expense – Contracts	Janitorial contract.
Insurance – Liability, General	YCPARMIA coverage for vehicle, property and general liability.
Maintenance – Equipment	Maintenance agreements, vehicle, office equipment, etc.
Maintenance – Buildings & Improve	Items such as locksmith services, building improvement/repairs.
Medical and Lab Supplies	First aid supplies.
Memberships	Memberships.
Miscellaneous Expense	For miscellaneous expenses that do not fall under any established account description.
Office Expense	Office supplies, subscription services.
Office Expense – Postage	Postage and shipping expenses.
Office Expense – Printing	Printing costs related to stationary supplies, forms, brochures.
Administrative Intrafund Transfer for Overhead/Indirect/Direct Costs	A-87 cost allocation with Yolo County and intrafund transfers to other funds.
Auditing and Fiscal Services	Independent auditing services and Yolo County direct charges.
Information Services	Networks, internet and computer support.
Legal Services	Attorney fees.
Medical Services	Pre-employment physicals and medical examinations.
Professional and Specialized Services	Contracts and serviced provided.
Board Member Stipends	Payments to board of directors and hearing board members.
Publications and Legal Notices	Public and legal notices, job announcements and advertising.
Rents, Leases – Equipment	Rental or leased equipment.
Rents, Leases – Buildings	Office lease and public event booth rental.
Minor Equipment	All equipment purchased under \$3,000 and not considered a capital asset.
Training	All training including tuition reimbursements.

Special Expense – Other	Items such as specialty gases, plaques, public events, sponsorships, employee awards.
Transportation and Travel	Transportation and travel.
Vehicle Fuel	Fuel account including electric charging.
Utilities	Gas and electricity.
Contributions to Special Programs and Projects	Grant programs.
Capital Lease and Interest	Capital lease equipment (photocopiers).
Equipment – Capital Purchases	Purchases of capital assets \$3,000 or greater.
Contingency Reserves	Reserve account, requires board approval to move to operating budget.



VIEWS FROM AROUND THE DISTRICT

