



Final Budget Fiscal Year 2017/2018

Mat Ehrhardt, P.E.
Executive Director / APCO





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YOLO-SOLANO
AIR QUALITY MANAGEMENT DISTRICT

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

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

Board Member:**Representing:**

Harold Anderson	City of Winters, Councilmember
Thom Bogue	City of Dixon, Mayor
Constance Boulware, Vice-Chair	City of Rio Vista, Councilmember
Monica Brown	Solano County Supervisor, Second District
Duane Chamberlain	Yolo County Supervisor, Fifth District
Dilenna Harris	City of Vacaville, Vice-Mayor
Mark Johannessen	City of West Sacramento, Councilmember
Jim Provenza	Yolo County Supervisor, Fourth District
Matt Rexroad, Chair	Yolo County Supervisor, Third District
Don Saylor	Yolo County Supervisor, Second District
Tom Stallard	City of Woodland, Councilmember
Rochelle Swanson	City of Davis, Councilmember
Skip Thomson	Solano County Supervisor, Fifth District
John Vasquez	Solano County Supervisor, Fourth District

EXECUTIVE DIRECTOR LETTER

September 13, 2017

Board of Directors:

The District's commitment to protecting our air without creating undue burdens for local residents or businesses is being presented in this recommended final budget for fiscal year 2017/2018. The budget funds 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 reasonable solutions to the challenge of protecting our air quality. Budget highlights outlining our mission and programs are listed below.

- Cost recovery for the Stationary Source Program is projected at 79%.
- A cost recovery fee adjustment of 2.2% is recommended, effective July 1, 2017.
- The budget maintains 22 full-time positions:
 - o Salaries effective July 1, 2017 (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.)
 - o Cost-of-living-adjustments of 2.2% and equity adjustments of 1.5%
 - o Retirement contributions for Classic Members (2% @55 benefit formula)
 - Employer contribution 8.921% of regular salary and \$96,849 toward unfunded liability (UL) (UL is estimated at 5.91% of projected payroll)
 - Employer paid member contribution 1.25% of regular salary
 - o Retirement contributions for New Members (2% @62 benefit formula)
 - Employer contribution 6.50% of regular salary and \$56 toward UL (UL is estimated at 0.033% of projected payroll)
 - No employer paid member contribution
- Available funding for grant programs:
 - o Clean Air Funds Grant Program: \$400,000
 - o AB923 Grant Program: \$709,000 (available for replacement of school buses)
- Other Post-retirement Employee Benefits (OPEB) Annual Required Contribution: \$207,000

Respectfully submitted,



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

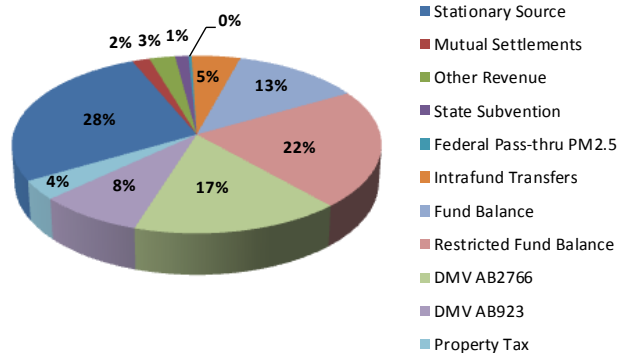


BUDGET-AT-A-GLANCE

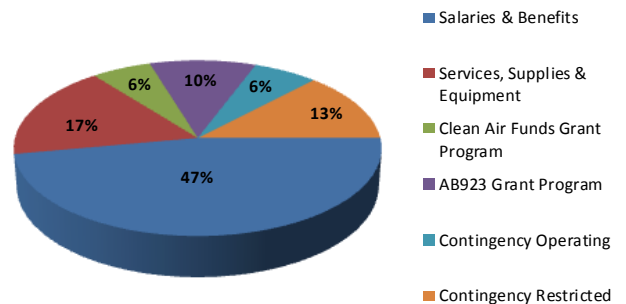
The following two pie charts represent revenues and expenses totaling \$6,952,313 of our balanced budget for fiscal year 2017/2018. As in previous years, our major sources of revenue are generated from the stationary source program, DMV vehicle registrations, federal and state grants, and property tax revenues. Expenditures continue to be salaries and benefits, services, supplies, equipment and grant programs. Of the total budget, \$4,361,086 is considered the operating budget of the District, with the balance being restricted due to legislation and/or District Board policy.

The District maintains an adequate reserve of fund balances to allow for any unbudgeted expenses. The General Fund Reserve Balance of \$299,146 totals 7% of the operating budget, while the estimated operating contingency reserve of \$417,224 is approximately 10% of the total operating budget. Both the Reserve and Contingency Reserves can be used during a fiscal emergency. Additional reserving information can be found on page 31 under Summary of Fund Balances and Classifications.

Revenue



Expenditures



Total Operating Budget is \$4,361,086 of the Total Budget of \$6,952,313. \$2,621,227 is restricted for use of intrafund transfers, or 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 Proposed Budget FY 2017/2018

Revenue			Expenditures		
Stationary Source	28%	\$1,877,261	Salaries & Benefits	47%	\$3,190,210
Mutual Settlements	2%	\$119,000	Services, Supplies & Equipmen	17%	\$1,170,876
Other Revenue	3%	\$175,500	Clean Air Funds Grant Program	6%	\$400,000
State Subvention	1%	\$90,000	AB923 Grant Program	10%	\$709,200
Federal Pass-thru PM2.5	0%	\$21,500	Contingency Operating	6%	\$609,513
Intrafund Transfers	5%	\$330,000	Contingency Restricted	13%	\$872,514
Fund Balance	13%	\$869,070			
Restricted Fund Balance	22%	\$1,502,263			
DMV AB2766	17%	\$1,148,600			
DMV AB923	8%	\$574,050			
Property Tax	4%	\$245,000			
	103%	\$6,952,244		100%	\$6,952,313

ABOUT THE AIR QUALITY 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 boards 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 Dixon on the north and Rio Vista on the south. Solano County was divided between two air districts due to its unique geographical location between two air basins, Sacramento Valley and San Francisco. 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.

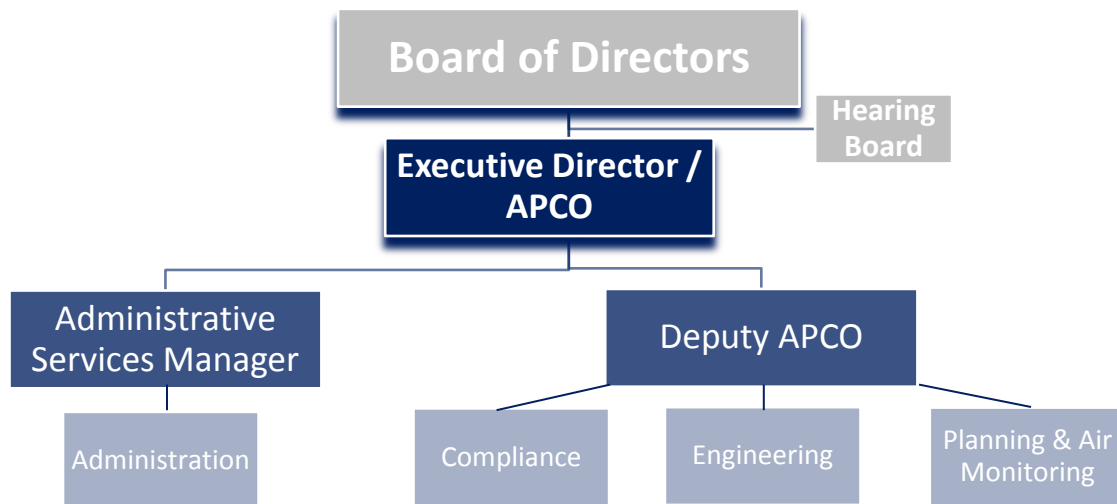
The legislature has given the districts a number of tools to carry out their responsibilities. Acting through district boards of directors, the districts enact rules and regulations which apply to stationary sources and indicate which sources need permits to construct and operate, the criteria which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

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

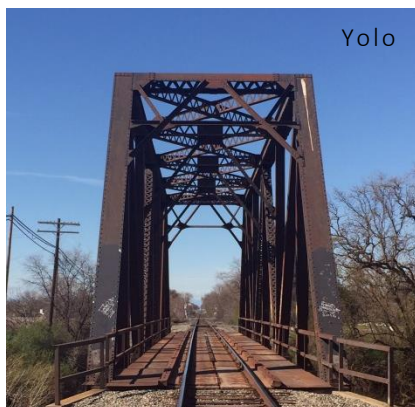
- Agricultural Burning
- Agricultural Engines
- Asbestos
- Complaint Response
- Compliance Inspections
- Mutual Settlements
- Portable Equipment
- Variances (hearing board)

- 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.



GOALS AND ACCOMPLISHMENTS BY DIVISION

Administration Division

Goals and Accomplishments for FY 2016/2017

- Review the concept of moving the financial accounting system in-house, starting with accounts payable. This was discussed at the budget and audit committee in early 2016 and also discussed as part of the budget process with the full Board during the budget hearing in June. Approval was given to start the process. Staff is reviewing options and recommendations will be presented to the budget and audit committee sometime in 2017/2018. The estimated implementation expense has been included in the budget.
- Update the District's Public Records Act Policy for Board approval. This was not started due to time constraints and will move to 2017/2018 goals.
- Update the District's Record Retention Policy for Board approval. The internal Records Management Committee has been working on this and will be making recommendations to District management in 2018.
- Draft and present recommended financial policy to the budget and audit committee then to the Board for approval. Policy will include the purpose, organization, objectives, fund balance and reserves, mid-year Board review, independent auditing, internal controls, budget process, long-term obligations, and cost recovery. Due to the retirement of a key position in the development of this policy, this goal will be moved to 2017/2018.
- Execute a baseline awareness survey on residential wood burning and local health impacts from wood smoke during the winter season. The District conducted a regional community survey from December 2016 through April 2017. The survey questioned participants on the frequency of residential use of wood-burning stoves/fireplaces during winter months; knowledge and awareness of health impacts due to wood smoke in general and during the winter months; awareness of the Don't Light Tonight (DLT) program and procedures to follow when a DLT advisory is in effect; and interest in a potential woodstove change-out program. Marketing and publicity for the survey was widely shared throughout the district including utility bill inserts, community newsletters, newspaper display advertising, social media and the District's webpage. Results from the 1400 surveys will be presented to the Board at the September meeting.
- Work with regional partners (Solano Transportation Authority and Sacramento Area Council of Governments) to establish the District's role in reducing single-occupancy vehicle miles and lowering the air pollution impacts from mobile sources through voluntary means. Solano Transportation Authority was awarded Clean Air Funds this year for an eastern Solano County commuter benefits program and the District will be working closely with the organization on

this project and other regional organizations to reduce SOV miles and voluntary options to reduce motor vehicle emissions.

- Grow the District's social media presence and subscribership to the EnviroFlash air quality alert service. The District continues to use Twitter and Facebook to bring attention to air quality issues. EnviroFlash currently has 3596 subscribers (2253 subscribers are confirmed, 515 unconfirmed and 828 are Twitter followers). More than 40 new subscribers have been added since the beginning of 2017. This District provides air quality alerts and forecasts to the community via e-mail, text message and Twitter.

Goals for Fiscal Year 2017/2018

- Draft the recommended financial policy for the budget and audit committee, and then submit to the Board for approval. Policy will include but not be limited to the purpose of organization, objectives, fund balance and reserves, mid-year Board review, independent auditing, internal controls, budget process, long-term obligations and cost recovery.
- Update the District's Public Records Act Policy for Board approval.
- Update the District's Record Retention Policy for Board approval.
- Develop a plan to move financial system in-house for review and approval by the budget and audit committee of the Board.
- Update public education and awareness program for Board approval.
- Improve public awareness of programs and services provided by the District.
- Strengthen and expand media relations in the region.

Compliance Division

Goals and Accomplishments for Fiscal Year 2016/2017

- Inspect all stationary sources (except emergency back-up generators and small boilers) at least once every 12 months and inspect emergency back-up generators and small natural gas fired boilers every 24 months. **To date, 1,317 ongoing annual inspections have been performed. There are currently 73 overdue inspections, which is 4% of the District's permits. In addition to the above, District staff have conducted 1,178 other inspections.**
- Complete the processing on overdue agricultural (ag) engine inspections, with the goal to inspect engines every 36 months. **There have been 236 ag engines inspected this year. Currently 11.5% of District ag engine registrations are overdue for inspection.**
- Inspect 33% of the PERP (portable equipment registration program) units registered with YSAQMD as the home district annually. **The division conducted 292 PERP inspections. There**

are approximately 1,073 PERP units registered in the District, necessitating a minimum of 350 inspections to be completed annually. Completing the remaining registered PERP unit inspections in Fiscal Year 2016/2017 was difficult due to a temporary lack of portable equipment fleet data reports from the Air Resources Board. Report functionality was restored in July 2017.

- In a timely manner, settle Notices of Violations (NOV), with a goal to complete NOV's in 270 days or less from the date of issuance. **The District issued 155 Notices of Violation and settled 95 NOV's, with 98.9% being settled in less than 270 days. There are currently 77 In Process NOV's, of which 11 are over 270 days.**
- 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. **District staff have increased surveillance and as a result have identified 14 renovation projects that failed to conduct surveys for asbestos prior to renovation activities and did not notify the District. This is a significant increase compared to FY 2015-2016, where 6 non-compliant renovation projects were identified.**
- Review District Rule 5.1 – Procedure before the Hearing Board, and Rule 5.2 – Upset/Breakdown Conditions: Emergency Variance, and promulgate rule amendments to improve the effectiveness of these rules. **Preliminary work will begin in the 2016/2017 fiscal year and will be carried forward into the 2017/2018 fiscal year.**

Goals for Fiscal Year 2017/2018

- Inspect all stationary sources (except emergency back-up generators and small boilers) at least once every 12 months and inspect emergency back-up generators and small natural gas fired boilers once every 24 months.
- Catch up on overdue agricultural engine inspections, with the goal to inspect engines every 36 months.
- Inspect 33% of the PERP (portable equipment registration program) units registered with the District as the home district annually.
- In a timely manner, settle Notices of Violations (NOV), with a goal to complete in 270 days or less from date of issuance.
- Conduct weekly surveillance inspections for asbestos renovations and demolitions, primarily to identify projects that have failed to comply with District Rules and the Federal Asbestos NESHAP.
- Review District Rule 5.1 – Procedure before the Hearing Board, and Rule 5.2 – Upset/Breakdown Conditions: Emergency Variance, and promulgate rule amendments to improve the effectiveness of these rules.

Engineering Division

Goals and Accomplishments for Fiscal Year 2016/2017

- Complete processing all overdue applications and maintain on-time processing rate of 90% or greater. **Despite a 25% decrease from budgeted engineering person-hours, 60% of all applications were issued within the specified timeframes.**
- 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. **Work on this project was begun, but stalled by staffing shortages in the engineering division. This goal will be carried forward to the next fiscal year.**
- Adopt 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. **The Organic Liquid Storage Tank Rule was adopted on September 12, 2016 and staff began working on Rule 2.27. Rule development priorities changed and staff amended the Architectural Coating Rule adopted on September 14, 2016 instead of working on the graphic arts rule.**
- 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. **Preliminary work has been completed to prioritize all gasoline dispensing facilities and perform health risk assessments for high priority and intermediate priority facilities.**
- Finalize revisions to Risk Management Policy. **The District Risk Management Plan and Risk Assessment Guidelines were revised on September 14, 2016.**

Goals for Fiscal Year 2017-2018

- Complete processing all overdue applications and maintain on-time processing rate of 90% or greater.
- Complete processing unclaimed emission reductions for the priority reserve and begin rule development to amend Rule 3.6 in accordance with guidance from the Board.
- Adopt Federal New Source Review for Major PM2.5 Sources Rule in 2017. Adopt amendments to the Boilers, Steam Generators, and Process Heaters Rule (Rule 2.27) and Graphic Arts Printing Operations (Rule 2.29) in accordance with Ozone Attainment Plan.
- Prioritize additional industry-wide sources as part of the AB2588 restart program, including automotive body shops and diesel engines. Finalize prioritizations and health risk assessments for gasoline dispensing facilities.

Planning and Air Monitoring Division

Goals and Accomplishments for Fiscal Year 2016/2017

- In coordination with the other air districts of the Sacramento Federal Nonattainment Area, finalize and submit to the ARB a federal ozone attainment plan for the 2008 8-hour ozone standard. **District staff has been working with other air districts in the region to finalize the federal plan. The plan is scheduled to go before the Board in the fall of 2017.**
- 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. **The District's Clean School Bus program was re-started during the 2016/2017 fiscal year. District staff prioritized buses for funding and began the contract process for bus replacements in three school districts.**
- Update all recommended best management practices for the mitigation of construction emissions during CEQA land use projects. **Construction best management practices are being updated on an ongoing basis as CEQA projects are reviewed. A compilation of these Best Management Practices is expected to be included in the next update to the District's CEQA Guidance Handbook.**
- Complete RACT SIP analysis and submit the finalized document to EPA. **District staff has been working closely with EPA Region IX staff to prepare an approvable draft of the RACT SIP document. This document is scheduled to go before the Board in the fall of 2017.**
- Conduct a comprehensive evaluation of all District monitoring sites to ensure all locations meet current EPA siting requirements. **District staff reviewed all monitoring sites to determine whether all EPA siting criteria were being met and found that all criteria were currently met, but identified actions that could be taken to proactively ensure that the criteria continue to be met.**

Goals for Fiscal Year 2017/2018

- Prepare procedures and materials for a new Woodstove Change-out Program and obtain Board approval for the program.
- Prepare an inventory of potential projects that can achieve surplus emissions in a way that maximizes cost-effectiveness for the future use of offsite mitigation funding.
- Conduct site maintenance at all District monitoring sites to ensure future compliance with EPA siting criteria.
- Work with the other regional air districts, the Air Resources Board and EPA Region IX to develop a strategy for having the region officially re-designated to "attainment" for the federal 24-hour standard for fine particulates.

- Create a procedures document that outlines a process for lead agencies that seek to participate in an offsite mitigation program to minimize air quality impacts associated with CEQA projects.

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 expenditure account descriptions are found in the Appendix.

General Fund: This is the operating fund and is used for the permit programs (stationary source, confined animal facilities, agricultural engines, and portable equipment), agricultural burning, asbestos and mutual settlement programs, and small grants from the California Air Resources Board and the U.S. Environmental Protection Agency (EPA). The revenue supports staff that work within these programs.

Mobile Source 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 work 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 County 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 reserving practices and appropriate reserve levels. A three-year history of reserve fund balances in the General Fund and Mobile Source DMV AB2766 has been included, as well as classifications of the fund balances for fiscal year 2017/2018, as required under Government Accounting Standards Board (GASB) Statement No. 54. *See page 31 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 (CalPERS) Public Employee Medical and Hospital Care Act (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. 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 biennial 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) contributed by the District toward the California Employers' Retiree Benefit Trust (CERBT) since joining CERBT is outlined below:

2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
\$105,000	\$110,000	\$127,400	\$130,000	\$201,000

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

2017/2018*	2018/2019	2019/2020	2020/2021	2021/2022
\$207,000	\$214,000	\$221,000	\$228,000	\$236,000

*Budgeted amount for FY 2017/2018

OPEB Summary: The District contributes the ARC at the beginning of each fiscal year. In the event of a District fiscal shortfall, CERBT allows for agencies to request disbursements of the monthly pay-as-you-go amount paid on behalf of the retiree's health care premiums. In 2013/2014, 2014/2015 and 2015/2016 the District did request disbursements of \$78,603, \$89,200 and \$90,000, respectively. The District does not anticipate asking for a disbursement of the monthly premium amounts that the District paid on behalf of the retirees during 2016/2017, nor for 2017/2018.

CERBT requires biennial actuarial valuations on OPEB obligations. For year ending June 30, 2015, the District's actuarial report showed 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. A new actuarial is due for the period ending June 30, 2017.

CERBT Account Summary as of March 31, 2017 (latest available at time of publication)

Yolo-Solano Air Quality Management District	
Beginning Balance	\$253,202
Contribution	\$201,000
Investment Earnings	\$25,055
Admin Expense	(\$154)
Investment Expense	(\$112)
Disbursement	(\$0)
Ending Balance	\$478,991

- 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 to be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's

allocated share of the risk pool's cost of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employees under the Classic and PEPRA tiers are required to contribute 7% and 6.25% of their annual pay, respectively. Under an Agreement with District employees, the District is decreasing the percentage paid by the employer toward the Classic Member employee contribution. By 2018/2019 Classic Members will be paying the entire portion of their 7% employee contribution, thus reducing the District's expense.

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

Classic Members: (5-year comparison)

<u>Fiscal Year</u>	<u>Employer Rate</u>	<u>Employer Payment of Unfunded Liability</u>
2013/2014	12.31%	N/A
2014/2015	12.35%	N/A
2015/2016	8.50%	\$62,117 (lump sum prepayment made)
2016/2017	8.88%	\$75,911 (lump sum prepayment made)
2017/2018	8.91%	\$96,840 (lump sum prepayment option, approximately 5.91% of CalPERS' estimated payroll)

New Members: (5-year comparison)

<u>Fiscal Year</u>	<u>Employer Rate</u>	<u>Employer Payment of Unfunded Liability</u>
2013/2014	6.25%	N/A
2014/2015	6.25%	N/A
2015/2016	6.30%	N/A
2016/2017	6.555%	\$18 (lump sum prepayment made)
2017/2018	6.533%	\$56 (lump sum prepayment option, approximately .033% of CalPERS' estimated payroll)

Pension Summary:

- In 2015/2016 CalPERS for the first time began 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 unfunded liability in 2015/2016 and 2016/2017 of \$62,117 and \$75,929, respectively and in 2017/2018 will prepay both the Classic Members' Plan of \$96,840 and New Members' of \$56.
- Classic Members: The first table on the following page shows the current discount rate of 7.5% and the amount the District would be paying by 2022-2023 for comparison prior to the adoption by the CalPERS Board to lower the discount rate. By year 2022-2023 the estimated contribution based on the projected payroll (provided by CalPERS) would be 22.2% (of payroll). The second half of the table reflects the decrease in the discount rate and how that might affect the District's obligations. Based on the calculations the District could be paying 27.1% of payroll, an increase of 4.9%. Note the projected payroll is CalPERS estimate.

For Miscellaneous Plans

Current Discount Rate - 7.50%						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
NC Rate	8.921%	10.5%	10.5%	10.5%	10.5%	10.5%
NC	\$ 151,000	\$ 184,000	\$ 189,000	\$ 195,000	\$ 201,000	\$ 207,000
UAL	\$ 100,415	\$ 133,166	\$ 167,792	\$ 188,629	\$ 212,443	\$ 229,858
TOTAL	\$ 251,415	\$ 317,166	\$ 356,792	\$ 383,629	\$ 413,443	\$ 436,858
Projected Payroll	\$ 1,698,214	\$ 1,749,000	\$ 1,801,000	\$ 1,855,000	\$ 1,911,000	\$ 1,968,000
Current "Rate"	14.8%	18.1%	19.8%	20.7%	21.6%	22.2%

For Plans with Funded Ratio over 80%

Revised Discount Rates						
	2017-18	7.375%	7.25%	7.00%	7.00%	7.00%
NC Rate	8.921%	11.0%	11.5%	12.5%	12.5%	12.5%
NC - New	\$ 151,000	\$ 192,000	\$ 207,000	\$ 232,000	\$ 239,000	\$ 246,000
UAL Factor	1.00	1.03	1.06	1.15	1.20	1.25
UAL - New	\$ 100,000	\$ 137,000	\$ 178,000	\$ 217,000	\$ 255,000	\$ 287,000
TOTAL - New	\$ 251,000	\$ 329,000	\$ 385,000	\$ 449,000	\$ 494,000	\$ 533,000
Increase in cost	-0.2%	3.7%	7.9%	17.0%	19.5%	22.0%
Revised "Rate"	14.8%	18.8%	21.4%	24.2%	25.9%	27.1%
Difference	0.0%	0.7%	1.6%	3.5%	4.2%	4.9%

- PEPR (New Members): The table below details the current discount rate of 7.5% and the amount the District would be paying by 2022-2023 for comparison prior to the adoption by the CalPERS Board to lower the discount rate. By year 2022-2023 the estimated contribution based on the projected payroll (provided by CalPERS) would be 10.9% (of payroll). The second half of the table reflects the decrease in the discount rate and how that might affect the District's obligations. Based on the calculations the District could be paying 12.8% of payroll, an increase of 1.9%.

For Miscellaneous Plans

Current Discount Rate - 7.50%						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
NC Rate	6.533%	10.5%	10.5%	10.5%	10.5%	10.5%
NC	\$ 11,000	\$ 18,000	\$ 19,000	\$ 19,000	\$ 20,000	\$ 21,000
UAL	\$ 56	\$ 122	\$ 191	\$ 264	\$ 320	\$ 358
TOTAL	\$ 11,056	\$ 18,122	\$ 19,191	\$ 19,264	\$ 20,320	\$ 21,358
Projected Payroll	\$ 168,933	\$ 174,000	\$ 179,000	\$ 184,000	\$ 190,000	\$ 196,000
Current "Rate"	6.5%	10.4%	10.7%	10.5%	10.7%	10.9%

For Plans with Funded Ratio over 80%

Revised Discount Rates						
	2017-18	7.375%	7.25%	7.00%	7.00%	7.00%
NC Rate	6.533%	11.0%	11.5%	12.5%	12.5%	12.5%
NC - New	\$ 11,000	\$ 19,000	\$ 21,000	\$ 23,000	\$ 24,000	\$ 25,000
UAL Factor	1.00	1.03	1.06	1.15	1.20	1.25
UAL - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL - New	\$ 11,000	\$ 19,000	\$ 21,000	\$ 23,000	\$ 24,000	\$ 25,000
Increase in cost	-0.5%	4.8%	9.4%	19.4%	18.1%	17.1%
Revised "Rate"	6.5%	10.9%	11.7%	12.5%	12.6%	12.8%
Difference	0.0%	0.5%	1.0%	2.0%	1.9%	1.9%

Revenue and Expenditures by Fund

(Variances of 15%, greater than \$2,500 are listed beginning on page 39)

General Fund

The District is recommending a cost recovery fee adjustment of 2.2% that affects the Stationary Source Program and Asbestos Program fees. The adjustment recommended for the budget is based on the California Consumer Price Index (CPI) April-to-April prior years (2015-2016) effective July 1, 2017. This is centered on the cost recovery in the stationary source program which is projected at 79% for fiscal year 2017/2018. The cost recovery year ending June 30, 2017 is projected at 91%. Both charts outlining the General Fund programs can be found in the Appendix.

Revenue Highlights

- Stationary Source Program: New permit applications and additional engine registrations account for the increased projected revenue in this program for FY 2016/2017.
- Asbestos Program: We are projecting to receive \$54,000 more than anticipated in 2016/2017 due to the new fee structure adopted by the Board in 2015/2016.
- The Fund Balance available is estimated at \$869,070 and is due to additional revenue and expenditure savings projected at year-end June 30, 2017, as outlined below. The fund balance will move forward to 2017/2018.

Extra Projected Revenue in 2016/2017

Stationary Source	\$40,500
Asbestos Program	\$54,000
Mutual Settlement	\$49,000

Estimated Unspent Expenditures in 2016/2017

Salaries and Benefits	\$231,433
Services and Supplies	\$105,000
Unspent Contingency	\$273,466

Expenditure Highlights

- Salaries and Benefits: An increase of \$94,630 is projected in 2017/2018 over the 2016/2017 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 27 under "Salary and Benefit Recommendations."
- Services, Supplies and Capital Equipment: Variance decrease of \$46,565 overall, due mainly to the expectation of purchasing a single vehicle during FY 2017/2018.
- Contingency Reserves: This reserve account has not been used this fiscal year, and currently holds \$273,466. Funds not used will be moved to FY 2017/2018 as cash and become part of the projected fund balance available.

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 an increase of \$40,500 over the approved budget. This revenue is received two months in arrears from the State, and the amount received depends on vehicle owners paying their registration renewals.
- Other Revenue: The District received approximately \$40,000 in returned CAF grants from prior year projects in which the awardee did not complete the projects or did not expend the amount originally projected.
- The Fund Balance for 2017/2018 as cash available is estimated at \$327,800, and is outlined below.

Extra Projected Revenue in 2016/2017

DMV AB2766	\$40,500
Other Revenue	\$40,000

Estimated Unspent Expenditures in 2016/2017

Salaries and Benefits	\$33,600
Services and Supplies	\$68,370
Unspent Contingency	\$143,758

Expenditure Highlights

- Salaries and Benefits: Remain consistent with only a slight increase of \$5,000 over the prior year budget.
- Services and Supplies: The expenditures remain steady with no significant increases or decreases.
- Clean Air Funds Program: An increase of \$17,500 in the 2017 grant program is proposed.

Mobile Source DMV AB923 Fund

Revenue Highlights

- Revenue received from the DMV under AB923 is projected to increase by \$27,000 from FY 2016/2017, to \$574,000 for FY 2017/2018. As with DMV AB2766, this revenue is received two months in arrears from the State, and the amount received depends on vehicle owners paying their registration renewals.
- The FY 2017/2018 Fund Balance available is estimated at \$759,995, which becomes cash available. Details are outlined below.

Extra Projected Revenue in 2016/2017

DMV AB923	\$18,600
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Estimated Unspent Expenditures in 2016/2017

AB923 Grant Program	\$109,000
Unspent Contingency	\$626,090

Yolo-Solano AQMD Proposed Budget FY 2017/2018

Expenditure Highlights

- AB923 Grant Program: The District will continue to focus on replacing school buses. Including the rollover from FY 2016/2017 of \$109,000, \$709,000 is available for school bus replacement in 2017/2018.

Solano County Property Tax Fund

Revenue Highlights

- It is projected to receive \$220,000 in 2017/2018 of Solano County property tax proceeds.
- Under the Redevelopment Agencies (RDA) Pass-thru funds are projected at \$25,000.
- The Fund Balance available is estimated at \$414,530 and is due to additional revenue and expenditure savings at year-end June 30, 2017 as outlined below. The fund balance will move forward to 2017/2018 as cash available.

Extra Projected Revenue in 2016/2017

RDA pass-thru \$18,000

Estimated Unspent Expenditures in 2016/2017

Contingency \$395,783

Expenditure Highlights

- Clean Air Funds Program: The District will ask the Board to grant \$300,000 in projects for 2017/2018.
- Administrative/Intrafund Transfer to the General Fund: The amount requested will be used to purchase one low or zero emission vehicle, support the internship program (emission inventory); and also includes the 10% administrative fee.

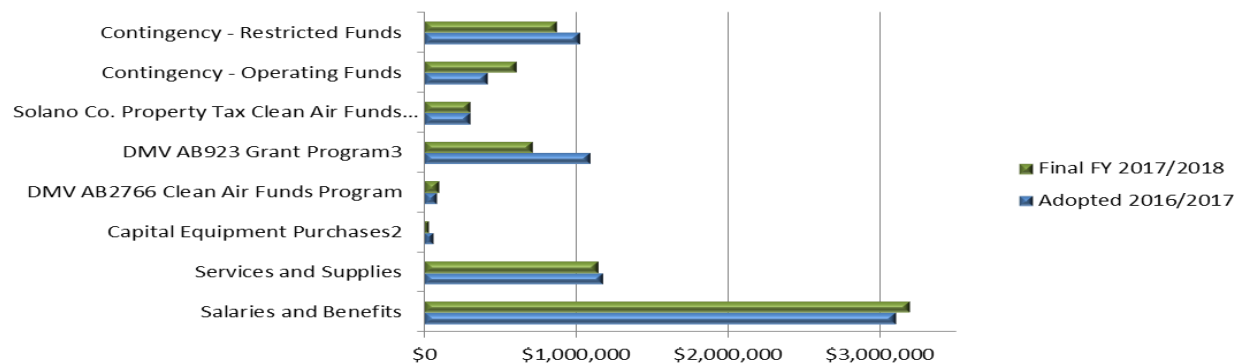
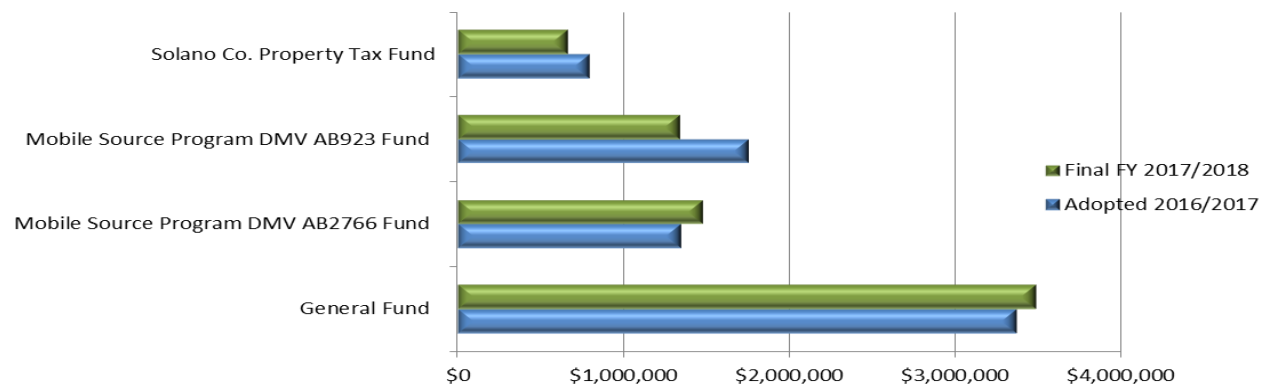


FISCAL YEAR 2017/2018 RECOMMENDED BUDGET

Consolidated Overview

Description	Adopted FY 2016/17	Projected Yr. End FY 2016/17	Final FY 2017/18	Variance Adopted to Final
General Fund	\$3,361,516	\$3,594,910	\$3,482,331	\$120,815
Mobile Source Program DMV AB2766 Fund	\$1,341,293	\$1,442,037	\$1,476,407	\$135,114
Mobile Source Program DMV AB923 Fund	\$1,748,978	\$1,784,460	\$1,334,045	(\$414,933)
Solano Co. Property Tax Fund	\$790,783	\$966,379	\$659,530	(\$131,253)
TOTAL REVENUES¹	\$7,242,570	\$7,787,786	\$6,952,313	(\$290,257)
Salaries and Benefits	\$3,100,780	\$2,831,335	\$3,190,210	\$89,430
Services and Supplies	\$1,171,724	\$986,293	\$1,140,876	(\$30,848)
Capital Equipment Purchases ²	\$60,000	\$40,288	\$30,000	(\$30,000)
DMV AB2766 Clean Air Funds Program	\$82,250	\$82,250	\$100,000	\$17,750
DMV AB923 Grant Program ³	\$1,088,719	\$979,499	\$709,200	(\$379,519)
Solano Co. Property Tax Clean Air Funds Program	\$300,000	\$300,000	\$300,000	\$0
Contingency - Operating Funds	\$417,224	\$0	\$609,513	\$192,289
Contingency - Restricted Funds	\$1,021,873	\$0	\$872,514	(\$149,359)
TOTAL EXPENDITURES	\$7,242,570	\$5,219,665	\$6,952,313	(\$290,257)

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



General Fund – Revenue Detail

Account Name	Adopted FY 2016/17	Actual* FY 2016/2017	Final FY 2017/2018	Variance Adopted to Final
STATIONARY SOURCE PROGRAM				
Renewal Permits	\$1,430,000	\$1,439,044	\$1,398,600	(\$31,400)
New Permits	\$158,300	\$166,989	\$168,300	\$10,000
Source Testing	\$85,000	\$87,407	\$85,800	\$800
Agricultural Engine Registrations	\$70,000	\$89,694	\$86,450	\$16,450
Portable Equipment Registration - State ARB	\$60,000	\$60,000	\$60,000	\$0
EPA 105 Pilot Program (Federal Revenue)	\$77,158	\$78,111	\$78,111	\$953
SUBTOTAL	\$1,880,458	\$1,921,245	\$1,877,261	(\$3,197)
Fees/Air Toxics State Program	\$60,000	\$72,953	\$25,000	(\$35,000)
Agricultural Burning Program	\$20,000	\$19,063	\$20,000	\$0
Asbestos Program	\$65,000	\$118,563	\$115,000	\$50,000
SUBTOTAL	\$145,000	\$210,579	\$160,000	\$15,000
Mutual Settlement Program	\$116,300	\$165,493	\$119,000	\$2,700
Interest Earned (Yolo Co. Investment Pool)	\$2,500	\$6,946	\$2,500	\$0
Air Resources Board Subvention (State Revenue)	\$90,000	\$89,986	\$90,000	\$0
Miscellaneous Revenue (State Revenue)	\$0	\$723	\$0	\$0
EPA 103 PM2.5 grant (Federal Revenue)	\$12,700	\$12,700	\$21,500	\$8,800
Administrative/Intrafund Transfers	\$347,000	\$370,221	\$330,000	(\$17,000)
Penalty Assessments	\$12,000	\$10,412	\$12,000	\$0
Miscellaneous Revenue	\$1,000	\$38,364	\$1,000	\$0
Stale Date Warrants	\$0	\$0	\$0	\$0
Sale of Fixed Assets	\$0	\$930	\$0	\$0
SUBTOTAL	\$581,500	\$695,775	\$576,000	(\$5,500)
TOTALS	\$2,606,958	\$2,827,599	\$2,613,261	\$6,303
FUND BALANCE AVAILABLE	\$794,558	\$807,311	\$869,070	\$74,512
Transfer to Operating Budget (Restricted Reserves)	(\$40,000)	(\$40,000)	\$0	\$40,000
GENERAL FUND OPERATING REVENUE	\$3,361,516	\$3,594,910	\$3,482,331	\$120,815

*Actual is based on preliminary June 30 DOF reports



General Fund – Expenditure Detail

Account Name	Adopted FY 2016/17	Actual* FY 2016/2017	Final FY 2017/2018	Variance Adopted to Final
Regular Employees	\$1,393,000	\$1,266,579	\$1,501,800	\$108,800
Extra-Help	\$30,600	\$33,190	\$0	(\$30,600)
Overtime (includes expedite program)	\$15,000	\$15,028	\$17,000	\$2,000
Vacation/Payroll Buyback (or payout)	\$24,750	\$21,542	\$15,800	(\$8,950)
Retirement	\$205,000	\$184,307	\$205,900	\$900
Medicare and Social Security Tax	\$23,120	\$20,950	\$22,210	(\$910)
Employee Group Insurance	\$283,000	\$254,217	\$295,000	\$12,000
OPEB (health pay-as-you-go & trust fund)	\$252,500	\$226,774	\$262,700	\$10,200
Unemployment Insurance	\$6,300	\$6,433	\$6,000	(\$300)
Workers Compensation Insurance	\$10,910	\$10,998	\$11,400	\$490
Other Miscellaneous Benefits/Expenses	\$100,000	\$68,316	\$101,000	\$1,000
SALARY & BENEFIT TOTAL	\$2,344,180	\$2,108,334	\$2,438,810	\$94,630
Clothing and Personal Supplies	\$2,500	\$649	\$2,500	\$0
Communications	\$18,800	\$9,882	\$18,200	(\$600)
Food	\$1,000	\$913	\$1,000	\$0
Household Expense	\$2,000	\$888	\$2,000	\$0
Household Expense-Contracts	\$17,175	\$16,446	\$16,380	(\$795)
Insurance-Public Liability	\$22,000	\$18,966	\$31,350	\$9,350
Maint-Equipment	\$18,700	\$13,569	\$18,500	(\$200)
Maint-Bldgs & Improv	\$925	\$511	\$925	\$0
Medical, Dental & Lab Supplies	\$400	\$346	\$400	\$0
Memberships	\$6,100	\$5,617	\$6,890	\$790
Miscellaneous Expense	\$1,400	\$542	\$1,400	\$0
Office Expense	\$12,200	\$7,647	\$10,500	(\$1,700)
Office Expense-Postage	\$9,000	\$8,140	\$9,000	\$0
Office Expense-Printing	\$7,000	\$2,154	\$7,100	\$100
Indirect/Overhead A-87 Costs-JPA with Yolo Co.	\$18,000	\$18,000	\$18,000	\$0
Auditing and Fiscal Services	\$35,000	\$31,186	\$38,400	\$3,400
Information Services	\$53,650	\$49,587	\$58,400	\$4,750
Legal Services (County Counsel Agreement)	\$44,000	\$43,200	\$47,500	\$3,500
Medical Services	\$1,220	\$208	\$1,200	(\$20)
Professional & Specialized Services	\$117,400	\$88,444	\$90,100	(\$27,300)
Board Member Stipends	\$19,400	\$8,060	\$16,600	(\$2,800)
Publications & Legal Notices	\$3,400	\$4,048	\$3,580	\$180
Rents & Leases-Equipment	\$2,700	\$2,501	\$2,780	\$80
Rents & Lease-Bldgs & Improv	\$185,200	\$179,196	\$185,200	\$0
Minor Equipment	\$13,100	\$7,728	\$17,400	\$4,300
Training Expense	\$10,100	\$5,802	\$10,500	\$400
Special Dept Expense-Other	\$2,400	\$530	\$2,400	\$0
Transportation & Travel	\$25,700	\$16,571	\$25,700	\$0
Vehicle Fuel	\$10,600	\$6,212	\$10,600	\$0
Utilities	\$12,000	\$10,148	\$12,000	\$0
Capital Lease and Interest	\$10,800	\$9,120	\$10,800	\$0
Equipment (Capital Assets)	\$60,000	\$40,288	\$30,000	(\$30,000)
SERVICES, SUPPLIES & EQUIPMENT	\$743,870	\$607,099	\$707,305	(\$36,565)
Contingency Reserves	\$273,466	\$0	\$336,216	\$62,750
GENERAL FUND OPERATING EXPENDITURES	\$3,361,516	\$2,715,433	\$3,482,331	\$120,815

*Actual is based on preliminary June 30 DOF reports

Mobile Source DMV AB2766 Revenue and Expenditure Detail

Account Name	Adopted FY 2016/17	Actual* FY 2016/2017	Final FY 2017/2018	Variance Adopted to Final
AB2766 DMV Revenue	\$1,090,840	\$1,150,042	\$1,148,350	\$57,510
Interest Earned (Yolo Co. Investment Pool)	\$250	\$540	\$250	\$0
Miscellaneous Revenue	\$0	\$40,722	\$0	\$0
SUBTOTAL	\$1,091,090	\$1,191,304	\$1,148,600	\$57,510
FUND BALANCE AVAILABLE	\$250,203	\$250,733	\$327,807	\$77,604
MOBILE SOURCE DMV AB2766 OPERATING REVENUE	\$1,341,293	\$1,442,037	\$1,476,407	\$135,114
<i>Mobile Source DMV AB2766 - Expenditure Detail</i>				
Regular Employees	\$484,300	\$474,160	\$489,000	\$4,700
Overtime	\$1,600	\$898	\$1,600	\$0
Vacation/Payroll Buyback	\$16,900	\$16,779	\$8,620	(\$8,280)
Retirement	\$78,750	\$74,454	\$78,810	\$60
Medicare Tax	\$7,300	\$7,085	\$7,240	(\$60)
Employee Group Insurance	\$72,630	\$65,790	\$71,400	(\$1,230)
OPEB (health pay-as-you-go & trust fund)	\$62,100	\$56,280	\$62,100	\$0
Unemployment Insurance	\$1,700	\$1,754	\$1,700	\$0
Workers Compensation Insurance	\$4,220	\$4,240	\$4,430	\$210
Other Miscellaneous Benefits	\$27,100	\$21,561	\$26,500	(\$600)
SALARY & BENEFIT TOTAL	\$756,600	\$723,001	\$751,400	(\$5,200)
Clothing and Personal Supplies	\$150	\$150	\$150	\$0
Communications	\$3,075	\$3,939	\$3,100	\$25
Food	\$550	\$170	\$550	\$0
Maint-Equipment	\$12,000	\$7,655	\$12,100	\$100
Maint-Bldgs. & Improvements	\$1,000	\$0	\$6,000	\$5,000
Memberships	\$3,800	\$1,618	\$4,850	\$1,050
Miscellaneous Expense	\$100	\$100	\$100	\$0
Office Expense	\$1,950	\$775	\$3,650	\$1,700
Office Expense-Postage	\$300	\$53	\$300	\$0
Office Expense-Printing	\$7,500	\$1,889	\$7,460	(\$40)
Administrative/Intrafund Transfer (Fund 421)	\$216,700	\$220,000	\$227,720	\$11,020
Auditing and Fiscal Services	\$500	\$364	\$1,680	\$1,180
Information Services	\$5,620	\$2,080	\$5,950	\$330
Medical Services	\$130	\$75	\$150	\$20
Professional & Specialized Services	\$61,100	\$22,277	\$52,100	(\$9,000)
Board Member Stipends	\$600	\$600	\$600	\$0
Publications & Legal Notices	\$1,100	\$1,066	\$1,170	\$70
Rents & Lease-Bldgs & Improv	\$0	\$0	\$0	\$0
Minor Equipment	\$4,200	\$675	\$5,350	\$1,150
Training Expense	\$4,100	\$2,467	\$4,060	(\$40)
Special Dept Expense-Other	\$19,900	\$11,405	\$20,300	\$400
Transportation & Travel	\$9,100	\$7,971	\$9,200	\$100
Vehicle Fuel (District Electric Charging Station)	\$4,400	\$4,174	\$4,360	(\$40)
Utilities	\$810	\$810	\$810	\$0
Clean Air Funds Program	\$82,250	\$82,250	\$100,000	\$17,750
SERVICES, SUPPLIES & EQUIPMENT	\$440,935	\$372,563	\$471,710	\$30,775
Contingency Reserves	\$143,758	\$0	\$253,297	\$109,539
MOBILE SOURCE DMV AB2766 OPERATING EXPENDITURES	\$1,341,293	\$1,095,564	\$1,476,407	\$135,114

*Actual is based on preliminary June 30 DOF reports

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

Account Name	Adopted FY 2016/17	Actual* FY 2016/2017	Final FY 2017/2018	Variance Adopted to Final
AB923 DMV Revenue	\$546,700	\$574,606	\$573,800	\$27,100
Interest Earned (Yolo Co. Investment Pool)	\$250	\$4,451	\$250	\$0
Miscellaneous Revenue	\$0	\$0	\$0	\$0
SUBTOTAL	\$546,950	\$579,057	\$574,050	\$27,100
FUND BALANCE AVAILABLE	\$1,202,028	\$1,205,403	\$759,995	(\$442,033)
MOBILE SOURCE DMV AB923 RESTRICTED REVENUE	\$1,748,978	\$1,784,460	\$1,334,045	(\$414,933)
<i>Mobile Source DMV AB923 - Expenditure Detail</i>				
Administrative/Intrafund Transfer*	\$34,169	\$34,169	\$35,861	\$1,692
AB923 Grant Program(s)	\$1,088,719	\$979,499	\$709,200	(\$379,519)
SUBTOTAL	\$1,122,888	\$1,013,668	\$745,061	(\$377,827)
Contingency Reserves Restricted	\$626,090	\$0	\$588,984	(\$37,106)
MOBILE SOURCE DMV AB923 RESTRICTED EXPENDITURE:	\$1,748,978	\$1,013,668	\$1,334,045	(\$414,933)

Solano County Property Tax - Revenue Detail

Account Name	Adopted FY 2016/17	Actual* FY 2016/2017	Final FY 2017/2018	Variance Adopted to Final
Solano Tax Revenue	\$220,000	\$346,448	\$220,000	\$0
Redevelopment, Statutory Pass-Through	\$25,000	\$74,149	\$25,000	\$0
SUBTOTAL	\$245,000	\$420,597	\$245,000	\$0
FUND BALANCE AVAILABLE	\$545,783	\$545,782	\$414,530	(\$131,253)
SOLANO CO. PROPERTY TAX RESTRICTED REVENUE	\$790,783	\$966,379	\$659,530	(\$131,253)
<i>Solano County Property Tax - Expenditure Detail</i>				
Clean Air Funds Projects	\$300,000	\$300,000	\$300,000	\$0
Administrative/Intrafund Transfer ¹	\$85,000	\$85,000	\$66,000	(\$19,000)
Public Outreach (website/publications/events)	\$10,000	\$10,000	\$10,000	\$0
SUBTOTAL	\$395,000	\$395,000	\$376,000	(\$19,000)
Contingency Reserves Restricted	\$395,783	\$0	\$283,530	(\$112,253)
SOLANO CO. PROPERTY TAX RESTRICTED EXPENDITURES	\$790,783	\$395,000	\$659,530	(\$131,253)

*Actual is based on preliminary June 30 DOF reports

1Intrafund transfer includes 10% admin fee based on revenue received and also a request to reimburse the General Fund for \$30,000 to purchase a low emission or zero emission vehicle and to assist in funding the internship program (emission inventory).

STAFFING FOR FISCAL YEAR 2017/2018

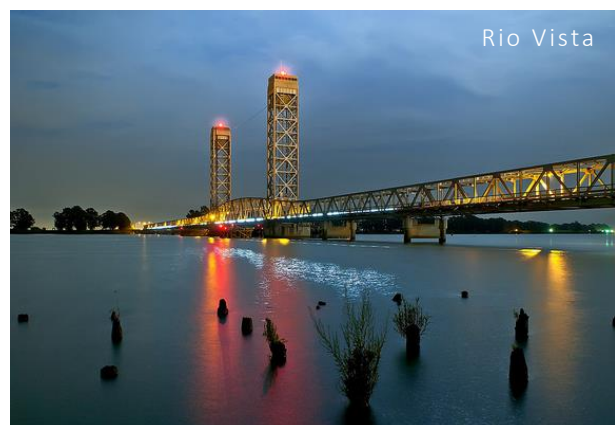
The District is requesting to maintain 22 positions for fiscal year 2017/2018 as shown below. More detail is provided on the following page that includes the Executive Director/APCO recommendations for the new fiscal year.

<i>Job Classifications</i>	FY 2016/2017 FTE*	FY 2017/2018 FTE*
Executive Director/Air Pollution Control Officer (contracted position)	1.00	1.00
Deputy Air Pollution Control Officer	1.00	1.00
Administration Division		
Administrative Services Manager	1.00	1.00
Administrative Operations Coordinator/Board Clerk	1.00	1.00
Administrative Assistant or Administrative Clerk	2.00	2.00
Air Quality Technician	2.00	2.00
Public Information Officer	1.00	1.00
Compliance Division		
Compliance Manager	1.00	1.00
Assistant/Associate Air Quality Specialist	4.00	4.00
Senior Air Quality Specialist	1.00	1.00
Engineering Division		
Engineering Manager	1.00	1.00
Assistant/Associate Air Quality Engineer	3.00	3.00
Planning and Air Monitoring Division		
Planning and Air Monitoring Manager	1.00	1.00
Air Monitoring Technician I/II	1.00	1.00
Assistant/Associate Air Quality Planner	1.00	1.00
TOTAL	22.00	22.00

*FTE – Full Time Equivalent

Executive Director/APCO Salary and Benefit Recommendations

- The following salary and benefit changes will be effective July 1, 2017 and were 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. 17-02 and No. 17-02M for all positions except the Executive Director/Air Pollution Control Officer.
- A cost-of-living adjustment of 2.2% based on the prior year California Consumer Price Index (CPI) April 2015 to April 2016 is also included in the Resolutions as referenced above.
- CalPERS pension effective July 1, 2017:
 - "Classic Members" will pay 5.75% of the 7% Employee Paid Member Contribution (EPMC). The District will contribute 1.25% 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.



Salary Resolution No. 17-02

Board Approved June 14, 2017 – Effective July 1, 2017

Classifications		Step A	Step B	Step C	Step D	Step E	FLSA Status	Covered Under MOU
Administration								
Administrative Clerk	23	\$2,830 \$33,960 \$16.33	\$2,972 \$35,664 \$17.15	\$3,121 \$37,452 \$18.01	\$3,277 \$39,324 \$18.91	\$3,440 \$41,280 \$19.85	Non-exempt	yes
Administrative Assistant	41	\$3,386 \$40,632 \$19.53	\$3,555 \$42,660 \$20.51	\$3,733 \$44,796 \$21.54	\$3,919 \$47,028 \$22.61	\$4,115 \$49,380 \$23.74	Non-exempt	yes
Air Quality Technician	67	\$4,385 \$52,620 \$25.30	\$4,605 \$55,260 \$26.57	\$4,835 \$58,020 \$27.89	\$5,077 \$60,924 \$29.29	\$5,330 \$63,960 \$30.75	Non-exempt	yes
Administrative Operations Coordinator/Board Clerk	77	\$4,844 \$58,128 \$27.95	\$5,086 \$61,032 \$29.34	\$5,341 \$64,092 \$30.81	\$5,608 \$67,296 \$32.35	\$5,888 \$70,656 \$33.97	Non-exempt	no
Public Information Officer	93	\$5,680 \$68,160 \$32.77	\$5,964 \$71,568 \$34.41	\$6,262 \$75,144 \$36.13	\$6,575 \$78,900 \$37.93	\$6,904 \$82,848 \$39.83	Non-exempt	yes
Compliance								
Assistant Air Quality Specialist	80	\$4,991 \$59,892 \$28.79	\$5,240 \$62,880 \$30.23	\$5,502 \$66,024 \$31.74	\$5,778 \$69,336 \$33.33	\$6,066 \$72,792 \$35.00	Non-exempt	yes
Associate Air Quality Specialist	95	\$5,794 \$69,528 \$33.43	\$6,084 \$73,008 \$35.10	\$6,388 \$76,656 \$36.85	\$6,708 \$80,496 \$38.70	\$7,043 \$84,516 \$40.63	Non-exempt	yes
Senior Air Quality Specialist	105	\$6,400 \$76,800 \$36.92	\$6,721 \$80,652 \$38.78	\$7,057 \$84,684 \$40.71	\$7,409 \$88,908 \$42.74	\$7,780 \$93,360 \$44.88	Non-exempt	yes
Engineering								
Assistant Air Quality Engineer	92	\$5,624 \$67,488 \$32.45	\$5,905 \$70,860 \$34.07	\$6,200 \$74,400 \$35.77	\$6,510 \$78,120 \$37.56	\$6,836 \$82,032 \$39.44	Non-exempt	yes
Associate Air Quality Engineer	107	\$6,529 \$78,348 \$37.67	\$6,856 \$82,272 \$39.55	\$7,198 \$86,376 \$41.53	\$7,558 \$90,696 \$43.60	\$7,936 \$95,232 \$45.78	Non-exempt	yes
Associate Air Quality Engineer with P.E.	112	\$6,862 \$82,344 \$39.59	\$7,205 \$86,460 \$41.57	\$7,566 \$90,792 \$43.65	\$7,944 \$95,328 \$45.83	\$8,341 \$100,092 \$48.12	Non-exempt	yes
Senior Air Quality Engineer	117	\$7,212 \$86,544 \$41.61	\$7,573 \$90,876 \$43.69	\$7,951 \$95,412 \$45.87	\$8,349 \$100,188 \$48.17	\$8,767 \$105,204 \$50.58	Non-exempt	yes
Senior Air Quality Engineer with P.E.	122	\$7,580 \$90,960 \$43.73	\$7,959 \$95,508 \$45.92	\$8,357 \$100,284 \$48.21	\$8,775 \$105,300 \$50.63	\$9,214 \$110,568 \$53.16	Non-exempt	yes

Salary Resolution No. 17-02M (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	\$4,385 \$52,620 \$25.30	\$4,605 \$55,260 \$26.57	\$4,835 \$58,020 \$27.89	\$5,077 \$60,924 \$29.29	\$5,330 \$63,960 \$30.75	Non-exempt	yes
Air Monitoring Technician II	82	\$5,091 \$61,092 \$29.37	\$5,346 \$64,152 \$30.84	\$5,613 \$67,356 \$32.38	\$5,894 \$70,728 \$34.00	\$6,188 \$74,256 \$35.70	Non-exempt	yes
Assistant Air Quality Planner	83	\$5,142 \$61,704 \$29.67	\$5,399 \$64,788 \$6.00	\$5,669 \$68,028 \$32.71	\$5,953 \$71,436 \$34.34	\$6,250 \$75,000 \$36.06	Non-exempt	yes
Associate Air Quality Planner	98	\$5,970 \$71,640 \$34.44	\$6,268 \$75,216 \$36.16	\$6,582 \$78,984 \$37.97	\$6,911 \$82,932 \$39.87	\$7,256 \$87,072 \$41.86	Non-exempt	yes
Clerical Extra-Help/Interns								
Clerical Extra-Help	1	\$13.12 per hour					Non-exempt	no
Intern (College)	21	\$16.01	\$16.81	\$17.65	\$18.53	\$19.46	Non-exempt	no



Yolo County



Vacaville

Salary Resolution No. 17-02M (Management-Exempt Positions)
Board Approved June 14, 2017 – Effective July 1, 2017

Salary Range	Minimum		Maximum		Range/Position
	Hourly	Monthly	Hourly	Monthly	
M-115	\$39.66	\$6,875	\$49.58	\$8,594	
M-116	\$40.06	\$6,944	\$50.08	\$8,680	
M-117	\$40.46	\$7,013	\$50.58	\$8,767	
M-118	\$40.87	\$7,083	\$51.08	\$8,854	Planning Manager
M-119	\$41.27	\$7,154	\$51.59	\$8,943	
M-120	\$41.69	\$7,226	\$52.11	\$9,032	Compliance Manager
M-121	\$42.10	\$7,298	\$52.63	\$9,122	
M-122	\$42.52	\$7,371	\$53.16	\$9,214	
M-123	\$42.95	\$7,445	\$53.69	\$9,306	
M-124	\$43.38	\$7,519	\$54.22	\$9,399	
M-125	\$43.81	\$7,594	\$54.77	\$9,493	
M-126	\$44.25	\$7,670	\$55.31	\$9,588	
M-127	\$44.69	\$7,747	\$55.87	\$9,684	
M-128	\$45.14	\$7,824	\$56.43	\$9,781	
M-129	\$45.59	\$7,903	\$56.99	\$9,878	
M-130	\$46.05	\$7,982	\$57.56	\$9,977	
M-131	\$46.51	\$8,062	\$58.14	\$10,077	
M-132	\$46.97	\$8,142	\$58.72	\$10,178	Administrative Services Manager Engineer Manager
M-133	\$47.44	\$8,224	\$59.30	\$10,279	
M-134	\$47.92	\$8,306	\$59.90	\$10,382	
M-135	\$48.40	\$8,389	\$60.50	\$10,486	
M-136	\$48.88	\$8,473	\$61.10	\$10,591	
M-137	\$49.37	\$8,557	\$61.71	\$10,697	
M-138	\$49.86	\$8,643	\$62.33	\$10,804	
M-139	\$50.36	\$8,729	\$62.95	\$10,912	
M-140	\$50.87	\$8,817	\$63.58	\$11,021	
M-141	\$51.37	\$8,905	\$64.22	\$11,131	
M-142	\$51.89	\$8,994	\$64.86	\$11,242	
M-143	\$52.41	\$9,084	\$65.51	\$11,355	
M-144	\$52.93	\$9,175	\$66.16	\$11,468	
M-145	\$53.46	\$9,266	\$66.83	\$11,583	
M-146	\$54.00	\$9,359	\$67.49	\$11,699	
M-147	\$54.54	\$9,453	\$68.17	\$11,816	Deputy APCO
M-148	\$55.08	\$9,547	\$68.85	\$11,934	
M-149	\$55.63	\$9,643	\$69.54	\$12,053	
M-150	\$56.19	\$9,739	\$70.23	\$12,174	

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 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 fall 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 reserve accounts.

The amounts shown in the next table reflect the history of the District's operating funds (General Fund and Mobile Source DMV Fund AB2766) fund balance from 2014/2015 to 2016/2017 (2016/2017 are year-end projections) and recommended budget for 2017/2018. Based on the target goal, the average operating percentages for 2014/2015 to 2016/2017 are at 19% which is slightly above the recommended fund balance's reserve policy. The projections for the combined reserves under the recommended budget for 2017/2018 are 18% and slightly above the targeted percentage of the board policy of 5% to 15%.

Fiscal Year	General & DMV AB2766 Funds Fund Balance & Operating Expenditures (Unassigned)			General & DMV AB2766 Funds Contingency (Unassigned & AB2766 Restricted) Fund Balance2 (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)	
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%	
2016/17	\$1,058,044	\$3,728,747	28%	\$417,224	11%	\$28,210	\$299,146	8%	20%	
3-Yr. Avg	\$870,102	\$3,608,624	24%	\$386,765	11%	\$28,113	\$272,479	8%	19%	
Projections for 2017/2018:										
2017/18	\$1,196,877	\$4,858,738	25%	\$589,513	12%	\$28,411	\$299,146	6%	19%	

: 2016/17 Projected Year-end Operating Fund Bal & Expenditures

: 3-yr. average (2014/2015 to 2016/17)

: 2017/18 Projected Unassigned & AB2766 Restricted Fund Balance and Operating Expenditures (General Fund and MobileSource DMV AB2766). The amount allocated to the CAF grant program is deducted from operating expenditures under DMV)

: 2017/18 Contingency (General Fund and MobileSource 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).

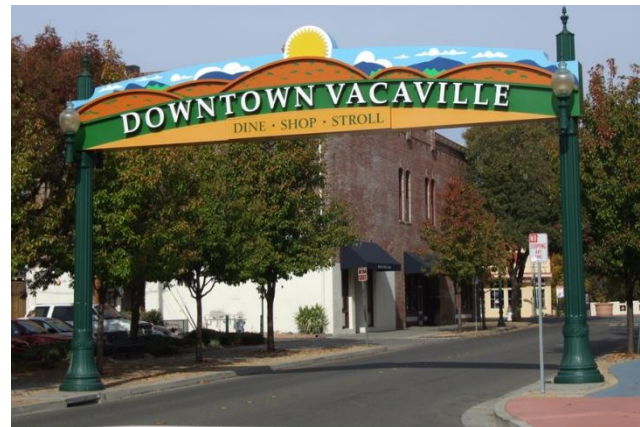
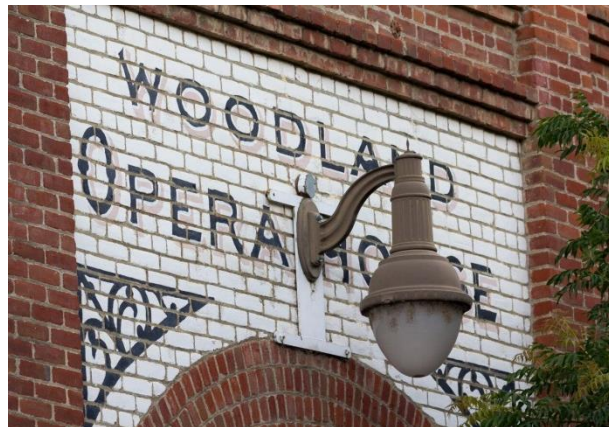
- Restricted: AB2766, AB923 and Solano County Property Tax which are considered resources are constrained to specific purposes by an external provider, government laws and regulations, or by constitutional provisions or enabling legislation.
- Committed: Future Other Post-retirement Employee Benefits (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).
- Non-spendable: Prepaid expenses are resources that cannot be spent because they are not in an expendable form or must be maintained intact. Examples for the District would be invoices due by July 1 of the new fiscal year, and must "prepay" at the close of the current fiscal year.

Reserve Summary

GENERAL FUND	FY 16/17 Year-End Balance	FY 17/18 Anticipated	FY 17/18 Recommended Expenditures	FY 17/18 Projected Balance
RESERVES				
Assigned Reserves (Equip. Replacement/Special Projects)¹	\$28,361	\$0	\$0	\$28,361
Unassigned Reserves-General²	\$299,146	\$0	\$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 2017/2018

Program Name	Subvention	Revenue Projections for 17/18	Revenue Total for Cost Recovery	Employee %	Expenditures	Variance Positive or (Negative)	Cost Recovery Percentage
Stationary Source	\$76,262	\$1,877,261	\$1,953,523	79%	\$2,476,188	(\$522,665)	79%
Air Toxics	\$0	\$25,000	\$25,000	2%	\$92,005	(\$67,005)	27%
Agricultural Burning	\$6,506	\$20,000	\$26,506	3%	\$103,023	(\$76,517)	26%
Asbestos	\$7,232	\$115,000	\$122,232	4%	\$128,310	(\$6,078)	95%
Mutual Settlement	\$0	\$119,000	\$119,000	5%	\$154,117	(\$35,117)	77%
Administration ¹	\$0	\$367,000	\$367,000	7%	\$182,486 ²	\$184,514	201%
Totals	\$90,000	\$2,523,261	\$2,613,261	100%	\$3,136,130	(\$522,869)	
Fund Balance:			\$869,070		\$346,216	:Contingency	
BUDGET TOTALS FOR 17/18:			\$3,482,331		\$3,482,346		

Projected budget for 2017/2018 includes paying the OPEB Annual Required Contribution of \$207,000.

Also for the 2017/2018 budget we reviewed the labor allocation within the different programs in the General Fund and reallocated employees time related to the asbestos due to an expanded program.

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

- EPA pass-thru 103 grant for the PM 2.5 air monitoring program \$21,500.
- 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 (\$227,720 AB2766 Fund, \$35,861 AB923 Fund (admin fee only 6.25%), and \$66,000 Solano Co. Property Tax Fund).
- Interest earned and miscellaneous revenue.

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

GENERAL FUND PROJECTED COST RECOVERY YEAR-END 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	\$77,556	\$1,921,245	\$1,998,801	81%	\$2,194,619	(\$195,818)	91%
Air Toxics	\$0	\$72,953	\$72,953	1%	\$65,259	\$7,694	112%
Agricultural Burning	\$6,464	\$19,063	\$25,527	3%	\$80,168	(\$54,641)	32%
Asbestos	\$5,965	\$118,563	\$124,528	2%	\$65,110	\$59,418	191%
Mutual Settlement	\$0	\$165,493	\$165,493	5%	\$143,563	\$21,930	115%
Administration ¹	\$0	\$429,884	\$429,884	7%	\$166,708 ²	\$263,176	258%
Totals	\$89,986	\$2,727,201	\$2,817,187	100%	\$2,715,427	\$101,759	
Fund Balance:			\$767,311			Fund Balance	
BUDGET TOTALS FOR 16/17:			\$3,584,498		\$2,715,427	\$869,070	<to 2017/2018

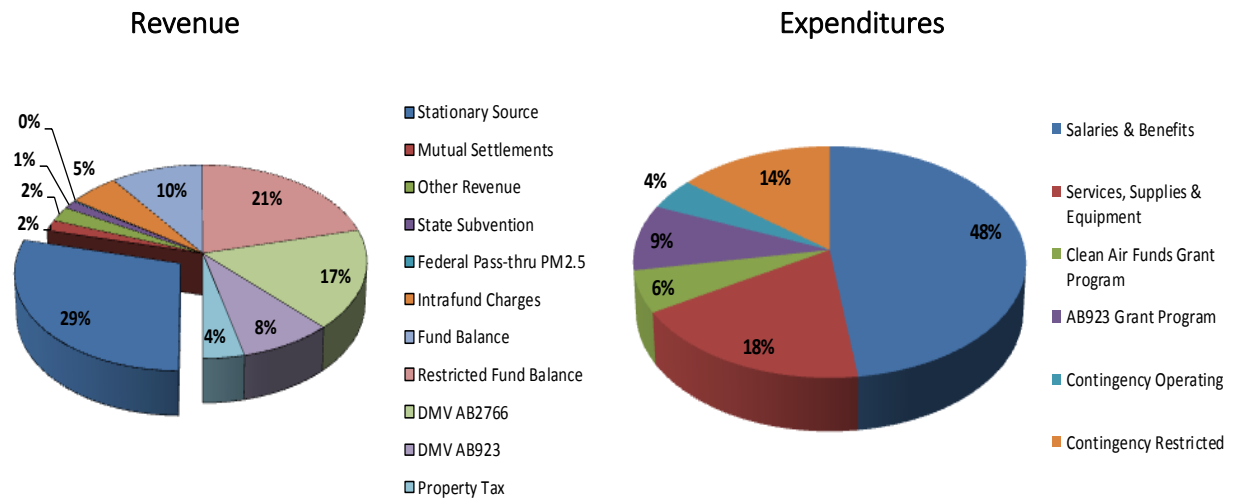
Projected year end budget includes paying OPEB Annual Required Contribution (ARC) of \$201,000. Fund balance includes moving \$40,000 into General Reserves.

¹ Revenue 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 (\$220,000 AB2766 Fund, \$34,169 AB923 Fund (admin fee only 6.25%), and \$85,000 Solano Co. Property Tax Fund).
- Interest earned and miscellaneous revenue.

² Expenditures 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 2016/2017



Total Operating Budget is \$4,314,127 of the balance of \$6,503,296, with \$2,189,169 restricted for use either for intrafund transfers, grants and/or contingency. The District also has a General Reserve of \$259,146 which is 7% of the operating budget and within the Board approved goal of 5%-15% reserves.

Detail for Consolidated Projected Year End Budget FY 2016/2017

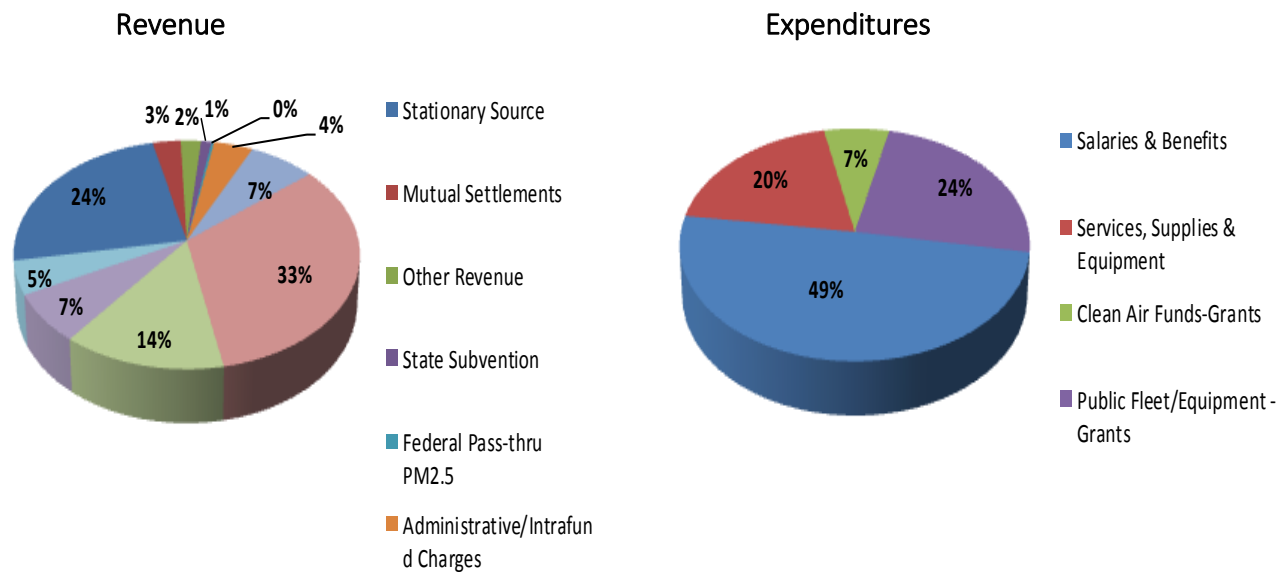
Revenue

Stationary Source	29%	\$1,921,245
Mutual Settlements	2%	\$165,493
Other Revenue	2%	\$267,954
State Subvention	1%	\$89,986
Federal Pass-thru PM2.5	0%	\$12,700
Intrafund Charges	5%	\$370,221
Fund Balance	10%	\$767,311
Restricted Fund Balance	21%	\$1,751,185
DMV AB2766	17%	\$1,423,370
DMV AB923	8%	\$568,260
Property Tax	4%	\$263,748
	100%	\$7,601,473

Expenditures

Salaries & Benefits	48%	\$2,831,335
Services, Supplies & Equipment	18%	\$1,026,581
Clean Air Funds Grant Program	6%	\$382,250
AB923 Grant Program	9%	\$979,499
Contingency Operating	4%	\$346,216
Contingency Restricted	14%	\$1,135,811
	100%	\$6,701,692

CONSOLIDATED ACTUAL BUDGET SUMMARY FISCAL YEAR 2015/2016



Clean Air Fund grants paid under restricted revenue totaled \$357,750. The District released \$1,293,383 under the Public Fleet/Equipment-Grant Program in 2015/2016.

Detail for Consolidated Actuals for 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
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 - Grant	24%	\$1,293,383
	100%	\$5,336,501

VARIANCES – BUDGET ACCOUNT LINE ITEMS

Approved FY 2016/2017 to Recommended FY 2017/2018

Greater than 15% and \$2,500

Description	Increase/ (Decrease)	+/-15%	Explanation
General Fund - Revenue:			
Agricultural Engine Registrations	\$16,450	23%	Increase: Expecting higher than anticipated engine registrations.
Asbestos Program	\$50,000	76%	Increase: Board approved a revised rule in 2015/2016 that slowly increases revenue.
EPA 103 PM 2.5 Grant	\$8,800	69%	Increase: Based on the EPA award for 2016/2017.
Fees/Air Toxics State Program	(\$35,000)	-58%	Decrease: Due to cyclical nature of the program.
General Fund - Expenditures:			
Extra-help	(\$30,600)	-100%	Decrease: Reducing interns from three to one.
Vacation/Payroll Buyback (or payout)	(\$8,950)	-36%	Decrease: No planned large payouts expected.
Insurance-Public Liability	\$9,350	42%	Increase: Payment to YCPARMIA for general liability expense for current year.
Professional & Specialized Services	(\$27,300)	23%	Decrease: Reduced database work and reduction in intern staffing.
Minor Equipment	\$4,300	32%	Increase: New staffing ergonomic adjustments.
Capital Equipment	(\$30,000)	-50%	Decrease: The purchase of one vehicle only.
Mobile Source Program (DMV AB2766) - Revenue and Expenditures:			
Vacation/Payroll Buyback (or payout)	(\$8,280)	-49%	Decrease: No anticipated large payouts.
Maintenance-Bldgs& Improvements	\$5,000	500%	Increase: Maintenance around monitoring stations.
Clean Air Funds Program	\$17,750	21%	Increase: This is based on the budgeted amount available.

VARIANCES – BUDGET ACCOUNT LINE ITEMS continued

Mobile Source Program (DMV AB923) - Revenue and Expenditures:

AB923 Grant Programs	(\$379,519)	-34%	Decrease: The District funds programs on a continuous basis, with funds rolling over from the previous year as available, increasing or decreasing the projected total amount of funding per year.
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Solano County Property Tax - Revenue and Expenditures:

Administrative/Intrafund Transfers	(\$19,000)	-22%	Decrease: Due to an overall decrease in administrative expenses, including intern staffing supported by this program.
Contingency Reserves Restricted	(\$112,253)	-28%	Decrease: Cash available for specific projects/programs as approved by the Board.

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	Where the District has settled with a violator for a monetary value. Settlement and/or fines collected from sources and/or others that violated rules and/or state or federal law.
OTHER	
Interest Earned	Investment income that is received from Yolo County as part of the Yolo County 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.
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 within 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	Professional 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 services 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	Rented or leased equipment.
Rents, Leases – Buildings	Office lease and public event booth rental.
Minor Equipment	All equipment purchased under \$3,000 and not

Training	considered a capital asset. 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.

