

To: Northern Sierra Air Quality Management District Board of Directors

From: Gretchen Bennitt, Air Pollution Control Officer

Date: June 22, 2015

Agenda Item: IV.C

Agenda Description: Proposed Adoption of the FY 2015-2016 Capital and Operating Budget

Issues:

On April 24, 2015, a public hearing that was properly noticed was held to receive comments on the FY 2015-2016 Capital and Operating Budget. On April 27, 2015, the Board reviewed and provided comment on the preliminary FY 2015 - 2016 Capital and Operating Budget.

Requested Action:

1. Adopt FY 2015-2016 Budget, publicly heard on April 24, 2015.

ROLL CALL VOTE REQUESTED

Attachment:

1. District's Fiscal Year 2015/2016 Preliminary Capital and Operating Budget
2. Resolution # 2015-04

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**FISCAL YEAR 2015/2016
CAPITAL BUDGET
Final**

June 22, 2015

EXECUTIVE SUMMARY

The District's Capital Budget is comprised of two major components - 1) the Restricted Grants Budget and the 2) Operating Budget. Each budget has two separate fund accounts to facilitate the tracking of funds in both budgets and to allow the public better comprehension of the District's overall capital budget. A line-item spreadsheet of both the Restricted and Operating Budgets follows.

RESTRICTED GRANTS BUDGET

The Restricted Grants Budget is solely for pass-through grants from the State of California to reduce air pollution emissions in areas where public health is most impacted. The District will be administering this budget through a variety of grant programs, incentives, rebates and public education in cooperation with other local agencies and businesses. For a detailed breakdown of all line items for the Restricted Grant Budget, please refer to the restricted budget spreadsheet.

AB2766 Grant Programs

The District administers the State's AB2766 DMV surcharge grant money to worthwhile projects throughout all three counties of the District. This funding comes from a DMV surcharge fee for each registered vehicle in each county. Nevada and Plumas County charge a fee of \$4/vehicle. Sierra County charges a fee of \$2/vehicle.

Project proponents go through a sometimes competitive process to request full or partial sponsorship for projects which reduce vehicle emissions. The Board of Directors recently approved \$207,979 of AB2766 funding to be used during Fiscal Year 2015/2016 for projects throughout all three counties. Final grant approvals will be made in September 2014. After the Board allocates funds for individual AB projects, any funds which are not allocated to a project go into each county's AB 2766 total allocation account as carryover. These amounts will be added back in to each county's AB allocation in time for the following year's Board approval of projects.

In addition to the FY 2015/2016 AB projects, there is \$231,763 expected to be expended for various encumbered projects. These funds are earmarked in the Restricted Grants Fund Balance.

AB923 DMV Surcharge Fees and Programs

AB923 is only implemented in Plumas County. This funding comes from a DMV surcharge fee of \$2 per each vehicle registered in the county. The District receives 5% as an administrative fee. This year, the District expects to receive approximately \$50,000. This funding is to be utilized for replacing old diesel school buses per the

state's Lower Emission School Bus program or for reducing heavy duty diesel emissions, similar to the Carl Moyer program. Recently the state has approved that this funding can also be utilized for infrastructure for alternatively fueled, low emission school busses. The current fund balance of AB923 funding is \$22,240, providing a total of \$69,740 available for expenditure during FY 2015/2016.

Carl Moyer Heavy Duty Diesel Emission Reduction Program

The District administers the State's Carl Moyer Heavy Duty Diesel Program throughout all three counties in the District. This program is intended to provide incentives to owners of heavy duty diesel engines to retrofit these engines to lower emitting models. This is easily one of the most cost-effective and pollution reducing programs that the State sponsors and the District administers.

For fiscal year 2015/2016, the District expects to receive revenue of Carl Moyer funding of \$200,000. The District receives 10% administrative fee, leaving \$180,000 for the grant program and \$20,000 administrative fee which is revenue for the internal operating budget. The current fund balance amount of Carl Moyer funding is \$69,469. Providing a total of \$249,469 available for expenditure during FY 2015/2016.

TIMBER (Truck Improvement Modernization Emission Reduction Program)

The Carl Moyer Truck Improvement/Modernization Benefitting Emission Reductions (TIMBER) Program provides a streamlined approach for replacing older, high-polluting heavy-duty log trucks earlier than required. The TIMBER program helps reduce some of the costs associated with replacing a log truck with a new (not used) log truck. The program can assist in funding up to \$60,000 per vehicle. The District has participated in this program for the last two fiscal years. The TIMBER fund balance is at \$161,27. Although the District has not put in a formal request for funding for FY 15/16, the District expects the amounts to be similar to FY 14/15 and plans to receive \$155,423 for FY 15/16, which brings the total amount available for disbursement to be \$316,694.

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Restricted Budget:
FY 2015 - 2016

Restricted Budget, Fund Balance Accounts			
Account #	Description	FY 2014-2015	FY 2015-2016
301-200-02	Encumbered AB 2766 Funds	223,776	231,763
304-200-01	\1 Planned Expenditures, AB2766 Total Allocation , Nevada Co.	177,676	170,061
304-200-03	\1 Planned Expenditures, AB 2766 Total Allocation, Plumas Co.	36,917	32,656
304-200-04	\1 Planned Expenditures, AB 2766 Total Allocation, Sierra Co.	5,227	5,262
304-200-06	Planned Expenditures, Carl Moyer	296,146	69,469
304-200-10	Planned Expenditures, TIMBER	172,692	161,271
304-200-11	Planned Expenditures, AB923	111,681	22,240
304-200-12	Portola Woodstove Changeout Fund	5,500	5,500
Restricted Budget, Fund Balance Accounts Total:		\$657,471	\$698,222

Restricted Budget, Revenue					
Account #	Description	FY 2014-2015		FY 2015-2016	
		Grant Funds	Restricted Funds	Grant Funds	Restricted Funds
420-200-01	Govt. Funding, AB 2766 DMV Fees (50% for District uses)	520,000	208,000	520,000	208,000
420-200-08	Govt. Funding, TIMBER (10% for District admin)	172,692	155,423	172,692	155,423
420-200-02	Govt Funding, AB923 (5% for district admin)	50,000	47,500	50,000	47,500
420-200-05	Govt. Funding, Carl Moyer HD Diesel (10% for District admin)	200,000	180,000	200,000	180,000
421-200-50	\2 Other Income, Interest, Restricted Carl Moyer	0	5,909	0	5,909
Restricted Budget, Revenue Total:		\$942,692	\$596,832	\$942,692	\$596,832

Restricted Budget, Expenditures			
Account #	Description	FY 2014-2015	FY 2015-2016
580-200-00	3 Hansen Bros Enterprises (AB 2011-02, \$30,088)	4,118	\$ 4,118
580-200-00	3 Nevada County Information and General Services (AB2011-05, \$53,600)	7,547	\$ 7,547
580-200-00	3 Plumas Unified School District (AB 2012-07)		\$ 4,763
580-200-00	3 NSAQMD (2014-01, \$5,400)		\$ 712
580-200-00	3 Fire Safe Council of Nevada County (AB 2014-08, \$30,000)		\$ 30,000
580-200-00	3 Plumas County Department of Public Works (AB 2013-05, \$30,000)		\$ 25,469
580-200-00	3 Nevada County Library (AB 2013-04, \$50,500)	50,500	\$ 22,817
580-200-00	3 Hansen Bros Enterprises (Ab 2013-03, \$95,178)	95,178	\$ 4,759
580-200-00	3 NevCo Library, Chicago Park Kiosk (AB2014-09, \$33,455)		\$ 33,455
580-200-00	3 NevCo Library, Internet Books (AB2014-05, \$15,500)		\$ 15,500
580-200-00	3 NevCo CDA & IGS (AB2014-06, \$17,741)		\$ 17,741
580-200-00	3 Hansen Bros. Enterprises (AB2014-10, \$58,330)		\$ 58,330
580-200-00	3 Incorporated Senior Citizens of Sierra County (AB 2014-04, \$ 5,227)		\$ 5,227
580-200-00	3 Incorporated Senior Citizens of Sierra County (AB 2013-06, \$5,300)	5,300	\$ 1,325
580-200-000	Planned Expenditure of all counties	212,000	207,979
585-200-01	Carl Moyer	476,146	249,469
585-200-08	TIMBER	155,423	316,694
585-200-05	AB 923		69,740
588-200-01	Portola Woodstove Changeout Fund	5,500	5,500
Restricted Budget, Expenditures Total:		\$1,011,712	\$1,081,145

Notes: \1 Total Allocation for each area = the carryover plus AB money from current contributions

\2 Carl Moyer interest must be retained within the Restricted Fund and credited to the same account. All other interest can be transferred to the Operating budget per the resolution that established Restricted Fund #6771. Interest shall be apportioned based on the average monthly ratio between the Carl Moyer fund balance and the total restricted fund balance for the period of the fiscal year in which the interest was earned.

\3 Component of Account # 301-200-02, Encumbered AB2766 Funds, current and previous fiscal years

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OPERATING BUDGET

The second major portion of the District's overall capital budget is the internal Operating Budget which is outlined in detail in the Operating Budget spreadsheet.

Operating Revenue

There is an increase of \$29,731 of predicted revenue from last year's budget. All revenues remain unchanged from the previous year with the exception of only two line items; Government funding from EPA for PM2.5 monitoring which demonstrated an increase of \$24,000 from last fiscal year. EPA has committed to a one-time grant of \$20,500 for the purchase of one FRM replacement PM2.5 monitor and two flow standards. There is also a slight increase of \$8,000 predicted for AB2766 funds. This is largely due to amounts received for this line item at the end of FY 2014-2015.

AB 2766 revenue is 37% of total operating revenue. This revenue is used internally for activities that are related to clean air planning and technical studies necessary to implement the California Clean Air Act, and these technical activities should be funded by AB 2766 funds proportionate to the relative contribution of mobile source emissions.

General Administration, the Smoke Management Program, the Planning Program, and the Air Monitoring Program don't have adequate fees to cover costs, and so are supported with State Subvention, county contributions, and miscellaneous revenue line items.

Operating Expenditures

There is an estimated 4.0% decrease of total expenditures from the previous fiscal year, or \$36,522. The decrease is primarily due to a decrease in permanent salaries of \$21,522 and a decrease of \$31,500 of monitoring expenditures.

Fund Balance Transfers

These one-time expenditures will utilize funds from the appropriate fund balance accounts. With the adoption of the final Budget, the Board approves the year-end transfers from reserves for the Public Education Program and the Pollution Reduction Incentive Program as noted in the budget spreadsheet. At year-end close-out, the transfers are made and account balances are adjusted appropriately. \$12,000 is expected to be used from the Operating Budget's Fund Balance Accounts as expenditures as follows:

Account # 304-100-03	Public Education	\$ 2,000
Account # 304-100-04	Portola PM2.5 Mitigation Fund	<u>\$10,000</u>
	TOTAL	\$12,000

1. Equipment Replacements

\$3,000 will be expended to purchase office equipment such as two new computers. The District keeps a list of equipment and their respective depreciation rates.

The District plans to sell two of its used vehicles (Toyota Yaris and Toyota Tacoma). The Yaris is a surplus vehicle and the Toyota Tacoma has over 200,000 miles and should be replaced. After the selling of the two vehicles, the District still expects to spend an additional \$10,000 to purchase a new vehicle.

2. Air Monitoring Program

The Air District receives \$52,000 from the Environmental Protection Agency for the continued operation of the District's Federal Reference Method (FRM) Network for particulate matter. The District will also continue to pay rent for its monitoring laboratory and purchase miscellaneous equipment to continue to run its existing air quality monitoring network.

3. Public Education

The District will utilize a fund transfer of \$2,000 to fund its public education program for FY 2014-2015. This includes purchasing ads for emission reductions, incentive and grant programs.

4. Portola PM2.5 Mitigation Fund

The District will utilize a fund transfer of \$10,000 for a Board-approved mitigation fund to be utilized within the federal PM2.5 nonattainment area of the Greater Portola Area.

Summary

Expected operating revenue exceeds expected operating expenditures by \$100,596. This accounts for fund balance expenditures of \$12,000 and the EPA PM2.5 grant of \$20,500. The funds received in previous years are encumbered in the District's fund balance accounts, and will be utilized to demonstrate a balanced budget in the final summary, if needed.

Although the preliminary budget demonstrates an overall increase to the District's Fund Balance by revenues exceeding operating expenditures by \$100,596, this is crucial to the continuance of the Air District's services. The Air District has experienced a steady decline in its fund balance in the last few years to the point where it was almost imperative to employ drastic reductions in expenditures. This predicted increase in the fund balance will assist the District to continue its services in case of any unexpected decreases in revenue in the future.

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Operating Budget: FY 2015 - 2016

Expenditures		Salaries and Benefits (Object Level)	
Account #	Description	FY 2014-2015	FY 2015-2016
501-100-00	Permanent Salaries	382,111	360,589
502-100-00	Overtime	1,000	1,000
504-100-01	Part-Time Office Temp	7,500	7,500
510-100-01	Medicare / FICA	5,500	5,500
510-100-03	EDD Unemp/Training Tax	2,000	2,000
510-100-04	Workers' Comp Insurance	6,000	6,000
510-100-05	PERS Retirement	90,000	90,000
510-100-06	PERS Health Insurance	61,540	61,540
510-100-07	Dental/Vision Care	6,250	6,250
		Salaries and Benefits Total: \$	\$
		561,901	540,379

Expenditures		Services and Supplies (Object Level)	
Account #	Description	FY 2014-2015	FY 2015-2016
520-100-01	Communications	18,000	25,000
520-100-05	Monitoring (Rent and Utilities)	10,000	10,000
521-100-01	Maintenance: Office Equipment	500	500
521-100-02	Maintenance: Vehicles	3,000	3,000
522-100-01	Rent, Structures	32,040	32,040
522-100-02	Utilities, District Offices	2,000	2,000
523-100-01	Office Supplies	5,000	5,000
523-100-02	References, Subscriptions	450	450
523-100-03	Postage, Shipping	1,200	1,200
524-100-00	Memberships	1,800	3,000
525-100-01	Prof Services: Legal	6,000	6,000
525-100-03	Prof Services: Bookkeeping (ADP, internal audit)	10,000	15,000
525-100-04	Prof Services: County Auditor	2,080	2,080
525-100-05	Prof Services: Board	5,000	5,000
528-100-00	Liability Insurance	10,000	10,000
529-100-00	Legal Notices, Public	500	500
535-100-01	Training, Tuition	500	500
535-100-02	Travel	2,000	3,000
535-100-03	Gasoline	5,500	7,000
535-100-04	Private car mileage	200	500
		Services and Supplies Total: \$	\$
		115,770	131,770

Expenditures		Pass-thru Funds / Internal Programs / Contributions to Other Agencies (Object Level)	
Account #	Description	FY 2014-2015	FY 2015-2016
540-100-01	Air Monitoring Program - non -PM	(see Acct# 420-100-04)	10,000
540-100-03	Portola PM2.5 Mitigation Fund	(see Acct# 304-100-04)	10,000
540-100-02	Alternate Commute Program	750	750
540-100-05	Public Education Program	(see Acct# 304-100-03)	2,000
545-100-01	ARB: AB 2588 Fees	770	770
545-100-06	Fire Dept Response Reimbursement	(see Acct# 401-100-13)	1,500
		Contribution to Other Agencies / Internal Grants Total: \$	\$
		25,020	25,020

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Operating Budget: FY 2015 - 2016

Expenditures		Fixed Asset Purchases (Object Level)	
Account #	Description	FY 2014-2015	FY 2015-2016
560-100-01	Office Equipment (2 computers)	3,000	3,000
520-100-04	Monitoring Equipment - PM only		
	EPA Special 103 grant - 1 FRM and 2 Flow monitors	51,500	20,500
560-100-04	Vehicle	10,000	10,000
560-100-02	Field Equipment (fixed assets - over \$1,000)	1,000	1,000
		Fixed Asset Purchases Total: \$	65,500 \$
			34,500

Budget Summary		Available Funding & Expenditures	
Available Funding		FY 2014-2015	FY 2015-2016
Fund Balance Total (encumbered & earmarked reserves)		412,000	504,793
Petty Cash		75	75
Revenue Total		802,534	832,265
		Available Funding Total: \$	1,214,609 \$
			1,337,133
Expenditures			
Salaries & Benefits Object Level		561,901	540,379
Services & Supplies Object Level		115,770	131,770
Contributions to Other Agencies Object Level		25,020	25,020
Fixed Asset Purchases Object Level		65,500	34,500
		Expenditures Total: \$	768,191 \$
			731,669
Fund Balance Accounts for Operating Expenses:			
304-100-03	Public Education Program	2,000	2,000
304-100-04	Portola PM2.5 Mitigation Fund	10,000	10,000
		Fund Balance Accounts for Operating Expenses Total: \$	12,000 \$
			12,000
(Revenue - Expenditures) + Fund Balance Accounts for Operating Expenses + Petty Cash =		\$	3,193 \$
			112,671
<i>(A negative number here is a revenue shortfall, a positive number means revenues exceed expenditures.)</i>			

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Operating Budget: FY 2015 - 2016

Resource Report		
	6/1/2015	\$ 504,793
		Difference between Cash Available and Fund Balance Accounts Total: \$ -

Fund Balance Accounts			
<i>(Used to track earmarked or encumbered funds)</i>			
Account #	Description	FY 2014-2015	FY 2015-2016
301-100-01	General Fund, Undesignated	0	-
302-100-01	Equipment Replacements / Depreciation	110,000	110,000
303-100-00	Leave Liability	54,000	74,000
304-100-02	Air Monitoring Program <i>(See Acct# 540-100-01)</i>	70,000	80,000
304-100-03	Public Education Program <i>(See Acct# 540-100-05)</i>	5,000	5,000
304-100-04	Portola PM2.5 Mitigation Fund <i>(See Acct# 540-100-03)</i>	10,000	10,000
305-100-01	Contingency, Leashold Improvements	30,000	75,000
305-100-02	Contingency, Emergency Funds	93,000	100,000
305-100-03	Contingency, Litigation	40,000	50,793
Fund Balance Accounts Total:		\$ 412,000	\$ 504,793

Revenue			
Account #	Description	FY 2014-2015	FY 2015-2016
401-100-01	Fees, Authority to Construct	4,000	4,000
401-100-02	Fees, Permit to Operate	25,000	25,000
401-100-04	Fees, Vapor Recovery	19,000	19,000
401-100-05	Fees, Variance Application	1,500	1,500
401-100-06	Fees, Source Test	2,500	2,500
401-100-07	Fees, Prescribed Burning	13,000	13,000
401-100-10	Fees, Title V, Fed Op Permit	65,000	65,000
401-100-13	Fees, Fire Dept Response	1,500	1,500
405-100-01	Penalties, Permitted Source	35,000	35,000
405-100-02	Penalties, Open Burning	2,500	2,500
420-100-01	Gov't Funding, State Subvention	137,600	137,600
420-100-02	Gov't Funding, Subvention Supplemental	3,500	3,500
420-100-03	Gov't Funding, County Contrib	58,565	58,565
420-1010-07	Gov't Funding, PERP Pass-Thru	20,000	20,000
420-100-04	Gov't Funding, EPA <i>(PM2.5)</i>	48,500	52,000
	Gov't Funding, EPA Special 103 grant		20,500
420-100-88	Gov't Funding, AB 923, Admin Fee	2,500	2,500
420-100-99	Govt. Funding, AB 2766 DMV Fees	312,000	320,000
420-100-09	TIMBER, Admin Fee	17,269	15,000
420-100-05	Carl Moyer, Admin Fee	20,000	20,000
421-100-16	Other Income, Sale of Asset	10,000	10,000
421-100-17	Other Income, Rules, Copies, Subscr.	100	100
421-100-18	Miscellaneous refunds, miscellaneous	-	-
421-100-50	Other Income, Interest, Operating	1,500	1,500
421-100-51	Other Income, Interest, Restricted	2,000	2,000
Revenue Total:		\$ 802,534	\$ 832,265

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION #2015-04

Whereas, the Governing Board of Directors for the Northern Sierra Air Quality Management District (District) is required by the California Health and Safety Code (HSC) Section 40130 to adopt a budget in an open process in order to educate the public of the costs and benefits of air quality improvement, and

Whereas, the District has prepared and made available to the public at least 30 days prior to public hearing, a summary of its budget and any supporting documents, and

Whereas, the District has noticed and held a public hearing for the exclusive purpose of reviewing its budget and providing the public with the opportunity to comment on the proposed budget, and

Whereas, the Board reviewed and provided direction to the FY 2015-2016 Budget on April 27, 2015, and

Whereas, the District provided a public hearing on April 24, 2015, which was properly noticed.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Northern Sierra Air Quality Management District Governing Board of Directors the FY 2015-2016 Capital and Operating Budget be adopted as presented in Exhibit A.

On a motion by Supervisor _____, and seconded by Supervisor _____, the foregoing resolution was approved and adopted by the Governing Board of Directors of the Northern Sierra Air Quality Management District at a regular meeting held on June 22, 2015, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Attest:

Gretchen Bennett, APCO Date

Chair of the Board Date