

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM
06/07/2021

TO: FRAQMD BOARD OF DIRECTORS
FROM: Christopher Brown AICP, APCO
SUBJECT: Approve adoption of the FY 21/22 Proposed budget.

RECOMMENDATION:

Approve adoption of the FY 21/22 Proposed budget.

BACKGROUND:

The District currently holds 2 funds in the Yuba County Treasurer's office, Fund #725 the District Fund and Fund #728 the Grant Project Fund that is restricted to projects only.

With the FY 21/22 budget, the District continues to maintain a financially healthy budget to meet liabilities and obligations.

The District is recommending a Consumer Price Index increase of 1.7% to stationary source fees consistent with District Rule 7.0(c), Consumer Price Index adjustment of fees. A public notice to this effect has been duly noticed.

DISCUSSION:

A Policy/Finance Committee meeting was held to review the budget and discuss recommendation on 05/14/21. After review of the budget, the committee recommends approval of the proposed Budget.

The District previously implemented a new accounting system, QuickBooks, and in the prior fiscal year presented a new budget format to better align with the financial statements and allow better real time tracking of budget to actuals. This new format continues with the 21/22 fiscal year budget process and provides a streamlined viewing layout for the Board members and the general public.

In addition, this new formatting has caused the District to move and make changes to some line items and categories, therefore, causing some larger than normal increases and decreases in revenue and expenditures.

The District is anticipating more revisions with final budget due to the rapidly changing state and federal budgets.

Income

Grants & Projects Revenue

State Funding: Increase is due to the new budget format for FY 21/22 to reflect all funding the District receives. This line item now includes restricted and non-restricted funding sources.

Permits & Fees Revenue

Total Permits & Fees Revenue is projected to increase by 22% for FY 21/22. Increase due to very conservative projections in FY 20/21.

Annual Permits: 6% increase based on actuals.

Indirect Source: 18% increase based on actuals and projections due to the increase in housing being built in the area.

State Motor Vehicle: 34% increase due to the new budget format for FY 21/22 to reflect AB923 project funding the District receives.

AB923 Admin Revenue: Increase due to the new budget format for FY 21/22 to increase transparency. In previous fiscal years, this amount was reflected in total Grants & Projects Revenue.

Other Revenue

Miscellaneous: Increased based on actuals. Includes agreement with Colusa County for Engineering services in the amount of \$15,000.

Interest: Increased based on actuals from FY 20/21.

Expense

Program Activities

Previously Allocated Local Incentives Programs: New line item for FY 21/22. Projects awarded not expended has increased by 78%. This number may be revised with the final

budget if payments will be made before the current fiscal year closes. You can find a listing of these current outstanding projects on Pages 8 and 9.

Current Year Local Incentives Programs: New line item to reflect expenditures set aside for anticipated projects to be awarded in FY 21/22.

Outreach Event Supplies (Non-Grant Related): New line item for FY 21/22. Reported in Program Activities-Other in the prior fiscal year.

State Incentives Programs (Pass-Through): New line item for FY 21/22 to show all restricted grant expenses for projects.

Human Resource Expenses

Human Resource expenditures are projected to increase by 2% for FY 21/22.

PERKS Employee Benefits: In previous years budgets, the PERKS Employee Benefits were reported in Office Supplies. Decided to report this expense as a Human Resource Expense for FY 21/22.

Workers Comp Insurance: Decreased 9% due to the retiring of the previous ASO.

General & Administrative

General & Administrative expenditures are projected to decrease by 11% for FY 21/22.

Accounting & Auditing: New line item for FY 21/22. Accounting & Auditing expenses were previously reported as Professional Services. The District decided to present these expenses in a new category to increase transparency for budget presentation purposes only.

Building & Maintenance/Improvement: Decreased due to adjusting office maintenance to reflect actuals.

Office Supplies: Decrease of 113% is due to the District moving Computer Software to the Technology category, moving PERKS Employee Benefits to a Human Resource expense category, and to better align with the 20/21 fiscal year actuals.

Legal Fees: New line item for FY 21/22. Legal fee expenses were previously reported as Professional Services. The District decided to present these expenses in a new category to increase transparency for budget presentation purposes only.

Maintenance/Equipment: The need for equipment repair has been reduced from previous fiscal years.

Dues and Subscriptions: Increase of 36% due to the District moving a membership fee of \$1,500 from the Insurance category to reflect the expenditure appropriately.

Professional Services: Decrease of 198% is due to reflecting Accounting & Auditing, Technology, and Legal Fee expenses in their own categories this fiscal year.

Publications/Public Notices: Increase of 18% is due to Appeal Democrat annual subscription increase for FY 21/22.

Rents & Leases/Equipment: Decrease of 11% to better reflect actuals.

Minor Equipment: New line item for FY 21/22. Minor Equipment was Small Tools in previous years and combined with Maintenance/Equipment in FY 20/21. The District decided to present these expenses in a new category to increase transparency for FY 21/22.

Taxes and fees: New line item for FY 21/22. The Local Tax Assessment of \$600 was reported in Professional Services in previous fiscal years. The District decided to present this expense in a new category to increase transparency for budget presentation.

Technology: New line item for FY 21/22. Previously reported in various categories in prior fiscal years. The District decided to present these expenses in a new category to increase transparency for budget presentation.

Other Income/Expense

Other Expense

Interest Expense: Decrease of 9% based on actuals.

Reserves. As of March 31, 2021, the Unassigned Fund Balance is \$1,882,382. The District anticipates having carry-over funds from FY 20/21 to cover \$30,208 budget shortfall but has increased the use of Unassigned Fund Balance in the FY 21/22 proposed budget.

**Feather River Air Quality Management District
2021/2022 Budget Draft
July 2021 through June 2022**

			Approved 19/20 Budget	19/20 Actuals	Approved 20/21 Budget	20/21 YTD Actuals (75%)	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Draft Total Budget 21/22
Statement of Activities								
Ordinary Income/Expense								
Income								
<i>Grants & Projects Revenue</i>								
		Local Funding	0	0	0	0	0%	0
		State Funding	511,017	3,870,797	712,305	805,687	80%	3,602,923
		Federal Funding	0	0	0	0	0%	0
		Total Grants & Projects Revenue	511,017	3,870,797	712,305	805,687	80%	3,602,923
<i>Permits & Fees Revenue</i>								
		Air Toxics	5,000	2,284	3,500	105	0%	3,500
		Annual Permits	417,000	382,181	375,000	444,088	6%	400,000
		Burn Permits	65,000	73,291	68,000	59,750	0%	68,000
		Emission Reduction Credits	200	30	150	503	0%	150
		Indirect Source	22,000	33,979	28,000	44,664	18%	34,000
		New Permits	73,000	119,677	73,000	53,721	0%	73,000
		Penalty	0	98,381	70,000	37,000	0%	70,000
		PERP Inspections	20,000	29,500	25,000	24,559	0%	25,000
		State Motor Veh (AB2766 & AB923)	565,000	598,021	565,000	414,655	34%	860,000
		AB923 Admin Revenue					100%	18,000
		Total Permits & Fees Revenue	1,167,200	1,337,345	1,207,650	1,079,044	22%	1,551,650
<i>Other Revenue</i>								
		Miscellaneous	3,600	101,013	4,250	27,929	78%	19,250
		Interest	26,000	102,617	26,000	29,162	35%	40,000
		Total Other Revenue	29,600	203,630	30,250	57,091	49%	59,250
		Total Income	1,707,817	5,411,771	1,950,205	1,941,821	63%	5,213,823
Expense								
<i>Program Activities</i>								
		Previously Allocated Local Incentives Programs	250,000	409,215	150,000		78%	672,708
		Current Year Local Incentives Programs				229,429	100%	466,000
		Outreach Event Supplies (Non Grant Related)					100%	1,000
		State Incentives Programs (Pass Through)	303,035	2,022,161	335,001	1,282,387	89%	2,945,172
		Total Program Activities	553,035	2,431,376	485,001	1,511,816	88%	4,084,880

**Feather River Air Quality Management District
2021/2022 Budget Draft
July 2021 through June 2022**

			Approved 19/20 Budget	19/20 Actuals	Approved 20/21 Budget	20/21 YTD Actuals (75%)	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Draft Total Budget 21/22
		<i>Human Resource Expenses</i>						
		CALPERS 457 Contribution	6,600	6,325	7,950	6,918	-2%	7,800
		CO Share PERS	84,149	89,467	95,776	86,077	-2%	94,340
		Employee Benefits	197,629	196,286	225,883	138,576	0%	226,404
		PERKS Employee Benefits	0	0	0	0	100%	500
		Payroll Taxes	17,414	12,970	19,517	10,993	1%	19,702
		Salaries and Wages	854,794	824,712	943,558	676,975	3%	968,887
		Workers Comp Insurance	16,308	10,351	14,894	9,960	-9%	13,630
		<i>Total Human Resource Expenses</i>	<i>1,176,894</i>	<i>1,140,111</i>	<i>1,307,578</i>	<i>929,499</i>	<i>2%</i>	<i>1,331,263</i>
		<i>General & Administrative</i>						
		Accounting & Auditing	2,000	1,806	2,000	1,451	97%	65,040
		Capital Outlay	0	0	0	0	0%	0
		DPMT Expense/MTR VHL Fee Exp	0	159,344	0	0	0%	0
		Communications	10,582	9,174	14,155	9,199	-3%	13,700
		BLDG & Maint/Improvement	88,915	13,193	89,140	21,380	-31%	67,940
		Office Supplies	25,580	19,040	32,550	12,989	-113%	15,300
		Insurance	17,050	16,957	23,295	24,860	3%	24,100
		Legal Fees	0	0	0	0	100%	50,000
		Maintenance/Equipment	5,275	1,622	7,500	473	-88%	4,000
		Dues and subscriptions	2,700	2,265	2,700	0	36%	4,200
		Professional Services	299,350	230,353	262,850	275,949	-198%	88,298
		Publications/Public Notices	4,650	2,621	4,550	3,136	18%	5,550
		Rents & Leases/Equipment	1,820	1,351	2,000	1,176	-11%	1,800
		Minor Equipment	0	555	0	0	100%	12,900
		Taxes and fees	0	0	0	0	100%	600
		Technology	0	0	0	0	100%	38,250
		Travel - Operations	22,100	11,020	23,500	6,092	0%	23,500
		Utilities	12,908	10,733	14,320	10,389	0%	14,320
		<i>Total General & Administrative</i>	<i>492,930</i>	<i>480,034</i>	<i>478,560</i>	<i>367,094</i>	<i>-11%</i>	<i>429,498</i>
		Total Expense	2,222,859	4,051,522	2,271,139	2,808,409	61%	5,845,641
		Net Ordinary Income	(515,042)	1,360,250	(320,934)	(866,587)	49%	(631,818)

**Feather River Air Quality Management District
2021/2022 Budget Draft
July 2021 through June 2022**

				Approved 19/20 Budget	19/20 Actuals	Approved 20/21 Budget	20/21 YTD Actuals (75%)	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Draft Total Budget 21/22
Other Income/Expense									
<i>Other Expense</i>									
Interest Expense				15,147	13,548	14,067	7,690	-9%	12,936
Depreciation Expense				0	55,863	0	0	0%	58,162
<i>Total Other Expense</i>				15,147	69,411	14,067	7,690	80%	71,098
Net Other Income				(15,147)	(69,411)	(14,067)	(7,690)	80%	(71,098)
Net Income				(530,189)	1,290,838	(335,001)	(874,278)	52%	(702,916)
Statement of Financial Position									
(2)	Building-Current Debt Reduction			(22,741)		(23,821)			(26,138)
(2)	Fixed Assets Purchases			(40,000)		(40,000)			0
(2)	Capital Improvement Purchases			(297,722)		(20,000)			
(2)	PERS Unfunded Liability			(56,943)		(66,613)			(82,164)
(2)	PERS Retiree OPEB			(3,000)		(20,913)			(3,000)
(1)	Use of Restricted Fund Balance			303,035		335,001			672,708
(2)	Use of Unassigned Fund Balance			647,560		171,347			141,510
	Net Use of Fund Balances			950,595		506,348			814,218
	Check			0		0			(0)

**Feather River Air Quality Management District
2021/2022 AB2766 Allocated Project Funds
Final Budget**

Current Year Allocation:

Project		Project			Paid Out	Amount
#		Description	\$ Amt.	Expiration	YTD	Remaining
N/A	FRAQMD	Blue Sky Projects	\$150,000	*Various		
N/A	FRAQMD	Mini Project allocation for FY 21/22	\$16,000	*Various		
			\$166,000			

Previously Allocated:

N/A	FRAQMD	Outstanding Mini Projects	\$8,000	*Various	\$0	\$8,000
VF 20-01	Wheatland High	Alternative Fuel Structure	\$15,000	5/22/2022	\$0	\$15,000
VF 20-05	Playzeum Yuba Sutter	At Home Science Kits	\$4,500	3/1/2022	\$0	\$4,500
VF 20-07	Yuba Sutter Transit	Discount Monthly Pass	\$72,000	3/1/2022	\$0	\$72,000
VF19-02	Yuba Sutter Transit	Discount Monthly Bus Pass	\$142,000	9/30/2021	\$50,540	\$91,460
VF 19-06	Yuba Water Agency	Ride Share	\$20,875	12/31/2020	\$19,491	\$1,384
VF 19-07	Yes Charter Academy	Electric School Bus	\$50,364	6/30/2021	\$0	\$50,364
VF18-05	City of Yuba City	School Crossing	\$80,000	6/30/2021	\$0	\$80,000
		BALANCE	\$392,739			\$322,708

*Various - one year from date of agreement(s)

**Feather River Air Quality Management District
2021/2022 AB923 Allocated Project Funds
Final Budget**

Current Year Allocation:

Project		Project		Paid Out	Amount	
#		Description	\$ Amt.	Expiration	YTD	Remaining
N/A	FRAQMD	Bus Replacement Projects	\$150,000			
			\$150,000			

Previously Allocated:

Project		Project		Paid Out	Amount	
#		Description	\$ Amt.	Expiration	YTD	Remaining
	YCUSD	Replace CNG Tank	\$20,000		\$0	\$20,000
	Wheatland School Dist	Replace 1999 Bus	\$165,000		\$0	\$165,000
	Wheatland School Dist	Replace 1999 Bus	\$165,000		\$0	\$165,000
BALANCE			\$350,000			\$350,000

*Various - one year from date of agreement(s)

REGULATION VII - FEES

1.70%

Rules affected by the Final FY 21/22 CPI Adjustment

Rule	Fee Source	3.30%	1.70%
		CPI	CPI
		FY 20/21	FY 21/22
7.4(B)	Application for New or Modified - Filing Fee	\$147.50	\$150.00
7.6(B)(1)	Renewal - Base Fee	\$108.00	\$110.00
7.6(B)(2)(a)	Renewal - Emissions /ton (TOG, NOx, SOx, PM)	\$9.88	\$10.05
7.6(B)(2)(b)	Renewal - Emissions /ton (CO)	\$2.49	\$2.53
7.7(A)	Billable Rate	\$90.00	\$92.00
7.7(A)	Billable Rate - Expedite	\$134.00	\$136.00
7.12	Transfer Fee	\$44.00	\$45.00

Other Fees Specified in Regulation VII

Rule	Fee Source	
7.1(A)	Hearing Board Filing Fee	\$112.00
7.1(B)	Hearing Board Per Diem Fee (per member)	\$50.00
7.5(A)(1)	Notification of Operation - Well Drilling	\$105.00
7.8(A)(1)	Ag Burning Base Fee	\$42.00
7.8(A)(2)	Rice Acre Additional Fee (per acre)	\$0.85
7.8(A)(3)	Additional Fee fields over 20 acres (per acre)	\$0.42
7.8(A)(4)	Orchard Removal Not Meeting Drying time (p/orct)	\$85.00
7.8(B)	Residential Burning	\$25.00
7.8(C)	Special Burning no inspection	\$34.00
7.8(C)	Special Burning with inspection	\$85.00
7.10(B)(1)	Indirect Source Fee - Residential (per unit)	\$15.00
7.10(B)(2)	Indirect Source Fee - Commercial (per square foot)	\$0.06
7.10(B)(3)	Indirect Source Fee - Industrial (per square foot)	\$0.04
7.11(A)	ERC - Biomass Open Burning	\$60.00
7.11(B)	ERC - Other Sources	\$224.00
7.11(C)	ERC - Modification of Certificate	\$30.00
7.11(D)	ERC - Transfer of Certificate	\$30.00
7.11(F)	ERC - Replacement Certificate	\$30.00

Other Fees Not Specified in the Regulation

Rule	Fee Source	References Rule
7.1(C)	District Time at Billable Rate	7.7
7.1(D)	Transcript Costs	cost
7.2	Analysis Fee	cost
7.3	Technical Report Fee	cost & 7.7
7.9(C)	Air Toxics Hot Spots	7.7, H&S 90700,