

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM
06/06/2022

TO: FRAQMD BOARD OF DIRECTORS
FROM: Christopher Brown AICP, APCO
SUBJECT: Approve adoption of the FY 22/23 proposed budget

RECOMMENDATION:

Approve adoption of the FY 22/23 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 22/23 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 4% 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 05/12/22. After a thorough review of the budget, the Committee recommends approval of the proposed budget.

The District previously implemented a new accrual accounting system, along with new accompanying software, QuickBooks. As part of that process, a new budget format was implemented with the 20/21 budget adoption to better align with the financial statements and allow better real time tracking of budget to actuals. Final adjustments to the format were made with the 21/22 budget adoption. This new format continues with the 22/23 fiscal year budget process and provides a streamlined viewing layout for the Board members and the general public.

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

Income

Grants & Projects Revenue

State Funding: Total reduction in funding by 26%. CAP funding reduced by \$250K, Moyer funding reduced by \$650K. Woodsmoke funding ended with the 21/22 fiscal year. This line item includes restricted and non-restricted funding sources.

Permits & Fees Revenue

Overall increase in annual and new permits based on prior years trends and the annual CPI increase. Reduction in penalty revenue of 17% as the settlement budgeted in the prior year has been fully received.

Air Toxics: 17% decrease based on prior year actuals.

Annual Permits: 4% increase based on annual CPI increase.

New Permits: 27% increase based on consistent year over year actuals.

Other Revenue

Miscellaneous: Decreased based on actuals.

Interest: Decreased based on actuals from FY 21/22.

Expense

Program Activities

Previously Allocated Local Incentives Programs: Projects awarded but not expended has decreased by 8%. 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: Reflects expenditures set aside for anticipated projects to be awarded in FY 22/23. A decrease of 13% in this area over the prior year in an effort to balance the budget.

State Incentives Programs (Pass-Through): Shows all restricted grant expenses for projects. In alignment with the decreased revenues, anticipating a reduction of 29% in restricted expenses.

Human Resource Expenses

Human Resource expenditures are projected to increase by 4% for FY 22/23. Annual increase in health benefit premiums of 5-13% expected. Annual salary increases of 1% plus appropriate step increases.

Workers Comp Insurance: Decreased budget amount by 53%. Figure is based on actual invoice received. Prior budgeted amounts were incorrectly too high.

General & Administrative

General & Administrative expenditures are projected to decrease by 9% for FY 22/23.

Accounting & Auditing: Cost for completion of two audits included this fiscal year. Increase in external CFO firm to supplement staff support.

Dues and Subscriptions: Increase of 18% due to increases in existing membership dues.

Insurance: Increase of 13% based on annual policy increases.

Minor Equipment: Expected decrease of 30% from the prior year based on reduced need of purchases in the FY22/23.

Professional Services: Decrease of 14% is due to prior outside consultant fees brought in house and supported by staff.

Taxes and fees: Anticipating increased taxes of 18%.

Technology: A decrease of 156% is due to removal of the database project that was included in 21/22.

Other Income/Expense

Other Expense

Interest Expense: Decrease of 10% based on actuals.

Reserves

As of April 30, 2022, the Unassigned Fund Balance is \$1,841,957.

Feather River Air Quality Management District
2022/2023 Budget Draft
July 2022 through June 2023

	Approved 20/21 Budget	20/21 Actuals	Approved 21/22 Budget	21/22 YTD Actuals 75%	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Draft Total Budget 22/23
Ordinary Income/Expense						
Income						
Grants & Projects Revenue						
Local Funding	0	0	0	0	0%	0
State Funding	712,305	1,949,091	3,602,923	1,090,926	-26%	2,850,083
Federal Funding	0	0	0	0	0%	0
Total Grants & Projects Revenue	712,305	1,949,091	3,602,923	1,090,926	-26%	2,850,083
Permits & Fees Revenue						
Air Toxics	3,500	105	3,500	1,916	-17%	3,000
Annual Permits	375,000	435,215	400,000	408,079	4%	416,000
Burn Permits	68,000	73,021	68,000	58,796	4%	70,720
Emission Reduction Credits	150	503	150	0	0%	150
Indirect Source	28,000	55,787	34,000	22,300	0%	34,000
New Permits	73,000	133,621	73,000	154,046	27%	100,000
Penalty	70,000	74,495	70,000	126,402	-17%	60,000
PERP Inspections	25,000	24,559	25,000	25,953	0%	25,000
State Motor Veh (AB2766 & AB923)	565,000	712,180	860,000	444,273	2%	876,000
AB923 Admin Revenue		16,196	18,000	9,453	5%	18,900
Total Permits & Fees Revenue	1,207,650	1,525,681	1,551,650	1,251,218	3%	1,603,770
Other Revenue						
Miscellaneous	4,250	15,986	19,250	11,531	-28%	15,000
Interest	26,000	49,021	40,000	14,486	-43%	28,000
Total Other Revenue	30,250	65,007	59,250	26,017	-38%	43,000
Total Income	1,950,205	3,539,779	5,213,823	2,368,161	-16%	4,496,853
Expense						
Program Activities						
(1) Previously Allocated Local Incentives Programs	150,000	259,527	671,324	371,901	-8%	620,493
Current Year Local Incentives Programs		0	441,000	19,900	-13%	392,000
Outreach Event Supplies (Non Grant Related)			1,000	0	0%	1,000
State Incentives Programs (Pass Through)	335,001	1,863,416	2,945,172	436,161	-29%	2,275,000
Total Program Activities	485,001	2,122,943	4,058,496	827,962	-23%	3,288,493

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<i>Human Resource Expenses</i>						
CALPERS 457 Contribution	7,950	7,175	7,800	7,270	0%	7,800
CO Share PERS	95,776	160,303	92,549	147,698	8%	100,722
Employee Benefits	225,883	186,660	214,417	170,444	13%	245,153
PERKS Employee Benefits	0	497	500	0	0%	500
Payroll Taxes	19,517	14,064	19,636	11,219	2%	20,069
Salaries and Wages	943,558	899,630	964,764	698,889	3%	991,796
Workers Comp Insurance	14,894	8,889	13,574	7,532	-53%	8,879
Total Human Resource Expenses	1,307,578	1,277,218	1,313,241	1,043,052	4%	1,374,918
<i>General & Administrative</i>						
Accounting & Auditing	2,000	1,828	65,040	38,406	24%	85,700
BLDG & Maint/Improvement	89,140	22,548	67,940	18,413	-2%	66,900
Communications	14,155	12,137	13,700	10,129	-3%	13,290
Dues and subscriptions	2,700	1,700	4,200	2,246	18%	5,126
Insurance	23,295	24,860	24,100	23,019	13%	27,685
Legal Fees	0	0	50,000	13,433	0%	50,000
Maintenance/Equipment	7,500	350	4,000	200	0%	4,000
Minor Equipment	0	4,175	12,900	3,491	-30%	9,950
Office Supplies	32,550	16,140	15,300	9,767	0%	15,350
Professional Services	262,850	293,992	100,247	64,751	-14%	88,298
Publications/Public Notices	4,550	4,257	5,550	2,492	0%	5,550
Rents & Leases/Equipment	2,000	1,792	1,800	552	0%	1,800
Taxes and fees	0	0	600	0	18%	733
Technology	0	0	80,250	41,910	-156%	31,300
Travel - Operations	23,500	7,413	23,500	8,447	6%	24,900
Utilities	14,320	12,814	14,320	10,968	2%	14,590
Total General & Administrative	478,560	404,006	483,447	248,224	-9%	445,172
Total Expense	2,271,139	3,804,167	5,855,184	2,119,238	-15%	5,108,583
Net Ordinary Income	(320,934)	(264,388)	(641,361)	248,923	-5%	(611,730)

Feather River Air Quality Management District
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July 2022 through June 2023

	Approved 20/21 Budget	20/21 Actuals	Approved 21/22 Budget	21/22 YTD Actuals 75%	Upcoming Year Over Year Anticipated Budget Increase or (Decrease)	Draft Total Budget 22/23
Other Income/Expense						
Other Expense						
Interest Expense	14,067	13,483	12,936	12,897	-10%	11,750
Depreciation Expense	0	58,162	58,162	0	0%	58,162
Total Other Expense	14,067	71,645	71,098	12,897	-2%	69,912
Net Other Income	(14,067)	(71,645)	(71,098)	(12,897)	-2%	(69,912)
Net Income	(335,001)	(336,033)	(712,459)	236,026	-5%	(681,642)
Statement of Financial Position						
(2) Building-Current Debt Reduction	(23,821)		(26,138)			(26,138)
(2) Fixed Assets Purchases	(40,000)		0			0
(2) Capital Improvement Purchases	(20,000)					
(2) PERS Unfunded Liability	(66,613)		(82,164)			(79,008)
(2) PERS Retiree OPEB	(20,913)		(3,000)			(3,000)
(1) Use of Restricted Fund Balance	335,001		671,324			620,493
(2) Use of Unassigned Fund Balance	171,347		152,437			169,225
Net Use of Fund Balances	506,348		823,761			789,788

Feather River Air Quality Management District
2022/2023 Budget Draft
July 2022 through June 2023

	Draft Total Budget 22/23	AB 197	AB 2766	AB 617	AB 923	CAP	Farmer	Moyer	Moyer State Reserve	Oil & Gas	Prescribed Fire	Subvention	Unrestricted
Ordinary Income/Expense													
Income													
Total Grants & Projects Revenue	2,850,083	9,583	0	48,000	0	1,000,000	1,000,000	350,000	250,000	75,000	27,500	90,000	0
Total Permits & Fees Revenue	1,603,770	0	600,000	0	294,900	0	0	0	0	0	0	0	708,870
Total Other Revenue	43,000	0	0	0	0	5,786	5,786	2,025	1,446	434	159	0	27,364
Total Income	4,496,853	9,583	600,000	48,000	294,900	1,005,786	1,005,786	352,025	251,446	75,434	27,659	90,000	736,234
Expense													
Total Program Activities	3,288,493	0	451,493	0	561,000	875,000	875,000	306,250	218,750	0	0	0	1,000
Total Human Resource Expenses	1,374,918	9,083	350,000	48,000	18,900	90,786	100,786	45,775	32,696	75,434	27,660	90,000	485,799
Total General & Administrative	445,172	500	100,000	0	0	40,000	30,000	0	0	0	0	0	274,672
Total Expense	5,108,583	9,583	901,493	48,000	579,900	1,005,786	1,005,786	352,025	251,446	75,434	27,660	90,000	761,471
Net Ordinary Income	(611,730)	(0)	(301,493)	(0)	(285,000)	0	(0)	0	(0)	(0)	(0)	(0)	(25,237)
Other Income/Expense													
Other Expense													
Interest Expense	11,750												11,750
Depreciation Expense	58,162												58,162
Total Other Expense	69,912	0	0	0	0	0	0	0	0	0	0	0	69,912
Net Other Income	(69,912)	0	0	0	0	0	0	0	0	0	0	0	(69,912)
Net Income	(681,642)	(0)	(301,493)	(0)	(285,000)	0	(0)	0	(0)	(0)	(0)	(0)	(95,149)

**Feather River Air Quality Management District
2022/2023 AB2766 Allocated Project Funds
Final Budget**

Current Year Allocation:

Project		Project			Paid Out	Amount
#		Description	\$ Amt.	Expiration	YTD	Remaining
VF 21-02	Yes Charter Academy	Electric Bus Purchase	\$125,000		0	\$125,000
N/A	FRAQMD	Mini Project allocation for FY 21/22	\$16,000	*Various	0	\$16,000
			\$16,000			

Previously Allocated:

N/A	FRAQMD	Outstanding Mini Projects	\$8,000	*Various	\$3,659	\$4,341
VF 20-01	Wheatland High	Alternative Fuel Structure	\$15,000	5/22/2022	\$1,782	\$13,218
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	\$59,170	\$12,830
VF 19-02	Yuba Sutter Transit	Discount Monthly Bus Pass	\$142,000	9/30/2021	\$67,760	\$74,240
VF 19-05	Sutter Co. Ag Dept.	Kill the Bug, Recycle the Jug	\$3,636	12/31/2020	\$2,388	\$0
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	\$45,000	\$35,000
		BALANCE	\$375,500			\$335,493

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

**Feather River Air Quality Management District
2022/2023 AB923 Allocated Project Funds
Final Budget**

Agenda Item 14

Current Year Allocation:

Project #	Project Description	\$ Amt.	Expiration	Paid Out YTD	Amount Remaining
1 MJUSD	Replace 1995 School Bus	\$100,000		0	\$100,000
3 Wheatland High	Replace 1996 School Bus	\$165,000		0	\$165,000
		<u>\$265,000</u>			<u>\$265,000</u>

Previously Allocated:

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

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

REGULATION VII - FEES

4.00%

Rules affected by the Final FY 22/23 CPI Adjustment

Rule	Fee Source	1.70%	4.00%
		CPI	CPI
		FY 20/21	FY 21/22
7.4(B)	Application for New or Modified - Filing Fee	\$150.00	\$156.00
7.6(B)(1)	Renewal - Base Fee	\$110.00	\$114.40
7.6(B)(2)(a)	Renewal - Emissions /ton (TOG, NOx, SOx, PM)	\$10.05	\$10.45
7.6(B)(2)(b)	Renewal - Emissions /ton (CO)	\$2.53	\$2.63
7.7(A)	Billable Rate	\$92.00	\$95.68
7.7(A)	Billable Rate - Expedite	\$136.00	\$141.44
7.12	Transfer Fee	\$45.00	\$46.80

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/orcl)	\$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,