

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT
MEMORANDUM
08/01/2022

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

RECOMMENDATION:

Approve final 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 recommended approval of the proposed budget. The Board approved the proposed draft budget at the 06/06/22 meeting. Minor adjustments have been made since that time with the most recent and up to date information.

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.

Income

Grants & Projects Revenue

State Funding: Total reduction in funding by 8%. 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 7 and 8.

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 9% in restricted expenses.

Human Resource Expenses

Human Resource expenditures are projected to increase by 5% for FY 22/23. Annual increase in health benefit premiums of 13.54% 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 May 31, 2022, the Unassigned Fund Balance is \$2,798,916.

**Feather River Air Quality Management District
2022/2023 Final Budget
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								
	<i>Grants & Projects Revenue</i>							
	Local Funding		0	0	0	0	0%	0
	State Funding		712,305	1,949,091	3,602,923	1,090,926	-8%	3,335,831
	Federal Funding		0	0	0	0	0%	0
	Total Grants & Projects Revenue		712,305	1,949,091	3,602,923	1,090,926	-8%	3,335,831
	<i>Permits & Fees Revenue</i>							
	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
	<i>Other Revenue</i>							
	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	-5%	4,982,601
	Expense							
	<i>Program Activities</i>							
	(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	-9%	2,699,166
	Total Program Activities		485,001	2,122,943	4,058,496	827,962	-9%	3,712,659

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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%	245,839
		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
		<i>Total Human Resource Expenses</i>	<i>1,307,578</i>	<i>1,277,218</i>	<i>1,313,241</i>	<i>1,043,052</i>	<i>5%</i>	<i>1,375,605</i>
		<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
		<i>Total General & Administrative</i>	<i>478,560</i>	<i>404,006</i>	<i>483,447</i>	<i>248,224</i>	<i>-9%</i>	<i>445,172</i>
		Total Expense	2,271,139	3,804,167	5,855,184	2,119,238	-6%	5,533,435
		Net Ordinary Income	(320,934)	(264,388)	(641,361)	248,923	-16%	(550,834)

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				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									
		<i>Other Expense</i>							
			Interest Expense	14,067	13,483	12,936	12,897	-10%	11,750
			Depreciation Expense	0	58,162	58,162	0	0%	58,162
		<i>Total Other Expense</i>		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	-15%	(620,746)
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		<u>171,347</u>		<u>152,437</u>			<u>108,400</u>
		Net Use of Fund Balances		506,348		823,761			728,892

**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 4

Current Year Allocation:

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

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		\$165,000	\$0
	Wheatland School Dist Replace 1999 Bus	\$165,000		\$165,000	\$0
BALANCE		\$350,000			\$20,000

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