



TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTL
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

**REGULAR MEETING NOTICE OF THE
BUTTE COUNTY AIR QUALITY
MANAGEMENT DISTRICT GOVERNING BOARD
May 25, 2023 - 10:00 a.m.**

Meeting Location:

**Butte County Association of Governments Board Room
326 Huss Drive, Suite 100, Chico, California**

Members of the public are encouraged to attend the meeting in real time using the Zoom information listed below. Please note: To join the video conference, you will need a webcam and computer audio (speakers and microphone). If you do not have either, you may dial 1-669-900-9128 to join by audio only.

<https://us02web.zoom.us/j/87111751705?pwd=em1GWGk2cVJZTExqYmwraGw2T1p9gdz09>

Zoom Meeting ID: 871 1175 1705 Passcode: 298155

The Governing Board is committed to making its proceedings accessible to all citizens. Individuals with special needs should call the Clerk of the Board at (530) 332-9400, Monday through Friday, 7:30 a.m. to 4:30 p.m. to request disability-related modifications, accommodations or to request materials in alternate formats. All requests for special accommodations and/or alternative format documents must be made 48 hours prior to the meeting. Every reasonable attempt will be made to provide such accommodations.

- | | |
|---|--------------|
| 1. Call to Order and Roll Call. | Chair |
| Consider approval of Directors request to participate remotely and utilize Just Cause or Emergency Circumstance per AB 2449. | |
| 2. Additions and Deletions to the Consent Agenda. | Chair |

CONSENT AGENDA

- | | |
|--|----------------------|
| 3.1 Minutes of the April 27, 2023, Meeting of the Board of Directors. | Kelly Towne |
| 3.2 Activity Report on Butte County Air Quality Management District Activities. | Stephen Ertle |
| 3.3 Financial Status Report for Fiscal Year 2022-2023. | Aleah Ing |
| 3.4 Status Report on Calendar of Events. | Stephen Ertle |
| 3.5 Status Report on Communications. | Kelly Towne |

REGULAR AGENDA

ITEMS FOR ACTION

- | | |
|--|-------------------------------------|
| 4. Items removed from the consent agenda for Board consideration and action - if any. | <i>Chair</i> |
| 5. Annual Report on District Deferred Compensation Program | <i>Mason Moore,
HUB Int.</i> |
| 6. OPEB and CALPers Liability Report | <i>Aleah Ing</i> |
| 7. CAP Incentives Project Approvals | <i>Jason Mandly</i> |
| 8. FY23-24 Budget Hearing #1 | <i>Aleah Ing/
Stephen Ertle</i> |

ITEMS FOR INFORMATION

- | | |
|---|----------------------|
| 9. APCO Report. Report from the Air Pollution Control Officer on current areas of potential interest to your Board, including air quality-related activities at the local, State, and federal scenes. | <i>Stephen Ertle</i> |
| 10. Other Business. | <i>Chair</i> |
| 11. Public Comment Period. Any person may address the Board of Directors on any matter within the jurisdiction of the Board that is not on the agenda for this meeting. Any person may address the Board on an agenda item when that time is called. The chair requests that each person addressing the Board limits their presentation to five (5) minutes. | <i>Chair</i> |
| 12. Adjourn to Closed Session.
Conference with Labor Negotiators/Potential Litigation | <i>Chair</i> |
| 13. Report From Closed Session. | <i>Chair</i> |

ADJOURNMENT

- | | |
|---|--------------|
| 14. The next Board of Directors Meeting is scheduled for June 22, 2023, at 10:00 a.m. at the Butte County Association of Governments Board Room, 326 Huss Drive, Suite 100, Chico, California. | <i>Chair</i> |
|---|--------------|

Questions, comments, and correspondence may be directed to:

Kelly Towne, Clerk of the Board

629 Entler Avenue, Suite 15

Chico, CA 95928

ktowne@bcaqmd.org or 530-332-9400 ext. 109



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Vice Mayor, Paradise

STEPHEN ERTL
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Draft Minutes of the Butte County Air Quality Management District Governing Board of Directors Meeting of April 27, 2023

Members Present:

Tami Ritter	Supervisor, District 3
Tod Kimmelshue	Supervisor, District 4
Doug Teeter	Supervisor, District 5
Angel Calderon	Councilmember, Gridley
Chuck Nuchols	Councilmember, Biggs
Addison Winslow	Councilmember, Chico
Eric Smith	Vice Mayor, Oroville
Rose Tryon	Vice Mayor, Town of Paradise

Members Absent:

Bill Connelly	Supervisor, District 1
Peter Durfee	Supervisor, District 2

Staff Present:

Stephen Ertle	Air Pollution Control Officer
Patrick Lucey	Assistant Air Pollution Control Officer
Aleah Ing	Administrative Services Officer
Cora Collins	Clerk of the Board
Kelly Towne	Accounting Technician

Staff Remote:

David Campbell	Air Quality Compliance Specialist
Samuel Nassie	Air Quality Compliance Specialist
Jason Mandly	Senior Air Quality Planner
Ursula Parker	Senior Air Quality Compliance Specialist

Due to the COVID-19 pandemic, members of the public are encouraged to attend the meeting using Zoom. Public comments were accepted before and during the meeting by emailing ccollins@bcaqmd.org.

1. **Call to Order and Roll Call.**

Chair Ritter called the meeting to order at 10:38 a.m. at the BCAG Board Room, 326 Huss Drive, Suite 100, Chico, California.

2. **Additions and Deletions to the Consent or Regular Agenda.**

No additions or deletions.

3. **Consent Agenda.**

Agenda Item 3.1

- 3.1 Minutes of the March 23, 2023, Meeting of the Board of Directors
- 3.2 Activity Report on Butte County Air Quality Management District Activities.
- 3.3 Financial Status Report for Fiscal Year 2022-2023.
- 3.4 Status Report on Calendar of Events.
- 3.5 Status Report on Communications.
- 3.6 Approve Participation in Pilot Grant Program for Fiscal Year 23.
- 3.7 Approve AB 617 Community Air Protection Implementation Grant Program for Fiscal Year 2022-2023. Resolution 2023-04.

ACTION REQUESTED: Approve Consent Agenda Items.

Board comments: None.

Public comments: None.

A motion was made by Supervisor Teeter and seconded by Supervisor Kimmelshue to approve the Consent Agenda items.

AYES: Supervisor Ritter, Supervisor Kimmelshue (seconded), Supervisor Teeter (motion), Councilmember Calderon, Councilmember Nuchols, Councilmember Winslow, Vice Mayor Smith, Vice Mayor Tryon.

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Connelly, Supervisor Durfee.

ITEMS FOR ACTION

4. Items removed from the Consent Agenda for Board consideration and actions.

No items removed from the Consent Agenda.

5. Consider approval of a Lawn and Garden Equipment Program addition and amendments to the District's Carl Moyer Program Policies & Procedures Manual.

ACTION REQUESTED: Adopt proposed Resolution 2023-05 approving additions and amendments to the District's Carl Moyer Program Policies and Procedures Manual.

Jason Mandly, Senior Air Quality planner, requested approval of Resolution 2023-05 additions to the Carl Moyer Policies and Procedures. The District was awarded Carl Moyer State Reserve funding of \$263,000. It is a special allocation where they identify a specific category that they want to fund, and this allocation was set for Commercial Grade Lawn and Garden Equipment. To move forward the State had to update their categories. Commercial grade can be landscapers, public sector agencies, schools, non-profits, and forest management/wildfire prevention. This will be a voucher program working with local merchants. Existing equipment that is being replaced will need to be destroyed like the Woodsmoke voucher program.

Board discussion:

Will there be a residential program? This program is specifically for commercial grade business at this time, however it is set up to fund residential programs in the future if the board were to approve it through CAP funds or other grants in the future.

Will this program allow farmers to participate or is only for landscaping? Yes, farmers can apply to replace existing equipment such as chainsaws used during business.

Public Comment: None

A motion was made by Supervisor Kimmelshue and seconded by Vice Mayor Tryon to adopt Resolution 2023-05 approving additions and amendments to the District's Carl Moyer Program Policies and Procedures Manual.

AYES: Supervisor Ritter, Councilmember Calderon, Supervisor Kimmelshue (motion), Supervisor Teeter, Vice Mayor Nuchols, Councilmember Winslow, Vice Mayor Smith, and Vice Mayor Tryon (seconded).

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Connelly, Supervisor Durfee.

6. Establish a CalPERS California Employer' Pension Refunding Trust (CEPPT) 115 Trust account for use In reducing the Pension *Unfunded Accrued Liability* (UAL) and to help stabilize annual payments as Recommended by the Pension Policy previously adopted by the Board.

ACTION REQUESTED: Approval of Resolution 2023-06, CalPERS CEPPT agreement and the Delegation of Authority to Request Disbursements.

Aleah Ing, Administrative Services Officer, discussed that per the UAL Pension Management Policy adopted in January by the Governing Board, the District was to implement the CEPPT 115 Trust (California Employers' Pension Prefunding Trust). The District is now ready to implement the CEPPT 115 Trust and seeks Board approval.

Board Discussion: None.

Public Comment: None

A motion was made by Councilmember Calderon and seconded by Councilmember Winslow to adopt Resolution 2023-06, CalPERS CEPPT agreement and the Delegation of Authority to Request Disbursements.

AYES: Supervisor Ritter, Councilmember Calderon (motion), Supervisor Kimmelshue, Supervisor Teeter, Vice Mayor Nuchols, Councilmember Winslow (seconded), Vice Mayor Smith and Vice Mayor Tryon.

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Connelly, Supervisor Durfee

7. 3rd Quarter Fiscal Year 2022-23 budget Amendments.

ACTION REQUESTED: Approve budget transfer and amendments to the Fiscal Year 2022-23 Budget.

Aleah Ing, Administrative Services Officer, presented amendments to the Fiscal Year 2022-23 budget mainly related to the various grants including reduction in implementation recognition due to less time needed than projected to administer the grants. The District is aware that these amendments will create a budget deficit. The cost recovery shortfall is highlighted in the documents provided to the Board.

Board discussion:

Did the District go back and look at factors for cost recovery for the grants? The District did go back and look and was able to achieve some additional cost recovery but is limited by the grants themselves and the allowed amounts for direct and indirect costs.

Did the cost of software approved at the last Board meeting get utilized in the cost recovery. Yes, the cost of the workflows were direct costs and utilized implementation funding.

Public comment: None.

A motion was made by Vice Mayor Tryon and seconded by Vice Mayor Nuchols to Approve budget transfer and amendments to the Fiscal Year 2022-23 Budget.

AYES: Supervisor Ritter, Councilmember Calderon, Supervisor Kimmelshue, Supervisor Teeter, Vice Mayor Nuchols (seconded), Councilmember Winslow, Vice Mayor Smith, and Vice Mayor Tryon (motion).

NOES: None

ABSTAIN: None

ABSENT: Supervisor Connelly, Supervisor Durfee

8. Authorization for Temporary Reduction of Office Front Counter Hours.

ACTION REQUESTED: Approve reduction to front counter hours until a permanent replacement is recruited and hired.

Stephen Ertle, Air Pollution Control Officer, presented to the Board the staff shortage created by the retirement of the Administrative Assistant, Cora Collins. The District has brought in temporary; part time help to assist with front office duties until the budget will allow the hiring of a permanent position. To avoid impact on other staff during the shortage the District is requesting the Board approve an adjustment to the front office hours during that time. The District is requesting the office be closed to walk ins after lunch, from 1:00pm – 4:30pm Tuesday – Friday. The office is currently closed to walk ins on Monday. Staff will still be available by phone or email and will be working in office at this time. This current walk-in hours are an underutilized service as the District sees very little walk-in traffic and the District expects minimal impact to service.

Board Discussion:

Does the District office have much walk-in traffic currently? No, the consensus is that there is very little walk-in traffic except during the grant period.

Can someone make an appointment? Yes, customers can call and make an appointment, paperwork is also provided outside the office with a drop slot for customer use. Email and online are also available.

Can grant paperwork be accessed where the burn permit forms are, and can a direct extension be provided for grant information? Yes, the packets can be placed in the outside box and can be returned in a variety of methods and the packets have Jason Mandly's (Senior Air Quality Planner) direct number on them.

Public Comment: None

A motion was made by Supervisor Teeter and seconded by Vice Mayor Smith to approve the reduction of front counter hours until a permanent replacement can be recruited and hired.

AYES: Supervisor Ritter, Councilmember Calderon, Supervisor Kimmelshue, Supervisor Teeter (motion), Vice Mayor Nuchols, Councilmember Winslow, Vice Mayor Smith (seconded) and Vice Mayor Tryon.

NOES: None.

ABSTAIN: None.

ABSENT: None

9. Public Hearing: Rule 500 Stationary Source Permit Fees Proposed Amendments

ACTION REQUESTED: Following a Public Hearing, accept comments and approve Resolution 2023-02, adopting the proposed amended rule.

Stephen Ertle, Air Pollution Control Officer, started the presentation to the Board for the Proposed amendment to Rule 500 Stationary Source Permit Fees to add a throughput fee for GDF facilities that dispense more than 30,000 gallons per year. Stephen Ertle provided the background legislation and regulations that require Air Districts. Aleah Ing, Administrative Officer, presented on the Financial impact and cost recovery and Patrick Lucey, Assistant Air Pollution Control Officer, presented on affected sources and proposed changes. See attached PDF of the presentation for detailed information.

Board Discussion:

Supervisor Kimmelshue inquired about the two highest tiered sources and their comments. Due to confidentiality issues on throughput numbers, the sources could not be named but the APCO directly contacted them, and they were not going to comment and understood the need for cost recovery.

Vice Mayor Tryon asked about the Paradise source that contacted the District and what were their concerns? The AAPCO explained that they were curious about the changes to the rule, and they were offered the opportunity to provide a written comment and attend the hearing. They did neither.

Vice Mayor Tryon stated that she was adamant prior that no fees be raised; however, now that she has sat on the Budget and Finance Committee, she realizes that certain funds go to certain places and that the District is mandated to run certain programs often without adequate funding. She acknowledges that cost recovery is an

issue and commends the District on their budget process. She encouraged fellow Board members to vote yes on this proposal.

Councilmember Winslow also commended the budget process and the thoroughness of District staff to work on the structural shortfalls and that approving this resolution is the only thing that seems to make sense.

Supervisor Kimmelshue stated that the District did a very admiral job of contacting the affected sources and there didn't seem to be any issues and he would be voting yes.

Public Comment: None.

A motion was made by Supervisor Kimmelshue and seconded by Councilmember Winslow to accept comments and approve Resolution 2023-02, adopting amended Rule 500.

AYES: Supervisor Ritter, Councilmember Calderon, Supervisor Kimmelshue (motion), Supervisor Teeter, Vice Mayor Nuchols, Councilmember Winslow (seconded), Vice Mayor, and Vice Mayor Tryon.

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Connelly, Supervisor Durfee

10. Resolution 2023-03 of Appreciation Recognizing of Service with the District of Cora Collins at her Retirement.

ACTION REQUESTED: Adopt attached Resolution 2023-03 in recognition of Cora Collins, Administrative Assistant.

Stephen Ertle, Air Pollution Control Officer, presented the resolution to the Board highlighting the contributions of Cora Collins, Administrative Assistant and Clerk of the Board, to the District.

Board Discussion:

The Board shared their feelings of gratitude for Cora's commitment to District.

Public Comment: None.

A motion was made by Supervisor Kimmelshue and seconded by Vice Mayor Tryon to adopt Resolution 2023-03 in recognition of Cora Collins, Administrative Assistant.

AYES: Supervisor Ritter, Councilmember Calderon, Supervisor Kimmelshue (motion), Supervisor Teeter Vice Mayor Nuchols, Councilmember Winslow, Vice Mayor Smith, and Vice Mayor Tryon (seconded).

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Connelly, Supervisor Durfee

11. APCO Report

ACTION REQUESTED: None. This item is provided for information and discussion.

Federal:

- April 6th, 2023, EPA proposed revisions to six national emission standards for NESHAPs and 4 New source performance standards for VOCs in an effort to reduce emissions.
- Continuing to track the EPA's proposal for changes and reduction to the PM 2.5 standard in conjunction with CAPCOA and other air districts, a letter was submitted.
- May 1st – 5th, 2023 is Air Quality Awareness Week and the District has themes for each day of the week.
- The Asbestos Delegation was submitted and the District is still waiting on a response.

State:

- May revisions of the state budget are on both floors right now and the FARMER program is reported to be back on the budget. The District is watching this closely.
- CARB is planning an Air District Permitting Program Review; no details have been provided except they assured that it is not an audit.
- CAL Fire launched their online burn permit application statewide. The District is working with constituents on burn hours and fire agency burn hours and exemptions for fire hazard reduction.

Locally:

- The District's insurance provider offers discounts on the insurance premiums for certain Governance training for governing board or elected officials. The District will reach out later by email with more specifics.

CAPCOA:

- CAPCOA is currently planning for a Spring membership meeting at the end of May, continuing to fund clean air shelters, the District received one such grant and can assist during exceptional events with clean air locations for the public, and are tracking legislation at the state level.

12. Other Business. None.

13. Public Comment Period. Any person may address the Board of Directors on any matter within the jurisdiction of the Board that is not on the agenda for this meeting. Any person may address the Board on an agenda item when that time is called. The Chair requests that each person addressing the Board limits their presentation to five (5) minutes.

14. Adjourn to Closed Session.

15. Report from Closed Session.

The Board voted to extend the contract with no changes of the Air Pollution Control Officer through September 30th, 2023, the contract was previously set to expire May 31st, 2023.

16. The meeting was adjourned at 11:34 a.m. The next meeting of the Board of Directors is scheduled for May 25, 2023, at 10:00 a.m. at the Butte County Association of Governments Board Room, 36 Huss Drive, Suite 100, Chico, California.

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on March 23, 2023.

ATTEST: _____
Cora Collins, Clerk of the Governing Board

Stephen Ertle, Air Pollution Control Officer
Butte County Air Quality Management District

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Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Activity Report**

ISSUE:

Summary of District activities for calendar years 2021, 2022 and 2023 as of April 30th.

ACTION REQUESTED:

Accept and file report.

Attachment:
2023 Activity Report

Agenda Item 3.2

2023 Activity Report

Activity	2021	2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ¹
Permits to Operate Issued/Renewed	788	813	51	66	44	63									224
Authority to Construct Permits Issued	46	50	4	2	1	4									11
Portable Equipment Registrations	22	34	1	2	1	2									6
Engine Registrations Issued/Renewed	30	261	0	0	0	0									0
Inspections Performed by Facility	115	496	40	36	32	23									131
Inspections Performed by Permits	193	658	35	50	40	30									155
Status Change Reports Received	45	3	1	4	0	0									5
Agricultural Burn Days ²	345	356	31	28	31	30									120
Agricultural No-Burn Days ²	20	9	0	0	0	0									0
Burn Permits Issued	845	750	62	79	62	82									285
Burn Notifications	4,332	5,152	291	451	191	437									1,370
Rice Fields Reported Harvested	341	375	0	0	0	1									1
Complaints Received	135	134	6	2	4	2									14
Notices of Noncompliance Issued	70	104	4	5	4	17									30
Notices to Comply Issued	13	23	0	0	0	0									0
Public Outreach	524	499	37	30	44	55									166
Environmental Documents Reviewed	2	5	0	1	0	0									1
Public Records Requests	X	64	1	1	3	3									8

¹ YTD = Year-to-date totals

X=2022 First Year Reporting Public Records Requests



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Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Financial Status Report for Fiscal Year 2022-2023**

ISSUE:

Financial Status Report.

ACTION REQUESTED:

Accept and file report.

DISCUSSION:

The attached financial report summarizes the District's finances during the period of July 1, 2022, to April 30, 2023 and the Balance sheet for the period ending April 30, 2023. The FY 22-23 Budget was adopted 6/23/2022; Amended on 10/27/2022; and Amended on 04/27/2023 with the current projections showing a deficit.

The Services and other operations expenditures are currently at 50.88% of budget due to time of expenditures and the tighter spending of these funds than budgeted to help with the budgeted deficit.

Rents leases repairs and maintenance expenses are at 39.9% of budget and are expecting this to be under budget due to tighter spending and deferring some building maintenance to reduce the budgeted deficit.

Professional/Consulting services are at 39.11% of budget due to timing of some contracts that are not completed yet. We are expecting additional contracts to be paid out by year end however do anticipate a reduction in services expensed that will be re-budgeted next year and contingency funds are not anticipated to be used.

Agenda Item 3.3

Grant expenses are at 37.63% due to restricted grant funds that are budgeted to be expended but contracts have not been executed with grantees. This is related to timing of pass-through grants and year end budget amendments are anticipated when additional information is available on executed grant agreement timing.

The District is expecting to provide a final year end budget amendment when more accurate actual expenditure information is available.

Attachment:

Fiscal Year 22-23 April Balance Sheet

Fiscal Year 22-23 April Revenue & Expense Report

Butte Co. Air Quality Management Dist.
Balance Sheet
As of April 30, 2023

April 30, 2023

ASSETS

Current Assets

Checking/Savings

1002 · Cash on Hand - Change Box	200.00
1003 · Bank of America - General-0648	93,367.39
1004 · Bank of America - Payroll-0649	8,481.06
1007 · B of A Reserve Acct - 1789	329,650.07
1010 · B of A - 0980 (Grant 1)	149,589.08
1011 · Tri Counties - Carl Moyer 2618	737,049.77
1012 · Tri Counties - FARMER - 6831	1,824,410.36
1013 · Tri Counties - CAP-6855	113,526.88
1017 · Tri Counties - AB 617-6818	59,509.66
1018 · State LAIF Acct	1,225,965.43

Total Checking/Savings 4,541,749.70

Accounts Receivable 974,333.01

Other Current Assets

1102 · Due From Other Governments	122,413.13
1500 · Undeposited Funds	189.00

Total Other Current Assets 122,602.13

Total Current Assets 5,638,684.84

TOTAL ASSETS 5,638,684.84

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable	590.63
2001 · A/P - Grantees	2,069,516.44

Total Accounts Payable 2,070,107.07

Other Current Liabilities

2100 · Accrual Payroll & Benefits

210011 · PERS Survivor Benefits	3.93
210013 · MED FLEX	2,134.77

Total 2100 · Accrual Payroll & Benefits 2,138.70

2107 · Unearned Revenue

210904 · FARMER	368,002.37
210906 · Carl Moyer	87,450.51
210910 · Community (CAP)	296,767.89
210914 · AB 617	59,494.99

Total 2107 · Unearned Revenue 811,715.76

2109 · Unavailable Revenue 944,370.39

Total Other Current Liabilities 1,758,224.85

Total Current Liabilities 3,828,331.92

Total Liabilities 3,828,331.92

Equity

3100 · Reserves	320,255.00
3200 · Restricted Fund	
3004 · Carl Moyer Program	483,970.59
3005 · Reserved FARMER Prgm	717,227.99
3012 · Community (CAP)	799,267.69
Total 3200 · Restricted Fund	<u>2,000,466.27</u>
3900 · Retained Earnings	-736,749.51
Net Income	226,381.16
Total Equity	<u>1,810,352.92</u>
TOTAL LIABILITIES & EQUITY	<u><u>5,638,684.84</u></u>

Butte Co. Air Quality Management Dist.
Profit & Loss Budget vs. Actual
 April 2023 -83.3% of the Year

Accrual Basis

	Jul '22 - April 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
421 · License and Permits				
4213010 · Ag Burn Permits	71,987.18	91,000.00	-19,012.82	79.11%
4213013 · Ag Engine Registration Program	0.00	350.00	-350.00	0.0%
4213020 · Title V Permits	4,564.28	4,500.00	64.28	101.43%
4213030 · Operating Permits	287,326.01	345,000.00	-57,673.99	83.28%
4213035 · Portable Engine Registration	43,091.47	42,800.00	291.47	100.68%
4213040 · Auth to Construct	25,614.97	29,000.00	-3,385.03	88.33%
4213060 · Misc. Other Permits	300.00	600.00	-300.00	50.0%
Total 421 · License and Permits	432,883.91	513,250.00	-80,366.09	84.34%
430 · Fines, Forfeitures & Penalties	46,995.52	47,000.00	-4.48	99.99%
441 · Interest Income	18,706.30	2,000.00	16,706.30	935.32%
451 · Intergovernmental				
45000 · Governmental Funds				
4500001 · State Subvention	65,301.09	65,300.00	1.09	100.0%
4511001 · DMV Surcharge	594,756.96	740,000.00	-145,243.04	80.37%
Total 45000 · Governmental Funds	660,058.05	805,300.00	-145,241.95	81.96%
45105 · Direct Grant Funds				
4510500 · AB 2588 Hot Spots Fee	0.00	134.00	-134.00	0.0%
4510501 · 105 Pilot Project Grant Funding	0.00	60,546.00	-60,546.00	0.0%
4510502 · AB 197 Funding	0.00	8,583.00	-8,583.00	0.0%
4510503 · AB 617 Funding	34,570.91	48,425.00	-13,854.09	71.39%
4510504 · Prescribed Fire Grant	498.58	32,700.00	-32,201.42	1.53%
4510505 · GHG Oil & Gas Funding	0.00	6,000.00	-6,000.00	0.0%
Total 45105 · Direct Grant Funds	35,069.49	156,388.00	-121,318.51	22.43%
45109 · Pass Through Grants				
4510904 · FARMER Funding	612,237.50	612,237.50	0.00	100.0%
4510906 · Carl Moyer Grant	361,315.20	561,315.20	-200,000.00	64.37%
4510915 · Community Air Program (CAP)	438,202.46	1,182,572.85	-744,370.39	37.06%
Total 45109 · Pass Through Grants	1,411,755.16	2,356,125.55	-944,370.39	59.92%
Total 451 · Intergovernmental	2,106,882.70	3,317,813.55	-1,210,930.85	63.5%
471 · Miscellaneous Revenue				
4712523 · Other Misc. Revenue	36,744.75	37,395.00	-650.25	98.26%
4712550 · Implementation Funds	201,278.99	251,027.30	-49,748.31	80.18%
Total 471 · Miscellaneous Revenue	238,023.74	288,422.30	-50,398.56	82.53%
Total Income	2,843,492.17	4,168,485.85	-1,324,993.68	68.21%
Gross Profit	2,843,492.17	4,168,485.85	-1,324,993.68	68.21%
Expense				
511 · Payroll Expenses				
511001 · Salaries & Wages	677,901.09	881,250.00	-203,348.91	76.93%
512000 · Extra Help	1,758.76	16,000.00	-14,241.24	10.99%
514000 · Overtime	646.29	4,000.00	-3,353.71	16.16%
518 · Employee Benefits				
518008 · Health Care	168,650.77	221,957.00	-53,306.23	75.98%
518009 · Cafeteria	24,803.12	32,100.00	-7,296.88	77.27%
518010 · Other Employee Benefits	18,256.24	22,378.00	-4,121.76	81.58%
518700 · Retirement Pension	107,547.57	140,085.86	-32,538.29	76.77%
518800 · Contrib to Pension Liability	130,886.00	130,890.00	-4.00	100.0%
518900 · Retiree's OPEB	39,620.39	52,601.00	-12,980.61	75.32%
518901 · Contrib to OPEB Liability	19,795.00	19,795.00	0.00	100.0%
Total 518 · Employee Benefits	509,559.09	619,806.86	-110,247.77	82.21%
Total 511 · Payroll Expenses	1,189,865.23	1,521,056.86	-331,191.63	78.23%
520 · Materials & Supplies				
521104 · Postage	2,243.10	3,500.00	-1,256.90	64.09%
522201 · Office Supplies	7,224.79	9,500.00	-2,275.21	76.05%
523001 · Telecommunications	12,041.98	16,000.00	-3,958.02	75.26%
524544 · Utilities - Elec/Gas/Wtr/Grbge	6,429.24	9,080.00	-2,650.76	70.81%
525545 · Auto Fuel Costs/ Road Expense	3,825.95	6,500.00	-2,674.05	58.86%
Total 520 · Materials & Supplies	31,765.06	44,580.00	-12,814.94	71.25%

	Jul '22 - April 23	Budget	\$ Over Budget	% of Budget
530 · Services & Other Operating				
531201 · Household Janitorial	4,232.00	5,700.00	-1,468.00	74.25%
532527 · Insurance -Liability & Vehicle	13,974.47	16,872.00	-2,897.53	82.83%
533533 · Memberships, Dues & Subscript..	5,422.98	6,000.00	-577.02	90.38%
534537 · Public & Legal Notices	1,414.39	3,500.00	-2,085.61	40.41%
535540 · Public Outreach	5,489.00	13,700.00	-8,211.00	40.07%
536101 · Training	3,810.25	10,500.00	-6,689.75	36.29%
537202 · Travel & Conference Expenses	9,565.29	30,030.00	-20,464.71	31.85%
Total 530 · Services & Other Operating	43,908.38	86,302.00	-42,393.62	50.88%
540 · Rents Lease, Repair, NonCapital				
541538 · Property Rents & Leases	266.00	300.00	-34.00	88.67%
542539 · Equipment Rents & Leases	549.18	740.00	-190.82	74.21%
543103 · Office Furniture & Equip	1,590.79	3,300.00	-1,709.21	48.21%
543203 · Computer Equipment	8,542.94	12,500.00	-3,957.06	68.34%
543204 · Computer Software-Subscriptions	8,941.84	30,900.00	-21,958.16	28.94%
543541 · Air Monitoring Equipment & Main	1,122.00	5,735.00	-4,613.00	19.56%
544001 · Vehicles Maintenance	1,054.35	4,960.00	-3,905.65	21.26%
544042 · IT Maintenance	18,945.49	35,100.00	-16,154.51	53.98%
544103 · Building Maintenance	2,382.69	15,225.00	-12,842.31	15.65%
Total 540 · Rents Lease, Repair, NonCapital	43,395.28	108,760.00	-65,364.72	39.9%
550 · Professional/Consulting Service				
551137 · AB2588 Hot Spots Fee	134.00	134.00	0.00	100.0%
551536 · Professional Services	27,363.10	66,200.00	-38,836.90	41.33%
551547 · Legal Services	13,500.00	18,500.00	-5,000.00	72.97%
555580 · Contingencies	0.00	20,000.00	-20,000.00	0.0%
Total 550 · Professional/Consulting Service	40,997.10	104,834.00	-63,836.90	39.11%
560 · Grants				
560006 · Carl Moyer Grant	194,003.64	677,974.23	-483,970.59	28.62%
560007 · Community Air (CAP)	762,379.75	1,566,115.86	-803,736.11	48.68%
560020 · Special Clean Air Grants	24,404.53	35,000.00	-10,595.47	69.73%
560021 · FARMER	235,242.04	952,470.03	-717,227.99	24.7%
Total 560 · Grants	1,216,029.96	3,231,560.12	-2,015,530.16	37.63%
565 · Debt Service				
565087 · GASB 87 Lease Principal	48,269.74	52,950.00	-4,680.26	91.16%
565987 · GASB 87 Lease Interest & Other	2,880.26	2,850.00	30.26	101.06%
Total 565 · Debt Service	51,150.00	55,800.00	-4,650.00	91.67%
Total Expense	2,617,111.01	5,152,892.98	-2,535,781.97	50.79%
Net Ordinary Income	226,381.16	-984,407.13	1,210,788.29	-23.0%
Net Income	226,381.16	-984,407.13	1,210,788.29	-23.0%

Highlighted areas have additional detail in the report

The FY 22-23 Budget was adopted 6/23/2022; Amended on 10/27/2022; Amended on 04/27/2023.



TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: May 18, 2023
Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors
From: Stephen Ertle, Air Pollution Control Officer
Staff Contact: Stephen Ertle, Air Pollution Control Officer
Re: **Calendar of Events**

DATE	EVENT	LOCATION
May 29	Memorial Day	Office Closed
June 1	Organizational Change Staff Training-Collaboration Workshop	District Office
June 2	Sacramento Valley Basinwide Control Council Meeting (BCC)	Colusa
June 7	Fire Safe Council Meeting	Paradise
June 19	Juneteenth	Office Closed
June 21	Technical Advisory Committee (TAC)	Yuba City
June 22	Butte County AQMD Board Meeting	Chico
June 25–27	CSDA Leadership Summit	Olympic Valley
July 4	Independence Day	Office Closed
July 5	Fire Safe Council Meeting	Paradise
July 11	Vapor Recovery Meeting	Zoom
July 12-13	Enforcement Managers	Santa Barbara
July 19	Technical Advisory Committee (TAC)	Red Bluff
July 27	Butte County AQMD Board Meeting	Chico
August 2	Fire Safe Council Meeting	Paradise
August 4	Sacramento Valley Basinwide Control Council Meeting (BCC)	Chico
August 16	Technical Advisory Committee (TAC)	Willows
August 9-11	CAPCOA HR/Fiscal Meetings	TBD
August 24	Butte County AQMD Board Meeting	Chico

Agenda Item 3.4

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TAMI RITTER, CHAIR
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Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: Status Report on Communications

ISSUE:

No communications report this month.

ACTION REQUESTED:

None. For information only.

Attachment:

Agenda Item 3.5

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Supervisor, District #3

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Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Annual Report on District Deferred Compensation Program**

ISSUE:

The Board will receive a presentation reviewing the annual Deferred Compensation Program.

ACTION REQUESTED:

Accept Report.

DISCUSSION:

The Board approved an agreement with HUB International (formerly Kornerstone) in 2015 to provide fiduciary responsibilities and assist with the administrative elements of the District's Deferred Compensation Program. Some of these administrative elements include quarterly plan reviews, yearly presentations to the Board, one-on-one employee investment coaching, employee education, attendance at investment committee meetings, assist in establishing policies and performing benchmark fee reviews.

Mason Moore, Retirement Plan Consultant, will be providing a review of the District's Deferred Compensation Program and will be available if the Board has any questions.

Agenda Item 5

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TAMI RITTER, CHAIR
Supervisor, District #3

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Assistant Air Pollution Control Officer

Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Aleah Ing, Administrative Services Officer

Re: **Other Post-Employment Benefits and CalPERS Liability Report.**

ISSUE:

Reports related to employee retirement and Other Post-Employment Benefits (OPEB) received by the District.

ACTION REQUESTED:

Accept and file the PERS Annual Valuation reports for CLASSIC & PEPRA 6/30/2021 and the CERBT Account Summary as of 3/30/2023.

DISCUSSION:

The PERS Annual Valuation report for June 30, 2021, shows the District being 85.9% funded with an unfunded accrued liability of \$1,074,037 for CLASSIC employees. The PEPRA retirement is 107.7% funded with an unfunded balance of (\$10,697). This results in a total unfunded pension retirement liability of \$1,063,340. The required contribution amounts for FY 2023-24 is \$126,534 for the unfunded liability and an employer normal cost rate of 12.47% for CLASSIC and a cost rate of 7.68% for PEPRA. The Unfunded Accrued Liability (UAL) for PEPRA is expected to be funded by FY 2025-2026. The UAL for CLASSIC at the current amortization schedule will be funded by FY 2036-2037.

The 2021 GASB 75 report lists the OPEB Liability at \$465,800 with \$153,140 in a trust account, resulting in a net liability balance of \$312,660 as of June 30, 2021. Between the significant contribution made last year and the amount paid directly to retirees, the District passed the "crossover test" and can recognize the long-term rate of return of 6.25%. Some of the other significant changes in this report are related to the updated CalPERS withdrawal and mortality rates, premium changes, and census changes related to increased retirees and new employees.

Agenda Item 6

To fund the OPEB obligation, the District established a California Employers' Retiree Benefit Trust (CERBT) fund (Resolution 2017-12) back in 2017 with PERS investment to generate returns. This trust allows regular contributions by the District to decrease the liability and demonstrate prudent financial management. Future disbursements from the trust contributions will only take place when approved OPEB expenses are realized. The attached summary is an update from CalPERS of the District's Other Post-Employment Benefits (OPEB) prefunding progress as of March 31, 2023, with assets totaling \$153,137. This report is based on the 6/30/2021 valuation.

Attachments:

2022-07 CLASSIC costDisclosureValuationReport 6-30-21

2022-07 PEPRAs costDisclosureValuationReport 6-30-21

CalPERS CERBT Account Update Summary as of March 30, 2023



California Public Employees' Retirement System

Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2022

Miscellaneous Plan of the Butte County Air Quality Management District (CalPERS ID: 3225653892)
Annual Valuation Report as of June 30, 2021

Dear Employer,

Attached to this letter, you will find the June 30, 2021 actuarial valuation report for the rate plan noted above. Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2023-24. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2021.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2021.

Your June 30, 2021 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. The plan actuary whose signature is in the Actuarial Certification is available to discuss.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contribution

The table below shows the minimum required employer contributions for FY 2023-24 along with estimates of the required contributions for FY 2024-25. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2023-24	12.47%	\$126,534
<i>Projected Results</i>		
2024-25	12.5%	\$122,000

The actual investment return for FY 2021-22 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. *To the extent the actual investment return for FY 2021-22 differs from 6.8%, the actual contribution requirements for FY 2024-25 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections, **please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section.** This section also contains projected required contributions through FY 2028-29.

Changes from Previous **Year's Valuation**

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for FY 2020-21. Since the return exceeded the 7.00% discount rate sufficiently, the CalPERS Funding Risk Mitigation policy allows CalPERS to use a portion of the investment gain to offset the cost of reducing the expected volatility of future investment returns. Based on the thresholds specified in the policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate of 0.20%, from 7.00% to 6.80%.

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new asset allocation along with the new capital market assumptions and economic assumptions support a discount rate of 6.80%. This includes a reduction in the price inflation assumption from 2.50% to 2.30%.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the **"Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."**

Questions

We understand that you might have questions about these results, and the plan actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,



SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary



Actuarial Valuation
as of June 30, 2021

for the
Miscellaneous Plan
of the
Butte County Air Quality Management
District
(CalPERS ID: 3225653892)

Required Contributions
for Fiscal Year
July 1, 2023 - June 30, 2024

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information
for the
Miscellaneous Plan
of the
Butte County Air Quality Management
District

(CalPERS ID: 3225653892)
(Rate Plan ID: 3300)

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Rate Plan belonging to the Miscellaneous Risk Pool

Actuarial Certification

To the best of our knowledge, this report, comprising of Sections 1 and 2, is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous Plan of the Butte County Air Quality Management District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2021 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Butte County Air Quality Management District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the Miscellaneous Risk Pool has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to **provisions set forth in the California Public Employees' Retirement Law**.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the rate plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2021 and employer contribution as of July 1, 2023 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.



SHELLY CHU, ASA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded Status**
- Projected Employer Contributions
- Other Pooled Miscellaneous Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year's **V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2021 actuarial valuation of the Miscellaneous Plan of the Butte County Air Quality Management District of the **California Public Employees' Retirement System (CalPERS)**. This actuarial valuation sets the required employer contributions for (FY) 2023-24.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Butte County Air Quality Management District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2021;
- Determine the minimum required employer contribution for this plan for the FY July 1, 2023 through June 30, 2024; and
- Provide actuarial information as of June 30, 2021 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A **"Scenario Test,"** projecting future results under different investment income returns.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

	Fiscal Year
Required Employer Contributions	2023-24
Employer Normal Cost Rate	12.47%
<i>Plus</i>	
Required Payment on Amortization Bases ¹	\$126,534
<i>Paid either as</i>	
1) Monthly Payment	\$10,544.50
<i>Or</i>	
2) Annual Prepayment Option*	\$122,440
<i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i>	
<i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i>	

	Fiscal Year	Fiscal Year
	2022-23	2023-24
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	17.24%	18.76%
Surcharge for Class 1 Benefits ²		
a) FAC 1	0.55%	0.63%
Phase out of Normal Cost Difference ³	0.00%	0.00%
Plan's Total Normal Cost	<u>17.79%</u>	<u>19.39%</u>
Formula's Expected Employee Contribution Rate	<u>6.92%</u>	<u>6.92%</u>
Employer Normal Cost Rate	10.87%	12.47%

¹ The required payment on amortization bases does not take into account any additional discretionary payment made after April 29, 2022.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

³ The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2023-24 FY is \$126,534. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2023-24 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the **"Amortization Schedule and Alternatives"** section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2023-24

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$52,746	\$126,534	\$0	\$126,534	\$179,280

Alternative Fiscal Year 2023-24 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
10 years	\$52,746	\$126,534	\$6,260	\$132,794	\$185,540
5 years	\$52,746	\$126,534	\$101,830	\$228,364	\$281,110

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2023 as determined in the June 30, 2021 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits (PVB)	\$7,600,024	\$8,223,768
2. Entry Age Accrued Liability (AL)	7,038,809	7,605,715
3. Plan's Market Value of Assets (MVA)	5,314,226	6,531,678
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	1,724,583	1,074,037
5. Funded Ratio [(3) / (2)]	75.5%	85.9%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan **assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.**

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22 and Beyond)				
		2024-25	2025-26	2026-27	2027-28	2028-29
Rate Plan 3300 Results						
Normal Cost %	12.47%	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Payment	\$126,534	\$122,000	\$114,000	\$105,000	\$93,000	\$97,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see **"Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A** of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the **"Future Investment Return Scenarios" in the "Risk Analysis" section.**

Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 3300. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates **for all of the employer's rate plans in the** Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.80% per year for three years.

	Fiscal Year 2022-23	Fiscal Year 2023-24
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	\$699,463	\$701,149
Estimated Employer Normal Cost	\$68,737	\$74,109
Required Payment on Amortization Bases	\$135,390	\$126,534
Estimated Total Employer Contributions	\$204,127	\$200,643
Estimated Total Employer Contribution Rate (illustrative only)	29.18%	28.62%

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature.

We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2021, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to **the "Plan's Major Benefit Options" and Appendix B** of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for Public Agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2021. Changes subsequent to that date are not reflected. Investment returns below the assumed rate of return may increase future required contributions while investment returns above the assumed rate of return may decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 6.8% going forward and that the realized rate of return on assets for FY 2021-22 is 6.8%.

This actuarial valuation report reflects statutory changes, regulatory changes and board actions through January 2022. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- **Schedule of Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	\$1,616,042
Transferred Members	42,125
Terminated Members	112,457
Members and Beneficiaries Receiving Payments	<u>5,835,091</u>
Total	\$7,605,715

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$7,605,715
2. Projected UAL balance at 6/30/2021	1,747,307
3. Pool's Accrued Liability ¹	20,794,529,023
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2021 ¹	4,597,734,264
5. Pool's 2020/21 Investment (Gain)/Loss ¹	(2,338,185,055)
6. Pool's 2020/21 Non-Investment (Gain)/Loss ¹	(84,077,623)
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	(845,725)
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	(30,752)
9. Plan's New (Gain)/Loss as of 6/30/2021: $(7) + (8)$	(876,477)
10. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	60,407,898
11. Plan's Share of Pool's Change in Assumptions: $(1) \div (3) \times (10)$	22,095
12. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	495,172,731
13. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (3) \times (12)$	181,112
14. Offset due to Funding Risk Mitigation	(186,815)
15. Plan's Net Investment (Gain): $(7) - (14)$	(658,910)

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

16. Plan's UAL: $(2) + (9) + (11) + (13)$	\$1,074,037
17. Plan's Share of Pool's MVA: $(1) - (16)$	\$6,531,678

Schedule of Plan's Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	533,953	37,224	531,793	38,248	528,428	38,355
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	(5,332)	(372)	(5,310)	(382)	(5,276)	(383)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	14	323,891	27,889	317,094	28,656	309,042	28,894
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	251,256	25,265	242,232	25,960	231,876	26,248
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(424,160)	(28,774)	(423,267)	(29,565)	(421,495)	(29,622)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	468	32	467	33	465	33
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	282,240	18,664	282,144	19,177	281,511	19,198
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	(22,818)	(1,509)	(22,810)	(1,550)	(22,759)	(1,552)
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	109,293	8,042	108,414	10,329	105,112	10,424
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	363,434	19,009	368,503	24,415	368,330	24,421
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	(44,154)	(2,309)	(44,770)	(2,966)	(44,749)	(2,967)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	129,466	7,049	130,985	9,657	129,912	12,171
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(192,643)	(7,571)	(197,919)	(10,372)	(200,659)	(12,958)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(9,677)	(380)	(9,942)	(521)	(10,080)	(651)
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	209,629	7,644	215,984	11,782	218,495	15,821
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(60,944)	(1,620)	(63,414)	(2,497)	(65,146)	(3,324)
Method Change	6/30/18	80%	Up/Down	2.80%	17	57,375	2,092	59,115	3,225	59,802	4,330
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	29,278	778	30,465	1,200	31,296	1,597
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	29,134	637	30,457	1,274	31,211	1,877
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	18	29,722	2,712	28,940	2,712	28,105	2,665

Schedule of Plan's Amortization Bases (Continued)

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	134,332	0	143,467	3,143	149,975	6,165
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	19	23,564	0	25,166	2,301	24,499	2,259
Assumption Change	6/30/21	No Ramp		0.00%	20	22,095	(2,956)	26,652	(3,039)	31,605	2,842
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(658,910)	0	(703,716)	0	(751,569)	(16,155)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	20	(30,752)	0	(32,843)	0	(35,076)	(3,154)
Risk Mitigation	6/30/21	No Ramp		0.00%	1	181,112	(3,003)	196,531	(3,087)	213,085	220,211
Risk Mitigation Offset	6/30/21	No Ramp		0.00%	1	(186,815)	0	(199,518)	0	(213,085)	(220,211)
Total						1,074,037	108,543	1,034,900	128,133	972,855	126,534

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative **"fresh start" amortization schedules** using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing **unfunded liability bases with a single "fresh start" base and amortizing it over an** appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	10 Year Amortization		5 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2023	972,855	126,534	972,855	132,794	972,855	228,364
6/30/2024	908,245	122,464	901,774	132,794	803,008	228,364
6/30/2025	843,447	113,890	825,860	132,794	621,612	228,365
6/30/2026	783,101	104,802	744,784	132,794	427,880	228,364
6/30/2027	728,047	92,742	658,195	132,794	220,975	228,365
6/30/2028	681,708	96,953	565,718	132,795		
6/30/2029	627,870	101,284	466,951	132,794		
6/30/2030	565,892	105,733	361,469	132,795		
6/30/2031	495,105	110,304	248,813	132,794		
6/30/2032	414,779	108,275	128,498	132,795		
6/30/2033	331,091	106,005				
6/30/2034	244,055	100,646				
6/30/2035	156,639	91,473				
6/30/2036	72,758	74,442				
6/30/2037	772	798				
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
6/30/2052						
Total		1,456,345		1,327,943		1,141,822
Interest Paid		483,490		355,088		168,967
Estimated Savings				128,402		314,523

Rate Plan belonging to the Miscellaneous Risk Pool

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2021 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)	Additional Discretionary Payments
2016 - 17	8.880%	\$68,912	N/A
2017 - 18	8.921%	80,268	N/A
2018 - 19	9.409%	97,119	N/A
2019 - 20	10.221%	80,868	0
2020 - 21	11.031%	94,740	0
2021 - 22	10.88%	114,502	
2022 - 23	10.87%	134,259	
2023 - 24	12.47%	126,534	

Funding History

The table below shows the recent history of the **actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.**

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2012	\$3,897,752	\$2,879,324	\$1,018,428	73.9%	\$731,165
06/30/2013	4,040,020	3,161,231	878,789	78.2%	752,434
06/30/2014	4,481,969	3,705,273	776,696	82.7%	767,945
06/30/2015	4,860,828	3,885,491	975,337	79.9%	724,544
06/30/2016	5,249,920	3,936,046	1,313,874	75.0%	768,599
06/30/2017	5,724,495	4,448,056	1,276,439	77.7%	730,980
06/30/2018	6,367,716	4,885,731	1,481,985	76.7%	626,370
06/30/2019	6,727,292	5,179,947	1,547,345	77.0%	540,844
06/30/2020	7,038,809	5,314,226	1,724,583	75.5%	447,010
06/30/2021	7,605,715	6,531,678	1,074,037	85.9%	389,353

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22 through 2040-41	Projected Employer Contributions				
	2024-25	2025-26	2026-27	2027-28	2028-29
3.0% (5th percentile)					
Normal Cost Rate	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Contribution	\$129,000	\$132,000	\$142,000	\$155,000	\$192,000
10.8% (95th percentile)					
Normal Cost Rate	12.7%	13.0%	13.2%	13.5%	13.7%
UAL Contribution	\$117,000	\$97,000	\$0	\$0	\$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	2023-24	2024-25
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	12.47%	12.5%
UAL Contribution	\$126,534	\$161,000
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	12.47%	12.5%
UAL Contribution	\$126,534	\$142,000

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	24.38%	19.39%	15.59%
b) Accrued Liability	\$8,609,620	\$7,605,715	\$6,772,456
c) Market Value of Assets	\$6,531,678	\$6,531,678	\$6,531,678
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,077,942	\$1,074,037	\$240,778
e) Funded Ratio	75.9%	85.9%	96.4%

Sensitivity to the Price Inflation Assumption

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	20.35%	19.39%	17.69%
b) Accrued Liability	\$7,851,064	\$7,605,715	\$6,985,914
c) Market Value of Assets	\$6,531,678	\$6,531,678	\$6,531,678
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,319,386	\$1,074,037	\$454,236
e) Funded Ratio	83.2%	85.9%	93.5%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2021 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	19.72%	19.39%	19.08%
b) Accrued Liability	\$7,741,344	\$7,605,715	\$7,480,320
c) Market Value of Assets	\$6,531,678	\$6,531,678	\$6,531,678
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,209,666	\$1,074,037	\$948,642
e) Funded Ratio	84.4%	85.9%	87.3%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2020	June 30, 2021
1. Retired Accrued Liability	\$4,813,132	\$5,835,091
2. Total Accrued Liability	7,038,809	7,605,715
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.68	0.77

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2020	June 30, 2021
1. Number of Actives	6	5
2. Number of Retirees	12	13
3. Support Ratio [(1) / (2)]	0.50	0.38

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2020	June 30, 2021
1. Market Value of Assets	\$5,314,226	\$6,531,678
2. Payroll	447,010	389,353
3. Asset Volatility Ratio (AVR) [(1) / (2)]	11.9	16.8
4. Accrued Liability	\$7,038,809	\$7,605,715
5. Liability Volatility Ratio (LVR) [(4) / (2)]	15.7	19.5

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.38	1.29	6.1	7.8
06/30/2018	0.51	0.80	7.8	10.2
06/30/2019	0.55	0.64	9.6	12.4
06/30/2020	0.68	0.50	11.9	15.7
06/30/2021	0.77	0.38	16.8	19.5

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2021. The plan liability on a termination basis is calculated differently **compared to the plan’s ongoing funding liability**. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19 -month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability ^{1,2} at 1.00%	Funded Ratio	Unfunded Termination Liability at 1.00%	Hypothetical Termination Liability ^{1,2} at 2.25%	Funded Ratio	Unfunded Termination Liability at 2.25%
\$6,531,678	\$16,729,546	39.0%	\$10,197,868	\$13,949,336	46.8%	\$7,417,658

¹ The hypothetical liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.00% on June 30, 2021, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Participant Data

The table below shows a summary of the **plan's** member data upon which this valuation is based:

	June 30, 2020	June 30, 2021
Active Members		
Counts	6	5
Average Attained Age	49.77	48.99
Average Entry Age to Rate Plan	33.80	33.85
Average Years of Credited Service	16.87	15.22
Average Annual Covered Pay	\$74,502	\$77,871
Annual Covered Payroll	\$447,010	\$389,353
Present Value of Future Payroll	\$3,552,691	\$3,581,545
Transferred Members	1	1
Separated Members	3	3
Retired Members and Beneficiaries		
Counts*	12	13
Average Annual Benefits*	\$29,065	\$31,594

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Member Category	Benefit Group	
	Misc	Misc
Demographics		
Actives	Yes	No
Transfers/Separated	Yes	Yes
Receiving	Yes	Yes
Benefit Provision		
Benefit Formula	2% @ 55	2% @ 55
Social Security Coverage	No	No
Full/Modified	Full	Full
Employee Contribution Rate	7.00%	
Final Average Compensation Period	One Year	One Year
Sick Leave Credit	Yes	Yes
Non-Industrial Disability	Standard	Standard
Industrial Disability	No	No
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	Yes
1959 Survivor Benefit Level	Level 3	No
Special	No	No
Alternate (firefighters)	No	No
Post-Retirement Death Benefits		
Lump Sum	\$500	\$500
Survivor Allowance (PRSA)	No	No
COLA	2%	2%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website
(www.calpers.ca.gov) in the Forms and
Publications section**

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California Public Employees' Retirement System

Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2022

PEPRA Miscellaneous Plan of the Butte County Air Quality Management District (CalPERS ID: 3225653892)

Annual Valuation Report as of June 30, 2021

Dear Employer,

Attached to this letter, you will find the June 30, 2021 actuarial valuation report for the rate plan noted above. Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2023-24. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2021.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2021.

Your June 30, 2021 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. The plan actuary whose signature is in the Actuarial Certification is available to discuss.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contribution

The table below shows the minimum required employer contributions and the Employee PEPRA Rate for FY 2023-24 along with estimates of the required contributions for FY 2024-25. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Rate
2023-24	7.68%	\$0	7.75%
<i>Projected Results</i>			
2024-25	7.7%	\$0	TBD

The actual investment return for FY 2021-22 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. *To the extent the actual investment return for FY 2021-22 differs from 6.8%, the actual contribution requirements for FY 2024-25 will differ from those shown above.* For additional details regarding the assumptions and methods used for these projections, **please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section.** This section also contains projected required contributions through FY 2028-29.

Changes from Previous **Year's Valuation**

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for FY 2020-21. Since the return exceeded the 7.00% discount rate sufficiently, the CalPERS Funding Risk Mitigation policy allows CalPERS to use a portion of the investment gain to offset the cost of reducing the expected volatility of future investment returns. Based on the thresholds specified in the policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate of 0.20%, from 7.00% to 6.80%.

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new asset allocation along with the new capital market assumptions and economic assumptions support a discount rate of 6.80%. This includes a reduction in the price inflation assumption from 2.50% to 2.30%.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the **"Highlights and Executive Summary" section and in Appendix A of the Section 2 report, "Actuarial Methods and Assumptions."**

Questions

We understand that you might have questions about these results, and the plan actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,



SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary



Actuarial Valuation
as of June 30, 2021

for the
PEPRA Miscellaneous Plan
of the
Butte County Air Quality Management
District
(CalPERS ID: 3225653892)

Required Contributions
for Fiscal Year
July 1, 2023 - June 30, 2024

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information
for the
PEPRA Miscellaneous Plan
of the
Butte County Air Quality Management
District

(CalPERS ID: 3225653892)
(Rate Plan ID: 27241)

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Rate Plan belonging to the Miscellaneous Risk Pool

Actuarial Certification

To the best of our knowledge, this report, comprising of Sections 1 and 2, is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the PEPRA Miscellaneous Plan of the Butte County Air Quality Management District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2021 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Butte County Air Quality Management District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the Miscellaneous Risk Pool has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to **provisions set forth in the California Public Employees' Retirement Law**.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the rate plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2021 and employer contribution as of July 1, 2023 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.



SHELLY CHU, ASA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- Introduction
- Purpose of Section 1
- Required Contributions
- Additional Discretionary Employer Contributions
- **Plan's Funded Status**
- Projected Employer Contributions
- Other Pooled Miscellaneous Risk Pool Rate Plans
- Cost
- Changes Since the Prior Year's **V**aluation
- Subsequent Events

Introduction

This report presents the results of the June 30, 2021 actuarial valuation of the PEPRA Miscellaneous Plan of the Butte County Air Quality Management District **of the California Public Employees' Retirement System (CalPERS)**. This actuarial valuation sets the required employer contributions for (FY) 2023-24.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Butte County Air Quality Management District of CalPERS was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2021;
- Determine the minimum required employer contribution for this plan for the FY July 1, 2023 through June 30, 2024; and
- Provide actuarial information as of June 30, 2021 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A **"Scenario Test,"** projecting future results under different investment income returns.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A **"Sensitivity Analysis,"** showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

	Fiscal Year 2023-24
Required Employer Contributions	
Employer Normal Cost Rate	7.68%
<i>Plus</i>	
Required Payment on Amortization Bases ¹	\$0
<i>Paid either as</i>	
1) Monthly Payment	\$0.00
<i>Or</i>	
2) Annual Prepayment Option*	\$0
Required PEPRAs Member Contribution Rate	7.75%
<p><i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i></p> <p><i>For additional detail regarding the determination of the required PEPRAs member contribution rate see section on PEPRAs Member Contribution Rates.</i></p>	

	Fiscal Year 2022-23	Fiscal Year 2023-24
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	14.22%	15.43%
Surcharge for Class 1 Benefits ²		
None	0.00%	0.00%
Phase out of Normal Cost Difference ³	0.00%	0.00%
Plan's Total Normal Cost	<u>14.22%</u>	<u>15.43%</u>
Plan's Employee Contribution Rate	<u>6.75%</u>	<u>7.75%</u>
Employer Normal Cost Rate	7.47%	7.68%

¹ The required payment on amortization bases does not take into account any additional discretionary payment made after April 29, 2022.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

³ The normal cost change is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2023-24 FY is \$0. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2023-24 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the **"Amortization Schedule and Alternatives"** section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2023-24

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$21,363	\$0	\$0	\$0	\$21,363

Alternative Fiscal Year 2023-24 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
N/A	N/A	N/A	N/A	N/A	N/A

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2023 as determined in the June 30, 2021 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits (PVB)	\$347,345	\$559,657
2. Entry Age Accrued Liability (AL)	77,435	138,740
3. Plan's Market Value of Assets (MVA)	71,664	149,437
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	5,771	(10,697)
5. Funded Ratio [(3) / (2)]	92.5%	107.7%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan **assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.**

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Fiscal Year	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22 and Beyond)				
		2024-25	2025-26	2026-27	2027-28	2028-29
Rate Plan 27241 Results						
Normal Cost %	7.68%	7.7%	7.7%	7.7%	7.7%	7.7%
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$0

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see **"Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A** of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the **"Future Investment Return Scenarios" in the "Risk Analysis" section.**

Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown below, correspond to rate plan 27241. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates **for all of the employer's rate plans in the** Miscellaneous Risk Pool are shown below and assume that the payroll for each rate plan will grow according to the overall payroll growth assumption of 2.80% per year for three years.

	Fiscal Year 2022-23	Fiscal Year 2023-24
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	\$699,463	\$701,149
Estimated Employer Normal Cost	\$68,737	\$74,109
Required Payment on Amortization Bases	\$135,390	\$126,534
Estimated Total Employer Contributions	\$204,127	\$200,643
Estimated Total Employer Contribution Rate (illustrative only)	29.18%	28.62%

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2016-17, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2016-17, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There continues to be an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature.

We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2021, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior **Year's** Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to **the "Plan's Major Benefit Options"** and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for Public Agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2021. Changes subsequent to that date are not reflected. Investment returns below the assumed rate of return may increase future required contributions while investment returns above the assumed rate of return may decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 6.8% going forward and that the realized rate of return on assets for FY 2021-22 is 6.8%.

This actuarial valuation report reflects statutory changes, regulatory changes and board actions through January 2022. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- Breakdown of Entry Age Accrued Liability
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's** Market Value of Assets
- **Schedule of Plan's** Amortization Bases
- Amortization Schedule and Alternatives
- Employer Contribution History
- Funding History

Breakdown of Entry Age Accrued Liability

Active Members	\$101,488
Transferred Members	37,252
Terminated Members	0
Members and Beneficiaries Receiving Payments	<u>0</u>
Total	\$138,740

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$138,740
2. Projected UAL balance at 6/30/2021	5,405
3. Pool's Accrued Liability ¹	20,794,529,023
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2021 ¹	4,597,734,264
5. Pool's 2020/21 Investment (Gain)/Loss ¹	(2,338,185,055)
6. Pool's 2020/21 Non-Investment (Gain)/Loss ¹	(84,077,623)
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	(19,248)
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	(561)
9. Plan's New (Gain)/Loss as of 6/30/2021: $(7) + (8)$	(19,809)
10. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	60,407,898
11. Plan's Share of Pool's Change in Assumptions: $(1) \div (3) \times (10)$	403
12. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	495,172,731
13. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (3) \times (12)$	3,304
14. Offset due to Funding Risk Mitigation	(7,055)
15. Plan's Net Investment (Gain): $(7) - (14)$	(12,193)

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

16. Plan's UAL: $(2) + (9) + (11) + (13)$	(\$10,697)
17. Plan's Share of Pool's MVA: $(1) - (16)$	\$149,437

Schedule of **Plan's** Amortization Bases

Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Fresh Start	6/30/21				N/A	(10,697)	(2,967)	(8,358)	(2,897)	(5,932)	0
Total						(10,697)	(2,967)	(8,358)	(2,897)	(5,932)	0

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative **"fresh start" amortization schedules** using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing **unfunded liability bases with a single "fresh start" base and amortizing it over an** appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	N/A Year Amortization		N/A Year Amortization	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2023	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2024						
6/30/2025						
6/30/2026						
6/30/2027						
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
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6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
6/30/2052						
Total		N/A		N/A		N/A
Interest Paid		N/A		N/A		N/A
Estimated Savings				N/A		N/A

Rate Plan belonging to the Miscellaneous Risk Pool

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2019 or after June 30, 2021 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)	Additional Discretionary Payments
2018 - 19	6.842%	\$490	N/A
2019 - 20	6.985%	1,224	0
2020 - 21	7.732%	744	0
2021 - 22	7.59%	952	
2022 - 23	7.47%	1,131	
2023 - 24	7.68%	0	

Funding History

The table below shows the recent history of the **actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.**

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2016	\$466	\$431	\$35	92.6%	\$44,551
06/30/2017	7,818	7,721	97	98.8%	83,257
06/30/2018	29,695	27,915	1,780	94.0%	146,146
06/30/2019	57,103	53,426	3,677	93.6%	155,261
06/30/2020	77,435	71,664	5,771	92.5%	197,781
06/30/2021	138,740	149,437	(10,697)	107.7%	256,050

Risk Analysis

- Future Investment Return Scenarios
- Discount Rate Sensitivity
- Mortality Rate Sensitivity
- Maturity Measures
- Maturity Measures History
- Hypothetical Termination Liability

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22 through 2040-41	Projected Employer Contributions				
	2024-25	2025-26	2026-27	2027-28	2028-29
3.0% (5th percentile)					
Normal Cost Rate	7.7%	7.7%	7.7%	7.7%	7.7%
UAL Contribution	\$160	\$140	\$440	\$880	\$1,500
10.8% (95th percentile)					
Normal Cost Rate	7.9%	8.1%	8.3%	8.5%	8.7%
UAL Contribution	\$0	\$0	\$0	\$0	\$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	2023-24	2024-25
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	7.68%	7.7%
UAL Contribution	\$0	\$750
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	7.68%	7.7%
UAL Contribution	\$0	\$310

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	19.32%	15.43%	12.47%
b) Accrued Liability	\$176,350	\$138,740	\$110,753
c) Market Value of Assets	\$149,437	\$149,437	\$149,437
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$26,913	(\$10,697)	(\$38,684)
e) Funded Ratio	84.7%	107.7%	134.9%

Sensitivity to the Price Inflation Assumption

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	16.27%	15.43%	14.03%
b) Accrued Liability	\$146,626	\$138,740	\$125,475
c) Market Value of Assets	\$149,437	\$149,437	\$149,437
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$2,811)	(\$10,697)	(\$23,962)
e) Funded Ratio	101.9%	107.7%	119.1%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2021 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	15.71%	15.43%	15.18%
b) Accrued Liability	\$141,221	\$138,740	\$136,443
c) Market Value of Assets	\$149,437	\$149,437	\$149,437
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$8,216)	(\$10,697)	(\$12,994)
e) Funded Ratio	105.8%	107.7%	109.5%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2020	June 30, 2021
1. Retired Accrued Liability	\$0	\$0
2. Total Accrued Liability	77,435	138,740
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2020	June 30, 2021
1. Number of Actives	4	5
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (Continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2020	June 30, 2021
1. Market Value of Assets	\$71,664	\$149,437
2. Payroll	197,781	256,050
3. Asset Volatility Ratio (AVR) [(1) / (2)]	0.4	0.6
4. Accrued Liability	\$77,435	\$138,740
5. Liability Volatility Ratio (LVR) [(4) / (2)]	0.4	0.5

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	0.1	0.1
06/30/2018	0.00	N/A	0.2	0.2
06/30/2019	0.00	N/A	0.3	0.4
06/30/2020	0.00	N/A	0.4	0.4
06/30/2021	0.00	N/A	0.6	0.5

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2021. The plan liability on a termination basis is calculated differently **compared to the plan’s ongoing funding liability**. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19 -month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability ^{1,2} at 1.00%	Funded Ratio	Unfunded Termination Liability at 1.00%	Hypothetical Termination Liability ^{1,2} at 2.25%	Funded Ratio	Unfunded Termination Liability at 2.25%
\$149,437	\$390,051	38.3%	\$240,614	\$268,041	55.8%	\$118,604

¹ The hypothetical liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.00% on June 30, 2021, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Participant Data

The table below shows a summary of the **plan's** member data upon which this valuation is based:

	June 30, 2020	June 30, 2021
Active Members		
Counts	4	5
Average Attained Age	35.65	40.52
Average Entry Age to Rate Plan	34.24	38.51
Average Years of Credited Service	1.54	2.13
Average Annual Covered Pay	\$49,445	\$51,210
Annual Covered Payroll	\$197,781	\$256,050
Present Value of Future Payroll	\$2,041,896	\$2,728,310
Transferred Members	2	2
Separated Members	0	0
Retired Members and Beneficiaries		
Counts*	0	0
Average Annual Benefits*	\$0	\$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	6.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 3	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

PEPRA Member Contribution Rates

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for “new” employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), “new members ... shall have an initial contribution rate of at least 50% of the normal cost rate.” The normal cost rate is dependent on the plan of retirement benefits, actuarial assumptions, and demographics of the risk pool, particularly members’ entry age. Should the total normal cost rate change by more than 1% from the base total normal cost rate, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2023, based on 50% of the total normal cost rate as of the June 30, 2021 valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2023			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
27241	Miscellaneous PEPRA Level	13.735%	6.75%	15.43%	1.695%	Yes	7.75%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

**Section 2 may be found on the CalPERS website
(www.calpers.ca.gov) in the Forms and
Publications section**

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CERBT Account Update Summary

Butte County Air Quality Management District

as of March 31, 2023



OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Actuarial Retirement Consulting, LLC	
Valuation Date	6/30/2021
Measurement Date	6/30/2021
Total OPEB Liability (TOL)	\$465,800
Valuation Assets	\$153,140
Net OPEB Liability (NOL)	\$312,660
Funded Status	33%
Actuarially Determined Contribution (ADC)	\$34,592
CERBT Asset Allocation Strategy	Strategy 2
Discount Rate	6.25%

CERBT Account Summary

As of March 31, 2023	Strategy 2
Initial contribution (06/30/2017)	\$8,300
Additional contributions	\$170,161
Disbursements	\$0
CERBT expenses	(\$329)
Investment earnings	(\$1,688)
Total assets	\$176,445
Annualized net rate of return (06/30/2017-03/31/2023 = 5.75 years)	-0.45%

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	\$0	\$0	\$0	\$0	\$0
2007-08	\$0	\$0	\$0	\$0	\$0
2008-09	\$0	\$0	\$0	\$0	\$0
2009-10	\$0	\$0	\$0	\$0	\$0
2010-11	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0
2012-13	\$0	\$0	\$0	\$0	\$0
2013-14	\$0	\$0	\$0	\$0	\$0
2014-15	\$0	\$0	\$0	\$0	\$0
2015-16	\$0	\$0	\$0	\$0	\$0
2016-17	\$8,300	\$0	\$0	\$0	\$8,300
2017-18	\$10,572	\$0	\$544	(\$8)	\$19,409
2018-19	\$0	\$0	\$1,916	(\$25)	\$20,763
2019-20	\$20,000	\$0	\$3,638	(\$51)	\$42,459
2020-21	\$100,000	\$0	\$14,365	(\$100)	\$153,137
2021-22	\$19,794	\$0	(\$5,298)	(\$231)	\$153,137
as of 3/31/2023	\$19,795	\$0	(\$1,688)	(\$329)	\$176,445

CERBT/CEPPT Investment Returns Outperform Benchmarks

Periods ended February 28, 2023

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$13,853,002,349	-3.27%	0.25%	2.26%	-10.15%	4.77%	4.57%	5.88%	4.80%
Benchmark		-3.29%	0.18%	2.18%	-10.35%	4.52%	4.33%	5.53%	4.40%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,780,654,333	-3.40%	0.12%	0.28%	-11.19%	2.22%	3.66%	4.68%	5.94%
Benchmark		-3.41%	0.06%	0.22%	-11.32%	2.05%	3.49%	4.37%	5.68%
CERBT Strategy 3 (Inception January 1, 2012)	\$759,904,508	-3.40%	-0.03%	-1.09%	-11.34%	0.57%	3.02%	3.65%	4.42%
Benchmark		-3.40%	-0.05%	-1.14%	-11.42%	0.44%	2.90%	3.34%	4.15%
CERBT Total	\$16,393,561,190								
CEPPT Strategy 1 (Inception October 1, 2019)	\$77,038,010	-2.84%	0.30%	1.62%	-8.90%	2.38%	-	-	2.48%
Benchmark		-2.86%	0.22%	1.51%	-9.15%	2.26%	-	-	2.39%
CEPPT Strategy 2 (Inception January 1, 2020)	\$35,447,938	-2.68%	0.02%	-0.24%	-8.92%	-0.82%	-	-	-0.46%
Benchmark		-2.69%	0.07%	-0.24%	-8.97%	-0.92%	-	-	-0.56%
CEPPT Total	\$112,485,948								

CERBT Portfolios

2022 Capital Market Assumptions	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	6.0%	5.5%	5.0%
Risk	12.1%	9.9%	8.4%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index IMI (Net)	49% ±5%	34% ±5%	23% ±5%
Fixed Income	Bloomberg Long Liability Index	23% ±5%	41% ±5%	51% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Index (Net)	20% ±5%	17% ±5%	14% ±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5% ±3%	5% ±3%	9% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	3% ±3%	3% ±3%
Cash	91-Day Treasury Bill	0% +2%	0% +2%	0% +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, fee rate may change in the future
 - Fee is applied daily to assets under management
 - 10 basis points - CERBT
 - 25 basis points - CEPPT

CEPPT/CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT	CEPPT
2007-2008	2.00 basis points	-
2008-2009	6.00 basis points	-
2009-2010	9.00 basis points	-
2010-2011	12.00 basis points	-
2011-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2015	10.00 basis points	-
2015-2016	10.00 basis points	-
2016-2017	10.00 basis points	-
2017-2018	10.00 basis points	-
2018-2019	10.00 basis points	-
2019-2020	10.00 basis points	25.00 basis points
2020-2021	10.00 basis points	25.00 basis points
2021-2022	10.00 basis points	25.00 basis points
2022-2023	10.00 basis points	25.00 basis points

622 Prefunding Program Employers

601 CERBT and 84 CEPPT

- State of California
- 157 Cities or Towns
- 10 Counties
- 82 School Employers
- 32 Courts
- 340 Special Districts and other Public Agencies
 - (104 Water, 37 Sanitation, 33 Fire, 26 Transportation)

Financial Reporting

- CERBT is the Plan
 - Provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in February each year

CERBT FNP Fiscal Year	Availability
<u>2018-19</u>	Available at <u>https://www.calpers.ca.gov/cerbt</u>
<u>2019-20</u>	
<u>2020-21</u>	
<u>2021-22</u>	

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219
Darren Lathrop	Outreach & Support Manager	Darren.Lathrop@calpers.ca.gov	(916) 795-0751	(916) 291-0391
Lee Lo	Outreach & Support Analyst	Lee.Lo@calpers.ca.gov	(916) 795-4034	(916) 612-4128
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Vic Anderson	Administration & Reporting Manager	Victor.Anderson@calpers.ca.gov	(916) 795-3739	(916) 281-8214
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CERBT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CERBT
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	



TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
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CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **CAP Incentives Project Approvals**

ISSUE:

District staff have identified projects eligible for funding using FY 2022-23 and previous funding year Community Air Protection (CAP) Incentive Funds.

ACTION REQUESTED:

Approve FY 2022-23 CAP Incentives Projects.

DISCUSSION:

Participation in Year 6 of the CAP Incentives Program (FY 2022-23) was approved by the Board through approval of Resolution 2022-34. The District was awarded \$992,368.82 in project funds to implement projects meeting the goals of AB 617 and the State CAP Incentives 2019 Guidelines. The District also retains unallocated CAP Incentive Funds from previous funding years.

The District conducted several events to inform community members about upcoming incentive opportunities and to receive input on funding priorities. Prior to the community meetings the District released a press release to stakeholders and the media. The District also advertised for the community meetings in the local newspaper and promoted the meetings on the District's social media accounts and website.

Wednesday, March 15, 2023: The District held an online community meeting via Zoom. 11 people outside the District registered for the meeting and 6 people participated in the meeting. During the meeting there was interest expressed for equipment replacement projects at schools. There was also interest in on-road alternatives to diesel and electric for school bus fleets in mountainous communities or for buses that are needed for field trips. There was interest in funding small

Agenda Item 7

engine equipment projects in the wildland-urban interface to support new equipment that is rugged enough to be used in remote areas and can do fire-hazard reduction work.

Thursday, March 23, 2023: The District held a community meeting at the Thermalito UESD Board Room at 400 Grand Avenue in Oroville, CA. Two stakeholders outside the District were in attendance. There was interest in the Composite Wood for Schools project category as well as support for expanding CAP Incentive Projects to include woodstove replacement projects and alternatives to agricultural burning.

Saturday, March 25, 2023: The District attended the Paradise Grazing Festival which attracted hundreds of visitors. District staff displayed photos from previous CAP Incentive projects in addition to providing information about other District programs.

Monday, April 3, 2023: The District originally scheduled the Chico community meeting for March 14, 2023 however that meeting was canceled due to weather (high wind warning, flood advisory). The community meeting in Chico did not have any attendees however staff with the hosting venue (Chico Area Parks and Recreation District) were informed of grant opportunities and were able to provide contact information for additional stakeholders.

The District released a Request for Proposals on April 4, 2023 for eligible projects along with the Carl Moyer Program and FARMER Program with a deadline of May 9, 2023. An additional online meeting regarding the Request for Proposals was conducted on April 12, 2023.

The District has a target per the District's grant agreement with CARB to have 70% of FY 2022-23 funds benefit Disadvantaged Communities and 80% of funds benefit Low Income Communities as defined by the State (<https://webmaps.arb.ca.gov/PriorityPopulations/>). District staff also evaluated the proposed projects for eligibility based on state CAP Incentives Guidelines, Carl Moyer Program Guidelines, and state cost-effectiveness limits.

Projects were ranked based on the Guiding Principles of the statewide Community Air Protection Program and the District's CAP Incentives Policies & Procedures Manual and Carl Moyer Program Policies and Procedures Manual which is incorporated by reference. The ranking criteria prioritized projects in Disadvantaged Communities then Low-Income Communities (Section IV.C – CAP Incentives Policies and Procedures Manual). Per the CAP Guiding Principles, zero-emission technology & infrastructure as well as projects protecting sensitive receptors were also prioritized. Approximately \$100,000 in FY 2022-23 CAP Incentive Funds remains unallocated and reserved for future projects within the District's Disadvantaged Communities.

Proposed FY2022-23 Community Air Protection Awards							
Projects Proposed for Award			Unfunded Projects				
Group 1: Eligible Projects in Disadvantaged Communities							
Organization	Project Type	Community Designation	Zero-Emission Technology?	Sensitive Receptor?	Cost Effectiveness (CE \$/ton)	Eligible Project Cost*	Comments
Thermalito UESD – Sierra Ave Elementary School	Composite Wood Products at Schools	DAC	N	Y	N/A	\$154,249.10	
Sohnrey & Son Family Farm	Off-road equipment replacement (9300)	DAC	N	N	9,743.65	\$134,584.07	
Sohnrey & Son Family Farm	Off-road equipment replacement (6410)	DAC	N	N	12,425.29	\$103,911.30	
Eligible Residents in DACs	Woodsmoke Reduction Program	DAC	N	N	N/A	\$300,000.00 towards Woodsmoke Reduction Program Vouchers	
Eligible Businesses, Agencies, and Organizations in DACs	Lawn & Garden Equipment Program	DAC	Y	N	N/A	\$300,000.00 towards Commercial Lawn & Garden Vouchers	
Eligible Residents in DACs	Lawn & Garden Equipment Program	DAC	Y	N	N/A	\$300,000.00 towards Residential Lawn & Garden Vouchers	

Group 2: Eligible Projects in Low Income Communities							
Organization	Project Type	Community Designation	Zero-Emission Technology?	Sensitive Receptor?	Cost Effectiveness (\$/ton)	Eligible Project Cost*	Comments
Thermalito UESD – Plumas Elementary School	Air Filtration for Schools	LIC	N	Y	N/A	\$149,096.88	
Thermalito UESD – Nelson Middle School	Composite Wood Products for Schools	LIC	N	Y	N/A	\$100,543.40	
Eligible Residents in Census Tract 6007002900 (LIC in Thermalito)	Lawn & Garden Equipment Program	LIC	Y	N	N/A	\$25,000.00 towards Residential Lawn & Garden Vouchers	

Group 3: Eligible Projects outside of Disadvantaged and Low Income Communities							
Organization	Project Type	Community Designation	Zero-Emission Technology?	Sensitive Receptor?	Cost Effectiveness (\$/ton)	Eligible Project Cost*	Comments
Durham Unified School District	Lawn & Garden Equipment for Schools	N/A	Y	Y	N/A	\$4,925.36	Ride-on Mower
Durham Unified School District	Composite Wood Products for Schools	N/A	N	Y	N/A	\$110,500.00	Partial Allocation
*Eligible Project Cost subject to change based on cost-effectiveness limits & state grant requirements							

Attachment:



TAMI RITTER, CHAIR
Supervisor, District #3

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STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Aleah Ing, Administrative Services Officer

Re: **Initial Public Hearing for Proposed Fiscal Year 2023-2024 Budget**

ISSUE:

Staff released the proposed Fiscal Year 2023-2024 Budget on April 25th, 2023. A Public Hearing is required pursuant to Health & Safety Code, Sections 40130 and 40131 in a separate meeting prior to the meeting where the Board adopts the Budget. The adoption hearing is scheduled for June 22nd, 2023.

ACTION REQUESTED:

1. Open Initial Public Hearing and accept comments.
2. Proposed Fiscal Year 2023-2024 Budget Hearing remains open until the adoption hearing in June.

DISCUSSION:

Before your Board is the initial hearing for the purpose of reviewing and receiving comments on the District's Proposed Fiscal Year 2023-2024 Budget. Staff is proposing a balanced total budget of \$3,759,245 with an operating budget of \$1,947,523.

This budget is considering a 5% CPI increase to the District Hourly Rate as a place holder. The actual CPI will be updated based on the April-to-April State CPI amount when it is available before the June Adoption Hearing.

This budget relies on one time grant revenues. In preparing this budget, significant effort was made to project staff resource use on grant programs. If resource use needed to implement these programs is less than projected a budget deficit can occur. Staff will provide quarterly updates throughout the fiscal year on the status of grant revenue implementation. Program cost recovery efforts will continue in the term to address structural budget shortfalls and minimize the reliance

Agenda Item 8

on one-time revenues. Those efforts will likely include additional revenue initiatives and the development of multi-year budget projections.

An Extra Help Temporary position is budgeted at \$16,000 to assist with grant processing and for continued front office support for recently retired staff. Funds for this temporary position are partially supported by Administrative Fees received from other agencies and grants. The District will participate in other grant opportunities as available, however, at this time there is uncertainty in the details of that funding.

Health & Safety Code, Sections 40130 and 40131 require that prior to adoption of the District's annual budget; the District is to hold a public hearing for the purpose of reviewing its budget proposal and providing the public with opportunity to comment. Today's hearing is the first hearing, the second hearing, where the District Governing Board formally considers adopting the annual budget is scheduled for the June 23rd Board meeting. If any public comments should be received, those comments will be forwarded to your Board at the June 23rd, 2022, Public Hearing.

The APCO and staff have met with the Board's Budget and Finance Committee to discuss the Proposed Budget. Another meeting will be scheduled in early June to review any final budget recommendations for the proposed Fiscal Year 2023-2024 Budget.

Attachments:

Proposed Fiscal Year 2023-2024 Budget



Butte County Air Quality Management District 2023-2024 Fiscal Year Budget

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Butte County Air Quality Management District

2023 Governing Board Members

Chair

Tami Ritter

Supervisor, District #3

Vice Chair

Angel Calderon

Councilmember, Gridley

Bill Connelly

Supervisor, District #1

Chuck Nuchols

Vice Mayor, Biggs

Peter Durfee

Supervisor, District #2

Addison Winslow

Councilmember, Chico

Tod Kimmelshue

Supervisor, District #4

Eric Smith

Vice Mayor, Oroville

Doug Teeter

Supervisor, District #5

Rose Tryon

Vice Mayor, Paradise

Stephen Ertle

Air Pollution Control Officer

Butte County Air Quality Management District 2023-2024 Fiscal Year Budget Report

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Resolutions

Resolution 2023-07: Adopting the 2023-2024 FY Budget
Resolution 2023-08: Contracted Outside Legal Services

Appendices

Appendix A: Budget Cycle
Appendix B: Public Notice of Budget Adoption
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Appendix D: District Compensation Schedule
Appendix E: Reserve Policy Guidance (Resolution 2022-19)
Appendix F: Fiscal Policy (Resolution 2022-17)

Butte County Air Quality Management District

2023-2024 Fiscal Year Budget Report

Schedule of Public Hearings

- **Tuesday, April 25, 2023**
Budget Proposal Available
On District website: www.bcaqmd.org
District Office, 629 Entler Avenue, Suite 15 – Chico CA
- **Tuesday, May 2nd, 2023, at 2:00 pm**
Public Workshop
District Office, 629 Entler Avenue, Suite 15 – Chico CA
- **Tuesday, May 2nd, 2023, at 5:30 pm**
Public Workshop
Zoom (link posted on District website, www.bcaqmd.org)
- **Thursday, May 25, 2023, at 10:00 am**
Public Hearing (HSC Section 40131 (a) (3))
By Zoom as part of regularly scheduled meeting
Butte County Association of Governments Board Room
326 Huss Drive, Suite 100 – Chico CA
- **Thursday, June 22, 2023, at 10:00 am**
Public Hearing (HSC Section 40131 (a) (3)) and Budget Adoption
By Zoom as part of regularly scheduled meeting
Butte County Association of Governments Board Room
326 Huss Drive, Suite 100 – Chico CA

Schedule guided by requirements of California Health and Safety Code 40130 & 40131.

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Date: April 25, 2023

To: The Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Re: **Proposed FY 2023-2024 Budget**

In California, local and regional authorities have the primary authority to regulate stationary sources of air pollution¹ (such as industrial facilities, gasoline dispensing stations and paint operations). The Butte County Air Quality Management District (District) is Butte County's local air pollution control regulatory authority. The District Governing Board includes all five Butte County Supervisors, and five local city council members, vice mayors or mayors, as appointed by the respective city councils in Biggs, Chico, Gridley, Oroville, and Paradise.

With this document, the Air Pollution Control Officer presents the proposed Draft 2023-2024 Fiscal Year Budget of **\$4,343,394** in total expenditures, reserves, restricted and unearned funds (collected for grant administration costs) to conduct local Butte County Air Quality Management District programs. The budget for operating expenses totals **\$2,067,974**. Resolutions are provided which incorporate the necessary authority and directives to implement the Budget. We are recommending a CPI increase to our hourly rate this year.

Two public hearings² are required to be held by the Governing Board as part of the budget adoption process. These are scheduled for May 25, 2023, and June 22, 2023, during regular meetings of the Board. In addition, a public workshop will be held on May 2nd, District Management has published in the local newspaper a legal notice, sent postcards to all permit holders and posted the proposed budget to the District's website.

Any comments and recommendations received will be submitted to the Governing Board at the Public Hearings, with recommendations for the final budget submitted at the June 22, 2023, adoption hearing.

¹ California Health & Safety Code Section 40000

² California Health & Safety Code Section 40131

Proposed FY 2023-2024 Budget Highlights

The proposed FY 2023-2024 Budget includes the following highlights:

- DMV surcharges are budgeted at **\$740,000** consistent with FY 22-23 projections. This can be reduced due to the economic uncertainty in the current volatile economic climate. This account represents ~40% of the District's Operating Revenue and is limited to supporting activities associated with requirements under the California Clean Air Act-AB 2595 (1988) pursuant to Ca AB 2766 (1990).
- Budgeted Carl Moyer Program, Rural Assistance and State Reserve programs will total **\$375,258** in grant funds toward incentives for purchasing low emission and alternative clean fuel engines. Additional funding will likely become available during the fiscal year for various other grants but is not allocated at this time due to timing with the State's budget.
- The total of **\$1,678,203** budgeted for employee salaries and benefits, with no change in permanent regular help staffing changes. Approximately **\$155,628** has been included to (account 518) to reduce long term OPEB & pension retirement liability. Temporary Extra Help is budgeted at \$16,000 to assist with administration of grant programs as needed to assure timely emission reductions.
- **\$20,000** in Contingency funds (account 555) are budgeted.
- **\$329,626** in Reserves is budgeted which meets the District Reserve Policy's minimum goal of two (2) months of Operating Expenditures (Resolution 2013-08).
- The unassigned fund balance **\$817,193** represents restricted grant administration funds that will not be expended in the 23-24 fiscal year. These grant programs have year over year activities which will cause the expensing if those revenues to extend beyond this proposed fiscal year.

The Fiscal Year 2023-2024 Proposed Budget makes the following assumptions to arrive at a balanced budget for the period:

- Adoption of Rule 500 Amendments which set forth a tiered throughput fee for Retail Gasoline Dispensing Facilities (Resolution 2023-02 Apr-27);
- Adoption of a CPI increase to the District hourly rate (currently 5.0%);
- Cost of living adjustment for staff in the last year of the 2021-2024 MOU;
- Status quo for all other operating expenses including training & travel, memberships, and professional services.

I respectfully recommend your Board's favorable consideration of a 2023-2024 Fiscal Year Budget for **\$4,343,394** toward the continued implementation of our locally controlled air pollution control program.

Butte County Air Quality Management District

2023-2024 Fiscal Year Budget Report

Budget Overview

DISTRICT PROFILE

Under the existing State and federal environmental regulatory structure, the federal government is granted primary authority to establish health-based ambient air quality standards, to establish specific technology and emission requirements for sources of air pollution, to regulate selected sources of air pollution (e.g., aircraft), and to mandate that states comply with these requirements.

Under the State of California regulatory structure, the State maintains primary authority to regulate mobile sources of air pollution (e.g., establish vehicle emission standards), and possess regulatory oversight authority over local and regional air pollution control authorities. Local and regional agencies maintain primary authority to regulate stationary sources of air pollution (e.g., permitting industry activities and regulating open burning).

The Butte County Air Quality Management District (District) is the local county independent air pollution control agency created pursuant to Section 40100.5 et seq. of the California Health and Safety Code (HSC) to monitor, promote and improve air quality. The District is one of 35 local or regional air quality districts in California and lies within the Sacramento Valley Air Basin with participation as a member of the Sacramento Valley Basinwide Air Pollution Control Council (BCC). The District's Governing Board of Directors consists of ten members: the five members of the Butte County Board of Supervisors and five representatives appointed by each of the cities. The District is a special district, operating separate and apart from Butte County.

As part of its statutory responsibilities the District implements dozens of air quality management programs to meet and maintain air pollution below the health-based ambient air quality standards established by the state and federal governments.

STRATEGIC GOALS:

The District's mission is to protect the people and environment of Butte County from the harmful effects of air pollution. The District is committed to achieving and maintaining healthful air quality throughout Butte County. This is accomplished through a comprehensive program of planning, regulation, enforcement, technical innovation, incentives to promote the reduction of air pollution, and promotion of the understanding of air quality issues.

The District's goals and objectives help guide operations and the allocation of resources within the budget. These goals are further defined in the District's goals and performance matrix adopted annually by the board.

- Maintain an active and effective customer service program with total quality communications, service, and solicitation of public input.
 - Implement active public education and outreach to encourage voluntary measures to improve air quality.
 - Provide resources and public information on air quality with district website, media, and public engagement.
 - Implement grant programs opportunities for public and private entities that provide financial incentives to implement emission reduction equipment and technologies to improve air quality.
 - Provide consistent, clear, efficient, and timely communications with the public, industry, county agencies, associations, or other interested parties.

- Administration of District programs in efficient and effective manner to ensure compliance with current and new state and federal requirements at minimal cost.
 - Utilize all available state training programs and cross train staff to assure consistent implementation.
 - Regularly review and refine internal processes and procedures.
 - Implement measures to increase improvement, efficiency, and cost effectiveness.
 - Attain and maintain air quality standards with planning and control measures.

- Provide a qualified high quality work force and ensure a safe work environment.
 - Maintain an attractive, competitive compensation and benefits program for District employees.
 - Implement an active and effective district safety program.

PRIORITIES, ISSUES & ECONOMIC FACTORS:

When preparing an efficient and cost-effective balanced budget the challenges and economic factors that were considered include:

- Strategies to obtain reasonable cost recovery of District programs consistent with established policies.
- Continuation of grant funding and the use of unearned implementation funds.
- Evaluate staffing needs to address increasing state and federal requirements.
- Evaluate and identify underutilized District services to minimize waste.
- Impact of upcoming District Employee Association 2024-2027 Memorandum of Understanding negotiations for new contract adoption before Oct 2024:
 - Class & Comp study (last one completed Oct 2006).
 - Position adjustments with potentials changing focus on services.
- Inflation impact to program implementation and cost recovery.
- Federal PM Standard changes impact to regulatory requirements and attainment status.

Butte County Air Quality Management District
Final Comparative Budget Analysis
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	FY 2022-23	FY 2022-23	General Fund	Grant Funds					FY 2023-24
	Adopted Budget	Final Projected		AB617	FARMER	CARL, RAP, Reserve	CAP	WoodSmoke	Proposed Budget
REVENUE									
<u>Licenses & Permits</u>									
4213010 Ag Burn Permits	91,000.00	91,000.00	100,000.00						100,000.00
4213013 Ag Engine Registration Program	350.00	350.00	11,350.00						11,350.00
4213020 Title V Permits	4,500.00	4,500.00	4,500.00						4,500.00
4213030 Operating Permits	345,000.00	345,000.00	477,000.00						477,000.00
4213035 Portable Engine Registration	39,500.00	42,800.00	48,000.00						48,000.00
4213038 Asbestos Program	5,000.00	-	5,000.00						5,000.00
4213040 Auth to Construct	29,000.00	29,000.00	29,000.00						29,000.00
4213055 Emission Reduction Fee	-	-	-						-
4213060 Misc. Other Permits	600.00	600.00	600.00						600.00
421 - Licenses & Permits	514,950.00	513,250.00	675,450.00	-	-	-	-	-	675,450.00
<u>Fines, Forfeitures & Penalties</u>									
4300001 Civil Settlements	24,000.00	47,000.00	30,000.00						30,000.00
430 - Fines, Forfeitures & Penalties	24,000.00	47,000.00	30,000.00	-	-	-	-	-	30,000.00
<u>Interest</u>									
Interest	2,000.00	2,000.00	2,000.00						2,000.00
441 - Interest (Use of Money & Property)	2,000.00	2,000.00	2,000.00	-	-	-	-	-	2,000.00
<u>Intergovernmental</u>									
4510001 State Subvention	55,200.00	65,300.00	65,300.00						65,300.00
4511001 DMV Surcharge	740,000.00	740,000.00	740,000.00						740,000.00
4510500 AB2588 Hot Spots Fee	134.00	134.00	134.00						134.00
4510501 105 Grant Funding	60,546.00	60,546.00	61,012.00						61,012.00
4510502 AB 197 Funding	8,583.00	8,583.00	8,583.00						8,583.00
4510503 AB 617 Implementation Funding	88,573.18	48,425.00	-	94,627.54					94,627.54
4510504 Prescribed Burn Reporting & Monitoring	32,700.00	32,700.00	-						-
4510505 GHG Oil & Gas Funding	6,000.00	6,000.00	6,000.00						6,000.00
4510904 FARMER	-	612,237.50	-		612,237.50				612,237.50
4510906 Carl Moyer	438,375.00	561,315.20	-			375,257.66			375,257.66
4510909 WoodSmoke	-	-	-					205,000.00	205,000.00
4510915 Community Air Protection (CAP)	1,216,360.65	1,182,572.85	-				992,368.82		992,368.82
451 - Intergovernmental	2,646,471.83	3,317,813.55	881,029.00	94,627.54	612,237.50	375,257.66	992,368.82	205,000.00	3,160,520.52
<u>Misc Revenue</u>									
4712523 4712523 Misc Revenue	24,395.00	37,395.00	23,995.00						23,995.00
<u>Implementation Revenue</u>									
4712550 4712550 Implementation Administrative Funds	845,494.96	251,027.30	-		423,043.31	144,293.70	408,192.44	23,152.94	998,682.39
471 - Other Revenues (Miscellaneous)	869,889.96	288,422.30	23,995.00	-	423,043.31	144,293.70	408,192.44	23,152.94	1,022,677.39
TOTAL REVENUE	4,057,311.79	4,168,485.85	1,612,474.00	94,627.54	1,035,280.81	519,551.36	1,400,561.26	228,152.94	4,890,647.91

	FY 2022-23	FY 2022-23	General Fund	Grant Funds					FY 2023-24
	Adopted Budget	Final Projected		AB617	FARMER	CARL, RAP, Reserve	CAP	WoodSmoke	Proposed Budget
OPERATING EXPENSES									
<u>Wages, Benefits & PR Expenditures</u>									
<u>Salaries, Wages & PR Taxes</u>				Est 50 @hrly	Estimate use 800 h	Estimate use 320 h	Estimate use 850 hr/yr @hrly		
511000 Wages & PR Taxes	901,250.00	881,250.00	749,712.89	5,027.95	80,447.12	32,178.85	85,475.07	23,152.94	975,994.80
512000 Extra Help	16,000.00	16,000.00	16,000.00						16,000.00
514000 Overtime	4,000.00	4,000.00	4,000.00						4,000.00
511 Salaries, Wages, PR Taxes	921,250.00	901,250.00	769,712.89	5,027.95	80,447.12	32,178.85	85,475.07	23,152.94	995,994.80
<u>Benefits</u>									
518008 Health Care	233,457.00	221,957.00	220,262.52						220,262.52
518009 Cafeteria	41,100.00	32,100.00	28,597.32						28,597.32
518010 Other Employee Benefits	22,378.00	22,378.00	27,716.43						27,716.43
518700 Retirement (Pension) - includes Classic, Pepra & I	144,085.86	140,085.86	160,237.53						160,237.53
518800 Contrib to Pension Liability (bal as of 6/30/20 \$1,.	135,390.00	130,890.00	155,627.85						155,627.85
518900 Retiree's OPEB	36,601.00	52,601.00	54,136.20						54,136.20

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158901	Contrib to OPEB Liability (net bal as of 6/30/21 \$:	19,795.00	19,795.00	35,630.00					35,630.00	
518	Benefits	632,806.86	619,806.86	682,207.85	-	-	-	-	682,207.85	
Operating Expenditures										
<u>Materials & Supplies</u>										
521104	Postage	3,500.00	3,500.00	3,722.42					3,722.42	
522201	Office Supplies	9,500.00	9,500.00	9,785.00					9,785.00	
523001	Telecommunications	16,000.00	16,000.00	16,480.00					16,480.00	
524544	Utilities – Electric/Gas, Water, Trash	8,720.00	9,080.00	9,341.60					9,341.60	
525545	Auto Fuel Costs/Road Expense	5,000.00	6,500.00	6,695.00					6,695.00	
520	Materials & Supplies	42,720.00	44,580.00	46,024.02	-	-	-	-	46,024.02	
<u>Services & Other Operating</u>										
531201	Household Janitorial	5,500.00	5,700.00	5,871.00					5,871.00	
532527	Insurance (Liability & Vehicle)	16,872.00	16,872.00	17,410.09					17,410.09	
533533	Memberships, Dues and Subscriptions	6,000.00	6,000.00	6,500.33					6,500.33	
534537	Public & Legal Notices	3,500.00	3,500.00	4,017.00					4,017.00	
535540	Public Outreach	13,700.00	13,700.00	5,999.50	11,150.00				17,149.50	
536101	Training	10,500.00	10,500.00	14,707.00					14,707.00	
537202	Travel & Conference expenses	30,030.00	30,030.00	33,950.00					33,950.00	
530	Services & Other Operating	86,102.00	86,302.00	88,454.92	11,150.00	-	-	-	99,604.92	
<u>Rents & Leases</u>										
541538	Property Rents & Leases	56,460.00	300.00	-	-		300.00		300.00	
542539	Equipment Rents & Leases	580.00	740.00	762.20					762.20	
<u>Noncapitalized Improvements & Equipment</u>										
543103	Office Furniture & Equipment	3,300.00	3,300.00	16,789.00					16,789.00	
543203	Computer Equipment	12,500.00	12,500.00	12,875.00					12,875.00	
543204	Computer Software & Subscriptions	30,000.00	30,900.00	30,899.75					30,899.75	
543541	Air Monitoring Equipment & Maintenance	5,735.00	5,735.00	2,522.05	3,385.00				5,907.05	
<u>Repairs & Maintenance</u>										
544001	Vehicle Maintenance	2,010.00	4,960.00	5,495.05					5,495.05	
544042	IT Maintenance (computer, copier, office equipm)	35,000.00	35,100.00	32,117.00					32,117.00	
544103	Building Maintenance (annual expenditures)	15,225.00	15,225.00	15,225.25					15,225.25	
540	Rents, Leases, Repairs & Noncapitalized Improvements	160,810.00	108,760.00	116,685.30	3,385.00	-	-	300.00	120,370.30	
<u>Professional/Consulting Services</u>										
551137	AB2588 Hot Spots Fee	134.00	134.00	134.00					134.00	
551536	Professional Services	66,200.00	66,200.00	84,583.60					84,583.60	
551547	Legal Services	18,500.00	18,500.00	19,055.00					19,055.00	
555580	Contingencies	20,000.00	20,000.00	20,000.00					20,000.00	
550	Professional/Consulting Services	104,834.00	104,834.00	123,772.60	-	-	-	-	123,772.60	
Total Operating Expenditures*		1,948,522.86	1,865,532.86	1,826,857.58	19,562.95	80,447.12	32,178.85	85,775.07	23,152.94	2,067,974.49

NON-OPERATING

<u>Grants</u>					AB617	FARMER	CARL, RAP, Reserve	CAP	WoodSmoke	
560006	Carl Moyer	484,949.34	677,974.23				375,257.66			375,257.66
560007	Community Air CAP (CAP)	1,391,051.55	1,566,115.86					992,368.82		992,368.82
560009	WoodSmoke	-	-						205,000.00	205,000.00
560011	NRM	-	-							-
560020	Special Clean Air Grants	30,000.00	35,000.00		35,000.00					35,000.00
560021	FARMER	40,188.40	952,470.03			612,237.50				612,237.50
560	Total Grants	1,946,189.29	3,231,560.12	-	35,000.00	612,237.50	375,257.66	992,368.82	205,000.00	2,219,863.98

DEBT

<u>Debt Service</u>										
565087	Principal		52,950.00	53,035.00						53,035.00
565987	Interest & Other Charges		2,850.00	2,521.00						2,521.00
565	Total Debt Service	-	55,800.00	55,556.00	-	-	-	-	-	55,556.00

CAPITAL

<u>Capital</u>										
571105	Buildings & Improvements	-	-	-						-

Butte County Air Quality Management District
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572563 Equipment (Computer Equipment & Office Furnit	-	-	-	-	-	-	-	-	-	-
573105 Vehicles (Fixed asset Inventory; Listed in Deprecia	-	-	-	-	-	-	-	-	-	-
570 Total Capital Outlay	-	-	-	-	-	-	-	-	-	-
TOTAL Budget (\$ listed in Resolution)	3,894,712.15	5,152,892.98	1,882,413.58	54,562.95	692,684.62	407,436.51	1,078,143.89	228,152.94	4,343,394.47	
Excess of Revenues over(under) Expenditures, incl Debt Service	162,599.64	(984,407.13)	(269,939.58)					0.00	547,253.44	

UNEARNED & FUND BALANCE (Assigned Reserves, Restricted & Unassigned)

Unearned	FY 2022-23		FY 2023-24						Proposed Budget
	Adopted Budget	Final Projected	General Fund	AB617	FARMER	CARL, RAP, Reserve	CAP	WoodSmoke	
WoodSmoke									
AB617	40,548.98	45,640.90		40,064.60					40,064.60
CAP	68,412.36	266,425.47					322,417.38		322,417.38
Carl Moyer	38,339.11	97,867.35				112,114.85			112,114.85
FARMER	230,381.86	335,580.81			342,596.19				342,596.19
Unearned Revenue	<u>377,682.31</u>	<u>745,514.53</u>	-	40,064.60	342,596.19	112,114.85	322,417.38	-	<u>817,193.01</u>
Restrictions (Fund Balance)									
Assigned	Estimated reserve based on calculated from at		324,753.81	325,722.14	313,735.60				344,662.42
	Reserve Fund (see Resolution/Policy)		329,626.07	329,626.07	329,626.07				329,626.07
Restricted (Uncontracted passthrough grant funds)									
Unassigned	367,218.31	269,939.57	(0.01)						817,193.01
TOTAL FUND	696,844.38	599,565.64	329,626.06	-	-	-	-	-	1,146,819.08
Unassigned	367,218.31	269,939.57	(0.01)						817,193.01
Unassigned after grant unearned liability	(10,464.00)	(475,574.96)	(0.01)					0.00	(0.00)

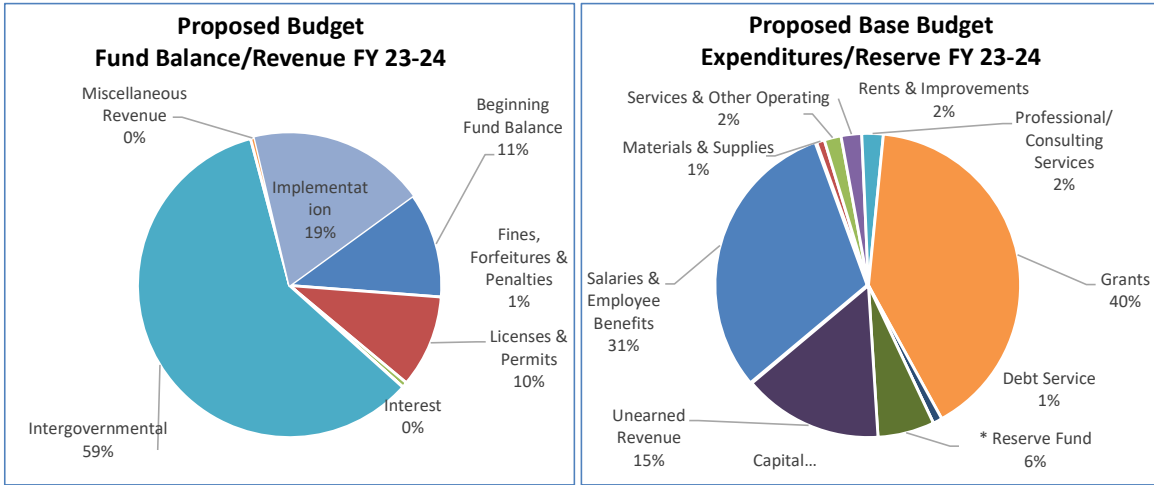
	Strt Fund Bal 6/30	Audited Bal 6/30/2022	Est Fund Bal 6/30/23	FY 2023-24						Est Fund Bal 6/30/22		
	FY 2022-23	FY 2022-23		Adopted Budget	Final Projected	General Fund	AB617	FARMER	CARL, RAP, Reserve	CAP	WoodSmoke	Proposed Budget
Restricted	-	963,374.77	-									-
Assigned	320,255.00	320,255.00	329,626.07									329,626.07
Unassigned Audit Balance	213,989.74	300,343.00	269,939.57									269,939.57
Total Fund Balance	<u>534,244.74</u>	<u>1,583,972.77</u>	<u>599,565.64</u>									<u>599,565.64</u>
Total Revenue	4,057,311.79	4,168,485.85	1,612,474.00	94,627.54	1,035,280.81	519,551.36	1,400,561.26	228,152.94	4,890,647.91			
Total Expenditures	3,894,712.15	5,152,892.98	1,882,413.58	54,562.95	692,684.62	407,436.51	1,078,143.89	228,152.94	4,343,394.47			
Total Assigned & Restricted	329,626.07	329,626.07	329,626.07						329,626.07			
Total unassigned Fund Balance	<u>367,218.31</u>	<u>269,939.57</u>	<u>(0.01)</u>						817,193.01			
Total Fund Balance	<u>696,844.38</u>	<u>599,565.64</u>	<u>329,626.06</u>						<u>1,146,819.08</u>			
Unearned	377,682.31	745,514.53	-	40,064.60	342,596.19	112,114.85	322,417.38		817,193.01			
Fund After Grant Unearned Liability	(10,464.00)	(475,574.96)	(0.01)						(0.00)			

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Butte County Air Quality Management District

Budget Summary

FY 2023-24



	FY 22-23 Adopted Budget	FY 22-23 Revised Budget	FY 23-24 Proposed Budget
Beginning Fund Balance	534,245	1,583,973	599,566
Revenue			
Licenses & Permits	514,950	513,250	525,450
Fines, Forfeitures & Penalties	24,000	47,000	30,000
Interest	2,000	2,000	2,000
Intergovernmental	2,646,472	3,317,814	3,160,521
Miscellaneous Revenue	24,395	37,395	23,995
Implementation	845,495	251,027	998,682
Subtotal Revenue	<u>\$ 4,057,312</u>	<u>\$ 4,168,486</u>	<u>\$ 4,740,648</u>
Total Revenue with Prior Year Fund Balance	<u>\$ 4,591,557</u>	<u>\$ 5,752,459</u>	<u>\$ 5,340,214</u>
Expenditures			
Salaries & Employee Benefits	1,554,057	1,521,057	1,678,203
Materials & Supplies	42,720	44,580	46,024
Services & Other Operating	86,102	86,302	99,605
Rents & Improvements	160,810	108,760	120,370
Professional/Consulting Services	104,834	104,834	123,773
Grants	1,946,189	3,231,560	2,219,864
Debt Service	0	55,800	55,556
Capital	0	0	0
Total Expenditures	<u>\$ 3,894,712</u>	<u>\$ 5,152,893</u>	<u>\$ 4,343,394</u>
* Reserve Fund	329,626	329,626	329,626
Unearned Revenue	377,682	745,515	817,193
Total Reserved & Unearned	<u>\$ 707,308</u>	<u>\$ 1,075,141</u>	<u>\$ 1,146,819</u>
Projected Unassigned Ending Fund Balance	(10,464)	\$ (475,575)	(150,000)

* Note: The reserve is 15% of the operating budget. The difference between base budget and operating budget is the operating budget backs out pass through grants and Contingencies, Reserve and Restricted Funds.

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Butte County Air Quality Management District
Account Descriptions
FY 2023-2024

Revenue Summary

Licenses & Permits

4213010 Ag Burn Permits

This account reflects primarily revenue received from Agricultural Burn Permit Fees pursuant to District Regulation V, Rule 507. This District issues approximately 840 burn permits. The Burn Permit Fees include a base fee of \$25, the Basin-wide Control Council Surcharge of \$5, plus an acreage fee. The acreage burn fee varies depending on the acreage fuel burned (varying from \$0.75/acre for orchard pruning's to \$3.50/acre burned for rice straw). In addition, the rice straw burn permit has a \$60.00 program registration fee.

4213013 Ag Engine Registration

Fees received by the District for issuing certificates of registration pursuant to Rule 441 "Registration Requirements for Stationary Compression Ignition (CI) Engines used in Agricultural Operations". Registration fees are required by Rule 513. These registrations are on a two (2) year cycle and will be up for renewal in FY 2023-2024.

4213020 Title V Permits

One of the provisions of the 1990 Amendments to the Federal Clean Air Act (CAA) included a comprehensive operating permit program in Title V (40 CFR Part 70). In addition to imposing new control requirements on an array of emission source categories, the 1990 CAA Amendments, under Title V, imposed a procedural requirement for all major (and some minor) stationary sources to obtain "operating permits" to begin or continue operations. The Title V Permit records all Federal CAA Requirements that apply to a source in a single document. The District has determined three (3) existing facilities are subject to the Title V Permit Program Requirements: Kinder Morgan/SFPP Bulk Terminal, Neal Road Recycling and Waste Facility, and Ameresco Butte County, LLC Landfill Gas to Energy Plant.

Pursuant to 40 CFR Part 70.9(b)(2)(i), the District has adopted and implements a Supplemental Title V fee program set out in District rule 505. The associated Title V Permit Fees were charged on a per ton emission fee based on EPA part 70 presumptive minimum fee rate of \$58.55 per ton of emissions for 2022-2023 (<https://www.epa.gov/title-v-operating-permits/permit-fees>).

4213030 Operating Permits

District Regulation V, adopted pursuant to Health & Safety Code Section 42311, establishes required permit fees in Rule 500. This account reflects annual permit renewal fees paid for permits to operate issued by the District pursuant to Rule 500. The District maintains approximately 800 Permits to Operate for stationary sources.

This account includes the basic permit fees and the BCC Surcharge (\$5.00 per permit).

4213035 Portable Engine Registration

This account tracks registration fees received by the District pursuant to Rule 440 "Portable Equipment registration" and District fees collected by the State's Portable Equipment Registration Program (PERP). The registration fees are required by Rule 512 and Title 13 CCR 2461. The budgeted revenues are primarily expected from registration renewals.

4213038 Asbestos Program

The Governing Board has directed Staff to develop and Asbestos Program (Rule development) to replace the program that the California Air Resources Board previously managed. The District adopted rule 270 and 516 that includes fees to recover the cost of program implementation.

4213040 Authority to Construct

This account includes initial permit fees paid pursuant to Rule 500 (Permit Fees), under the Authority to Construct Fee calculation methodology referencing a base filing fee of \$75, plus an authority to construct fee and toxic fee, if applicable, based on source category.

As with the operating permit fee account, this account includes the basic permit fees and the BCC Surcharge (\$5.00 per permit). This account fluctuates depending on changes in local industry operations.

4213055 Emission Reduction Credits

This account includes emission reduction fees paid as a result of emission banking activities in accord with District Rule 503. The fees are charged at the approved hourly rate.

4213060 Misc. Other Permits

This account includes miscellaneous revenue generated from Variance Fees and other miscellaneous permits. Income from this account varies depending on the need of businesses for variances from District rules and State laws.

Fines, Forfeitures & Penalties

430001 Civil Settlement

This account includes revenue received from implementation of the District's Settlement Policy established pursuant to Health & Safety Code Section 42402.5 and 42403.

Interest

441 Interest

Intergovernmental

4510001 State Subvention

This account reflects State financial assistance received pursuant to Health & Safety Code Section 39802, which provides that the California Air Resources Board (CARB) may subvene up to one (\$1) dollar for every dollar budgeted for use by a local air district, given specific requirements (e.g., that the district in an air basin implements uniform rules and regulations). Subvention funding provided pursuant to this statute is subvented at a rate of up to \$.23 per capita with a minimum of \$18,000 for any one eligible district depending on the State funds provided in the respective year's State Budget.

At this time the 2023-2024 FY budget for funding will be the same as the amounts awarded in FY 2022-2023. This can change without notice. Nearly half of all subvention disbursements go to the South Coast AQMD, a fourth to the Bay Area AQMD, and the remaining distributed on a pro-rated basis using the statute-specified per capita amounts (except that \$500,000 is reserved for rural districts).

4511001 DMV Surcharge

This account recognizes revenue received from the Department of Motor Vehicles (DMV) collected pursuant to AB 2766, Health & Safety Code Section 44223 and 44225. This statute authorized Districts to collect \$4.00 per vehicle registered within the District's jurisdiction for use to "implement the California Clean Air Act of 1998."

The Department of Motor Vehicles and the State Controller's Offices are typically two to three months behind in distribution of the DMV revenue.

4510500 AB2588 Hot Spots Fee

This account includes AB 2588 Toxic Hot Spots Fees assessed pursuant to the Air Toxic Hot Spots Information and Assessment Act of 1987 (AB 2588). Under the program, facilities are required to inventory air toxic emissions, assess the potential health risks from exposure to the emissions and, if necessary, notify the public and reduce significant risks. As part of the program, CARB is required to adopt a fee regulation (Health & Safety Code Section 44380) and the Districts are required to collect fees to cover both the District's and the State's (ARB's) costs for implementing the program.

4510501 105 Grant Funding

This account reflects U.S. EPA pass-through grant funding provided to selected local air districts to assist in the implementation of the federal Clean Air Act. The funding is provided through a memorandum of understanding between the California Air Pollution Control Officers Association (CAPCOA) and the District.

4510502 AB197 Funding

This account reflects state financial assistance received to implement the provisions of AB197 regarding improvements to the emissions inventory reporting process.

4510503 AB617 Implementation Funding

This account reflects state financial assistance received to implement the provisions of AB617 "Community Air Protection Program" regarding improvements in air pollution data collection and reporting, potential enhanced community air pollution monitoring and potential community emissions reduction grants and programs. Funding is provided under a grant agreement between CARB and the District.

4510504 Prescribe Burn Reporting & Monitoring

The grant is intended to provide resources to air pollution control districts for an enhanced smoke management program. This includes enhanced reporting of prescribed fire activity in their regions, air monitoring of prescribed fires, improved public outreach regarding prescribed fires and resources for district staff to attend regional training sessions on different elements of the State's smoke management program. Grant awards are on a two year cycle.

4510505 GHG Oil & Gas Funding

This account reflects state financial assistance received to implement selected provisions of the state regulation "Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities." The District is implementing the provisions under a memorandum of agreement with CARB.

4510904 Farmer Funding

This account reflects state grant funding provided to local air districts under the "Funding Agricultural Replacement Measures for Emission Reductions (FARMER)" program. The FARMER program provides voluntary incentives to replace older, more pollutant equipment with newer, cleaner technologies in the agricultural sector. The state funding is provided from three (3) related funding sources: Greenhouse Gas Reduction Fund (GGRF) in AB 134, Air Quality Improvement Fund (AQIF) in AB 109 and Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) in AB 109. Funding is provided under a grant agreement between California Air Resources Board (CARB) and the District. The state did not allocate funds for year 6 of the program.

4510906 Carl Moyer Funds

The Carl Moyer program provides grant incentives for purchasing lower-emission diesel engines. Funding typically covers the cost difference between a new diesel engine and an alternative, clean fuel or lower-emission model. For the Districts FY 23-24 Carl Moyer YR 26 Grants \$175,000 has been budgeted. Additional funding may become available during the year but is not allocated at this time. The administrative fee portion for this grant is projected in the Implementation Revenue Account. Additional Reserve funds are being allocated for Lawn and Garden.

4510909 WoodSmoke Funds

The State WoodSmoke Reduction Program is a statewide program that uses Cap-and-Trade funds to reduce greenhouse gas emissions. Co-benefits include a reduction in black carbon and fine particulate (PM2.5) emissions. The Program is designed to help households replace an uncertified wood stove or insert, used as a primary source of heat, with a cleaner burning and more efficient device. Open hearth fireplaces may be converted to gas or wood burning insert, in some cases. Increased incentives are available for disadvantaged communities, low-income communities, and low-income households.

4510915 Community Air Protection

AB 617 directs CARB to establish the Community Air Protection Program with the focus to reduce emissions and exposure in communities most impacted by air pollution. Greenhouse Gas Reduction Funds were allocated through the Carl Moyer Program to support the goals of AB 617 by achieving immediate reduction in mobile source emissions in disadvantaged and low-income communities. The year 2023-24 funding amount is unknown.

Miscellaneous Revenue

Miscellaneous Revenue

Includes reimbursements (Copies & Other), fees (Late Fees, return check, etc), and subject research fees and hourly rate as defined in district rule 509.

Implementation Funds

This account includes revenue for administration of pass-through grant programs, including Carl Moyer Grant program, FARMER grant, Community (CAP) grants, and the WoodSmoke Reduction Program.

Expenditure Summary

Salaries and Employee Benefits

As of January 2023, the district has a workforce comprised of 55% female and 45% male. Of this staff 27% are over 55 retirement age; 55% between 40-55 range and 18% under 40. These statistics show that the district needs to prepare with cross trainings, documentation and processes that will contribute to a smooth transition of staff.

Staffing needs for ongoing increases to state requirements, employee retirement and recruitment are factors that were considered when preparing the budget.

The district last performed an external class and compensation study with updated job descriptions in 2006. It is recommended that job descriptions are updated every 3-5 years and often even more frequently. In preparation of the next round of MOU negotiations in 2024, an RFP should be issued, class and compensation study completed, and job descriptions updated during FY 23-24.

511 Salaries & Wages

The Salaries account covers Accounts 511000 through Account 511002 and reflects the base wage costs for all permanent full-time and part-time employees including all Federal and State taxes. This account does not include payments to independent contractors or extra help. The FY 2023-24 account includes eleven (11) permanent full-time positions as listed below.

Position Title	FY 21/22	FY 22/23	FY 23/24
Administrative Assistant	1	1.5	1.5
Administrative Technician	1	1	1
Accounting Technician	1	1	1
Administrative Services Officer	1	1	1
Air Quality Compliance Specialist I	1	1	1
Air Quality Compliance Specialist II	1	1	1
Senior Air Quality Compliance Specialist	0	1	1
Air Quality Compliance Supervisor	1	0	0
Air Quality Engineer I	1	1	1
Senior Air Quality Planner	1	1	1
Assistant Air Pollution Control Officer	1	1	1
Director/Air Pollution Control Officer	1	1	1
Total FTE Position Count	11	11.5	11.5

Note 1: Full Time Employee (FTE)

Note 2: Part Time Employee listed above is budgeted under Extra help.

This category contains the employee performance pay for a total of \$7,500.00.

512 Extra Help

Extra help is anticipated to administer the FARMER Grant, CAP, Carl Moyer, and Woodsmoke Program. This account reflects wages paid to extra help, temporary and part-time employees who are not eligible for standard Memorandum of Understanding employee benefits.

514 Overtime

This account reflects wages paid for overtime work by non-exempt employees in excess of their regular (5/8), or alternate (9/80 or 4/10) work schedule. All paid time off is considered hours worked pursuant to the Memorandum of Understanding with the Employees Association.

Typically, overtime use includes, but is not limited to, circumstances including weekend and holiday staffing of the agricultural burn program, "Check Before You Light" program, illegal burning and investigations performed after hours jointly with local fire protection agencies and after-hours complaints and investigations.

518 Employee Benefits

This account reflects employee benefit costs provided for by State and Federal law and in the Memorandum of Understanding with the Employees Association. These benefits include employer paid retirement contributions into the Public Employees Retirement System (CalPERS), Health & Life Insurance, Workers' Compensation Insurance, Employee Benefit Fees, Employee Cash Back Option, Disability Insurance and a 401 (a) Retirement Plan, Other Post Retirement Benefits (OPEB). For improved transparency and tracking additional subaccounts have been created.

518008 Health Care includes medical, dental and vision benefits defined in the Memorandum of understanding. The District currently offers PERS Medical plans, Delta Dental, & VSP Vision.

518009 Cafeteria is for the medical cash back in-leu and district flex plan credits.

518010 Other Benefits included expenses associated with the Employee assistance program, flex spending account, disability and workers compensation.

518700 Retirement includes 6% contribution to the One America 401 accounts in leu of social security and employer payments for the CLASSIC and PEPRA employee retirement. Based on the latest PERS Valuation Report the District pays 12.47% for CLASSIC employees and 7.68% for PEPRA Employees. The employee portion for CLASSIC is 7% and PEPRA is increasing 1% to 7.75%.

518800 Pension Liability The PERS Annual Valuation report for June 30, 2021 shows an unfunded accrued Liability of \$1,074,037 for CLASSIC employees and \$(10,697) for PEPRA employees resulting in a total unfunded liability of \$1,063,340. PERS Pension Liability expense line includes the required contribution amount for FY 2023-24 in the amount of \$126,534 for Classic and \$0 for PEPRA. There is currently no unfunded pension liability for PEPRA. The UAL for CLASSIC at the current amortization schedule is projected to be funded by FY 37-38. With the anticipated decrease in market returns that were not accounted for during the latest valuation report this unfunded pension liability is anticipated to increase.

The Districted Board adopted an Unfunded Accrued Liability Pension Management Policy on January 26, 2023 with resolution 2023-01. As part of the implementation, the District is seeking to established a CEPPT trust during the April Governing Board meeting (Resolution 2023-06). Regular contributions will be made based on the difference between the annual required UAL payment to PERS and the amount budgeted in this account.

Budgeted amount is for the annual prepayment option of \$122,440, with the difference of \$4,094 going to the trust fund plus the additional discretionary payment of \$33,187.85, for a total budget of \$155,627.85.

518900 Retiree's OPEB includes retired employee health insurance reimbursements as defined in the MOU for 10 years of service, the sick leave retirement buy back option, the PERS retiree minimum contribution.

518901 OPEB Liability The 2021 GASB 75 report lists the OPEB Liability at \$465,800 with \$153,140 in the trust account, resulting in a net liability balance of \$312,660 as of July 1, 2021. A new GASB 75 Valuation report will be prepared for 7/1/2023. The actuarial determined contribution for 6/30/2023 was used for the amount to transfer to the CERBT Trust fund of \$35,630 for FY 23-24.

To fund this obligation, the District established a CERBT fund (Resolution 2017-12) in 2017 with PERS investment to generate returns. This trust allows regular contributions by the District to decrease the liability and demonstrate prudent financial management. Future disbursements from the trust contributions will only take place when approved OPEB expenses are realized.

Materials & Supplies

521104 Postage

This account reflects the cost of postage and shipping. There was a 5% increase in the USPS postage rate effective Jan 2023. The District is anticipating increased mailings due to planned increased public outreach for various programs.

521201 Office Supplies

This office supply account includes all disposable and non-disposable supplies that need replenished often, usually (but not always) within the fiscal year. Office supplies may include items such as: pens, pencils, papers, binders, envelopes, filing supplies, special printing, toner, references, safety supplies, Lien processing fees, shredding service, security & drinking water.

523001 Telecommunications

This account reflects primarily the cost of communication services, including monthly telephone, Voice over IP (VOIP), cell phone, cell phone reimbursements, internet services, web hosting, domain, spam filtering, phone book, etc.

524544 Utilities – Electric/Gas

This account reflects charges for electricity, natural gas, water and garbage needed for operations at the District's office.

525545 Auto Fuel Costs/ Road Expense

This account reflects the District's vehicle fuel cost. This has increased due to increased field activity and fuel costs.

Services and Other Operating

531201 Household/Janitorial

This account includes primarily custodial services.

532527 Insurance (Liability & Vehicle)

This account includes premiums for public liability, property damage including fire, burglary, and vehicle coverage, errors and omissions coverage, boiler and money insurance coverage. The District contracts with the Special District Risk Management Authority (SDRMA) for general insurances. It is anticipated to increase by approximately 17.5% from FY 22-23.

General Liability coverage:

Maximum loss per occurrence: \$5 million

Maximum loss per policy year: \$5 million
 Coverage limits up to \$5 million with no deductible

Auto Liability coverage:
 Maximum loss per occurrence: \$5 million
 Maximum loss per policy year: Based on that for all AIG Policies
 Coverage limits up to \$5 million with \$1,000 deductible

Errors & Omissions coverage:
 Maximum loss per occurrence: \$5 million
 Maximum loss per policy year: Based on that for all AIG Policies
 Coverage limits up to \$5 million with no deductible

Property coverage:
 Maximum loss per occurrence: N/A
 Maximum loss per policy year: N/A
 Coverage limits up to \$50,000,000 with \$2,000 deductible

Comprehensive coverage:
 Maximum loss per occurrence: Vehicle Value
 Maximum loss per policy year: N/A
 Coverage on newer vehicle limits up to replacement value with \$250/\$500 deductible

Crime & Fidelity coverage:
 Maximum loss per occurrence: \$400,000
 Maximum loss per policy year: N/A
 Coverage limits up to \$400,000 with no deductible

533533 Memberships, Dues & Subscriptions

This account reflects District costs of memberships in societies, associations of officials, trade and other organizations whose membership may meet and discuss issues related to the useful conduct of the District's business.

Specifically, this account includes the following membership costs:

California Air Pollution Control Officers Association & CalEEMod (Addresses primarily state issues)	2,576
Association of Air Pollution Control Agencies (AAPCA)	500
California Special District Association (CSDA)	1,485
Air & Waste Management Association (Addresses technical & policy issues useful to the District)	195
Costco	120
California Chamber of Commerce	650
Sustainability Mgmt. Assoc.	200
Government Officers Finance Association (GOFA)	310
Amazon Prime	180
Misc Memberships	284
Total	6,500

534537 Public & Legal Notices

This account reflects District costs of publications legally required for reports and notices. The account includes costs of public notices of Board and Hearing Board meetings and of notice of public hearings to adopt rules and regulations or take other action requiring a public notice. RFP and recruitment advertising are also included in this account.

535540 Public Outreach

A District public education program is mandated, and the funding is derived directly from the DMV surcharge, State Subvention funds, and other grant funding including AB617. Some of the outreach includes the Check Before you Light Program, Clean Air Day, Chipper Program and other AB617 outreach programs. This account was previously labeled as Public Awareness.

536101 Training

Training is important for maintaining qualified staff with skills and knowledge of existing and new regulatory requirements. Such costs as seminar fees, class registration and training materials are charged to this account.

537202 Travel & Conference Expenses

This account reflects the costs of transportation of persons and associated travel expenses. Examples of such costs would include, costs of meals, lodging, commercial transportation, mileage reimbursement and other travel costs. A large portion of the travel budget is due to staff involvement in CAPCOA and training of staff.

Rents, & Leases

541538 Property Rents & Leases

This account reflects the District's cost of facility rentals not reported in Debt Service as defined by GASB 87.

542539 Equipment Rents & Leases

This account reflects the rent and lease of equipment (primarily for office use). The FY 2023-24 account includes the rental cost for the Pitney Bowes postage machine.

Noncapitalized Improvement & Equipment

543103 Office Furniture & Equipment

This is a new account for tracking purchases of office furniture and equipment that are not usually replaced within the year and are under the fixed asset threshold. This year's budget includes a minimal amount for updates to office furniture such as desks, chairs, etc.

543203 Computer Equipment

This account includes monitors, laptops, cameras, workstations, a new server, and other similar devices not otherwise budgeted as a fixed asset. Workstations are on a 4-year upgrade rotation with estimate of 4 computers to be replaced per year.

543204 Computer Software & Subscriptions

This account includes software, licenses and various computer subscriptions including QuickBooks, Laserfiche, Adobe, Office 365, antivirus and spam filtering, firewall software renewal, and UCC, SLL Certificates. Changes to this account may occur with the implementation of GASB 96 in this fiscal year.

543541 Air Monitoring Equipment & Maintenance

This account was previously labeled as Special Department Expenses and reflects comparatively specialized supplies and services, generally particular to the conduct of the Air Monitoring District's operations, and for

which an account has not otherwise been established. This account includes purchasing air quality sensors, and the maintenance for air monitors, EBAM calibration, maintenance, and satellite communications for monitoring equipment.

Repairs & Maintenance

544001 Vehicle Maintenance

The FY 2023-24 costs include vehicle repair and maintenance costs. Expenditures include costs for keeping vehicles in an efficient safe operating condition, car washes, and repairs.

544042 IT Maintenance (computer, copier, office equipment)

This account includes support agreements for computer maintenance, uncontracted labor for computer or other office equipment installations and repairs, cloud backup, and copier maintenance. These costs continue to increase as computer security risks develop.

544103 Building Maintenance

This account reflects building maintenance, modification, and repair costs. Heating and air maintenance, maintenance plus and fire extinguisher maintenance is also included in this account. The district relocated to Entler Ave in December 2010 and with over 10 years in residence, additional deep cleaning and maintenance activities should be planned.

Professional/Consulting Services

551536 Professional Services

This account reflects the costs of most professional services and specialized services. Costs included in this account may be chemical analyses, consultations, materials testing, data processing, outside personnel services, outside auditing services, CPA consultation, computer programming and after-hours answering services.

Specifically, the FY 2023-2024 Account includes the following Professional & Special Services:

GASB 75 OPEB Full Valuation end 7/1/2023	2,200
GASB 75 OPEB disclosure end 6/30/24 & 6/30/25	1,100
CalPERS GASB 68 Valuations	750
Sacramento Valley Basin Coordinating Council (BCC)	11,500
Fiscal Audit (Government Code 26909)	12,500
ADP-Payroll, HR, Payroll Processing	6,120
Western Weather Meteorological Services	600
Answering Service Hotline-Telesec	850
Staff Training Day & In-house Training	10,000
Class and Compensation Study, Job Descriptions	15,000
Laserfiche Workflow programming and design	10,000
Professional Consultation (ex. Pension, Financial, Legal)	10,000
Laboratory Analysis	500
Misc. unanticipated	3,464
Total	84,584

551137 AB2588 Hot Spots Fee

This account is for the State's (ARB's) costs for implementing the program that were collected by the District.

551547 Legal Services

This sub-account includes Professional Legal Services. The proposed budget includes continuing legal services contract with outside counsel.

580 Appropriation for Contingencies

The District's Appropriation for Contingency account is used to address unanticipated fiscal liabilities and changes in the operational activities. Transfers from this account to other expense accounts may be needed during the year due to unanticipated events.

Non-Operating & Capital Outlay

Grants

560006 Carl Moyer Grants

This account reflects the District disbursement of Carl Moyer funds received from the CARB to grant applicants.

The District anticipates \$175,000 in Carl Moyer Clean Air Grants available for Fiscal Year 2023-24 (Year 26). The Carl Moyer program provides grant incentives for replacing or retrofitting older high emitting engines with lower-emission engines. Additional funding may become available during the year but is not allocated at this time.

Restricted grant funds at year end are budgeted in this account with an amendment in anticipation of being fully expended.

560007 Community Air Protection (CAP)

AB 617 directs CARB to establish the Community Air Protection Program with the focus to reduce emissions and exposure in communities most impacted by air pollution. Greenhouse Gas Reduction Funds were allocated through the Carl Moyer Program to support the goals of AB 617 by achieving immediate reduction in mobile source emissions in disadvantaged and low-income communities. Year 23-24 funding amount is currently unknown.

Restricted grant funds at year end are budgeted in this account with an amendment in anticipation of being fully expended.

560009 WoodSmoke Grants

State Funds are being allocated toward this program.

560011 NRM Grants

The NRM program is inactive.

560014 DMV Grants

This account reflects the disbursement of funds by the District. Specifically, included in this account are funds used for grants that are related to the DMV Vehicle Registration Surcharge Fees (Assembly Bill 2766 adding Health & Safety Code Sections 44220-44247) for implementing motor vehicle emission reduction programs. There are no grants budgeted at this time.

560020 Special Clean Air Grants

This account will be used for the Small Community Grants that will be using AB617 Implementation Funds.

560021 FARMER

Assembly Bill (AB) 134 and AB 109 appropriates funds to CARB for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector. CARB staff developed the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program to cover the three (3) related sources of funding included in AB 134 and AB 109. Nothing has been budgeted for FY 23-24 as CARB has not provided award amounts at the time the budget was released. If the District does receive an award, the District will return to the Board for acceptance and to amend the budget.

Restricted grant funds at year end are budgeted in this account with an amendment in anticipation of being fully

expended.

Debt Services

565087 Principal & 565987 Interest

With the Implementation of GASB 87, the reporting of the Lease for the district offices at Entler avenue changed from the **541538 Property Rents & Leases Account** to the Debt Service. The current office lease is for office space of approximately 4,030 square feet. The lease was renegotiated during FY 2020-21 with a 4% initial increase with no additional increases over the 5-year contract.

Capital Outlay

573105 Vehicles

Currently the fixed asset threshold is \$25,000 or more and all vehicles. The District currently has 4 vehicles to conduct District activities.

Fund Balance

Reserve Fund

These funds are available for reserves, as approved by the BCAQMD Board and as directed by the Board approved Reserve Policy. The goal of the Reserve Policy is to have at least two months of operating expenses in the Reserve Account. These funds may be re-budgeted as the Board deems appropriate. The district is maintaining the budgeted reserve fund \$329,626.

See Resolution 2022-19- (Reserve Policy), Appendix E.

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Butte County Air Quality Management District

Resolutions

Resolution 2023-07: Adopting the 2023-2024 FY Budget

Resolution 2023-08: Contracted Outside Legal Services

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RESOLUTION 2023-07
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
ADOPTING THE FISCAL YEAR 2023-2024 BUDGET

Resolution 2023-07)
Adopting the 2023-2024 Budget.....)
Totaling \$4,343,395)
Of the total, \$2,219,864 is in Grant funds.....)
And \$20,000 in Contingency funds, resulting in an)
Operating Budget of \$2,067,975
And Debt Service of \$55,556)

WHEREAS, on June 22, 2023, the Governing Board met in regular session;

AND WHEREAS, the Governing Board reviewed and considered information provided as set out and identified as the FY 2023-2024 Budget; and;

AND WHEREAS, pursuant to Health and Safety Code Sections 40130 and 40131 the Board held an initial Public Hearing on May 25, 2023 for the exclusive purpose of reviewing its budget and providing the public with the opportunity to comment on the proposed District budget;

AND WHEREAS, the Board held a Public Hearing pursuant to the Health and Safety Code Sections 40130 and 40131 on June 22, 2023 to consider adopting the FY 2023-2024 Budget;

THEREFORE, BE IT RESOLVED, that the Board has reviewed and adopts the FY 2023-2024 Budget consisting of an operating budget of \$2,067,975 and debt service of \$55,556 for the 2023-2024 District Fiscal Year;

BE IT FURTHER RESOLVED, obligates, to implement emission reduction grants Carl Moyer, AB 617, CAP and FARMER funds totaling \$2,219,864. \$817,193 in implementation funds are estimated to be unearned, for future administration costs and a \$20,000 contingency fund is approved for the District, providing for a total FY 2023-2024 Budget of \$ 4,343,395 and adjusting the FY 2022-2023 Budget as outlined in the attached Final Budget and,

BE IT FURTHER RESOLVED, that to cover program costs, the adoption includes the California Consumer Price Index (CCPI), All Urban Consumers, April 2022 to April 2023 increase in the hourly rate pursuant to Rule 509 Section 2, the hourly rate amended to \$xx, reflecting a x% increase, with Rule 509 being amended to include this change; and,

BE IT FURTHER RESOLVED, that the Board approves receiving unanticipated revenue and expenditures as well as amending the budget for any additional grant funding such as Carl Moyer, State Reserve, FARMER, CAP, NRM, AB 617, AB 197, Prescribed Burn Reporting and Monitoring or the Woodsmoke Reduction Program that may become available and accepted by the District; and,

BE IT FURTHER RESOLVED, the Air Pollution Control Officer is authorized to borrow internally from the Reserve Fund to resolve short-term cash flow needs, with the direction to make repayment by June 30, 2024; and,

AND BE IT FURTHER RESOLVED, the Air Pollution Control Officer is authorized and hereby directed to negotiate and sign the initial and final applications for potential State subvention funds for the Fiscal Year 2023-2024.

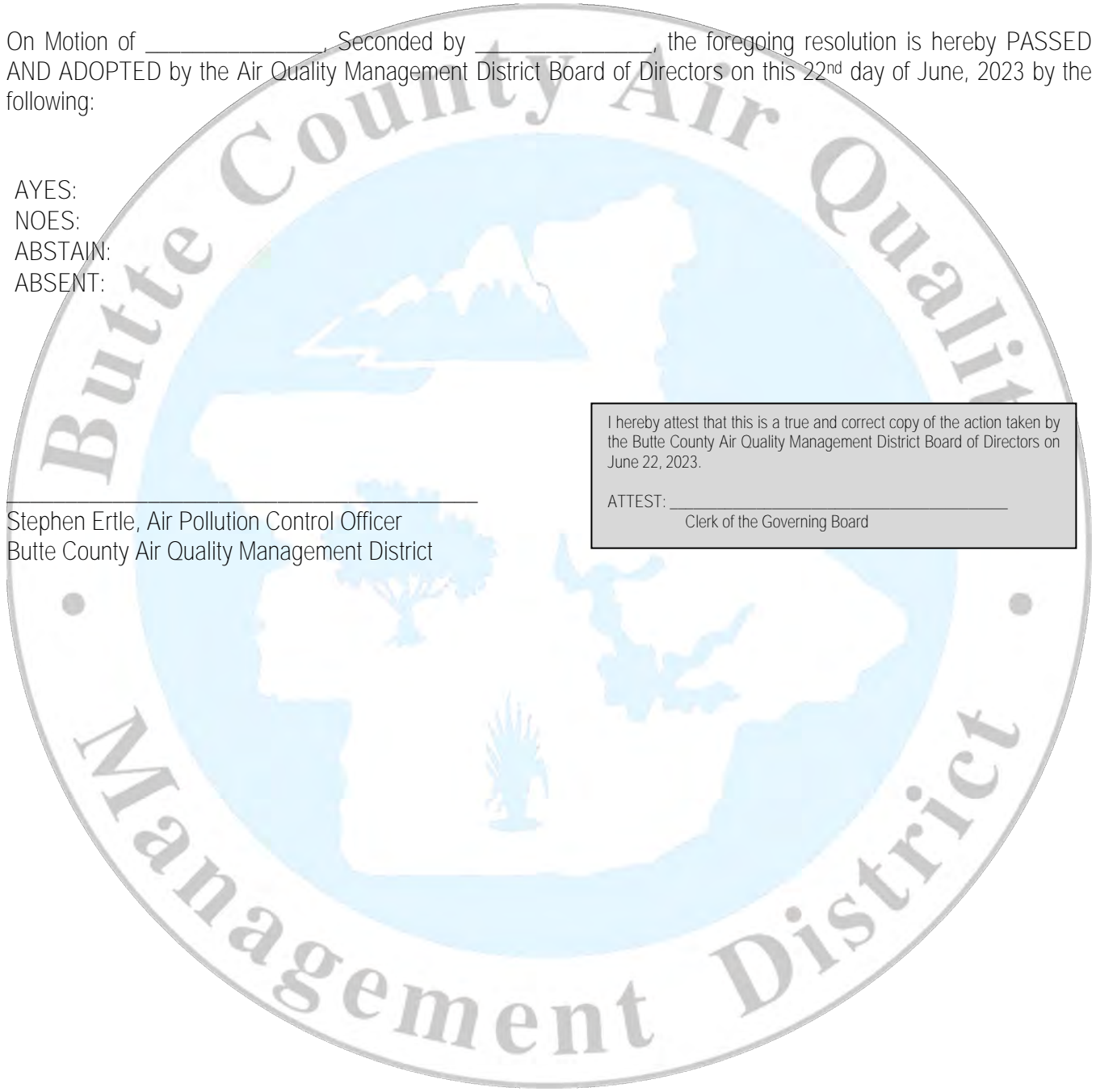
On Motion of _____, Seconded by _____, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 22nd day of June, 2023 by the following:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Stephen Ertle, Air Pollution Control Officer
Butte County Air Quality Management District

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on June 22, 2023.

ATTEST: _____
Clerk of the Governing Board



RESOLUTION 2023-08
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
LEGAL SERVICES 2023-2024

Resolution 2023-08)
Approval and direction to the.....)
Air Pollution Control Officer to contract)
for Outside Legal Services)

WHEREAS, the District is a body corporate and politic and a public agency of the state;

AND WHEREAS, the District, pursuant to the Health and Safety Code Section 40700 et seq. has the power; to have a perpetual successor and to enter into contractual services;

AND WHEREAS, the District is an environmental, regulatory, public agency established pursuant to State statute and is charged with the enforcement of federal, state, regional and local air pollution regulations;

AND WHEREAS, in the course of performing its day-to-day implementation of active and effective air pollution control programs the District has need of legal counsel;

AND WHEREAS, the FY 2023-2024 Budget includes \$18,500 for contract outside legal services;

BE IT FURTHER RESOLVED, the Board hereby authorizes and directs the Air Pollution Control Officer to execute a legal services agreement for legal counsel with current District Counsel Greg Einhorn for FY 2023-2024.

On Motion of _____, Seconded by _____, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 22nd day of June, 2023 by the following:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Stephen Ertle, Air Pollution Control Office
Butte County Air Quality Management District

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on June 22, 2023.
ATTEST: _____
Clerk of the Governing Board

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Butte County Air Quality Management District

2023-2024 Fiscal Year Budget Report

Appendices

Appendix A: Budget Cycle

Appendix B: Public Notice of Budget Adoption

Appendix C: Organizational Chart

Appendix D: District Compensation Schedule

Appendix E: Reserve Policy Guidance (Resolution 2022-19)

Appendix F: Fiscal Policy (Resolution 2022-17)

Butte County Air Quality Management District

Appendix A: Annual Budget Cycle

The District's Administrative Code adopted by the Board provides information related to the District's budget process, budget control and audit. The flow chart below shows the process for the annual budget adoption, pursuant to HSC Section 40131.



BASIS OF BUDGETING

The District's basis of budgeting is modified accrual, which is recognized as the generally accepted method of accounting for state and local governments. Using this method of budgeting, revenues are recognized when (1) they are measurable, and (2) all applicable eligibility requirements are met. Expenditures are recorded when the related fund liability is incurred. Modified accrual accounting can also divide available funds into separate entities within the organization to ensure that revenues are spent where they were anticipated.

Butte County Air Quality Management District

Appendix B: Public Notice of Budget Adoption

PUBLIC NOTICE IS HEREBY GIVEN, that the Butte County Air Quality Management District (District) Governing Board is holding Public Hearings by Zoom as part of our regularly scheduled Governing Board meetings to consider adoption of the District's 2023-2024 Fiscal Year Budget.

The proposed Budget is on the website www.bcaqmd.org and on file at the District Office, 629 Entler Avenue, Suite 15 - Chico, CA, and is available for public inspection commencing Tuesday April 25, 2023.

The time and date of the Public Hearing set for adoption of the proposed Budget is Thursday, June 22, 2023, at 10:00 a.m., at the Butte County Association of Governments Board Room, 326 Huss Drive Suite 100, Chico, CA.

All written comments should be filed with the District's Board Clerk, 629 Entler Avenue, Suite 15 - Chico, CA, no later than June 13, 2023.

The District will hold public workshops on Tuesday May 2nd at 2:00 pm at the District office and at 5:30 pm via Zoom (link posted on website).

In addition to the Thursday, June 22, 2023, Public Hearing to adopt the proposed Budget, the District Governing Board is holding a special Public Hearing, to review the Budget and provide an opportunity for public comment on the proposed Budget. The time and date of this special Public Hearing is set for Thursday, May 25, 2023, at 10:00 a.m. at the Butte County Association of Governments Board Room, 326 Huss Drive Suite 100, Chico CA.

Following the Thursday, June 22, 2023, Public Hearing and without further notice, the District Governing Board may adopt the Final District Budget for the 2023-2024 Fiscal Year as the Board deems appropriate or take other action consistent with this notice.

DATED: April 25, 2023
BY: Stephen Ertle
Air Pollution Control Officer
Publish 4/25/2023

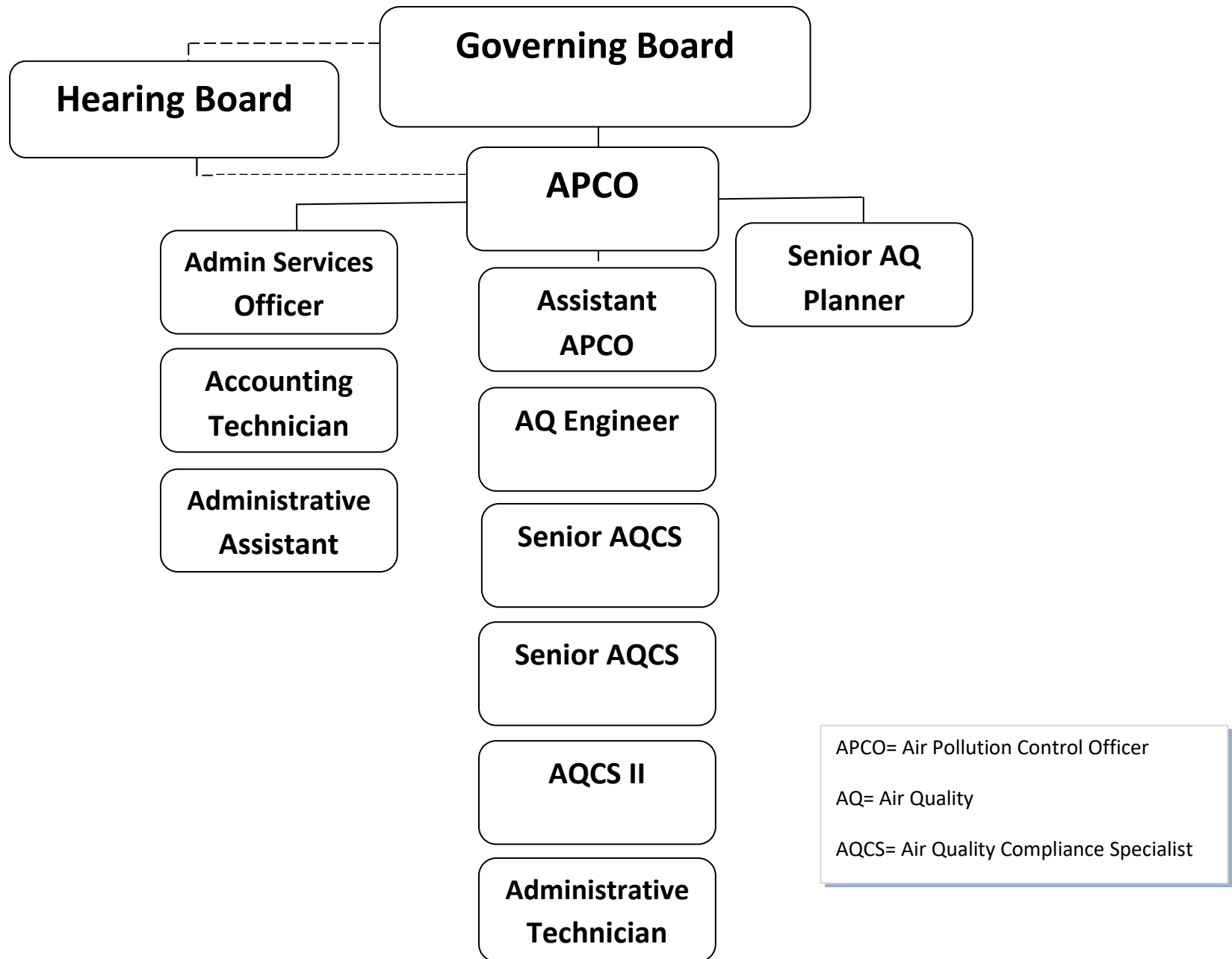
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Butte County Air Quality Management District

Appendix C: Organizational Chart

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Butte County Air Quality Management District



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Butte County Air Quality Management District

Appendix D: District Compensation Schedule

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BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT

COMPENSATION SCHEDULE

Effective date October 1, 2022

Position Title	FTE Status			Range	Step 1 Pay rate	Step 2 Pay rate	Step 3 Pay rate	Step 4 Pay rate	Step 5 Pay rate	Step 6 Pay rate	Contract
	20/21	21/22	22/23								
Administrative Assistant	1	1	1	8	\$1,548	\$1,628	\$1,710	\$1,796	\$1,885	\$2,075	
Administrative Technician	1	1	1	8	\$1,548	\$1,628	\$1,710	\$1,796	\$1,885	\$2,075	
Accounting Technician	1	1	1	17	\$1,927	\$2,024	\$2,125	\$2,234	\$2,344	\$2,579	
Administrative Services Officer	1	1	1	34	\$2,927	\$3,071	\$3,226	\$3,388	\$3,557	\$3,914	
Air Quality Compliance Specialist I	2	1	0	20	\$2,077	\$2,181	\$2,292	\$2,408	\$2,529	\$2,780	
Air Quality Compliance Specialist II	0	1	2	24	\$2,292	\$2,408	\$2,529	\$2,656	\$2,788	\$3,067	
Senior Air Quality Compliance Specialist	1	0	0	28	\$2,528	\$2,656	\$2,791	\$2,931	\$3,074	\$3,384	
Air Quality Compliance Supervisor	0	1	1	32	\$2,787	\$2,930	\$3,073	\$3,227	\$3,389	\$3,729	
Air Quality Engineer I	1	1	1	28	\$2,528	\$2,656	\$2,791	\$2,931	\$3,074	\$3,384	
Air Quality Engineer II	0	0	0	32	\$2,787	\$2,930	\$3,073	\$3,227	\$3,389	\$2,729	
Senior Air Quality Engineer	0	0	0	36	\$3,071	\$3,226	\$3,388	\$3,557	\$3,738	\$4,111	
Assistant Air Quality Planner	0	0	0	25	\$2,344	\$2,463	\$2,589	\$2,718	\$2,853	\$3,139	
Associate Air Quality Planner	0	0	0	29	\$2,590	\$2,719	\$2,854	\$2,998	\$3,148	\$3,463	
Senior Air Quality Planner	1	1	1	33	\$2,854	\$2,998	\$3,148	\$3,305	\$3,472	\$3,819	
Air Quality Planning Supervisor	0	0	0	37	\$3,146	\$3,304	\$3,469	\$3,641	\$3,825	\$4,208	
Assistant Air Pollution Control Officer	0	1	1	41	\$3,472	\$3,644	\$3,826	\$4,018	\$4,219	\$4,643	
Air Pollution Control Officer	1	1	1	Contract employee							\$4,389.85

Note 1: Air Quality Engineering Supervisor position placement will be subject to future meet and confer.

Note 2: The salary of all positions are based on 80 hours per pay period.

Note 3: The time base for each pay rate is bi-weekly.

Note 4: Full Time Employee (FTE)

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Butte County Air Quality Management District

Appendix E: Reserve Policy Guidance (Resolution 2022-19)

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**RESOLUTION 2022-19
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
RESERVE POLICY GUIDANCE**

Resolution 2022-19)
Updates to the)
Guidance for Establishing and)
Maintaining a Prudent Reserve)

WHEREAS, on June 27, 2013, the Butte County Air Quality Management District Board of Directors (Board) met in regular session and adopted Resolution 2013-08;

AND WHEREAS, the Board reviewed and considered the recommendations of the Government Finance Officers Association (GFOA) regarding the recommended level of reserves; and,

AND WHEREAS, the Board considers reserve policy objectives to include providing adequate funding to meet the District's short-term and long-term goals, minimize the adverse annual and multi-year budgetary impacts from anticipated and unanticipated expenditures, and ensure a continuing cash flow for expenditures as revenues are received and therefore maintain a balanced budget; and,

AND WHEREAS, the GFOA recommends general-purpose governments, regardless of size, maintain an unrestricted fund balance in their General Fund of no less than two (2) months of regular General Fund operating revenues or regular General Fund operating expenditures; and,

AND WHEREAS, the GFOA considers unrestricted funds to include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself; and,

AND WHEREAS, the Butte County Air Quality Management District (District) shall maintain a reserve appropriate to the needs of the district with targeted reserve levels, categories and purposes established and reviewed as part of the budget process.

AND WHEREAS, the District shall maintain an operating reserve for use during operational or financial emergencies. Emergencies shall constitute significant, unforeseen events that have a dramatic and immediate impact on the operations, assets or financial condition of the District. The Air Pollution Control Officer is authorized to use these funds for cash flow maintenance during the fiscal year. If reserve usage is for reasons other than cash flow or extends beyond the fiscal year, then a plan to replenish this reserve used shall be developed and approved by the Board.


AND WHEREAS, based on the District's circumstances and operations the staff have recommended using a target reserve of a minimum two (2) months regular operating expenditures;

THEREFORE, BE IT RESOLVED, that the Board adopts as guidance and policy that an unrestricted fund balance of two (2) months regular operating expenditures should be maintained as a goal in the District General Fund.

BE IT FURTHER RESOLVED, that staff are directed to use this policy as guidance in the preparation of the annual budget and in evaluating fiscal proposals for potential Board consideration.

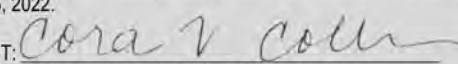
On Motion of Supervisor Lucero, Seconded by Councilmember Nuchols, the foregoing resolution is hereby PASSED and ADOPTED by the Air Quality Management District Board of Directors on this 26th day of May, 2022 by the following:

AYES: Ritter, Calderon, Connelly, Lucero (Motion), Teeter, Nuchols (Seconded), Brown, Tryon.
NOES: None.
ABSTAIN: None.
ABSENT: Kimmelshue, Reynolds.



Stephen Ertle, Air Pollution Control Officer
Butte County Air Quality Management District

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on May 26, 2022.

ATTEST: 
Cora Collins, Clerk of the Governing Board

Butte County Air Quality Management District

Appendix F: Fiscal Policy (Resolution 2022-17)

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Butte County Air Quality Management District
Fiscal Policy
(May 26, 2022)

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1.0 GENERAL POLICIES

- 1.1 **Review annually** The District's fiscal policies shall be reviewed annually by the Board as part of the fiscal budget adoption and shall be published in the Administrative Code.
- 1.2 **Comply with applicable laws** The District shall comply with all applicable state and federal laws and regulations concerning fiscal management and reporting, budgeting, investing and debt administration.
- 1.3 **Basis of Accounting** Refer to Administrative Code Part A, Section 11.1 to 11.3.
- 1.4 **Administrative procedures** The Administrative Services Officer shall establish and maintain appropriate fiscal and internal control procedures to assure the integrity of the District's finances.

2.0 RESERVE POLICIES

- 2.1 **Reviewed annually** The District shall maintain reserves that are appropriate to the needs of the District. Targeted reserve levels, categories and purposes shall be established and reviewed annually as part of the budget process. The use of fund balance or reserves for operational activities shall be explained in the annual budget document; such explanation shall describe the circumstances for such action and its expected future impact.
- 2.2 **Operating reserves** The District shall maintain an operating reserve for use during operational or fiscal emergencies. Emergencies shall constitute significant, unforeseen events that have a dramatic and immediate impact on the operations, assets, or fiscal condition of the District. The APCO is authorized to use these funds for cash flow maintenance during the fiscal year. If reserve usage is for reasons other than cash flow or extends beyond the fiscal year, then a plan to replenish this reserve used shall be developed and approved by the Board. The amount of the reserve shall be at least equal to two (2) months of budgeted annual operating expenditures. Also refer to the Reserve Policy Resolution and the current fiscal year's budget.
- 2.3 **Liquidity** The District shall maintain cash and other asset accounts necessary to meet the liquidity needs for the District.

3.0 REVENUE

- 3.1 **Funds and Account Groups** The AQMD shall maintain separated distinct revenue accounts as follows:
 - 3.1.1 *Agricultural Burn Permit Account No. 4213010*: This account reflects revenue received from Agricultural Burn Permit Fees pursuant to District Regulation V, Rule 507.
 - 3.1.2 *Agricultural Engine Registration 4213013*: This account tracks fees received by the District for issuing certificates of registration pursuant to Rule 1001 "Airborne Toxic Control Measure for Stationary Compression Ignition (CI) Engines used in Agricultural Operations", and Rule 441 "Registration Requirements for Stationary Compression Ignition (CI) Engines used in Agricultural Operations: Registration fees are required by Rule 513.

- 3.1.3** *Title V Permit Account No. 4213020:* Pursuant to 40 CFR Part 70.9(b)(2)(i), the District has adopted and implements a Supplemental Title V fee program set out in District Rule 505, Section 3. The associated Title V Permit Fees are charged on an emission fee basis at a presumptive minimum fee rate of \$25 (1989 dollars) per ton of emissions of fee-based emissions, as adjusted by the Consumer Price Index (CPI).
- 3.1.4** *Operating Permit Account No. 4213030:* District Regulation V, adopted pursuant to Health and Safety Code Section 42311, establishes required permit fees in Rule 500. This account reflects annual permit fees paid for permits to operate issued by the District pursuant to Rule 500 based on the facility permit category.
- 3.1.5** *Portable Engine Registration 4213035:* This account tracks registration fees received by the District pursuant to Rule 440 "Portable Equipment Registration". The registration fees are required by Rule 512. The budgeted revenues include new registrations but are primarily expected for registration renewals.
- 3.1.6** *Asbestos Program 4213038:* This account is for an asbestos program that replaces the CARB managed program.
- 3.1.7** *Authority to Construct Account No. 4213040:* This account includes initial application fee and initial permit fees paid pursuant to Rule 500 (Permit Fees). Under the Authority to Construct Fee calculation methodology, the initial permit fee includes an authority to construct fee and toxic fee, if applicable, based on source category.
- 3.1.8** *Emission Reduction Credit Fee (ERC's) Account No. 4213055:* This account includes technical evaluation and processing fees paid for reviewing and processing emission banking reduction applications in accordance with District Rule 503. The fees are charged at the AQMD's hourly rate for actual hours to complete the review.
- 3.1.9** *Miscellaneous, Other Permits Account No. 4213060:* This account includes miscellaneous revenue generated from Petitions for Variance Fees and Transfers of Ownership Fees.
- 3.1.10** *Civil Settlement Account No. 4300001:* This account includes revenue received from implementation of the District's Civil Penalty Fee program established pursuant to Health and Safety Code Section 42402.5 and 42403.
- 3.1.11** *Interest, Account No. 441:* This account includes the interest earned for District funds on account.
- 3.1.12** *State Subvention Account No. 4500001:* This account reflects State financial assistance received pursuant to Health and Safety Code Section 39802, which provides that the State Air Resources Board may subvene up to one (\$1) dollar for every dollar budgeted for use by a local air district, given specific requirements (e.g., that the district in an air basin implements uniform rules and regulations). Subvention funding provided pursuant to this statute is subvented at a rate up to \$.23 per capita with a minimum of \$34,400 for any one eligible district depending on the State funds provided in the respective year's State Budget.
- 3.1.13** *Department of Motor Vehicles, Vehicle Surcharge Account No. 4511001:* This account recognizes revenue received from the Department of Motor Vehicles

(DMV) collected pursuant to AB 2766, Health and Safety Code Section 44223, and 44225.

- 3.1.14** *AB 2588 Toxic Hot Spots Fee Account No. 4510500:* This account includes AB 2588 Toxic Hot Spots Fees assessed pursuant to the Air Toxics Hot Spots Information and Assessment Act of 1987, in accordance with District Rule 506. Under the program, facilities are required to inventory air toxic emissions, assess the potential health risks from exposure to the emissions and, if necessary, notify the public and reduce significant risks. The State Air Resources Board (ARB) is required to adopt a fee regulation (Health & Safety Code Section 44380) and the Districts are authorized to collect fees to cover both the District's and the State's (ARB's) costs for implementing the program.
- 3.1.15** *105 Pilot Project Grant Funding Account No. 4510501:* This account reflects U.S. EPA pass-through grant funding provided to selected local air districts to assist in the implementation of the federal Clean Air Act. The funding is provided through a memorandum of understanding between the California Air Pollution Control Officers Association (CAPCOA) and the District.
- 3.1.16** *AB 197 Funding Account No. 4510502:* This account reflects state financial assistance received to implement the provisions of AB 197 regarding improvements to the emissions inventory reporting process.
- 3.1.17** *AB 617 Funding Account No. 4510503:* This account reflects state financial assistance received to implement the provisions of AB 617 "Community Air Protection Program" regarding improvements in air pollution data collection and reporting, potential enhanced community air pollution monitoring and potential community emissions reduction programs. Funding is provided under a grant agreement between CARB and the District.
- 3.1.18** *Prescribed Burn Reporting and Monitoring Account No. 4510504:* This account reflects resources provided to air pollution control districts for an enhanced smoke management program. This includes enhanced reporting of prescribed fire activity in their regions, air monitoring of prescribed fires, improved public outreach regarding prescribed fires and resources for district staff to attend regional training sessions on different elements of the State's smoke management program.
- 3.1.19** *GHG Oil & Gas Funding Account No. 4510505:* This account reflects state financial assistance received to implement selected provisions of the state regulation "Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities". The District is implementing provisions under a memorandum of agreement with the California Air Resources Board.
- 3.1.20** *FARMER Funding Account No. 4510904:* This account reflects state grant funding provided to local air districts under the "Funding Agricultural Replacement Measures for Emission Reductions (FARMER)" program. The FARMER program provides voluntary incentives to replace older, more polluting equipment with newer, cleaner technologies in the agricultural sector. The state funding is provided from three (3) related funding sources: Greenhouse Gas Reduction Fund (GGRF) in AB 134, Air Quality Improvement Fund (AQIF) in AB 109 and Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) in AB 109. Funding is provided under a grant agreement between CARB and the District.

- 3.1.21** *Carl Moyer Account No. 4510906*: This account was created to isolate and better track the Carl Moyer Grant revenue received from the state. The Carl Moyer program provides grant incentives for purchasing lower-emission engines.
- 3.1.22** *Wood Smoke Program, Account No. 4510909*: This account was created to isolate and better track the Wood Burning Device Change-Out Program revenue received from the state.
- 3.1.23** *CEQA Mitigation, Account No. 4510910*: This account includes revenue received from projects with mitigation measures to reduce the project's impact on air quality.
- 3.1.24** *Community Air Protection (CAP) Account No. 4510915*: This account reflects grant funding received from the state to benefit disadvantaged communities under the Community Air Protection Program.
- 3.1.25** *NOx Remediation Measure Account No. 4510916*: This account reflects grant funding received from the state to obtain voluntary reductions of oxides of nitrogen (NOx) emissions due to the Low Carbon Fuel Standard.
- 3.1.26** *Miscellaneous Revenue, Special District Account No. 4712523*: This account reflects all income including returned check fees, reimbursements, and other income that does not fit into an already established category.
- 3.1.27** *Grant Implementation Revenue Account No. 4712550*: This account reflects income from other agencies to implement or administer various grant programs.
- 3.1.28** *Auction Proceeds Account No. 4815010*: This account includes revenue received from the sale of District assets.

3.2 Fees and Charges

- 3.1.1 Setting of Fee and Charge Amounts** Fees and charges shall be set to maintain cost recovery as allowed by State Law, with at least 90% cost recovery in the following programs: Asbestos, Enforcement, Grants, Portable, Stationary Sources and Toxics.
- 3.1.2 Collection of Fees and Charges** The District shall strive to collect all fees and charges imposed and shall actively pursue and settle delinquent accounts.
- 3.1.3 Review of Fees** The District shall review fees and charges annually as part of the Fiscal Budget adoption process to ensure cost recovery is maintained to minimize fee adjustment impacts on stakeholders.

3.3 Revenue Forecasting The District shall estimate revenues conservatively, through an objective, analytical process. The District shall report on forecasted vs. actual revenues at each regular meeting of the Governing Board and provide explanation for significant variances.

3.4 Use of one-time and unpredictable revenues One-time revenues shall be used to support emission reduction grants, one-time expenditures, reduce pension liabilities, or to increase fund balance. Unpredictable revenues shall not be used to support ongoing operational expenses for a period longer than the revenue can reasonably be expected to support.

4.0 BUDGETING AND CAPITAL ASSET MANAGEMENT

4.1 Basis of budgeting All budgetary procedures will conform to state regulations, government accounting standards board (GASB) and generally accepted accounting principles and pursuant to HSC Section 40131. As such, the District shall use a modified accrual basis of accounting for reporting on budgeted versus actual expenditures.

Grant revenues are budgeted as revenue and with grant funds reserved and implementation funds are unearned until expenses can be recognized in accordance with applicable grant guidelines.

Fixed assets are depreciated in the notes of the fiscal audit but are fully expensed in the year acquired for budgetary purposes.

4.2 Budget Process Pursuant to HSC *Section 40131*, the District shall adopt its annual budget in accordance with the following procedure:

4.2.1 The District shall prepare and make available to the public at least thirty (30) days prior to public hearing, a summary of its budget and any supporting documents, including, but not limited to, a schedule of fees to be imposed by the District to fund its program.

4.2.2 The District shall notify each person who was subject to fees imposed by the District in the preceding year of the availability of the information described in paragraph (a).

4.2.3 The District shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed District budget. The public hearing required to be held pursuant to this section shall be separate from the hearing at which the District adopts budget.

4.3 Balanced budget The District shall maintain a balanced budget, defined as total resources (revenues, interfund transfers and beginning fund balance) shall equal total requirements (operating expenses, capital expenses, interfund transfers and ending fund balance) including reserves and contingencies. Furthermore, the District considers the budget to be balanced whenever annual revenues are equal to or exceed annual expenditures. The District is committed to maintaining a balanced budget under normal circumstances and will disclose deviations from a balanced operating budget when it occurs.

4.4 Budget control The Governing Board of Directors (Board) retains the exclusive authority to amend the annual budget for Revenue and Expenditures. In no case may total operating expenditures exceed that which is appropriated by the Board without a budget amendment duly approved by the Board.

The Board also retains the exclusive authority to increase the annual budget authority for Capital Expenditures. In no case may total capital expenditures exceed that which is appropriated by the Board without a budget amendment duly approved by the Board.

Only the Board may increase the number of authorized positions in the EA MOU. Once the Board has adopted the annual budget, it shall be considered the controlling documented plan of expenditures. As such, purchases, acquisitions shall be processed within the limitations established by budgeted resources allocated to each object classification by the District. Budget transfers during the year between accounts can be authorized by the APCO.

4.5 Capital asset acquisition, maintenance, replacement, and retirement

4.5.1 Budget for maintenance The District shall budget for the adequate maintenance of capital equipment and facilities to protect the public investment and ensure achievement of their maximum useful life.

4.5.2 Use of operational fund balance for capital Operational fund balances greater than established reserves and liquidity requirements may be used for the development, rehabilitation, or replacement of capital assets.

4.5.3 Capitalization threshold An asset shall be considered a capital asset when the initial cost of the asset is \$25,000 or more and has a useful life of more than one year or is a vehicle. The initial cost shall include any costs necessary to put the asset into its intended use. Interest in real property shall always be considered a capital asset, regardless of its initial cost.

5.0 EXPENDITURE POLICIES

5.1 Claims All claims for money or damages against the District are governed by PART 3 (commencing with Section 900) and PART 4 (commencing with Section 940) of Title 1 of the Government Code.

5.2 Cost Allocation Refer to Administrative Code, Part A, section 11.9

5.3 Purchasing Refer to Administrative Code, Part A, section 11.10 & 11.11.

5.4 Expenditure Reimbursement Refer to Administrative Code, Part A, section 12

5.5 Fixed Assets & Inventory Refer to Administrative Code, Part A, section 11.8

6.0 FINANCIAL REPORTING

6.1 Budget and Financial reporting to Board at Each Regular Meeting of the Board The District shall prepare and provide to the Board a report that compares actual revenues and expenditures to budgeted amounts, including relevant information and a balance sheet. The report shall explain significant variances and provide analysis and interpretation of financial information.

7.0 ACCOUNTING

7.1 Financial statements The District shall prepare financial statements annually, in accordance with government accounting standards board (GASB) and the generally accepted accounting principles (GAAP) for governments in the United States.

7.2 Annual fiscal audit At the direction of the Board, the Air Pollution Control officer shall contract to conduct an annual audit of the accounts and records of the district. The District's financial statements shall be audited annually by an independent, qualified third party in accordance with generally accepted auditing standards and shall complete the audit within twelve (12) months of the end of the

fiscal year. The audit results and any associated management response shall be presented to the Board of Directors.

- 7.3 Accounting policies and procedures** Management shall develop internal accounting policies and procedures necessary to implement these Fiscal Policies and to ensure that internal controls, processes, and procedures are adequate to protect the finances of the District.

Due to the small number of District staff, it is not possible to implement segregation of all accounting functions; however, when possible, to separate duties, the District shall organize and assign work duties and responsibilities to assure additional mitigating controls. Additional mitigating controls to prevent recording errors and/or fraud include established procedures, supervision, and proper authorizations by designated officials for all actions taken.

8.0 PENSION AND OPEB

- 8.1 Pension Funding, Generally** The District shall be a member of the California Public Employees' Retirement System (CalPERS). The District shall budget for and make at least the minimum payments required by CalPERS to fund the normal cost and the annually determined contribution to any unfunded actuarial liability.
- 8.2 Additional Payments Toward Pension UAL** The District shall make additional contributions toward the Unfunded Actuarial Liability (UAL) if the most recent Annual Valuation Report identifies a UAL. The source and amount of funding shall be determined and approved by the Board and may include the following sources:
- Unanticipated one-time revenues.
 - Savings derived from the expiration of payments for a retirement plan's side fund or other amortization bases; and/or
 - Salary and benefit savings realized by the District through short-term position vacancies.
- 8.3 Additional UAL Payments to CalPERS** The District shall pay any additional contributions toward the UAL to CalPERS. Payments shall be applied against any retirement plan's underfunded amortization base specifically, or to the UAL generally, approved by the Board during Fiscal Budget approval.
- 8.4 Other Post-Employment Benefits (OPEBs)** The District shall provide Other Post-Employment Benefits (OPEBs) in accordance with any negotiated employment contracts or agreements. As a minimum, the District shall budget for and make at least the annually determined contribution necessary to pay for OPEBs provided to current retirees.
- 8.5 OPEB Trust Payments** The District established an OPEB Trust account with Resolution 2017-12 under Section 115 of the Internal Revenue Code and shall prepare an actuarial report for the plan every two years. If the actuarial report identifies a Net OPEB Liability that is less than 95% funded, then District staff will include payments to the OPEB Trust in the proposed annual budget. The amount proposed in the budget will be adequate to meet the Actuarially

Determined Contribution for that year. The annual OPEB contribution shall be determined and approved by the Board through the budget approval process.

8.6 Use of OPEB Trust Assets The District may use the assets in the OPEB trust only to pay for OPEB-related expenses.

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**RESOLUTION 2022-17
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
APPROVE DISTRICT FISCAL POLICY**

Resolution 2022-17)
Approval of Butte County Air Quality Management)
District Fiscal Policies)

WHEREAS, the Butte County Air Quality Management District administers Federal, State, and Local programs to protect the public from the impacts of air pollution;

AND WHEREAS, these District programs are supported through a combination of permit fees and grant funds administered under the Administrative Code of the Butte County Air Quality Management District Governing Board, originally established and approved in 1996;

AND WHEREAS, the District Fiscal Policy provides clear direction on District budget management and revenue allocation;

AND WHEREAS, the District shall annually review these programs against cost recovery targets and limit the use of one-time revenues to the Fiscal Policy guidelines and use multi-year revenue and expense projections to assure long-term fiscal health;


THEREFORE, BE IT RESOLVED, that the Butte County Air Quality Management District Board, hereby approves the Fiscal Policy.

On Motion of Supervisor Lucero, Seconded by Councilmember Nuchols, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 26th day of May, 2022 by the following:

- AYES: Ritter, Calderon, Connelly, Lucero (Motion), Teeter, Nuchols (Seconded), Brown, Tryon.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Kimmelshue, Reynolds.



Stephen Ertle, Air Pollution Control Officer
Butte County Air Quality Management District

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on May 26, 2022.
ATTEST: 
Cora Collins, Clerk of the Governing Board

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TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: May 18, 2023

Board Consideration: May 25, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **APCO Report**

ISSUE:

Report from the Air Pollution Control Officer on current areas of potential interest to your Board, including air-quality related activities at the local, State, and Federal scenes.

ACTION REQUESTED:

None. This item is provided for information and discussion.

DISCUSSION:

The Air Pollution Control Officer will provide a verbal report to the Board.

Agenda Item 9

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BCAQMD ACRONYM REFERENCE

Updated Oct. 2015

-Board of Director's Meeting -

Summarized below are acronyms commonly used in Board folders and accompanying staff reports.

A/C	Authority to Construct Permit
AB	Assembly Bill
AMOS	Automatic Meteorological Observation Stations
AP-42	EPA technical reference specifying specific Air Pollutant Emission Factors
APCD	Air Pollution Control District
APCO	Air Pollution Control Officer
AQMD	Air Quality Management District
ATCM	Airborne Toxic Control Measure
AQI	Air Quality Index
BACT	Best Available Control Technology
BAM	Beta Attenuation Monitor (records hourly ambient particulate data)
BCAG	Butte County Association of Governments
BCAQMD	Butte County Air Quality Management District
BCC	Sacramento Valley Basinwide Air Pollution Control Council
BOS	Board of Supervisors
CAA	Clean Air Act
CAAQS	California Ambient Air Quality Standards
CAP	Climate Action Plan
Cal-EPA	California Environmental Protection Agency
CAPCOA	California Air Pollution Control Officers Association
CARB	California Air Resources Board
CARPA	California Air Response Planning Alliance
CBYL	Check Before You Light
Cd	Chemical symbol for cadmium
CEQA	California Environmental Quality Act
CI	Compression Ignition
CO	Chemical symbol for carbon monoxide
CO ₂	Chemical symbol for carbon dioxide
CPA	Certified Public Accountant
CPI	Consumer Price Index
CSAC	California State Association of Counties
CUA	Chico Urbanized Area
DMV	Department of Motor Vehicles
DTSC	California Department of Toxic Substance Control
EG	Emission Guidelines
EI	Emission Inventory
Emsfac	Emission Factor Computer Model
EPA	Environmental Protection Agency (Federal)
ERC	Emission Reduction Credit
ESA	Endangered Species Act
EVR	Enhanced Vapor Recovery
FIP	Federal Implementation Plan
FRM	Federal Reference Method
FY	Fiscal Year (June 30-July 1, unless otherwise stated)
GASB	Governmental Accounting Standards Board
GDF	Gasoline Dispensing Facilities
GFOA	Governmental Finance Officers Association
GHG	Greenhouse Gases
GWP	Global Warming Potential
HAP	Hazardous Air Pollutants
HCl	Hydrochloric Acid
Hg	Chemical symbol for mercury
HRA	Health Risk Assessments
HSC	Health & Safety Code
ICE	Internal Combustion Engine

BCAQMD ACRONYM REFERENCE

Updated Oct. 2015

-Board of Director's Meeting -

ISD	In-Station Diagnostics
ISR	Indirect Source Review
LESB	Lower Emission School Bus program
Mb	Millibar
Mg/Yr	Milligrams per year
Micron	Abbreviation of Micrometer or 1,000,000th of a meter in size
MPO	Metropolitan Planning Organization
Msl	Mean sea level
MMT CO2	Million Metric Tons of Carbon Dioxide equivalent emissions
MSW	Municipal Solid Waste
NAAQS	National Ambient Air Quality Standard
NACAA	National Association of Clean Air Agencies
NESHAPS	National Emission Standards for Hazardous Air Pollutants
NMOC	Non-Methane Organic Compound
NON	Notice of Noncompliance
NOx	Oxides of Nitrogen
NSPS	New Source Performance Standards
NSR	New Source Review
NTA	Notice to Apply for a Permit
NTC	Notice to Comply
OEHHA	California Office of Environmental Health Hazard Assessment
OAL	Office of Administrative Law
ORVR	Onboard Refueling Vapor Recovery
Pb	Chemical symbol for lead
PERP	Portable Equipment Registration Program
PM	Particulate Matter
PM 10-2.5	Particulate Matter 10 Microns in Size and smaller, but greater than 2.5 Microns
PM10	Particulate Matter 10 Microns in Size and smaller
PM2.5	Particulate Matter 2.5 Microns in Size and smaller
PSD	Prevention of Significant Deterioration
RACT	Reasonably Available Control Technology
RICE	Reciprocating Internal Combustion Engine
RCRC	Regional Council of Rural Counties
RRF	Relative Reduction Factor
RSD	Remote Sensing Device
SB	Senate Bill
SDRMA	Special District Risk Management Authority
SF	Square Foot
SIC	Standardized Industrial Classification
SIP	State Implementation Plan
SLCP	Short-lived Climate Pollutant
SO2	Chemical symbol for sulfur dioxide
SSI	Size Selective Inlet (applies to particulate samplers)
TAC	Technical Advisory Committee of the BCC
TARMAC	CAPCOA Toxics and Risk Managers Committee
TEIP	Toxic Emission Inventory Plan
TEIR	Toxic Emission Inventory Report
Title 17	California Code of Regulations, Administrative Law adopted by the California Air Resources Board, and referencing in this Board folder the Agricultural burn guidelines
ug/m3	Micrograms per cubic meter
USDA	United States Department of Agriculture
USEPA	United States Environmental Protection Agency
VEE	Visible Emission Evaluation Certification
VOC	Volatile Organic Compound
WUI	Wildland Urban Interface
YTD	Year to Date