



TAMI RITTER, CHAIR  
*Supervisor, District #3*

ANGEL CALDERON, VICE CHAIR  
*Councilmember, Gridley*

BILL CONNELLY  
*Supervisor, District #1*

DEBRA LUCERO  
*Supervisor, District #2*

TOD KIMMELSHUE  
*Supervisor, District #4*

DOUG TEETER  
*Supervisor, District #5*

CHUCK NUCHOLS  
*Councilmember, Biggs*

ALEX BROWN  
*Councilmember, Chico*

CHUCK REYNOLDS  
*Mayor, Oroville*

ROSE TRYON  
*Councilmember, Paradise*

STEPHEN ERTLE  
*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 26, 2022 - 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=em1GWGk2cVJZTEExqYmwraGw2T1pqdz09>

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

*Chair*

### **CONSENT AGENDA**

- 3.1 Minutes of the April 28, 2022, 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 2021-2022.
- 3.4 Status Report on Calendar of Events.
- 3.5 Status Report on Communications.
- 3.6 AB 197 Emission Inventory District Grant YR 5 (Resolution 2022-18).

**Cora Collins**  
**Stephen Ertle**  
**Aleah Ing**  
**Stephen Ertle**  
**Cora Collins**  
**Stephen Ertle**



## **REGULAR AGENDA**

### **ITEMS FOR ACTION**

- |   |                                      |
|---|--------------------------------------|
| 4. Items removed from the consent agenda for Board consideration and action - <i>if any</i> .   | <b>Chair</b>                         |
| 5. Initial Public Hearing for Proposed Fiscal Year 2022-2023 Budget: Hold Hearing (Adoption Hearing scheduled for the June 23 <sup>rd</sup> Board Meeting). | <b>Aleah Ing ~<br/>Stephen Ertle</b> |
| 6. Approve Fiscal Year 2021-2022 Community Air Protection Incentives Application - Year 4 (Resolution 2022-15).   | <b>Jason Mandly</b>                  |
| 7. Appoint Hearing Board Members (Resolution 2022-16).  | <b>Kelly Towne</b>                   |
| 8. Approve District Fiscal Policy and Update Reserve Policy (Resolution 2022-17 and 2022-19).   | <b>Stephen Ertle</b>                 |
| 9. Approve CalPERS Retirement and District OPEB Reports.  | <b>Aleah Ing</b>                     |

### **ITEMS FOR INFORMATION**

- |   |   |
|---|---|
| 10. Annual Report on District Deferred Compensation Program.  | <b>Aleah Ing ~<br/>Mason Moore</b>      |
| 11. Other Business.   | <b>Chair</b>                            |
| 12. <b>Public Comment Period.</b> 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. | <b>Chair</b>                            |
| 13. <b>Adjourn to Closed Session.</b><br>Conference with Labor Negotiators. (Government Code Section 54957.6)<br>Agency designated representatives: Stephen Ertle and Greg Einhorn<br>Employee organization: Butte County Air Quality Management District Employees Association   | <b>Stephen Ertle ~<br/>Greg Einhorn</b> |
| 14. <b>Report From Closed Session.</b>  | <b>Chair</b>                            |

## **ADJOURNMENT**

15. The next Board of Directors Meeting is scheduled for June 23, 2022, at 10:00 a.m. at the Butte County Association of Governments Board Room, 326 Huss Drive, Suite 100, Chico, California.







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*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 28, 2022**

### **Members Present:**

Bill Connelly	Supervisor, District 1
Tami Ritter	Supervisor, District 3
Tod Kimmelshue	Supervisor, District 4
Doug Teeter	Supervisor, District 5
Chuck Nuchols	Councilmember, Biggs
Alex Brown	Councilmember, Chico
Angel Calderon	Councilmember, Gridley
Rose Tryon	Councilmember, Town of Paradise

### **Members Absent:**

Debra Lucero	Supervisor, District 2
Chuck Reynolds	Mayor, Oroville

### **Staff Present:**

Stephen Ertle	Air Pollution Control Officer
Cora Collins	Clerk of the Board

### **Staff Remote:**

Aleah Ing	Administrative Services Officer
Patrick Lucey	Assistant Air Pollution Control Officer
Jason Mandly	Senior Air Quality Planner
Ursula Parker	Senior Air Quality Compliance Specialist

### **Others Present:**

Carrie Schroder	Smith & Newell Public Accountants
Wolfe Roulge	Butte County Resource Conservation District
Dallas Keller	Butte County Resource Conservation District

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](mailto:ccollins@bcaqmd.org).

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



Chair Ritter called the meeting to order at 10:00 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.**

- 3.1** Minutes of the March 24, 2022, 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 2021-2022.
- 3.4** Status Report on Calendar of Events.
- 3.5** Status Report on Communications.
- 3.6** Budget Transfer.

**ACTION REQUESTED: Approve Consent Agenda Items.**

Board comments: None

Public comments: None

A motion was made by Supervisor Kimmelshue and seconded by Councilmember Calderon to approve the Consent Agenda Items.

**Motion carries by the following vote:**

AYES: Ritter, Calderon (Seconded), Connelly, Kimmelshue (Motion), Teeter, Nuchols, Brown.

NOES: None.

ABSTAIN: None.

ABSENT: Lucero, Reynolds, Tryon.

**ITEMS FOR ACTION**

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

No items removed from the Consent Agenda.

Due to a concern regarding the quorum. Items were taken out of order, starting with items that needed immediate action.

**7. Basinwide Control Council Secretarial Services Contract with the District.**



**ACTION REQUESTED:** Approve the Air Pollution Control Officer to enter a contract with the Council to provide secretarial and treasurer services from April 1, 2022, through April 1, 2023. The contract shall not exceed \$15,870 (\$1,322.50 per month) for the term with up to \$2,500 reimbursable for insurance expenses.

Stephen Ertle, Air Pollution Control Officer. The Sacramento Valley Basinwide Control Council (BCC) contracts for secretarial and treasurer services to provide support to the Council. BCAQMD provided voluntary support services while the BCC decided how to handle vacancy. A decision was made to fill the position "in-house" instead of an RFP due to the nature of the position and the potential for another person to take over at the end of the year. BCAQMD offered to fill the position and the BCC accepted. Staff request approval to enter a contract.

Board Comments: Chair Ritter expressed appreciation for the BCAQMD staff stepping in to help the BCC.

Public comments: None

On motion by Councilmember Nuchols and seconded by Supervisor Kimmelshue to approve the Air Pollution Control Officer to enter a contract with the Basinwide Control Council to provide secretarial and treasurer services from April 1, 2022, through April 1, 2023.

**Motion carries by the following vote:**

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

**9. Consider Approving a Memorandum of Agreement with the Tehama County Air Pollution Control District to Provide Permitting and Inspection Services.**

**ACTION REQUESTED:** Approve Resolution 2022-12 to authorize the Air Pollution Control Officer to enter into a Memorandum of Agreement (MOA) with Tehama County Air Pollution Control District (TCAPCD) to provide various permitting and inspection services.

Stephen Ertle, APCO. TCAPCD is actively recruiting for several vacant positions and is requesting help from several districts to assist with permitting and inspections until the positions are filled. BCAQMD request approval to enter into a MOA with TCAPCD to provide services on a case by case bases until TCAPCD fills the vacant positions.

Councilmember Tryon joined the meeting at 10:05

Board discussion:



There is no mention of hourly rate in the MOA, is TCAPCD aware of BCAQMD's hourly rate? Staff replied: Yes, hourly rate was not included in the MOA as the hourly rate may change with the approval of the Budget. Current rate is \$90.65.

How will that affect delivery of our own services? Staff replied: BCAQMD is not locked in to provide services. BCAQMD Staff are busy but would like to be available to provide help with critical permitting and inspections on as needed case by case bases.

Public comments: None

A motion was made by Supervisor Connelly and seconded by Councilmember Nuchols to approve Resolution 2022-12 to authorize the APCO to enter into a MOA with TCAPCD to provide various permitting and inspection services.

**Motion carries by the following vote:**

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

**5. Receive Audit Presentation for Fiscal Year 2020-2021**

**ACTION REQUESTED:** Receive and file, Audit Report prepared by Smith & Newell, Certified Public Accountants.

Aleah Ing, Administrative Services Officer, introduced Carrie Schroder of Smith & Newell, Certified Public Accountants. Ms. Schroder formally presented the Audit Report to the Board. The District received an unmodified opinion on the 2020-2021 Audit Report, which is the highest opinion to receive. An unmodified opinion provides a high level of assurance the professional, independent examination of financial statements has not revealed any actual or possible material misstatements in those financial statements. She shared highlights of the Audit Report.

Supervisor Kimmelshue left the meeting at 10:10 a.m.

Board discussion: None

Public comments: None

A motion was made by Councilmember Brown and seconded by Councilmember Nuchols to receive and file the Audit Report.

**Motion carries by the following vote:**

AYES: Ritter, Calderon, Connelly, Teeter, Nuchols (Seconded), Brown (Motion), Tryon.



NOES: None.  
ABSTAIN: None.  
ABSENT: Kimmelshue, Lucero, Reynolds.

**6. Public Hearing: Consider Adopting the 2021 Air Quality Attainment Plan for the Northern Sacramento Valley Planning Area.**

**ACTION REQUESTED:** Following a Public Hearing, approve the proposed Resolution 2022-10 Adoption of the Northern Sacramento Valley Planning Area (NSVPA) 2021 Triennial Air Quality Attainment Plan Update.

Jason Mandly, Senior Air Quality Planner, requested the Board hold a public hearing, accept comments, and approve Resolution 2022-10. The California Clean Air Act (CCAA) requires air districts which have been designated as a nonattainment area for California Ambient Air Quality Standards (CAAQS) for ozone, carbon monoxide, sulfur dioxide, or nitrogen dioxide to prepare and submit a plan for attaining and maintaining the standards. The CCAA also requires that districts review their progress made toward attaining the CAAQS every three (3) years.

Due to the regional nature of the ozone pollution and the fact that the NSVPA counties share the same air basin, the Air Quality Attainment Plan and subsequent triennial updates were prepared by the Sacramento Valley Air Quality Engineering and Enforcement Professionals (SVAQEEP) with oversight from the Sacramento Valley Air Basin Control Council's Technical Advisory Committee (TAC). The Basin Control Council (BCC) approves the triennial updates prior to the individual NSVPA Districts adopting the Plan. The NSVPA includes Butte, Colusa, Feather River (Yuba and Sutter), Glenn, Shasta, and Tehama.

The BCC endorsed the 2021 Attainment Plan update on December 3, 2021. The 2021 Plan includes an overview, air quality monitoring data and results for the NSVPA, public education progress, transport of pollutants, and the District's status of feasible control measures. The 2021 update addresses the progress made in implementing the 2018 Plan in the years 2018 through 2020. The next Plan update is scheduled for adoption in 2024.

As part of this plan, District staff will evaluate amendments in 2022 to District Rule 230, *Architectural Coatings* and District Rule 235, *Requirements for Vehicle and Mobile Equipment Coating Operations* to incorporate State suggested control measures. The District will also evaluate rule development for Graphic Art sources pending the development of a Basin-wide model rule.

Board discussion: None

Public comments: None

A motion was made by Councilmember Calderon and seconded by Supervisor Teeter to approve the proposed Resolution 2022-10 Adoption of the Northern Sacramento Valley Planning Area (NSVPA) 2021 Triennial Air Quality Attainment Plan Update.



**Motion carries by the following vote:**

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

**8. Consider Authorizing a Grant Agreement with the California Air Resources Board to Implement the Selected Provisions of the State Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities (State Oil and Gas Regulation)**

**ACTION REQUESTED:** Approve Resolution 2022-11 to receive funding and authorize the Air Pollution Control Officer to enter into a grant agreement with CARB for the next fiscal year and subsequent years.

Patrick Lucey, Assistant Air Pollution Control Officer. CARB developed the Oil and Gas Regulation in 2017. As part of this regulation, CARB offers the Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities grant which provides funding for training and implementation of the grant. In the previous year, funds were used to train three (3) staff in oil and gas instrumentation training for leak detection.

Staff requests your Board authorize the APCO to enter into a grant agreement for the next fiscal year and subsequent years, subject to District Counsel review. The Grant Agreement and related documents for next fiscal year have not been released yet. The District anticipates the next grant agreement will be the same or like last years and requests approval of Resolution 2022-11 to take action on the grant agreement as soon as it arrives.

Board discussion: None

Public comments: None

A motion was made by Supervisor Teeter and seconded by Councilmember Tryon to approve Resolution 2022-11 to receive funding and authorize the APCO to enter into a grant agreement with CARB for the next fiscal year and subsequent years.

**Motion carries by the following vote:**

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

**ITEMS FOR INFORMATION**

**10. Presentation of Butte County Resource Conservation District CAP Support Grant Completion.**



**ACTION REQUESTED:** Receive a report on the grant accomplishments.

Stephen Ertle introduced Wolfy Rougle and Dallas Keller, Prescribed Burn Association Coordinators, who shared accomplishments of the Butte County Resource Conservation District (BCRCD) that were possible because of the CAP Support Grant approved by the Board. BCRCD provides information, expertise, assistance, community outreach and training to private landowners, farmers, ranchers, and professional who wish to use "good fire" to conserve soil and water and manage their resources on a sustainable basis. Grant funding allowed the BCRCD to purchase needed equipment - radios, hose and fittings, hand-held fuels moisture monitoring and weather monitoring equipment. Last fall BCRCD held a Prescribed Fire Training Exchange (TRES) which focused on fire planning skills. Ursula Parker, Senior Air Quality Compliance Specialist, was among the 80 that attended. Attendees included private landowners and professionals, which provided a good opportunity to promote collaboration between air quality staff and attendees. For more information: [goodfire@bcrd.com](mailto:goodfire@bcrd.com)

Board members asked:

How many acres were burned? Wolfy replied: 58 acres burned in a 13 month period - 11 different volunteer-run burns.

What is the minimum and maximum size of the burns? Wolfy replied: Minimum  $\frac{3}{4}$  acres and maximum 10 acres.

Are most burns around residences? Wolfy replied: Yes, with the focus on fuels reduction and embers safety.

Is there a waiting list? Wolfy replied: Yes, there is a list however burning depends on weather conditions, how much rain was received at the location and how ready the landowner is.

Where did the burns take place? Wolfy replied: Cohasset and Forest Ranch. Surveys have been done in Forbestown and Bangor.

Liability? Wolfy replied: Liability rest on the landowner.

Public comments: None.

## 11. APCO Report.

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

Stephen Ertle, APCO provided a report on:

- CAPCOA and several district will meet on May 2 to discuss EPA's asbestos delegation and district authority.
- The following bills are of interest to air districts:
  - AB 1749 Requires districts to post all permit to operates (searchable, up to date, ADA compliant) on their website. CAPCOA is opposed and working to have this bill apply only to districts with over a million people.
  - AB 2550 Requires CARB to take oversight over districts in non-attainment of State air quality standards - CAPCOA is opposed.
  - AB 2852 Defines special air districts as independent special districts. In some cases, state and federal funding that could be available to districts is not available if they are not expressly an independent district. This bill would allow access to funding.
  - AB 2836 Carl Moyer reauthorization - extends Carl Moyer funding for another 9 years.



- The District released the Proposed Budget for Fiscal Year 2022-2023 on Tuesday.
- AQ Awareness Week "Be Air Aware and Prepared!" Monday - Wildfires & Smoke, Tuesday - Asthma & Your Health, Wednesday - Participatory Science & Sensors, Thursday - Environmental Justice & air Quality and Friday - Air Quality Around the World.

Public comments: None

**11. Other Business.**

None.

- 12. 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. No public comments.

- 13. The meeting adjourned at 10:36 a.m. The next Board of Directors Meeting is scheduled for May 26, 2022, at 10:00 a.m. at the Butte County Association of Governments Board Room, 326 Huss Drive, Suite 100, Chico, California.**

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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 April 28, 2022.

ATTEST: \_\_\_\_\_  
Cora Collins, Clerk of the Governing Board





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Date of Release: May 19, 2022

Board Consideration: May 26, 2022

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 2020, 2021 and year 2022 as of April 30<sup>th</sup>.

**ACTION REQUESTED:**

Accept and file report.

Attachment:  
2022 Activity Report



## 2022 Activity Report

Activity	2020	2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD <sup>1</sup>
Permits to Operate Issued/Renewed	784	788	51	65	45	65									
Authority to Construct Permits Issued	45	46	9	4	3	2									
Portable Equipment Registrations	40	22	0	2	7	6									
Engine Registrations Issued/Renewed	2	30	2	259	0	0									
Inspections Performed by Facility	149	115	26	21	31	37									
Inspections Performed by Permits	133	193	26	21	33	44									
Status Change Reports Received	33	45	1	1	0	1									
Agricultural Burn Days <sup>2</sup>	301	345	29	28	31	30									
Agricultural No-Burn Days <sup>2</sup>	65	20	2	0	0	0									
Burn Permits Issued	734	845	82	71	88	91									
Burn Notifications	5,272	4,332	585	525	624	468									
Rice Fields Reported Harvested	344	341	0	0	3	0									
Complaints Received	145	135	20	16	17	5									
Notices of Noncompliance Issued	34	70	4	8	12	4									
Notices to Comply Issued	9	13	2	6	6	0									
Public Outreach	517	524	104	31	32	37									
Environmental Documents Reviewed	6	2	0	0	0	0									
Public Records Requests <sup>3</sup>			10	3	9	7									

<sup>1</sup> YTD = Year-to-date totals

<sup>2</sup> Burn Day Status reported below 3000' elevation

<sup>3</sup> Hasnt Been Tracked Previously





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Date of Release: May 19, 2022

Board Consideration: May 26, 2022

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: **Financial Status Report for Fiscal Year 2021-2022**

**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, 2021, to April 30, 2022, and Balance Sheet for the period ending April 30, 2022. The District operated within overall budgeted revenue and expenditures during this first quarter fiscal report.

Attachments:

FY 21-22 April Balance Sheet

FY 21-22 April Revenue & Expense Report



**Butte Co. Air Quality Management Dist.**  
**Balance Sheet**  
As of April 30, 2022

	<u>Apr 30, 22</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1002 · Cash on Hand - Change Box	200.00
1003 · Bank of America - General-0648	277,134.60
1004 · Bank of America - Payroll-0649	4,564.17
1007 · B of A Reserve Acct - 1789	320,280.10
1010 · B o f A -Woodsmoke/Perscribed	808.63
1011 · Tri Counties - Carl Moyer 2618	848,767.95
1012 · Tri Counties - FARMER - 6831	1,001,002.26
1013 · Tri Counties - CAP-6855	1,683,360.74
1017 · Tri Counties - AB 617-6818	58,676.18
1018 · State LAIF Acct	213,879.56
<b>Total Checking/Savings</b>	<u>4,408,674.19</u>
<b>Accounts Receivable</b>	
1200 · Accounts Receivable	1,020,084.62
<b>Total Accounts Receivable</b>	<u>1,020,084.62</u>
<b>Other Current Assets</b>	
1102 · Due From Other Governments	126,378.50
1500 · Undeposited Funds	2,338.17
<b>Total Other Current Assets</b>	<u>128,716.67</u>
<b>Total Current Assets</b>	<u>5,557,475.48</u>
<b>TOTAL ASSETS</b>	<u><u>5,557,475.48</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 · Accounts Payable	107,764.38
2001 · A/P - Grantees	1,133,062.56
<b>Total Accounts Payable</b>	<u>1,240,826.94</u>
<b>Other Current Liabilities</b>	
2100 · Accrual Payroll & Benefits	
210011 · PERS Survivor Benefits	5.91
210013 · MED FLEX	952.44
<b>Total 2100 · Accrual Payroll &amp; Benefits</b>	<u>958.35</u>
2107 · Unearned Revenue	
210904 · FARMER	396,724.63
210906 · Carl Moyer	82,747.24
210910 · Community (CAP)	192,729.40
210914 · AB 617	58,655.56
<b>Total 2107 · Unearned Revenue</b>	<u>730,856.83</u>



	<b>Aprr 30, 22</b>
<b>Total Other Current Liabilities</b>	<b>731,815.18</b>
<b>Total Current Liabilities</b>	<b>1,972,642.12</b>
<b>Total Liabilities</b>	<b>1,972,642.12</b>
<b>Equity</b>	
<b>3100 · Reserves</b>	<b>320,255.00</b>
<b>3200 · Restricted Fund</b>	
<b>3004 · Carl Moyer Program</b>	<b>640,363.19</b>
<b>3005 · Reserved FARMER Prgm</b>	<b>1,688,147.51</b>
<b>3009 · Woodsmoke Grant</b>	<b>787.89</b>
<b>3012 · Community (CAP)</b>	<b>522,903.77</b>
<b>Total 3200 · Restricted Fund</b>	<b>2,852,202.36</b>
<b>3900 · Retained Earnings</b>	<b>-717,985.15</b>
<b>Net Income</b>	<b>1,130,361.15</b>
<b>Total Equity</b>	<b>3,584,833.36</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>5,557,475.48</b>

**Notes:**

**Revenue and Expense Report based on accrual method of accounting.**

**FY 2021-22 Budget adopted June 24, 2021, Resolution 2021-11;**

**Amended Sept 23, 2021; March 24, 2022; April 28, 2022**



**Butte Co. Air Quality Management Dist.**  
**Profit & Loss Budget vs. Actual**  
 July through April 2022 - 83.3% of the Year

Accrual Basis

	Jul '21 - Apr 22	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>421 · License and Permits</b>				
4213010 · Ag Burn Permits	93,962.34	90,000.00	3,962.34	104.4%
4213013 · Ag Engine Registration Program	12,585.82	15,500.00	-2,914.18	81.2%
4213020 · Title V Permits	3,989.06	3,915.00	74.06	101.89%
4213030 · Operating Permits	302,477.01	320,000.00	-17,522.99	94.52%
4213035 · Portable Engine Registration	36,705.52	35,500.00	1,205.52	103.4%
4213040 · Auth to Construct	28,885.75	26,500.00	2,385.75	109.0%
4213060 · Misc. Other Permits	300.00	450.00	-150.00	66.67%
<b>Total 421 · License and Permits</b>	<b>478,905.50</b>	<b>491,865.00</b>	<b>-12,959.50</b>	<b>97.37%</b>
<b>430 · Fines, Forfeitures &amp; Penalties</b>	<b>37,610.00</b>	<b>22,000.00</b>	<b>15,610.00</b>	<b>170.96%</b>
<b>441 · Interest Income</b>	<b>2,070.12</b>	<b>2,000.00</b>	<b>70.12</b>	<b>103.51%</b>
<b>451 · Intergovernmental</b>				
<b>45000 · Governmental Funds</b>				
4500001 · State Subvention	55,218.25	55,228.00	-9.75	99.98%
4511001 · DMV Surcharge	672,365.16	735,000.00	-62,634.84	91.48%
<b>Total 45000 · Governmental Funds</b>	<b>727,583.41</b>	<b>790,228.00</b>	<b>-62,644.59</b>	<b>92.07%</b>
<b>45105 · Direct Grant Funds</b>				
4510500 · AB 2588 Hot Spots Fee	134.00	134.00	0.00	100.0%
4510501 · 105 Pilot Project Grant Funding	60,546.00	60,546.00	0.00	100.0%
4510502 · AB 197 Funding	8,583.00	8,583.00	0.00	100.0%
4510503 · AB 617 Funding	29,134.81	87,790.37	-58,655.56	33.19%
4510504 · Prescribed Fire Grant	35,676.95	35,676.95	0.00	100.0%
4510505 · GHG Oil & Gas Funding	0.00	6,000.00	-6,000.00	0.0%
<b>Total 45105 · Direct Grant Funds</b>	<b>134,074.76</b>	<b>198,730.32</b>	<b>-64,655.56</b>	<b>67.47%</b>
<b>45109 · Pass Through Grants</b>				
4510904 · FARMER Funding	1,736,000.00	1,736,000.00	0.00	100.0%
4510906 · Carl Moyer Grant	175,000.00	175,000.00	0.00	100.0%
4510915 · Community Air Program (CAP)	21,940.33	21,940.33	0.00	100.0%
<b>Total 45109 · Pass Through Grants</b>	<b>1,932,940.33</b>	<b>1,932,940.33</b>	<b>0.00</b>	<b>100.0%</b>
<b>Total 451 · Intergovernmental</b>	<b>2,794,598.50</b>	<b>2,921,898.65</b>	<b>-127,300.15</b>	<b>95.64%</b>
<b>471 · Miscellaneous Revenue</b>				
4712523 · Other Misc. Revenue	9,641.19	8,125.00	1,516.19	118.66%
4712550 · Implementation Funds	192,667.94	864,780.53	-672,112.59	22.28%
<b>Total 471 · Miscellaneous Revenue</b>	<b>202,309.13</b>	<b>872,905.53</b>	<b>-670,596.40</b>	<b>23.18%</b>
<b>Total Income</b>	<b>3,515,493.25</b>	<b>4,310,669.18</b>	<b>-795,175.93</b>	<b>81.55%</b>
<b>Gross Profit</b>	<b>3,515,493.25</b>	<b>4,310,669.18</b>	<b>-795,175.93</b>	<b>81.55%</b>
<b>Expense</b>				
<b>511 · Payroll Expenses</b>				
511001 · Salaries & Wages	634,558.54	803,070.00	-168,511.46	79.02%
514000 · Overtime	0.00	1,000.00	-1,000.00	0.0%
<b>518 · Employee Benefits</b>				
518008 · Health Care	173,611.21	203,360.10	-29,748.89	85.37%
518009 · Cafeteria	30,224.26	30,714.16	-489.90	98.41%
518010 · Other Employee Benefits	18,385.04	22,833.17	-4,448.13	80.52%
518700 · Retirement Pension	94,622.77	110,025.51	-15,402.74	86.0%
518800 · Contrib to Pension Liability	111,613.00	111,613.00	0.00	100.0%
518900 · Retiree's OPEB	37,110.73	41,206.02	-4,095.29	90.06%
518901 · Contrib to OPEB Liability	19,794.00	19,794.04	-0.04	100.0%
<b>Total 518 · Employee Benefits</b>	<b>485,361.01</b>	<b>539,546.00</b>	<b>-54,184.99</b>	<b>89.96%</b>
<b>Total 511 · Payroll Expenses</b>	<b>1,119,919.55</b>	<b>1,343,616.00</b>	<b>-223,696.45</b>	<b>83.35%</b>
<b>520 · Materials &amp; Supplies</b>				
521104 · Postage	3,025.40	3,500.00	-474.60	86.44%
522201 · Office Supplies	6,705.15	9,675.00	-2,969.85	69.3%
523001 · Telecommunications	12,431.66	16,000.00	-3,568.34	77.7%
524544 · Utilities - Electric/ Gas	6,041.25	8,000.00	-1,958.75	75.52%
525545 · Auto Fuel Costs/ Road Expense	1,727.28	4,000.00	-2,272.72	43.18%
<b>Total 520 · Materials &amp; Supplies</b>	<b>29,930.74</b>	<b>41,175.00</b>	<b>-11,244.26</b>	<b>72.69%</b>
<b>530 · Services &amp; Other Operating</b>				



	<b>Jul '21 - Apr 21</b>	<b>Budget</b>	<b>\$ Over Budget</b>	<b>% of Budget</b>
531201 · Household Janitorial	4,381.25	5,300.00	-918.75	82.67%
532527 · Insurance -Liability & Vehicle	12,215.11	14,076.00	-1,860.89	86.78%
533533 · Memberships, Dues & Subscript..	2,877.63	6,000.00	-3,122.37	47.96%
534537 · Public & Legal Notices	2,544.49	3,500.00	-955.51	72.7%
535540 · Public Outreach	635.82	9,200.00	-8,564.18	6.91%
536101 · Training	7,598.95	10,500.00	-2,901.05	72.37%
537202 · Travel & Conference Expenses	8,877.59	30,000.00	-21,122.41	29.59%
<b>Total 530 · Servies &amp; Other Operating</b>	<b>39,130.84</b>	<b>78,576.00</b>	<b>-39,445.16</b>	<b>49.8%</b>
540 · Rents Lease, Repair, NonCapital				
541538 · Property Rents & Leases	51,480.00	56,460.00	-4,980.00	91.18%
542539 · Equipment Rents & Leases	549.18	725.00	-175.82	75.75%
543103 · Office Furniture & Equip	2,519.43	2,600.00	-80.57	96.9%
543203 · Computer Equipment	17,694.82	19,880.00	-2,185.18	89.01%
543204 · Computer Software-Subscriptions	8,852.10	12,120.00	-3,267.90	73.04%
543541 · Air Monitoring Equipment & Main	627.87	4,050.00	-3,422.13	15.5%
544001 · Vehicles Maintenance	2,216.41	5,000.00	-2,783.59	44.33%
544042 · IT Maintenance	22,873.43	31,500.00	-8,626.57	72.61%
544103 · Building Maintenance	997.89	5,575.00	-4,577.11	17.9%
<b>Total 540 · Rents Lease, Repair, NonCapital</b>	<b>107,811.13</b>	<b>137,910.00</b>	<b>-30,098.87</b>	<b>78.18%</b>
550 · Professional/Consulting Service				
551137 · AB2588 Hot Spots Fee	0.00	134.00	-134.00	0.0%
551536 · Professional Services	26,012.85	45,366.00	-19,353.15	57.34%
551547 · Legal Services	15,000.00	18,500.00	-3,500.00	81.08%
555580 · Contingencies	0.00	20,000.00	-20,000.00	0.0%
<b>Total 550 · Professional/Consulting Service</b>	<b>41,012.85</b>	<b>84,000.00</b>	<b>-42,987.15</b>	<b>48.83%</b>
560 · Grants				
560006 · Carl Moyer Grant	86,191.37	726,554.56	-640,363.19	11.86%
560007 · Community Air (CAP)	733,505.49	1,256,409.26	-522,903.77	58.38%
560009 · WoodSmoke Grant	10,999.00	10,786.89	212.11	101.97%
560020 · Special Clean Air Grants	35,433.38	77,077.00	-41,643.62	45.97%
560021 · FARMER	80,938.24	1,768,464.96	-1,687,526.72	4.58%
<b>Total 560 · Grants</b>	<b>947,067.48</b>	<b>3,839,292.67</b>	<b>-2,892,225.19</b>	<b>24.67%</b>
570 · Capital Outlay				
571105 · Buildings & Improvements	16,275.00	16,275.00	0.00	100.0%
573105 · Vehicles -Fixed Asset Inventory	24,971.69	24,988.41	-16.72	99.93%
<b>Total 570 · Capital Outlay</b>	<b>41,246.69</b>	<b>41,263.41</b>	<b>-16.72</b>	<b>99.96%</b>
<b>Total Expense</b>	<b>2,326,119.28</b>	<b>5,565,833.08</b>	<b>-3,239,713.80</b>	<b>41.79%</b>
<b>Net Ordinary Income</b>	<b>1,189,373.97</b>	<b>-1,255,163.90</b>	<b>2,444,537.87</b>	<b>-94.76%</b>
<b>Net Income</b>	<b>1,189,373.97</b>	<b>-1,255,163.90</b>	<b>2,444,537.87</b>	<b>-94.76%</b>

**NOTES:** Revenue and Expense Report based on accrual method of accounting.

FY 2021-22 Budget adopted June 24, 2021, Resolution 2021-11; Amended Sept 23, 2021 Board Meeting;

Amended Jan 27, 2022; March 24, 2022; April 28, 2022



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TAMI RITTER, CHAIR  
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR  
Councilmember, Gridley

BILL CONNELLY  
Supervisor, District #1

DEBRA LUCERO  
Supervisor, District #2

TOD KIMMELSHUE  
Supervisor, District #4

DOUG TEETER  
Supervisor, District #5

CHUCK NUCHOLS  
Councilmember, Biggs

ALEX BROWN  
Councilmember, Chico

CHUCK REYNOLDS  
Mayor, Oroville

ROSE TRYON  
Councilmember, Paradise

STEPHEN ERTLE  
Air Pollution Control Officer

PATRICK LUCEY  
Assistant Air Pollution Control Officer

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

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 4	Butte County Fire Safe Council Board Meeting	Zoom
May 4	CAPCOA / District Training Meeting - Understanding Weather Part II	Zoom
May 11	CAPCOA Board Meeting	Zoom
May 12	CAPCOA Legislative Committee Meeting	Zoom
May 12	The Professionals (QEEPS)	Colusa
May 20	BCC-TAC	Red Bluff
May 23-26	CAPCOA Spring Retreat	Tahoe
May 26	<b>Butte County AQMD Board Meeting</b>	<b>Chico</b>
May 26	CARB Board Meeting	Zoom
May 30	Memorial Day	Office Closed
June 1	Butte County Fire Safe Council Board Meeting	Zoom
June 3	BCC	Zoom
June 3	CAPCOA / District Training Meeting	Zoom
June 17	BCC-TAC	Willows
June 20	Juneteenth	Office Closed
June 23	<b>Butte County AQMD Board Meeting</b>	<b>Chico</b>
June 23	CARB Board Meeting	Zoom
June 23 & 24	CAPCOA HR and Fiscal Meeting	Santa Barbara
July 4	Independence Day	Office Closed
July 12	Vapor Recovery	Zoom
July 15	BCC-TAC	Colusa
July 20-21	Enforcements Managers	Santa Barbara / Zoom
July 25-26	Engineering Managers	Zoom
July 26	<b>Butte County AQMD Board Meeting</b>	<b>Chico</b>

629 Entler Avenue, Suite 15 ♦ Chico, CA 95928

## Agenda Item 3.4



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TAMI RITTER, CHAIR  
*Supervisor, District #3*

ANGEL CALDERON, VICE CHAIR  
*Councilmember, Gridley*

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*Supervisor, District #1*

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*Councilmember, Paradise*

STEPHEN ERTLE  
*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Cora Collins, Clerk of the Board

Re: **Status Report on Communications**

### **ISSUE:**

Recent Governing Board communications.

1. The District Executive Committee met on April 28, 2022, immediately following the Governing Board meeting.  
Public Employee Performance Evaluation (Government Code Section 54957)  
Title: Air Pollution Control Officer
2. The Air Pollution Control Officer met with the following Board Members individually on May 17<sup>th</sup> and 18<sup>th</sup> to discuss recommendations of the Business & Finance Committee (Board Members Lucero and Tryon) and to review the Agenda for the May 26<sup>th</sup> Meeting:
  - Supervisor Ritter,
  - Supervisor Connelly,
  - Supervisor Teeter,
  - Supervisor Kimmelshue, and
  - Councilmember Calderon.

### **ACTION REQUESTED:**

Accept and file report.



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TAMI RITTER, CHAIR  
*Supervisor, District #3*

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*Councilmember, Gridley*

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*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

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: **AB 197 Emission Inventory District Grant Resolution Year 5**

### **ISSUE:**

The California Air Resources Board (CARB) has approved a grant under AB 197 to facilitate the review and update of emissions inventory data for certain facilities under permit with the District. Staff request the Board receive the funds and authorize the grant agreement.

### **ACTION REQUESTED:**

Approve Resolution 2022-18 to receive funding and authorize the Air Pollution Control Officer to enter into an agreement with CARB.

### **DISCUSSION:**

In 2016 AB 197 was signed into law increasing legislative oversight on CARB and mandating additional emissions reporting requirements. The emissions reporting requirements require annual updates to the state-wide emissions inventories, for greenhouse gases, criteria pollutants and toxic air contaminants. The emission data is to be updated annually and made public.

The local air districts have been reporting stationary source criteria pollutant and toxic air contaminant emissions for decades. The reporting under AB 197 will require the local air districts to review their sources and data and make updates as appropriate per the AB 197 program. CARB has made funding available to assist the air districts in this review.

CARB has approved year 4 funding for the District to implement the AB 197 emissions reporting. The funding amount will be similar to previous years (\$8,583 in 2020). The District can accomplish this task utilizing existing resources.

Attachment:  
Resolution 2022-18



**RESOLUTION 2022-18  
BEFORE THE BOARD OF DIRECTORS OF  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
STATE OF CALIFORNIA  
AUTHORIZE GRANT AGREEMENT WITH THE CALIFORNIA AIR RESOURCES BOARD  
TO IMPLEMENT AB 197 EMISSIONS INVENTORY REPORTING PROGRAM FOR  
FISCAL YEAR 2022-2023**

Resolution 2022-18 ..... )  
Authorize Grant Agreement with the ..... )  
California Air Resources Board to Implement ..... )  
AB 197 Emissions Inventory Reporting Program ..... )  
For Fiscal Year 2022-2023..... )

WHEREAS, in 2016 the California Legislature passed and the Governor signed Assembly Bill (AB)197 which requires, in part, the California Air Resources Board (CARB) to improve air pollution data collection and reporting for certain sources of air pollution state-wide;

AND WHEREAS, funding was provided for related expenses necessary to implement AB 197 in the state FY 2021-2022 budget;

AND WHEREAS, the Butte County Air Quality Management District (District) has been approved by CARB for a grant of up to \$10,000 to assist the District in the implementation of District responsibilities during the implementation of AB 197;

THEREFORE, BE IT RESOLVED, that the Butte County Air Quality Management District Board, hereby accepts the grant funds and authorizes the Air Pollution Control Officer to execute a grant agreement with CARB, and take related actions subject to District legal counsel review;

On Motion of \_\_\_\_\_, Seconded by \_\_\_\_\_, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 26<sup>th</sup> day of May 2022 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 May 26, 2022.

ATTEST: \_\_\_\_\_  
Cora Collins, Clerk of the Governing Board





TAMI RITTER, CHAIR  
*Supervisor, District #3*

ANGEL CALDERON, VICE CHAIR  
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*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

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 2022-2023 Budget**

### **ISSUE:**

Staff released the proposed Fiscal Year 2021-2022 Budget on April 26<sup>th</sup>, 2022. 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 23<sup>rd</sup>, 2022.

### **ACTION REQUESTED:**

1. Open a Public Hearing and accept comments.
2. Take no action on the Proposed Fiscal Year 2021-2022 Budget at this time.

### **DISCUSSION:**

Before your Board is the first hearing for the purpose of reviewing and receiving comments on the District's Proposed Fiscal Year 2022-2023 Budget. Staff is proposing a budget of \$3,759,245 and an operating budget of \$1,947,523. An Extra Help Temporary position is budgeted at \$16,000 to assist with grant processing. Funds for this temporary position are anticipated through Administrative Fees received from other agencies. The District more than likely will participate in other grant opportunities, however, at this time there is uncertainty in the details of that funding. This budget is considering a 8.1% CPI increase, but this is a draft % and will be updated based on the April to April State CPI amount when it is available before the June Adoption Hearing.

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 23<sup>rd</sup> Board meeting.



If any public comments should be received, those comments will be forwarded to your Board at the June 23<sup>rd</sup>, 2022, Public Hearing.

Also, 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 2022-2023 Budget.

Attachment:

Proposed Fiscal Year 2022-2023 Budget





# **Butte County Air Quality Management District**



## **2022-2023 Fiscal Year Budget**

Cover Designed by Cora Collins







# Butte County Air Quality Management District

## 2022-2023 Fiscal Year Budget Report

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### Resolution

Resolution 2022-13: Adopting the 2022-2023 FY Budget  
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### Appendices

Appendix A: Public Notice of Budget Adoption  
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Appendix C: District Compensation Schedule  
Appendix D: Reserve Policy Guidance



## **Butte County Air Quality Management District**

### **2022-2023 Fiscal Year Budget Report**

#### **Schedule of Public Hearings**

- **Tuesday, April 26, 2022**  
**Budget Proposal Available**  
**On District website: [www.bcaqmd.org](http://www.bcaqmd.org)**  
**District Office, 629 Entler Avenue, Suite 15 – Chico CA**
- **Wednesday, May 3rd, 2022 @ 2pm**  
**Public Workshop**  
**District Office, 629 Entler Avenue, Suite 15 – Chico CA**  
**Zoom Mtg (link posted on District Website)**
- **Thursday, May 26, 2022 at 10 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 23, 2022 at 10 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**





**Date:** April 26, 2021

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

**From:** Stephen Ertle, Air Pollution Control Officer

**Re: Proposed FY 2022-2023 Budget**

---

In California, local and regional authorities have the primary authority to regulate stationary sources of air pollution<sup>1</sup> (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 2022-2023 Fiscal Year Budget of **\$3,759,245** 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 **\$1,947,523**. 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 hearings<sup>2</sup> are required to be held by the Governing Board as part of the budget adoption process. These are scheduled for April 28, 2022 and June 23, 2022 during regular meetings of the Board. In addition, a public workshop will be held on May 3<sup>rd</sup>, 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 23, 2022 adoption hearing.

---

<sup>1</sup> California Health & Safety Code Section 40000

<sup>2</sup> California Health & Safety Code Section 40131



## Proposed FY 2022-2023 Budget Highlights

The proposed FY 2022-2023 Budget includes the following highlights:

- DMV surcharges are budgeted at \$740,000 consistent with FY 21-22 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.
- Budgeted Carl Moyer Program, Rural Assistance and State Reserve programs will total \$563,927 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.
- \$1,554,057 (~55%) of total expenditures, reserves and restricted funds for employee salaries and benefits, with no change in permanent regular help staffing. Approximately \$155,185 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).

I respectfully recommend your Board's favorable consideration of a 2022-2023 Fiscal Year Budget for **\$3,759,245** toward the continued implementation of an *active and effective* air pollution control program.



# Butte County Air Quality Management District

## Proposed Comparative Budget Analysis

FY 2021-2022 Vs. FY 2022-2023

		FY 2021-22	FY 2021-22	Base Budget	FY 2022-23				FY 2022-23
		Adopted Budget	Final Projected		AB617	FARMER	CARL, RAP, Reserve	CAP	Proposed Budget
<u>Licenses &amp; Permits</u>									
REVENUE									
4213010	Ag Burn Permits	90,000.00	90,000.00	91,000.00					91,000.00
4213013	Ag Engine Registration Program	15,500.00	15,500.00	350.00					350.00
4213020	Title V Permits	3,500.00	3,915.00	4,500.00					4,500.00
4213030	Operating Permits	320,000.00	320,000.00	345,000.00					345,000.00
4213035	Portable Engine Registration	27,500.00	35,500.00	39,500.00					39,500.00
4213038	Asbestos Program			5,000.00					5,000.00
4213040	Auth to Construct	26,500.00	26,500.00	29,000.00					29,000.00
4213055	Emission Reduction Fee	-	-	-					-
4213060	Misc. Other Permits	450.00	450.00	600.00					600.00
421 - Licenses & Permits		483,450.00	491,865.00	514,950.00	-	-	-	-	514,950.00
<u>Fines, Forfeitures &amp; Penalties</u>									
4300001	Civil Settlements	22,000.00	22,000.00	24,000.00					24,000.00
430 - Fines, Forfeitures & Penalties		22,000.00	22,000.00	24,000.00	-	-	-	-	24,000.00
<u>Interest</u>									
	Interest	2,000.00	2,000.00	565.59	-	614.66	196.47	623.28	2,000.00
441 - Interest (Use of Money & Property)		2,000.00	2,000.00	565.59	-	614.66	196.47	623.28	2,000.00
<u>Intergovernmental</u>									
4510001	State Subvention	59,428.00	55,228.00	55,200.00					55,200.00
4511001	DMV Surcharge	750,000.00	735,000.00	740,000.00					740,000.00
4510500	AB2588 Hot Spots Fee	134.00	134.00	134.00					134.00
4510501	105 Grant Funding	59,600.00	60,546.00	60,546.00					60,546.00
4510502	AB 197 Funding	8,583.00	8,583.00	8,583.00					8,583.00
4510503	AB 617 Implementation Funding	93,327.75	87,790.37		79,602.14				79,602.14
4510504	Prescribed Burn Reporting & Monitoring	31,130.00	35,676.95	30,000.00					30,000.00
4510505	GHG Oil & Gas Funding	6,000.00	6,000.00	6,000.00					6,000.00
4510904	FARMER	-	1,736,000.00			-			-
4510906	Carl Moyer	175,000.00	175,000.00				563,927.36		563,927.36
4510909	WoodSmoke	-	-						-
4510915	Community Air Protection (CAP)	-	21,940.33					1,216,360.65	1,216,360.65
451 - Intergovernmental		1,183,202.75	2,921,898.65	900,463.00	79,602.14	-	563,927.36	1,216,360.65	2,760,353.15
<u>Misc Revenue</u>									
4712523	4712523 Misc Revenue	8,125.00	8,125.00	24,395.00	-	-	-	-	24,395.00
<u>Implementation Revenue</u>									
4712550	4712550 Implementation Administrative	553,158.73	864,780.53		-	384,781.65	142,693.64	338,005.35	865,480.64
471 - Other Revenues (Miscellaneous)		561,283.73	872,905.53	24,395.00	-	384,781.65	142,693.64	338,005.35	889,875.64
TOTAL REVENUE		2,251,936.48	4,310,669.18	1,464,373.59	79,602.14	385,396.31	706,817.47	1,554,989.28	4,191,178.79



# Butte County Air Quality Management District

## Proposed Comparative Budget Analysis

FY 2021-2022 Vs. FY 2022-2023

	FY 2021-22 Adopted Budget	FY 2021-22 Final Projected	- Base Budget	AB617	FARMER	CARL, RAP, Reserve	CAP	FY 2022-23 Proposed Budget
<b>OPERATING EXPENSES</b>								
<b>Wages, Benefits &amp; PR Expenditures</b>				Est 80 @hrly	Estimate use 1000	Estimate use 540	Estimate use 1000 hr/yr @hrly	
Salaries, Wages & PR Taxes								
511000 Wages & PR Taxes	868,070.00	803,070.00	644,516.20	7,839.20	97,990.00	52,914.60	97,990.00	901,250.00
512000 Extra Help	16,000.00	-	16,000.00					16,000.00
514000 Overtime	4,000.00	1,000.00	4,000.00					4,000.00
<b>511 Salaries, Wages, PR Taxes</b>	<b>888,070.00</b>	<b>804,070.00</b>	<b>664,516.20</b>	<b>7,839.20</b>	<b>97,990.00</b>	<b>52,914.60</b>	<b>97,990.00</b>	<b>921,250.00</b>
Benefits								
518008 Health Care	227,360.10	203,360.10	233,457.00					233,457.00
518009 Cafeteria	44,714.16	30,714.16	41,100.00					41,100.00
518010 Other Employee Benefits	22,833.17	22,833.17	22,378.00					22,378.00
518700 Retirement (Pension ) - includes Classic, F	138,025.51	110,025.51	144,085.86					144,085.86
518800 Contrib to Pension Liability (bal as of 6/30)	111,613.00	111,613.00	135,390.00					135,390.00
518900 Retiree's OPEB	41,206.02	41,206.02	36,601.00					36,601.00
518901 Contrib to OPEB Liability (net bal as of 6/30)	19,794.04	19,794.04	19,795.00					19,795.00
<b>518 Benefits</b>	<b>605,546.00</b>	<b>539,546.00</b>	<b>632,806.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>632,806.86</b>
<b>Operating Expenditures</b>								
Materials & Supplies								
521104 Postage	3,500.00	3,500.00	3,500.00					3,500.00
522201 Office Supplies	9,675.00	9,675.00	9,500.00					9,500.00
523001 Telecommunications	16,000.00	16,000.00	16,000.00					16,000.00
524544 Utilities – Electric/Gas	8,000.00	8,000.00	8,720.00					8,720.00
525545 Auto Fuel Costs/Road Expense	4,000.00	4,000.00	4,000.00					4,000.00
<b>520 Materials &amp; Supplies</b>	<b>41,175.00</b>	<b>41,175.00</b>	<b>41,720.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,720.00</b>
Services & Other Operating								
531201 Household Janitorial	5,200.00	5,300.00	5,500.00					5,500.00
532527 Insurance (Liability & Vehicle)	21,130.00	14,076.00	16,872.00					16,872.00
533533 Memberships, Dues and Subscriptions	6,000.00	6,000.00	6,000.00					6,000.00
534537 Public & Legal Notices	3,500.00	3,500.00	3,500.00					3,500.00
535540 Public Outreach	16,200.00	9,200.00	7,200.00	6,500.00				13,700.00
536101 Training	10,500.00	10,500.00	10,500.00					10,500.00
537202 Travel & Conference expenses	30,000.00	30,000.00	30,030.00					30,030.00
<b>530 Services &amp; Other Operating</b>	<b>92,530.00</b>	<b>78,576.00</b>	<b>79,602.00</b>	<b>6,500.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,102.00</b>
Rents & Leases								
541538 Property Rents & Leases	56,460.00	56,460.00	56,160.00	300.00				56,460.00
542539 Equipment Rents & Leases	600.00	725.00	580.00					580.00
Noncapitalized Improvements & Equipment								
543103 Office Furniture & Equipment	12,725.00	2,600.00	3,300.00					3,300.00
543203 Computer Equipment	22,380.00	19,880.00	12,500.00					12,500.00



# Butte County Air Quality Management District

## Proposed Comparative Budget Analysis

FY 2021-2022 Vs. FY 2022-2023

543204	Computer Software & Subscriptions	12,120.00	12,120.00	30,000.00					30,000.00
543541	Air Monitoring Equipment & Maintenance	4,500.00	4,050.00	2,350.00	3,385.00				5,735.00
	<u>Repairs &amp; Maintenance</u>								
544001	Vehicle Maintenance	4,000.00	5,000.00	2,010.00					2,010.00
544042	IT Maintenance (computer, copier, office)	31,500.00	31,500.00	35,000.00					35,000.00
544103	Building Maintenance (annual expenditure)	5,575.00	5,575.00	15,225.00					15,225.00
<b>540</b>	<b>Rents, Leases, Repairs &amp; Noncapitalized Improvements</b>	<b>149,860.00</b>	<b>137,910.00</b>	<b>157,125.00</b>	<b>3,685.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,810.00</b>
	<u>Professional/Consulting Services</u>								
551137	AB2588 Hot Spots Fee	134.00	134.00	134.00					134.00
551536	Professional Services	60,366.00	45,366.00	66,200.00					66,200.00
551547	Legal Services	18,500.00	18,500.00	18,500.00					18,500.00
555580	Contingencies	20,000.00	20,000.00	20,000.00					20,000.00
<b>550</b>	<b>Professional/Consulting Services</b>	<b>99,000.00</b>	<b>84,000.00</b>	<b>104,834.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,834.00</b>
	<b>Total Operating Expenditures*</b>	<b>1,876,181.00</b>	<b>1,685,277.00</b>	<b>1,680,604.06</b>	<b>18,024.20</b>	<b>97,990.00</b>	<b>52,914.60</b>	<b>97,990.00</b>	<b>1,947,522.86</b>
<b>NON-OPERATING</b>									
<b>Grants</b>				<u>AB617</u>	<u>FARMER</u>	<u>CARL, RAP, Reserve</u>	<u>CAP</u>		
560006	Carl Moyer	222,652.00	726,554.56			564,123.83		564,123.83	
560007	Community Air CAP (CAP)	-	1,256,409.26				1,216,983.93	1,216,983.93	
560009	WoodSmoke	-	10,786.89					-	
560011	NRM	-	-					-	
560020	Special Clean Air Grants	50,000.00	77,077.00	30,000.00				30,000.00	
560021	FARMER	-	1,768,464.96		614.66			614.66	
<b>560</b>	<b>Total Grants</b>	<b>272,652.00</b>	<b>3,839,292.67</b>	<b>-</b>	<b>30,000.00</b>	<b>614.66</b>	<b>564,123.83</b>	<b>1,216,983.93</b>	<b>1,811,722.42</b>
<b>Capital</b>									
<b>CAPITAL</b>									
571105	Buildings & Improvements	-	16,275.00	-				-	
572563	Equipment (Computer Equipment & Office)	-	-	-				-	
573105	Vehicles (Fixed asset Inventory; Listed in Inventory)	29,463.41	24,988.41	-				-	
<b>570</b>	<b>Total Capital Outlay</b>	<b>29,463.41</b>	<b>41,263.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL Budget (\$ listed in Resolution)</b>		<b>2,178,296.41</b>	<b>5,565,833.08</b>	<b>1,680,604.06</b>	<b>48,024.20</b>	<b>98,604.66</b>	<b>617,038.43</b>	<b>1,314,973.93</b>	<b>3,759,245.28</b>



## Butte County Air Quality Management District

### Proposed Comparative Budget Analysis

FY 2021-2022 Vs. FY 2022-2023

#### RESERVES

<u>Restrictions (Fund Balance)</u>		FY 2021-22	FY 2021-22	-					FY 2022-23
		<u>Adopted Budget</u>	<u>Final Projected</u>	<u>Base Budget</u>	<u>AB617</u>	<u>FARMER</u>	<u>CARL, RAP, Reserve</u>	<u>CAP</u>	<u>Proposed Budget</u>
Estimated reserve based on calculated		312,696.83	280,879.50	280,100.68					324,587.14
Assigned	Reserve Fund (see Resolution/Policy)	320,255.00	320,255.00	329,626.07					329,626.07
WoodSmoke									
	AB617	47,000.00	31,240.14		31,577.94				31,577.94
	CAP	121,375.24	185,960.27					240,015.35	240,015.35
	Carl Moyer	3,000.00	51,959.71				89,779.04		89,779.04
	FARMER	126,790.62	384,781.65			286,791.65			286,791.65
Unearned Revenue		298,165.86	653,941.77	-	31,577.94	286,791.65	89,779.04	240,015.35	648,163.98
CAP			-						
WoodSmoke			-						
Carl Moyer			-						
FARMER			-						
Restricted (Uncontracted passthrough grant funds)		-	-	-	-	-	-	-	-
Unassigned									
<b>TOTAL FUND</b>		<b>618,420.86</b>	<b>974,196.77</b>	<b>329,626.07</b>	<b>31,577.94</b>	<b>286,791.65</b>	<b>89,779.04</b>	<b>240,015.35</b>	<b>977,790.05</b>
Fund Bal 6/30/202: Audited Bal 6/30/2022 Est Fund Bal 6/30/22									Est Fund Bal 6/30/22
		<u>Adopted Budget</u>	<u>Final Projected</u>	<u>Base Budget</u>	<u>AB617</u>	<u>FARMER</u>	<u>CARL, RAP, Reserve</u>	<u>CAP</u>	<u>Proposed Budget</u>
Restricted		210,456.79	1,831,765.34						-
Assigned		334,324.00	286,672.00	320,255.00					320,255.00
Unassigned Audit Balance			336,524.87	225,601.54					225,601.54
Total Fund Balance		544,780.79	2,454,962.21	545,856.54	-	-	-	-	545,856.54
Total Revenue		2,251,936.48	4,310,669.18	1,464,373.59	79,602.14	385,396.31	706,817.47	1,554,989.28	4,191,178.79
Total Expenditures		2,178,296.41	5,565,833.08	1,680,604.06	48,024.20	98,604.66	617,038.43	1,314,973.93	3,759,245.28
Unearned		298,165.86	653,941.77	-	31,577.94	286,791.65	89,779.04	240,015.35	648,163.98
Total Assigned & Restricted		320,255.00	320,255.00	329,626.07	-	-	-	-	329,626.07
Total unassigned Fund Balance		-	<b>225,601.54</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

#### Comparative Analysis Foot Notes:

FY 2021-2022 Projected expenses for Contingencies shows \$0 in the above table for purposes of expenses totals. Contingencies, although assigned an expense account number, is not an actual expense. Amounts are transferred from contingencies throughout the year to appropriate expense accounts as needed.

Final projected budget column depicts adopted FY 2021-2022 budget plus budget adjustments and budget transfers needed throughout the year.

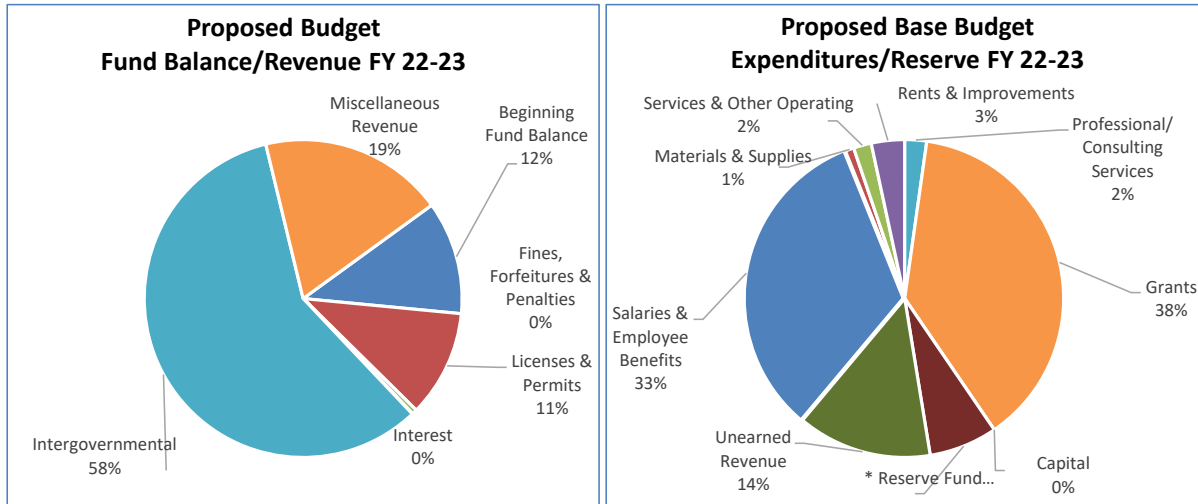
The Reserve Fund is for emergency purposes per the District's Reserve Policy and resolution 2013-08.



# Butte County Air Quality Management District

## Budget Summary

### FY 2022-23



	FY 21-22 Adopted Budget	FY 21-22 Revised Budget	FY 22-23 Proposed Budget
Beginning Fund Balance	544,781	2,454,962	545,857
Revenue			
Licenses & Permits	483,450	491,865	514,950
Fines, Forfeitures & Penalties	22,000	22,000	24,000
Interest	2,000	2,000	2,000
Intergovernmental	1,183,203	2,921,899	2,760,353
Miscellaneous Revenue	561,284	872,906	889,876
Subtotal Revenue	<u>\$ 2,251,936</u>	<u>\$ 4,310,669</u>	<u>\$ 4,191,179</u>
Total Revenue with Prior Year Fund Balance	<u><u>\$ 2,796,717</u></u>	<u><u>\$ 6,765,631</u></u>	<u><u>\$ 4,737,035</u></u>
Expenditures			
Salaries & Employee Benefits	1,493,616	1,343,616	1,554,057
Materials & Supplies	41,175	41,175	41,720
Services & Other Operating	92,530	78,576	86,102
Rents & Improvements	149,860	137,910	160,810
Professional/Consulting Services	99,000	84,000	104,834
Grants	272,652	3,839,293	1,811,722
Capital	29,463	41,263	0
Total Expenditures	<u>\$ 2,178,296</u>	<u>\$ 5,565,833</u>	<u>\$ 3,759,245</u>
* Reserve Fund	320,255	320,255	329,626
Unearned Revenue	298,166	653,942	648,164
Total Reserved & Unearned	<u>\$ 618,421</u>	<u>\$ 974,197</u>	<u>\$ 977,790</u>
Projected Unassigned Ending Fund Balance	0.00	\$ 225,602	0.00
(Projected FY 21-22 Ending Fund Balance combined with Reserve and Restricted Funds = \$225,602)			

\* Note: The reserve is 17% 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.







**Butte County Air Quality Management District**  
**Account Descriptions**  
**FY 2022-2023**

**REVENUE**

**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 an emission fee basis at a rate of \$49.85 per ton of emissions for 2022-2023.

**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. An adopted proposed rule will include 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 2022-2023 FY budget for funding will be the same as the amounts awarded in FY 2021-2022. 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.



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.

#### **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 (ARVTF) in AB 109. Funding is provided under a grant agreement between California Air Resources Board (CARB) and the District.



#### **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 22-23 Carl Moyer YR 25 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. Year 22-23 funding is not anticipated at this time.

#### **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. Year 2022-23 funding amount is unknown.

#### **Miscellaneous Revenue**

##### **Miscellaneous Revenue**

Includes reimbursements (Copies & Other), fees (Late Fees, return check, etc), and Technical Evaluation Fees.

#### **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.



## EXPENSES

### **Salaries and Employee Benefits**

#### **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 2022-23 account includes eleven (11) permanent full-time positions as listed below.

- 1- Administrative Technician
- 1- Administrative Assistant
- 1- Accounting Technician
- 1- Administrative Services Officer
- 2 - Air Quality Compliance Specialist I
- 1- Senior Air Quality Compliance Specialist
- 1- Air Quality Engineer I
- 1- Senior Air Quality Planner
- 1- Assistant Air Pollution Control Officer
- 1- Director/Air Pollution Control Officer

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 payments for the CLASSIC and PEPRA employee retirement.

518800 Pension Liability The PERS Annual Valuation report for June 30, 2020 shows an unfunded accrued Liability of \$1,724,583 for CLASSIC employees and \$5,771 for PEPRA employees resulting in a total unfunded liability of \$1,730,354. PERS Pension Liability expense line includes the required contribution amount for FY 2022-23 in the amount of \$134,259 for Classic and \$1,131 for PEPRA. The Unfunded Accrued Liability (UAL) for PEPRA is expected to be funded by FY 25-26. The UAL for CLASSIC at the current amortization schedule will be funded by FY 44-45.

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.

To fund this obligation, the District established a 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.

## **Materials & Supplies**

### **521104 Postage**

This account reflects the cost of postage and shipping. 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 & 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 and natural gas needed for operations at the District's office.

### **525545 Auto Fuel Costs/ Road Expense**

This account reflects the District's vehicle fuel cost.



### **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 significantly.

##### 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)	2,200
Association of Air Pollution Control Agencies (AAPCA)	500
California Special District Association (CSDA)	1,482
Air & Waste Management Association (Addresses technical & policy issues useful to the District)	195
Costco	120
California Chamber of Commerce	650
Sustainability Management Association	200
Government Finance Officers Association (GOFA)	310
Misc Memberships	343
<b>TOTAL</b>	<b>6,000</b>

#### **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**

Such costs as seminar fees, class registration and training material 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 leasing office space and facility rentals. 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.

##### **542539 Equipment Rents & Leases**

This account reflects the rent and lease of equipment (primarily for office use). The FY 2022-23 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.

#### **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 transmittals.

### **Repairs & Maintenance**

#### **544001 Vehicle Maintenance**

The FY 2022-23 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.

#### **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. With over 10 years in residence, additional deep cleaning and painting is 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 programing and after-hours answering services.



Specifically, the FY 2021-2022 Account includes the following Professional & Special Services:

GASB 75 OPEB Valuation	2,500
CalPERS GASB 68 Valuations	750
Pension Management Consulting	10,000
General Consultation (Training etc.)	10,000
Basin Coordinating Council (BCC) Agreement	11,500
Fiscal Audit (Government Code 26909)	12,500
ADP-Payroll & HR Modules & Payroll processing	6,500
Laboratory Analysis	500
Western Weather Meteorological Services	600
Answering Service Hotline-Telesec (\$70/mo)	850
Staff Training Day and In-house Training	10,000
Misc. Professional Services	<u>500</u>
TOTAL \$	66,200

**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 the legal services contract with Greg Einhorn.

**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**

### **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 2022-23 (Year 25). 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 22-23 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**

There are no grants budgeted at this time.

### **560011 NRM Grants**

There are no grants budgeted at this time.

### **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 22-23 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. The District did receive funds at the end of FY 2021-22, that is anticipated to be re-budgeted after year end.

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



## **CAPITAL**

### **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.

## **RESERVES**

### **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 increasing the budgeted reserve fund \$329,626.

See Resolution 2013-08 (Reserve Policy), Appendix C.



## **Butte County Air Quality Management District**

### **2022-2023 Fiscal Year Budget Report**

#### **Resolutions**

Resolution 2022-13: Adopting the 2022-2023 FY Budget

Resolution 2022-14: Contracted Outside Legal Services



RESOLUTION 2022-13  
BEFORE THE BOARD OF DIRECTORS OF  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
STATE OF CALIFORNIA  
ADOPTING THE FISCAL YEAR 2022-2023 BUDGET

Resolution 2022-13 ..... )  
Adopting the 2022-2023 Budget ..... )  
Totaling \$3,759,245 ..... )  
Of the total, \$1,811,722 is in Grant funds ..... )  
And \$20,000 in Contingency funds, resulting in an ..... )  
Operating budget of \$1,947,523 ..... )

WHEREAS, on June 23, 2022, 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 2022-2023 Budget; and;

AND WHEREAS, pursuant to Health and Safety Code Sections 40130 and 40131 the Board held an initial Public Hearing on May 26, 2022 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 23, 2022 to consider adopting the FY 2022-2023 Budget;

THEREFORE, BE IT RESOLVED, that the Board has reviewed and adopts the FY 2022-2023 Budget consisting of an operating budget of \$ 1,947,523 for the 2022-2023 District Fiscal Year;

BE IT FURTHER RESOLVED, obligates, to implement emission reduction grants Carl Moyer, AB 617, CAP and FARMER funds totaling \$1,811,722. \$648,164 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 2022-2023 Budget of \$ 3,759,245 and adjusting the FY 2021-2022 Budget as outlined in the attached Final Budget 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, 2023; 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 2022-2023.



On Motion of \_\_\_\_\_, Seconded by \_\_\_\_\_, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 23<sup>rd</sup> day of June, 2022 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 23, 2022.

ATTEST: \_\_\_\_\_  
Cora Collins, Clerk of the Governing Board



RESOLUTION 2022-14  
BEFORE THE BOARD OF DIRECTORS OF  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
STATE OF CALIFORNIA  
LEGAL SERVICES 2022-2023

Resolution 2022-14 ..... )  
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 2022-2023 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 2022-2023.

On Motion of \_\_\_\_\_, Seconded by \_\_\_\_\_, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 23<sup>rd</sup> day of June, 2022 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 23, 2022.

ATTEST: \_\_\_\_\_  
Cora Collins, Clerk of the Governing Board



## **Butte County Air Quality Management District**

### **2022-2023 Fiscal Year Budget Report**

#### **Appendices**

Appendix A: Public Notice of Budget Adoption

Appendix B: District Compensation Schedule

Appendix C: Reserve Policy Guidance (Resolution 2013-08)

Appendix D: Organizational Chart



## **Butte County Air Quality Management District**

### **2022-2023 Fiscal Year Budget Report**

#### **Appendix A: 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 2022- 2023 Fiscal Year Budget.

The proposed Budget is on the website [www.bcaqmd.org](http://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 26, 2022.

The time and date of the Public Hearing set for adoption of the proposed Budget, is Thursday, June 23, 2022, 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 10, 2022.

The District will hold one public workshop on Tuesday May 3<sup>rd</sup> at 2 pm via Zoom and at the District office. The Zoom link will be provided on the District website.

In addition to the Thursday, June 23, 2022, 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 26, 2022, 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 23, 2022, Public Hearing and without further notice, the District Governing Board may adopt the Final District Budget for the 2022-2023 Fiscal Year as the Board deems appropriate or take other action consistent with this notice.

DATED: April 26, 2022  
BY: Stephen Ertle  
Air Pollution Control Officer  
Publish 4/26/2022



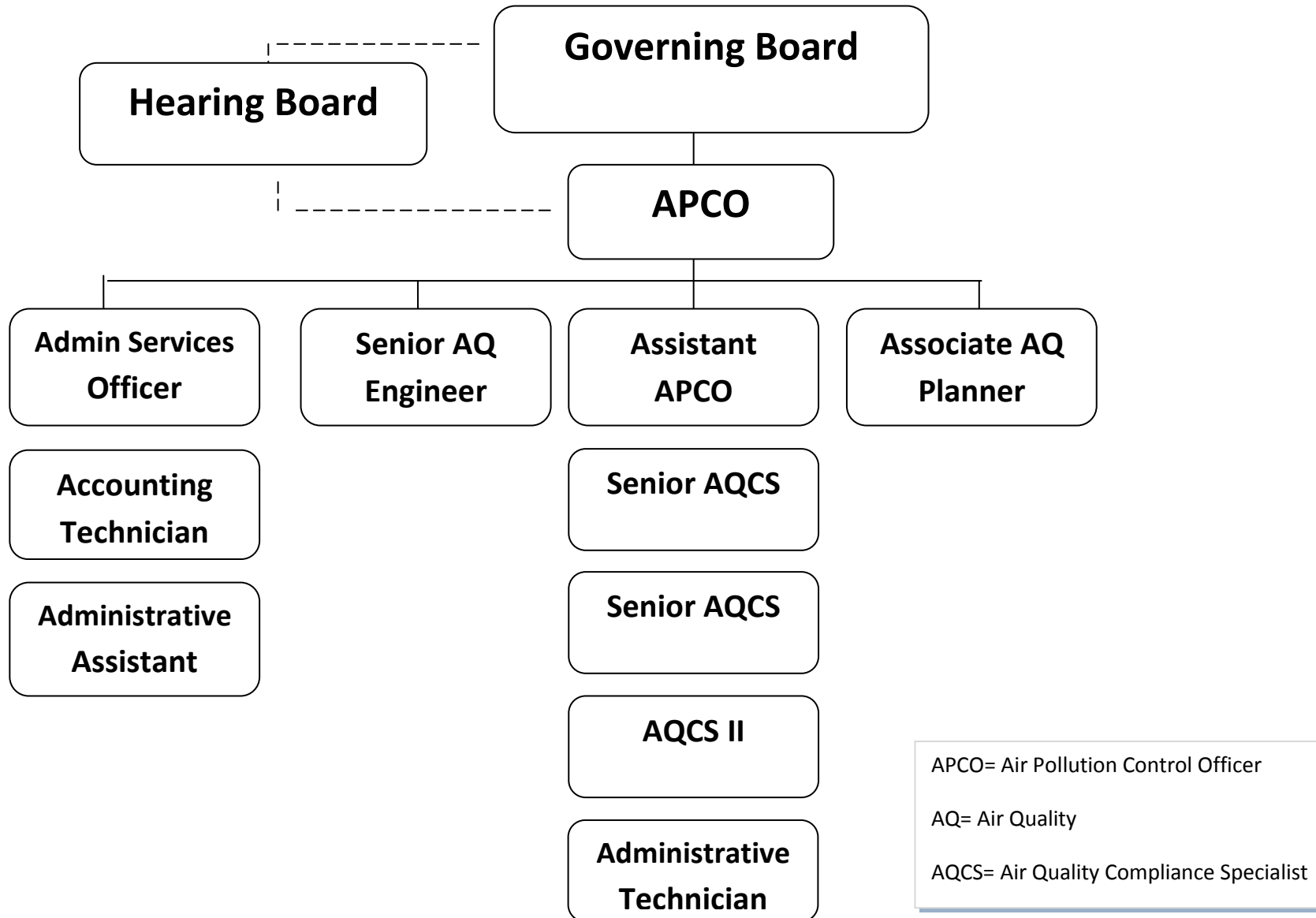
**Butte County Air Quality Management District**

**2022-2023 Fiscal Year Budget Report**

**Appendix B: Organizational Chart**



# Butte County Air Quality Management District



Governing Board approved June 26, 2014



**Butte County Air Quality Management District**

**2022-2023 Fiscal Year Budget Report**

**Appendix C: District Compensation Schedule**



# BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT

## COMPENSATION SCHEDULE

Effective date October 1, 2021

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	\$1,510	\$1,588	\$1,668	\$1,752	\$1,839	\$2,024	
Administrative Technician	1	1	1	8	\$1,510	\$1,588	\$1,668	\$1,752	\$1,839	\$2,024	
Accounting Technician	1	1	1	17	\$1,880	\$1,974	\$2,073	\$2,179	\$2,286	\$2,516	
Administrative Services Officer	1	1	1	34	\$2,855	\$2,996	\$3,147	\$3,305	\$3,470	\$3,818	
Air Quality Compliance Specialist I	2	1	0	20	\$2,026	\$2,127	\$2,236	\$2,349	\$2,467	\$2,712	
Air Quality Compliance Specialist II	0	1	2	24	\$2,236	\$2,349	\$2,467	\$2,591	\$2,720	\$2,992	
Senior Air Quality Compliance Specialist	1	0	0	28	\$2,466	\$2,591	\$2,722	\$2,859	\$2,999	\$3,301	
Air Quality Compliance Supervisor	0	1	1	32	\$2,719	\$2,858	\$2,998	\$3,148	\$3,306	\$3,638	
Air Quality Engineer I	1	1	1	28	\$2,466	\$2,591	\$2,722	\$2,859	\$2,999	\$3,301	
Air Quality Engineer II	0	0	0	32	\$2,719	\$2,858	\$2,998	\$3,148	\$3,306	\$3,638	
Senior Air Quality Engineer	0	0	0	36	\$2,996	\$3,147	\$3,305	\$3,470	\$3,646	\$4,010	
Assistant Air Quality Planner	0	0	0	25	\$2,286	\$2,402	\$2,525	\$2,651	\$2,783	\$3,062	
Associate Air Quality Planner	0	0	0	29	\$2,526	\$2,652	\$2,784	\$2,924	\$3,071	\$3,378	
Senior Air Quality Planner	1	1	1	33	\$2,784	\$2,924	\$3,071	\$3,224	\$3,387	\$3,725	
Air Quality Planning Supervisor	0	0	0	37	\$3,069	\$3,223	\$3,384	\$3,552	\$3,731	\$4,105	
Assistant Air Pollution Control Officer	0	1	1	41	\$3,387	\$3,555	\$3,732	\$3,920	\$4,116	\$4,529	
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)



**Butte County Air Quality Management District**

**2022-2023 Fiscal Year Budget Report**

**Appendix D: Reserve Policy Guidance (Resolution 2013-08)**



**RESOLUTION 2013-08  
BEFORE THE BOARD OF DIRECTORS OF  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
STATE OF CALIFORNIA  
RESERVE POLICY GUIDANCE**

Resolution 2013-08.....)  
Guidance for establishing and .....)  
Maintaining a prudent reserve.....)

WHEREAS, on June 27, 2013, the Governing Board met in regular session;

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

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

BE IT FURTHER RESOLVED, 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 Wahl, Seconded by Supervisor Kirk, the foregoing resolution are hereby PASSED and ADOPTED by the Air Quality Management District Board of Directors on this 27th day of June, 2013 by the following:

AYES: Councilmember Thompson, Supervisor Connelly, Supervisor Wahl (motion), Supervisor Kirk (second), Supervisor Lambert, Supervisor Teeter, Councilmember Ritter, Councilmember Fichter, Councilmember Rawlings.

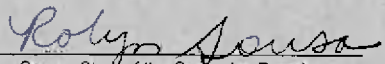


NOES: None  
ABSTAIN: None  
ABSENT: Councilmember Bunker, Mayor Titus

  
\_\_\_\_\_  
W. James Wagner, 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 27, 2013.

ATTEST

  
\_\_\_\_\_  
Robyn Sousa, 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*

DEBRA LUCERO  
*Supervisor, District #2*

TOD KIMMELSHUE  
*Supervisor, District #4*

DOUG TEETER  
*Supervisor, District #5*

CHUCK NUCHOLS  
*Councilmember, Biggs*

ALEX BROWN  
*Councilmember, Chico*

CHUCK REYNOLDS  
*Mayor, Oroville*

ROSE TRYON  
*Councilmember, Paradise*

STEPHEN ERTLE  
*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Jason Mandly, Senior Air Quality Planner

Re: **Approve Fiscal Year 2021-2022 Community Air Protection Incentives  
Application - Year 4**

### **ISSUE:**

The California Air Resources Board (CARB) allocated funds for FY 2021-2022 Community Air Protection (CAP) Incentives. This will be the fourth year of allocations for the CAP Incentives Program.

### **ACTION REQUESTED:**

Adopt Resolution 2022-15 to receive funding and authorize the Air Pollution Control Officer to enter into an agreement with CARB for the program.

### **DISCUSSION:**

The California Air Resources Board (CARB) is budgeted to allocate funds from the Greenhouse Gas Reduction Fund (GGRF) to support incentive projects that reduce emissions and improve public health in communities with high burdens of cumulative pollutant exposure, consistent with the goals of Assembly Bill (AB) 617 (Chapter 254, Statutes of 2017).

Preliminary estimates show the District tentatively allocated \$1,216,000 (\$1,064,000 in project funds) for the FY 2021-2022 program. The District will use a public process to select projects eligible under the State CAP Incentives 2019 Guidelines and the District's CAP Incentives Policies and Procedures Manual. Similar to the previous FY 2019-2020 allocation, it is expected that 75% of FY 2021-2022 project funds will support projects in SB 585 Disadvantaged Communities and 90% of FY 2021-2022 project funds will support projects in AB 1550 Low Income Communities. Eligible projects include any equipment replacement projects eligible for Carl Moyer Program funding, infrastructure projects, lawn and garden projects at schools, air filtration and composite wood product projects at schools, and community-identified projects that have been approved by CARB.



CARB is expected to release applications for FY 2021-2022 funding within the next several months. District staff are requesting that your Board approve the District's participation in the FY 2021-2022 CAP Incentives Program through approval of Resolution 2022-15.

Attachment:

Proposed Resolution 2022-15



**RESOLUTION 2022-15  
BEFORE THE BOARD OF DIRECTORS OF  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
STATE OF CALIFORNIA  
APPROVE FY 2021-2022 COMMUNITY AIR PROTECTION INCENTIVES**

Resolution 2022-15..... )  
Approve FY 2021-2022 ..... )  
Community Air Protection (CAP) Incentives..... )

WHEREAS, the California Air Resources Board (CARB) is budgeted to allocate FY 2021-2022 Greenhouse Gas Reduction Funds to support incentive projects in Butte County that reduce emissions and improve public health in communities with high burdens of cumulative pollutant exposure, consistent with the goals of Assembly Bill (AB) 617 (Chapter 254, Statutes of 2017);

AND WHEREAS, CAP Incentives are administered by air districts with direction from the State CAP Incentives 2019 Guidelines, the CAP Funds Supplement to the 2017 Carl Moyer Program, and grant agreements;

AND WHEREAS, the District maintains a Board-approved CAP Incentives Policies and Procedures Manual and Carl Moyer Program Policies and Procedures Manual;

THEREFORE, BE IT RESOLVED, that the Butte County Air Quality Management District Board hereby approves the District's participation in the FY 2021-2022 CAP Incentives Program, acceptance of current and future FY 2021-2022 CAP Incentive funds allocated to the District, and authorizes the Air Pollution Control Officer to execute on behalf of the District grant agreements with CARB and all other necessary documents to implement and carry out the purposes of this resolution, subject to District Counsel review as appropriate;

BE IT FURTHER RESOLVED, that the Board authorizes the Air Pollution Control Officer to accept any additional CAP Incentive Funding that may become available from CARB or other Districts, and amend the budget accordingly.

On Motion of \_\_\_\_\_, Seconded by \_\_\_\_\_, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 26<sup>th</sup> day of May 2022 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 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*

DEBRA LUCERO  
*Supervisor, District #2*

TOD KIMMELSHUE  
*Supervisor, District #4*

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*Councilmember, Chico*

CHUCK REYNOLDS  
*Mayor, Oroville*

ROSE TRYON  
*Councilmember, Paradise*

STEPHEN ERTLE  
*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Kelly Towne, Clerk of the Hearing Board

Re: **Appoint Hearing Board Member(s)**

### **ISSUE:**

Expiration of Terms for Hearing Board Members, Tammie Watkins, P.E. (Professional Engineer), Dr. Julian Zener (Medical Professional), John Scott (Public Member), Dr. Melanie Marty Ph. D (Alt Medical Professional) and Kevin Tokunaga (Alt Public Member).

### **ACTION REQUESTED:**

Consider reappointment of Ms. Tammie Watkins, Dr. Julian Zener, Mr. John Scott, Dr. Melanie Marty and Mr. Kevin Tokunaga to three (3) year terms to expire May 26, 2025.

### **DISCUSSION:**

Pursuant to Health & Safety Code (HSC) Section 40800 et seq. every air district is to maintain a Hearing Board to act on requests for variances from district rules and regulations.

Membership on the Hearing Board is specified in law (HSC Section 40801) and must include: one attorney, one professional engineer, one representative from the medical profession, and two public members. All members of the Hearing Board are to be appointed by the AQMD Board of Directors for a term of three (3) years.

The Hearing Board Attorney position is currently vacant. The District will initiate a public recruitment for the position in June. At the conclusion of the recruitment Staff will bring a recommendation for appointment to the Hearing Board to this Board.

Attachment:

Resolution 2022-16



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**RESOLUTION 2022-16  
BEFORE THE BOARD OF DIRECTORS OF  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
STATE OF CALIFORNIA  
APPOINTMENT OF HEARING BOARD MEMBERS**

Resolution 2022-16 ..... )  
Appointment of Hearing ..... )  
Boards Members..... )

WHEREAS, Pursuant to Health & Safety Code (HSC) Section 40800 et seq. every air district is to maintain a Hearing Board to act on requests for variances from district rules and regulations.

AND WHEREAS, Membership on the Hearing Board is specified in law (HSC Section 40801) and must include: one (1) attorney, one (1) professional engineer, one (1) representative from the medical profession, and two (2) public members. All members of the Hearing Board are to be appointed by the Butte County Air Quality Management District Board of Directors for a term of three (3) years.

AND WHEREAS, Expiration of Term for Hearing Board Members, Ms. Tammie Watkins, P.E., Dr. Julian Zener, Mr. John Scott, Dr. Melanie Marty Ph.D and Mr. Kevin Tokunaga occur May 21, 2022 and June 23, 2022. The Board is asked to consider reappointment of all due to their expression of willingness to continue to serve in this capacity.

THEREFORE, BE IT RESOLVED the Board reappoints Ms. Tammie Watkins P.E., as the Professional Engineer, Dr. Julian Zener, as the Medical Professional, Mr. John Scott, as the Public Member, Dr. Melanie Marty Ph.D, as the Alternate Medical Professional and Mr. Kevin Tokunaga, as the Alternate public member, for terms of three (3) years commencing on May 26, 2022 and concluding on May 26, 2025 pursuant to HSC Section 40804.

On Motion of \_\_\_\_\_, Seconded by \_\_\_\_\_, the foregoing resolution is hereby PASSED AND ADOPTED by the Butte County Air Quality Management District Board of Directors on this 26<sup>th</sup> day of May, 2022 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 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*

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*Councilmember, Paradise*

STEPHEN ERTLE  
*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

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: **Approve District Fiscal Policy**

### **ISSUE:**

Implement a Fiscal Policy and update the District Reserve Policy for consistency to assure long term fiscal strength independent of one-time revenues.

### **ACTION REQUESTED:**

Approve the attached Fiscal Policy and associated resolutions and direct staff to begin a comprehensive analysis of revenues and expenses and develop a multi-year plan for program cost recovery and pension liability reduction that does not rely on grant administration funds.

### **DISCUSSION:**

The Butte County Air Quality Management District (District) Governing Board Budget & Finance Committee and District Staff performed an analysis of District revenues and expenditures as part of the annual Fiscal Budget development earlier this year. District staff activities have increasingly been focused on administration of various grant programs used to fund emission reduction measures. As a result, District revenue from grant administration has become a large percentage of the total operations budget. Reliance on one-time revenues to fund operations is not sustainable.

District staff have developed a Fiscal Policy (Policy) as a first step in addressing the issue. The Policy includes program cost recovery targets and one-time revenue guidelines.

### **Attachments:**

District Fiscal Policy

Resolution 2022-17 Approve District Fiscal Policy

Resolution 2022-19 Reserve Policy



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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.



**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 \_\_\_\_\_, Seconded by \_\_\_\_\_, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 26<sup>th</sup> day of May, 2022 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 May 26, 2022.

ATTEST: \_\_\_\_\_  
Cora Collins, Clerk of the Governing Board



**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 \_\_\_\_\_, Seconded by \_\_\_\_\_, the foregoing resolution is hereby PASSED and ADOPTED by the Air Quality Management District Board of Directors on this 26<sup>th</sup> day of May, 2022 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 May 26, 2022.

ATTEST: \_\_\_\_\_  
Cora Collins, Clerk of the Governing Board





TAMI RITTER, CHAIR  
*Supervisor, District #3*

ANGEL CALDERON, VICE CHAIR  
*Councilmember, Gridley*

BILL CONNELLY  
*Supervisor, District #1*

DEBRA LUCERO  
*Supervisor, District #2*

TOD KIMMELSHUE  
*Supervisor, District #4*

DOUG TEETER  
*Supervisor, District #5*

CHUCK NUCHOLS  
*Councilmember, Biggs*

ALEX BROWN  
*Councilmember, Chico*

CHUCK REYNOLDS  
*Mayor, Oroville*

ROSE TRYON  
*Councilmember, Paradise*

STEPHEN ERTLE  
*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Aleah Ing, Administrative Service Officer

Re: **CalPERS Retirement and District Other Post-Employment Benefits (OPEB) Reports**

### **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 & PEPRAs 6/30/2020, the GASB 75 Valuation and Disclosure reports from Actuarial Retirement Consulting, LLC, and the CERBT Account Summary 3/30/2021.

### **DISCUSSION:**

The PERS Annual Valuation report for June 30, 2020, shows the District being 75.5% funded with an unfunded accrued liability of \$1,724,583 for CLASSIC employees. The PEPRAs retirement is 92.5% funded with an unfunded balance of \$5,771. This results in a total unfunded pension retirement liability of \$1,730,354. The required contribution amounts for FY 2022-23 is \$134,259 for the unfunded liability and an employer normal cost rate of 10.87% for CLASSIC and \$1,131 for the unfunded payment and a cost rate of 7.47% for PEPRAs. The Unfunded Accrued Liability (UAL) for PEPRAs is expected to be funded by FY 2025-2026. The UAL for CLASSIC at the current amortization schedule will be funded by FY 2043-2044.

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. A \$19,794 payment was made to the OPEB trust this month.



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, 2022 with assets totaling \$151,225. This report is based on the 7/1/2019 valuation.

Attachments:

CalPERS PEPPRA Valuation Report ending June 30, 2020

CalPERS CLASSIC Valuation Report ending June 30, 2020

2021 GASB 75 Valuation

2022 GASB 75 Disclosure

CalPERS CERBT Account Update Report March 31, 2022





**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](http://www.calpers.ca.gov)

**July 2021**

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

**Annual Valuation Report as of June 30, 2020**

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. **Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23.** 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, 2020.

Section 2 can be found on the CalPERS website ([calpers.ca.gov](http://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, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

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 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 rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

**Required Contribution**

The exhibit below displays the minimum employer contributions and the Employee PEPRA Rate for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Employee Rate
2022-23	7.47%	\$1,131	6.75%
<i>Projected Results</i>			
2023-24	7.5%	\$1,100	TBD



The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. ***To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 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 fiscal year 2027-28.

### Changes from Previous Year's Valuation

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at [www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview](http://www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview) and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

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 your assigned CalPERS 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, 2020**

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

**Required Contributions  
for Fiscal Year  
July 1, 2022 - June 30, 2023**



# **Table of Contents**

## **Section 1 – Plan Specific Information**

## **Section 2 – Risk Pool Actuarial Valuation Information**



# Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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## **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

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your PEPRA Miscellaneous Plan 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 plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 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 Employer 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 Valuation**
- **Subsequent Events**



## Introduction

This report presents the results of the June 30, 2020 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 fiscal year 2022-23.

## 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, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration 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.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their 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; and changes in plan provisions or applicable law.

### 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 6.0% and 8.0%.
- 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 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.



## Required Employer Contributions

	Fiscal Year
<b>Required Employer Contributions</b>	<b>2022-23</b>
Employer Normal Cost Rate	7.47%
<b>Plus</b>	
Required Payment on Amortization Bases <sup>1</sup>	\$1,131
<b><i>Paid either as</i></b>	
1) Monthly Payment	\$94.25
<b><i>Or</i></b>	
2) Annual Prepayment Option*	\$1,093
<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 (<b>which must be received in full no later than July 31</b>).</i>	

	Fiscal Year 2021-22	Fiscal Year 2022-23
<b>Development of Normal Cost as a Percentage of Payroll</b>		
Base Total Normal Cost for Formula	14.34%	14.22%
Surcharge for Class 1 Benefits <sup>2</sup>		
None	0.00%	0.00%
Phase out of Normal Cost Difference <sup>3</sup>	0.00%	0.00%
Plan's Total Normal Cost	14.34%	14.22%
Plan's Employee Contribution Rate <sup>4</sup>	6.75%	6.75%
Employer Normal Cost Rate	7.59%	7.47%

<sup>1</sup> The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

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

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

<sup>4</sup> For detail regarding the determination of the required PEPRA employee contribution rate see Section on PEPRA Member Contribution Rates.



## Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for the 2022-23 fiscal year is \$1,131. CalPERS allows employers 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. Employers 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 fiscal year 2022-23 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.

If you are considering making an ADP, please contact your actuary for additional information.

### Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$16,027	\$1,131	\$0	\$1,131	\$17,158

### Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP <sup>1</sup>	Total UAL Contribution	Estimated Total Contribution
5 years	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> 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, 2022 as determined in the June 30, 2020 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, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	\$297,285	\$347,345
2. Entry Age Accrued Liability (AL)	57,103	77,435
3. Plan's Market Value of Assets (MVA)	53,426	71,664
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	3,677	5,771
5. Funded Ratio [(3) / (2)]	93.6%	92.5%

This measure of funded status is an assessment of the need for future employer contributions based on the selected 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. For a measure of funded status that is 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. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 27241 Results					
Normal Cost %	7.47%	7.5%	7.5%	7.5%	7.5%	7.5%
UAL Payment	\$1,131	\$1,100	\$1,100	\$1,100	\$1,100	\$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 modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.



## 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 2.75% per year for three years.

	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>
<b>Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans</b>		
Projected Payroll for the Contribution Year	\$755,128	\$699,463
Estimated Employer Normal Cost	\$76,616	\$68,737
Required Payment on Amortization Bases	\$115,454	\$135,390
Estimated Total Employer Contributions	\$192,070	\$204,127
Estimated Total Employer Contribution Rate (illustrative only)	25.44%	29.18%



## Cost

### Actuarial Determination of Pension Plan Cost

Contributions to fund the pension 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 fiscal year 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 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.



## 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

There are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

## Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. 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	\$48,299
Transferred Members	29,136
Terminated Members	0
Members and Beneficiaries Receiving Payments	0
Total	\$77,435

## 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	\$77,435
2. Projected UAL balance at 6/30/2020	3,837
3. Pool's Accrued Liability <sup>1</sup>	19,314,480,060
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2020 <sup>1</sup>	4,306,566,797
5. Pool's 2019/20 Investment (Gain)/Loss <sup>1</sup>	344,968,792
6. Pool's 2019/20 Non-Investment (Gain)/Loss <sup>1</sup>	60,428,629
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	1,692
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	242
9. Plan's New (Gain)/Loss as of 6/30/2020: $(7) + (8)$	1,934

<sup>1</sup> 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

10. Plan's UAL: $(2) + (9)$	\$5,771
11. Plan's Share of Pool's MVA: $(1) - (10)$	\$71,664



## 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, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

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 2022-23	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Fresh Start	6/30/20	No Ramp		0.00%	5	5,771	744	5,405	952	4,799	1,131
<b>Total</b>						<b>5,771</b>	<b>744</b>	<b>5,405</b>	<b>952</b>	<b>4,799</b>	<b>1,131</b>

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 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 consult with your 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 a reasonable 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	0 Year Amortization		0 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2022	4,799	1,131	N/A	N/A	N/A	N/A
6/30/2023	3,965	1,132				
6/30/2024	3,072	1,132				
6/30/2025	2,116	1,131				
6/30/2026	1,094	1,132				
6/30/2027						
6/30/2028						
6/30/2029						
6/30/2030						
6/30/2031						
6/30/2032						
6/30/2033						
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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						
<b>Total</b>		<b>5,658</b>		<b>N/A</b>		<b>N/A</b>
<b>Interest Paid</b>		<b>859</b>		<b>N/A</b>		<b>N/A</b>
<b>Estimated Savings</b>				<b>N/A</b>		<b>N/A</b>

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, 2020 are not included.

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

## 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.

<b>Valuation Date</b>	<b>Accrued Liability (AL)</b>	<b>Share of Pool's Market Value of Assets (MVA)</b>	<b>Unfunded Accrued Liability (UAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
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



## **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 was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup>, and 95<sup>th</sup> percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
<b>1.0%</b>				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	\$1,200	\$1,500	\$1,800	\$2,200
<b>4.0%</b>				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	\$1,200	\$1,300	\$1,500	\$1,700
<b>7.0%</b>				
Normal Cost	7.5%	7.5%	7.5%	7.5%
UAL Contribution	\$1,100	\$1,100	\$1,100	\$1,100
<b>9.0%</b>				
Normal Cost	7.6%	7.8%	8.0%	7.4%
UAL Contribution	\$1,100	\$1,100	\$0	\$0
<b>12.0%</b>				
Normal Cost	7.6%	7.8%	8.0%	7.4%
UAL Contribution	\$1,100	\$0	\$0	\$0



## 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 4.50% and 2.50%, 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, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

### Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
<b>Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
Inflation	2.5%	2.5%	2.5%
<b>Real Rate of Return</b>	<b>3.5%</b>	<b>4.5%</b>	<b>5.5%</b>
a) Total Normal Cost	17.65%	14.22%	11.59%
b) Accrued Liability	\$98,018	\$77,435	\$62,240
c) Market Value of Assets	\$71,664	\$71,664	\$71,664
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$26,354	\$5,771	(\$9,424)
e) Funded Status	73.1%	92.5%	115.1%

### Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
<b>Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
<b>Inflation</b>	<b>1.5%</b>	<b>2.5%</b>	<b>3.5%</b>
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	15.20%	14.22%	13.05%
b) Accrued Liability	\$83,127	\$77,435	\$70,890
c) Market Value of Assets	\$71,664	\$71,664	\$71,664
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$11,463	\$5,771	(\$774)
e) Funded Status	86.2%	92.5%	101.1%

## Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 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 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	14.49%	14.22%	13.97%
b) Accrued Liability	\$78,836	\$77,435	\$76,147
c) Market Value of Assets	\$71,664	\$71,664	\$71,664
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$7,172	\$5,771	\$4,483
e) Funded Status	90.9%	92.5%	94.1%



## 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%.

<b>Ratio of Retiree Accrued Liability to Total Accrued Liability</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	57,103	77,435
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 starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

<b>Support Ratio</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
1. Number of Actives	3	4
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, and 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 (AVR)

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 (LVR)

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 investment return and 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. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	\$53,426	\$71,664
2. Payroll	155,261	197,781
3. Asset Volatility Ratio (AVR) [(1) / (2)]	0.3	0.4
4. Accrued Liability	\$57,103	\$77,435
5. Liability Volatility Ratio (LVR) [(4) / (2)]	0.4	0.4

## 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



## 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, 2020. 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 CalPERS 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 7 months after.

<b>Market Value of Assets (MVA)</b>	<b>Hypothetical Termination Liability<sup>1,2</sup> at 0.75%</b>	<b>Funded Status</b>	<b>Unfunded Termination Liability at 0.75%</b>	<b>Hypothetical Termination Liability<sup>1,2</sup> at 2.50%</b>	<b>Funded Status</b>	<b>Unfunded Termination Liability at 2.50%</b>
\$71,664	\$263,404	27.2%	\$191,740	\$153,106	46.8%	\$81,442

<sup>1</sup> The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

<sup>2</sup> The current discount rate assumption 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 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.



## Participant Data

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

	June 30, 2019	June 30, 2020
<b>Active Members</b>		
Counts	3	4
Average Attained Age	N/A	35.7
Average Entry Age to Rate Plan	N/A	34.2
Average Years of Credited Service	N/A	1.5
Average Annual Covered Pay	\$51,754	\$49,445
Annual Covered Payroll	\$155,261	\$197,781
Projected Annual Payroll for Contribution Year	\$168,426	\$214,551
Present Value of Future Payroll	\$1,749,278	\$2,041,896
<b>Transferred Members</b>	0	2
<b>Separated Members</b>	0	0
<b>Retired Members and Beneficiaries</b>		
Counts*	0	0
Average Annual Benefits*	N/A	\$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 your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Benefit Group		
Member Category	Misc	
<b>Demographics</b>		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
<b>Benefit Provision</b>		
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, 2022, based on 50% of the total normal cost rate as of the June 30, 2020 valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2022			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
27241	Miscellaneous PEPRA Level	13.735%	6.75%	14.22%	0.485%	No	6.75%



## Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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### **Risk Pool Actuarial Valuation Information**

**Section 2 may be found on the CalPERS website  
([calpers.ca.gov](https://calpers.ca.gov)) in the Forms and  
Publications section**





**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](http://www.calpers.ca.gov)

**July 2021**

**Miscellaneous Plan of the Butte County Air Quality Management District**

**(CalPERS ID: 3225653892)**

**Annual Valuation Report as of June 30, 2020**

Dear Employer,

Attached to this letter, you will find the June 30, 2020 actuarial valuation report of your CalPERS pension plan. **Provided in this report is the determination of the minimum required employer contributions for fiscal year 2022-23.** 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, 2020.

Section 2 can be found on the CalPERS website ([calpers.ca.gov](http://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, 2020.

Your June 30, 2020 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you.

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 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 rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

**Required Contribution**

The exhibit below displays the minimum employer contributions for fiscal year 2022-23 along with estimates of the required contributions for fiscal year 2023-24. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2022-23	10.87%	\$134,259
<i>Projected Results</i>		
2023-24	10.9%	\$146,000



The actual investment return for fiscal year 2020-21 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00%. ***To the extent the actual investment return for fiscal year 2020-21 differs from 7.00%, the actual contribution requirements for fiscal year 2023-24 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 fiscal year 2027-28.

### Changes from Previous Year's Valuation

There are no significant changes in actuarial assumptions or policies in your 2020 actuarial valuation. Your annual valuation report is an important tool for monitoring the health of your CalPERS pension plan. Your report contains useful information about future required contributions and ways to control your plan's funding progress. In addition to your annual actuarial report my office has developed tools for employers to plan, project and protect the retirement benefits of your employees. Pension Outlook is a tool to help plan and budget pension costs into the future with easy to understand results and charts.

You will be able to view the projected funded status and required employer contributions for pension plans in different potential scenarios for up to 30 years into the future — which will make budgeting more predictable. While Pension Outlook can't predict the future, it can provide valuable planning information based on a variety of future scenarios that you select.

Pension Outlook can help you answer specific questions about your plans, including:

- When is my plan's funded status expected to increase?
- What happens to my required contributions in a down market?
- How does the discount rate assumption affect my contributions?
- What is the impact of making an additional discretionary payment to my plan?

To get started, visit our Pension Outlook page at [www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview](http://www.calpers.ca.gov/page/employers/actuarial-resources/pension-outlook-overview) and take the steps to register online.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. In addition, the Actuarial Office will be completing its Experience Study to review the demographic experience within the pension system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

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 your assigned CalPERS 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, 2020**

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

**Required Contributions  
for Fiscal Year  
July 1, 2022 - June 30, 2023**



# **Table of Contents**

## **Section 1 – Plan Specific Information**

## **Section 2 – Risk Pool Actuarial Valuation Information**



# Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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## **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

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2020 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2020 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Miscellaneous Plan 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 plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2020 and employer contribution as of July 1, 2022 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 Employer 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 Valuation**
- **Subsequent Events**



## Introduction

This report presents the results of the June 30, 2020 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 fiscal year 2022-23.

## 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, 2020;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2022 through June 30, 2023; and
- Provide actuarial information as of June 30, 2020 to the CalPERS Board of Administration 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.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their 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; and changes in plan provisions or applicable law.

### 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 6.0% and 8.0%.
- 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 2017.
- Pension Plan maturity measures quantifying the risks the employer bears.



## Required Employer Contributions

	Fiscal Year
<b>Required Employer Contributions</b>	<b>2022-23</b>
Employer Normal Cost Rate	10.87%
<b>Plus</b>	
Required Payment on Amortization Bases <sup>1</sup>	\$134,259
<b><i>Paid either as</i></b>	
1) Monthly Payment	\$11,188.25
<b><i>Or</i></b>	
2) Annual Prepayment Option*	\$129,793
<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 2021-22	Fiscal Year 2022-23
<b>Development of Normal Cost as a Percentage of Payroll</b>		
Base Total Normal Cost for Formula	17.25%	17.24%
Surcharge for Class 1 Benefits <sup>2</sup>		
a) FAC 1	0.54%	0.55%
Phase out of Normal Cost Difference <sup>3</sup>	0.00%	0.00%
Plan's Total Normal Cost	17.79%	17.79%
Formula's Expected Employee Contribution Rate	6.91%	6.92%
Employer Normal Cost Rate	10.88%	10.87%

<sup>1</sup> The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2021.

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

<sup>3</sup> 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 2022-23 fiscal year is \$134,259. CalPERS allows employers 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. Employers 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 fiscal year 2022-23 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.

If you are considering making an ADP, please contact your actuary for additional information.

### Minimum Required Employer Contribution for Fiscal Year 2022-23

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$52,710	\$134,259	\$0	\$134,259	\$186,969

### Alternative Fiscal Year 2022-23 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP <sup>1</sup>	Total UAL Contribution	Estimated Total Contribution
20 years	\$52,710	\$134,259	\$25,541	\$159,800	\$212,510
15 years	\$52,710	\$134,259	\$51,615	\$185,874	\$238,584
10 years	\$52,710	\$134,259	\$106,776	\$241,035	\$293,745
5 years	\$52,710	\$134,259	\$278,630	\$412,889	\$465,599

<sup>1</sup> 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, 2022 as determined in the June 30, 2020 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, 2019	June 30, 2020
1. Present Value of Projected Benefits (PVB)	\$7,331,335	\$7,600,024
2. Entry Age Accrued Liability (AL)	6,727,292	7,038,809
3. Plan's Market Value of Assets (MVA)	5,179,947	5,314,226
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	1,547,345	1,724,583
5. Funded Ratio [(3) / (2)]	77.0%	75.5%

This measure of funded status is an assessment of the need for future employer contributions based on the selected 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. For a measure of funded status that is 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. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Rate Plan 3300 Results					
Normal Cost %	10.87%	10.9%	10.9%	10.9%	10.9%	10.9%
UAL Payment	\$134,259	\$146,000	\$158,000	\$166,000	\$173,000	\$177,000

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 modeling and projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook is a tool to help plan and budget pension costs into the future with results and charts that are easy to understand.



## 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 2.75% per year for three years.

	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>
<b>Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans</b>		
Projected Payroll for the Contribution Year	\$755,128	\$699,463
Estimated Employer Normal Cost	\$76,616	\$68,737
Required Payment on Amortization Bases	\$115,454	\$135,390
Estimated Total Employer Contributions	\$192,070	\$204,127
Estimated Total Employer Contribution Rate (illustrative only)	25.44%	29.18%



## Cost

### Actuarial Determination of Pension Plan Cost

Contributions to fund the pension 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 fiscal year 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 5.5% over the 20 years ending June 30, 2020, yet individual fiscal year returns have ranged from -23.6% to +20.7%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2017.



## 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

There are no significant changes to the actuarial methods or assumptions for the 2020 actuarial valuation.

## Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2020. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase future required contributions while investment returns above the assumed rate of return will decrease future required contributions.

CalPERS will be completing an Asset Liability Management (ALM) process in November 2021 that will review the capital market assumptions and the strategic asset allocation and ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of the ALM process the Actuarial Office will be completing an Experience Study to review the demographic experience of the retirement system and make recommendations to modify future assumptions where appropriate.

Furthermore, this valuation does not reflect any impacts from the COVID-19 pandemic on your pension plan. The impact of COVID-19 on retirement plans is not yet known and CalPERS actuaries will continue to monitor the effects and where necessary make future adjustments to actuarial assumptions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 7.0% going forward and that the realized rate of return on assets for fiscal year 2020-21 is 7.0%.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2021. 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	\$2,088,755
Transferred Members	35,410
Terminated Members	101,512
Members and Beneficiaries Receiving Payments	4,813,132
Total	\$7,038,809

## 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	\$7,038,809
2. Projected UAL balance at 6/30/2020	1,577,017
3. Pool's Accrued Liability <sup>1</sup>	19,314,480,060
4. Sum of Pool's Individual Plan UAL Balances at 6/30/2020 <sup>1</sup>	4,306,566,797
5. Pool's 2019/20 Investment (Gain)/Loss <sup>1</sup>	344,968,792
6. Pool's 2019/20 Non-Investment (Gain)/Loss <sup>1</sup>	60,428,629
7. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (2)] \div [(3) - (4)] \times (5)$	125,544
8. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (3) \times (6)$	22,022
9. Plan's New (Gain)/Loss as of 6/30/2020: $(7) + (8)$	147,566

<sup>1</sup> 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

10. Plan's UAL: $(2) + (9)$	\$1,724,583
11. Plan's Share of Pool's MVA: $(1) - (10)$	\$5,314,226



## 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, 2020.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2022-23.

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 2022-23	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.75%	15	328,942	27,143	323,891	27,889	317,715	28,656
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.75%	23	(5,333)	(362)	(5,332)	(372)	(5,320)	(382)
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.75%	23	534,044	36,228	533,953	37,224	532,825	38,248
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.75%	24	467	31	468	32	468	33
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.75%	24	(423,484)	(28,004)	(424,160)	(28,774)	(424,087)	(29,565)
Side Fund	2013 or Prior	No Ramp		2.75%	0	(43)	(44)	0	0	0	0
Assumption Change	6/30/14	100%	Up/Down	2.75%	14	258,590	24,589	251,256	25,265	242,710	25,960
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.75%	25	(22,461)	(1,175)	(22,818)	(1,509)	(22,854)	(1,550)
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.75%	25	277,823	14,531	282,240	18,664	282,691	19,177
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.75%	26	(42,895)	(1,686)	(44,154)	(2,309)	(44,856)	(2,966)
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.75%	26	353,071	13,875	363,434	19,009	369,211	24,415
Assumption Change	6/30/16	100%	Up/Down	2.75%	16	107,818	5,870	109,293	8,042	108,625	10,329
Non-Investment (Gain)/Loss	6/30/17	80%	Up/Down	2.75%	27	(9,283)	(247)	(9,677)	(380)	(9,961)	(521)
Investment (Gain)/Loss	6/30/17	80%	Up/Down	2.75%	27	(184,789)	(4,912)	(192,643)	(7,571)	(198,297)	(10,372)
Assumption Change	6/30/17	80%	Up/Down	2.75%	17	125,417	4,573	129,466	7,049	131,237	9,657
Non-Investment (Gain)/Loss	6/30/18	60%	Up/Down	2.75%	28	27,729	379	29,278	778	30,523	1,200
Investment (Gain)/Loss	6/30/18	60%	Up/Down	2.75%	28	(57,719)	(788)	(60,944)	(1,620)	(63,534)	(2,497)
Method Change	6/30/18	60%	Up/Down	2.75%	18	54,606	1,018	57,375	2,092	59,227	3,225
Assumption Change	6/30/18	60%	Up/Down	2.75%	18	199,511	3,720	209,629	7,644	216,396	11,782



## Schedule of Plan's Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2022-23	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Minimum Required Payment 2022-23
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	19	27,778	0	29,722	2,712	28,997	2,712
Investment (Gain)/Loss	6/30/19	40%	Up Only	0.00%	19	27,228	0	29,134	637	30,514	1,274
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	20	22,022	0	23,564	0	25,213	2,301
Investment (Gain)/Loss	6/30/20	20%	Up Only	0.00%	20	125,544	0	134,332	0	143,735	3,143
<b>Total</b>						<b>1,724,583</b>	<b>94,739</b>	<b>1,747,307</b>	<b>114,502</b>	<b>1,751,178</b>	<b>134,259</b>

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 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 consult with your 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 a reasonable 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	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2022	1,751,178	134,259	1,751,178	185,874	1,751,178	241,035
6/30/2023	1,734,882	145,847	1,681,491	185,874	1,624,432	241,035
6/30/2024	1,705,461	158,098	1,606,926	185,874	1,488,814	241,035
6/30/2025	1,661,308	165,758	1,527,141	185,875	1,343,702	241,035
6/30/2026	1,606,136	172,887	1,441,770	185,874	1,188,433	241,035
6/30/2027	1,539,730	176,985	1,350,424	185,874	1,022,295	241,035
6/30/2028	1,464,436	181,196	1,252,684	185,874	844,527	241,035
6/30/2029	1,379,515	185,520	1,148,102	185,874	654,315	241,034
6/30/2030	1,284,176	189,964	1,036,200	185,875	450,790	241,035
6/30/2031	1,177,568	194,532	916,463	185,875	233,017	241,035
6/30/2032	1,058,774	192,413	788,345	185,874		
6/30/2033	933,855	190,046	651,260	185,875		
6/30/2034	802,640	184,567	504,578	185,875		
6/30/2035	667,907	175,224	347,628	185,875		
6/30/2036	533,407	157,933	179,691	185,874		
6/30/2037	407,380	104,326				
6/30/2038	327,981	91,903				
6/30/2039	255,875	82,009				
6/30/2040	188,956	75,454				
6/30/2041	124,132	58,295				
6/30/2042	72,521	38,522				
6/30/2043	37,751	30,403				
6/30/2044	8,944	9,252				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
<b>Total</b>		<b>3,095,393</b>		<b>2,788,116</b>		<b>2,410,349</b>
<b>Interest Paid</b>		<b>1,344,215</b>		<b>1,036,938</b>		<b>659,171</b>
<b>Estimated Savings</b>				<b>307,277</b>		<b>685,044</b>



## 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, 2020 are not included.

<b>Fiscal Year</b>	<b>Employer Normal Cost</b>	<b>Unfunded Liability Payment (\$)</b>	<b>Additional Discretionary Payments</b>
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	
2021 - 22	10.88%	114,502	
2022 - 23	10.87%	134,259	

## 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.

<b>Valuation Date</b>	<b>Accrued Liability (AL)</b>	<b>Share of Pool's Market Value of Assets (MVA)</b>	<b>Unfunded Accrued Liability (UAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
06/30/2011	\$3,664,846	\$2,850,743	\$814,103	77.8%	\$688,947
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



## **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 was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2020-21, 2021-22, 2022-23 and 2023-24). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2020-21, 2021-22, 2022-23, and 2023-24, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0%, 4.0%, 7.0%, 9.0% and 12.0%.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2024. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup>, and 95<sup>th</sup> percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25% had an average annual return of 4.0% or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0% or greater than 12.0% over this four-year period, the likelihood of a single investment return less than 1.0% or greater than 12.0% in any given year is much greater.

Assumed Annual Return From 2020-21 through 2023-24	Projected Employer Contributions			
	2023-24	2024-25	2025-26	2026-27
<b>1.0%</b>				
Normal Cost	10.9%	10.9%	10.9%	10.9%
UAL Contribution	\$154,000	\$182,000	\$214,000	\$253,000
<b>4.0%</b>				
Normal Cost	10.9%	10.9%	10.9%	10.9%
UAL Contribution	\$150,000	\$170,000	\$190,000	\$214,000
<b>7.0%</b>				
Normal Cost	10.9%	10.9%	10.9%	10.9%
UAL Contribution	\$146,000	\$158,000	\$166,000	\$173,000
<b>9.0%</b>				
Normal Cost	11.1%	11.3%	11.5%	11.8%
UAL Contribution	\$144,000	\$152,000	\$154,000	\$153,000
<b>12.0%</b>				
Normal Cost	11.1%	11.3%	11.5%	11.8%
UAL Contribution	\$140,000	\$140,000	\$128,000	\$108,000



## 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 4.50% and 2.50%, 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, 2020 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

### Sensitivity to the Real Rate of Return Assumption

As of June 30, 2020	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
<b>Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
Inflation	2.5%	2.5%	2.5%
<b>Real Rate of Return</b>	<b>3.5%</b>	<b>4.5%</b>	<b>5.5%</b>
a) Total Normal Cost	22.18%	17.79%	14.42%
b) Accrued Liability	\$7,957,239	\$7,038,809	\$6,273,687
c) Market Value of Assets	\$5,314,226	\$5,314,226	\$5,314,226
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,643,013	\$1,724,583	\$959,461
e) Funded Status	66.8%	75.5%	84.7%

### Sensitivity to the Price Inflation Assumption

As of June 30, 2020	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
<b>Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
<b>Inflation</b>	<b>1.5%</b>	<b>2.5%</b>	<b>3.5%</b>
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	18.96%	17.79%	16.39%
b) Accrued Liability	\$7,420,474	\$7,038,809	\$6,543,701
c) Market Value of Assets	\$5,314,226	\$5,314,226	\$5,314,226
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,106,248	\$1,724,583	\$1,229,475
e) Funded Status	71.6%	75.5%	81.2%

## Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2020 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 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2020	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	18.10%	17.79%	17.50%
b) Accrued Liability	\$7,165,626	\$7,038,809	\$6,921,428
c) Market Value of Assets	\$5,314,226	\$5,314,226	\$5,314,226
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$1,851,400	\$1,724,583	\$1,607,202
e) Funded Status	74.2%	75.5%	76.8%



## 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%.

<b>Ratio of Retiree Accrued Liability to Total Accrued Liability</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
1. Retired Accrued Liability	3,685,437	4,813,132
2. Total Accrued Liability	6,727,292	7,038,809
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.55	0.68

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 starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

<b>Support Ratio</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
1. Number of Actives	7	6
2. Number of Retirees	11	12
3. Support Ratio [(1) / (2)]	0.64	0.50



## 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, and 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 (AVR)

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 (LVR)

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 investment return and 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. The AVR, described above, will tend to move closer to the LVR as a plan matures.

Contribution Volatility	June 30, 2019	June 30, 2020
1. Market Value of Assets	\$5,179,947	\$5,314,226
2. Payroll	540,844	447,010
3. Asset Volatility Ratio (AVR) [(1) / (2)]	9.6	11.9
4. Accrued Liability	\$6,727,292	\$7,038,809
5. Liability Volatility Ratio (LVR) [(4) / (2)]	12.4	15.7

## 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



## 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, 2020. 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 CalPERS 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 7 months after.

<b>Market Value of Assets (MVA)</b>	<b>Hypothetical Termination Liability<sup>1,2</sup> at 0.75%</b>	<b>Funded Status</b>	<b>Unfunded Termination Liability at 0.75%</b>	<b>Hypothetical Termination Liability<sup>1,2</sup> at 2.50%</b>	<b>Funded Status</b>	<b>Unfunded Termination Liability at 2.50%</b>
\$5,314,226	\$16,121,884	33.0%	\$10,807,658	\$12,394,230	42.9%	\$7,080,004

<sup>1</sup> The hypothetical liabilities calculated above include a 5% mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

<sup>2</sup> The current discount rate assumption 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 1.18% on June 30, 2020, and was 1.68% on January 31, 2021.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.



## Participant Data

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

	June 30, 2019	June 30, 2020
<b>Active Members</b>		
Counts	7	6
Average Attained Age	N/A	49.8
Average Entry Age to Rate Plan	N/A	33.8
Average Years of Credited Service	N/A	16.9
Average Annual Covered Pay	\$77,263	\$74,502
Annual Covered Payroll	\$540,844	\$447,010
Projected Annual Payroll for Contribution Year	\$586,702	\$484,912
Present Value of Future Payroll	\$3,746,327	\$3,552,691
<b>Transferred Members</b>	3	1
<b>Separated Members</b>	4	3
<b>Retired Members and Beneficiaries</b>		
Counts*	11	12
Average Annual Benefits*	N/A	\$29,065

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 your agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group		
Member Category	Misc	Misc	
<b>Demographics</b>			
Actives	Yes	No	
Transfers/Separated	Yes	Yes	
Receiving	Yes	Yes	
<b>Benefit Provision</b>			
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

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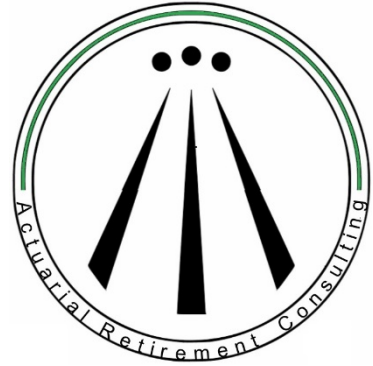
### **Risk Pool Actuarial Valuation Information**

**Section 2 may be found on the CalPERS website  
([calpers.ca.gov](https://calpers.ca.gov)) in the Forms and  
Publications section**



May 6, 2022

Aleah Ing  
Administrative Services Officer  
Butte County Air Quality Management District  
629 Entler Avenue  
Suite 15  
Chico, CA 95928



Re: July 1, 2021 GASB 75 Valuation for the Butte County Air Quality Management District

Dear Ms. Ing:

This report sets forth the results of our GASB 75 actuarial valuation of the Butte County Air Quality Management District (District)'s other postemployment benefits (OPEB) plan as of July 1, 2021. Governmental Accounting Standards Board (GASB) Statement No. 75 requires an actuarial valuation of OPEB liabilities at least once every two years. This report may be compared with the valuation performed by DFA as of July 1, 2019, to see how the liabilities have changed since the last valuation.

Under GASB 75, actuarial valuations may be rolled forward, up to a reporting date of 30 months and 1 day following the valuation date, to produce note disclosures and required supplementary information for each fiscal year end. Separate GASB 75 disclosure reports will be provided annually.

The results set forth in this report are based on census, benefit provisions, employee agreements, premiums, contributions, and trust documents, if applicable, provided by the District. Certain assumptions were made regarding rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. A complete list of the actuarial assumptions used in this valuation, as well as a glossary of terms, can be found at the end of the report.

We appreciate the opportunity to work on this report with the District. We are available to answer any questions the District or its auditors may have regarding this report.

Sincerely,

Molly McGee, ASA, EA, FCA, MAAA  
Consulting Actuary



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## **Executive Summary**

This report presents the results of the District's July 1, 2021 actuarial valuation of the OPEB plan. Actuarial valuations determine, as of a valuation date, certain actuarial measurements that assess an employer's financial liability and annual costs.

Results of an actuarial valuation reflect plan census, benefit provisions, premium rates, decrement assumptions, discount rate, and assets, if applicable, as of the valuation date. Future valuation results may differ significantly to the extent that actual plan experience differs from the expected plan experience detailed in this report. Future results are also dependent on any change to the discount rate and actual experience of plan assets, if applicable.

The District's prior actuarial valuation was dated July 1, 2019 and the total OPEB liability at 5.33% was \$410,827. The District's current July 1, 2021 valuation has a discount rate of 6.25% and a total OPEB liability of \$465,800.

This valuation includes benefits for 6 retirees and 9 active employees who may become eligible to retire and receive benefits in the future. It excludes employees hired after the valuation date.

The District's net OPEB liability as of July 1, 2021 is:

Discount rate	6.25%
Total OPEB liability	\$465,800
Plan fiduciary net position	\$153,140
Net OPEB liability	\$312,660

Plan fiduciary net position as a percentage of the total OPEB liability	32.88 %
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The total OPEB liability includes both explicit and implicit subsidies. The explicit subsidy includes any employer paid benefits for retirees. Explicit subsidies can include, but are not limited to, payments towards medical, dental and vision coverage. The implicit subsidy values the difference between the expected retiree claims and the actual premium charged for retiree coverage.

The District's total OPEB liability in this valuation reflects the value of an explicit subsidy liability equal to \$297,009 and an implicit subsidy liability equal to \$168,791.

The results of this actuarial valuation are intended to be used for the District's June 30, 2022 and June 30, 2023 disclosure reports. The next actuarial valuation is scheduled to be completed as of July 1, 2023. An updated actuarial valuation may need to be completed at an earlier date if the District experiences any significant changes to plan census, benefit provisions, or funding strategy. We are available to discuss any changes to determine the significance and, if needed, any adjustments to future reporting dates.





**Butte County Air Quality Management District**  
**GASB 75 Actuarial Valuation**  
**as of July 1, 2021**

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**Changes Since the Prior Valuation**

The District's most recent prior valuation was completed as of July 1, 2019 and the total OPEB liability, at 5.33%, was \$410,827. The District's July 1, 2021 total OPEB liability, at 6.25%, is \$465,800.

Several factors can cause the total OPEB liability to change over time. Liabilities often increase as employees accrue more service and get closer to receiving benefits. Liabilities can decrease as benefits are paid out. Other factors include changes in the plan census (including actual versus expected termination, retirement, and mortality), changes in healthcare costs, and changes (updates) to the actuarial assumptions and methodology for the current valuation.

The changes from July 1, 2019 to July 1, 2021 are as follows:

Total OPEB Liability as of July 1, 2019	\$410,827
Changes due to plan experience	
Passage of time	(48,684)
Change in census - terminations, retirements, and mortality experience different than expected	94,559
Change in premium rates - healthcare premiums different than expected	23,132
Changes due to assumptions or other inputs	
Change in trend rate - update to assumed future medical trend	(2,905)
Change in withdrawal - update to assumed future withdrawal	16,057
Change in mortality - update to assumed future mortality	13,266
Change in discount rate – 5.33% to 6.25%	(40,452)
Total OPEB Liability as of July 1, 2021	\$465,800





## **Results**

### **Discount Rate**

GASB 75 requires a discount rate that reflects the long-term expected rate of return on OPEB plan investments (if any) and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

To determine the discount rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments are compared in each future period.

At July 1, 2021, the District has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used is 6.25%, equal to the long-term expected rate of return.

### **Liability Measurements**

The present value of projected benefit payments for the District's current and future retirees is \$596,362 as of July 1, 2021. If the District were to place this amount in a fund earning interest at the rate of 6.25% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits to the current closed group of employees covered by benefit terms.

When the present value of projected benefit payments is allocated into past service and future service components under the Entry Age, Level Percent of Pay Cost Method, the total OPEB liability is \$465,800 as of July 1, 2021. This represents the present value of all benefits accrued through the valuation date if each employee's liability is expensed from hire date until retirement date as a level percentage of pay.

The service cost is the portion of the present value of all benefits expected to be paid that are attributed to the current valuation year.

These liability measurements could be visually represented as follows:

Present value of projected benefit payments		
Total OPEB liability	Service Cost	Future service costs





**Butte County Air Quality Management District**  
**GASB 75 Actuarial Valuation**  
**as of July 1, 2021**

**Results (cont.)**

**Valuation Results**

Valuation date	July 1, 2021
Discount rate	6.25%
Employees covered by benefit terms	
Actives	9
Retirees	6
Total	<u>15</u>
Present value of projected benefit payments	
Actives	\$340,272
Retirees	256,090
Total	<u>\$596,362</u>
Total OPEB liability (actuarial accrued liability)	
Actives	\$209,710
Retirees	256,090
Total	<u>\$465,800</u>
OPEB plan fiduciary net position	<u>\$153,140</u>
Net OPEB liability (unfunded actuarial accrued liability)	<u>\$312,660</u>
Service Cost (beginning of year)	\$16,296

**Sensitivity of the net OPEB liability**

The change in net OPEB liability, if the District used a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	\$356,902	\$312,660	\$274,437

The change in net OPEB liability, if the District used healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.20% current, 3.00% ultimate, 3.00% Medicare)	Trend Rate (5.20% current, 4.00% ultimate, 4.00% Medicare)	1% Increase (6.20% current, 5.00% ultimate, 5.00% Medicare)
Net OPEB liability (asset)	\$269,052	\$312,660	\$364,288





### **Actuarially Determined Contribution**

An actuarially determined contribution is a potential payment to the plan determined using a contribution allocation procedure. It is not a required contribution, but a measurement commonly used to prefund OPEB benefits. The components of the actuarially determined contribution are an amortization of the net OPEB liability, using a 30-year amortization as a level percentage of pay, the service cost at the beginning of the year, and the interest amount to the end of the year.

Discount Rate	<u>6.25%</u>
Actuarially Determined Contribution (2021-22)	
Amortization of Net OPEB Liability	\$16,261
Service Cost (beginning of year)	16,296
Interest	<u>2,035</u>
Total	<u>\$34,592</u>
Actuarially Determined Contribution (2022-23)	
Amortization of Net OPEB Liability	16,749
Service Cost (beginning of year)	16,785
Interest	<u>2,096</u>
Total	<u>\$35,630</u>





**Butte County Air Quality Management District**  
**GASB 75 Actuarial Valuation**  
**as of July 1, 2021**

**Projected Benefits**

The following projection of future benefit payments shows expected explicit subsidy and implicit subsidy amounts separately.

An implicit subsidy is valued when claims costs for retirees are expected to be higher than the premium charged, due to a pooled environment. If an employer provides retired employees with the option to participate in the same health insurance pool as active employees, the premiums paid for coverage of active employees are higher than what the premiums would be if the active employees were rated separately.

<b>Year Beginning</b>	<b>Explicit Subsidy (pay-as-you-go)</b>	<b>Implicit Subsidy</b>	<b>Total</b>
2021	\$12,130	\$18,616	\$30,746
2022	16,649	24,540	41,189
2023	19,475	21,906	41,381
2024	18,155	24,821	42,976
2025	16,364	29,102	45,466
2026	14,207	15,557	29,764
2027	14,397	766	15,163
2028	19,472	3,225	22,697
2029	25,027	6,971	31,998
2030	32,423	10,694	43,117
2031	42,172	18,001	60,173
2032	41,530	20,933	62,463
2033	33,654	17,274	50,928
2034	27,219	19,003	46,222
2035	24,528	13,228	37,756
2036	31,229	9,274	40,503
2037	37,162	17,148	54,310
2038	34,241	18,193	52,434
2039	30,308	20,932	51,240
2040	25,531	21,694	47,225
2041	26,105	1,527	27,632
2042	37,588	6,516	44,104
2043	44,430	12,068	56,498
2044	40,137	15,112	55,249
2045	34,575	17,669	52,244
2046	28,088	18,615	46,703
2047	22,929	0	22,929
2048	22,515	0	22,515
2049	21,999	0	21,999
2050	21,384	0	21,384
2055	17,365	0	17,365
2060	15,573	22,698	38,271
2065	11,265	0	11,265
2070	8,002	0	8,002
2075	5,411	0	5,411





**Butte County Air Quality Management District**  
**GASB 75 Actuarial Valuation**  
**as of July 1, 2021**

**Fiscal Year End Disclosure Report Tie In**

The schedule of changes in the net OPEB liability shown below is consistent with the District's June 30, 2022 disclosure report. The District uses a lookback measurement period. For the reporting fiscal year ending June 30, 2022, the measurement period is for fiscal year ending June 30, 2021.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
<b>Balances at June 30, 2020</b>	<u>\$386,284</u>	<u>\$42,451</u>	<u>\$343,833</u>
<b>Changes for the year:</b>			
Service cost	15,799		15,799
Interest	21,374		21,374
Changes of benefit terms	0		0
Difference between expected and actual experience	117,979		117,979
Changes in assumptions or other inputs	12,556		12,556
Contributions – employer		188,192	(188,192)
Net investment income		10,708	(10,708)
Benefit payments	(88,192)	(88,192)	0
Administrative expenses		(19)	19
<b>Net changes</b>	<u>79,516</u>	<u>110,689</u>	<u>(31,173)</u>
<b>Balances at June 30, 2021</b>	<u><u>\$465,800</u></u>	<u><u>\$153,140</u></u>	<u><u>\$312,660</u></u>





### **Actuarial Certification**

The results presented in this report are based on our actuarial valuation of the OPEB plan of the Butte County Air Quality Management District (District) as of July 1, 2021. The valuation was performed in accordance with generally accepted actuarial principles and practices. The actuarial assumptions and methodologies used in these calculations are believed to be reasonable under the requirements set forth in GASB 75 and the Actuarial Standards of Practice (ASOP).

Supporting documentation provided by the District was relied upon without audit. This information includes, but is not limited to, census data, premiums, OPEB plan provisions, contributions, payroll, and any applicable asset statements. The data was reviewed in accordance with ASOP 23. The valuation results, and subsequent disclosure information, depend on the integrity of the provided information.

The results in this report were calculated with the assistance of ProVal actuarial valuation software. The model was developed in 1994 and is maintained by Winklevoss Technologies (WinTech). Through ProVal, WinTech provides valuation and projection software for both pension and other postemployment benefit plans. We utilize ProVal in accordance with its intended purpose and have not identified any material inconsistencies in the ProVal assumptions or outputs that would affect this valuation.

The undersigned actuary is a member of the American Academy of Actuaries and meets the qualification standards to render the actuarial opinion contained in this report.

Certified by:



Molly McGee, ASA, EA, FCA, MAAA  
Consulting Actuary





## **Plan Provisions**

### **Plan Description**

The District sponsors a defined benefit OPEB plan that provides healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

### **Benefits Provided**

Eligible employees may retire and receive District-paid healthcare benefits in the amount of the PEMHCA minimum employer contribution for their lifetime.

Employees hired before October 1, 2018 are eligible to receive an additional benefit. Eligible employees retire with at least 10 years of service and obtain age 55 or 62, depending on their CalPERS pension eligibility. The additional benefit is equal to one year of District-paid health premiums (medical, dental, and vision). Employees who have an unused sick leave balance at retirement can receive, in addition to the one year, one month of premium for every 8 hours of unused sick leave. As an alternative option, retirees can receive an additional one month of premium for every 20 hours of unused sick leave for themselves and their spouse or domestic partner.

The additional benefit is paid until the earlier of when the balance is exhausted or age 65. After the unused sick leave balance is exhausted (or age 65), the retiree receives the PEMHCA minimum for life.

For the purposes of this valuation, it is assumed the employees hired before October 1, 2018 have a year's worth of unused sick leave at retirement, and therefore receive paid health premiums for a total of 2 years.

The following select monthly premium rates were effective January 1, 2022:

Coverage	Blue Shield Access+	PERS Platinum	PERS Gold	Delta Dental	VSP
Single	\$1,116.01	\$1,057.01	\$701.23	\$47.16	\$13.75
2 Party	2,232.02	2,114.02	1,402.46	96.15	20.68
Family	2,901.63	2,748.23	1,823.20		





**Butte County Air Quality Management District**  
**GASB 75 Actuarial Valuation**  
**as of July 1, 2021**

**Census Data**

The following table shows the age distribution of retirees included in the valuation:

Age	Total
Under 55	0
55-59	2
60-64	2
65-69	1
70-74	0
75-79	0
80-84	1
85+	0
All Ages	6

Average Age: 65.9

The following table shows the age and service distribution of active employees included in the valuation:

Age	Years of Service								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	1	0	0	0	0	0	0	0	1
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	1	0	0	0	0	0	1
40-44	0	0	0	0	0	0	0	0	0
45-49	1	0	0	0	1	0	0	0	2
50-54	1	0	1	0	1	0	0	0	3
55-59	1	1	0	0	0	0	0	0	2
60-64	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0
All Ages	4	1	2	0	2	0	0	0	9

Average Age: 47.1

Average Service: 9.3





**Butte County Air Quality Management District**  
**GASB 75 Actuarial Valuation**  
**as of July 1, 2021**

**Assumptions**

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Valuation Date: July 1, 2021

Actuarial Cost Method: Entry Age, Level Percent of Pay

Discount Rate: 6.25%

Salary Increases: 3.00%

Inflation Rate: 2.50%

Withdrawal: CalPERS Public Agency Miscellaneous (2021 CalPERS Experience Study)  
Sample Rates:

Service	Male Entry Age			Female Entry Age		
	20	30	40	20	30	40
0	18.5%	16.3%	14.9%	19.4%	18.2%	17.3%
5	4.6	3.6	2.6	5.5	4.6	3.5
10	1.1	0.8	0.5	1.3	1.1	0.7
15	0.0	0.0	0.0	0.0	0.0	0.0

Pre-retirement Mortality: CalPERS Public Agency Miscellaneous and Schools Pre-Retirement Mortality, with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)

Post-retirement Mortality: CalPERS Public Agency Post-Retirement Mortality with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)

Age	Rate
59	25%
60	50%
61	50%
62	75%
63	100%

Medical Claim Cost: Annual Per Retiree or Spouse

Age	Medical	Dental and Vision
50	\$11,352	\$717
55	13,932	717
60	16,968	717
64	20,196	717
65	4,068	717
70	3,924	717
75	4,200	717





**Butte County Air Quality Management District**  
**GASB 75 Actuarial Valuation**  
**as of July 1, 2021**

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**Assumptions (cont.)**

Medical Trend:

Sample Rates:

<u>Year</u>	<u>Pre-Medicare</u>	<u>Medicare</u>	<u>Dental and Vision</u>
2021 – 2034	5.20%	4.00%	4.00%
2035 – 2049	5.00%	4.00%	4.00%
2050 – 2064	4.50%	4.00%	4.00%
2065 +	4.00%	4.00%	4.00%

Increase in CalPERS minimum: 3.50%

Percent Electing Coverage: 100% for those eligible for the supplemental benefit  
 50% for those eligible for PEMHCA minimum benefit

Spouse Coverage: Future retirees: 40%  
 Current retirees: Actual dependent data used.  
 Female spouses are assumed to be three years younger than male spouses.





## **Glossary**

The following definitions are a selection of terms used throughout the report. A more extensive list of terms can be found in the glossary section of Statement No. 75 of the Governmental Accounting Standards Board. The definitions are intended to provide clarity in relation to how they are used in GASB 75. They are organized in the order they appear in this report.

### **Other postemployment benefits (OPEB)**

Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

### **Actuarial present value of projected benefit payments**

Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

### **Total OPEB liability**

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service.

### **Service costs**

The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

### **Actuarially determined contribution**

A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

### **Projected benefit payments**

All benefits (including refunds of employee contributions) estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service.

### **Healthcare cost trend rates**

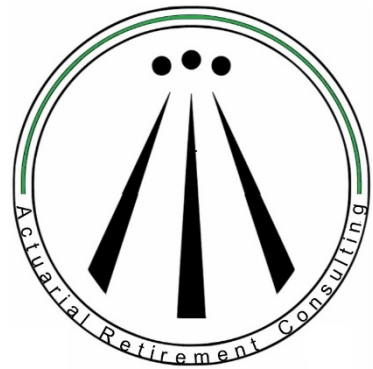
The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.





May 6, 2022

Aleah Ing  
Administrative Services Officer  
Butte County Air Quality Management District  
629 Entler Avenue  
Suite 15  
Chico, CA 95928



Re: June 30, 2022 GASB 75 Disclosure for the Butte County Air Quality Management District

Dear Ms. Ing:

This report provides the note disclosures and required supplementary information for the Butte County Air Quality Management District (District)'s other postemployment benefits (OPEB) plan for the reporting period ending June 30, 2022.

Governmental Accounting Standards Board (GASB) Statement No. 75 allows for a roll forward of results from the prior actuarial valuation date to a reporting date no more than 30 months and 1 day following. If significant changes occur between the valuation date and the measurement date, consideration should be given to whether a new actuarial valuation is needed. The District provided changes since the July 1, 2021 (June 30, 2021) actuarial valuation and it was determined that a new actuarial valuation was not needed for this measurement period. The results set forth in this report are established from the District's July 1, 2021 (June 30, 2021) valuation and are based on the same census, benefit provisions, and assumptions. The District provided contributions, payroll, and any applicable asset information for the measurement period ending June 30, 2021.

We appreciate the opportunity to work on this report with the District and are available to answer any questions the District or its auditors may have regarding this report.

Sincerely,

A handwritten signature in cursive script that reads "Molly McGee". The signature is written in black ink and is positioned above the printed name and title.

Molly McGee, ASA, EA, FCA, MAAA  
Consulting Actuary



## **General Information about the OPEB Plan**

### **Plan Description**

The District sponsors a defined benefit OPEB plan that provides healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

### **Benefits Provided**

Eligible employees may retire and receive District-paid healthcare benefits in the amount of the PEMHCA minimum employer contribution for their lifetime.

Employees hired before October 1, 2018 are eligible to receive an additional benefit. Eligible employees retire with at least 10 years of service and obtain age 55 or 62, depending on their CalPERS pension eligibility. The additional benefit is equal to one year of District-paid health premiums (medical, dental, and vision). Employees who have an unused sick leave balance at retirement can receive, in addition to the one year, one month of premium for every 8 hours of unused sick leave. As an alternative option, retirees can receive an additional one month of premium for every 20 hours of unused sick leave for themselves and their spouse or domestic partner.

The additional benefit is paid until the earlier of when the balance is exhausted or age 65. After the unused sick leave balance is exhausted (or age 65), the retiree receives the PEMHCA minimum for life.

For the purposes of the valuation, it is assumed all employees have a year's worth of unused sick leave at retirement, and therefore receive paid health premiums for a total of 2 years.

### **Employees Covered by Benefit Terms**

Retirees or beneficiaries receiving benefit payments as of July 1, 2021	6
Active eligible employees as of July 1, 2021	9

### **Contributions**

The District has assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. For the fiscal year ending June 30, 2021, the District made a contribution of \$100,000 to the CERBT trust.



**Butte County Air Quality Management District  
GASB 75 Note Disclosures and Required Supplementary Information  
for the Reporting Year Ended June 30, 2022**

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**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021 (June 30, 2021). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2021 (June 30, 2021) actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50 percent
Salary increases	3.00 percent
Discount rate	6.25 percent
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.20 percent for 2021 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years

Mortality rates were based on the CalPERS Public Agency Miscellaneous Mortality, with fully generational mortality improvement using 80% of MP-2020, from the 2021 CalPERS Experience Study.

The actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

**Discount Rate**

GASB 75 requires the use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources.

OPEB plans with irrevocable trust accounts can utilize a discount rate equal to the long-term expected rate of return to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the OPEB plan assets are expected to be invested using a strategy to achieve that return.

To determine if the OPEB plan assets are sufficient, a calculation of the projected fiduciary net position and the amount of projected benefit payments is compared in each period. When OPEB plan assets are determined to not be sufficient, a blended rate is calculated.

For OPEB plans that do not have irrevocable trust accounts, GASB 75 requires a discount rate equal to the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The District has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.



**Butte County Air Quality Management District**  
**GASB 75 Note Disclosures and Required Supplementary Information**  
**for the Reporting Year Ended June 30, 2022**

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**Discount Rate (cont.)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumed asset allocation and best estimates of real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Global ex-U.S. Equity	40%	5.5%
U.S. Fixed	43%	1.5%
Real Estate	8%	3.7%
TIPS	5%	1.2%
Commodities	4%	0.6%



**Butte County Air Quality Management District**  
**GASB 75 Note Disclosures and Required Supplementary Information**  
**for the Reporting Year Ended June 30, 2022**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
<b>Balances at June 30, 2020</b>	<b>\$386,284</b>	<b>\$42,451</b>	<b>\$343,833</b>
<b>Changes for the year:</b>			
Service cost	15,799		15,799
Interest	21,374		21,374
Changes of benefit terms	0		0
Difference between expected and actual experience	117,979		117,979
Changes in assumptions or other inputs	12,556		12,556
Contributions – employer		188,192	(188,192)
Net investment income		10,708	(10,708)
Benefit payments	(88,192)	(88,192)	0
Administrative expenses		(19)	19
<b>Net changes</b>	<b>79,516</b>	<b>110,689</b>	<b>(31,173)</b>
<b>Balances at June 30, 2021</b>	<b>\$465,800</b>	<b>\$153,140</b>	<b>\$312,660</b>

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	356,902	312,660	274,437

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.20% current, 3.00% ultimate, 3.00% Medicare)	Trend Rate (5.20% current, 4.00% ultimate, 4.00% Medicare)	1% Increase (6.20% current, 5.00% ultimate, 5.00% Medicare)
Net OPEB liability (asset)	269,052	312,660	364,288



**Butte County Air Quality Management District**  
**GASB 75 Note Disclosures and Required Supplementary Information**  
**for the Reporting Year Ended June 30, 2022**

**OPEB Plan Experience**

Reporting period July 1, 2021 to June 30, 2022  
 Measurement period July 1, 2020 to June 30, 2021

**Benefit Payments and Contributions**

	<b>Benefit Payments</b>
Benefits paid from the trust	0
Benefits paid outside of trust	59,126
Implicit benefits paid	29,066
<b>Total benefit payments</b>	<b>\$88,192</b>

	<b>Contributions</b>
Contributions to the trust - employer	100,000
Contributions - benefits paid outside of trust	59,126
Contributions – implicit benefits paid	29,066
<b>Total contributions</b>	<b>\$188,192</b>

**Investment Rate of Return**

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by District management. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The investment objective the District has selected is CERBT Strategy 2, which has a dual goal to seek moderate growth of income and principal. The asset allocation ranges for this objective are listed below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Target Range</b>	<b>Benchmark</b>
Global Equity	40%	±5%	MSCI All Country World Index IMI (net)
Fixed Income	43%	±5%	Bloomberg Barclays Long Liability Index
Treasury Inflation Securities (TIPS)	5%	±3%	Bloomberg Barclays Barclays US TIPS Index
Real Estate Investment Trusts	8%	±5%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	4%	±3%	S&P GSCI Total Return Index
Cash	0%	±2%	91 Day Treasury Bill

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 17.06 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.



**Butte County Air Quality Management District  
GASB 75 Note Disclosures and Required Supplementary Information  
for the Reporting Year Ended June 30, 2022**

**OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

**Annual OPEB Expense**

The annual OPEB expense is the sum of the change in Net OPEB Liability, the change in deferred outflows, and the change in deferred inflows, reduced by the employer contributions.

Net OPEB liability at beginning of measurement period (a)	\$343,833
Net OPEB liability at end of measurement period (b)	\$312,660
Change in net OPEB liability (b)-(a)	(31,173)
Change in deferred outflows	(101,461)
Change in deferred inflows	1,900
Employer contributions	188,192
<b>Net OPEB expense from June 30, 2020 to June 30, 2021</b>	<b>\$57,458</b>

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the reporting year ending June 30, 2022, the District recognized deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	136,958	0
Changes in assumptions or other inputs	19,604	15,841
Differences between projected and actual return investments	194	5,431
<b>Total</b>	<b>\$156,756</b>	<b>\$21,272</b>

The District has a lookback measurement date. For the reporting year ending June 30, 2022, the District uses a measurement year ending June 30, 2021. The deferred resources listed above do not include any District contributions made after the measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Reporting Fiscal Year Ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
2023	29,074	(4,815)	24,259
2024	29,011	(4,815)	24,196
2025	28,363	(4,787)	23,576
2026	28,157	(4,786)	23,371
2027	18,908	(2,069)	16,839
2028	17,882	0	17,882
2029	5,361	0	5,361
2030	0	0	0
2031	0	0	0
2032	0	0	0



**Butte County Air Quality Management District**  
**GASB 75 Note Disclosures and Required Supplementary Information**  
**for the Reporting Year Ended June 30, 2022**

**Schedule of Deferred Outflows of Resources**

Year	Source	Initial Amount	Initial Amortization Period (Years)	Annual Recognition	Current Balance
2017	Difference between expected and actual experience	0	0.0	0	0
2017	Changes in assumptions or other inputs	0	0.0	0	0
2017	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2018	Difference between expected and actual experience	0	0.0	0	0
2018	Changes in assumptions or other inputs	0	0.0	0	0
2018	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2019	Difference between expected and actual experience	0	0.0	0	0
2019	Changes in assumptions or other inputs	5,043	6.2	813	1,791
2019	Net difference between projected and actual earnings on OPEB plan investments	315	5.0	63	63
2020	Difference between expected and actual experience	60,854	7.1	8,571	35,141
2020	Changes in assumptions or other inputs	12,083	7.1	1,702	6,977
2020	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2021	Difference between expected and actual experience	0	0.0	0	0
2021	Changes in assumptions or other inputs	0	0.0	0	0
2021	Net difference between projected and actual earnings on OPEB plan investments	217	5.0	43	131
2022	Difference between expected and actual experience	117,979	7.3	16,162	101,817
2022	Changes in assumptions or other inputs	12,556	7.3	1,720	10,836
2022	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
				<b>Total</b>	<b>\$156,756</b>





**Butte County Air Quality Management District**  
**GASB 75 Note Disclosures and Required Supplementary Information**  
**for the Reporting Year Ended June 30, 2022**

**Schedule of Deferred Inflows of Resources**

Year	Source	Initial Amount	Initial Amortization Period (Years)	Annual Recognition	Current Balance
2017	Difference between expected and actual experience	0	0.0	0	0
2017	Changes in assumptions or other inputs	0	0.0	0	0
2017	Net difference between projected and actual earnings on plan investments	0	0.0	0	0
2018	Difference between expected and actual experience	0	0.0	0	0
2018	Changes in assumptions or other inputs	0	0.0	0	0
2018	Net difference between projected and actual earnings on plan investments	0	0.0	0	0
2019	Difference between expected and actual experience	0	0.0	0	0
2019	Changes in assumptions or other inputs	0	0.0	0	0
2019	Net difference between projected and actual earnings on plan investments	0	0.0	0	0
2020	Difference between expected and actual experience	0	0.0	0	0
2020	Changes in assumptions or other inputs	0	0.0	0	0
2020	Net difference between projected and actual earnings on plan investments	146	5.0	29	59
2021	Difference between expected and actual experience	0	0.0	0	0
2021	Changes in assumptions or other inputs	22,727	6.6	3,443	15,841
2021	Net difference between projected and actual earnings on plan investments	0	0.0	0	0
2022	Difference between expected and actual experience	0	0.0	0	0
2022	Changes in assumptions or other inputs	0	0.0	0	0
2022	Net difference between projected and actual earnings on plan investments	6,715	5.0	1,343	5,372
				<b>Total</b>	<b>\$21,272</b>



**Butte County Air Quality Management District**  
**GASB 75 Note Disclosures and Required Supplementary Information**  
**for the Reporting Year Ended June 30, 2022**

**Schedules of Required Supplementary Information**

**Schedule of Changes in the District's Net OPEB Liability and Related Ratios**

Reporting fiscal year ending	2022	2021	2020	2019	2018
Discount rate	6.25%	5.96%	5.33%	5.40%	5.56%
<b>Total OPEB liability</b>					
Service cost	15,799	20,135	18,620	13,753	13,352
Interest	21,374	21,819	17,916	16,696	15,779
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	117,979	0	60,854	0	0
Change of assumptions	12,556	(22,727)	12,083	5,043	0
Benefit payments	(88,192)	(43,770)	(23,285)	(21,989)	(3,511)
<b>Net change in total OPEB liability</b>	<b>79,516</b>	<b>(24,543)</b>	<b>86,188</b>	<b>13,503</b>	<b>26,620</b>
<b>Total OPEB liability – beginning</b>	<b>386,284</b>	<b>410,827</b>	<b>324,639</b>	<b>311,136</b>	<b>285,516</b>
<b>Total OPEB liability – ending (a)</b>	<b>\$465,800</b>	<b>\$386,284</b>	<b>\$410,827</b>	<b>\$324,639</b>	<b>\$311,136</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	188,192	63,770	23,285	32,561	11,811
Net investment income	10,708	1,709	1,362	542	0
Benefit payments	(88,192)	(43,770)	(23,285)	(21,989)	(3,511)
Administrative expense	(19)	(15)	(4)	(15)	0
<b>Net change in plan fiduciary net position</b>	<b>110,689</b>	<b>21,694</b>	<b>1,358</b>	<b>11,099</b>	<b>8,300</b>
<b>Plan fiduciary net position - beginning</b>	<b>42,451</b>	<b>20,757</b>	<b>19,399</b>	<b>8,300</b>	<b>0</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$153,140</b>	<b>\$42,451</b>	<b>\$20,757</b>	<b>\$19,399</b>	<b>\$8,300</b>
<b>District's net OPEB liability – ending (a) – (b)</b>	<b>\$312,660</b>	<b>\$343,833</b>	<b>\$390,070</b>	<b>\$305,240</b>	<b>\$302,836</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>32.88%</b>	<b>10.99%</b>	<b>5.05%</b>	<b>5.98%</b>	<b>2.67%</b>
<b>Covered-employee payroll</b>	<b>\$658,133</b>	<b>\$746,422</b>	<b>\$790,181</b>	<b>\$746,937</b>	<b>\$813,249</b>
<b>District's net OPEB liability as a percentage of covered-employee payroll</b>	<b>47.51%</b>	<b>46.06%</b>	<b>49.36%</b>	<b>40.87%</b>	<b>37.24%</b>



**Butte County Air Quality Management District**  
**GASB 75 Note Disclosures and Required Supplementary Information**  
**for the Reporting Year Ended June 30, 2022**

**Schedule of District Contributions**

Reporting fiscal year ending	2022	2021	2020	2019	2018
Actuarially determined contribution	\$34,592	39,018	37,881	29,190	27,564
Contributions in relation to the actuarially determined contribution	188,192	63,770	23,285	32,561	11,811
Contribution deficiency (excess)	<u>\$(153,600)</u>	<u>\$(24,752)</u>	<u>\$14,596</u>	<u>\$(3,371)</u>	<u>\$15,753</u>
Covered-employee payroll	\$658,133	\$746,422	\$790,181	\$746,937	\$813,249
Contributions as a percentage of covered-employee payroll	28.59%	8.54%	2.95%	4.36%	1.45%

**Notes to Schedule**

Valuation date	July 1, 2021 (June 30, 2021)
Reporting period	July 1, 2021 to June 30, 2022
Measurement period	July 1, 2020 to June 30, 2021
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50 percent
Healthcare cost trend rates	5.20 percent for 2021 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years
Salary increases	3.00 percent
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Retirement age	25.00 percent at age 59; 50.00 percent at age 60 through 61; 75.00 percent at age 62; and 100.00 percent at age 63
Mortality	CalPERS Public Agency Miscellaneous Mortality, with fully generational mortality improvement using 80% of MP-2020



**Butte County Air Quality Management District  
GASB 75 Note Disclosures and Required Supplementary Information  
for the Reporting Year Ended June 30, 2022**

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**Actuarial Certification**

The results presented in this disclosure are based on the District's July 1, 2021 (June 30, 2021) valuation. The valuation was performed in accordance with generally accepted actuarial principles and practices. The actuarial assumptions and methodologies used in these calculations are believed to be reasonable under the requirements set forth in GASB 75 and the Actuarial Standards of Practice (ASOP).

Supporting documentation provided by the District was relied upon without audit. This information includes, but is not limited to, census data, premiums, OPEB plan provisions, contributions, payroll, and any applicable asset statements. The data was reviewed in accordance with ASOP 23. The valuation results, and subsequent disclosure information, depend on the integrity of the provided information.

The results in this report were calculated with the assistance of ProVal actuarial valuation software. The model was developed in 1994 and is maintained by Winklevoss Technologies (WinTech). Through ProVal, WinTech provides valuation and projection software for both pension and other postemployment benefit plans. We utilize ProVal in accordance with its intended purpose and have not identified any material inconsistencies in the ProVal assumptions or outputs that would affect this valuation.

The undersigned actuary is a member of the American Academy of Actuaries and meets the qualification standards to render the actuarial opinion contained in this report.

Certified by:



Molly McGee, ASA, EA, FCA, MAAA  
Consulting Actuary



# CERBT Account Update Summary

Butte County Air Quality Management District

as of March 31, 2022





## OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates	
Valuation Date	7/1/2019
Measurement Date	-
Total OPEB Liability (TOL)	\$410,827
Valuation Assets	\$20,757
Net OPEB Liability (NOL)	\$390,070
Funded Status	5%
Actuarially Determined Contribution (ADC)	\$39,800
CERBT Asset Allocation Strategy	Strategy 2
Discount Rate	5.33%

## CERBT Account Summary

As of March 31, 2022	Strategy 2
Initial contribution (06/30/2017)	\$8,300
Additional contributions	\$130,572
Disbursements	\$0
CERBT expenses	(\$199)
Investment earnings	\$12,552
Total assets	\$151,225
Annualized net rate of return (06/30/2017-03/31/2022 = 4.75 years)	5.56%



## 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
as of 3/31/2022	\$138,872	\$0	\$12,552	(\$199)	\$151,225



# CERBT/CEPPT Investment Returns Outperform Benchmarks

Periods ended February 28, 2022

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$14,193,284,897	-1.58%	-2.77%	-1.39%	6.28%	11.04%	9.14%	8.05%	5.90%
Benchmark		-1.57%	-2.77%	-1.47%	6.14%	10.81%	8.84%	7.71%	5.49%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,913,457,616	-1.32%	-2.72%	-1.25%	4.91%	9.60%	7.86%	6.83%	7.75%
Benchmark		-1.31%	-2.71%	-1.30%	4.80%	9.44%	7.59%	6.52%	7.47%
CERBT Strategy 3 (Inception January 1, 2012)	\$847,336,366	-0.81%	-2.19%	-0.40%	4.54%	8.39%	6.62%	5.68%	6.11%
Benchmark		-0.80%	-2.18%	-0.41%	4.48%	8.26%	6.40%	5.37%	5.82%
<b>CERBT Total</b>	<b>\$16,954,078,879</b>								
CEPPT Strategy 1 (Inception October 1, 2019)	\$49,324,608	-1.58%	-3.26%	-2.30%	3.06%	-	-	-	7.60%
Benchmark		-1.58%	-3.26%	-2.37%	2.88%	-	-	-	7.58%
CEPPT Strategy 2 (Inception January 1, 2020)	\$21,373,118	-1.28%	-3.21%	-2.45%	0.47%	-	-	-	3.72%
Benchmark		-1.28%	-3.23%	-2.48%	0.37%	-	-	-	3.59%
<b>CEPPT Total</b>	<b>\$70,697,726</b>								



## CERBT Portfolios

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	7.59%	7.01%	6.22%
Risk	11.83%	9.24%	7.28%

## CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index	59% ±5%	40% ±5%	22% ±5%
Fixed Income	Barclays Capital Long Liability Index (CERBT)	25% ±5%	43% ±5%	49% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8% ±5%	8% ±5%	8% ±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5% ±3%	5% ±3%	16% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	4% ±3%	5% ±3%
Cash	3-Month 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



## 612 Prefunding Program Employers

592 CERBT and 64 CEPPT

- State of California
- 155 Cities or Towns
- 10 Counties
- 80 School Employers
- 31 Courts
- 335 Special Districts and other Public Agencies
  - (101 Water, 37 Sanitation, 34 Fire, 25 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

FNP Fiscal Year	Availability
<a href="#">2018-19</a>	Available at <a href="https://www.calpers.ca.gov/cerbt">https://www.calpers.ca.gov/cerbt</a>
<a href="#">2019-20</a>	
<a href="#">2020-21</a>	



## Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	<a href="mailto:Matthew.Goss@calpers.ca.gov">Matthew.Goss@calpers.ca.gov</a>	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	<a href="mailto:Karen.Lookingbill@calpers.ca.gov">Karen.Lookingbill@calpers.ca.gov</a>	(916) 795-1387	(916) 501-2219
Jasper Jacobs	Outreach & Support Analyst	<a href="mailto:Jasper.Jacobs@calpers.ca.gov">Jasper.Jacobs@calpers.ca.gov</a>	(916) 795-0432	(916) 717-3886
Colleen Cain-Herrback	Administration & Reporting Program Manager	<a href="mailto:Colleen.Cain-Herrback@calpers.ca.gov">Colleen.Cain-Herrback@calpers.ca.gov</a>	(916) 795-2474	(916) 505-2506
Vic Anderson	Administration & Reporting Manager	<a href="mailto:Victor.Anderson@calpers.ca.gov">Victor.Anderson@calpers.ca.gov</a>	(916) 795-3739	(916) 281-8214
Robert Sharp	Assistant Division Chief	<a href="mailto:Robert.Sharp@calpers.ca.gov">Robert.Sharp@calpers.ca.gov</a>	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
<a href="mailto:CERBT4U@calpers.ca.gov">CERBT4U@calpers.ca.gov</a> – Questions & Document Submittal	<a href="http://www.calpers.ca.gov/CERBT">www.calpers.ca.gov/CERBT</a>
<a href="mailto:CEPPT4U@calpers.ca.gov">CEPPT4U@calpers.ca.gov</a> – Questions & Document Submittal	<a href="http://www.calpers.ca.gov/CEPPT">www.calpers.ca.gov/CEPPT</a>
<a href="mailto:CERBTACCOUNT@calpers.ca.gov">CERBTACCOUNT@calpers.ca.gov</a> – Online Record Keeping System	



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TAMI RITTER, CHAIR  
*Supervisor, District #3*

ANGEL CALDERON, VICE CHAIR  
*Councilmember, Gridley*

BILL CONNELLY  
*Supervisor, District #1*

DEBRA LUCERO  
*Supervisor, District #2*

TOD KIMMELSHUE  
*Supervisor, District #4*

DOUG TEETER  
*Supervisor, District #5*

CHUCK NUCHOLS  
*Councilmember, Biggs*

ALEX BROWN  
*Councilmember, Chico*

CHUCK REYNOLDS  
*Mayor, Oroville*

ROSE TRYON  
*Councilmember, Paradise*

STEPHEN ERTLE  
*Air Pollution Control Officer*

PATRICK LUCEY  
*Assistant Air Pollution Control Officer*

Date of Release: May 19, 2022

Board Consideration: May 26, 2022

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

**ISSUE:**

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

**ACTION REQUESTED:**

None. This item is provided for information and discussion.

**DISCUSSION:**

The Board approved an agreement with 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 reviewing the District's Deferred Compensation Program and will be available if the Board has any questions.



## 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
CO2	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
Emfac	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