



**ADOPTED
BUDGET
FISCAL YEAR 2023-24
JULY 1, 2023**

**ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
2551 W AVENUE H
LANCASTER, CA 93536
661-723-8070**

Bret Banks, Executive Director/APCO



Antelope Valley Air Quality Management District

2551 W Avenue H Lancaster, CA 93536

661-723-8070

www.avaqmd.ca.gov

Bret Banks, Executive Director

May 16, 2023

It is my pleasure to present for your consideration, the Antelope Valley Air Quality Management District's proposed Fiscal Year (FY) 2023-2024 General Fund Budget and Grant Programs. This budget is designed to serve as the financial plan for the District's programs, projects, and policies. It reflects the District's commitment to long-term financial planning, cost-effective services, and fiscal policies that recognize the need to fund future obligations.

The proposed budget for FY24 is a conservative financial approach developed to assure the District's success through this rapidly changing economic time that includes an unprecedented rate of inflation of 8.1%. The FY24 consolidated budget is \$6.5 million. Staff recommendations include an increase to Regulation III, Fees, by proposing an 8.0% fee increase effective January 1, 2024.

The Antelope Valley AQMD is staffed with 6 full time equivalents including one vacant FTE. Additional administrative and technical services are provided through our contract for services with the City of Lancaster.

A Public Hearing will be held May 16, 2023 to receive public comments concerning this proposed budget and will be continued to June 20, 2023 for adoption. The FY24 Budget represents a financial strategy designed to meet this year's obligations and challenges, efficiently and transparently, while maintaining sensitivity towards industry and the general public.

A handwritten signature in black ink, appearing to read "Bret Banks".

Bret Banks
Executive Officer/Air Pollution Control Officer

ABOUT THE AVAQMD

INTRODUCTION

The Antelope Valley Air Quality Management District (AVAQMD) relies on transparency and community involvement to educate industries, businesses and individuals about current air quality regulations and ensure compliance with local, state and federal regulations through annual inspections. The District approaches air quality regulations in a manner that is responsive and accessible. Growth and new programs demand that the District continue to strive to streamline government, become more efficient, and conserve resources without limiting or decreasing the service provided to the regulated community.

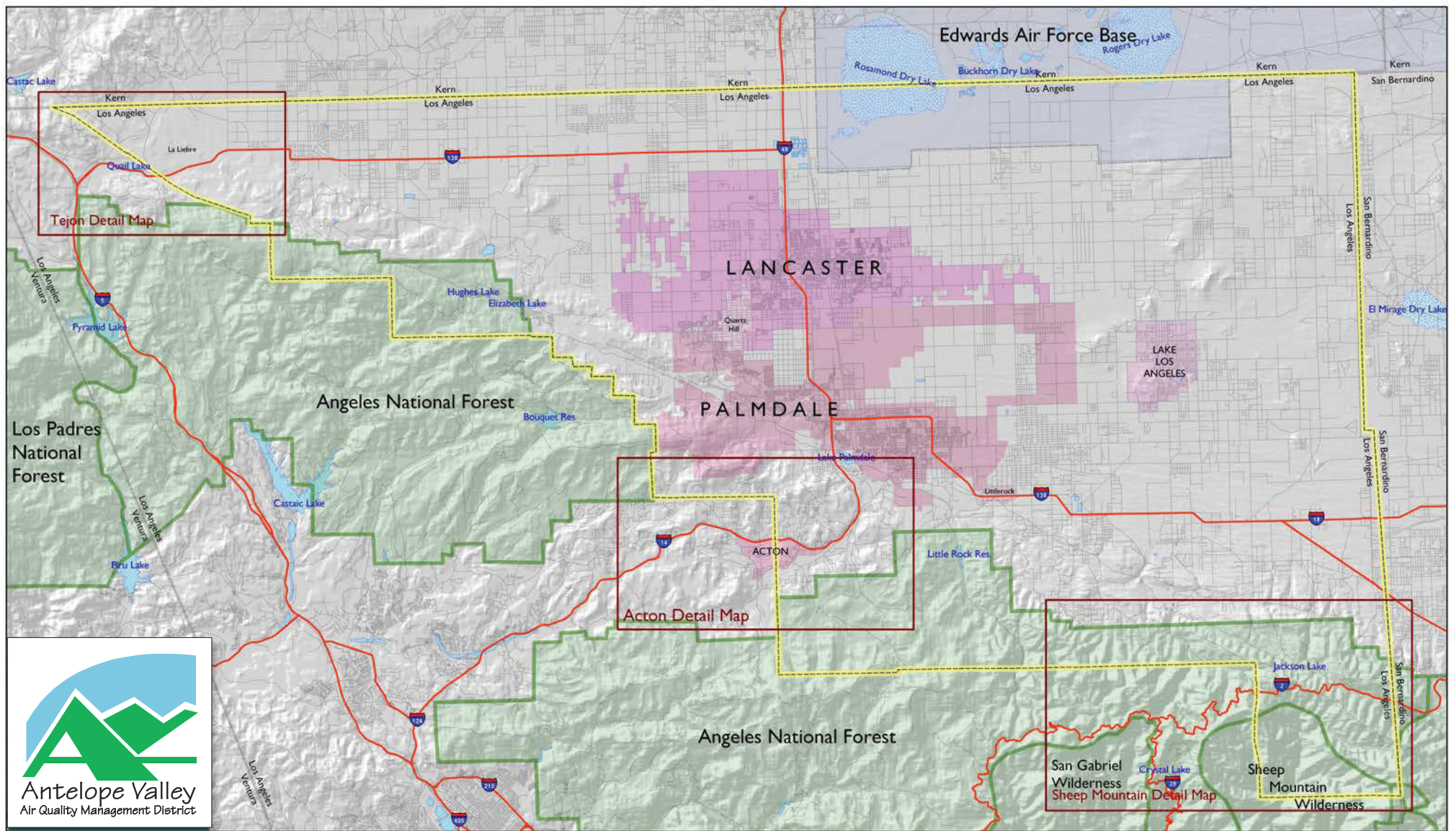
AVAQMD WEBSITE

Educating the community is the most important investment the District can make to impact the future of air quality in the region. Using technology and social media, the District is able to reach the public with the latest version of the District rulebook, application for permits, various forms, and air quality information – such as forecasts, ozone maps and real time air quality data provided through Purple Air monitoring stations throughout the community

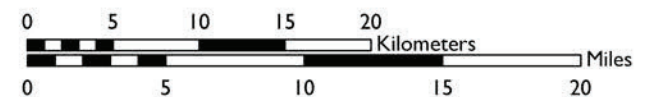
COMMUNITY OUTREACH

The District strives to be known as a partner in the development of a sustainable local economy that values health and environmental conservation. This is achieved by providing information through involvement in community events such as the Antelope Valley Economic Development and Growth Enterprise's Business Outlook Conference, school education programs, attendance at regular meetings held by City Councils, local business and organizations.

The District lies within the northern part of Los Angeles County, with boundaries starting to the south just outside of Acton, north to the Kern County line, east to the San Bernardino County line, and west to the Quail Lake area. The AVAQMD is located within the Mojave Desert Air Basin



Antelope Valley Air Quality Management District Boundary





GOVERNING BOARD

CHAIR



Marvin Crist
City of Lancaster

VICE CHAIR



Austin Bishop
City of Palmdale



Newton Chelette
Public Member



Howard Harris
*Los Angeles County,
Fifth District*



Ron Hawkins
*Los Angeles County,
Fifth District*



Andrea Alarcon
City of Palmdale



Ken Mann
City of Lancaster

WHAT WE DO

- ❖ Adopt rules that limit pollution, issue permits to ensure compliance, and inspect pollution sources.
- ❖ Administer agricultural burning and dust plans to preserve the air quality in Antelope Valley, protect public health and safety, and to ensure agricultural activity continues in a safe regulated fashion.
- ❖ Inventory and assess the health risks of toxic air emissions.
- ❖ Monitor the county's air quality through the use of an air quality monitoring station.
- ❖ Administer the Motor Vehicle Emission Reduction Program funding projects which reduce air pollution from motor vehicles, and for related planning, monitoring, and enforcement activities.
- ❖ Prepare Clean Air Plans to identify how much pollution is in our air, where it comes from, and how to control it most effectively.
- ❖ Analyze the air quality impact of new businesses and land development projects. Respond to public complaints and inquiries.
- ❖ Work with other government agencies to ensure their decisions & coordinate with good air quality programs.
- ❖ Help individuals and businesses understand and comply with federal, state, and local air pollution control laws.
- ❖ Inform the public about air quality conditions and health implications.
- ❖ Issue permits to build, alter, and operate equipment to companies under our jurisdiction that either cause, contribute to, or control air pollution

Antelope Valley AQMD

ALL FUNDS, Consolidated

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
<u>Revenues</u>			
Permit Fees	1,199,200	1,337,733	1,353,600
Application Fees	32,500	26,321	32,325
Federal Revenue	63,982	63,982	63,982
Fines & Penalties	10,000	18,345	10,000
Interest Income	44,602	32,738	10,000
Revenue from Programs	3,755,106	2,935,136	3,418,217
State Revenue	<u>1,446,315</u>	<u>817,516</u>	<u>1,604,523</u>
Total Revenues	<u>6,551,705</u>	<u>5,231,771</u>	<u>6,492,647</u>
<u>Expenses</u>			
<u>Personnel Expenses</u>			
Program Staff	<u>1,800,000</u>	<u>1,509,218</u>	<u>1,828,647</u>
Total Personnel Expenses	<u>1,800,000</u>	<u>1,509,218</u>	<u>1,828,647</u>
<u>Operating Expenses</u>			
Communications	35,870	36,694	22,000
Dues & Subscriptions	21,100	20,000	36,100
Non-Depreciable Inventory	10,500	23,500	18,500
Legal	79,000	26,500	53,000
Professional Services	305,150	275,665	253,400
Maintenance & Repairs	7,000	970	2,000
Training & Travel	16,650	10,537	12,000
Vehicles	15,930	20,500	21,000
Office Expenses	132,761	125,260	109,800
Program Expenses	4,119,978	2,922,324	3,948,962
Miscellaneous Expenses	<u>2,900</u>	<u>300</u>	<u>1,000</u>
Total Operating Expenses	<u>4,746,839</u>	<u>3,462,250</u>	<u>4,477,762</u>
<u>Capital Expenses</u>			
Equipment	25,000	75,000	50,000
Vehicles	0	0	30,000
Software	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total Capital Expenses	<u>50,000</u>	<u>100,000</u>	<u>105,000</u>
Total Expenses	<u>6,596,839</u>	<u>5,071,468</u>	<u>6,411,409</u>
Cash To (From) Reserves	<u>(45,134)</u>	<u>160,303</u>	<u>81,238</u>

COST RECOVERY FISCAL YEAR 2023-24

BACKGROUND

The District is responsible for protecting public health and the environment by achieving and maintaining health-based national and state ambient air quality standards which help with reducing public exposure to toxic air contaminants within our jurisdiction. Fulfilling this task involves reducing air pollutant emissions from sources of regulated air pollutants, and maintaining these emission reductions over time.

The District regulates and inventories criteria and toxic emissions and conducts regional scale air quality monitoring within our jurisdictional boundaries. The District's air quality programs are primarily funded by revenue from regulatory fees, government grants and subvention.

OBJECTIVES

The cost of programs to address air pollution should be borne by the individuals and businesses that cause air pollution through regulatory and service fees. The primary authority for recovering the cost of District programs and activities related to stationary sources is given in Section 41240 of the Health and Safety Code (HSC). Using this guideline, the District must:

- Recover the costs of programs related to permitted stationary sources
- Recover the costs of programs related to area-wide and indirect sources of emissions which are regulated, but for which permits are not issued
- Recover the costs of certain Hearing Board proceedings
- Recover the costs related to programs that regulate toxic air contaminants

STUDY METHODOLOGY

The measure of the revenue that may be recovered through source fees is the full cost of all programs related to these sources, including all direct program costs, a commensurate share of indirect program costs, and overhead unless otherwise funded. It is the District's practice that such fees are valid so long as they do not exceed the reasonable cost of the service or regulatory program for which the fee is charged, and are apportioned such that the costs allocated to each source bears a fair or reasonable relationship to its burden on, and benefits from, the regulatory system.

Cost accounting is the process of ascertaining, accumulating, and assigning the costs of District programs. It begins with a system of accounting that assigns costs directly

to their cost centers. By classifying each cost to its center, we are able to calculate whether program revenues are covering their associated costs.

Costs are classified as direct, indirect or overhead.

Direct costs can be associated directly with a particular program or activity such as permitting activities. Indirect costs are associated indirectly with a particular program or activity such as administrative activities or professional services. Overhead costs are those necessary for the general operation of the District as a whole and are not directly associated with a particular program or activity such as operating expenses.

Annually, the District's direct, indirect, and overhead rate are established based on the prior fiscal years audited financial information. These rates are used in determining fairly and conveniently within the boundaries of generally accepted accounting principles, what proportion of costs each program

The cost recovery process is designed so that individual program revenue adequately addresses expenses. Through the use of cost accounting, we analyze Permit Revenue and other programs for accuracy, appropriateness, and controls. Further, we evaluate the need for, and calculate the rate for fee increases to our Permitting Program based on 100% cost recovery.

Antelope Valley AQMD
GENERAL FUND, Consolidated

	Budget FY 2023	EOY Estimates FY 2023	Budget FY 2024
<u>Revenues</u>			
Permit Fees	1,199,200	1,337,733	1,353,600
Application Fees	32,500	26,321	32,325
Federal Revenue	63,982	63,982	63,982
Fines & Penalties	10,000	18,345	10,000
Interest Income	10,000	32,738	10,000
Revenue from Programs	934,045	848,252	874,064
State Revenue	1,446,315	817,516	1,604,523
Total Revenues	3,696,042	3,144,887	3,948,494
<u>Expenses</u>			
Personnel Expenses			
Program Staff	1,800,000	1,509,218	1,828,647
Total Personnel Expenses	1,800,000	1,509,218	1,828,647
Operating Expenses			
Communications	35,870	36,694	22,000
Dues & Subscriptions	21,100	20,000	36,100
Non-Depreciable Inventory	10,500	23,500	18,500
Legal	79,000	26,500	53,000
Professional Services	305,150	275,665	253,400
Maintenance & Repairs	7,000	970	2,000
Training & Travel	16,650	10,537	12,000
Vehicles	15,930	20,500	21,000
Office Expenses	132,761	125,260	109,800
Program Expenses	1,264,315	835,440	1,404,809
Miscellaneous Expenses	2,900	300	1,000
Total Operating Expenses	1,891,176	1,375,366	1,933,609
Capital Expenses			
Equipment	25,000	75,000	50,000
Vehicles	0	0	30,000
Software	25,000	25,000	25,000
Total Capital Expenses	50,000	100,000	105,000
Total Expenses	3,741,176	2,984,584	3,867,256
Cash To (From) Reserves	(45,134)	160,303	81,238

GENERAL FUND

REVENUE

The greatest uncertainties facing Antelope Valley's AQMD's budgetary outlook stem from the potential for major economic disruption due to the COVID-19 global pandemic. We recognize the hardships that many are experiencing. We are making accommodations in many program areas and remain committed to protecting public health and helping business.

The Antelope Valley AQMD staff will monitor the financial impacts and, in the event, that there are major changes in the economic landscape, we would adjust the FY24 Budget being proposed

This budget includes a financial summary of all revenues, expenditures and staffing used by each of Antelope Valley AQMD's programs in the delivery of essential services to clean the air and to protect the health of all residents in the Antelope Valley AQMD through practical and innovative strategies

Staff is proposing a budget for FY24 that allows the Antelope Valley AQMD programs to operate efficiently, transparently, and in a manner sensitive to public agencies, businesses and the public, while providing continued emission reductions and health benefit improvements.

Recommendations include an increase to Regulation III, Fees, by proposing an 8.0% fee increase effective January 1, 2024.

EXPENSES

The Antelope Valley Air Quality Management District is in a five-year contract for services with the City of Lancaster. Administrative and operational services were contracted in order to meet the regulatory responsibilities of an air quality management district for compensation consistent with all applicable laws and regulations.

Antelope Valley AQMD

GENERAL FUND, Revenue Detail

	Budget FY 2023	EOY Estimate FY 2023	Budget FY 2024
Revenues			
Permit Fees			
Permit Fees Rev	1,105,000	1,207,733	1,208,600
Asbestos Demo/Reno Rev	90,000	100,000	90,000
Title V Rev	4,200	5,000	5,000
Rule 302	0	25,000	50,000
	<u>1,199,200</u>	<u>1,337,733</u>	<u>1,353,600</u>
Application Fees			
ERC Application Fees	0	346	0
Permit Application Fees	32,000	25,000	32,000
AG Application Fees	500	975	325
	<u>32,500</u>	<u>26,321</u>	<u>32,325</u>
Fines & Penalties			
Excess Emissions Fee	0	2,845	0
Notice of Violations Fee	10,000	15,500	10,000
	<u>10,000</u>	<u>18,345</u>	<u>10,000</u>
Interest Income			
Interest Revenue	10,000	32,738	10,000
	<u>10,000</u>	<u>32,738</u>	<u>10,000</u>
Other Revenue			
Revenue from Programs			
Administrative Funding	247,045	236,526	187,064
AB2766 Program	650,000	610,851	650,000
AB923 Program	36,000	0	36,000
Hot Spots	1,000	875	1,000
	<u>934,045</u>	<u>848,252</u>	<u>874,064</u>
State and Federal Revenue			
PERP Regulation	35,000	46,058	35,000
State Contracts	1,314,315	648,114	1,467,523
State Subvention	97,000	123,344	102,000
ARB PM 2.5 Section 103	63,982	63,982	63,982
	<u>1,510,297</u>	<u>881,498</u>	<u>1,668,505</u>
Total General Fund Revenues	<u>3,696,042</u>	<u>3,144,887</u>	<u>3,948,494</u>

AVAQMD PROGRAMS

COMUNICATIONS

The Antelope Valley Air Quality Management District conducts public information and education programs in order to educate businesses and residents in the Antelope Valley region about air pollution, its sources, health effects on humans, damage to the environment and the various programs offered by the Districts to reduce air emissions. Education is provided on methods of control and to encourage individual means of reducing pollution.

The programs are targeted to many audiences: academia, the general adult population, elementary to college level students, as well as business and industry. This information uses public workshops, conferences, presentations, social media and other multimedia promotions. In addition, press releases, press conferences and air quality forecasts are provided to the local media on an ongoing basis as a means of keeping the public informed.

AIR QUALITY MONITORING PROGRAM

The District operates an ambient air monitoring and meteorological network that tracks air quality trends within the Antelope Valley region. The station is an active part of the State and Local Air Monitoring System (SLAMS) network.

A computer operated data acquisition system collects daily and real time levels of pollutants. This data is reported to the California Air Resources Board (CARB), Federal Environmental Protection Agency (EPA), regulated industry and the general public. This information is also used to provide pollution episode forecast and notification to school systems and the general population in the event of harmful levels of pollution.

STATIONARY SOURCES

One of the District's primary responsibilities is to process applications for permits in accordance with all applicable local, State, and Federal regulations. These permits are required for projects that propose industrial and/or commercial processes that have the potential to emit specific air contaminants. The wide range of requirements applied depends on the type and size of the proposed project.

District staff provides technical reviews of various documents, such as permit applications, manufacturer's data, test reports, risk assessments, and emission inventory. The District implements and manages:

- ❖ Title III & V Programs. The Title III program is the federal toxic program specifically for Title V facilities. Title V (EPA Regulation) is a Federal Operating Permits Program required by the 1990 Clean Air Act. This program requires

the District to develop and implement a Federal Permitting Program approved by the Environmental Protection Agency (EPA) for sources of a certain capacity.

- ❖ Emissions Inventory. This program maintains an active inventory of the sources of criteria air pollutants within the District and measures progress towards attainment and maintaining compliance with National and State Ambient Air Quality Standards. State and Federal Law require this program.
- ❖ Toxic Emissions Inventory. (Air Toxic "Hot Spot" Information and Assessment Act of 1987) This program assesses the amounts, types and health impacts of air toxics produced from stationary sources.

COMPLIANCE

- ❖ The District's responsibility is to protect the health and welfare of the public by assisting the regulated community in complying with Federal, State and Local regulatory requirements. This responsibility is carried out through various programs and activities:
- ❖ Comprehensive annual inspections performed to verify compliance to air quality regulations and permit requirements. Investigation of citizen complaints pertaining to air related matters
- ❖ Legal case development when necessary to address non-complying situations
- ❖ Federal Asbestos Demolition and Renovation Program
- ❖ State-mandated Variance Program
- ❖ Continuous Emissions Monitoring Programs
- ❖ Reporting to the Environmental Protection Agency's AIRS and Significant Violator programs
- ❖ Source testing or stack sampling is the process that evaluates the emissions for industrial facilities to determine compliance with permit conditions.

PLANNING & RULE MAKING

The District promulgates rules and plans in accordance with State and Federal planning requirements in order to achieve and maintain regional compliance with the ambient air quality standards. Planning staff serve as the District liaison with regional, State and Federal governments, ensuring District compliance with applicable requirements. Planning staff also performs California Environmental Quality Act (CEQA) review in the District's role as the expert agency for air quality. Staff in Planning and Rulemaking implement and maintain the following programs:

- ❖ California Ambient Air Quality Standards Attainment Planning, in the California Clean Air Act and subsequent state legislation. This program currently focuses on the California ozone standard
- ❖ National Ambient Air Quality Standards (NAAQS) in the Federal Clean Air Act, the Clean Air Act Amendments and subsequent Federal legislation. This program currently focuses on the National eight-hour ozone standard and

- ❖ the National 24-hour annual PM10 and PM 2.5 standards.
- ❖ Federal General and Transportation Conformity, entailing regional project review and comment
- ❖ California Environmental Quality Act (CEQA), requiring local and regional project review.

Antelope Valley AQMD

DISTRICT WIDE, Expense Detail

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
Expenses			
Personnel Expenses			
Operating Expenses			
Communications			
Telephones	6,000	6,000	0
Long Distance Charges	500	418	500
Video/Teleconference	150	150	500
Internet	11,820	12,106	0
Web Hosting	2,400	2,400	3,000
Tech Support	10,000	10,620	11,000
Computers	5,000	5,000	7,000
	<u>35,870</u>	<u>36,694</u>	<u>22,000</u>
Dues & Subscriptions			
Memberships & Sponsorships	20,000	20,000	35,000
Publications & Subscriptions	500	0	500
Professional Dues	600	0	600
	<u>21,100</u>	<u>20,000</u>	<u>36,100</u>
Non-Depreciable Inventory			
Furniture & Fixtures Exp	2,500	7,500	7,500
Machinery & Equipment Exp	7,000	15,000	10,000
Safety Equipment Exp	1,000	1,000	1,000
	<u>10,500</u>	<u>23,500</u>	<u>18,500</u>
Legal			
Legal Notices	4,000	1,500	3,000
Legal Services	75,000	25,000	50,000
	<u>79,000</u>	<u>26,500</u>	<u>53,000</u>
Professional Services			
Payroll Contract	1,000	0	0
Financial Services	0	15,210	0
Research Studies	6,000	6,000	0
Consulting Fees	25,000	25,000	25,000
Stipends	8,400	8,400	8,400
	<u>40,400</u>	<u>54,610</u>	<u>33,400</u>
Maintenance & Repairs			
General Bldg. Maintenance	2,000	970	0
Custodial Services	3,000	0	0
Equipment Repair	2,000	0	2,000
	<u>7,000</u>	<u>970</u>	<u>2,000</u>
Training & Travel			
Training	4,500	4,500	5,000
Travel	12,000	6,000	7,000
Mileage	150	37	0
	<u>16,650</u>	<u>10,537</u>	<u>12,000</u>

Antelope Valley AQMD

DISTRICT WIDE, Expense Detail

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
Vehicles			
Vehicle Gas & Oil	4,000	8,000	10,000
Vehicle Maintenance	2,000	2,000	2,000
Vehicle Repairs	3,000	3,000	3,000
Vehicle Insurance	6,930	7,500	6,000
	<u>15,930</u>	<u>20,500</u>	<u>21,000</u>
Office Expenses			
Software	25,000	11,700	25,000
Utilities	8,860	3,371	8,500
Supplies	3,000	7,666	3,000
Facility Leases	60,000	66,245	35,000
Equipment Lease	5,000	5,089	5,000
Postage	2,000	2,000	2,000
Courier	300	305	300
Printing/Shredding Services	1,350	1,350	0
Security	600	995	0
Liability Insurance	14,726	15,539	14,000
Meeting Expenses	1,225	1,500	2,000
Community Relations	9,500	9,500	15,000
	<u>131,561</u>	<u>125,260</u>	<u>109,800</u>
Program Expenses			
Program Expenditures	1,264,315	835,440	1,404,809
	<u>1,264,315</u>	<u>835,440</u>	<u>1,404,809</u>
Miscellaneous Expenses			
Bank Fees	2,900	300	1,000
	<u>2,900</u>	<u>300</u>	<u>1,000</u>
Total Operating Expenses	<u>1,625,226</u>	<u>1,154,311</u>	<u>1,713,609</u>
Capital Expenses			
Equipment	25,000	75,000	50,000
Vehicles	0	0	30,000
Software	25,000	25,000	25,000
Total Capital Expenses	<u>50,000</u>	<u>100,000</u>	<u>105,000</u>
Total Expenses	<u>1,675,226</u>	<u>1,254,311</u>	<u>1,818,609</u>

SUPPORT STAFF

EXECUTIVE SERVICES

The Executive Office is responsible to the Governing Board for the general administration and coordination of all District operations and programs, including those programs mandated by the Federal Environmental Protection Agency and the California Air Resources Board. This office monitors state and federal legislation affecting the District and advises the Governing Board on actions required to protect the interests of the District.

The Governing Board, with seven members, meets monthly and members receive \$100.00 stipend per meeting plus travel expenses. The Hearing Board, with six members, meets as needed and members may receive \$100.00 stipend per meeting plus travel expenses.

LEGAL COUNSEL

Special Counsel to the Governing Board serves as general legal counsel to the Governing Board, the Air Pollution Control Officer and the District, providing general public agency legal services regarding the Brown Act, the Political Reform Act, California Environmental Quality Act, as well as the Administrative Code, contracts, personnel matters, civil actions, and related litigation. District Counsel also provides legal advice and opinions on mandates specific to air districts such as the Federal Clean Air Act, California air pollution control laws and air quality rules and regulations. District Counsel exercises authority to bring civil actions in the name of the people of the State of California for violations of various air quality laws and regulations. The District Counsel also represents the District in actions brought before the Hearing Board.

CONTRACTED SERVICES

The City of Lancaster provides Human Resources services in addition to the Finance and Technology Department's consultation regarding the annual budget and monthly review of revenue and expenditures.

Antelope Valley AQMD
CONTRACT, Expense Detail

	<u>Budget</u> <u>FY 2023</u>	<u>EOY Estimate</u> <u>FY 2023</u>	<u>Budget</u> <u>FY 2024</u>
Expenses			
Personnel Expenses			
Program Staff	<u>1,800,000</u>	<u>1,509,218</u>	<u>1,828,647</u>
Total Personnel Expenses	1,800,000	1,509,218	1,828,647
Operating Expenses			
Communications			
Dues & Subscriptions			
Non-Depreciable Inventory			
Legal			
Professional Services			
Payroll Contract	250	0	0
Financial Services	264,500	180,000	220,000
Consulting Fees	<u>0</u>	<u>41,055</u>	<u>0</u>
	264,750	221,055	220,000
Maintenance & Repairs			
Training & Travel			

Antelope Valley AQMD
CONTRACT, Expense Detail

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
Vehicles			
Office Expenses			
Postage	1,000	0	0
Courier	<u>200</u>	<u>0</u>	<u>0</u>
	1,200	0	0
Program Expenses			
Miscellaneous Expenses			
Total Operating Expenses	<u>265,950</u>	<u>221,055</u>	<u>220,000</u>
Capital Expenses			
Total Expenses	<u><u>2,065,950</u></u>	<u><u>1,730,273</u></u>	<u><u>2,048,647</u></u>

THE CONTRACT – CITY OF LANCASTER

TERMS AND CONDITIONS

The Antelope Valley Air Quality Management District contracts with the City of Lancaster for administrative services as necessary to enable AVAQMD to meet the regulatory and legislative responsibilities of an air quality management district for compensation consistent with all applicable laws and regulations.

This agreement is pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 of the California Government Code (commencing with §6500).

CONTRACT HOURS

The Antelope Valley AQMD office located in Lancaster, CA is staffed by 6 full time equivalents (FTE) with one vacant FTE.

AVAQMD GRANTS

AB2766

The District's air quality programs are primarily funded by revenue from regulatory fees, government grants and subventions. The AB2766 program is funded through a \$4 (four dollar) assessment by the District's Governing Board, and collected by the California Department of Motor Vehicles on motor vehicle registrations. Calls for projects, eligibility determinations, and Governing Board award are all part of the process that makes funds available to the region for qualified emission reducing projects.

AB923

The District regulates and inventories criteria and toxic emissions and conducts regional scale air quality monitoring within our jurisdictional boundaries. Funds collected under AB923 allows air districts in state non- attainment areas to adopt an additional \$2 (two dollar) surcharge on motor vehicle registration fees to be used strictly for incentive-based emission reduction funding programs.

The use of the fees is limited to projects eligible for grants under the Carl Moyer Program, the purchase of school buses under the Lower-Emission School Bus Program, light-duty scrap or repair programs and unregulated agricultural sources.

CARL MOYER

The Carl Moyer Program complements California's regulatory program by providing incentives to obtain early or extra emission reductions, especially from emission sources in minority and low-income communities and areas disproportionately impacted by air pollution. Incentives encourage customers to purchase cleaner technologies, and stimulate the marketplace to manufacture cleaner technologies.

Although the Moyer Program has grown in scope, it retains its primary objective of obtaining cost-effective and surplus emission reductions to be credited toward California's legally enforceable obligations in the State Implementation Plan (SIP) – California's road map for attaining health-based national ambient air quality standards.

Carl Moyer Grant Program Funds are distributed by the California Air Resources Board for projects obligated by the District under this state regulated program. Projects are awarded to qualifying applicants on a formula basis according to specific criteria and cost effectiveness.

Antelope Valley AQMD
Program Funds Consolidated GRANT PROGRAMS

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
<u>Revenues</u>			
Administrative Funding	141,258	0	169,019
AB2766 Program	620,000	620,000	620,000
Carl Moyer Program AB134	1,513,803	920,884	1,183,134
AB923 Program	546,000	546,000	572,000
Interest Revenue	34,602	0	0
Total Consolidated Program Revenue	2,855,663	2,086,884	2,544,153
<u>Expenses</u>			
Program Expenditures	2,714,405	2,086,884	2,375,134
Program Expenditures Administrative	141,258	0	169,019
Total Consolidated Program Expense	2,855,663	2,086,884	2,544,153

Antelope Valley AQMD
Program Funds AB2766 GRANT PROGRAMS

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
<u>Revenues</u>			
AB2766 Program	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
Total AB2766 Program Revenue	620,000	620,000	620,000
<u>Expenses</u>			
Program Expenditures	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
Total AB2766 Program Expense	620,000	620,000	620,000

Antelope Valley AQMD
Program Funds AB923 GRANT PROGRAMS

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
<u>Revenues</u>			
AB923 Program	<u>546,000</u>	<u>546,000</u>	<u>572,000</u>
Total AB923 Program Revenue	546,000	546,000	572,000
<u>Expenses</u>			
Program Expenditures	<u>546,000</u>	<u>546,000</u>	<u>572,000</u>
Total AB923 Program Expense	546,000	546,000	572,000

Antelope Valley AQMD
Program Funds Carl Moyer GRANT PROGRAMS

	<u>Budget FY 2023</u>	<u>EOY Estimate FY 2023</u>	<u>Budget FY 2024</u>
<u>Revenues</u>			
Administrative Funding	141,258	0	169,019
Carl Moyer Program	1,513,803	920,884	1,183,134
Interest Revenue	<u>34,602</u>	<u>0</u>	<u>0</u>
Total Carl Moyer Program Revenue	1,689,663	920,884	1,352,153
 <u>Expenses</u>			
Program Expenditures	1,548,405	920,884	1,183,134
Program Expenditures	<u>141,258</u>	<u>0</u>	<u>169,019</u>
Total Carl Moyer Program Expense	1,689,663	920,884	1,352,153

Antelope Valley AQMD

ALL FUNDS, Consolidated Historical

	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Budget FY 2024
<u>Revenues</u>					
Permit Fees	1,019,500	971,500	1,047,500	1,199,200	1,303,600
Application Fees	30,000	41,500	30,500	32,500	32,325
Federal Revenue	0	0	0	63,982	63,982
Fines & Penalties	62,000	63,000	10,000	10,000	60,000
Interest Income	22,435	58,000	17,500	44,602	10,000
Revenue from Programs	2,570,566	2,667,385	2,833,400	3,755,106	3,418,217
State Revenue	206,305	169,500	1,096,000	1,446,315	1,604,523
Total Revenues	3,910,806	3,970,885	5,034,900	6,551,705	6,492,647
<u>Expenses</u>					
Personnel Expenses					
Salaries & Wages	1,338,000	1,425,175	1,389,000	1,800,000	1,828,647
Total Personnel Expenses	1,338,000	1,425,175	1,389,000	1,800,000	1,828,647
Operating Expenses					
Communications	20,500	18,500	21,050	35,870	22,000
Dues & Subscriptions	20,500	46,100	46,650	21,100	36,100
Non-Depreciable Inventory	10,000	1,000	2,300	10,500	18,500
Legal	19,000	19,000	44,000	79,000	53,000
Professional Services	217,400	217,400	230,150	305,150	253,400
Maintenance & Repairs	6,500	6,500	6,500	7,000	2,000
Training & Travel	10,150	12,150	15,150	16,650	12,000
Vehicles	10,000	5,500	7,900	15,930	21,000
Office Expenses	102,575	97,475	110,125	132,761	109,800
Program Expenses	2,060,266	2,036,085	3,104,500	4,119,978	3,948,962
Miscellaneous Expenses	915	1,000	2,900	2,900	1,000
Total Operating Expenses	2,477,806	2,460,710	3,591,225	4,746,839	4,477,762
Capital Expenses					
Equipment	40,000	40,000	25,000	25,000	50,000
Vehicles	30,000	20,000	0	0	30,000
Software	25,000	25,000	25,000	25,000	25,000
Total Capital Expenses	95,000	85,000	50,000	50,000	105,000
Total Expenses	3,910,806	3,970,885	5,030,225	6,596,839	6,411,409

Antelope Valley AQMD

GENERAL FUND, Consolidated Historical

	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023	Budget FY 2024
<u>Revenues</u>					
Permit Fees	1,019,500	971,500	1,047,500	1,199,200	1,303,600
Application Fees	30,000	41,500	30,500	32,500	32,325
Federal Revenue	0	0	0	63,982	63,982
Fines & Penalties	62,000	63,000	10,000	10,000	60,000
Interest Income	6,435	30,000	15,000	10,000	10,000
Revenue from Programs	611,300	659,300	731,400	934,045	874,064
State Revenue	206,305	169,500	1,096,000	1,446,315	1,604,523
Total Revenues	1,935,540	1,934,800	2,930,400	3,696,042	3,948,494
<u>Expenses</u>					
Personnel Expenses					
Salaries & Wages	1,338,000	1,425,175	1,389,000	1,800,000	1,828,647
Total Personnel Expenses	1,338,000	1,425,175	1,389,000	1,800,000	1,828,647
Operating Expenses					
Communications	20,500	18,500	21,050	35,870	22,000
Dues & Subscriptions	20,500	46,100	46,650	21,100	36,100
Non-Depreciable Inventory	10,000	1,000	2,300	10,500	18,500
Legal	19,000	19,000	44,000	79,000	53,000
Professional Services	217,400	217,400	230,150	305,150	253,400
Maintenance & Repairs	6,500	6,500	6,500	7,000	2,000
Training & Travel	10,150	12,150	15,150	16,650	12,000
Vehicles	10,000	5,500	7,900	15,930	21,000
Office Expenses	102,575	97,475	110,125	132,761	109,800
Program Expenses	85,000	0	1,000,000	1,264,315	1,404,809
Miscellaneous Expenses	915	1,000	2,900	2,900	1,000
Total Operating Expenses	502,540	424,625	1,486,725	1,891,176	1,933,609
Capital Expenses					
Equipment	40,000	40,000	25,000	25,000	50,000
Vehicles	30,000	20,000	0	0	30,000
Software	25,000	25,000	25,000	25,000	25,000
Total Capital Expenses	95,000	85,000	50,000	50,000	105,000
Total Expenses	1,935,540	1,934,800	2,925,725	3,741,176	3,867,256

FINANCIAL RESERVES

It is the policy of the Governing Board of the Antelope Valley Air Quality Management District (District) to direct the Air Pollution Control Officer (APCO) to establish and maintain certain fund balances to ensure the sound fiscal management of District resources.

The purposes of the District's fund balance policy include maintaining prudent level of financial resources to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unpredicted one-time expenditures. Another purpose is to reserve funds for unanticipated large expenditures, such as capital expenses; or extraordinary costs associated with defending the District's regulatory activities.

CLASSIFICATION OF FUNDS

Restricted Fund Balance is designated for the specific purposes stipulated by the external source, government code, enabling legislation, or other legal restriction. Following are an example of this classification: Mobile Emission Reduction Revenue (AB 2766), Incentive Based Emission Reduction Funding (AB 923), and Carl Moyer Grant Program Funds. These funds are held in separate trust accounts and are reported separate from the District's General Fund.

Committed Fund Balance is designated by policy and includes amounts that can be used only for the specific purposes determined by a formal action of the Governing Board. Commitments may be changed only by action of the Governing Board.

Assigned Fund Balance is used to describe the portion of the fund balance that reflects the intended use of resources; the intent being established by the Governing Board, or the Board's designee. Such fund balance will be allocated and defined in the District's annual adopted budget. The District's Budget Stabilization Reserves is an example of this classification.

BUDGET CATEGORIES

REVENUES

Permit Fees

- Permit Fees - Operating and Annual Renewal Permit Fees
- Asbestos Demo/Reno - Fees for Permits related to Asbestos Removal - Rule 302
- Title V Permit - Permit fees for Federal Permit Program

Application Fees

- ERC Application Fees - Emission Reduction Credit
- New Source Review - Project Evaluation for Complex Source - Rule 301
- Permit Application Fees - Filing of new permits and permit changes
- Variance Filing Fees - Filing fee for each petition to District Hearing Board - Rule 303
- AG Application Fee - charged on a 3-year renewal cycle for AG Engines

Fine & Penalties

- Excess Emissions Fees - Fee charged when a variance is granted by Hearing Board - Rule 303
- Notice of Violations Fees - Fee Charged for unpermitted source, or violation of permit condition
- Interest Revenue - Interest on funds held on deposit, all funds

Revenue from Programs

- Administrative Funding - Program - pass thru funds for administration costs of the program
- AB2766 Program - Revenue received through DMV vehicle registration
- California Clean Air Act - State mandated fee collected on behalf of CARB
- Hot Spots - State mandated fee: "Air Toxic "Hot Spot"

State Revenue

- PERP - State Funds - Portable Engine Registration Program
- State Subvention - Funds - received from state budget to supplement Permitting and Air Monitoring

EXPENSES

- Program Staff - Contracted costs to provide staff for District operations
- Operating Expenses – Communications, Telephones, teleconferencing, internet, cable, hosting, tech support
- Dues & Subscriptions - District memberships, sponsorships, publications, subscriptions
- Non-Depreciable Inventory - Furniture, equipment, machinery, and safety equipment < \$5,000
- Legal - Legal services for Governing Board, Hearing Board; publications

- Professional Services - Financial services, audit, research studies, consulting fees, stipends
- Maintenance & Repairs - General building maintenance, custodial services, and repairs
- Training and Travel - Employee training; professional development and related travel
- Vehicles - Fuel and oil, maintenance and repair, insurance for District's fleet
- Office Expenses - Software, utilities, supplies, leases, postage, courier, printing and shredding services, security, insurance, meeting expenses and community relations

PROGRAM EXPENSES

- Expenses attributable to the use of special funds

CAPITAL EXPENSES

- Furniture & fixtures, Equipment, vehicles, computers, and software over \$5K

ACRYNOMS

AB2766	Enabling legislation for collection of fees for mobile source reduction projects
AIRS	Aerometric Information Retrieval System
APCD	Air Pollution Control District
APCO	Air Pollution Control Officer
AQMD	Air Quality Management District
ARB	Air Resources Board
AVAQMD	Antelope Valley Air Quality Management District
BACT	Best Available Control Technology
CAA	Clean Air Act
CAPCOA	California Air Pollution Control Officers Association
CAPP	Clean Air Patrol Program
CAPS	Compliance and Permit System (permit tracking database)
CARB	California Air Resources Board
CNGVG	California Natural Gas Vehicle Coalition
CRE	Community Relations and Education
CREEC	California Regional Environmental Education Community
CSDA	California Special Districts Association
DAPCO	Deputy Air Pollution Control Officer
EPA	Environmental Protection Agency
ERC	Emission Reduction Credit
FY	Fiscal Year
ICTC	Interstate Clean Transportation Corridor
MACT	Maximum Achievable Control for Toxics
MEEC	Mojave Environmental Education Consortium
MDAQMD	Mojave Desert Air Quality Management District
MOU	Memorandum of Understanding
NAAQS	National Ambient Air Quality Standards
NESHAP	National Emissions Standard for Hazardous Pollutants
NSPS	New Source Performance Standards
OPEB	Other Post-Employment Benefits
PARS	Public Agency Retirement Services
PERP	Portable Equipment Registration Program
PSD	Prevention of Significant Deterioration
PTBS	Permit Tracking and Billing System
SDRMA	Special Districts Risk Management Authority
SLAMS	State and Local Air Monitoring Stations
TAC	Technical Advisory Committee
VPN	Virtual Private Network