

FISCAL YEAR
2021-22



ADOPTED
BUDGET

City of
LANCASTER

City of
PALMDALE

**HIGH
DESERT**
of Los
Angeles
County

661.723.8070

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July 1, 2021

Antelope Valley Air Quality Management District
43301 Division St., Suite 206
Lancaster, CA 93535-4649

Bret Banks, Executive Director

Antelope Valley Air Quality Management District

Bret Banks, *Executive Director*

43301 Division St., Antelope Valley, CA 93535-4649

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April 15, 2021

It is my pleasure to present for your consideration, the Antelope Valley Air Quality Management District's proposed Fiscal Year (FY) 2021-2022 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 FY22 is one of cautious optimism. The COVID-19 pandemic took a significant toll on our local economy and changed how we financially prepare for the future. We will continue to monitor the impacts of COVID-19 on revenues and expenditures as new information is made available.

The FY22 consolidated budget is \$5.03 million with a General Fund budget of \$2.93 million (up from FY21) by \$1.1 million dollars from state funded programs. Recommendations include an increase to Regulation III, Fees, by proposing a 5.0% fee increase effective PROPOSED January 1, 2022.

The Antelope Valley AQMD is serviced based with 5 full time equivalents. Additional administrative and technical services are provided by 2.55 FTEs through our contract for services with the Mojave Desert AQMD. As such, the General Budget is composed of Personnel expenses of 54%, Program expenses of 34%, Capital Expenses of 2%, and Operating Expenses of 10%.

A Public Hearing will be held May 18, 2021 to receive public comments concerning this proposed budget and will be continued to June 15, 2021 for adoption on July 1, 2021. The FY22 Budget is balanced and 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.

Bret Banks

Air Pollution Control Officer

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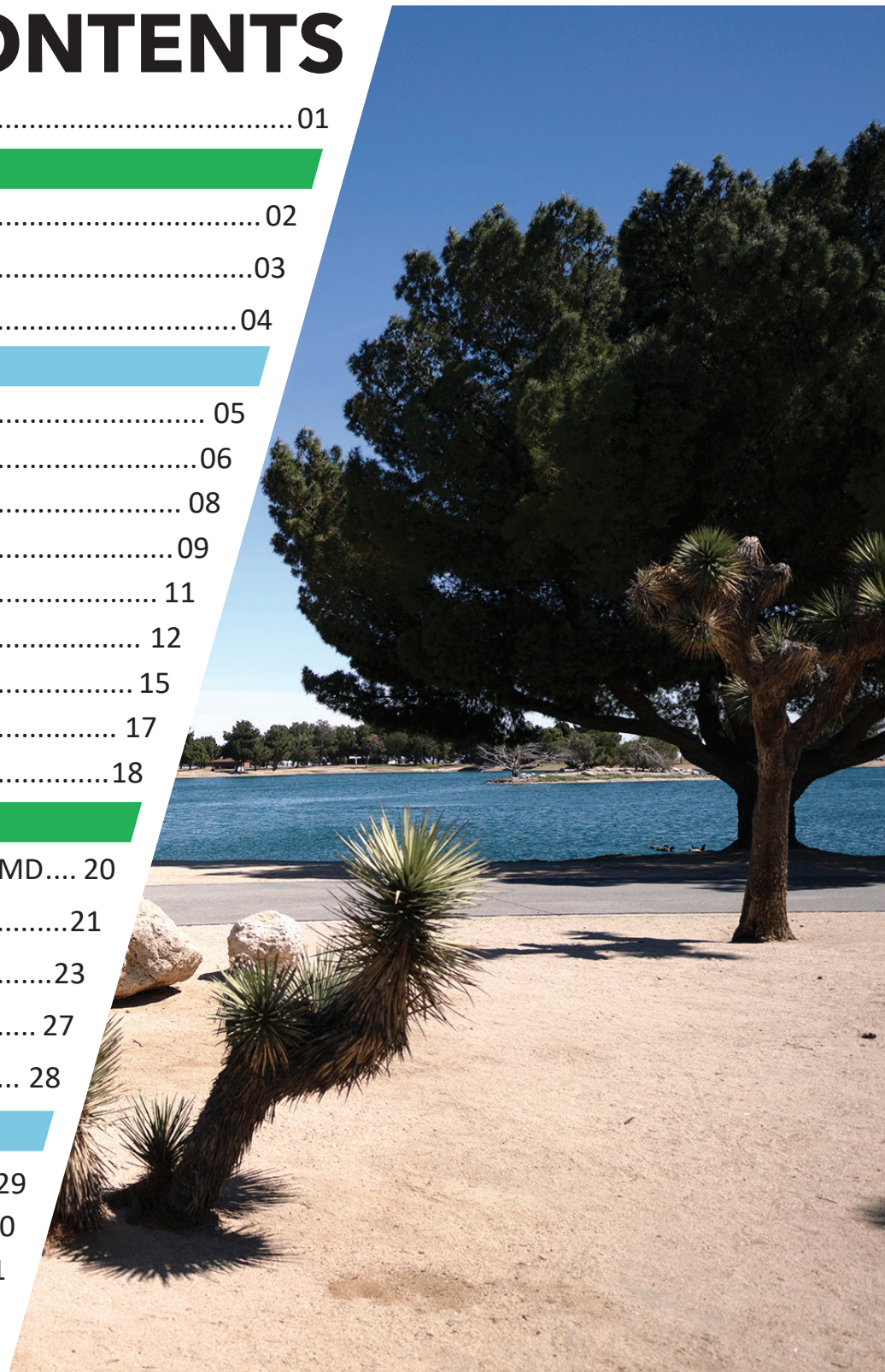
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ABOUT THE AVAQMD

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

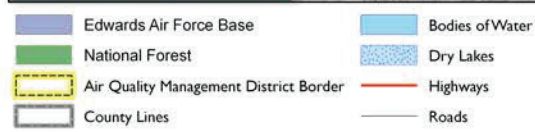
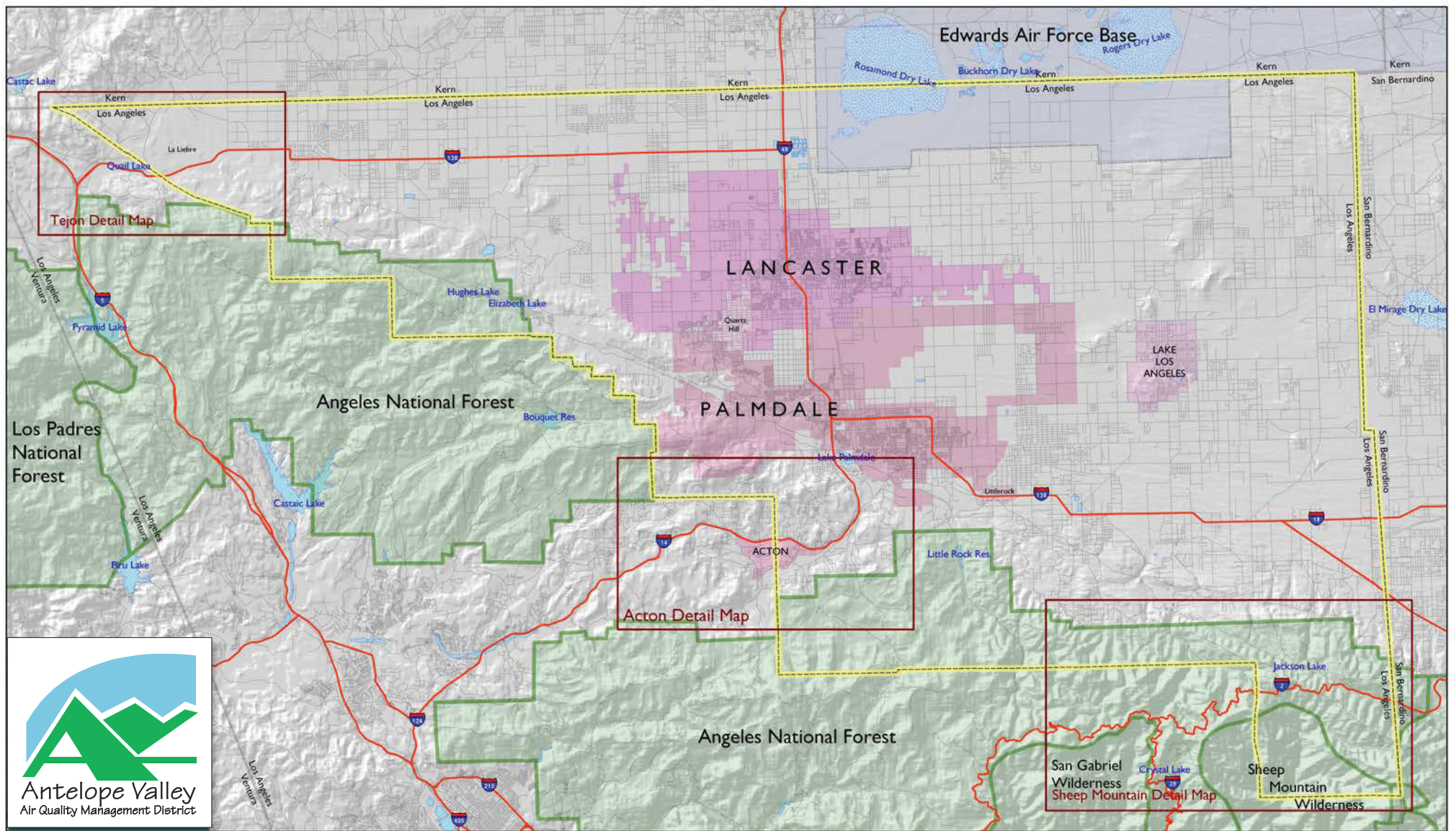
Educating the community is the most important investment the District can make to impact the future of air quality in the region. Using technology and social media the District is able to reach the public with the latest version of the District rulebook, application for permits, various forms, and air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

COMMUNITY OUTREACH

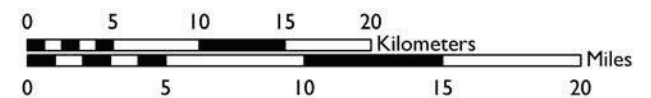
The District strives to be known as a partner in the development of a sustainable local economy that values health and environmental conservation. This is achieved by providing information through involvement in community events such as the Antelope Valley Economic Development and Growth Enterprise's 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. The District boundaries start on 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. An air basin is a geographical region to describe an area with a commonly shared air mass, since air pollution does not follow county, city, or political boundaries.



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*



Steven Hofbauer
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

	Budget FY 2021	EOY Estimate FY 2021	Budget FY 2022
<u>Revenues</u>			
Permit Fees	1,072,500	1,059,842	1,047,500
Application Fees	30,000	56,057	30,500
Fines & Penalties	9,000	7,250	10,000
Interest Income	22,435	15,985	17,500
Other Revenue	0	79	0
Revenue from Programs	2,570,566	2,301,573	2,833,400
State Revenue	206,305	203,006	1,096,000
Total Revenues	3,910,806	3,643,792	5,034,900
<u>Expenses</u>			
Personnel Expenses			
Program Staff	1,338,000	1,162,435	1,389,000
Total Personnel Expenses	1,338,000	1,162,435	1,389,000
Operating Expenses			
Communications	20,500	33,785	21,050
Dues & Subscriptions	20,500	15,535	46,650
Non-Depreciable Inventory	10,000	1,663	2,300
Legal	19,000	24,550	44,000
Professional Services	217,400	131,413	230,150
Maintenance & Repairs	6,500	2,750	6,500
Training & Travel	10,150	4,500	15,150
Vehicles	10,000	6,900	7,900
Office Expenses	102,575	96,200	110,125
Program Expenses	2,060,266	1,988,090	3,104,500
Miscellaneous Expenses	915	2,925	2,900
Total Operating Expenses	2,477,806	2,308,311	3,591,225
Capital Expenses			
Equipment	40,000	0	25,000
Vehicles	30,000	31,343	0
Software	25,000	0	25,000
Total Capital Expenses	95,000	31,343	50,000
Total Expenses	3,910,806	3,502,089	5,030,225
Cash To (From) Reserves	0	141,703	4,675



COST RECOVERY FISCAL YEAR 2021-2022

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 subventions.

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

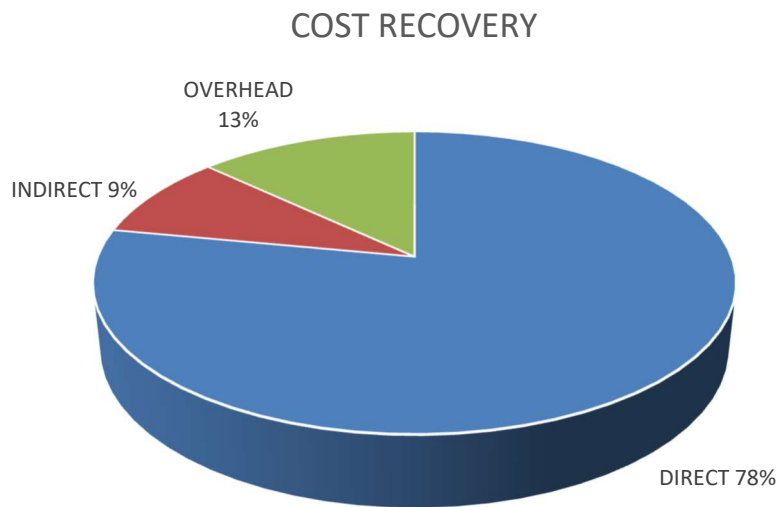
The measure of the revenue that may be recovered through source fees is the full cost of all programs related to these sources, including all direct program costs, a commensurate share of indirect program costs, and overhead unless otherwise funded. It is the District's practice that such fees are valid 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

should bear. For the FY22 budget, the direct rate is 78%, the indirect rate is 9% and overhead is 13%.

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. Permit Revenue for FY22 is \$1.09M and covers 100% of the cost of permitting.

Antelope Valley AQMD
GENERAL FUND, Consolidated

	Budget FY 2021	EOY Estimates FY 2021	Budget FY 2022
Revenues			
Permit Fees	1,024,500	1,059,842	1,047,500
Application Fees	41,500	56,057	30,500
Fines & Penalties	10,000	7,250	10,000
Interest Income	30,000	14,350	15,000
Other Revenue	0	79	0
Revenue from Programs	659,300	500,965	731,400
State Revenue	169,500	203,006	1,096,000
Total Revenues	1,934,800	1,841,549	2,930,400
Expenses			
Personnel Expenses			
Program Staff	1,425,175	1,162,435	1,389,000
Total Personnel Expenses	1,425,175	1,162,435	1,389,000
Operating Expenses			
Communications	18,500	33,785	21,050
Dues & Subscriptions	46,100	15,535	46,650
Non-Depreciable Inventory	1,000	1,663	2,300
Legal	19,000	24,550	44,000
Professional Services	217,400	131,413	230,150
Maintenance & Repairs	6,500	2,750	6,500
Training & Travel	12,150	4,500	15,150
Vehicles	5,500	6,900	7,900
Office Expenses	97,475	96,200	110,125
Program Expenses	0	475,792	1,000,000
Miscellaneous Expenses	1,000	2,925	2,900
Total Operating Expenses	424,625	796,013	1,486,725
Capital Expenses			
Equipment	40,000	0	25,000
Vehicles	20,000	31,343	0
Software	25,000	0	25,000
Total Capital Expenses	85,000	31,343	50,000
Total Expenses	1,934,800	1,989,791	2,925,725
Cash To (From) Reserves	0	(148,242)	4,675

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 make adjustments to the FY22 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.

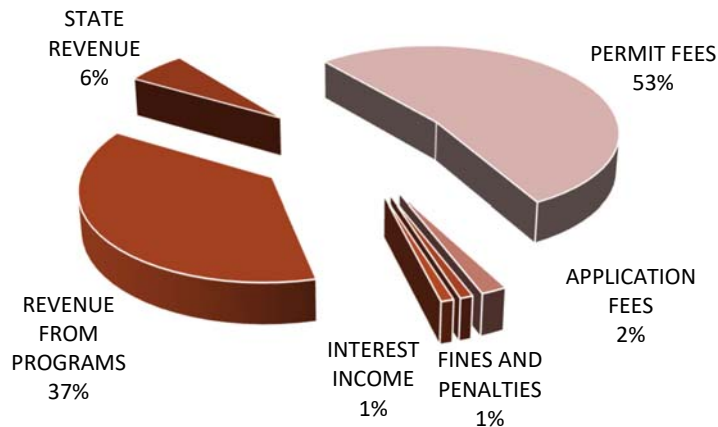


The proposed General Fund budget for FY22 is a balanced budget with expenditures and revenues of \$2.93M million and 7.55 full time equivalents (FTE). This is due in part to a 5% increase in fees effective January 1, 2021. Additionally, state funded programs within the general fund are responsible for an additional \$1M in FY22.

The FY22 Cash Reserves are 30% of the annual operating expenses.

Staff is proposing a balanced budget for FY22 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.

GENERAL FUND REVENUE



Recommendations include an increase to Regulation III, Fees, by proposing a 5.0% fee increase effective January 1, 2022. Interest projections are conservative due to current market performance. Permit revenue is 53% of general fund revenue. Revenue from programs is 37% while state revenue is 6% of general fund revenue.

EXPENSES

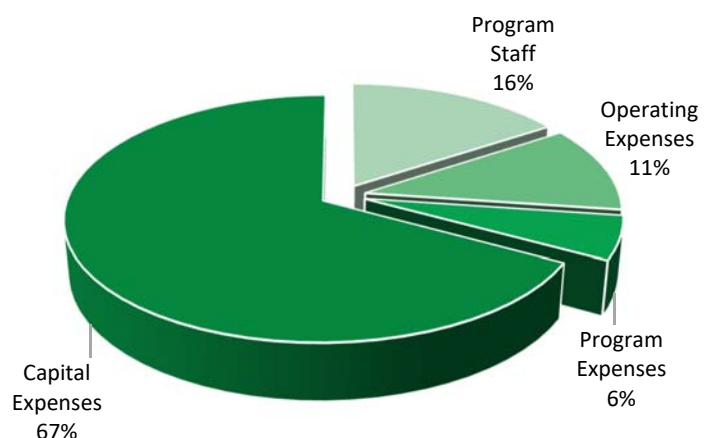
The Antelope Valley Air Quality Management District is in year one of a five year contract for services with the Mojave Desert Air Quality Management District. Administrative

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.

The FY22 General Fund expenses are \$2.93M with a Program staff budget of \$1.39M. Operating Expenses are \$486k, Program Expenses are \$1M, and Capital Expenses are \$50k. The additional revenue is from the AB134 Community Air Protection Grant Program revenue and is received from the California Air Resources Board (CARB).

Program staff is actually 3% less than FY21. The FY22 staffing budget for retirement has a historical increase of 4.69%, a COLA of 2.5%, and other miscellaneous benefit increases. Staffing costs account for 73% of the General Fund Budget.

GENERAL FUND EXPENSES



Antelope Valley AQMD
GENERAL FUND, Revenue Detail

	<u>Budget FY 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
Revenues			
Permit Fees			
Permit Fees Rev	877,000	950,275	900,000
Asbestos Demo/Reno Rev	90,000	90,000	90,000
Title V Rev	4,500	4,000	4,500
Permit Fee Adjustments	0	(41,278)	0
Rule 302	53,000	56,845	53,000
	<u>1,024,500</u>	<u>1,059,842</u>	<u>1,047,500</u>
Application Fees			
ERC Application Fees	0	519	0
New Source Review Fees	0	27,293	0
Permit Application Fees	40,000	27,920	30,000
AG Application Fees	1,500	325	500
	<u>41,500</u>	<u>56,057</u>	<u>30,500</u>
Fines & Penalties			
Notice of Violations Fee	10,000	7,250	10,000
	<u>10,000</u>	<u>7,250</u>	<u>10,000</u>
Interest Income			
Interest Revenue	30,000	14,350	15,000
	<u>30,000</u>	<u>14,350</u>	<u>15,000</u>
Other Revenue			
Other Revenue	0	79	0
	<u>0</u>	<u>79</u>	<u>0</u>
Revenue from Programs			
Administrative Funding	38,000	6,860	100,000
AB2766 Program	620,000	492,605	630,000
Hot Spots	1,300	1,500	1,400
	<u>659,300</u>	<u>500,965</u>	<u>731,400</u>
State Revenue			
PERP Regulation	35,000	43,314	40,000
State Contracts	38,500	61,789	959,000
State Subvention	96,000	97,903	97,000
	<u>169,500</u>	<u>203,006</u>	<u>1,096,000</u>
Total General Fund Revenues	<u>1,934,800</u>	<u>1,841,549</u>	<u>2,930,400</u>



AVAQMD PROGRAMS

PROGRAM DESCRIPTIONS

U.S. Environmental Protection Agency

The sets nationwide air quality and emissions standards and oversees state efforts and enforcement.

California Air Resources Board

Focuses on unique air quality challenges by setting the state's emissions standards for a range of pollution sources including vehicles, fuels and consumer products.

COMMUNICATIONS

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 & RULEMAKING

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 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
Expenses			
Personnel Expenses			
Operating Expenses			
Communications			
Telephones	6,000	5,125	6,000
Long Distance Charges	500	410	500
Video/Teleconference	0	150	150
Internet	10,000	9,250	10,000
Web Hosting	0	1,200	2,400
Tech Support	2,000	1,200	2,000
Computers	0	16,450	0
	<u>18,500</u>	<u>33,785</u>	<u>21,050</u>
Dues & Subscriptions			
Memberships & Sponsorships	45,000	14,770	45,000
Publications & Subscriptions	500	765	800
Professional Dues	600	0	600
	<u>46,100</u>	<u>15,535</u>	<u>46,400</u>
Non-Depreciable Inventory			
Furniture & Fixtures Exp	0	100	100
Machinery & Equipment Exp	0	1,200	1,200
Safety Equipment Exp	1,000	200	1,000
	<u>1,000</u>	<u>1,500</u>	<u>2,300</u>
Legal			
Legal Notices	4,000	1,950	4,000
Legal Services	15,000	22,600	40,000
	<u>19,000</u>	<u>24,550</u>	<u>44,000</u>
Professional Services			
Research Studies	6,000	0	6,000
Consulting Fees	3,000	0	3,000
Stipends	8,400	8,400	8,400
Miscellaneous	0	500	0
	<u>17,400</u>	<u>8,900</u>	<u>17,400</u>
Maintenance & Repairs			
General Bldg. Maintenance	2,000	50	2,000
Custodial Services	3,000	2,700	3,000
Equipment Repair	1,500	0	1,500
	<u>6,500</u>	<u>2,750</u>	<u>6,500</u>
Training & Travel			
Training	4,000	4,500	4,500
Travel	8,000	0	8,000
Mileage	150	0	150
	<u>12,150</u>	<u>4,500</u>	<u>12,650</u>

Antelope Valley AQMD
DISTRICT WIDE, Expense Detail

	Budget FY 2021	EOY Estimate FY 2021	Budget FY 2022
Vehicles			
Vehicle Gas & Oil	1,500	620	1,500
Vehicle Maintenance	1,000	1,895	2,000
Vehicle Repairs	2,000	2,985	3,000
Vehicle Insurance	1,000	1,400	1,400
	<u>5,500</u>	<u>6,900</u>	<u>7,900</u>
Office Expenses			
Software	7,000	1,000	1,300
Utilities	7,000	6,475	8,600
Supplies	2,800	3,000	3,000
Facility Leases	60,000	64,635	60,100
Equipment Lease	5,000	4,285	5,000
Postage	1,000	0	0
Courier	175	150	175
Printing/Shredding Services	1,000	1,285	1,350
Security	500	500	500
Liability Insurance	5,000	1,375	18,100
Meeting Expenses	500	900	1,000
Community Relations	7,500	9,500	9,500
	<u>97,475</u>	<u>93,105</u>	<u>108,625</u>
Program Expenses			
Program Expenditures	0	475,792	900,000
Program Expenditures Administrative	0	0	100,000
	<u>0</u>	<u>475,792</u>	<u>1,000,000</u>
Miscellaneous Expenses			
Bank Fees	1,000	2,925	2,900
	<u>1,000</u>	<u>2,925</u>	<u>2,900</u>
Total Operating Expenses	224,625	670,242	1,269,725
Capital Expenses			
Equipment	40,000	0	25,000
Vehicles	20,000	31,343	0
Software	25,000	0	25,000
Total Capital Expenses	85,000	31,343	50,000
Total Expenses	309,625	701,585	1,319,725



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 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.

ADMINISTRATIVE SERVICES

The Administrative Services office provides financial, administrative and personnel management services to the operating divisions of the District. Finance staff prepares the annual budget and controls expenditures by providing information regarding expenditures and the availability of budgeted funds. Finance also purchases equipment and supplies. Invoices for a variety of fees are issued, collected, deposited and accounted for through the Compliance and Permit System (CAPS). This office also manages the District's computer information systems, risk management, fleet and facility management, and fixed assets.

**Antelope Valley AQMD
CONTRACT, Expense Detail**

	<u>Budget FY 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
Expenses			
Personnel Expenses			
Program Staff	<u>1,425,175</u>	<u>1,162,435</u>	<u>1,389,000</u>
Total Personnel Expenses	1,425,175	1,162,435	1,389,000
Operating Expenses			
Communications			
Dues & Subscriptions			
Publications & Subscriptions	<u>0</u>	<u>0</u>	<u>250</u>
	0	0	250
Non-Depreciable Inventory			
Machinery & Equipment Exp	<u>0</u>	<u>163</u>	<u>0</u>
	0	163	0
Legal			
Professional Services			
Payroll Contract	0	0	125
Financial Services	<u>200,000</u>	<u>122,513</u>	<u>212,625</u>
	200,000	122,513	212,750
Maintenance & Repairs			
Training & Travel			
Training	0	0	500
Travel	<u>0</u>	<u>0</u>	<u>2,000</u>
	0	0	2,500

**Antelope Valley AQMD
CONTRACT, Expense Detail**

	<u>Budget FY 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
Vehicles			
Office Expenses			
Software	0	3,020	0
Supplies	0	75	500
Postage	0	0	1,000
	<u>0</u>	<u>3,095</u>	<u>1,500</u>
Program Expenses			
Miscellaneous Expenses			
Total Operating Expenses	<u>200,000</u>	<u>125,771</u>	<u>217,000</u>
Capital Expenses			
Total Expenses	<u><u>1,625,175</u></u>	<u><u>1,288,206</u></u>	<u><u>1,606,000</u></u>



THE CONTRACT - MDAQMD

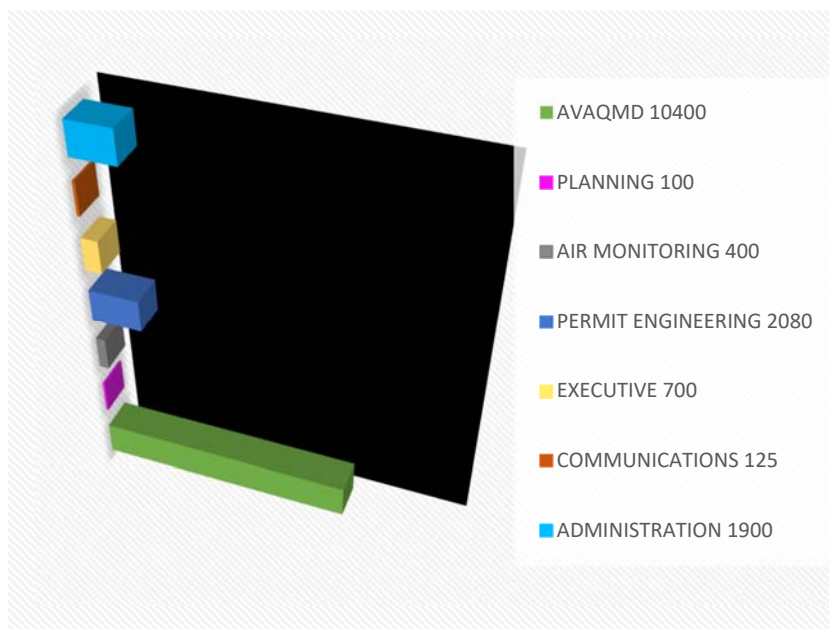
PROGRAM STAFF: 15,705 HOURS • 7.55 FTE • 1,389M

PERIOD JULY 1, 2021 – JUNE 30, 2022

TERMS AND CONDITIONS

The Antelope Valley Air Quality Management District contracts with the Mojave Desert Air Quality Management District for administrative and operations services as necessary to enable AVAQMD to meet the regulatory and legislated responsibilities of an air quality management district for compensation consistent with all applicable laws and regulations. The term of this agreement is five (5) years beginning July 1, 2020 with an option to renew for an additional two (2) years.

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 total contracted hours for FY2022 is 15,705. The Antelope Valley AQMD office located in Lancaster, CA is staffed by 4 full time equivalents (FTE) with one vacant FTE.

Additionally, 2.55 FTEs provide administrative, executive, air monitoring, permit engineering, and other technical services. On a monthly basis, the Mojave Desert AQMD shall deliver to the Antelope Valley AQMD an itemized invoice for actual materials and services provided.

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.

The FY22 AB2766 Program Budget is \$621k compared to \$623k in FY21; which represents 29% of all program revenue.

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.



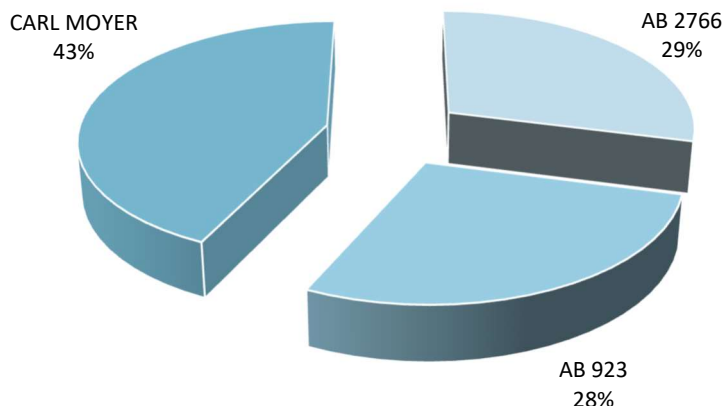
The use of the fees is limited to projects eligible for grants under the Carl Moyer Program, the purchase of school buses under the Lower-Emission School Bus Program, light-duty scrap or repair programs and unregulated agricultural sources. The FY22 AB923 Program Budget is \$584k compared to \$597 in FY21; which represents 28% of all program revenue.

CARL MOYER

The 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. The FY22 Carl Moyer Program Budget is \$901k compared to \$816k in FY21; which represents 43% of all program revenue.



Antelope Valley AQMD
PROGRAM FUNDS, Consolidated

	<u>Budget FY 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
<u>Revenues</u>			
Administrative Funding	100,670	123,400	100,000
AB2766 Program	620,000	631,470	620,000
Carl Moyer Program Round 21	705,415	584,013	800,000
AB923 Program	582,000	461,725	582,000
Interest Revenue	28,000	1,635	2,500
	<hr/>	<hr/>	<hr/>
Total Consolidated Program Revenue	2,036,085	1,802,243	2,104,500
 <u>Expenses</u>			
Program Expenditures	1,935,415	1,512,298	2,004,500
Program Expenditures Administrative	100,670	0	100,000
	<hr/>	<hr/>	<hr/>
Total Consolidated Program Expense	2,036,085	1,512,298	2,104,500

Antelope Valley AQMD
PROGRAM FUNDS, AB2766

	<u>Budget FY 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
<u>Revenues</u>			
AB2766 Program	620,000	631,470	620,000
Interest Revenue	<u>3,000</u>	<u>110</u>	<u>500</u>
 Total AB2766 Program Revenue	 623,000	 631,580	 620,500
 <u>Expenses</u>			
Program Expenditures	<u>623,000</u>	<u>500,370</u>	<u>620,500</u>
 Total AB2766 Program Expense	 623,000	 500,370	 620,500

Antelope Valley AQMD
PROGRAM FUNDS, AB923

	<u>Budget FY 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
<u>Revenues</u>			
Administrative Funding	0	23,050	0
AB923 Program	582,000	461,725	582,000
Interest Revenue	<u>15,000</u>	<u>1,085</u>	<u>1,500</u>
 Total AB923 Program Revenue	 597,000	 485,860	 583,500
 <u>Expenses</u>			
 Program Expenditures	 <u>597,000</u>	 <u>310,540</u>	 <u>583,500</u>
 Total AB923 Program Expense	 597,000	 310,540	 583,500

Antelope Valley AQMD
PROGRAM FUNDS, Carl Moyer

	<u>Budget FY 2021</u>	<u>EOY Estimate FY 2021</u>	<u>Budget FY 2022</u>
<u>Revenues</u>			
Administrative Funding	100,670	100,350	100,000
Carl Moyer Program	705,415	584,013	800,000
Interest Revenue	<u>10,000</u>	<u>440</u>	<u>500</u>
Total Carl Moyer Program Revenue	816,085	684,803	900,500
 <u>Expenses</u>			
Program Expenditures	715,415	701,388	800,500
	<u>100,670</u>	<u>0</u>	<u>100,000</u>
Total Carl Moyer Program Expense	816,085	701,388	900,500

Antelope Valley AQMD

ALL FUNDS, Consolidated Historical

	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022
Revenues					
Permit Fees	701,000	792,150	1,019,500	971,500	994,500
Application Fees	51,450	42,000	30,000	41,500	30,500
Fines & Penalties	54,000	59,000	62,000	63,000	63,000
Interest Income	15,900	14,300	22,435	58,000	17,500
Revenue from Programs	2,537,404	2,603,044	2,570,566	2,667,385	2,833,400
State Revenue	129,000	141,500	206,305	169,500	1,096,000
Total Revenues	3,488,754	3,651,994	3,910,806	3,970,885	5,034,900
Expenses					
Personnel Expenses					
Salaries & Wages	1,193,926	1,200,218	1,338,000	1,425,175	1,389,000
Total Personnel Expenses	1,193,926	1,200,218	1,338,000	1,425,175	1,389,000
Operating Expenses					
Communications	43,500	23,500	20,500	18,500	21,050
Dues & Subscriptions	10,500	10,500	20,500	46,100	46,650
Non-Depreciable Inventory	8,000	11,000	10,000	1,000	2,300
Legal	19,000	19,000	19,000	19,000	44,000
Professional Services	221,750	207,650	217,400	217,400	230,150
Maintenance & Repairs	6,575	6,500	6,500	6,500	6,500
Training & Travel	11,000	11,000	10,150	12,150	15,150
Vehicles	10,500	12,000	10,000	5,500	7,900
Office Expenses	94,475	107,425	102,575	97,475	110,125
Program Expenses	1,784,228	1,753,826	2,060,266	2,036,085	3,104,500
Miscellaneous Expenses	800	800	915	1,000	2,900
Total Operating Expenses	2,210,328	2,163,201	2,477,806	2,460,710	3,591,225
Capital Expenses					
Furniture & Fixtures	25,000	25,000	0	0	0
Equipment	12,000	0	40,000	40,000	25,000
Vehicles	25,000	30,000	30,000	20,000	0
Computers	20,000	35,000	0	0	0
Software	2,500	0	25,000	25,000	25,000
Total Capital Expenses	84,500	90,000	95,000	85,000	50,000
Total Expenses	3,488,754	3,453,419	3,910,806	3,970,885	5,030,225

5 YEAR BUDGET RECAP

Over the last 5 years, the Antelope Valley budget has focused on streamlining many of its operations while still meeting its program commitments despite new federal and state mandates and increased workload complexity. The focus has been, and continues to be, on reducing or maintaining operating expenditure levels in General Fund and maximizing the efficient use of staff resources to enable select vacant positions to remain vacant, be deleted or be unfunded whenever possible.

In FY19 the District began to receive funding from the California Resource Board under AB 617 to reduce exposure in neighborhoods most impacted by air pollution as well as



funding under the AB 134 Community Air Protection Fund. Additionally, the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program provides funding through local air districts for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.

Permit Revenue is up 32% from FY18 as a result of fee increases designed to measure the revenue that may be recovered through source fees. The full cost of all programs related to these sources includes 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. Revenue from General Fund Programs increased by 7% from FY2018 as a result of a jurisdictional study conducted by finance staff.

Staffing costs are down 3% from the FY21 budget and are comparative to FY20 amounts. Excluding programs, Operating expenses have increased 10% since FY18. This 2% per year average is less than the Consumer Price Index for Los Angeles County. The slow rise in costs over 5 years of operations are the direct result of staff efforts and recommendations for procedural changes to the Districts contract with the Mojave Desert AQMD.

Antelope Valley AQMD

GENERAL FUND, Consolidated Historical

	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022
Revenues					
Permit Fees	701,000	792,150	1,019,500	971,500	994,500
Application Fees	51,450	42,000	30,000	41,500	30,500
Fines & Penalties	54,000	59,000	62,000	63,000	63,000
Interest Income	3,500	4,000	6,435	30,000	15,000
Revenue from Programs	687,000	774,300	611,300	659,300	731,400
State Revenue	129,000	141,500	206,305	169,500	1,096,000
Total Revenues	1,625,950	1,812,950	1,935,540	1,934,800	2,930,400
Expenses					
Personnel Expenses					
Salaries & Wages	1,100,000	1,100,000	1,338,000	1,425,175	1,389,000
Total Personnel Expenses	1,100,000	1,100,000	1,338,000	1,425,175	1,389,000
Operating Expenses					
Communications	43,500	23,500	20,500	18,500	21,050
Dues & Subscriptions	10,500	10,500	20,500	46,100	46,650
Non-Depreciable Inventory	8,000	11,000	10,000	1,000	2,300
Legal	19,000	19,000	19,000	19,000	44,000
Professional Services	221,750	207,650	217,400	217,400	230,150
Maintenance & Repairs	6,575	6,500	6,500	6,500	6,500
Training & Travel	11,000	11,000	10,150	12,150	15,150
Vehicles	10,500	12,000	10,000	5,500	7,900
Office Expenses	94,475	107,425	102,575	97,475	110,125
Program Expenses	15,350	15,000	85,000	0	1,000,000
Miscellaneous Expenses	800	800	915	1,000	2,900
Total Operating Expenses	441,450	424,375	502,540	424,625	1,486,725
Capital Expenses					
Furniture & Fixtures	25,000	25,000	0	0	0
Equipment	12,000	0	40,000	40,000	25,000
Vehicles	25,000	30,000	30,000	20,000	0
Computers	20,000	35,000	0	0	0
Software	2,500	0	25,000	25,000	25,000
Total Capital Expenses	84,500	90,000	95,000	85,000	50,000
Total Expenses	1,625,950	1,614,375	1,935,540	1,934,800	2,925,725

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. The District's Operating Cash Reserves is an example of this classification. The FY22 Cash Reserves are 30% of the annual operating Budget.

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.

REVENUES

Permit Fees

Permit Fees Rev
Asbestos Demo/Reno Rev
Title V Permit Rev

Operating and Annual Renewal Permit Fees
Fees for Permits related to Asbestos Removal - Rule 302
Permit fees for Federal Permit Program

Application Fees

ERC Application Fees
New Source Review
Permit Application Fees
Variance Filing Fees
AG Application Fee

Emission Reduction Credit
Project Evaluation for Complex Source-Rule 301
Filing of new permits and permit changes
Filing fee for each petition to District Hearing Board -Rule 303

Fine & Penalties

Excess Emissions Fees
Notice of Violations Fees
Interest Revenue

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

Revenue from Programs

Administrative Funding
AB2766 Program
California Clean Air Act Fees
Hot Sports

Program pass thru funds for administration costs of the program
Revenue received through DMV vehicle registration
State mandated fee collected on behalf of Carb
State mandated fee: "Air Toxic "Hot Spot"

State Revenue

PERP State Funds
State Subvention

Portable Engine Registration Program
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
Dues & Subscriptions
Non-Depreciable Inventory
Legal
Professional Services
Maintenance & Repairs
Training and Travel
Vehicles
Office Expenses

Telephones, teleconferencing, internet, cable, hosting, tech support
District memberships, sponsorships, publications, subscriptions
Furniture, equipment, machinery, and safety equipment < \$5,000
Legal services for Governing Board, Hearing Board; publications
Financial services, audit, research studies, consulting fees, stipends
General building maintenance, custodial services, and repairs
Employee training; professional development and related travel
Fuel and oil, maintenance and repair, insurance for District's fleet
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

ACRONYMS

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



**NOTICE OF HEARING
PROPOSED BUDGET FOR FISCAL YEAR 2021-2022**

NOTICE IS HEARBY GIVEN that the Governing Board of the Antelope Valley Air Quality Management District (AVAQMD) will conduct a public hearing on May 18, 2021 at 10:00 A.M. to consider the Proposed Budget for Fiscal Year 2021-2022. Comments regarding the Proposed Budget may be submitted in writing before, during, or after the hearing.

SAID HEARING may be conducted, in the interest of public health and safety and in accordance with the guidelines set forth in the Governor's Order N-29-20 of March 17, 2020, via alternative means. Please see the applicable Governing Board Meeting Agenda at <https://avaqmd.ca.gov/governing-board> or call (661) 723-8070 x 23 for participation information. If the Governor's Order has been lifted, the meeting will be conducted in the Governing Board Chambers located at the AVAQMD offices, 43301 Division Street, Suite 206, Lancaster, CA 93535-4649 where all interested persons may be present and be heard.

The proposed Budget for 2021-2022 is posted on the AVAQMD website at www.avaqmd.ca.gov and is also available by request via email at blods@avaqmd.ca.gov or by calling (661) 723-8070 x 23. Copies of the Proposed Budget for 2021-2022 will also be available at the AVAQMD Office at the above address.

Contact Bret Banks at (661) 723-8070 ext 22 for further information.