

FISCAL YEAR
2022-23



ADOPTED
BUDGET

City of
LANCASTER

City of
PALMDALE

**HIGH
DESERT**
of Los
Angeles
County

Pictured: Apollo Community Regional Park, Lancaster, Calif.

661.723.8070

 avaqmd.ca.gov

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July 1, 2022

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

Bret Banks, Executive Director

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Antelope Valley Air Quality Management District

Bret Banks, *Executive Director*

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

661.723.8070 • www.AVAQMD.ca.gov



April 14, 2022

It is my pleasure to present for your consideration, the Antelope Valley Air Quality Management District's adopted Fiscal Year (FY) 2022-2023 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 adopted budget for FY23 is optimistic. The COVID-19 pandemic took a significant toll on our local economy and changed how we financially prepare for the future. However, our conservative financial strategy assured the District's success through this tumultuous economic period which includes an unprecedented inflation of 8.1%. The FY23 consolidated budget is \$6.55 million with a General Fund budget of \$3.69 million (up from FY22) by \$.77 million dollars from funded programs. Recommendations include an increase to Regulation III, Fees, by proposing a 10.0% fee increase effective January 1, 2023.

The Antelope Valley AQMD is serviced based with 7 full time equivalents including one vacant FTE. Additional administrative and technical services are provided by 2.5 FTEs through our contract for services with the Mojave Desert AQMD. As such, the General Budget is composed of Personnel expenses of 55%, Program expenses of 34%, Capital Expenses of 1%, and Operating Expenses of 10%.

A Public Hearing will be held May 17, 2022 to receive public comments concerning this adopted budget and will be continued to June 21, 2022 for adoption on July 1, 2022. The FY23 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.

Bret Banks

Air Pollution Control Officer

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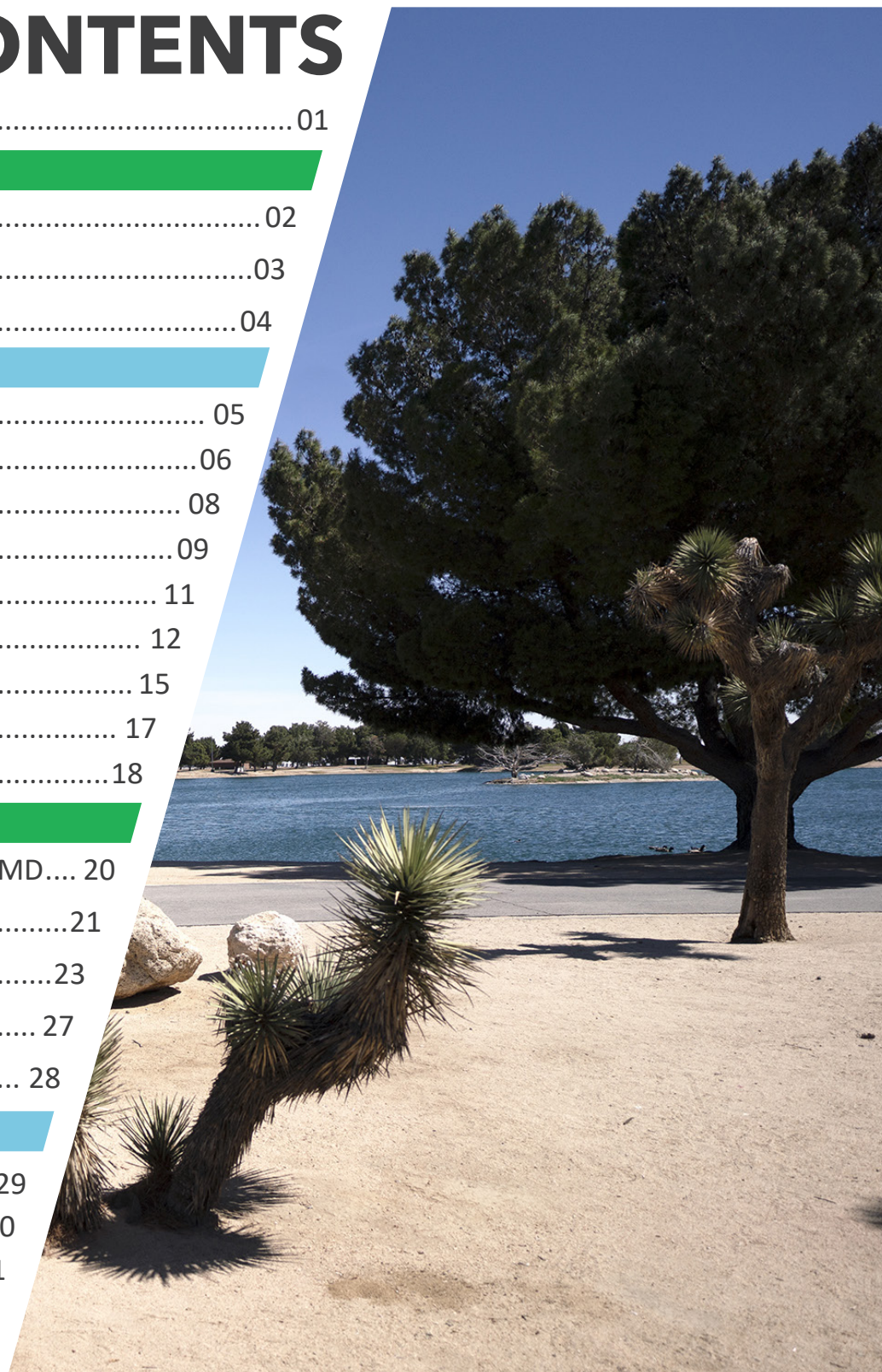
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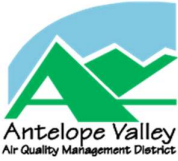
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ABOUT THE AVAQMD

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

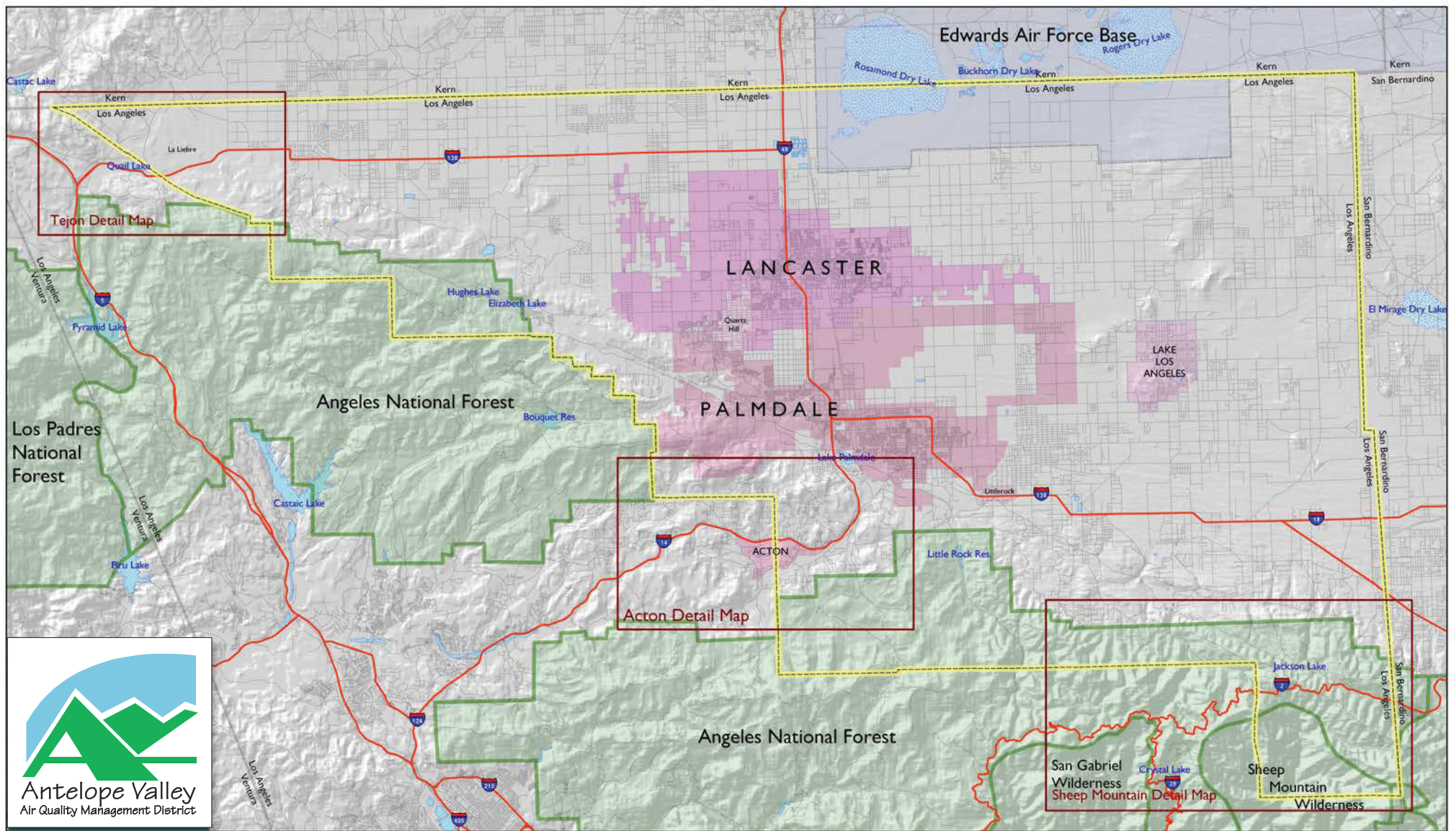
Educating the community is the most important investment the District can make to impact the future of air quality in the region. Using technology and social media the District is able to reach the public with the latest version of the District rulebook, application for permits, various forms, and air 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.

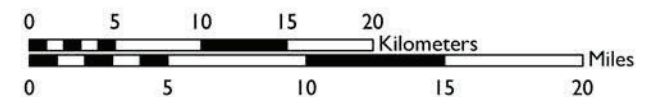


The District lies within the northern part of Los Angeles County. The District boundaries start on the south just outside of Acton, north to the Kern County line, east to the San Bernardino County line, and west to the Quail Lake area. The AVAQMD is located within the Mojave Desert air basin. An air 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.



- | | |
|---|---|
|  Edwards Air Force Base |  Bodies of Water |
|  National Forest |  Dry Lakes |
|  Air Quality Management District Border |  Highways |
|  County Lines |  Roads |

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 2022	EOY Estimate FY 2022	Budget FY 2023
<u>Revenues</u>			
Permit Fees	1,047,500	1,124,947	1,199,200
Application Fees	30,500	31,176	32,500
Federal Revenue	0	0	63,982
Fines & Penalties	10,000	14,250	10,000
Interest Income	17,500	19,909	44,602
Revenue from Programs	2,833,400	2,510,794	3,755,106
State Revenue	1,096,000	1,179,925	1,446,315
Total Revenues	5,034,900	4,881,001	6,551,705
<u>Expenses</u>			
Personnel Expenses			
Program Staff	1,389,000	1,532,974	1,800,000
Total Personnel Expenses	1,389,000	1,532,974	1,800,000
Operating Expenses			
Communications	21,050	26,405	35,870
Dues & Subscriptions	46,650	19,050	21,100
Non-Depreciable Inventory	2,300	5,395	10,500
Legal	44,000	16,700	79,000
Professional Services	230,150	269,930	305,150
Maintenance & Repairs	6,500	4,700	7,000
Training & Travel	15,150	14,075	16,650
Vehicles	7,900	15,005	15,930
Office Expenses	110,125	109,701	132,761
Program Expenses	3,104,500	2,887,118	4,119,978
Miscellaneous Expenses	2,900	550	2,900
Total Operating Expenses	3,591,225	3,368,629	4,746,839
Capital Expenses			
Equipment	25,000	15,120	25,000
Software	25,000	0	25,000
Total Capital Expenses	50,000	15,120	50,000
Total Expenses	5,030,225	4,916,723	6,596,839
Cash To (From) Reserves	4,675	(35,722)	(45,134)



COST RECOVERY FISCAL YEAR 2022-2023

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

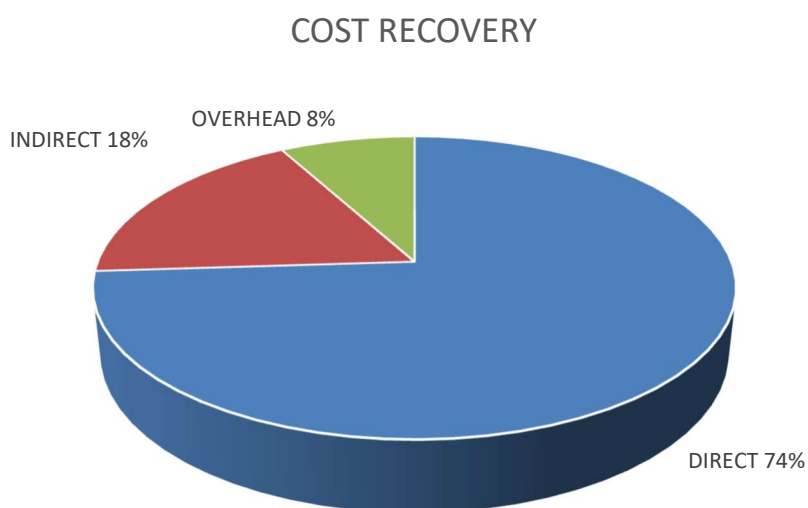
The measure of the revenue that may be recovered through source fees is the full cost of all programs related to these sources, including all direct program costs, a commensurate share of indirect program costs, and overhead unless otherwise funded. It is the District's practice that such fees are valid 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 FY23 budget, the direct rate is 74%, the indirect rate is 18% and overhead is 8%.

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 FY23 is \$1.24M and covers 75% of the cost of permitting.

Antelope Valley AQMD
GENERAL FUND, Consolidated

	Budget FY 2022	EOY Estimates FY 2022	Budget FY 2023
<u>Revenues</u>			
Permit Fees	1,047,500	1,124,947	1,199,200
Application Fees	30,500	31,176	32,500
Federal Revenue	0	0	63,982
Fines & Penalties	10,000	14,250	10,000
Interest Income	15,000	9,922	10,000
Revenue from Programs	731,400	678,199	934,045
State Revenue	1,096,000	1,179,925	1,446,315
Total Revenues	2,930,400	3,038,419	3,696,042
<u>Expenses</u>			
Personnel Expenses			
Program Staff	1,389,000	1,532,974	1,800,000
Total Personnel Expenses	1,389,000	1,532,974	1,800,000
Operating Expenses			
Communications	21,050	26,405	35,870
Dues & Subscriptions	46,650	19,050	21,100
Non-Depreciable Inventory	2,300	5,395	10,500
Legal	44,000	16,700	79,000
Professional Services	230,150	269,930	305,150
Maintenance & Repairs	6,500	4,700	7,000
Training & Travel	15,150	14,075	16,650
Vehicles	7,900	15,005	15,930
Office Expenses	110,125	109,700	132,761
Program Expenses	1,000,000	1,044,536	1,264,315
Miscellaneous Expenses	2,900	550	2,900
Total Operating Expenses	1,486,725	1,526,046	1,891,176
Capital Expenses			
Equipment	25,000	15,120	25,000
Software	25,000	0	25,000
Total Capital Expenses	50,000	15,120	50,000
Total Expenses	2,925,725	3,074,140	3,741,176
Cash To (From) Reserves	4,675	(35,721)	(45,134)

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 FY23 Budget being proposed.

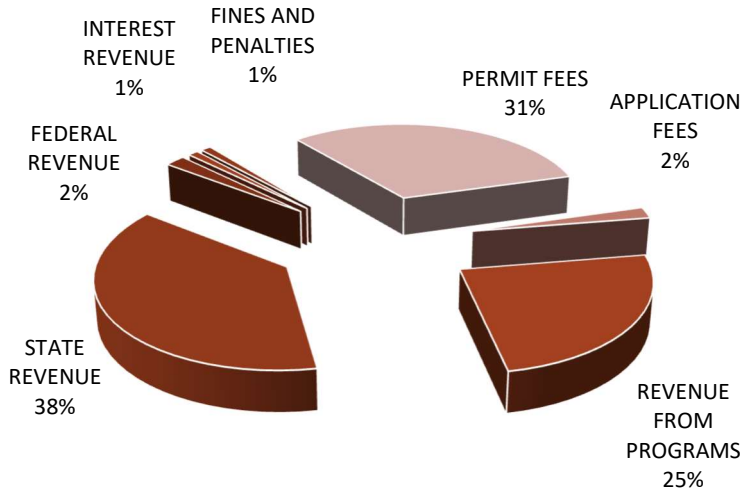
This budget includes a financial summary of all revenues, expenditures and staffing used by each of Antelope Valley AQMD's programs in the delivery of essential services to clean the air and to protect the health of all residents in the Antelope Valley AQMD through practical and innovative strategies.



The proposed General Fund budget for FY23 is not balanced budget with expenditures and revenues of \$3.7M million and 9.5 full time equivalents (FTE) including one vacant FTE. The FY23 proposed budget is 22% percent more than the FY22 adopted budget of \$2.9M. This is due in part to a 10% increase in fees effective January 1, 2023. Additionally, state and federally funded programs within the general fund are responsible for an additional \$.6M in FY23.

Staff is proposing a budget for FY23 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 10.0% fee increase effective January 1, 2023. Interest projections are a conservative 1% due to current market performance. Permit revenue is 34% of general fund revenue. Revenue from programs is 25% while state and federal revenue is 41% of general fund revenue.

EXPENSES

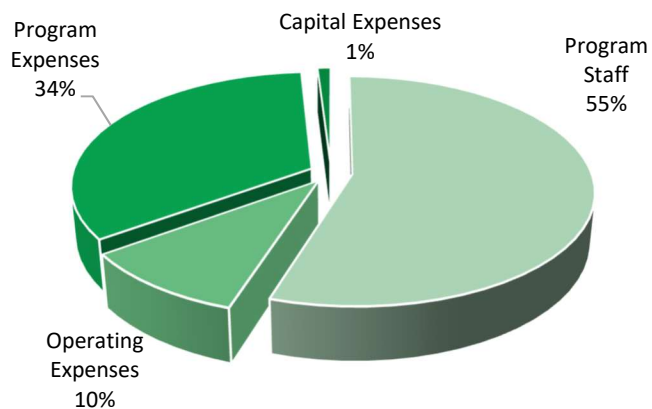
The Antelope Valley Air Quality Management District is in a five year contract for services with the Mojave Desert Air Quality Management District. Administrative and operational services were contracted

in order to meet the regulatory responsibilities of an air quality management district for compensation consistent with all applicable laws and regulations.

The FY23 General Fund expenses are \$3.7M including a Program staff budget of \$1.8M. Operating Expenses are \$627k, Capital Expenses are \$50k, and Program Expenses are \$1.26M. This is a 26% increase from the FY22 budget of \$1M. The additional revenue is from the AB134 Community Air Protection Grant Program revenue and is received from the California Air Resources Board (CARB).

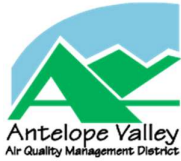
Program staff is 30% more than FY22. This is due to an increase of 2 FTEs, a COLA of 5%, and other miscellaneous benefit increases. Staffing costs account for 55% of the General Fund Budget.

GENERAL FUND EXPENSES



Antelope Valley AQMD
GENERAL FUND, Revenue Detail

	<u>Budget FY 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
Revenues			
Permit Fees			
Permit Fees Rev	953,000	1,053,818	1,105,000
Asbestos Demo/Reno Rev	90,000	85,319	90,000
Title V Rev	4,500	4,000	4,200
Permit Fee Adjustments	<u>0</u>	<u>(18,190)</u>	<u>0</u>
	1,047,500	1,124,947	1,199,200
Application Fees			
Permit Application Fees	30,000	29,226	32,000
AG Application Fees	<u>500</u>	<u>1,950</u>	<u>500</u>
	30,500	31,176	32,500
Fines & Penalties			
Notice of Violations Fee	<u>10,000</u>	<u>14,250</u>	<u>10,000</u>
	10,000	14,250	10,000
Interest Income			
Interest Revenue	<u>15,000</u>	<u>9,922</u>	<u>10,000</u>
	15,000	9,922	10,000
Other Revenue			
Revenue from Programs			
Administrative Funding	100,000	25,000	247,045
AB2766 Program	630,000	651,729	650,000
AB923 Program	0	0	36,000
Hot Spots	<u>1,400</u>	<u>1,470</u>	<u>1,000</u>
	731,400	678,199	934,045
State and Federal Revenue			
PERP Regulation	40,000	33,057	35,000
State Contracts	959,000	1,049,868	1,314,315
State Subvention	97,000	97,000	97,000
ARB PM 2.5 Section 103	<u>0</u>	<u>0</u>	<u>63,982</u>
	1,096,000	1,179,925	1,510,297
Total General Fund Revenues	<u>2,930,400</u>	<u>3,038,419</u>	<u>3,696,042</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 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
Expenses			
Personnel Expenses			
Operating Expenses			
Communications			
Telephones	6,000	5,140	6,000
Long Distance Charges	500	320	500
Video/Teleconference	150	150	150
Internet	10,000	10,395	11,820
Web Hosting	2,400	2,400	2,400
Tech Support	2,000	2,000	10,000
Computers	0	6,000	5,000
	<u>21,050</u>	<u>26,405</u>	<u>35,870</u>
Dues & Subscriptions			
Memberships & Sponsorships	45,000	18,750	20,000
Publications & Subscriptions	800	300	500
Professional Dues	600	0	600
	<u>46,400</u>	<u>19,050</u>	<u>21,100</u>
Non-Depreciable Inventory			
Furniture & Fixtures Exp	100	220	2,500
Machinery & Equipment Exp	1,200	5,000	7,000
Safety Equipment Exp	1,000	170	1,000
	<u>2,300</u>	<u>5,390</u>	<u>10,500</u>
Legal			
Legal Notices	4,000	615	4,000
Legal Services	40,000	16,085	75,000
	<u>44,000</u>	<u>16,700</u>	<u>79,000</u>
Professional Services			
Payroll Contract	0	1,215	1,000
Research Studies	6,000	6,000	6,000
Consulting Fees	3,000	8,220	25,000
Stipends	8,400	8,400	8,400
	<u>17,400</u>	<u>23,835</u>	<u>40,400</u>
Maintenance & Repairs			
General Bldg. Maintenance	2,000	0	2,000
Custodial Services	3,000	2,700	3,000
Equipment Repair	1,500	2,000	2,000
	<u>6,500</u>	<u>4,700</u>	<u>7,000</u>
Training & Travel			
Training	4,500	5,000	4,500
Travel	8,000	9,000	12,000
Mileage	150	75	150
	<u>12,650</u>	<u>14,075</u>	<u>16,650</u>

Antelope Valley AQMD
DISTRICT WIDE, Expense Detail

	Budget FY 2022	EOY Estimate FY 2022	Budget FY 2023
Vehicles			
Vehicle Gas & Oil	1,500	3,775	4,000
Vehicle Maintenance	2,000	2,000	2,000
Vehicle Repairs	3,000	3,000	3,000
Vehicle Insurance	1,400	5,680	6,930
	<u>7,900</u>	<u>14,455</u>	<u>15,930</u>
Office Expenses			
Software	1,300	2,000	25,000
Utilities	8,600	8,600	8,860
Supplies	3,000	3,000	3,000
Facility Leases	60,100	60,100	60,000
Equipment Lease	5,000	5,000	5,000
Postage	0	300	2,000
Courier	175	175	300
Printing/Shredding Services	1,350	1,350	1,350
Security	500	675	600
Liability Insurance	18,100	12,436	14,726
Meeting Expenses	1,000	1,225	1,225
Community Relations	9,500	9,500	9,500
	<u>108,625</u>	<u>104,361</u>	<u>131,561</u>
Program Expenses			
Program Expenditures	900,000	1,041,286	1,264,315
Program Expenditures Administrative	100,000	3,250	0
	<u>1,000,000</u>	<u>1,044,536</u>	<u>1,264,315</u>
Miscellaneous Expenses			
Bank Fees	2,900	550	2,900
	<u>2,900</u>	<u>550</u>	<u>2,900</u>
Total Operating Expenses	1,269,725	1,274,057	1,625,226
Capital Expenses			
Equipment	25,000	15,120	25,000
Software	25,000	0	25,000
Total Capital Expenses	50,000	15,120	50,000
Total Expenses	1,319,725	1,289,177	1,675,226



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 risk management, fleet and facility management, and fixed assets.

**Antelope Valley AQMD
CONTRACT, Expense Detail**

	<u>Budget FY 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
Expenses			
Personnel Expenses			
Program Staff	<u>1,389,000</u>	<u>1,532,974</u>	<u>1,800,000</u>
Total Personnel Expenses	1,389,000	1,532,974	1,800,000
Operating Expenses			
Communications			
Dues & Subscriptions			
Publications & Subscriptions	<u>250</u>	<u>0</u>	<u>0</u>
	250	0	0
Non-Depreciable Inventory			
Safety Equipment Exp	<u>0</u>	<u>5</u>	<u>0</u>
	0	5	0
Legal			
Professional Services			
Payroll Contract	125	200	250
Financial Services	<u>212,625</u>	<u>245,895</u>	<u>264,500</u>
	212,750	246,095	264,750
Maintenance & Repairs			
Training & Travel			
Training	500	0	0
Travel	<u>2,000</u>	<u>0</u>	<u>0</u>
	2,500	0	0

Antelope Valley AQMD
CONTRACT, Expense Detail

	<u>Budget FY 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
Vehicles			
Vehicle Gas & Oil	<u>0</u>	<u>550</u>	<u>0</u>
	0	550	0
Office Expenses			
Software	0	3,750	0
Supplies	500	450	0
Postage	1,000	1,000	1,000
Courier	<u>0</u>	<u>140</u>	<u>200</u>
	1,500	5,340	1,200
Program Expenses			
Miscellaneous Expenses			
Total Operating Expenses	<u>217,000</u>	<u>251,990</u>	<u>265,950</u>
Capital Expenses			
Total Expenses	<u><u>1,606,000</u></u>	<u><u>1,784,964</u></u>	<u><u>2,065,950</u></u>



THE CONTRACT - MDAQMD

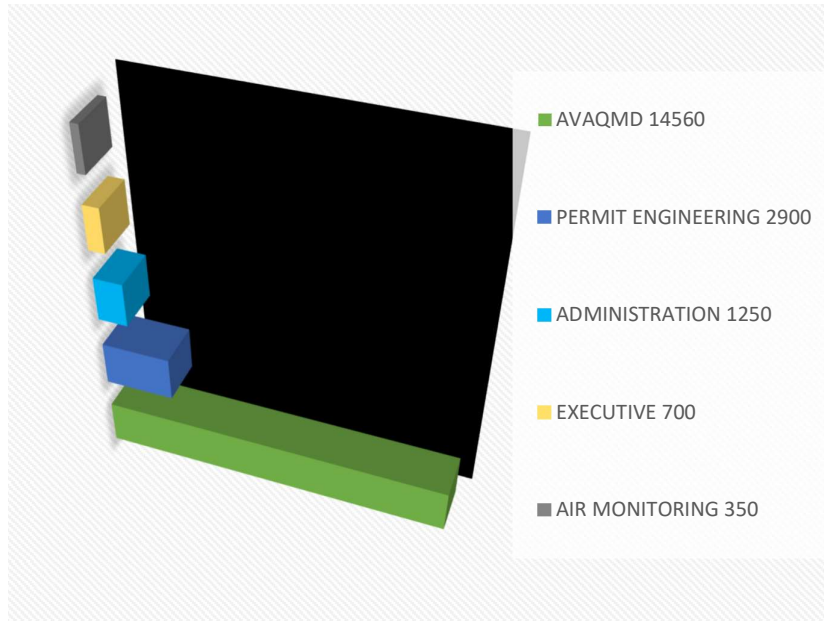
PROGRAM STAFF: 19,760 HOURS • 9.5 FTE • 1.80M

PERIOD JULY 1, 2022 – JUNE 30, 2023

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. On March 15, 2022, the AVAQMD initiated the process of ending the 25 year contract for services with the MDAQMD with an effective date of September 30, 2022. After September 30, 2022, any services contracted by the AVAQMD, through the MDAQMD, could be considered on a temporary as needed basis.

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 FY2023 is 19,760. The Antelope Valley AQMD office located in Lancaster, CA is staffed by 6 full time equivalents (FTE) with one vacant FTE.

Additionally, 2.5 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 FY23 AB2766 Program Budget is unchanged at \$620k ; which represents 22% 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 FY23 AB923 Program Budget is \$546k; which represents 19% of all program revenue.



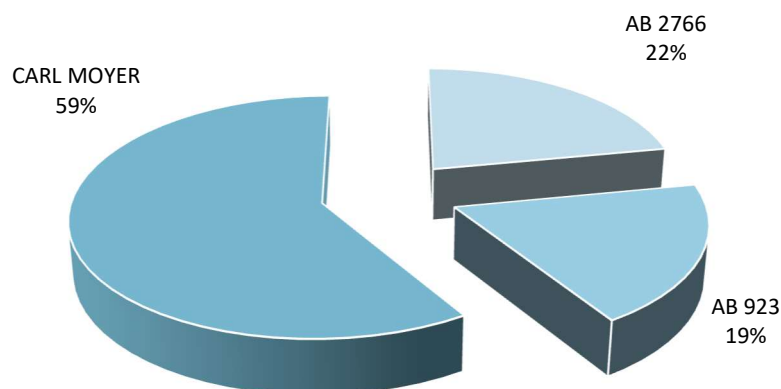
CARL MOYER

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 FY23 Carl Moyer Program Budget is \$1.5M compared to \$800k in FY22; which represents 59% of all program revenue.



Antelope Valley AQMD
Program Funds Consolidated GRANT PROGRAMS

	<u>Budget FY 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
<u>Revenues</u>			
Administrative Funding	100,000	67,557	141,258
AB2766 Program	620,000	620,000	620,000
Carl Moyer Program Round 21	800,000	599,413	1,513,803
AB923 Program	582,000	545,625	546,000
Interest Revenue	2,500	9,987	34,602
Total Consolidated Program Revenue	2,104,500	1,842,582	2,855,663
<u>Expenses</u>			
Program Expenditures	2,004,500	1,811,400	2,714,405
Program Expenditures Administrative	100,000	31,182	141,258
Total Consolidated Program Expense	2,104,500	1,842,582	2,855,663

Antelope Valley AQMD
Program Funds AB2766 GRANT PROGRAMS

	<u>Budget FY 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
<u>Revenues</u>			
AB2766 Program	620,000	620,000	620,000
Interest Revenue	<u>500</u>	<u>0</u>	<u>0</u>
Total AB2766 Program Revenue	620,500	620,000	620,000
 <u>Expenses</u>			
Program Expenditures	<u>620,500</u>	<u>620,000</u>	<u>620,000</u>
Total AB2766 Program Expense	620,500	620,000	620,000

Antelope Valley AQMD
Program Funds AB923 GRANT PROGRAMS

	<u>Budget FY 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
<u>Revenues</u>			
Administrative Funding	0	36,375	0
AB923 Program	582,000	545,625	546,000
Interest Revenue	<u>1,500</u>	<u>0</u>	<u>0</u>
Total AB923 Program Revenue	583,500	582,000	546,000

<u>Expenses</u>			
Program Expenditures	<u>583,500</u>	<u>582,000</u>	<u>546,000</u>
Total AB923 Program Expense	583,500	582,000	546,000

Antelope Valley AQMD
Program Funds Carl Moyer GRANT PROGRAMS

	<u>Budget FY 2022</u>	<u>EOY Estimate FY 2022</u>	<u>Budget FY 2023</u>
<u>Revenues</u>			
Administrative Funding	100,000	31,182	141,258
Carl Moyer Program	800,000	599,413	1,513,803
Interest Revenue	500	9,987	34,602
	<hr/>	<hr/>	<hr/>
Total Carl Moyer Program Revenue	900,500	640,582	1,689,663
 <u>Expenses</u>			
Program Expenditures	800,500	609,400	1,548,405
	100,000	31,182	141,258
	<hr/>	<hr/>	<hr/>
Total Carl Moyer Program Expense	900,500	640,582	1,689,663

Antelope Valley AQMD

ALL FUNDS, Consolidated Historical

	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023
Revenues					
Permit Fees	792,150	1,019,500	971,500	1,047,500	1,199,200
Application Fees	42,000	30,000	41,500	30,500	32,500
Federal Revenue	0	0	0	0	63,982
Fines & Penalties	59,000	62,000	63,000	10,000	10,000
Interest Income	14,300	22,435	58,000	17,500	44,602
Revenue from Programs	2,603,044	2,570,566	2,667,385	2,833,400	3,755,106
State Revenue	141,500	206,305	169,500	1,096,000	1,446,315
Total Revenues	3,651,994	3,910,806	3,970,885	5,034,900	6,551,705
Expenses					
Personnel Expenses					
Salaries & Wages	1,200,218	1,338,000	1,425,175	1,389,000	1,800,000
Total Personnel Expenses	1,200,218	1,338,000	1,425,175	1,389,000	1,800,000
Operating Expenses					
Communications	23,500	20,500	18,500	21,050	35,870
Dues & Subscriptions	10,500	20,500	46,100	46,650	21,100
Non-Depreciable Inventory	11,000	10,000	1,000	2,300	10,500
Legal	19,000	19,000	19,000	44,000	79,000
Professional Services	207,650	217,400	217,400	230,150	305,150
Maintenance & Repairs	6,500	6,500	6,500	6,500	7,000
Training & Travel	11,000	10,150	12,150	15,150	16,650
Vehicles	12,000	10,000	5,500	7,900	15,930
Office Expenses	107,425	102,575	97,475	110,125	132,761
Program Expenses	1,753,826	2,060,266	2,036,085	3,104,500	4,119,978
Miscellaneous Expenses	800	915	1,000	2,900	2,900
Total Operating Expenses	2,163,201	2,477,806	2,460,710	3,591,225	4,746,839
Capital Expenses					
Furniture & Fixtures	25,000	0	0	0	0
Equipment	0	40,000	40,000	25,000	25,000
Vehicles	30,000	30,000	20,000	0	0
Computers	35,000	0	0	0	0
Software	0	25,000	25,000	25,000	25,000
Total Capital Expenses	90,000	95,000	85,000	50,000	50,000
Total Expenses	3,453,419	3,910,806	3,970,885	5,030,225	6,596,839

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 48% from FY19 as a result of strategic fee increases designed to measure the revenue that may be recovered through source fees against the full cost of providing the services. The 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 26% from FY2019 as a result of a state and federal funding.

Staffing costs increased by 30% from the FY22 budget commensurate with the increase in FTEs. Excluding programs, Operating expenses have increased 29% since FY19. The rise in costs are the direct result of staffing increases of 30% recommendations for procedural changes to the Districts contract with the Mojave Desert AQMD.

Antelope Valley AQMD

GENERAL FUND, Consolidated Historical

	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Budget FY 2023
Revenues					
Permit Fees	792,150	1,019,500	971,500	1,047,500	1,199,200
Application Fees	42,000	30,000	41,500	30,500	32,500
Federal Revenue	0	0	0	0	63,982
Fines & Penalties	59,000	62,000	63,000	10,000	10,000
Interest Income	4,000	6,435	30,000	15,000	10,000
Revenue from Programs	774,300	611,300	659,300	731,400	934,045
State Revenue	141,500	206,305	169,500	1,096,000	1,446,315
Total Revenues	1,812,950	1,935,540	1,934,800	2,930,400	3,696,042
Expenses					
Personnel Expenses					
Salaries & Wages	1,100,000	1,338,000	1,425,175	1,389,000	1,800,000
Total Personnel Expenses	1,100,000	1,338,000	1,425,175	1,389,000	1,800,000
Operating Expenses					
Communications	23,500	20,500	18,500	21,050	35,870
Dues & Subscriptions	10,500	20,500	46,100	46,650	21,100
Non-Depreciable Inventory	11,000	10,000	1,000	2,300	10,500
Legal	19,000	19,000	19,000	44,000	79,000
Professional Services	207,650	217,400	217,400	230,150	305,150
Maintenance & Repairs	6,500	6,500	6,500	6,500	7,000
Training & Travel	11,000	10,150	12,150	15,150	16,650
Vehicles	12,000	10,000	5,500	7,900	15,930
Office Expenses	107,425	102,575	97,475	110,125	132,761
Program Expenses	15,000	85,000	0	1,000,000	1,264,315
Miscellaneous Expenses	800	915	1,000	2,900	2,900
Total Operating Expenses	424,375	502,540	424,625	1,486,725	1,891,176
Capital Expenses					
Furniture & Fixtures	25,000	0	0	0	0
Equipment	0	40,000	40,000	25,000	25,000
Vehicles	30,000	30,000	20,000	0	0
Computers	35,000	0	0	0	0
Software	0	25,000	25,000	25,000	25,000
Total Capital Expenses	90,000	95,000	85,000	50,000	50,000
Total Expenses	1,614,375	1,935,540	1,934,800	2,925,725	3,741,176



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 FY23 Cash Reserves are \$1M or 27% 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.

BUDGET CATEGORIES

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