



Butte County Air Quality Management District

2026-2027 Fiscal Year Budget

Butte County Air Quality Management District

2026 Governing Board Members

Chair

Tami Ritter

Supervisor, District #3

Vice Chair

Tod Kimmelshue

Supervisor, District #4

Bill Connelly

Supervisor, District #1

Bryce Goldstein

Councilmember, Chico

Peter Durfee

Supervisor, District #2

Bruce Johnson

Councilmember, Gridley

Doug Teeter

Supervisor, District #5

Eric Smith

Vice Mayor, Oroville

Zach Brown

Councilmember, Biggs

Ron Lassonde

Councilmember, Paradise

Stephen Ertle

Air Pollution Control Officer

Butte County Air Quality Management District 2026-2027 Fiscal Year Budget Report

Table of Contents

Schedule of Public Meetings and Hearings	1
Memorandum from the APCO	3-4
Financial Summary	
Budget Overview	5-6
Revenue & Budget Expenditure Analysis Charts	7
Comparative Budget Analysis Table FY 2026-27	9-13
Fund Balance Summary	14
Account Descriptions	
<i>Revenue Summary: Itemized by Account</i>	
Operating Accounts	15-16
<i>Expenditure Summary: Itemized by Account</i>	
Salaries & Employee Benefits	17-19
Materials & Supplies	19
Services & Other Operating	19-21
Rents & Leases	21
Noncapitalized Improvements & Equipment	21
Repairs & Maintenance	22
Professional/Consulting Services	22
<i>Non-Capital Subsidies Inflows & Outflows</i>	
Inflows - Direct Grants	23-24
Inflows – Pass Through Grants	25
Outflows	26-27
Investment Income, Debt Services, Unusual Items, Capital Outlay	28
<i>Fund Balance</i>	
Reserve Fund	28

Resolutions

- Resolution 2026-04: Adopting the 2026-2027 FY Budget
- Resolution 2026-05: Contracted Outside Legal Services

Appendices

- Appendix A: Budget Cycle
- Appendix B: Public Notice of Budget Adoption
- Appendix C: Organizational Chart
- Appendix D: District Compensation Schedule
- Appendix E: Reserve Policy Guidance (Resolution 2025-07)
- Appendix F: Admin Code A, Section 11 Excerpt – Financial Policies

Butte County Air Quality Management District

2026-2027 Fiscal Year Budget Report

Fiscal Budget Development and Adoption Schedule

- **Thursday, March 12, 2026, at 9:00 am**
Budget & Finance Committee Meeting
District Office, 629 Entler Avenue, Suite 15 – Chico CA
- **Wednesday, April 1, 2026, at 10:00 am**
Budget & Finance Committee Meeting
District Office, 629 Entler Avenue, Suite 15 – Chico CA
- **Tuesday, April 28, 2026**
Budget Proposal Available
On District website: www.bcaqmd.org
District Office, 629 Entler Avenue, Suite 15 – Chico CA
- **Tuesday, May 5th, 2026, at 2:00 pm**
Public Workshop
District Office, 629 Entler Avenue, Suite 15 – Chico CA
- **Tuesday, May 5th, 2026, at 5:30 pm**
Public Workshop
Zoom (link posted on District website, www.bcaqmd.org)
- **Thursday, May 28, 2026, at 10:00 am**
Public Hearing (HSC Section 40131 (a) (3))
By Zoom as part of regularly scheduled meeting
Butte County Association of Governments Board Room
326 Huss Drive, Suite 100 – Chico CA
- **Thursday, June 25, 2026, at 10:00 am**
Public Hearing (HSC Section 40131 (a) (3)) and Budget Adoption
By Zoom as part of regularly scheduled meeting
Butte County Association of Governments Board Room
326 Huss Drive, Suite 100 – Chico CA

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



Date: April 28, 2026

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

From: Stephen Ertle, Air Pollution Control Officer

Re: Proposed FY 2026-2027 Budget

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

With this document, the Air Pollution Control Officer presents the proposed Draft 2026-2027 Fiscal Year Budget of **\$2,731,163.61** in total outflows to conduct local Butte County Air Quality Management District programs. The budget for operating expenses totals **\$2,492,087.06**. Resolutions are provided which incorporate the necessary authority and directives to implement the Budget. We are recommending a CPI increase (per Section 2212 of the Revenue and Taxation Code) to the hourly rate this year.

Two public hearings² are required to be held by the Governing Board as part of the budget adoption process. These are scheduled for May 28, 2026, and June 25, 2026, during regular meetings of the Board. In addition, public workshops will be held on May 5th (2:00 PM and 5:30 PM). District Management has published in the local newspaper a legal notice, sent postcards to all permit holders and posted the proposed budget to the District's website (www.bcaqmd.org).

Any comments and recommendations received will be submitted to the Governing Board at the Public Hearings, with recommendations for the final budget submitted during the June 26, 2025, adoption hearing.

¹ California Health & Safety Code Section 40000

² California Health & Safety Code Section 40131

Proposed FY 2026-2027 Budget Highlights

The proposed FY 2026-2027 Budget includes the following highlights:

- DMV surcharges are budgeted at **\$735,000** in line with FY 25-26 projections. The amount has gone down in recent years based on vehicle registration totals in Butte County. This account represents 30% (was 32% in 25/26 budget) of the District's Operating Revenue and is limited to supporting activities associated with requirements under the California Clean Air Act-AB 2595 (1988) pursuant to CA AB 2766 (1990).
- Budgeted Carl Moyer Program, Rural Assistance and State Reserve programs will total **\$170,000** in grant funds toward incentives for purchasing low emission and alternative clean fuel engines. Additional funding will likely become available during the fiscal year for various other grants but is not allocated at this time due to timing with the State's budget.
- The total of **\$2,029,433.61** is budgeted for employee salaries and benefits, with no changes proposed for permanent regular staffing. The CalPERS Unfunded Accrued Liability (UAL) remained \$186,533 from FY 24-25 to FY 25-26. Approximately **\$42,325.15** has been included (account 518) to reduce long term Other Post Employee Benefits & pension retirement liability. Temporary Extra Help is budgeted at \$16,000 to assist with administration of grant programs as needed to assure timely emission reductions and to meet liquidation deadlines of respective grant programs. Wages and Benefits represent approximately 83% of total operating budget.
- Contingency funds are no longer budgeted as that would be redundant to the reserve policy.
- **\$608,022.00** in Reserves is budgeted which meets the District Reserve Policy's updated minimum goal of three (3) months of Operating Expenditures (Resolution 2025-07).

I respectfully recommend your Board's favorable consideration of a 2026-2027 Fiscal Year Budget of **\$2,731,163.61** toward the continued implementation of an *active and effective* air pollution control program.

Butte County Air Quality Management District

2026-2027 Fiscal Year Budget Report

Budget Overview

DISTRICT PROFILE

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

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

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

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

STRATEGIC GOALS:

The District's mission is to protect the people and environment of Butte County from the harmful effects of air pollution. The District is committed to achieving and maintaining healthful air quality throughout Butte County.

We pursue this mission through coordinated planning, regulation, enforcement, technical innovation, financial incentives, and public education.

The District's goals and objectives help guide operations and the allocation of resources within the budget.

- Maintain a responsive, transparent, and effective customer service program that promotes public understanding and participation.
 - Expand public education and outreach to encourage voluntary actions that improve air quality
 - Provide accessible, timely information through the District website, media, and community engagement
 - Administer grant programs that incentivize emission-reduction technologies in both public and private sectors

Ensure clear, consistent, and timely communication with the public, industry, partner agencies, and stakeholders

- Administer District programs efficiently and in full compliance with state and federal requirements while minimizing costs. Utilize state training programs and cross-train staff to ensure consistent program implementation.
- Continuously evaluate and improve internal processes for efficiency and cost-effectiveness.
- Develop and implement planning and control measures to attain and maintain air quality standards.
- Conduct cost analysis of new programs and present findings to the Board (Annually in December).
- Identify program deficiencies and recommend adjustments (Annually in December).

Propose implementation measures and timelines for Board consideration (February 2027).

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

PRIORITIES, ISSUES & ECONOMIC FACTORS:

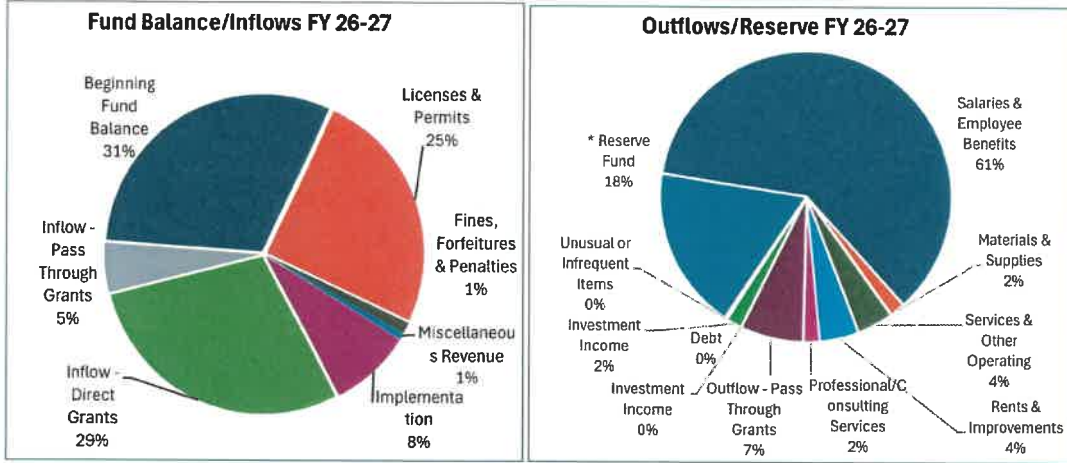
When preparing an efficient and cost-effective balanced budget the challenges and economic factors that were considered include:

- Strategies to obtain reasonable cost recovery of District programs consistent with established policies.
- Continuation of grant funding and the use of unearned implementation funds.
- Evaluate staffing needs to address increasing state and federal requirements.
- Evaluate and identify underutilized District services to minimize waste.
- Inflation impact to program implementation and cost recovery.

Butte County Air Quality Management District

Revenue and Budget Expenditures Analysis Charts

FY 2026-27



	FY25-26 Budget	FY25-26 Budget Amended Budget	FY 2026-27 Proposed Budget
Beginning Fund Balance	3,096,673	3,522,971	1,029,927
Revenue			
Licenses & Permits	816,750	823,422	838,772
Fines, Forfeitures & Penalties	40,000	88,000	40,000
Miscellaneous Revenue	18,023	20,123	20,490
Implementation	214,634	214,634	281,666
Subtotal Revenue	\$ 1,089,407	\$ 1,146,179	\$ 1,180,928
Total Revenue with Prior Year Fund Balance	\$ 4,186,080	\$ 4,669,150	\$ 2,210,854.75
Expenditures			
Salaries & Employee Benefits	1,918,810	1,938,063	2,029,434
Materials & Supplies	44,560	46,960	58,155
Services & Other Operating	123,598	124,705	136,626
Rents & Improvements	133,560	201,560	145,264
Professional/Consulting Services	80,744	80,744	62,608
	2,301,272	2,392,032	\$ 2,432,087.06
NonCapital Subsidies			
Inflow - Direct Grants	929,341	1,014,027	961,487
Inflow - Pass Through Grants	212,500	1,383,544	170,000
Outflow - Pass Through Grants	212,500.00	3,194,580	230,000
Total NonCapital Subsidies	\$ 5,956,885	\$ 10,376,215	\$ 901,486.93
Investment Income	\$ -	\$ -	\$ -
Debt	\$ 57,385	\$ 57,385	\$ 59,077
Unusual or Infrequent Items	\$ -	\$ -	\$ -
Capital	\$ -	\$ 30,000	\$ 10,000
TOTAL OUTFLOWS	\$ 2,571,157	\$ 5,673,997	\$ 2,731,164
* Reserve Fund	590,280	2,361,120	608,022
Restricted			
Total Reserved & Unearned	\$ 590,280	\$ 2,361,120	\$ 608,022
Projected Unassigned Estimated Ending Fund Balance	\$ 2,166,484	\$ (968,396)	\$ 3,156

Butte County Air Quality Management District

Budget

FY 2026-2027

	General Fund		Special Revenue Fund					Proposed Budget
	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	
4000 - OPERATING Revenue								
4210-Licenses & Permits								
4213010 Ag Burn Permits	95,000.00							95,000.00
4213013 Ag Engine Registration Program	350.00							350.00
4213020 Title V Permits	5,672.00							5,672.00
4213030 Operating Permits	659,000.00							659,000.00
4213035 Portable Engine Registration	43,750.00							43,750.00
4213038 Asbestos Program	10,000.00							10,000.00
4213040 Auth to Construct	22,000.00							22,000.00
4213055 Emission Reduction Fee	-							-
4213060 Misc. Other Permits	-							-
4213061 Technical Evaluation Fees	3,000.00							3,000.00
4210 - Licenses & Permits	838,772.00							838,772.00
4330-Fines, Forfeitures & Penalties								
4300001 Civil Settlements	40,000.00							40,000.00
4300 - Fines, Forfeitures & Penalties	40,000.00							40,000.00
4710-Other Revenues (Miscellaneous)								
Misc.Revenue								
BCC Secretarial Duties Contract	17,628.29							17,628.29
Reimbursements (Copy & Other)	1,826.71							1,826.71
Fees (Finance Charges, Return Check)	1,035.00							1,035.00
4712523 4712523 Misc Revenue	20,490.00							20,490.00
Implementation Revenue								
Implementation portion of interest from bank (see ab								
FARMER	62,113.39							62,113.39
Carl Moyer	59,999.81							59,999.81
CHIRP	41,686.00							41,686.00
WoodSmoke	17,542.87							17,542.87
Community Air Protection (CAP)	100,323.77							100,323.77
4712550 4712550 Implementation Administrative Funds	281,665.84							281,665.84
4710 - Other Revenues (Miscellaneous)	302,155.84							302,155.84
SUBTOTAL OPERATING REVENUE	1,180,927.84							1,180,927.84

Butte County Air Quality Management District

Budget
FY 2026-2027

	General Fund					Special Revenue Fund					
	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP				
Noncapitalized Improvements & Equipment											
543103 Office Furniture & Equipment (copier, chairs, conf tat	2,913.00										2,913.00
543203 Computer Equipment	22,557.00										22,557.00
543204 Computer Software & Subscriptions	36,489.34										36,489.34
543541 Air Monitoring Equipment & Maintenance	9,252.83										9,252.83
Repairs & Maintenance											
544001 Vehicle Maintenance	7,460.19										7,460.19
544042 IT Maintenance (computer equipment)	48,959.44										48,959.44
544103 Building Maintenance (annual expenditures)	11,815.50										11,815.50
540 Rents, Leases, Repairs & Noncapitalized Improvements	145,263.80										145,263.80
Professional/Consulting Services											
551137 AB2588 Hot Spots Fee	138.02										138.02
551536 Professional Services	43,415.00										43,415.00
551547 Legal Services	19,055.00										19,055.00
555580 Contingencies	-										-
550 Professional/Consulting Services	62,608.02										62,608.02
SUB OPERATING EXPENSES	2,432,087.06										2,432,087.06
Operating Subtotal (Income/Loss)											
	(1,251,159.22)										(1,251,159.22)
6000-SUBSIDIES Inflow Grouping (New Account Numbers Below)											
4510-Intergovernmental (Inflow-Other Income)											
600001 4510001 State Subvention	73,400.00										73,400.00
600002 4511001 DMV Surcharge	735,000.00										735,000.00
600500 4510500 AB2588 Hot Spots Fee	134.00										134.00
600501 4510501 105 Grant Funding	-										-
600502 4510502 AB 197 Funding	8,383.00										8,383.00
600503 4510503 AB 617 Implementation Funding	69,969.23										69,969.23
600504 4510504 Prescribed Burn Reporting & Monitoring	47,027.17										47,027.17
600505 4510505 GHG Oil & Gas Funding	-										-
600506 4510506 Monitoring Grant	27,573.53										27,573.53
<i>Direct Intergovernmental Funds</i>											
600606 4510906 Carl Moyer				170,000.00							170,000.00
600607 4510904 FARMER											-
600608 4510915 Community Air Protection (CAP)											-
600609 4510908 CHIRP Grant											-
600610 4510909 WoodSmoke											-
<i>Pass Through Grant Portion of Intergovernmental</i>											
451 - Intergovernmental	961,486.93			170,000.00							170,000.00
Noncapital Subsidies (Revenue)	961,486.93			170,000.00							1,131,486.93

Butte County Air Quality Management District

Budget
FY 2026-2027

		Special Revenue Fund					Proposed Budget		
General Fund		Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	Proposed Budget
Noncapital Subsidies Expenses									
Operating									
650060		60,000.00							60,000.00
650607		60,000.00			170,000.00				230,000.00
650608									
650609									
650610									
650650									
560 Total Grants					170,000.00				170,000.00

NONCAPITAL SUBSIDIES SUBTOTAL		901,486.93							901,486.93
--------------------------------------	--	------------	--	--	--	--	--	--	------------

SUBTOTAL OPERATING & NONCAPITAL SUBSIDIES		(349,672.29)							(349,672.29)
SUBTOTAL: Operating Income (Loss) and NonCapital Subsidies - Note: This is the critical subtotal required by GASB 103 to show if operations are sustainable when including recurring grant support.									

Renumber to 7000 Grouping									
Other NON Operating									
Interest Income									
Interest									
700410	4410	Interest							
441 - Interest (Use of Money & Property)									

Renumber to 7500 Grouping									
Debt Service									
750087	565087	Principal	58,048.55						58,048.55
750110	565087	Interest & Other Charges	1,028.00						1,028.00
565 Total Debt Service			59,076.55						59,076.55
Other NON Operating Subtotal			(59,076.55)						(59,076.55)

UNUSUAL or INFREQUENT ITEMS (NEW GASB REQUIREMENT)									
New Accounts in 8000 Series									
8100		Unusual/Infrequent Inflow (e.g., Disaster Grant) - Other Misc Income							
8200		Unusual/Infrequent Outflow (e.g., Cleanup Costs) - Other Misc Expense							

UNUSUAL or INFREQUENT SUBTOTAL									
---------------------------------------	--	--	--	--	--	--	--	--	--

Butte County Air Quality Management District

Budget

FY 2026-2027

	General Fund		Special Revenue Fund					Proposed Budget
	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	
Renumber to 9000 Grouping								
Capital								
900105 574465 Buildings & Improvements		10,000.00						10,000.00
900263 572569 Equipment (Computer Equipment & Office Furniture >\$25,000)		-						-
900305 579465 Vehicles (Fixed asset Inventory; Listed in Depreciation Schedule >\$25,000)		-						-
570 Total Capital Outlay		10,000.00						10,000.00

Inflows	2,142,414.77	-	-	170,000.00	-	-	-	2,312,414.77
Outflows	2,492,087.06	69,076.55	-	170,000.00	-	-	-	2,731,163.61
TOTAL Budget (\$ listed in Resolution) - Net Effect to Fund Balance	(349,672.29)	(69,076.55)						(418,748.84)

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

	Operating	Proposed Budget
Unearned		
Restrictions, (Fund Balance)		
Operating expenses for reserve calculation	2,432,087.06	2,491,163.61
Estimated reserve based on calculated from above (opr)	608,021.76	608,021.76
Reserve Fund (see Resolution/Policy)	608,022.00	608,022.00
Assigned		

Butte County Air Quality Management District

Budget

FY 2026-2027

General Fund	Special Revenue Fund					
Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP

Proposed Budget

Butte County Air Quality Management District

Fund Balance Summary

FY 2026-2027 Budget

	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	FY24-25 Proposed Budget
NonSpensible								
AB617 Support Grants	94,975.78							94,975.78
Carl Moyer				479,684.97				479,684.97
Farmer			18,478.80					18,478.80
WoodSmoke								
CAP							1,210,548.91	1,210,548.91
Reserve Funds	329,626.07							329,626.07
Committed Funds								
Unassigned Fund Balance	957,678.22							957,678.22
Audited Fund Balance 6/30/25	1,382,280.07	-	18,478.80	479,684.97	-	-	1,210,548.91	3,090,992.75

	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	FY25-26 Proposed Budget
FY 2025-26 Revenue Budgeted	2,160,205.96			212,500.00	236,224.00	163,953.50	770,866.65	3,543,750.11
FY 2025-26 Expenses Budgeted	2,512,559.12		18,478.80	692,184.97	236,224.00	163,953.50	2,050,596.51	5,673,996.90
Change to Fund Balance	(352,353.16)		(18,478.80)	(479,684.97)	-	-	(1,279,729.86)	(2,130,246.79)

	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	FY24-25 Proposed Budget
Operating								
Restricted								
Assigned (reserved increased FY25-26 \$259,963)	589,589.00							589,589.00
Projected Unassigned Audit Balance	440,337.91							440,337.91
Est. Fund Balance 6/30/26	1,029,926.91							1,029,926.91

	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	FY24-25 Proposed Budget
Activity FY 2026-27								
Total Inflows (Revenue)	2,142,414.77			170,000.00				2,312,414.77
Total Outflows (Expenditures)	2,492,087.06			170,000.00				2,731,163.61
Revenue Less Expenses	(349,672.29)							(418,748.84)

	Operating	Non-Operating	FARMER	Carl Moyer	CHIRP	WoodSmoke	CAP	FY24-25 Proposed Budget
Est Fund Bal 6/30/27								
Resolution 2025-07, Guides the District to maintain 3 months of operating expenses.								
Total Assigned & Restricted (reserve increased FY26-27 \$20,231)	608,022.00							608,022.00
Total unassigned Fund Balance	72,232.62							3,156.07
Fund Balance 6/30/2027	680,254.62							611,178.07

Butte County Air Quality Management District
Account Descriptions
FY 2025-2026

Revenue Summary - Operating Revenue

Licenses & Permits

4213010 Ag Burn Permits

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

4213013 Ag Engine Registration

Fees received by the District for issuing certificates of registration pursuant to Rule 441 "Registration Requirements for Stationary Compression Ignition (CI) Engines used in Agricultural Operations". Registration fees are required by Rule 513. These registrations are on a two (2) year cycle and will be up for renewal in FY 2027-2028.

4213020 Title V Permits

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

Pursuant to 40 CFR Part 70.9(b)(2)(i), the District has adopted and implements a Supplemental Title V fee program set out in District rule 505. The associated Title V Permit Fees were charged on a per ton emission fee based on EPA part 70 presumptive minimum fee rate of \$65.38 per ton of emissions for 2025-2026 (<https://www.epa.gov/title-v-operating-permits/permit-fees>).

4213030 Operating Permits

District Regulation V, adopted pursuant to Health & Safety Code Section 42311, establishes required permit fees in Rule 500. This account reflects annual permit renewal fees paid for permits to operate issued by the District pursuant to Rule 500. The District maintains approximately 820 Permits to Operate for stationary sources.

The Board adopted Rule 500 Amendments in December 2024 that increased fees effective Jan 2025 on a tiered basis for 3 years.

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

4213035 Portable Engine Registration

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

4213038 Asbestos Program

The Butte County Air Quality Management District has historically been one of several air districts in the state of California that has been “non-delegated” to enforce the Asbestos National Emission Standard for Hazardous Air Pollutants (NESHAP). Non-delegated air districts are being transitioned to implement and enforce the applicable Asbestos NESHAP Air Toxic Control Measure requirements from the California Air Resources Board. As of January 1, 2024, the District assumed oversight for Asbestos Demolition and Renovation projects in Butte County; Rule 270 (Asbestos Demolition and Renovation) describes the regulations on surveying, testing, and removal of potential asbestos-containing materials and Rule 516 (Asbestos Demolition and Renovation Fees) details the fee schedule for the program to recover the cost of program implementation.

4213040 Authority to Construct

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

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

4213055 Emission Reduction Credits

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

4213060 Misc. Other Permits

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

4213061 Technical Evaluation Fees

This account includes fee related to Rule 501 (Technical Evaluation Fee) based on the actual time expended by staff at the current hourly labor rate for activities such as application processing, consulting, inspections, etc.

Fines, Forfeitures & Penalties**430001 Civil Settlement**

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

Miscellaneous Revenue**4712523 Miscellaneous Revenue**

Includes reimbursements (Copies & Other), fees (Late Fees, return check, etc.), and other income that does not fit into an already established category. The majority of the income budgeted is for the BCC Secretarial Duties Contract.

4712550 Implementation Funds

This account includes revenue for administration of pass-through grant programs, including Carl Moyer Grant program, FARMER grant, CHIRP, Community (CAP) grants, WoodSmoke Reduction Program, and any additional implementation funds related to administering pass through grants.

Expenditure Summary – Operating Expenses

Salaries and Employee Benefits

As of January 2025, the district has a workforce comprised of 45% female and 55% male. Of this staff 18% are over 55 retirement age; 45% between 40-55 range and 36% under 40. These statistics show that the district needs to prepare with cross trainings, documentation and processes that will contribute to a smooth transition of staff.

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

The district last performed an external class and compensation study with updated job descriptions in 2006. An internal review was completed in 2021 and an internal review of compensation with Benchmark Districts was completed in September 2024. It is recommended that job descriptions are updated every 3-5 years and sometimes more frequently.

The current MOUs are effective through October 2027 with meet and confer options regarding salaries in April of 2026.

511 Salaries & Wages

The Salaries account covers Accounts 511000 through Account 511002 and reflects the base wage costs for all permanent full-time and part-time employees including all Federal and State taxes. This account does not include payments to independent contractors or extra help. The FY 2026-27 account includes eleven (11) budgeted positions as listed below.

Position Title	FY 24/25	FY 25/26	FY 26/27
Administrative Assistant	1.5	1.5	1
Administrative Technician	1	1	1
Accounting Technician	1	1	1
Administrative Services Officer	1	1	1
Air Quality Compliance Specialist I or II	2	2	2
Senior Air Quality Compliance Specialist	1	1	1
Air Quality Compliance Supervisor	0	0	0
Air Quality Engineer I or II	1	1	1
Senior Air Quality Planner	1	1	1
Assistant Air Pollution Control Officer	1	1	1
Director/Air Pollution Control Officer	1	1	1
Total FTE Position Count	11.5	11.5	11

Note 1: Full Time Employee (FTE)

Note 2: Some staffing above is budgeted under Extra help.

512 Extra Help

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

514 Overtime

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

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

518 Employee Benefits

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

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

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

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

518011 Vehicle Allowance benefit included in APCO contract.

518700 Retirement includes 6% contribution to the One America 401 accounts in leu of social security and employer payments for the CLASSIC and PEPRA employee retirement. Based on the latest PERS Valuation Report the District pays 12.58% for CLASSIC employees and 7.96% for PEPRA Employees. The employee portion for CLASSIC is 7% and PEPRA is 7.75%.

518800 Pension Liability The PERS Annual Valuation report for June 30, 2024 shows an unfunded accrued Liability that increased \$2,278,470 to \$2,247,428 (decreased funded ratio from 74% to 72.6%) for both CLASSIC employees and PEPRA employees resulting in a funded ratio of 74.8%. PERS Pension Liability expense line includes the required contribution amount for FY 2026-27 in the amount of \$208,902. The UAL for CLASSIC at the current amortization schedule is projected to be funded by FY 43-44.

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

Budgeted amount is for the annual prepayment option of \$202,142, with the difference of \$6,760 going to the trust fund with no additional discretionary payments for a total budget of \$208,902.

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

518901 OPEB Liability The 2023 GASB 75 report lists the OPEB Liability at \$493,493 with \$179,096 in the trust account, resulting in a net liability balance of \$314,397 as of July 1, 2023. The actuarial determined contribution for FY 2024-2025 was used for the amount to transfer to the CERBT Trust fund of \$39,438 for FY 2024-2025.

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

Materials & Supplies

521104 Postage

This account reflects the cost of postage and shipping. There was an increase in the USPS postage rate effective July 2025 and the proposed increase to 82 cents in July 2026. The District is anticipating increased mailings due to planned increased public outreach for various programs.

521201 Office Supplies

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

523001 Telecommunications

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

524544 Utilities – Electric/Gas

This account reflects charges for electricity, natural gas, water and garbage needed for operations at the District's office. An increase in electricity expenses are anticipated.

525545 Auto Fuel Costs/ Road Expense

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

Services and Other Operating

531201 Household/Janitorial

This account includes primarily custodial services.

532527 Insurance (Liability & Vehicle)

This account includes premiums for public liability, property damage including fire, burglary, and vehicle coverage, errors and omissions coverage, boiler and money insurance coverage. The District contracts with the Special District Risk Management Authority (SDRMA) for general insurance.

General Liability coverage:

Maximum loss per occurrence: \$5 million

Maximum loss per policy year: \$5 million

Coverage limits up to \$5 million with no deductible

Auto Liability coverage:

Maximum loss per occurrence: \$5 million

Maximum loss per policy year: Based on that for all AIG Policies

Coverage limits up to \$5 million with \$1,000 deductible

Errors & Omissions coverage:

Maximum loss per occurrence: \$5 million

Maximum loss per policy year: Based on that for all AIG Policies

Coverage limits up to \$5 million with no deductible

Property coverage:

Maximum loss per occurrence: N/A

Maximum loss per policy year: N/A

Coverage limits up to \$50,000,000 with \$2,000 deductible

Comprehensive coverage:

Maximum loss per occurrence: Vehicle Value

Maximum loss per policy year: N/A

Coverage on newer vehicle limits up to replacement value with \$250/\$500 deductible

Crime & Fidelity coverage:

Maximum loss per occurrence: \$400,000

Maximum loss per policy year: N/A

Coverage limits up to \$400,000 with no deductible

533533 Memberships, Dues & Subscriptions

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

Specifically, this account includes the following membership costs:

Air & Waste Management Association (Addresses technical & policy issues useful to the District)	195
Amazon Prime Membership	150
California Air Pollution Control Officers Association & CalEEMod (Addresses primarily state issues)	10,386
California Chamber of Commerce	590
California Special District Association (CSDA)	3,000
Costco	130
Government Officers Finance Association (GOFA)	310
Misc Memberships and unknown increases to above memberships	656
Total	15,417

534537 Public & Legal Notices

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

535540 Public Outreach

A District public education program is mandated, and the funding is derived directly from the DMV surcharge, State Subvention funds, and other grant funding including AB617. Some of the outreach includes the Check Before you Light Program, Clean Air Day, Chipper Program and other AB617 outreach programs. Many expenses in this account are paid for with grant funds.

536101 Training

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

537202 Travel & Conference Expenses

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

Rents, & Leases

541538 Property Rents & Leases

This account reflects the District's cost of facility rentals not reported in Debt Service as defined by GASB 87. This includes facility rentals for public outreach and various meetings.

542539 Equipment Rents & Leases

This account reflects the rent and lease of equipment (primarily for office use). This account includes the rental cost for the Pitney Bowes postage machine and the Copier.

Noncapitalized Improvement & Equipment

543103 Office Furniture & Equipment

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

543203 Computer Equipment

This account includes monitors, laptops, cameras, workstations, a new server, and other similar devices not otherwise budgeted as a fixed asset. Workstations are on a 4-year upgrade rotation with estimate of three (3) computers to be replaced per year.

543204 Computer Software & Subscriptions

This account includes software, licenses and various computer subscriptions including QuickBooks, Laserfiche, Adobe, Office 365, antivirus and spam filtering, firewall software renewal, and UCC, SLL Certificates. An upgrade to the Laserfiche filing and workflow program is a significant increase this year. We are also seeing large increase to the QuickBooks accounting subscription. Changes to this account may occur with the continued implementation of GASB 96 this year.

543541 Air Monitoring Equipment & Maintenance

This account was reflects specialized supplies and services, generally related to the conduct of the Air Monitoring District's operations, and for which an account has not otherwise been established. This account includes purchasing air quality sensors, and the maintenance for air monitors, EBAM calibration, maintenance, and satellite communications for monitoring equipment. It also accounts for items tied to the mobile air monitoring grant.

Repairs & Maintenance

544001 Vehicle Maintenance

The FY 2025-2026 costs include vehicle repair and maintenance costs. Expenditures include costs for keeping vehicles in an efficient safe operating condition, car washes, scheduled maintenance, and repairs.

544042 IT Maintenance (computer, copier, office equipment)

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

544103 Building Maintenance

This account reflects building maintenance, modification, and repair costs. Heating and air maintenance, maintenance plus and fire extinguisher maintenance is also included in this account. The district relocated to the current Entler Ave location in December 2010, with potential upkeep maintenance activities budgeted.

Professional/Consulting Services

551536 Professional Services

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

Specifically, the FY 2026-2027 Account includes the following Professional & Special Services:

ADP-Payroll, HR, Payroll Processing	6,000
GASB 75 OPEB Full Valuation for year end 7/1/2027	2,700
GASB 75 OPEB Disclosure end 6/30/27 & 6/30/28	1,200
CalPERS GASB 68 Valuations	750
Sacramento Valley Basin Coordinating Council (BCC)	13,000
Fiscal Audit (Government Code 26909) & Other Financial	12,500
Answering Service Hotline-Telesec	893
Western Weather Meteorological Services	610
In-house Staff Training	4,000
Laboratory Analysis	500
Misc. unanticipated	1,262
Total	43,416

551137 AB2588 Hot Spots Fee

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

551547 Legal Services

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

555580 Appropriation for Contingencies

The District's Appropriation for Contingency account is used to address unanticipated fiscal liabilities and changes in the operational activities. Transfers from this account to other expense accounts may be needed during the year due to unanticipated events. This account has not been used in several years. No funds are being budgeted.

NON-CAPITAL SUBSIDIES Inflows

Intergovernmental - Direct Funds

600001 State Subvention

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

At this time the 2025-2026 FY budget for funding will be the same as the base amounts awarded in FY 2024-2025. This can change without notice. Nearly half of all Statewide subvention disbursements go to the South Coast AQMD, a fourth to the Bay Area AQMD, and the remaining distributed on a pro-rated basis using the statute-specified per capita amounts (except that \$500,000 is reserved for rural districts).

600002 DMV Surcharge

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

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

600500 AB2588 Hot Spots Fee

The AB 2588 Program (HSC Sections 44300 et seq.) established a process to compile an inventory of air toxics emissions from specified facility categories in California and to assess the potential risks to public health because of exposure to those emissions. The District began implementing the AB 2588 Program in 1989. Facilities are categorized based on their reporting status in the program.

Facility Count for 2025

Facility Category	High	Intermediate	Exempt	Total
Core	1	26	50	77
Exempt			155	155
Industry-Wide Surveys:				
-Autobody Shops		3	41	44
-Dry Cleaners			4	4
-Gasoline Dispensing		5	88	93
-Diesel Internal Combustion Engine	1	4	187	192
-Print Shop			1	1
Not Yet Prioritized			0	0
Totals:	2	38	526	566

Program costs may be recovered by assessing a fee to subject facilities pursuant to District Rule 506, *Air Toxics "Hot Spots" (AB 2588) Fees*. The District is required to pay a fee to the State to cover CARB's costs. State fees are assessed by the District as a straight pass-through to the facility. The District is also authorized by Rule 506 to assess fees to cover local costs.

CARB's AB 2588 assessment of fees for Fiscal Year 2024-25 was \$134.00. This amount was determined by the following: SFPP, L.P.'s Chico Terminal = \$134.00 (Category F-Complex). State costs are allocated among the districts using a formula considering the number of facilities in each of the program categories and resource indices and are based on facility data received from the districts before September 1, 2025.

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

600501 105 Grant Funding

This account reflects U.S. EPA pass-through grant funding provided to selected local air districts to assist in the implementation of the federal Clean Air Act. The funding is provided through a memorandum of understanding between the California Air Pollution Control Officers Association (CAPCOA) and the District. No funding is being budgeted due to hold on federal grant funds. The account will be maintained.

600502 AB197 Funding

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

600503 AB617 Implementation Funding

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

600504 Prescribe Burn Reporting & Monitoring

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

600505 GHG Oil & Gas Funding

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

600506 Monitoring Grant Funds

The Grant funds received are for the creation of a mobile monitoring platform that can respond to any community in Butte County to screen for impacts from particulate pollutants. This will allow for better community support and strengthen Air Quality Index forecasting in the future. The District has experience tracking particulate impacts from wildfires, prescribed burning, agricultural burning, residential dooryard burning, and residential woodstove use. Portable air monitors and low-cost sensors have helped fill in some gaps however their stationary nature leads to an inability to react to changing weather conditions, fire conditions, topography, and receptors.

Intergovernmental - Pass Through Grant Portion

600906 Carl Moyer Funds

The Carl Moyer program provides grant incentives for purchasing lower-emission diesel engines. Funding typically covers the cost difference between a new diesel engine and an alternative, clean fuel or lower-emission model. For the Districts FY 26-27 Carl Moyer Grants, \$175,000 has been budgeted. Additional funding may become available during the year but is not allocated at this time. The administrative fee portion for this grant is projected in the Implementation Revenue Account. Additional Reserve funds are being allocated for Lawn and Garden.

600907 Farmer Funding

This account reflects state grant funding provided to local air districts under the "Funding Agricultural Replacement Measures for Emission Reductions (FARMER)" program. The FARMER program provides voluntary incentives to replace older, more pollutant equipment with newer, cleaner technologies in the agricultural sector. The state funding is provided from three (3) related funding sources: Greenhouse Gas Reduction Fund (GGRF) in AB 134, Air Quality Improvement Fund (AQIF) in AB 109 and Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) in AB 109. Funding is provided under a grant agreement between California Air Resources Board (CARB) and the District. Funding amount is unknown therefore no funds are budgeted.

600908 CHIRP Grant

The Climate Heat Impact Response Program was established by a Proclamation of a State of Emergency on June 30, 2021 to help reduce demand on the electric grid during extreme heat events. This includes suspending emissions requirements to allow for greater energy production during extreme heat events. The Proclamation also ordered CARB to develop a program that will mitigate these excess emissions in coordination with the CEC and CPUC. CARB works with Districts to pass through funds that fund emission reduction projects.

600909 Community Air Protection

AB 617 directs CARB to establish the Community Air Protection Program with the focus to reduce emissions and exposure in communities most impacted by air pollution. Greenhouse Gas Reduction Funds were allocated through the Carl Moyer Program to support the goals of AB 617 by achieving immediate reduction in mobile source emissions in disadvantaged and low-income communities. The year 2026-27 funding amount is unknown.

600910 WoodSmoke Funds

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

NON-CAPITAL SUBSIDIES Outflows

Grants

650906 Carl Moyer Grants

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

The District anticipates \$175,000 in Carl Moyer Clean Air Grants available for Fiscal Year 2026-27. The Carl Moyer program provides grant incentives for replacing or retrofitting older high emitting engines with lower-emission engines. Additional funding may become available during the year but is not allocated at this time.

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

650907 FARMER

Assembly Bill (AB) 134 and AB 109 appropriates funds to CARB for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector. CARB staff developed the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program to cover the three (3) related sources of funding included in AB 134 and AB 109. Nothing has been budgeted for FY 2024-2025 as CARB has not provided award amounts at the time the budget was released. If the District does receive an award, the District will return to the Board for acceptance and associated budget amendments.

Restricted grant funds at end of FY 24-25 year are budgeted in this account with an amendment. The FY 25-26 budget is based on the anticipation of being fully expended in the current 2024-25 fiscal year.

650908 Community Air Protection (CAP)

AB 617 directs CARB to establish the Community Air Protection Program with the focus to reduce emissions and exposure in communities most impacted by air pollution. Greenhouse Gas Reduction Funds were allocated through the Carl Moyer Program to support the goals of AB 617 by achieving immediate reduction in mobile source emissions in disadvantaged and low-income communities. Year 2024-2025 funding amount is currently unknown.

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

650909 CHIRP Grant

The Climate Heat Impact Response Program was established when a Proclamation of a State of Emergency was signed on June 30, 2021 to help reduce demand on the electric grid during extreme heat events. This includes suspending emissions requirements to allow for greater energy production during extreme heat events. The Proclamation also ordered CARB to develop a program that will mitigate these excess emissions in coordination with the CEC and CPUC. CARB works with Districts to pass through funds that fund emission reduction projects. This is the pass through portion of grant funds.

650910 WoodSmoke Grants

It is unknown how much State Funds are being allocated toward this program.

650914 DMV Grants

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

650950 Special Clean Air Grants

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

Investment Income

Investment Income

700410 Interest

This account includes interest from the bank earned on District accounts. For Grant interest earned the budgeted amount is for the project portion only, the 15% portion for implementation is recognized within the unearned and implementation revenue.

Debt Services

750087 Principal & 750110 Interest

The current office lease is for office space of approximately 4,030 square feet. The lease was renegotiated during FY 2020-21 with a 4% initial increase with no additional increase over the 5-year contract. The contract was renewed in February 2026.

Unusual or Infrequent Items

8100 Unusual/Infrequent inflow – Other Misc Income

This account is assigned for accounting Unusual/Infrequent inflows as required by GASB. There are no funds currently budgeted.

8200 Unusual/Infrequent outflow – Other Misc Expense

This account is assigned for accounting Unusual/Infrequent outflows as required by GASB. There are no funds currently budgeted.

Capital Outlay

900105 Building & Improvements

The funds budgeted in this account are for the use of unexpected Settlement Revenue toward installation of an electric vehicle (EV) charger or expedited on-site charging and/or the installation of a photovoltaic solar system to reduce the district energy costs.

900263 Equipment (Computer Equipment & Office Furniture > \$25,000)

No funds are budgeted.

900305 Vehicles

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

Fund Balance

Reserve Fund

These funds are available for reserves, as approved by the BCAQMD Board and as directed by the Board approved Reserve Policy. The goal of the Reserve Policy is to have at least three months of operating expenses in the Reserve Account. These funds may be re-budgeted as the Board deems appropriate. The district is maintaining the budgeted reserve fund \$608,022.

See Proposed Resolution 2025-07 (Reserve Policy), Appendix E.

Butte County Air Quality Management District

Resolutions

Resolution 2026-04: Adopting the 2026-2027 FY Budget

Resolution 2026-05: Contracted Outside Legal Services

**RESOLUTION 2026-04
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
FY 2026-2027 Fiscal Budget Adoption**

Resolution 2026-04)
Adopting the 2026-2027 Budget)
Totaling \$2,731,164)
Of the total, \$230,000 is in Grant funds)
The Operating Budget of \$2,492,087)
Includes Debt Service of \$59,077)

WHEREAS, on June 25, 2026, the Governing Board met in regular session;

AND WHEREAS, the Governing Board reviewed and considered information provided as set out and identified as the FY 2026-2027 Budget; and;

AND WHEREAS, pursuant to Health and Safety Code Sections 40130 and 40131 the Board held an initial Public Hearing on May 22, 2025 for the exclusive purpose of reviewing its budget and providing the public with the opportunity to comment on the proposed District budget;

AND WHEREAS, the Board held a Public Hearing pursuant to the Health and Safety Code Sections 40130 and 40131 on June 25, 2026 to consider adopting the FY 2026-2027 Budget;

THEREFORE, BE IT RESOLVED, that the Board has reviewed and adopts the FY 2026-2027 Budget consisting of an operating budget of \$2,492,087, which includes debt service of \$59,077 for the 2026-2027 District Fiscal Year;

BE IT FURTHER RESOLVED, that to cover program costs, the adoption includes the California Consumer Price Index (CCPI), All Urban Consumers, April 2025 to April 2026 increase in the hourly rate pursuant to Rule 509 Section 2, the hourly rate amended to \$_____, reflecting ___% increase, with Rule 509 being amended to include this change; and,

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

BE IT FURTHER RESOLVED, to adopt changes related to the new GASB requirements that result in the reorganization, renumbering, and new accounts defined in the budget and incorporated in the Administrative Code Section A, section 11.

BE IT FURTHER RESOLVED, the Air Pollution Control Officer is authorized to borrow internally from the Reserve Fund to resolve short-term cash flow needs, with the direction to make repayment by June 30, 2027; and,

AND BE IT FURTHER RESOLVED, the Air Pollution Control Officer is authorized and hereby directed to negotiate and sign the initial and final applications for potential State subvention funds for the Fiscal Year 2026-2027.

On Motion of _____, Seconded by _____, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 25 day of June, 2026 by the following:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on June 25, 2026.

ATTEST: _____
Kelly Towne, Clerk of the Governing Board

**RESOLUTION 2026-05
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
FY 2026-2027 CONTRACTED OUTSIDE LEGAL SERVICES**

Resolution 2026-05)
Approval and direction to the.....)
Air Pollution Control Officer to contract.....)
for Outside Legal Services)

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

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

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

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

AND WHEREAS, the FY 2026-2027 Budget includes \$18,500 for contract outside legal services;

BE IT FURTHER RESOLVED, the Board hereby authorizes and directs the Air Pollution Control Officer to execute a legal services agreement for legal counsel with current District Counsel Greg Einhorn for FY 2026-2027.

On Motion of _____, Seconded by _____ the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 25 day of June, 2026 by the following:

AYES:
NOES:
ABSTAIN:
ABSENT:

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

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on June 25, 2026.
ATTEST _____
Kelly Towne, Clerk of the Governing Board

Butte County Air Quality Management District

2026-2027 Fiscal Year Budget Report

Appendices

Appendix A: Budget Cycle

Appendix B: Public Notice of Budget Adoption

Appendix C: Organizational Chart

Appendix D: District Compensation Schedule

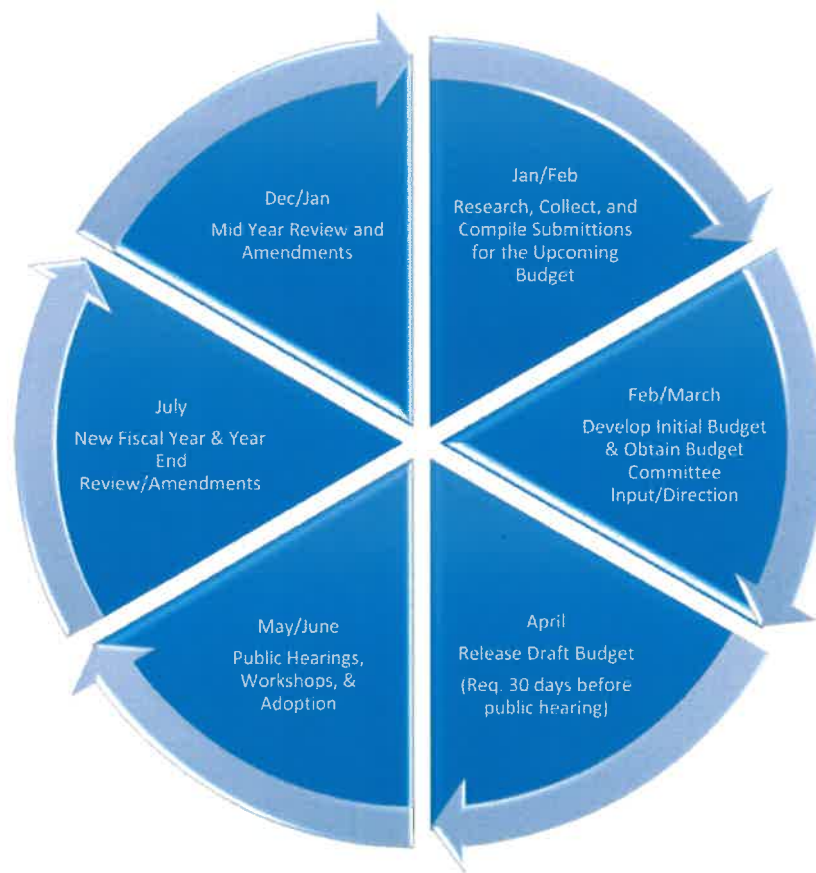
Appendix E: Reserve Policy Guidance (Resolution 2025-07)

Appendix F: Admin Code A, Section 11 Excerpt – Financial Policies

Butte County Air Quality Management District

Appendix A: Annual Budget Cycle

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



BASIS OF BUDGETING

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

Butte County Air Quality Management District

Appendix B: Public Notice of Budget Adoption

PUBLIC NOTICE IS HEREBY GIVEN, that the Butte County Air Quality Management District (District) Governing Board is holding Public Hearings by Zoom as part of our regularly scheduled Governing Board meetings to consider adoption of the District's 2026-2027 Fiscal Year Budget.

The proposed Budget is online at www.bcaqmd.org and on file at the District Office, 629 Entler Avenue, Suite 15 - Chico, CA, and is available for public inspection commencing Tuesday April 28, 2026.

The time and date of the Public Hearing set for adoption of the proposed Budget is Thursday, June 25, 2026, at 10:00 a.m., at the Butte County Association of Governments Board Room, 326 Huss Drive Suite 100, Chico, CA.

All written comments must be filed with the District's Board Clerk, 629 Entler Avenue, Suite 15 - Chico, CA, no later than June 11, 2026.

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

In addition to the Thursday, June 25, 2026, Public Hearing to adopt the proposed Budget, the District Governing Board is holding a special Public Hearing, to review the Budget and provide an opportunity for public comment on the proposed Budget. The time and date of this special Public Hearing is set for Thursday, May 28, 2026, at 10:00 a.m. at the Butte County Association of Governments Board Room, 326 Huss Drive Suite 100, Chico CA.

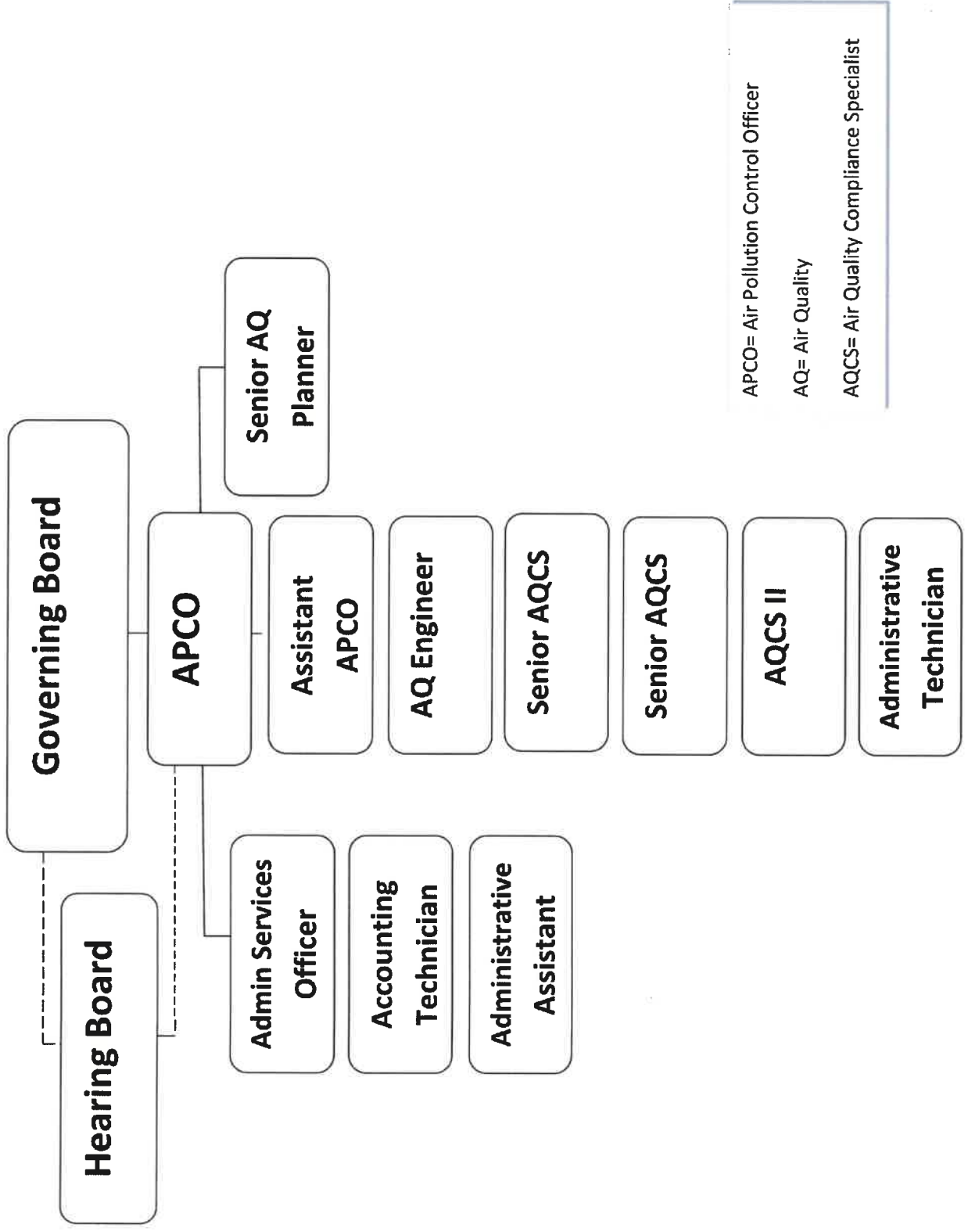
Following the Thursday, June 25, 2026, Public Hearing and without further notice, the District Governing Board may adopt the Final District Budget for the 2026-2027 Fiscal Year as the Board deems appropriate or take other action consistent with this notice.

DATED: April 21, 2026
BY: Stephen Ertle
Air Pollution Control Officer
Publish April 28, 2026

Butte County Air Quality Management District

Appendix C: Organizational Chart

Butte County Air Quality Management District



APCO= Air Pollution Control Officer

AQ= Air Quality

AQCS= Air Quality Compliance Specialist

Butte County Air Quality Management District

Appendix D: District Compensation Schedule

BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT

COMPENSATION SCHEDULE

Effective date October 1, 2025 (General Unit Salary Schedule)

(2.7%) CPI Increase

General Unit Position Title	FTE Status		Range	Step 1 Pay rate	Step 2 Pay rate	Step 3 Pay rate	Step 4 Pay rate	Step 5 Pay rate	Step 6 Pay rate	Contract
	21/22 22/23	23/24								
Administrative Assistant	1	1	11	\$1,782	\$1,871	\$1,965	\$2,063	\$2,167	\$2,394	
Administrative Technician	1	1	11	\$1,782	\$1,871	\$1,965	\$2,063	\$2,167	\$2,394	
Accounting Technician	1	1	20	\$2,224	\$2,335	\$2,454	\$2,578	\$2,708	\$2,976	
Air Quality Compliance Specialist I	2	2	23	\$2,391	\$2,509	\$2,637	\$2,771	\$2,910	\$3,199	
Air Quality Compliance Specialist II	0	0	27	\$2,637	\$2,771	\$2,910	\$3,054	\$3,207	\$3,529	
Senior Air Quality Compliance Specialist	1	1	31	\$2,910	\$3,054	\$3,207	\$3,368	\$3,536	\$3,890	
Air Quality Engineer I	1	1	30	\$2,840	\$2,983	\$3,132	\$3,286	\$3,453	\$3,800	
Air Quality Engineer II	0	0	34	\$3,133	\$3,287	\$3,453	\$3,627	\$3,808	\$4,190	
Senior Air Quality Engineer	0	0	38	\$3,453	\$3,626	\$3,808	\$4,000	\$4,200	\$4,621	
Assistant Air Quality Planner	0	0	26	\$2,575	\$2,707	\$2,842	\$2,984	\$3,133	\$3,448	
Associate Air Quality Planner	0	0	30	\$2,840	\$2,983	\$3,132	\$3,286	\$3,453	\$3,800	
Senior Air Quality Planner	1	1	34	\$3,133	\$3,287	\$3,453	\$3,627	\$3,808	\$4,190	
Effective date October 1, 2025 (Mngmt Salary Schedule)										
Management Unit Position Title	(2.7%) CPI Increase									
Air Quality Compliance Supervisor	0	0	34	\$3,227	\$3,385	\$3,557	\$3,736	\$3,923	\$4,316	
Air Quality Planning Supervisor	0	0	38	\$3,557	\$3,735	\$3,923	\$4,120	\$4,326	\$4,760	
Air Quality Engineering Supervisor	0	0	38	\$3,557	\$3,735	\$3,923	\$4,120	\$4,326	\$4,760	
Administrative Services Officer	1	1	38	\$3,557	\$3,735	\$3,923	\$4,120	\$4,326	\$4,760	
Assistant Air Pollution Control Officer	1	1	42	\$3,923	\$4,120	\$4,326	\$4,543	\$4,770	\$5,245	
Air Pollution Control Officer	1	1	Contract employee							\$5,261.65

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

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

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

Note 4: Full Time Employee (FTE)

Butte County Air Quality Management District

Appendix E: Reserve Policy Guidance (Resolution 2025-07)

**RESOLUTION 2025-07
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
RESERVE POLICY GUIDANCE**

Resolution 2025-07.....)
Updates to the.....)
Guidance for Establishing and.....)
Maintaining a Prudent Reserve.....)

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

AND WHEREAS, the Resolution was amended on May 26, 2022 with Resolution number 2022-19;

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

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

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

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

AND WHEREAS, GFOA has provided additional "Rethinking Reserve" guidance to use a risk evaluation of exposure to "extreme events and public safety concerns" for maintaining a greater level of reserved funds;

AND WHEREAS, maintaining a good level of reserves in the fund balance between 25-35% is associated with an "Aa" financing rating with the 25% in alignment with approximately 3 months of operating expenses.

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

AND WHEREAS, the District shall maintain an operating reserve for use during operational or financial emergencies. Emergencies shall constitute significant, unforeseen events that have a dramatic and immediate impact on the operations, assets or financial condition of the District.

AND WHEREAS, The Air Pollution Control Officer is authorized to use these funds for cash flow maintenance during the fiscal year. If reserve usage is for reasons other than cash flow or extends beyond the fiscal year, then a plan to replenish this reserve used shall be developed and approved by the Board.

AND WHEREAS, based on the District's circumstances and operations the staff have recommended using a target reserve of a minimum three (3) months regular operating expenditures;

THEREFORE, BE IT RESOLVED, that the Board adopts as guidance and policy that an unrestricted fund balance of three (3) months regular operating expenditures should be maintained as a goal in the District General Fund.


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

On Motion of Supervisor Durfee, Seconded by Councilmember Lassonde, the foregoing resolution is hereby PASSED and ADOPTED by the Air Quality Management District Board of Directors on this 26th day of June, 2025 by the following:

- AYES: Supervisor Kimmelshue, Supervisor Durfee(motion), Councilmember Calderon, Councilmember Goldstein, Councilmember Lassonde(second) and Vice Mayor Smith.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Supervisor Ritter, Supervisor Connelly, Supervisor Teeter, and Vice Mayor Arnold.



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

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on June 26, 2025

ATTEST: _____
Kelly Towne, Clerk of the Governing Board

Butte County Air Quality Management District

Appendix F: Admin Code A, Section 11 Excerpt – Financial Policies

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

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

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

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

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

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

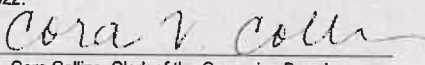
THEREFORE, BE IT RESOLVED, that the Butte County Air Quality Management District Board, hereby approves the Fiscal Policy.

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

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



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

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

Admin Code Part A Excerpt- Financial Policies Contents

SECTION 11: FINANIAL POLICIES	1
11.1 General Policies.....	1
11.2 Reserve Policies	2
11.3 Revenue Funds and Account Groups	2
11.4 Fees and Charges.....	5
11.5 Expenditure Policies	5
11.6 Purchasing.....	6
11.9 Bidding Procedures	7
11.10 Expenditure Reimbursement.....	8
11.11 Fixed Assets	10
11.12 Lease Policy	11
11.13 Cost Allocation.....	13
11.14 Purchasing	14
11.15 Purchasing and Requisition of Supplies or Services Procedures	15

SECTION 11: FINANIAL POLICIES

11.1 General Policies

Review annually The District's fiscal policies shall be reviewed annually by the Board as part of the fiscal budget adoption and shall be published in the Administrative Code.

Comply with applicable laws The District shall comply with all applicable state and federal laws and regulations concerning fiscal management and reporting, budgeting, investing and debt administration.

General Financial records shall be maintained in accordance with generally accepted accounting principles, applicable grant agreements, OMB Circular A87 and applicable state regulations governing special districts.

Measurement Focus The Air Quality Management District (AQMD) shall utilize the "spending" measurement focus. This focus requires that only current assets and current liabilities are generally reported on the balance sheet and the financial statement present financial flow information (i.e., revenue and expenditures).

Basis of Accounting Financial transactions shall be accounted for by the use off the modified accrual basis of accounting, whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period, and expenditures generally recognized when the related fund liabilities are incurred.

Internal Controls Due to the small number of District staff, it is not possible to implement segregation of all accounting functions; however, when possible, in an attempt to separate out duties, the District shall

organize and assign work duties and responsibilities to assure additional mitigation controls. Additional mitigating controls to prevent recording errors and/or fraud include established procedures, supervision and proper authorization by designated officials for all actions taken.

Administrative procedures The Administrative Services Officer shall establish and maintain appropriate fiscal and internal control procedures to assure the integrity of the District's finances.

Records and Reports The District shall keep and maintain complete and accurate financial records and prepare required reports in accordance with the uniform system of accounts, adopted by the Controller of the State of California. The District shall maintain records and prepare reports as required to reconcile financial information.

11.2 Reserve Policies

Reviewed annually The District shall maintain reserves that are appropriate to the needs of the District. Targeted reserve levels, categories and purposes shall be established and reviewed annually as part of the budget process. The use of fund balance or reserves for operational activities shall be explained in the annual budget document; such explanation shall describe the circumstances for such action and its expected future impact.

Operating reserves The District shall maintain an operating reserve for use during operational or fiscal emergencies. Emergencies shall constitute significant, unforeseen events that have a dramatic and immediate impact on the operations, assets, or fiscal condition of the District. The APCO is authorized to use these funds for cash flow maintenance during the fiscal year. If reserve usage is for reasons other than cash flow or extends beyond the fiscal year, then a plan to replenish this reserve used shall be developed and approved by the Board. The amount of the reserve shall be at least equal to three (3) months of budgeted annual operating expenditures. Also refer to the Reserve Policy Resolution 2025-07 board approved 6/26/2025 and the current fiscal year's budget.

Liquidity The District shall maintain cash and other asset accounts necessary to meet the liquidity needs for the District.

11.3 Revenue Funds and Account Groups

The AQMD shall maintain separated distinct funds as follows:

1. *Agricultural Burn Permit Account No. 4213010*: This account reflects revenue received from Agricultural Burn Permit Fees pursuant to District Regulation V, Rule 507.
2. *Agricultural Engine Registration Account No. 4213013*: This account tracks fees received by the District for issuing certificates of registration pursuant to Rule 1001 "Airborne Toxic Control Measure for Stationary Compression Ignition (CI) Engines used in Agricultural Operations", and Rule 441 "Registration Requirements for Stationary Compression Ignition (CI) Engines used in Agricultural Operations: Registration fees are required by Rule 513.
3. *Title V Permit Account No. 4213020*: Pursuant to 40 CFR Part 70.9(b)(2)(i), the District has adopted and implements a Supplemental Title V fee program set out in District Rule 505, Section 3. The associated Title V Permit Fees are charged on an emission fee basis at a presumptive minimum fee rate of \$25 (1989 dollars) per ton of emissions of fee-based emissions, as adjusted by the Consumer Price Index (CPI).
4. *Operating Permit Account No. 4213030*: District Regulation V, adopted pursuant to Health and Safety Code Section 42311, establishes required permit fees in Rule 500. This account reflects

annual permit fees paid for permits to operate issued by the District pursuant to Rule 500 based on the facility permit category.

5. *Portable Engine Registration Account No.4213035*: This account tracks registration fees received by the District pursuant to Rule 440 "Portable Equipment Registration". The registration fees are required by Rule 512. The budgeted revenues include new registrations but are primarily expected for registration renewals.
6. *Asbestos Program Account No.4213038*: This account is for an asbestos program that replaces the CARB managed program.
7. *Authority to Construct Account No. 4213040*: This account includes initial application fee and initial permit fees paid pursuant to Rule 500 (Permit Fees). Under the Authority to Construct Fee calculation methodology, the initial permit fee includes an authority to construct fee and toxic fee, if applicable, based on source category.
8. *Emission Reduction Credit Fee (ERC's) Account No. 4213055*: This account includes technical evaluation and processing fees paid as a result of reviewing and processing emission banking reduction applications in accordance with District Rule 503. The fees are charged at the AQMD's hourly rate for actual hours to complete the review.
9. *Miscellaneous, Other Permits Account No. 4213060*: This account includes miscellaneous revenue generated from Petitions for Variance Fees and Transfers of Ownership Fees.
10. *Technical Evaluation Fees Account No 4213061*: This account includes miscellaneous revenue based on actual time expenditure at the hourly rate for activities such as application processing, consulting, inspections, etc.
11. *Civil Settlement Account No. 4300001*: This account includes revenue received from implementation of the District's Civil Penalty Fee program established pursuant to Health and Safety Code Section 42402.5 and 42403.
12. *Miscellaneous Revenue, Special District Account No. 4712523*: This account reflects all income including returned check fees, reimbursements, and other income that does not fit into an already established category.
13. *Grant Implementation Revenue Account No. 4712550*: This account reflects income from other agencies to implement or administer various grant programs.

NON-CAPITAL Subsidies Inflows - Direct Grants

14. *State Subvention Account No. 4500001*: This account reflects State financial assistance received pursuant to Health and Safety Code Section 39802, which provides that the State Air Resources Board may subvене up to one (\$1) dollar for every dollar budgeted for use by a local air district, given specific requirements (e.g., that the district in an air basin implements uniform rules and regulations). Subvention funding provided pursuant to this statute is subvened at a rate up to \$.23 per capita with a minimum of \$34,400 for any one eligible district depending on the State funds provided in the respective year's State Budget.
15. *Department of Motor Vehicles, Vehicle Surcharge Account No. 4511001*: This account recognizes revenue received from the Department of Motor Vehicles (DMV) collected pursuant to AB 2766, Health and Safety Code Section 44223, and 44225.
16. *AB 2588 Toxic Hot Spots Fee Account No. 4510500*: This account includes AB 2588 Toxic Hot Spots Fees assessed pursuant to the Air Toxics Hot Spots Information and Assessment Act of 1987, in accordance with District Rule 506. Under the program, facilities are required to inventory air toxic emissions, assess the potential health risks from exposure to the emissions and, if necessary, notify the public and reduce significant risks. The State Air Resources Board (ARB) is required to adopt a fee regulation (Health & Safety Code Section 44380) and the

Districts are authorized to collect fees to cover both the District's and the State's (ARB's) costs for implementing the program.

17. *105 Pilot Project Grant Funding Account No. 4510501*: This account reflects U.S. EPA pass-through grant funding provided to selected local air districts to assist in the implementation of the federal Clean Air Act. The funding is provided through a memorandum of understanding between the California Air Pollution Control Officers Association (CAPCOA) and the District.
18. *AB 197 Funding Account No. 4510502*: This account reflects state financial assistance received to implement the provisions of AB 197 regarding improvements to the emissions inventory reporting process.
19. *AB 617 Funding Account No. 4510503*: This account reflects state financial assistance received to implement the provisions of AB 617 "Community Air Protection Program" regarding improvements in air pollution data collection and reporting, potential enhanced community air pollution monitoring and potential community emissions reduction programs. Funding is provided under a grant agreement between CARB and the District.
20. *Prescribed Burn Reporting and Monitoring Account No. 4510504*: This account reflects resources provided to air pollution control districts for an enhanced smoke management program. This includes enhanced reporting of prescribed fire activity in their regions, air monitoring of prescribed fires, improved public outreach regarding prescribed fires and resources for district staff to attend regional training sessions on different elements of the State's smoke management program.
21. *GHG Oil & Gas Funding Account No. 4510505*: This account reflects state financial assistance received to implement selected provisions of the state regulation "Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities". The District is implementing provisions under a memorandum of agreement with the California Air Resources Board.
22. *Monitoring Grant Funds Account no 4510506*: The Grant funds received are for the creation of a mobile monitoring platform that can respond to any community in Butte County to screen for impacts from particulate pollutants. This will allow for better community support and strengthen Air Quality Index forecasting in the future. The District has experience tracking particulate impacts from wildfires, prescribed burning, agricultural burning, residential dooryard burning and residential wood stoves. Portable air monitors and low-cost sensors have helped fill in some gaps however their stationary nature leads to an inability to react to changing weather conditions, fire conditions, topography and receptors.

NON-CAPITAL Subsidies Inflows - Pass-through Grants

23. *Carl Moyer Account No. 600906*: This account was created to isolate and better track the Carl Moyer Grant revenue received from the state. The Carl Moyer program provides grant incentives for purchasing lower-emission engines.
24. *FARMER Funding Account No. 600907*: This account reflects state grant funding provided to local air districts under the "Funding Agricultural Replacement Measures for Emission Reductions (FARMER)" program. The FARMER program provides voluntary incentives to replace older, more polluting equipment with newer, cleaner technologies in the agricultural sector. The state funding is provided from three (3) related funding sources: Greenhouse Gas Reduction Fund (GGRF) in AB 134, Air Quality Improvement Fund (AQIF) in AB 109 and Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) in AB 109. Funding is provided under a grant agreement between CARB and the District.

25. *CHIRP Grant Account No 600908*: This account is for grant funds associated with the Climate Heat Impact Response Program and the mitigation of excess emissions during extreme heat events.
26. *Wood Smoke Program, Account No. 600910*: This account was created to isolate and better track the Wood Burning Device Change-Out Program revenue received from the state.
27. *CEQA Mitigation, Account No. 4510910*: This account includes revenue received from projects with mitigation measures to reduce the project's impact on air quality.
28. *Community Air Protection (CAP) Account No. 600911*: This account reflects grant funding received from the state to benefit disadvantaged communities under the Community Air Protection Program.
29. *NOx Remediation Measure Account No. 600912*: This account reflects grant funding received from the state to obtain voluntary reductions of oxides of nitrogen (NOx) emissions due to the Low Carbon Fuel Standard.

INVESTMENT Income

30. *Interest, Account No. 700410*: This account includes the interest earned for District funds on account.
31. *Auction Proceeds Account No. 700415*: This account includes revenue received from the sale of District assets.

11.4 Fees and Charges

Setting of Fee and Charge Amounts Fees and charges shall be set to maintain cost recovery as allowed by State Law, with at least 90% cost recovery in the following programs: Asbestos, Enforcement, Grants, Portable, Stationary Sources and Toxics.

Collection of Fees and Charges The District shall strive to collect all fees and charges imposed and shall actively pursue and settle delinquent accounts.

Review of Fees The District shall review fees and charges annually as part of the Fiscal Budget adoption process to ensure cost recovery is maintained to minimize fee adjustment impacts on stakeholders.

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

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

11.5 Expenditure Policies

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

Authorized Signatures The Governing Board of Directors has authorized the Air Pollution Control Officer to sign District checks and warrants. The APCO may delegate such authorization to sign District checks and warrants to selected deputized management employees. Only deputized employees authorized by the APCO may sign checks and warrants. And such deputies may only sign District checks and warrants in the absence

of the APCO when necessary. Checks and warrants in excess of \$10,000 require two signatures. Checks and warrants may not be issued to and signed by the same individual.

Selected deputized management employees authorized by the Air Pollution Control Officer to sign District checks and warrants include: Assistant APCO and the Administrative Services Officer.

Disbursement of Funds for Liability Claims Fund assets shall be disbursed in accordance with the following procedures:

Claims: All disbursements to eligible claimants shall be supported by and in accordance with an annual written claim.

Approval: All claims shall be duly approved by Board resolution in accordance with the AQMD Rules and Regulations.

Instruction: Disbursements of fund assets to eligible claimants shall only be made in response to a written disbursement instruction issued by AQMD to the Administrative Services Officer. Disbursement instructions shall only be issued according to written claims approved by resolution.

11.6 Purchasing

Responsibility Except as otherwise specified, the APCO shall be deemed responsible for all purchases of and contract execution for materials, supplies, furnishings, equipment and services required by AQMD in the performance of daily operations. Each such purchase shall be made on behalf of the AQMD.

Expenditure Control Once the Board has adopted the annual operating budget, it shall be considered the controlling documentary plan of expenditure. As such, purchases and acquisitions shall be processed within the limitations established by the amount of budgeted resources allocated to each object classification by the District. Budget transfers between accounts may be authorized by the APCO.

Purchasing To maintain stewardship of public funds the following controlled procedures will be used. Before a purchase, determine if the purchase of the item, service, travel or training is budgeted.

Requisitions of Supplies and Services, Purchase Orders, Travel Request and Project Tracking If the item is in stock, the assigned staff person will obtain it and deliver it. If the item is not in stock or a purchase is necessary, the assigned staff person will request approval from the Administrative Services Officer to purchase the item(s) or incur the expense.

If the item can be purchased through an existing "open" account, the assigned staff person will place the order after receiving an approved Purchase Order. If the item(s) must be ordered from another vendor, the assigned staff person will notify the Administrative Services Officer to determine if a Purchase Order should be issued, an account opened or a credit card used. A travel request is also used for approval of multiple purchases when related to travel.

After the purchase is made, detailed receipts and packing slips will be returned to the Accounting Technician. The purchasing staff person will inspect all merchandise. If the order is incomplete or unacceptable the purchasing staff person will take steps to clear up any discrepancies. The receipt will then be submitted to the Accounting Technician.

For minor purchases of supplies, with the approval of the APCO or designee, an employee may purchase the item and be reimbursed for the cost by including the item on the expense reimbursement sheet. All invoices will be submitted to the Accounting Technician. The Accounting Technician will match the purchase order, if applicable, with the detailed receipt or packing slip and invoice to keep on file.

In certain instances, staff may use the District's Visa for small purchases and travel arrangements. See BCAQMD Small Purchase Card Program manual and Travel Request Policies.

Purchase and Project tracking forms help with approving, allocating and summarizing multiple expenses to a specific program area and are initiated when:

- There is a customer deposit required by a project or permit;
- Postage needs;
- Purchase orders(s) or prepayment authorization required by a vendor;
- Several expenses associated with one individual project or client.
- Training expenses not associated or requiring a Travel Request.
- Other purchases requiring capitalization, inventory, or budgetary tracking.

The staff person responsible for the project or incurring expense will request the Project & Expense Tracking Form/Purchase Order from the Accounting Technician or Administrative Services Officer. The form(s) will be completed and routed to appropriate staff (ex. supervisor for training) for approval/authorization. The form(s) will then be submitted to the Administrative Services Officer for review of the available budgeted funds and purchase approval. Once approved the form(s) will be forwarded to the Accounting Technician for processing/tracking and a copy will be forwarded to the purchaser for reference with the receipt.

After the purchase has been made the invoice, detailed receipts, packing slips and/or proof of publication will be returned to the Accounting Technician. The Accounting Technician will match the form(s) to these items and keep information on file. Invoice payment requires authorization from the Administrative Services Officer or designee. The Accounting Technician will provide the responsible staff person the balance of expenses when satisfied for billing or crediting the customer as appropriate.

Purchases that exceed the Travel Request, Purchase Request (PN/PO) or contract by more than 10% will require additional APCO review.

11.9 Bidding Procedures

The bidding procedures for purchasing equipment or any other purchase of fixed assets are as follows: If the items(s) to be purchased are estimated to cost \$11,000 or less, then the APCO or designee, has the authority to send the award out to bid through a Request for Proposal (RFP). In addition, the APCO or designee, has the authority to award the contract. While a formal competitive bidding process is not required, it is recommended that three (3) bids be solicited from known vendors or use of cooperative procurement resources.

If the item(s) to be purchased are estimated to cost more than \$11,000 then, unless otherwise authorized by the Governing Board, the item(s) is to be sent out for competitive bidding.

Unless otherwise delegated to the APCO, AQMD Board authority is required to award contracts for bids over \$11,000.

For purchases that are estimated to be \$11,000 or less, the APCO will make the award determination based on a combination of the lowest price and the quality of the product.

For purchases that are estimated to be over \$11,000 District Staff will review the proposals, rank all the bids based on the price and quality of the product and make a recommendation to the AQMD Board. The Board will review the staff recommendations and make a determination to award the contract. The Board may authorize the APCO to execute contracts that fall within an approved maximum bid. The Board may also authorize the APCO to purchase items without following the bid process.

In those instances where only one (1) bidder responds to an RFP, an award can be made to that bidder if it meets the requirements of the RFP or the process may be re-advertised. In those instances where a bidder has a particular product currently used by the AQMD, or where it is important to maintain consistency or a particular level of service an award of a contract can be made to a single bidder.

Professional Consultant Selection Procedure The purpose of this policy is to establish an open, fair and competitive process for selection of qualified professional consultants to perform work for AQMD. A request for proposals an (RFP) will be issued whenever there is a need for work to be performed by other than District staff. In general, for any project expected to exceed \$11,000 the AQMD Board will award the contract to the successful bidder. For projects of \$11,000 or less, the AQMD Board has given the APCO the authority to award the contract.

In those instances where the bidder has a particular product currently used by the AQMD, or where it is important to maintain consistency or a particular level of service an award of a contract can be made to a single bidder.

11.10 Expenditure Reimbursement

The purpose of this policy is to prescribe the manner in which the Butte County Air Quality Management District (District) employees and directors may be reimbursed for expenditures related to District business. The District shall adhere to Government Code Sections 53232 through 53232.4 when dealing with issues of director reimbursement.

Scope This policy applies to all employees and members of the Board of Directors, and its provisions regarding expense reimbursement are intended to result in no personal gain or loss to an employee or director.

Implementation Whenever District employees or directors desire to be reimbursed for out-of-pocket expenses for item(s) or service(s) appropriately relating to District business, they shall submit their requests

on a reimbursement form approved by the Air Pollution Control Officer (APCO). Included on the reimbursement form will be an explanation of the District-related purpose for the expenditure(s), and detailed receipts evidencing each expense shall be attached as required by the Administrative Code, Part B, Section 4.3 "Reimbursement Costs". Anticipated expenses through travel require pre-approval in accordance with Section 4.1 "Travel Authorization".

The APCO will review and approve reimbursement requests. Reimbursement requests by the APCO will be reviewed and approved by the Administrative Services Officer.

Expense Reimbursement District employees and directors are eligible to receive reimbursements for travel, meals, lodging, and other reasonable and necessary expenses for attending the following occurrences on behalf of the District. Reimbursement rates shall coincide with rates set by Internal Revenue Service Publication 463 or its successor publication(s).

- a. A meeting of the legislative body;
- b. A meeting of an advisory body;
- c. A conference or organized educational activity conducted in compliance with Government Code Section 54952.2(c), including but not limited to ethics training required by Government Code Section 53234; or
- d. Employee attended meetings related to District business, professional training or professional associations approved by the APCO.

Any and all expenses that do not fall within the adopted reimbursement policy or the IRS reimbursable rates are required to be approved by the Board of Directors of the District in a public meeting prior to the expense(s) being incurred.

Expenses that do not adhere to the adopted reimbursement policy or the IRS reimbursable rates, and that do not receive prior approval from the Board of Directors in a public meeting prior to the expense being incurred, shall not be eligible for reimbursement.

If lodging is in connection with 12.4 above or other prior approved event, such lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor. If the published group rate is unavailable, directors shall be reimbursed for comparable lodging at government or IRS rates.

If travel and lodging is in connection with 12.4 above, or other prior approved event, government or group rates offered by the provider of transportation or lodging shall be used when available.

The District shall provide expense reimbursement report forms to directors who incur reimbursable expenses on behalf of the District to document that their expenses adhere to this policy.

Receipts are required to be submitted in conjunction with all items listed on the expense report form in accordance with the Administrative Code, Part B, Section 4.3. Expenses without receipts will not be reimbursed.

Expense reports shall be submitted within a reasonable time, but not more than 30 days after incurring the expense.

Directors attending functions consistent with eligibility above, or other prior approved event shall submit reports to the District on the meeting(s) at the next regular meeting of the District Board.

It is against the law to falsify expense reports. Penalties for misuse of public resources or violating this policy may include, but are not limited to, the following:

- The loss of reimbursement privileges;
- Restitution to the local agency;
- Civil penalties for misuse of public resources pursuant to Government Code Section 8314; and
- Prosecution for misuse of public resources, pursuant to Section 424 of the Penal Code, penalties for which include 2, 3 or 4 years in prison.

11.11 Fixed Assets

Fixed Assets shall be defined as those items of tangible property which value is \$25,000 or more or is a vehicle, and which have a useful life of at least one (1) fiscal year. The primary purpose of accounting for fixed assets shall be as follows:

1. To safeguard and track investments;
2. To assign custodial responsibility;
3. To aid in scheduling future asset retirement and acquisition;
4. To supply financial reporting data;
5. To assure compliance with applicable local, State and federal requirements.

Capitalization

Individual inventory records shall be established and maintained in accordance with the following capitalization policy.

Equipment: Items of equipment shall include tangible property, which are movable or detachable without causing impairment to the unit to which it is attached; has a useful life of more than one (1) year; and a unit value of \$25,000 or more or is a vehicle. Unit value shall be set at an amount equal to the original cost of acquisitions plus any costs associated with bringing the asset to an operating or useful condition. Such costs include, but are not necessarily limited to, taxes, freight, installation, testing and related costs. In cases where an asset has been acquired by gift or other means by which costs are not readily available, cost shall be established using an estimate of fair market value. Such items shall be maintained on a controlled inventory list as capitalized entries.

Non-Capitalized Items

For purposes of administrative control, items purchased at \$500 to \$24,999, which meet the useful life criteria but do not meet the value, set forth in Section 2, shall be maintained on an Inventory Controlled Item list as non-capitalized memorandum entries. Controlled items are depreciated annually at 14% and then surplused to non-controlled status, donated, or disposed of when value drops below \$500.

Inventory Numbering

All District Fixed Asset or owned equipment valued at \$500 or more shall be tagged or marked with an inventory serial number for proper identification and control. Non-Controlled Inventory items valued at less than \$500 will be tagged or marked with non-controlled identification displayed as "Property of BCAQMD" and will not require Board approval for surplus. If it is deemed inappropriate or impractical to affix such a tag to an inventory item(s), stenciling "AQMD" in a prominent location shall mark each such inventory item.

Annual Physical Inventory

The Administrative Services Officer shall be responsible for conducting an annual physical inventory of all Inventory Controlled Items in the possession of the District at the close of each fiscal year. Said inventory shall be conducted as follows:

1. *Equipment List:* A list of all equipment in the fixed asset account group shall be prepared. The list shall be used to verify the existence and location of each item contained therein.
2. *Verification Witness:* A second employee shall be selected to accompany the Administrative Services Officer in locating and verifying the presence of each item on the inventory list.
3. *Documentation:* Both the Administrative Services Officer and attester shall approve the annual physical inventory by attaching their signatures to the inventory list.

Equipment Classification

Equipment shall be classified as follows:

1. *Office Furnishings:* Desks, chairs, filing cabinets, tables, partitions, lamps, bookcases, sofas and similar items.
2. *Office Equipment:* Personal computers, laptops, tablets, phones, calculators, copiers, recorders, cameras, video machines, typewriters, word processors, printers, televisions, and similar items.
3. *Field Equipment:* Hard hats, air monitors, cellular phones, laptops, tablets, phones, projectors, cameras and similar items.
4. *Vehicles:*

Surplus of Inventory

Government property not needed by the agency must first be screened for internal use, then declared "excess" and disposal documented and reported. Employees are generally prohibited from taking personal possession of or directly acquiring government property for personal use, as this can be seen as a violation of policy and a conflict of interest. Authorized exceptions would require Governing Board Approval.

11.12 Lease Policy

11.8.1 Overview

The GASB 87 standard for Leases requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions in the contract. This requirement to recognize a lease liability

and an intangible right to use lease asset and/or a lease receivable and a deferred inflow of resources, provides relevance and consistency in the District's leasing activities.

11.8.2 Definitions

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset (i.e., land, building, equipment, etc.) for a given term in an exchange or exchange-like transaction.

Term is the period in which the lessee has a noncancelable right to use the asset plus extensions that are reasonably certain to be exercised minus options to terminate early with notice periods.

An expense lease is "a lease that, at the start of the lease term, has a maximum lease term under the contract of twelve (12) months or less, including any options to extend, regardless of their probability of being exercised."

Short term lease term is more than twelve (12) months and not over three (3) years.

Medium term lease term is between three to nine (3-9) years.

Long term lease term is over nine (9) years.

11.8.3 General

This policy provides guidelines and procedures to ensure compliance with generally accepted accounting principles, governmental accounting standards, and other state and federal requirements related to leases. The Government Accounting Standards Board Statement No. 87 requires accounting for and reporting lease activity on the District's statement of net position beginning Fiscal Year ending June 30, 2022.

11.8.4 Responsibility

It is the District's responsibility to review and update policies and procedures as needed on a regular basis. This policy does not change the decision authority by the Board or APCO to enter into, extend or terminate a lease.

11.8.5 Lease Criteria & Approval

All agreements, terms, and extensions shall be reviewed before approval to ensure compliance with standards subject to state and federal laws and accounting principles and standards.

Lease Criteria should include:

- a. When possible, the applicable interest rate (or money cost) stated in the lease contract.
- b. The initial term, extensions, and cancellation clauses clearly stated in the contract.
- c. At the time of inception, the term of the lease will be assessed considering the extension options and will document reasoning for why extension is likely to be or not to be exercised and will base the term on that determination. This consideration does not change the decision authority by the Board or APCO to extend or terminate a lease.

- d. If a service component is part of the lease contract the vendor shall provide or define the portion of the lease payments related to the services provided.

11.8.6 Accounting for Leases

- a. Long term liabilities are not reported within the District's QuickBooks financial system and are documented as required by GASB 87 as part of the year end Audit Report and the statement of net position.
- b. Leases that do not meet the capitalization thresholds or are considered expense leases are not subject to this policy, except as required by state or federal law, or accounting principles and standards. The APCO has authority to exercise judgment on materiality of lease liabilities to the financial statements. The liability materiality threshold will be *10 % of total noncurrent liabilities* (excluding the present value of potential reportable financing lessee leases) or the capitalization threshold for fixed assets whichever is less. The dollar amount of this threshold should be reevaluated regularly, as changes in long-term debt would affect the materiality of lease liabilities.
- c. A group of similar right-to use assets leased through the same program at a similar time with similar useful lives will be bundled into a single group asset if exclusion of the individual assets because they are below the threshold is material to the financial statements.
- d. The useful life for depreciation/amortization reporting will be calculated using the lesser of the asset life or lease term, unless there is a purchase option that is reasonably certain to be exercised. Then it will be amortized over the useful life of the asset.
- e. The periodic amount to be amortized will be calculated using the straight-line method.
- f. If the interest rate is not available, the District will use the implicit rate for machinery or equipment based on the "Bank prime loan" interest rate for similar assets located on the Federal Reserve website ([link-Federal Reserve Bank prime loan rate](#)). Real estate related leases will follow mortgage rates at time of inception based on the IRS implicit rates for real estate located on the IRS website ([link-Applicable Federal Rates](#)) Use the AFR 110% line for the appropriate lease term.

11.13 Cost Allocation

This policy is to clarify and provide consistency with allocating direct and indirect revenue and expenses to programs. The analysis of these costs is intended to be used to:

- Ensuring program revenues do not exceed and are sufficient to cover the reasonable cost of implementation (California Clean Air Act & Proposition 26);
- Title V of Clean Air Act, requires operating permit "fees must be sufficient to fund all reasonable permit program costs.";
- Reporting the use of administrative funds toward implementation of the grant programs;
- Reporting AB 2766 funds used "to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988." (Health & Safety Code (HSC) section 44220(b));
- Reporting the use of Subvention funds for "reduction of air contaminants pursuant to the basin-wide air pollution control plan and related implementation programs" (Health and Safety Code (HSC) sections 39806-39811);
- CAPCOA 105 Grant Pilot Reallocation Program reporting requirements;
- Various program cost recovery analysis and program reporting.

COSTS & CLASSES:

Direct costs, as defined in 2 CFR Par 200, Section 200.413 are costs that can be identified specifically with a funded program activity, that can be directly assigned to such activities relatively easily with a high degree of accuracy. These costs include compensation of employees who work on that program and their fringe benefit costs, cost of materials, and other expenses incurred.

In addition to the direct cost of providing services, Butte County Air Quality Management District incurs indirect costs which include costs that benefit more than one program. Such indirect costs include shared administrative and operating expenses such as rent, utilities, insurance, office supplies, computer, payroll that are incurred for support to implement the Clean Air Act, air quality regulations, planning, enforcement, grants and other programs. The District uses a systematic and rational methodology to calculate the indirect cost amounts allocated as administrative to the designated programs on an annual basis for the previous fiscal year. The majority of the direct costs to defined programs are reported at the time of the transaction.

Classes are assigned within the accounting system to help allocate transactions as they occur which are directly related to program areas. The total indirect expenses allocated as administrative are distributed among the other categories based on the number of hours for the period within each program area at the calculated overhead rate. The distribution and analysis of the indirect costs are reported separately from the accounting system on an annual basis. It is reviewed within 90 days after close of the Fiscal Year and approved by the Air Pollution Control Officer.

The District's Overhead rate is calculated by adding the total administrative wages, benefits and expenses together and dividing that by the total of all the payroll hours less administrative hours.

Overhead rate = (admin wages + admin benefits + admin expenses) / (all payroll hours – admin hours)

The annual Cost Analysis Report is prepared to review the reasonable cost vs revenue for the various programs and can be further detailed within the grants class by grant type and year for additional reporting costs related to grant administrative funds. Revenue and expenditures associated with Administrative Grants are reported in multiple program areas/classes and therefore are reported separately from the district cost analysis report.

As an alternative to using the overhead rate to assign costs for a specific grant, the District may use costs assigned per District rules and regulations: Rule 508 *Document Copy Fees* and Rule 509 *Subject Research Fees and Hourly Rate* to calculate program reimbursements or for other reporting purposes as the grant allows.

11.14 Purchasing

11.10.1 General Responsibility

Except as otherwise specified, the APCO shall be deemed responsible for all purchases of and contract execution for materials, supplies, furnishings, equipment and services required by AQMD in the performance of daily operations. Each such purchase shall be made on behalf of the AQMD.

11.10.2 Expenditure Control

Once the Board has adopted the annual operating budget, it shall be considered the controlling documentary plan of expenditure. As such, purchases and acquisitions shall be processed within the limitations established by the amount of budgeted resources allocated to each object classification by the District. Budget transfers between accounts may be authorized by the APCO.

11.15 Purchasing and Requisition of Supplies or Services Procedures

11.11.1 Project Tracking, Purchase Orders and Requisition of Supplies

To maintain stewardship of public funds the following controlled procedures will be used:

Determine if the purchase of the item, service, travel or training is budgeted. If the item is in stock, the assigned staff person will obtain it and deliver it. If the item is not in stock or a purchase is necessary, the assigned staff person will request approval from the Administrative Services Officer to purchase the item(s) or incur the expense.

If the item can be purchased through an existing "open" account, the assigned staff person will place the order. If the item(s) must be ordered from another vendor, the assigned staff person will notify the Administrative Services Officer to determine if a Purchase Order should be issued, an account opened or a credit card used.

After the purchase is made, receipts and packing slips will be returned to the Accounting Technician. The purchasing staff person will inspect all merchandise. If the order is incomplete or unacceptable the purchasing staff person will take steps to clear up any discrepancies. The receipt will then be submitted to the Accounting Technician.

For minor purchases of supplies, with the approval of the APCO or designee, an employee may purchase the item and be reimbursed for the cost by including the item on the expense reimbursement sheet. All invoices will be submitted to the Accounting Technician. The Accounting Technician will match the purchase order, if applicable, with the receipt or packing slip and invoice to keep on file.

In certain instances, staff may use the District's Visa for small purchases and travel arrangements. See attached BCAQMD Small Purchase Card Program manual.

Purchase and Project Tracking

Purchase tracking forms are initiated when:

1. There is a customer deposit required by a project or permit;
2. Postage needs;
3. Purchase orders(s) or prepayment authorization required by a vendor;
4. Several expenses associated with one individual project or client.
5. Training expenses not associated or requiring a Travel Request.
6. Other purchases requiring capitalization, inventory, or budgetary tracking.

The staff person responsible for the project or incurring expense will request the Project & Expense Tracking Form/Purchase Order from the Accounting Technician or Administrative Services Officer. The form(s) will be completed and routed to appropriate staff (ex. supervisor for training) for approval/authorization. The

form(s) will then be submitted to the Administrative Services Officer for review of the available budgeted funds and purchase approval. Once approved the form(s) will be forwarded to the Accounting Technician for processing/tracking and a copy will be forwarded to the purchaser for reference with the receipt.

After the purchase has been made the invoice, receipts, packing slips and/or proof of publication will be returned to the Accounting Technician. The Accounting Technician will match the form(s) to these items and keep information on file. Invoice payment requires authorization from the Administrative Services Officer or designee. The Accounting Technician will provide the responsible staff person the balance of expenses when satisfied for billing or crediting the customer as appropriate.

Purchases that exceed the Travel Request, Purchase Request (PN/PO) or contract by more than 10% will require additional APCO review.

11.11.2 Bidding Procedures

The bidding procedures for purchasing equipment or any other purchase of fixed assets are as follows: If the item(s) to be purchased are estimated to cost \$11,000 or less, then the APCO or designee, has the authority to send the award out to bid through a Request for Proposal (RFP). In addition, the APCO or designee, has the authority to award the contract. While a formal competitive bidding process is not required, it is recommended that three (3) bids be solicited from known vendors or use of cooperative procurement resources.

If the item(s) to be purchased are estimated to cost more than \$11,000 then, unless otherwise authorized by the Governing Board, the item(s) is to be sent out for competitive bidding.

Unless otherwise delegated to the APCO, AQMD Board authority is required to award contracts for bids over \$11,000.

For competitive bids, a Notice Inviting Bids will be prepared. The Notice and the instructions to bidders will be released to partner agencies and industry stakeholders through electronic media (website, social media, direct email and other means available). When an RFP for services or supplies is determined to no longer be needed the RFP shall be rescinded using the same outreach the RFP used.

For purchases that are estimated to be \$11,000 or less, the APCO will make the award determination based on a combination of the lowest price and the quality of the product.

For purchases that are estimated to be over \$11,000 District Staff will review the proposals, rank all the bids based on the price and quality of the product and make a recommendation to the AQMD Board. The Board will review the staff recommendations and make a determination to award the contract. The Board may authorize the APCO to execute contracts that fall within an approved maximum bid. The Board may also authorize the APCO to purchase items without following the bid process.

In those instances where only one (1) bidder responds to an RFP, an award can be made to that bidder if it meets the requirements of the RFP or the process may be re-advertised.

In those instances where a bidder has a particular product currently used by the AQMD, or where it is important to maintain consistency or a particular level of service an award of a contract can be made to a single bidder.

11.11.3 Instruction to Bidders

1. No bid proposal will be considered for award unless submitted in full satisfaction of Bid Specifications, completely filled out, properly signed by the bidder and delivered on or before the date specified in the Notice Inviting Bids, at which time all bids will be publicly opened and recorded.
2. Attention of the bidders is directed to all provisions of the Specification, which in addition to the Bid Proposal and these instructions will be made a part of any contract with the successful bidder.
3. The AQMD Board may make awards within the time stated in the form of Bid Proposal, and no Bid Proposal may be withdrawn prior to award within that time.
4. Specifications are carefully prepared describing the items or equipment desired. An appropriate addendum will be issued to all bidders, if necessary, stating revisions, deletions, or additions to be made to the Specifications as a result of any inquiries.
5. The AQMD reserves the right to reject any and all bids.
6. The AQMD reserves the right to waive any informality or irregularity that does not have monetary consideration when it is in the best interest and advantage of the AQMD to do so. A discrepancy, which offers a bidder an unfair advantage, will cause the bid to be non-responsive.
7. In all instances where an exception is taken to the Specifications that don't meet the minimum requirement, the bid will be considered non-responsive.
8. In the event equal bids are received from two (2) or more bidders, the District shall utilize a tiebreaker to establish the lowest reasonable bidder. Unless otherwise agreed upon by all participating parties, the tie breaker utilized shall be a coin toss to be administered by a third party chosen by the mutual consent of the participants. Such coin toss shall take place within seven (7) working days from date of bid opening. If the District determines that a tiebreaker is necessary, and any bidder refuses to participate or to indemnify the District in any litigation resulting from the utilization of the tiebreaker, his/her bid shall be rejected.
9. The AQMD reserves the right to decrease quantities to stay within budget limitations.
10. The AQMD reserves the right to evaluate any product or type of equipment offered in the Bid Proposal and will determine acceptability as an approved equal or equivalent.
 - a. All bid proposals must be accompanied with pertinent information that will provide sufficient technical data on the time or goods offered. The information may consist of specifications or brochures that will provide sufficient detail to evaluate the items.
 - b. The decision of acceptability as an approved equal or equivalent shall be at the District's discretion.
11. Solicitation of bids in no way obligates the AQMD to purchase any or all of the described equipment prior to bid award by the AQMD Board.
12. All bid proposals will be valid for thirty (30) days from the submittal deadline.

11.11.4 Professional Consultant Selection Procedure

The purpose of this policy is to establish an open, fair and competitive process for selection of qualified professional consultants to perform work for AQMD. A request for proposals an (RFP) will be issued whenever there is a need for work to be performed by other than District staff. In general, for any project expected to exceed \$11,000 the AQMD Board will award the contract to the successful bidder. For projects of \$11,000 or less, the AQMD Board has given the APCO the authority to award the contract.

In those instances where a bidder has a particular product currently used by the AQMD, or where it is important to maintain consistency or a particular level of service an award of a contract can be made to a single bidder.

Form and Content of RFP

1. *Introduction.* This section should set forth and describe the agency requesting the services, the amount and source of funds that are available for the project (note, however, that in some instances it may be desirable not to state the amount of funds available), the general parameters of the work product, the deliverable projects or services, and the time for completion of the project. In addition, the deadline for submission of the RFP, address and District staff contact person should be included.
2. *Background.* In this portion of the RFP, discuss the events, which have taken place that have made the project desirable.
3. *Problem Statement.* The problem that must be solved or issue to be addressed specifically defined for the proposed contractors.
4. *Objectives of the Project.* The objectives should be clearly set forth, and where appropriate, the objectives should be stated on quantifiable terms to facilitate evaluation of the contractual effort.
5. *Scope of Work.* This section should describe the tasks, schedules, and intermediate products, which are expected. The description of work should be as unambiguous as possible so that comparison of proposals based upon it is possible. The focus will usually be on types of activities and results expected so as to allow some creativity in design of an approach.
6. *Deliverable Products.* This will be the expected end result of the work effort. Examples are a manual, a seminar, management analysis, etc.
7. *Proposal Evaluation Criteria.* If the criteria to be used are known, contractors should be informed of them. This information could be shared with consultants during a pre-proposal conference.
8. *Proposer's Conference.* Time and place of pre-proposal conference.

Form of Proposal

1. *Introduction.* Determined by bidder.
2. *Technical Approach.*
3. *Problem.* Statement of the problem as a bidder understands it.
4. *Project Objectives.* Outline the objectives the bidder feels will, when fully achieved, constitute an effective and reliable solution to the problem.
5. *Key Factors.* Describe any factors or issues whose resolution the bidder feels will be essential to solving the problems or would otherwise influence the course of the project.
6. *Approach.* The managerial and technical approach the bidder will follow if selected. Describe the various phases or steps the bidder would take during the project, the point where key decisions will be required must be identified, the timing of interactions between consultant and AQMD personnel, the techniques the bidder would employ in deriving solutions to the problems presented.
7. *Work Plan.* Outline and describe in detail all project tasks.