



Mendocino County Air Quality Management District

May 31, 2023

RE: June 6, 2023 MCAQMD Budget Hearing

The Mendocino County Air Quality Management District (District) maintains an active and effective air quality management program to protect the health and welfare of the populace of Mendocino County and the North Coast Air Basin. This is a shared mission with State and Federal agencies. The District has primary responsibility for stationary air pollution sources in conformance with all District regulations and State and Federal laws. As a designated Air Basin, the District participates in several Local, State and Federal programs by law. The District's attainment status with all of the Ambient Air Quality Standards (AAQS) has enabled flexibility when meeting State and Federal requirements.

The above referenced, June 6, 2023, draft budget hearing is intended to meet the requirements of California Health and Safety Code (H&SC) Section 40131.

The purpose of this hearing is to present, take public comment on, and consider the District's FY 2023/2024 draft budget (See Attachment 1 and 2). The final budget is to be considered for adoption at a later date, no sooner than 2 weeks from the draft budget hearing.

The District's budget has undergone significant changes in the past year and a half. These have been implemented with the Boards guidance to help ensure the District can more easily track and manage all the varying grants and other revenue sources and their multiple requirements. As such the District has split the budget into an operating budget and a grants budget. The operating budget is the active budget unit for daily District operations. The grants budget includes motor vehicle fees, emissions inventory, community air monitoring, equipment cache, prescribed fire, particulate matter (PM 2.5), woodsmoke reduction, FARMER, and Carl Moyer grants. Each of these programs has specific program requirements for tracking and reporting. Grants that fund District activities or purchase assets for the District can be transferred to the operating budget as work is completed or purchases made.

The operating budget for the District is balanced, but I would not consider it structurally balanced yet. We are using funds that I would consider one time funding in order to balance. Currently we are relying on administrative funds from grants as well as motor vehicle fees to balance. We are working on a contract to review and recommend updates to our fee schedule, but the contract has not been approved yet. Once we have a recommendation from the consultant, we will bring that to this Board for consideration. The one-time funds (motor vehicle fees) we are utilizing to balance can be refunded in future years without penalty once the fee schedule has been updated.

The District's operating budget request is for \$1,466,837.02. We do believe we will be significantly below this due to salary savings, as 3 positions are currently vacant. The significant changes in specific expenditure categories results from improved tracking of expenses. On the revenue side, with grants and motor vehicle fees going directly to the grant budget unit, these now show as operating transfer when funds come into the Operating Budget.

The details of the District's budget can be found in the budget book or as attached for reference.

Recommendation: That the Board of Directors approve the FY 23/24 Draft Budget proposed for the District.