



TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTL
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

**REGULAR MEETING NOTICE OF THE
BUTTE COUNTY AIR QUALITY
MANAGEMENT DISTRICT GOVERNING BOARD
September 28, 2023 - 10:00 a.m.**

**Meeting Location:
Butte County Association of Governments Board Room
326 Huss Drive, Suite 100, Chico, California**

Members of the public are encouraged to attend the meeting in real time using the Zoom information listed below. Please note: To join the video conference, you will need a webcam and computer audio (speakers and microphone). If you do not have either, you may dial 1-669-900-9128 to join by audio only.

<https://us02web.zoom.us/j/87111751705?pwd=em1GWGk2cVJZTExqYmwraGw2T1pgdz09>

Zoom Meeting ID: 871 1175 1705 Passcode: 298155

The Governing Board is committed to making its proceedings accessible to all citizens. Individuals with special needs should call the Clerk of the Board at (530) 332-9400, Monday through Friday, 7:30 a.m. to 4:30 p.m. to request disability-related modifications, accommodations or to request materials in alternate formats. All requests for special accommodations and/or alternative format documents must be made 48 hours prior to the meeting. Every reasonable attempt will be made to provide such accommodations.

- 1. **Call to Order and Roll Call.** **Chair**
Consider approval of Directors request to participate remotely and utilize Just Cause or Emergency Circumstance per AB 2449.
- 2. **Additions and Deletions to the Consent Agenda.** **Chair**

CONSENT AGENDA

- 3.1 Minutes of the August 24, 2023 Meeting of the Board of Directors. **Kelly Towne**
- 3.2 Activity Report on Butte County Air Quality Management District Activities. **Stephen Ertle**
- 3.3 Financial Status Report for Fiscal Year 2023-2024. **Aleah Ing**
- 3.4 Status Report on Calendar of Events. **Stephen Ertle**
- 3.5 Status Report on Communications. **Kelly Towne**
- 3.6 GASB 75 Disclosure & PERS OPEB CERPT Trust Summary **Aleah Ing**

- 3.7 One America Addition of ROTH IRA Provision to Plan
- 3.8 FARMER Grant application approval

Stephen Ertle
Jason Mandly

REGULAR AGENDA

ITEMS FOR ACTION

- 4. **Items removed from the consent agenda for Board consideration and action - *if any***
- 5. **Administrative Assistant Position Description and Office Counter Hours**
- 6. **Annual Administrative Code Updates**

- 7. **Fiscal Policy Implementation Directive**

- 8. **State of the District Report and Goals and Performance Metrics for FY 23/24 (Accept Report/Approve Goals)**

Chair
Stephen Ertle
Stephen
Ertle/Aleah Ing
Stephen
Ertle/Aleah Ing
Stephen Ertle

ITEMS FOR INFORMATION

- 9. **PERS CLASSIC & PEPR Valuation Reports, PERS CEPPT Trust Summary**
- 10. **Hearing Board Recruitment**
- 11. **APCO Report.** Report from the Air Pollution Control Officer on current areas of potential interest to your Board, including air quality-related activities at the local, State, and federal scenes.
- 12. **Other Business.**
- 13. **Public Comment Period.** Any person may address the Board of Directors on any matter within the jurisdiction of the Board that is not on the agenda for this meeting. Any person may address the Board on an agenda item when that time is called. The chair requests that each person addressing the Board limits their presentation to five (5) minutes.
- 14. **Adjourn to Closed Session.**
Public employment pursuant to Government Code Section 54957.6
Position: Air Pollution Control Officer
- 15. **Report From Closed Session.**

Stephen Ertle
Kelly Towne
Stephen Ertle

Chair
Chair

Chair

Chair

ADJOURNMENT

- 16. **The next Board of Directors Meeting is scheduled for October 26, 2023, at 10:00 a.m. at the Butte County Association of Governments Board Room, 326 Huss Drive, Suite 100, Chico, California.**

Chair

Questions, comments, and correspondence may be directed to:
Kelly Towne, Clerk of the Board
629 Entler Avenue, Suite 15
Chico, CA 95928
ktowne@bcaqmd.org or 530-332-9400 ext. 109



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STEPHEN ERTL
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Draft Minutes of the Butte County Air Quality Management District Governing Board of Directors Meeting on August 24, 2023

Members Present:

Bill Connelly	Supervisor, District 1
Tami Ritter	Supervisor, District 3
Doug Teeter	Supervisor, District 5
Eric Smith	Vice Mayor, Oroville
Chuck Nuchols	Councilmember, Biggs
Tod Kimmelshue	Supervisor, District 4 Councilmember, Town of Paradise,
Ron Lassonde	Alternate

Staff Present:

Stephen Ertle	Air Pollution Control Officer
Aleah Ing	Administrative Services Officer
Kelly Towne	Board Clerk
Patrick Lucey	Assistant Air Pollution Control Officer

Staff Remote:

Jason Mandly	Senior Planner
David Campbell	Air Quality Compliance Specialist II

Members Absent:

Angel Calderon	Councilmember, Gridley
Addison Winslow	Councilmember, Chico
Rose Tryon	Vice Mayor, Town of Paradise
Peter Durfee	Supervisor, District 2

Members of the public are encouraged to attend the meeting using Zoom. Public comments were accepted before and during the meeting by emailing ktowne@bcaqmd.org.

1. **Call to Order and Roll Call.**

Chair Ritter called the meeting to order at 10:00 a.m. at the BCAG Board Room, 326 Huss Drive, Suite 100, Chico, California.

Agenda Item 3.1

2. Additions and Deletions to the Consent or Regular Agenda.

No additions or deletions.

3. Consent Agenda.

- 3.1 Minutes of the June 22, 2023, Meeting of the Board of Directors.
- 3.2 Activity Report on Butte County Air Quality Management District Activities.
- 3.3 Financial Status Report for Fiscal Year 2023-2024.
- 3.4 Status Report on Calendar of Events.
- 3.5 Status Report on Communications.
- 3.6 Health Disclosure Statement

ACTION REQUESTED: Approve Consent Agenda Items.

Board comments: None

Public comments: None

A motion was made by Supervisor Connelly and seconded by Vice Mayor Smith to approve the Consent Agenda Items.

AYES: Supervisor Connelly (Motion), Supervisor Kimmelshue, Supervisor Teeter, Supervisor Ritter, Vice Mayor Nuchols, Vice Mayor Smith (Seconded), Councilmember Lassonde.

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Durfee, Councilmember Winslow, Councilmember Calderon, Vice Mayor Tryon

ITEMS FOR ACTION

4. Items removed from the Consent Agenda for Board consideration and actions.

No items removed from the Consent Agenda.

5. Report on CalPERS Retired Annuitant Fee

ACTION REQUESTED: Accept report and provide direction.

Stephen Ertle, Air Pollution Control Officer discussed that the District used an outside agency to hire a staff member to cover a vacancy created by a retirement. The staff member is a retired Annuitant of the PERS system and there are multiple requirements when hiring a retired annuitant. The District failed to meet one requirement required by the system which was a 6-month separation from the PERS system before they can return to work within the system and along with that the reporting of hours to the system. Therefore, the District incurred a penalty fee of \$1,600. The employee has now passed the 6-month separation and eligible to work with the District and the hours are being reported to PERS. Some other Districts do not hire Retired Annuitants, and some have checks and balances in place to prevent issues with the Retirement system from arising. The District is requesting Direction from the Board and how they would like the District to proceed.

Board discussion: Supervisor Connelly mentioned that the County does allow Annuitants to work with the County and he did not want the District to lose out on that option. Supervisor Ritter concurred with Supervisor Connelly statement. Both Supervisors felt that a system of Checks Balances put in place for hiring a retired Annuitant would be sufficient and there wasn't a need to prohibit hiring retired Annuitants.

Public discussion: None.

6. Memorandum of Understanding Cost of Living Adjustment

ACTION REQUESTED: Adopt Resolution 2023-13 approving the updated Appendix C, Bi-Weekly Schedule, of the MOU effective October 1, 2023

Stephen Ertle, APCO discussed that the Board in closed session at the previous meeting had offered a 4.2% increase to District Staff for the last year of their contract beginning October 1, 2023. The offer was presented to the Employee Association and the offer was accepted. Today's request is to approve the new updated bi-weekly Salary Schedule that reflects the 4.2% cost of living increase for the last year of the contract.

Board Discussion: None.

Public Comments: None.

A motion was made by Supervisor Kimmelshue and was seconded by Supervisor Connelly.

AYES: Supervisor Ritter, Supervisor Connelly (Second), Supervisor Kimmelshue (Motion), Supervisor Teeter, Vice Mayor Nuchols, Vice Mayor Smith and Councilmember Lassonde.

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Durfee, Councilmember Winslow, Councilmember Calderon, Vice Mayor Tryon

7. Woodsmoke Reduction Program Workplan Update

ACTION REQUESTED: Approve proposed updates to the Woodsmoke Reduction Program Workplan through Resolution 2023-12.

Jason Mandly, Senior Air Quality Planner discussed the Woodsmoke Reduction Program that was brought to the Board for approval at the June 22, 2023, meeting. This was just the approval to participate, and the District has been working with neighboring Districts to work on the forms. The draft version of these forms was included in the June approval. One of the changes that the District wanted to bring to the board is the increase in the voucher amounts due to new guidelines. The low-income voucher continues at \$5,000 but the standard voucher amount for anyone in the county has increased to \$2,500. There have also been updates to the Retailer agreement to align it with the Merchant agreement for the Lawn and Garden program, and due to updated guidelines, the District is proposing that grantees that utilize the heat pump option be allowed to keep their woodstove and utilize it only in case of Power Safety Shutdowns or other power outages and the District has created a new form for the grantee to self-certify on that provision. The District hopes to start the program in September.

Board discussion: Supervisor Ritter asked if open fireplaces were previously not allowed in the program. Jason responded that in the first year of the program the District could not fund the woodstove if participants had an open fireplace but that it was changed in year 2 to allow it and continues to allow it this year. Stephen Ertle wanted to recognize Jason Mandly at this time for all his hard work and his work assisting surrounding Districts that do not have as much experience with the program.

Public comments: None.

A motion was made by Supervisor Kimmelshue and was seconded by Supervisor Teeter.

AYES: Supervisor Connelly, Supervisor Kimmelshue(Motion), Supervisor Teeter (Second), Supervisor Ritter, Vice Mayor Nuchols, Councilmember Lassonde, Vice Mayor Smith

NOES: None.

ABSTAIN: None.

ABSENT: Supervisor Durfee, Councilmember Winslow, Councilmember Calderon, Vice Mayor Tryon

8. Update on CalPERS Unfunded Accrued Liability Refinancing

ACTION REQUESTED: Receive report on the status of implementation of the UAL Policy and Refinancing activities.

Provide direction to District staff for the development of a strategic financial plan to better understand the implications of future grant program changes to optimize positive impact on District finances and develop a program cost recovery plan to efficiently increase revenues for general operating expenses.

Stephen Ertle, APCO discussed that the District has been working with CalMuni Advisors to develop a fiscal policy that set forth a framework working towards several initiatives to reduce expenses for the District and improve cost recovery for our programs. One of the initiatives would be to refinance our unfunded accrued liability for the Districts pensions which is in the \$3.5 million dollar range which adjusts depending on the stock market. The Consultants performed an in-depth analysis of District finances and completed the necessary proforma analysis to determine the viability of pension refinancing. The analysis looked good except when the Grant revenue for implementing the grant programs was dropped out of the analysis. The result was that the consultants did not think that the District would be a good candidate for refinancing at this time since the District relies heavily on Grant funding that cannot be guaranteed from one year to the next. The consultants recommended that the District focus on the development and implementation of a longer-term strategic plan and develop a cost recovery plan that reduces reliability on revenues from Grant implementation for operations.

Board discussion: Supervisor Ritter questioned if the District wasn't already moving towards cost recovery and APCO Ertle concurred that the District has a policy to attain cost recovery but stated that the District has only just begun the process. The long-term strategic plan would define the steps and start working on it. APCO Ertle stated that the District has a clear understanding of which programs are not meeting cost recovery. The District has acknowledged that it may need assistance in creating the foundation for specific initiatives to develop revenue adjustments. CAPCOA has created a subcommittee to help rural Districts with cost recovery strategies. Supervisor Connelly suggested that the District make sure that all costs associated with grant implementation be covered in the admin revenues allocated

by the grants and to look over shared and common issues with other Districts and come back to the Board with 2 or 3 weighted solutions for the Board to look at and make considerations and give guidance.

Public comment: None

9. APCO Report

ACTION REQUESTED: None, this item is provided for information and discussion.

Stephen Ertle, Air Pollution Control Officer presented his report to the Board on the Federal, State, and local scene. Federal Level: EPA has begun reviewing Ozone National Ambient Air Quality Standard and there is the possibility of lowering the PM 2.5 standard to the 9-11 microgram range in a 24-hour average. EPA is also proposing some Air toxics changes.

State Level: FARMER Year 6 program has been approved and the administrative portion will be lower. CARB has released new Carl Moyer program general terms and conditions that add requirements to the program and make it more difficult for the Grantee. CAPCOA has sent it to legal review for guidance.

Local Level: The Districts Lawn & Garden Commercial voucher program has begun. Yosemite Clean, a company exploring installing a Cogen Plant in Oroville, is still 5-10 years out. The District is in process of reviewing and updating the Districts CEQA Handbook. Jason Mandly has met with local municipalities agencies and received valuable feedback. The District is coordinating with CARB on the Districts wildfire mitigation plan. The District did previously receive a Clean Air Shelter Grant for Wildfire events. The District received 4 units and each unit can handle 2,500 square feet and be dispersed in a Wildfire Event.

Board discussion: None.

Public comments: None.

10. Other Business. None.

11. Public Comment Period. Any person may address the Board of Directors on any matter within the jurisdiction of the Board that is not on the agenda for this meeting. Any person may address the Board on an agendized item when that time is called. The Chair requests that each person addressing the Board limits their presentation to five (5) minutes.

12. Adjourn to Closed Session.

Public employment pursuant to Government Code Section 54957.6

Position: Air Pollution Control Officer

13. Report From Closed Session. No report from closed session

14. The meeting adjourned at 10:57 a.m. The next Board of Directors Meeting is scheduled for September 28, 2023, at 10:00 a.m. at the Butte County Association of Governments Board Room, 326 Huss Drive, Suite 100, Chico, California.

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 August 24, 2023.

ATTEST: _____
Kelly Towne, Clerk of the Governing Board

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Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Activity Report**

ISSUE:

Summary of District activities for calendar years 2021, 2022 and 2023 as of August 31st.

ACTION REQUESTED:

Accept and file report.

Attachment:
2023 Activity Report

Agenda Item 3.2

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2023 Activity Report

Activity	2021	2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ¹
Permits to Operate Issued/Renewed	788	813	51	66	44	63	151	61	95	49					580
Authority to Construct Permits Issued	46	50	3	2	1	4	2	5	1	8					26
Portable Equipment Registrations	22	34	1	2	1	2	3	1	2	4					16
Engine Registrations Issued/Renewed	30	261	0	0	0	0	0	0	0	0					0
Inspections Performed by Facility	115	496	40	36	32	23	50	25	21	20					247
Inspections Performed by Permits	193	658	35	50	40	30	77	42	23	22					319
Status Change Reports Received	45	3	1	4	0	0	4	17	11	15					52
Agricultural Burn Days ²	345	356	31	28	31	30	31	30	30	29					240
Agricultural No-Burn Days ²	20	9	0	0	0	0	0	0	1	2					3
Burn Permits Issued	845	750	62	79	62	82	80	45	26	79					515
Burn Notifications	4,332	5,152	291	451	191	437	393	429	376	376					2,944
Rice Fields Reported Harvested	341	375	0	0	0	1	0	0	0	0					1
Complaints Received	135	134	6	5	4	3	6	11	8	9					52
Notices of Noncompliance Issued	70	104	4	5	4	17	14	8	3	2					57
Notices to Comply Issued	13	23	0	0	0	0	1	1	1	1					4
Public Outreach	524	499	37	30	44	55	28	31	29	67					321
Environmental Documents Reviewed	2	5	0	1	0	0	0	0	0	0					1
Public Records Requests	X	64	1	1	3	3	1	4	4	6					23

¹ YTD = Year-to-date totals

² Burn Day Status reported below 3000' elevation

X=2022 First Year Reporting Public Records Requests

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Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Financial Status Report for Fiscal Year 2023-2024**

ISSUE:

Financial Status Report.

ACTION REQUESTED:

Accept and file report.

DISCUSSION:

The attached financial report summarizes the District's finances during the period of July 1, 2023 to August 31, 2023 and the Balance sheet for the period ending August 31, 2023. The District operated within overall budgeted revenue and expenses.

Attachment:

Fiscal Year 23-24 August Balance Sheet

Fiscal Year 23-24 August Revenue & Expense Report

Agenda Item 3.3

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Butte Co. Air Quality Management Dist.
Balance Sheet
As of July 31, 2023

July 31, 23

ASSETS

Current Assets

Checking/Savings

1002 · Cash on Hand - Change Box	200.00
1003 · Bank of America - General-0648	284,272.97
1004 · Bank of America - Payroll-0649	10,307.23
1007 · B of A Reserve Acct - 1789	329,657.84
1010 · B of A - 0980 (Grant 1)	245,251.84
1011 · Tri Counties - Carl Moyer 2618	1,056,183.17
1012 · Tri Counties - FARMER - 6831	1,561,109.58
1013 · Tri Counties - CAP-6855	1,618,930.37
1017 · Tri Counties - AB 617-6818	46,240.54
1018 · State LAIF Acct	1,235,590.98

Total Checking/Savings	6,387,744.52
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Accounts Receivable

1200 · Accounts Receivable	1,001,097.27
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Total Accounts Receivable	1,001,097.27
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Other Current Assets

1102 · Due From Other Governments	121,615.05
1500 · Undeposited Funds	4,006.57

Total Other Current Assets	125,621.62
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Total Current Assets	7,514,463.41
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TOTAL ASSETS

7,514,463.41

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Accounts Payable	14,762.82
2001 · A/P - Grantees	2,705,531.23

Total Accounts Payable	2,720,294.05
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Other Current Liabilities

2100 · Accrual Payroll & Benefits	
210004 · HI 125	708.20
210011 · PERS Survivor Benefits	-0.75
210013 · MED FLEX	-363.83

Total 2100 · Accrual Payroll & Benefits	343.62
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2107 · Unearned Revenue

210904 · FARMER	391,985.89
210906 · Carl Moyer	84,983.43
210910 · Community (CAP)	409,816.22
210914 · AB 617	46,239.75

	July 31, 23
Total 2107 · Unearned Revenue	933,025.29
2109 · Unavailable Revenue	283,533.96
Total Other Current Liabilities	1,216,902.87
Total Current Liabilities	3,937,196.92
Total Liabilities	3,937,196.92
Equity	
3100 · Reserves	320,255.00
3200 · Restricted Fund	
3004 · Carl Moyer Program	426,127.32
3005 · Reserved FARMER Prgm	720,883.52
3012 · Community (CAP)	1,687,725.21
Total 3200 · Restricted Fund	2,834,736.05
3900 · Retained Earnings	337,634.97
Net Income	84,640.47
Total Equity	3,577,266.49
TOTAL LIABILITIES & EQUITY	7,514,463.41

***Note: Changes may occur due to year end journals and audit adjustments related to FY 2022-23.**

Butte Co. Air Quality Management Dist.
Profit & Loss Budget vs. Actual
 July - August 2023 -16.67% of the Year

Accrual Basis

	Jul - Aug 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
421 · License and Permits				
4213010 · Ag Burn Permits	14,107.04	100,000.00	-85,892.96	14.11%
4213013 · Ag Engine Registration Program	0.00	11,350.00	-11,350.00	0.0%
4213020 · Title V Permits	0.00	4,500.00	-4,500.00	0.0%
4213030 · Operating Permits	76,724.68	477,000.00	-400,275.32	16.09%
4213035 · Portable Engine Registration	915.57	48,000.00	-47,084.43	1.91%
4213038 · Asbestos Program	0.00	5,000.00	-5,000.00	0.0%
4213040 · Auth to Construct	9,277.26	29,000.00	-19,722.74	31.99%
4213055 · Emission Reduction Fee	0.00	0.00	0.00	0.0%
4213060 · Misc. Other Permits	0.00	600.00	-600.00	0.0%
Total 421 · License and Permits	101,024.55	675,450.00	-574,425.45	14.96%
430 · Fines, Forfeitures & Penalties				
4300001 · Civil Settlements	13,092.40	30,000.00	-16,907.60	43.64%
Total 430 · Fines, Forfeitures & Penalties	13,092.40	30,000.00	-16,907.60	43.64%
441 · Interest Income	9,998.25	2,000.00	7,998.25	499.91%
451 · Intergovernmental				
45000 · Governmental Funds				
4500001 · State Subvention	0.00	65,300.00	-65,300.00	0.0%
4511001 · DMV Surcharge	130,503.01	740,000.00	-609,496.99	17.64%
Total 45000 · Governmental Funds	130,503.01	805,300.00	-674,796.99	16.21%
45105 · Direct Grant Funds				
4510500 · AB 2588 Hot Spots Fee	0.00	134.00	-134.00	0.0%
4510501 · 105 Pilot Project Grant Funding	0.00	61,012.00	-61,012.00	0.0%
4510502 · AB 197 Funding	0.00	8,583.00	-8,583.00	0.0%
4510503 · AB 617 Funding	0.00	94,627.54	-94,627.54	0.0%
4510504 · Prescribed Fire Grant	0.00	0.00	0.00	0.0%
4510505 · GHG Oil & Gas Funding	0.00	6,000.00	-6,000.00	0.0%
Total 45105 · Direct Grant Funds	0.00	170,356.54	-170,356.54	0.0%
45109 · Pass Through Grants				
4510904 · FARMER Funding	612,237.50	612,237.50	0.00	100.0%
4510906 · Carl Moyer Grant	0.00	375,257.66	-375,257.66	0.0%
4510909 · Woodsmoke Grant	221,798.00	205,000.00	16,798.00	108.19%
4510915 · Community Air Program (CAP)	0.00	992,368.82	-992,368.82	0.0%
Total 45109 · Pass Through Grants	834,035.50	2,184,863.98	-1,350,828.48	38.17%
Total 451 · Intergovernmental	964,538.51	3,160,520.52	-2,195,982.01	30.52%
471 · Miscellaneous Revenue				
4712523 · Other Misc. Revenue	7,737.01	23,995.00	-16,257.99	32.24%
4712550 · Implementation Funds				
Carl Moyer Implementation	0.00	144,293.70	-144,293.70	0.0%
Community CAP Implementation	0.00	408,192.44	-408,192.44	0.0%
FARMER Implementation	0.00	423,043.31	-423,043.31	0.0%
WoodSmoke Implementation	0.00	23,152.94	-23,152.94	0.0%
4712550 · Implementation Funds - Other	0.00	0.00	0.00	0.0%
Total 4712550 · Implementation Funds	0.00	998,682.39	-998,682.39	0.0%
Total 471 · Miscellaneous Revenue	7,737.01	1,022,677.39	-1,014,940.38	0.76%
Total Income	1,096,390.72	4,890,647.91	-3,794,257.19	22.42%
Gross Profit	1,096,390.72	4,890,647.91	-3,794,257.19	22.42%
Expense				
511 · Payroll Expenses				
511001 · Salaries & Wages	127,521.77	975,994.80	-848,473.03	13.07%
512000 · Extra Help	4,449.40	16,000.00	-11,550.60	27.81%
514000 · Overtime	0.00	4,000.00	-4,000.00	0.0%
518 · Employee Benefits				
518008 · Health Care	43,840.78	220,262.52	-176,421.74	19.9%
518009 · Cafeteria	5,233.73	28,597.32	-23,363.59	18.3%
518010 · Other Employee Benefits	6,545.63	27,716.43	-21,170.80	23.62%
518700 · Retirement Pension	19,919.58	160,237.53	-140,317.95	12.43%
518800 · Contrib to Pension Liability	122,440.00	155,627.85	-33,187.85	78.68%

	Jul - Aug 23	Budget	\$ Over Budget	% of Budget
518900 · Retiree's OPEB	7,705.30	54,136.20	-46,430.90	14.23%
518901 · Contrib to OPEB Liability	0.00	35,630.00	-35,630.00	0.0%
Total 518 · Employee Benefits	205,685.02	682,207.85	-476,522.83	30.15%
Total 511 · Payroll Expenses	337,656.19	1,678,202.65	-1,340,546.46	20.12%
520 · Materials & Supplies				
521104 · Postage	0.00	3,722.42	-3,722.42	0.0%
522201 · Office Supplies	822.88	9,785.00	-8,962.12	8.41%
523001 · Telecommunications	2,388.86	16,480.00	-14,091.14	14.5%
524544 · Utilities - Elec/Gas/Wtr/Grbge	1,430.06	9,341.60	-7,911.54	15.31%
525545 · Auto Fuel Costs/ Road Expense	504.86	6,695.00	-6,190.14	7.54%
Total 520 · Materials & Supplies	5,146.66	46,024.02	-40,877.36	11.18%
530 · Services & Other Operating				
531201 · Household Janitorial	950.00	5,871.00	-4,921.00	16.18%
532527 · Insurance -Liability & Vehicle	14,735.77	17,410.09	-2,674.32	84.64%
533533 · Memberships, Dues & Subscript..	1,019.00	6,500.33	-5,481.33	15.68%
534537 · Public & Legal Notices	0.00	4,017.00	-4,017.00	0.0%
535540 · Public Outreach	67.13	17,149.50	-17,082.37	0.39%
536101 · Training	425.00	14,707.00	-14,282.00	2.89%
537202 · Travel & Conference Expenses	2,127.76	33,950.00	-31,822.24	6.27%
Total 530 · Services & Other Operating	19,324.66	99,604.92	-80,280.26	19.4%
540 · Rents Lease, Repair, NonCapital				
541538 · Property Rents & Leases	324.75	300.00	24.75	108.25%
542539 · Equipment Rents & Leases	0.00	762.20	-762.20	0.0%
543103 · Office Furniture & Equip	0.00	16,789.00	-16,789.00	0.0%
543203 · Computer Equipment	0.00	12,875.00	-12,875.00	0.0%
543204 · Computer Software-Subscriptions	15,471.62	20,599.75	-5,128.13	75.11%
543541 · Air Monitoring Equipment & Main	0.00	5,907.05	-5,907.05	0.0%
544001 · Vehicles Maintenance	829.00	5,495.05	-4,666.05	15.09%
544042 · IT Maintenance	3,933.82	32,117.00	-28,183.18	12.25%
544103 · Building Maintenance	0.00	15,225.25	-15,225.25	0.0%
Total 540 · Rents Lease, Repair, NonCapital	20,559.19	110,070.30	-89,511.11	18.68%
550 · Professional/Consulting Service				
551137 · AB2588 Hot Spots Fee	0.00	134.00	-134.00	0.0%
551536 · Professional Services	14,376.60	94,883.60	-80,507.00	15.15%
551547 · Legal Services	2,000.00	19,055.00	-17,055.00	10.5%
555580 · Contingencies	0.00	20,000.00	-20,000.00	0.0%
Total 550 · Professional/Consulting Service	16,376.60	134,072.60	-117,696.00	12.22%
560 · Grants				
560006 · Carl Moyer Grant	111,112.93	375,257.66	-264,144.73	29.61%
560007 · Community Air (CAP)	243,420.73	992,368.82	-748,948.09	24.53%
560009 · WoodSmoke Grant	0.00	205,000.00	-205,000.00	0.0%
560020 · Special Clean Air Grants	0.00	35,000.00	-35,000.00	0.0%
560021 · FARMER	1,075,489.26	612,237.50	463,251.76	175.67%
Total 560 · Grants	1,430,022.92	2,219,863.98	-789,841.06	64.42%
565 · Debt Service				
565087 · GASB 87 Lease Principal	13,224.94	53,035.00	-39,810.06	24.94%
565987 · GASB 87 Lease Interest & Other	725.06	2,521.00	-1,795.94	28.76%
Total 565 · Debt Service	13,950.00	55,556.00	-41,606.00	25.11%
Total Expense	1,843,036.22	4,343,394.47	-2,500,358.25	42.43%
Net Ordinary Income	-746,645.50	547,253.44	-1,293,898.94	-136.44%
Net Income	-746,645.50	547,253.44	-1,293,898.94	-136.44%

The FY 23-24 Budget was adopted 6/22/2023



TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Calendar of Events**

DATE	EVENT	LOCATION
October 4	Fire Safe Council Meeting	Paradise
October 5-6	Agricultural Biomass Summit	Winters
October 6	Sacramento Valley Basinwide Control Council Meeting (BCC)	Winters
October 10-13	Enforcement Managers Symposium	Sacramento
October 11	CAPCOA Grants & Mobile Source and Public Outreach	Zoom
October 12	CAPCOA Planning Managers	Zoom
October 18	Technical Advisory Committee (TAC)	Shasta
October 11-13	CAPCOA HR/Fiscal Meetings	TBD
October 23-26	CAPCOA Fall Membership Meetings	Monterey
October 26	Butte County AQMD Board Meeting	Chico
November 1	Air District Hearing Board Training	Sacramento
November 1	Fire Safe Council Meeting	Paradise
November 1-2	Cal Desert Air Working Group (DAWG) Conference	Temecula
November 6-8	Board Secretary/Clerk Conference	Monterey
November 7-9	Planning Managers Symposium	San Diego
November 10	District Office Closed in Observance of Veterans' Day	Chico
November 22	Technical Advisory Committee (TAC)	Auburn
November 23-24	District Office Closed – Thanksgiving Holiday	Chico
December 1	Basinwide Air Pollution Control Council (BCC)	Sacramento
December 7	Butte County AQMD Board Meeting	Chico
December 15	CA Wildfire & Forest resilience Task Force Meeting	Sacramento
December 20	Technical Advisory Committee (TAC)	Chico

Agenda Item 3.4

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Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: Status Report on Communications

ISSUE:

Status Report on Communications with Board Members

The Executive Committee met on September 14th to present the results of the Annual Performance Evaluation to the APCO and to discuss the terms of the APCO successor contract. The results will be shared with the Governing Board in closed session at the September 28th meeting.

The APCO met individually with a number of Board Members to provide background on Item 5.

ACTION REQUESTED:

None. For information only.

Agenda Item 3.5

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PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **OPEB Report**

ISSUE:

GASB 75, Other Post employment Benefit (OPEB) Disclosure Report and the CalPERS CERBT Account Summary

ACTION REQUESTED:

Accept and file the OPEB Disclosure Report for 6/30/2023 and the CalPERS CERBT Account Summary Report as of 6/30/2023.

DISCUSSION:

The District contracts with Actuarial Retirement Consulting to prepare the annual Disclosure reports and the Bi-annual Valuation reports required by GASB 75. The report is for the Year ending June 30, 2023 with a measurement date ending June 30, 2022 and the June 30, 2021 Valuation. The Total OPEB Liability is \$438,360, with a trust balance of \$153,171 resulting in net unfunded OPEB Liability as of June 30, 2022 of \$286,189.

To fund the District's OPEB obligation, the California Employer's Retiree Benefit Trust (CERBT) was established (resolution 2017-12) back in 2017 with PERS investment to generate returns. The trust allows regular contributions by the district to decrease the liability and demonstrate prudent financial management. Future disbursement from the trust contributions will only take place with approved OPEB expenses are realized.

During FY 22-23 the District contributed \$19,795 toward the CERBT account. The attached account summary is an update from CalPERS on the District's Other Post-Employment Benefits (OPEB) prefunding as of June 30, 2023 with assets totaling \$179,030.

Attachment:

Actuarial Retirement Consulting June 30, 2023 GASB 75 Disclosure Report

Agenda Item 3.6

CALPERS CERBT Account Update Summary as of June 30, 2023



Actuarial Retirement Consulting

August 22, 2023

Aleah Ing
Administrative Services Officer
Butte County Air Quality Management District
629 Entler Avenue
Suite 15
Chico, CA 95928

Re: June 30, 2023 GASB 75 Disclosure for the Butte County Air Quality Management District

This report provides the note disclosures and required supplementary information for the Butte County Air Quality Management District (District)'s other postemployment benefits (OPEB) plan for the reporting period ending June 30, 2023.

Governmental Accounting Standards Board (GASB) Statement No. 75 allows for a roll forward of results from the prior actuarial valuation date to a reporting date no more than 30 months and 1 day following. If significant changes occur between the valuation date and the measurement date, consideration should be given to whether a new actuarial valuation is needed. The District provided changes since the July 1, 2021 actuarial valuation and it was determined that a new actuarial valuation was not needed for this measurement period. The results set forth in this report are established from the District's July 1, 2021 valuation and are based on the same census, benefit provisions, and assumptions. The District provided contributions, payroll, and any applicable asset information for the measurement period ending June 30, 2022.

We appreciate the opportunity to work on this report with the District and are available to answer any questions the District or its auditors may have regarding this report.

Sincerely,

A handwritten signature in black ink that reads "Molly McGee". The signature is written in a cursive, flowing style.

Molly McGee, ASA, EA, FCA, MAAA
Consulting Actuary

General Information about the OPEB Plan

Plan Description

The District sponsors a defined benefit OPEB plan that provides healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

Benefits Provided

Eligible employees may retire and receive District-paid healthcare benefits in the amount of the PEMHCA minimum employer contribution for their lifetime.

Employees hired before October 1, 2018 are eligible to receive an additional benefit. Eligible employees retire with at least 10 years of service and obtain age 55 or 62, depending on their CalPERS pension eligibility. The additional benefit is equal to one year of District-paid health premiums (medical, dental, and vision). Employees who have an unused sick leave balance at retirement can receive, in addition to the one year, one month of premium for every 8 hours of unused sick leave. As an alternative option, retirees can receive an additional one month of premium for every 20 hours of unused sick leave for themselves and their spouse or domestic partner.

The additional benefit is paid until the earlier of when the balance is exhausted or age 65. After the unused sick leave balance is exhausted (or age 65), the retiree receives the PEMHCA minimum for life.

For the purposes of the valuation, it is assumed all employees have a year's worth of unused sick leave at retirement, and therefore receive paid health premiums for a total of 2 years.

Employees Covered by Benefit Terms

Retirees or beneficiaries receiving benefit payments as of July 1, 2021	6
Active eligible employees as of July 1, 2021	9

Contributions

The District has assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. For the fiscal year ending June 30, 2022, the District made a contribution of \$19,794 to the CERBT trust.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50 percent
Salary increases	3.00 percent
Discount rate	6.25 percent
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.20 percent for 2022 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years

Mortality rates were based on the CalPERS Public Agency Miscellaneous Mortality, with fully generational mortality improvement using 80% of MP-2020, from the 2021 CalPERS Experience Study.

The actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

Discount Rate

GASB 75 requires the use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources.

OPEB plans with irrevocable trust accounts can utilize a discount rate equal to the long-term expected rate of return to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the OPEB plan assets are expected to be invested using a strategy to achieve that return.

To determine if the OPEB plan assets are sufficient, a calculation of the projected fiduciary net position and the amount of projected benefit payments is compared in each period. When OPEB plan assets are determined to not be sufficient, a blended rate is calculated.

For OPEB plans that do not have irrevocable trust accounts, GASB 75 requires a discount rate equal to the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The District has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

Discount Rate (cont.)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumed asset allocation and best estimates of real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Global ex-U.S. Equity	40%	5.5%
U.S. Fixed	43%	1.5%
Real Estate	8%	3.7%
TIPS	5%	1.2%
Commodities	4%	0.6%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$465,800	\$153,140	\$312,660
Changes for the year:			
Service cost	16,296		16,296
Interest	27,955		27,955
Changes of benefit terms	0		0
Difference between expected and actual experience	0		0
Changes in assumptions or other inputs	0		0
Contributions – employer		90,485	(90,485)
Net investment income		(19,724)	19,724
Benefit payments	(70,691)	(70,691)	0
Administrative expenses		(39)	39
Net changes	(26,440)	31	(26,471)
Balances at June 30, 2022	\$439,360	\$153,171	\$286,189

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	331,260	286,189	247,168

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.20% current, 3.00% ultimate, 3.00% Medicare)	Trend Rate (5.20% current, 4.00% ultimate, 4.00% Medicare)	1% Increase (6.20% current, 5.00% ultimate, 5.00% Medicare)
Net OPEB liability (asset)	237,569	286,189	343,875

OPEB Plan Experience

Reporting period July 1, 2022 to June 30, 2023
 Measurement period July 1, 2021 to June 30, 2022

Benefit Payments and Contributions

	<u>Benefit Payments</u>
Benefits paid from the trust	0
Benefits paid outside of trust	52,075
Implicit benefits paid	18,616
Total benefit payments	<u><u>\$70,691</u></u>
	<u>Contributions</u>
Contributions to the trust - employer	19,794
Contributions - benefits paid outside of trust	52,075
Contributions – implicit benefits paid	18,616
Total contributions	<u><u>\$90,485</u></u>

Investment Rate of Return

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by District management. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The investment objective the District has selected is CERBT Strategy 2, which has a dual goal to seek moderate growth of income and principal. The asset allocation ranges for this objective are listed below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Range</u>	<u>Benchmark</u>
Global Equity	40%	±5%	MSCI All Country World Index IMI (net)
Fixed Income	43%	±5%	Bloomberg Barclays Long Liability Index
Treasury Inflation Securities (TIPS)	5%	±3%	Bloomberg Barclays Barclays US TIPS Index
Real Estate Investment Trusts	8%	±5%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	4%	±3%	S&P GSCI Total Return Index
Cash	0%	±2%	91 Day Treasury Bill

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was -12.08 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

Annual OPEB Expense

The annual OPEB expense is the sum of the change in Net OPEB Liability, the change in deferred outflows, and the change in deferred inflows, reduced by the employer contributions.

Net OPEB liability at beginning of measurement period (a)	\$312,660
Net OPEB liability at end of measurement period (b)	\$286,189
Change in net OPEB liability (b)-(a)	(26,471)
Change in deferred outflows	5,124
Change in deferred inflows	(4,815)
Employer contributions	90,485
Net OPEB expense from June 30, 2021 to June 30, 2022	<u>\$64,323</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the reporting year ending June 30, 2023, the District recognized deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	112,225	0
Changes in assumptions or other inputs	15,369	12,398
Differences between projected and actual return investments	24,038	4,059
Total	<u>\$151,632</u>	<u>\$16,457</u>

The District has a lookback measurement date. For the reporting year ending June 30, 2023, the District uses a measurement year ending June 30, 2022. The deferred resources listed above do not include any District contributions made after the measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Reporting Fiscal Year Ending June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	34,999	(4,815)	30,184
2025	34,351	(4,787)	29,564
2026	34,145	(4,786)	29,359
2027	24,894	(2,069)	22,825
2028	17,882	0	17,882
2029	5,361	0	5,361
2030	0	0	0
2031	0	0	0
2032	0	0	0
2033	0	0	0

Schedule of Deferred Outflows of Resources

Year	Source	Initial Amount	Initial Amortization Period (Years)	Annual Recognition	Current Balance
2017	Difference between expected and actual experience	0	0.0	0	0
2017	Changes in assumptions or other inputs	0	0.0	0	0
2017	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2018	Difference between expected and actual experience	0	0.0	0	0
2018	Changes in assumptions or other inputs	0	0.0	0	0
2018	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2019	Difference between expected and actual experience	0	0.0	0	0
2019	Changes in assumptions or other inputs	5,043	6.2	813	978
2019	Net difference between projected and actual earnings on OPEB plan investments	315	5.0	63	0
2020	Difference between expected and actual experience	60,854	7.1	8,571	26,570
2020	Changes in assumptions or other inputs	12,083	7.1	1,702	5,275
2020	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2021	Difference between expected and actual experience	0	0.0	0	0
2021	Changes in assumptions or other inputs	0	0.0	0	0
2021	Net difference between projected and actual earnings on OPEB plan investments	217	5.0	43	88
2022	Difference between expected and actual experience	117,979	7.3	16,162	85,655
2022	Changes in assumptions or other inputs	12,556	7.3	1,720	9,116
2022	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2023	Difference between expected and actual experience	0	0.0	0	0
2023	Changes in assumptions or other inputs	0	0.0	0	0
2023	Net difference between projected and actual earnings on OPEB plan investments	29,938	5.0	5,988	23,950
				Total	\$151,632

Schedule of Deferred Inflows of Resources

Year	Source	Initial Amount	Initial Amortization Period (Years)	Annual Recognition	Current Balance
2017	Difference between expected and actual experience	0	0.0	0	0
2017	Changes in assumptions or other inputs	0	0.0	0	0
2017	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2018	Difference between expected and actual experience	0	0.0	0	0
2018	Changes in assumptions or other inputs	0	0.0	0	0
2018	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2019	Difference between expected and actual experience	0	0.0	0	0
2019	Changes in assumptions or other inputs	0	0.0	0	0
2019	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2020	Difference between expected and actual experience	0	0.0	0	0
2020	Changes in assumptions or other inputs	0	0.0	0	0
2020	Net difference between projected and actual earnings on OPEB plan investments	146	5.0	29	30
2021	Difference between expected and actual experience	0	0.0	0	0
2021	Changes in assumptions or other inputs	22,727	6.6	3,443	12,398
2021	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
2022	Difference between expected and actual experience	0	0.0	0	0
2022	Changes in assumptions or other inputs	0	0.0	0	0
2022	Net difference between projected and actual earnings on OPEB plan investments	6,715	5.0	1,343	4,029
2023	Difference between expected and actual experience	0	0.0	0	0
2023	Changes in assumptions or other inputs	0	0.0	0	0
2023	Net difference between projected and actual earnings on OPEB plan investments	0	0.0	0	0
				Total	\$16,457

Schedules of Required Supplementary Information

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

Measurement period ending	2022	2021	2020	2019	2018
Reporting fiscal year ending	2023	2022	2021	2020	2019
Discount rate	6.25%	6.25%	5.96%	5.33%	5.40%
Total OPEB liability					
Service cost	16,296	15,799	20,135	18,620	13,753
Interest	27,955	21,374	21,819	17,916	16,696
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	0	117,979	0	60,854	0
Change of assumptions	0	12,556	(22,727)	12,083	5,043
Benefit payments	(70,691)	(88,192)	(43,770)	(23,285)	(21,989)
Net change in total OPEB liability	(26,440)	79,516	(24,543)	86,188	13,503
Total OPEB liability – beginning	465,800	386,284	410,827	324,639	311,136
Total OPEB liability – ending (a)	<u>\$439,360</u>	<u>\$465,800</u>	<u>\$386,284</u>	<u>\$410,827</u>	<u>\$324,639</u>
Plan fiduciary net position					
Contributions - employer	90,485	188,192	63,770	23,285	32,561
Net investment income	(19,724)	10,708	1,709	1,362	542
Benefit payments	(70,691)	(88,192)	(43,770)	(23,285)	(21,989)
Administrative expense	(39)	(19)	(15)	(4)	(15)
Net change in plan fiduciary net position	31	110,689	21,694	1,358	11,099
Plan fiduciary net position - beginning	153,140	42,451	20,757	19,399	8,300
Plan fiduciary net position – ending (b)	<u>\$153,171</u>	<u>\$153,140</u>	<u>\$42,451</u>	<u>\$20,757</u>	<u>\$19,399</u>
District's net OPEB liability – ending (a) – (b)	<u>\$286,189</u>	<u>\$312,660</u>	<u>\$343,833</u>	<u>\$390,070</u>	<u>\$305,240</u>
Plan fiduciary net position as a percentage of the total OPEB liability	34.86%	32.88%	10.99%	5.05%	5.98%
Covered-employee payroll	\$737,760	\$658,133	\$746,422	\$790,181	\$746,937
District's net OPEB liability as a percentage of covered-employee payroll	38.79%	47.51%	46.06%	49.36%	40.87%

Schedule of Changes in the District's Net OPEB Liability and Related Ratios (cont.)

Measurement period ending	2017
Reporting fiscal year ending	2018
Discount rate	<u>5.56%</u>
Total OPEB liability	
Service cost	13,352
Interest	15,779
Changes of benefit terms	0
Differences between expected and actual experience	0
Change of assumptions	0
Benefit payments	<u>(3,511)</u>
Net change in total OPEB liability	26,620
Total OPEB liability – beginning	<u>285,516</u>
Total OPEB liability – ending (a)	<u><u>\$311,136</u></u>
Plan fiduciary net position	
Contributions - employer	11,811
Net investment income	0
Benefit payments	(3,511)
Administrative expense	<u>0</u>
Net change in plan fiduciary net position	8,300
Plan fiduciary net position - beginning	<u>0</u>
Plan fiduciary net position – ending (b)	<u><u>\$8,300</u></u>
District's net OPEB liability – ending (a) – (b)	<u><u>\$302,836</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.67%
Covered-employee payroll	\$813,249
District's net OPEB liability as a percentage of covered-employee payroll	37.24%

Schedule of District Contributions

Measurement period ending Reporting fiscal year ending	2022 2023	2021 2022	2020 2021	2019 2020	2018 2019
Actuarially determined contribution	\$35,630	\$34,592	39,018	37,881	29,190
Contributions in relation to the actuarially determined contribution	90,485	188,192	63,770	23,285	32,561
Contribution deficiency (excess)	<u>\$(54,855)</u>	<u>\$(153,600)</u>	<u>\$(24,752)</u>	<u>\$14,596</u>	<u>\$(3,371)</u>
Covered-employee payroll	\$737,760	\$658,133	\$746,422	\$790,181	\$746,937
Contributions as a percentage of covered-employee payroll	12.26%	28.59%	8.54%	2.95%	4.36%

Measurement period ending Reporting fiscal year ending	2017 2018
Actuarially determined contribution	27,564
Contributions in relation to the actuarially determined contribution	11,811
Contribution deficiency (excess)	<u>\$15,753</u>
Covered-employee payroll	\$813,249
Contributions as a percentage of covered-employee payroll	1.45%

Schedule of District Contributions (cont.)

Notes to Schedule

Valuation date	July 1, 2021
Reporting period	July 1, 2022 to June 30, 2023
Measurement period	July 1, 2021 to June 30, 2022
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50 percent
Healthcare cost trend rates	5.20 percent for 2022 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years
Salary increases	3.00 percent
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Retirement age	25.00 percent at age 59; 50.00 percent at age 60 through 61; 75.00 percent at age 62; and 100.00 percent at age 63
Mortality	CalPERS Public Agency Miscellaneous Mortality, with fully generational mortality improvement using 80% of MP-2020

Actuarial Certification

The results presented in this disclosure are based on the District's July 1, 2021 valuation. The valuation was performed in accordance with generally accepted actuarial principles and practices. The actuarial assumptions and methodologies used in these calculations are believed to be reasonable under the requirements set forth in GASB 75 and the Actuarial Standards of Practice (ASOP).

Supporting documentation provided by the District was relied upon without audit. This information includes, but is not limited to, census data, premiums, OPEB plan provisions, contributions, payroll, and any applicable asset statements. The data was reviewed in accordance with ASOP 23. The valuation results, and subsequent disclosure information, depend on the integrity of the provided information.

The results in this report were calculated with the assistance of ProVal actuarial valuation software. The model was developed in 1994 and is maintained by Winklevoss Technologies (WinTech). Through ProVal, WinTech provides valuation and projection software for both pension and other postemployment benefit plans. We utilize ProVal in accordance with its intended purpose and have not identified any material inconsistencies in the ProVal assumptions or outputs that would affect this valuation.

The undersigned actuary is a member of the American Academy of Actuaries and meets the qualification standards to render the actuarial opinion contained in this report.

Certified by:


Molly McGee, ASA, EA, FCA, MAAA
Consulting Actuary

CERBT Account Update Summary

Butte County Air Quality Management District

as of June 30, 2023



OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Actuarial Retirement Consulting, LLC	
Valuation Date	6/30/2021
Measurement Date	6/30/2021
Total OPEB Liability (TOL)	\$465,800
Valuation Assets	\$153,140
Net OPEB Liability (NOL)	\$312,660
Funded Status	33%
Actuarially Determined Contribution (ADC)	\$34,592
CERBT Asset Allocation Strategy	Strategy 2
Discount Rate	6.25%

CERBT Account Summary

As of June 30, 2023	Strategy 2
Initial contribution (06/30/2017)	\$8,300
Additional contributions	\$170,161
Disbursements	\$0
CERBT expenses	(\$366)
Investment earnings	\$935
Total assets	\$179,030
Annualized net rate of return (06/30/2017-06/30/2023 = 6.00 years)	0.22%

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	\$0	\$0	\$0	\$0	\$0
2007-08	\$0	\$0	\$0	\$0	\$0
2008-09	\$0	\$0	\$0	\$0	\$0
2009-10	\$0	\$0	\$0	\$0	\$0
2010-11	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0
2012-13	\$0	\$0	\$0	\$0	\$0
2013-14	\$0	\$0	\$0	\$0	\$0
2014-15	\$0	\$0	\$0	\$0	\$0
2015-16	\$0	\$0	\$0	\$0	\$0
2016-17	\$8,300	\$0	\$0	\$0	\$8,300
2017-18	\$10,572	\$0	\$544	(\$8)	\$19,409
2018-19	\$0	\$0	\$1,916	(\$25)	\$20,763
2019-20	\$20,000	\$0	\$3,638	(\$51)	\$42,459
2020-21	\$100,000	\$0	\$14,365	(\$100)	\$153,137
2021-22	\$19,794	\$0	(\$5,298)	(\$231)	\$153,137
as of 6/30/2023	\$19,795	\$0	\$935	(\$366)	\$179,030

CERBT/CEPPT Investment Returns Outperform Benchmarks

Periods ended June 30, 2023

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$14,982,584,659	3.62%	2.58%	6.37%	6.37%	5.48%	5.21%	6.24%	4.88%
Benchmark		3.59%	2.53%	6.27%	6.27%	5.36%	5.04%	5.99%	4.56%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,859,466,877	2.64%	1.47%	3.51%	3.51%	2.66%	4.05%	5.07%	5.96%
Benchmark		2.63%	1.44%	3.46%	3.46%	2.59%	3.96%	4.87%	5.80%
CERBT Strategy 3 (Inception January 1, 2012)	\$773,210,640	1.89%	0.63%	1.53%	1.53%	0.92%	3.20%	4.09%	4.43%
Benchmark		1.88%	0.62%	1.50%	1.50%	0.91%	3.15%	3.90%	4.26%
CERBT Total	\$17,615,262,176								
CEPPT Strategy 1 (Inception October 1, 2019)	\$96,657,149	2.41%	1.75%	5.01%	5.01%	2.70%	-	-	2.98%
Benchmark		2.41%	1.77%	5.06%	5.06%	2.72%	-	-	3.11%
CEPPT Strategy 2 (Inception January 1, 2020)	\$43,461,172	1.23%	0.57%	2.19%	2.19%	-0.72%	-	-	0.11%
Benchmark		1.25%	0.62%	2.40%	2.40%	-0.61%	-	-	0.24%
CEPPT Total	\$140,118,321								

CERBT Portfolios

2022 Capital Market Assumptions	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	6.0%	5.5%	5.0%
Risk	12.1%	9.9%	8.4%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index IMI (Net)	49% ±5%	34% ±5%	23% ±5%
Fixed Income	Bloomberg Long Liability Index	23% ±5%	41% ±5%	51% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Index (Net)	20% ±5%	17% ±5%	14% ±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5% ±3%	5% ±3%	9% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	3% ±3%	3% ±3%
Cash	91-Day Treasury Bill	0% +2%	0% +2%	0% +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, fee rate may change in the future
 - Fee is applied daily to assets under management
 - 10 basis points - CERBT
 - 25 basis points - CEPPT

CEPPT/CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT	CEPPT
2007-2008	2.00 basis points	-
2008-2009	6.00 basis points	-
2009-2010	9.00 basis points	-
2010-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2019	10.00 basis points	-
2019-2023	10.00 basis points	25.00 basis points

630 Prefunding Program Employers

606 CERBT and 90 CEPPT

- State of California
- 159 Cities or Towns
- 10 Counties
- 83 School Employers
- 32 Courts
- 340 Special Districts and other Public Agencies
 - (104 Water, 38 Sanitation, 34 Fire, 26 Transportation)

Financial Reporting

- CERBT is the Plan
 - Provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in February each year

CERBT FNP Fiscal Year	Availability
2020-21	Available at https://www.calpers.ca.gov/cerbt
2021-22	
2022-23	

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Darren Lathrop	Outreach & Support Manager	Darren.Lathrop@calpers.ca.gov	(916) 795-0751	(916) 291-0391
Lee Lo	Outreach & Support Analyst	Lee.Lo@calpers.ca.gov	(916) 795-4034	(916) 612-4128
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Vic Anderson	Administration & Reporting Manager	Victor.Anderson@calpers.ca.gov	(916) 795-3739	(916) 281-8214
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CERBT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CERBT
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	



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Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **One America Addition of ROTH IRA Provision to Plan**

ISSUE:

The SECURE 2.0 Act of 2022 included changes for catchup provisions to certain government deferred compensation retirement plans. To allow all catchup provision changes required by SECURE 2.0 to be available to all staff a Roth Option plan needed to be added to our One America toolbox.

The District made changes to our plan to allow and include the Roth option availability to plan members.

In addition to catchup provision changes additional information on SECURE 2.0 is attached.

ACTION REQUESTED:

None. For information only.

Attachment:

SECURE 2.0 Legislation Summary

Agenda Item 3.7

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SECURE 2.0 Legislation Summary

The SECURE 2.0 Act of 2022 (SECURE 2.0) was enacted on December 29, 2022. This legislation reconciles three bills previously introduced by the House and Senate and contains multiple retirement plan provisions designed to expand retirement plan coverage and plan participation, with the goal of increased retirement readiness.

Over the past two years, our legislative taskforce has been assessing how these proposed changes would affect plan sponsors, participants and our retirement plan operations. As we review the final bill's provisions, we will continue to provide pertinent information, highlight potential plan design changes that you may want to consider and share details related to the timing of any required legislative plan amendments. While not a comprehensive analysis, below are a few key provisions included in the bill.

Feature	Description	Effective Date	Optional/ Mandatory	Impacted Plan Types
Provisions impacting contributions				
Roth employer contributions	Plan may permit employees to designate employer matching or nonelective contributions as Roth contributions	Effective December 29, 2022	Optional	401(a), 403(b), and governmental 457(b) plans
Deferral modifications in a governmental 457(b) plan	Allows participants to change their deferral rate at any time	Effective for taxable years beginning after December 29, 2022	Optional	Governmental 457(b) plans
Roth catch-up contributions	For individuals whose prior year wages exceed \$145,000 (indexed for inflation), catch-up contributions must be Roth contributions	Effective for taxable years beginning after December 31, 2023 (Note: IRS Notice 2023-62 provides a two-year administrative transition period; therefore, this provision will not be enforced for taxable years before 1/1/2026.)	Mandatory	401(k), 403(b), and governmental 457(b) plans

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Feature	Description	Effective Date	Optional/ Mandatory	Impacted Plan Types
Provisions impacting contributions				
Employer matching contributions for student loan payments	Employer contributions made on behalf of employees with qualified student loan payments are treated as matching contributions. Permits plan to apply the actual deferral percentage (ADP) test separately to employees who receive matching contributions based on qualified student loan payments	Effective for plan years beginning after December 31, 2023	Optional	401(k), 403(b), governmental 457(b) plans, and SIMPLE IRAs
Emergency savings accounts	Permits a plan-linked emergency savings account (ESA) for non-highly compensated employees (NHCEs) funded by Roth contributions up to \$2,500 (indexed for inflation). ESA contributions are treated like elective deferrals for purposes of employer matching contributions. Distributions are treated as qualified Roth distributions, must be allowed at least once per month, and the first four distributions per year cannot be subject to fees.	Effective for plan years beginning after December 31, 2023	Optional	401(k), 403(b), and governmental 457(b) plans
Enhanced catch-up limits	Increases the catch-up contribution limit for individuals aged 60-63 to the greater of 1) \$10,000 (\$5,000 for SIMPLE plans) or 2) 150% of than the age-50 catch-up limit	Effective for taxable years beginning after December 31, 2024	Automatic if the plan allows catch-up contributions	401(k), 403(b), governmental 457(b), and SIMPLE plans
Eligibility requirements for long-term part-time (LTPT) employees	LTPT employees who complete at least 500 hours of service in two consecutive plan years must become eligible to defer into the plan	Effective for plan years beginning after December 31, 2024, service prior to January 1, 2021 is disregarded for 401(k) plans and service prior to January 1, 2023 is disregarded for Employee Retirement Income Security Act of 1974 (ERISA) covered 403(b) plans	Mandatory	401(k) and ERISA covered 403(b) plans

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Feature	Description	Effective Date	Optional/ Mandatory	Impacted Plan Types
Provisions impacting contributions				
Saver's Match	Replaces the current Saver's Credit with a direct government matching contribution payable to an eligible taxpayer's IRA or eligible retirement plan. The Saver's Match is 50% of IRA or retirement plan contributions up to \$2,000 for savers below the AGI threshold, at which point the match percentage phases out	Effective for taxable years beginning after December 31, 2026	Optional for a plan to accept the Saver's Match	401(k), 403(b), and governmental 457(b) plans
Provisions impacting distributions				
Declared disaster withdrawals	Allows a penalty free withdrawal of up to \$22,000 to a participant impacted by a qualified federally declared disaster (inclusion of income may be spread over a three-year period). Withdrawal may be repaid within three years.	Effective for disasters occurring on or after January 26, 2021	Optional	401(a), 403(b), and governmental 457(b) plans
Remove RMD barriers for life annuities	Relaxes the RMD rules to permit commercial annuities that are issued in connection with any eligible retirement plan to provide additional types of payments, such as certain lump sum payments and annual payment increases at a rate less than 5% annually	Effective December 29, 2022	Optional	Plans subject to RMD rules
Self-certification for hardship distributions	Allows a plan administrator to rely on an employee's self-certification that they have had a safe harbor hardship event. Also applies to unforeseeable emergency distributions from governmental 457(b) plans	Effective for plan years beginning after December 29, 2022	Optional	401(a) (except pension plans), 403(b), and governmental 457(b) plans
Required minimum distribution (RMD) age	Increases RMD age to: <ul style="list-style-type: none"> • Age 73 beginning in 2023 • Age 75 beginning in 2033 	Effective for distributions made after December 31, 2022, for individuals attaining age 72 after that date	Mandatory	Plans subject to RMD rules
Involuntary cashout distributions	Increases the limit for involuntary cashout distributions to \$7,000	Effective for distributions made after December 31, 2023	Optional	Plans subject to involuntary cashout rules

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Feature	Description	Effective Date	Optional/ Mandatory	Impacted Plan Types
Provisions impacting distributions				
Domestic violence victim withdrawals	Allows a penalty free withdrawal for victims of domestic abuse of up to the lesser of 1) \$10,000 (indexed for inflation) or 2) 50% of the participant's vested account balance. Withdrawal may be repaid within three years.	Effective for distributions made after December 31, 2023	Optional	401(a) (except pension plans), 403(b), and governmental 457(b) plans
Emergency expense withdrawals	Allows one penalty free withdrawal per year of up to \$1,000 for unforeseeable or immediate financial needs relating to personal or family emergency expenses. Withdrawal may be repaid within three years. No additional withdrawal is permitted during the three-year repayment period unless repayment occurs.	Effective for distributions made after December 31, 2023	Optional	401(a) (except pension plans), 403(b), and governmental 457(b) plans
Designated Roth account RMD rules	Aligns RMD rules for designated Roth accounts within plans with RMD rules for Roth IRAs by extending pre-death RMD exemption to designated Roth accounts within plans	Effective for taxable years after December 31, 2023, but not for distributions required before January 1, 2024	Mandatory	Plans subject to RMD rules
Hardship distribution rules for 403(b) plans	Aligns hardship distribution rules for 403(b) plans with hardship distribution rules for 401(k) plans. Allows hardship distributions from 403(b) plans to be made from qualified nonelective contributions (QNECs), qualified matching contributions (QMACs), and earnings on elective deferrals	Effective for plan years beginning after December 31, 2023	Optional	403(b) plans
Other provisions				
Enhancement of plan investments in 403(b) plans	Amends the Internal Revenue Code to explicitly allows 403(b) plans to invest in collective investment trusts. However, the legislation does not address the securities law restrictions prohibiting such investments	Effective for amounts invested after December 29, 2022. However, not yet applicable due to securities law restrictions.	Optional	403(b) plans

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Feature	Description	Effective Date	Optional/ Mandatory	Impacted Plan Types
<i>Other provisions</i>				
Incentives for start-up plans	Provides a three-year start-up tax credit that is up to 100% of qualified start-up costs, up to a yearly maximum of \$5,000, for employers with 50 or fewer employees. Provides for a five-year start-up tax credit for employer contributions of up to \$1,000 per employee with FICA wages not exceeding \$100,000 (indexed for inflation) for employers with 100 or fewer employees.	Effective for taxable years beginning after December 31, 2022	Mandatory	401(a) start-up plans
Changes to notice requirements for unenrolled participants	Notices required to be provided to employees who are not contributing and who do not have account balances (“unenrolled participants”) only consists of an annual notice of eligibility to participate during the annual enrollment period	Effective for plan years beginning after December 31, 2022	Optional	ERISA covered plans
Retirement savings lost and found	Directs the Department of Labor (DOL) to create a national online searchable lost and found database for benefits owed to participants which will allow participants to obtain contact information for plan administrators	Database must be created by December 29, 2024	Mandatory	Plans subject to ERISA vesting requirements
Expansion of Employee Plans Compliance Resolution System (EPCRS) self-correction program	Any eligible inadvertent failure may be self-corrected with no time limit unless the IRS identifies the failure before self-correction begins or the self-correction is not completed within a reasonable time after the failure is identified	Directs the Internal Revenue Service (IRS) to update EPCRS by December 29, 2024	Optional for a plan to use the self-correction process	Plans covered under EPCRS

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Feature	Description	Effective Date	Optional/ Mandatory	Impacted Plan Types
Other provisions				
Automatic enrollment for start-up plans	New 401(k) and 403(b) plans must include automatic enrollment with a default rate of between 3% and 10%, as well as automatic escalation of 1% per year up to a maximum of at least 10%, but no more than 15%. Employees have 90 days to unenroll Exemptions: Church plans, governmental plans, new employers established less than 3 years ago, and small employers with 10 or fewer employees	Effective for plan years beginning after December 31, 2024	Mandatory	401(k) and ERISA covered 403(b) plans established on or after December 29, 2022
Require paper statements	Defined contribution plans must provide a paper benefit statement at least once annually. Defined benefit plans must provide a paper benefit statement at least once every three years. Participants may opt out of paper statements.	Effective for plan years beginning after December 31, 2025	Mandatory	ERISA covered plans

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Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: FARMER Grant Application Approval FY 2023-2024 Funds

ISSUE:

State Legislature allocated \$75 million from the State Budget for FY 2023-24 to California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector through the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. This is the 6th year that the FARMER Program has been funded. The District is tentatively allocated \$699,700.00 in total FY 2023-24 FARMER Program funding. The application was submitted to CARB by the September 15, 2023 deadline.

District staff will return to your Board at a later date to approve amendments to the District's FARMER Program Policies and Procedures manual which will incorporate the latest updates to the State's FARMER Program Guidelines and an updated solicitation strategy for the next year of the program.

ACTION REQUESTED:

Approve Resolution 2023-15 accepting FY 2023-24 FARMER Program funding.

Attachment:

Resolution 2023-15

FY 2023-24 FARMER Program Solicitation Memo

Signed FY 2023-24 FARMER Program Application

Agenda Item 3.8

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To: Air Pollution Control Officers
From: Jason Crow, Manager, Innovative Strategies Branch
Date: August 7, 2023
Subject: Solicitation for Applications to Receive Funding from the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program: Fiscal Year 2023-24 Funds

This memo solicits applications for fiscal year (FY) 2023-24 funding from the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. California air pollution control districts (APCDs) and air quality management districts (AQMDs) with at least one percent of the statewide emissions from agricultural equipment may apply for FARMER Program grants funded by the General Fund.

For FY 2023-24, the State Legislature allocated \$75,000,000 to the California Air Resources Board (CARB) to fund grants with air districts under the FARMER Program. After withholding \$750,000 for CARB program administration, \$74,250,000 is available to districts. The tentative allocation of FARMER Program funding is based on publicly available emissions data for agricultural equipment in the 2021 California agricultural equipment emissions inventory (AG2021) and each district's air quality and attainment status.

District responses to this solicitation package must be received by September 15, 2023.

This solicitation package includes the application form as an attachment. Districts must complete and return this form to receive or designate funds. CARB will assume a district has declined FY 2023-24 FARMER Program funds if an application is not submitted to CARB by September 15, 2023.

Tentative and Final Grant Amounts

Table 1, below, provides the tentative grant amounts available by district. Note that these are tentative allocations based on preliminary estimates and should not be used in board resolutions. Final allocations will be calculated by applying the formula described in the FARMER Program Guidelines with consideration of the number of districts that apply and their funding requests. The final allocations may be more or less than the tentative allocations.

Table 1: Tentative District Allocations

Air District	Project Funding Allocation	Maximum Project Implementation Funding	Total Tentative Allocation
Bay Area AQMD	\$1,242,187.00	\$82,813.00	\$1,325,000.00
Butte County AQMD	\$655,968.00	\$43,732.00	\$699,700.00
Colusa County APCD	\$449,344.00	\$29,956.00	\$479,300.00
Feather River AQMD	\$751,975.00	\$107,425.00	\$859,400.00
Glenn County APCD	\$503,825.00	\$71,975.00	\$575,800.00
Imperial County APCD	\$491,662.00	\$70,238.00	\$561,900.00
Mendocino County AQMD	\$254,012.00	\$36,288.00	\$290,300.00
Mojave Desert AQMD	\$568,662.00	\$81,238.00	\$649,900.00
Monterey Bay Air Resources District	\$660,975.00	\$94,425.00	\$755,400.00
Northern Sonoma County APCD	\$359,712.00	\$51,388.00	\$411,100.00
Sacramento Metropolitan AQMD	\$382,781.00	\$25,519.00	\$408,300.00
San Diego County APCD	\$856,593.00	\$57,107.00	\$913,700.00
San Joaquin Valley APCD	\$55,687,500.00	\$3,712,500.00	\$59,400,000.00
San Luis Obispo County APCD	\$529,725.00	\$75,675.00	\$605,400.00
Santa Barbara County APCD	\$420,525.00	\$60,075.00	\$480,600.00
South Coast AQMD	\$662,625.00	\$44,175.00	\$706,800.00
Tehama County APCD	\$352,187.00	\$50,313.00	\$402,500.00
Ventura County APCD	\$654,850.00	\$93,550.00	\$748,400.00
Yolo-Solano AQMD	\$696,587.00	\$99,513.00	\$796,100.00
Placer County AQMD	\$2,719,242.00	\$461,158.00	\$3,180,400.00

Designations

Districts that choose to designate their tentative allocation to the Shared Allocation Pool or to a lead district (i.e., a district selected to administer the FARMER Program on another district’s behalf) may make this designation in the attached application.

In responding to this solicitation, districts may take one of the following actions:

1. Accept the Full Tentative Allocation.

Districts that accept the full tentative allocation may choose to designate all or a portion of the allocation to the Shared Allocation Pool or a lead air district. To accept the full tentative allocation, districts must address the following:

- Application – A completed application form signed and dated by the district’s Air Pollution Control Officer (APCO) or authorized designee. Please complete all applicable sections of the application.

District Board Resolution

If the district retains all or a portion of FARMER Program funds to administer, the district board resolution must commit to participate in the FARMER Program, accept FARMER Program funds, and follow the requirements of the FARMER Program. Since allocations in Table 1 are tentative and final allocations will differ, the resolution should not specify an exact grant amount unless district board policy requires it, in which case a not-to-exceed figure should be used. Because a district's board agenda may not immediately accommodate this item, resolutions will be accepted until October 31, 2023. Applications without a resolution must list the date that the board is scheduled to hear the item.

For funds designated to the Shared Allocation Pool or to a lead air district, the district board resolution must authorize FARMER Program funds to be designated to the Shared Allocation Pool or a lead district. Because a district's board agenda may not immediately accommodate this item, resolutions will be accepted until October 31, 2023. Applications without a resolution must list the date that the board is scheduled to hear the item.

- Policies and Procedures Manual – If the district retains all or a portion of FARMER Program funds to administer, in signing the application, the district APCO or designee must confirm that the district will maintain an up-to-date FARMER Program Policies and Procedures Manual at the district's office.

2. Accept Less than the Tentative Allocation.

Districts may opt to accept less than the tentative allocation and the remaining portion will be redistributed through the allocation formula. To do this, districts must address the following:

- Application – A completed application form signed and dated by the district's APCO or authorized designee. Please complete all applicable sections of the application.
- District Board Resolution – The district board resolution must commit to participate in the FARMER Program, accept FARMER Program funds, and follow the requirements of the FARMER Program. Since allocations in Table 1 are tentative and final allocations will differ, the resolution should not specify an exact grant amount unless district board policy requires it, in which case a not-to-exceed figure should be used. Because a district's board agenda may not immediately accommodate this item, resolutions will be accepted until October 31, 2023. Applications without a resolution must list the date that the board is scheduled to hear the item.
- Policies and Procedures Manual – In signing the application, the district APCO or designee must confirm that the district will maintain an up-to-date FARMER Program Policies and Procedures Manual at the district's office.

3. Decline the Funds.

- Application – Districts that choose not to participate in the FARMER Program for FY 2023-24 are asked to complete all applicable sections of the application form, including a signature by the district’s APCO or authorized designee.

Please send your completed application by email to farmer@arb.ca.gov.

The FARMER Program Guidelines are available on CARB’s website at www.arb.ca.gov/farmer.

For questions about the application process, please contact Ms. Erin Uchida, Staff Air Pollution Specialist, by email at Erin.Uchida@arb.ca.gov, Mr. Evan Powers, Air Pollution Specialist, by email at Evan.Powers@arb.ca.gov, or Ms. Kirsten Sarle, Air Pollution Specialist, by email at Kirsten.Sarle@arb.ca.gov.

Sincerely,



Jason Crow, Manager,
Off-Road and Agricultural Strategies and Incentives Section

Attachment: FY 23-24 FARMER Application

cc: Tung Le, Executive Director
California Air Pollution Control Officers Association
1107 Ninth Street, Suite 1005
Sacramento, California 95814

Erin Uchida, Staff Air Pollution Specialist
Mobile Source Control Division

Evan Powers, Air Pollution Specialist
Mobile Source Control Division

Kirsten Sarle, Air Pollution Specialist
Mobile Source Control Division

FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION REDUCTIONS (FARMER) PROGRAM APPLICATION

1. APPLICANT AIR DISTRICT

Air District Name Butte County Air Quality Management District
Street Address 629 Entler Avenue Suite 15
City/Zip Code Chico / 95928
Contact Person Jason Mandly
Phone 530-332-9400 x108 E-mail Address jmandly@bcaqmd.org

2. FARMER PROGRAM FUNDING REQUEST

Please complete. Air District requests:

- The full tentative allocation ("Total Tentative Allocation" amount from Table 1 in the Solicitation Memo). The Air District will accept the full allocation and may choose to designate all or a portion of its tentative allocation to the Shared Allocation Pool or to a lead air district.

- If additional funding becomes available, the Air District requests a greater amount, as specified below:

\$ Maximum Available

- Air District authorizes the funds be designated to the Shared Allocation Pool, for the amount specified below.

\$ _____

- Air District authorizes the funds to be designated to a lead air district, for the amount specified below.

\$ _____

(Please specify designated lead air district.)

- Less than the tentative allocation, for the amount specified below:

\$ _____

- No FARMER Program funds. Air District declines all funding.

3. PROJECT IMPLEMENTATION

Check box and enter percentage if Air District requests a project implementation grant percentage lower than the 6.25% or 12.5% allowed.

- The Air District requests project implementation funds be included in this grant at 6.25 percent of the total grant.

4. BOARD RESOLUTION

Check one box and complete the date if applicable.

- This application has been duly approved and authorized by the Air District governing board, as specified in the attached resolution.
- This application is scheduled to go before the Air District board on 9/28/2023.
Date

5. AIR DISTRICT CONTACT INFORMATION

Please complete items (a)- (d):

(a) Air District Air Pollution
Control Officer

Stephen Ertle

Phone

530-332-9400 x113

Email Address

sertle@bcaqmd.org

(b) Air District FARMER
Program Manager

Jason Mandly

Phone

530-332-9400 x108

Email Address

jmandly@bcaqmd.org

(c) Air District Mailing Address:

629 Entler Avenue Suite 15 Chico, CA 95928

(d) Air District Phone Number:

530-332-9400

6. DISTRICT APCO/EO APPROVED SIGNATURE

- To the best of my knowledge and belief, the information in this application is true and correct. Unless my district has declined or designated all of these grant funds, a FARMER Program District Policies and Procedures Manual, based on current FARMER Program Guidelines, will be developed and maintained at the Air District's office.



Signature of Air Pollution Control Officer

8-23-2023

Date

Please e-mail signed application to:
farmer@arb.ca.gov

**RESOLUTION 2023-15
BEFORE THE BOARD OF DIRECTORS OF
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT
STATE OF CALIFORNIA
APPROVAL TO ACCEPT FY 2023-2024 FARMER INCENTIVE FUNDING FROM THE
CALIFORNIA AIR RESOURCES BOARD**

Resolution 2023-15)
Approval to Accept FY 2023-24 FARMER Incentive)
Funding from the California Air Resources Board)

WHEREAS, for Fiscal Year 2023-24, the State Legislature allocated \$75 million to California Air Resources Board (CARB) to fund grants to air districts under the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program;

WHEREAS, CARB developed the FARMER Program Guidelines to meet the Legislature’s objectives and help meet the State’s criteria, toxic and greenhouse gas emission reduction goals;

AND WHEREAS, there are specific legislative requirements (e.g., expenditure records, quantification methodology, annual reporting, and disadvantaged/low income community investments) of the cap and trade proceeds that the District will need to adhere to;

AND WHEREAS, the Butte County Air Quality Management District Board approved the FARMER Program Policies and Procedures Manual through Resolution 2018-12 and most recently approved amendments through Resolution 2022-33;

THEREFORE, BE IT RESOLVED, that the Butte County Air Quality Management District Board hereby approves the District’s participation in the FY 2023-24 FARMER Program and the acceptance of the FARMER funds allocated and awarded to the District for eligible projects and project implementation in accordance with the legislative and applicable program requirements;

BE IT FURTHER RESOLVED, that the District will comply with FARMER Program requirements as specified in the applicable FARMER Guidelines and the District’s FARMER Policies and Procedures Manual;

BE IT FURTHER RESOLVED, that the Board authorizes the Air Pollution Control Officer to enter into contracts or grants with other California air quality districts to transfer funds to other districts as unexpected expenses or accept FARMER funds as unanticipated revenue through inter-district transfer as necessary and amend the budget accordingly;

BE IT FURTHER RESOLVED, the Air Pollution Control Officer is hereby authorized to execute on behalf of the District grant agreements with CARB and all other necessary documents to implement and carry out the purposes of this resolution;

THEREFORE, BE IT RESOLVED, that the Butte County Air Quality Management District Board, hereby authorizes the Air Pollution Control Officer, subject to review by District Counsel, to make such minor modifications in the

program information as may be necessary from time to time to ensure the smooth and efficient operation of the FARMER Program and to comply with State requirements.

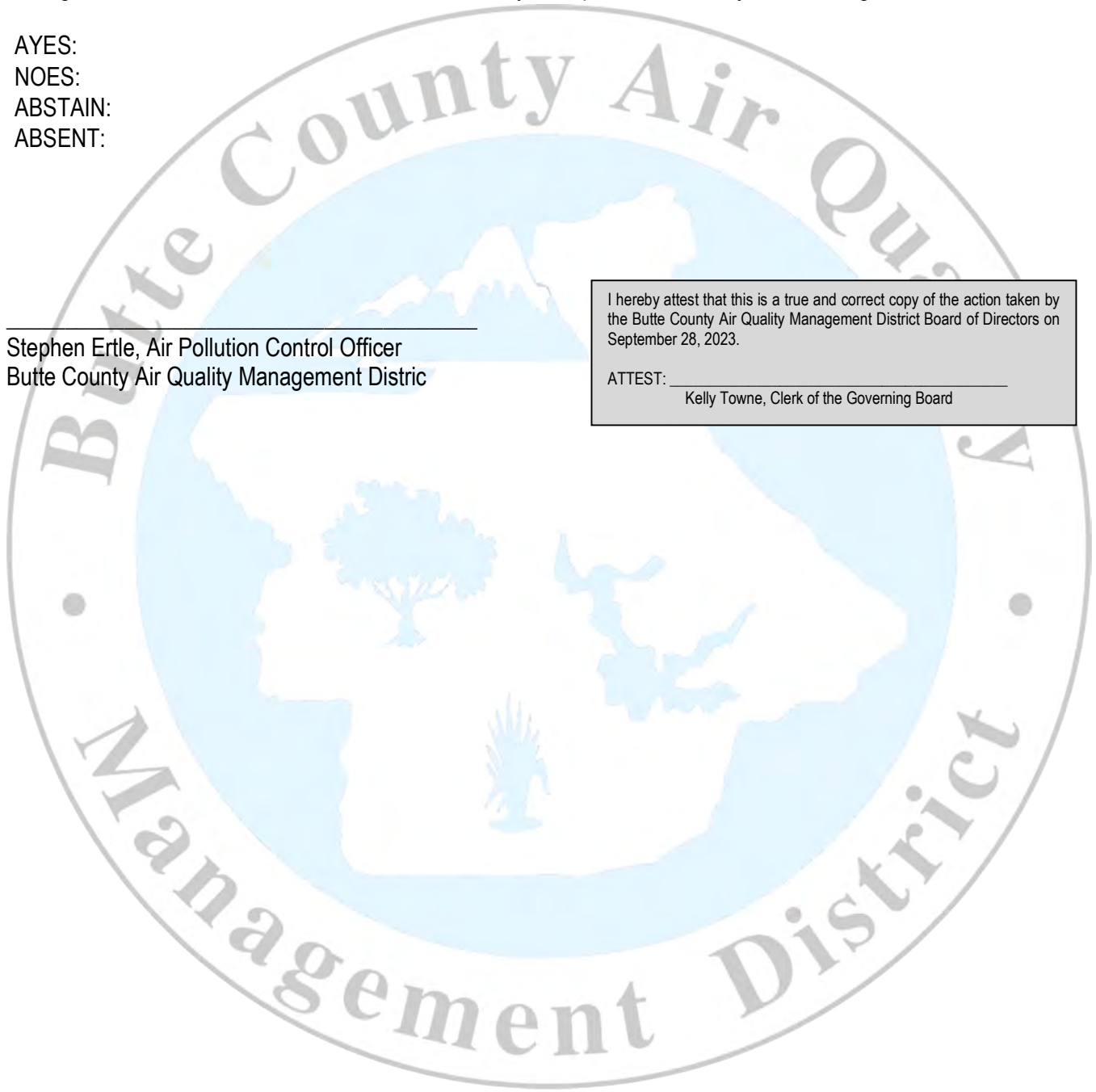
On Motion of, Seconded by, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 28th day of September, 2023 by the following:

- 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 September 28, 2023.

ATTEST: _____
Kelly Towne, Clerk of the Governing Board





TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTL
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Administrative Assistant Position Description and Office Counter Hours**

ISSUE:

Upcoming recruitment for the Administrative Assistant (AA) position necessitates an update to the position description and includes a proposal to make the position part time (Monday-Friday 07:30-12:00) permanently.

DISCUSSION:

During the COVID-19 shutdown between March 2020 and July 2021, the District office was closed to the public entirely. During this period staff developed and implemented tools and procedures to maintain full service to the public and other District stakeholders. When we reopened in July 2021, we returned to our pre-pandemic office hours except for Mondays where we were only open by appointment but closed for walk in/counter business. In April, our longtime AA retired, and we hired a part time temporary AA to support the AA duties until the separation of the retiring AA allowed for the hiring of a permanent replacement. Due to changes in public routines and staff development of online and remote procedures for doing business since the pandemic and due to the part-time nature of the temporary AA hire your Board approved a further reduced walk in/counter hours schedule of Tuesday through Friday from 07:30am to 12:00pm. Throughout all of these changes Staff have continued to work from 07:30am to 4:30pm Monday through Friday (closed from 12:00pm to 1:00pm for lunch) and continued to be available to meet in person by appointment during those hours.

The customer service needs for the position have fundamentally changed since the pandemic shutdown and during the recent reduced walk in/counter hours allowing for continuing high service to the public and other District stakeholders. Continuing this schedule would allow the District to hire the position part time and shift District resources to other areas where responsibilities have only increased.

Agenda Item 5

District Administration provided notification to the Employee Association of the intent to propose making the position part time permanently and there was no comment received.

Analysis of Cost Reduction if hired part-time:

Full Time Range: \$1,614-\$1,965 (\$20.18-\$24.56/hour)

Proposed Part Time Range (22.5 hours/week): \$908-\$1,105

Annual Savings: \$18,356-\$22,360 in direct costs

ACTION REQUESTED:

Approve attached proposed changes to the Administrative Assistant position description.

Approve permanent District counter hours Tuesday through Friday from 07:30am to 12:00pm.

Attachment:

Proposed Administrative Assistant Position Description

ADMINISTRATIVE ASSISTANT

DEFINITION

Under general supervision working a range of hours set by the Air Pollution Control Officer, provides varied office administrative, secretarial and general clerical assistance for the centralized administrative support system in support of the District's air quality management activities; provides information externally and internally regarding District policies and/or procedures; ~~prepares Board agenda packets and minutes of meetings~~; performs varied technical and non-technical support work for the District such as telephone and counter reception, word processing, correspondence, data entry, regulatory reporting, records management including electronic records, scanning and work order processing; assist with financial department with basic data entry, receipts and transactions as needed and performs other duties as assigned; may serve as Clerk of the District's Governing Board or other Special Assignments.

CLASS CHARACTERISTICS

This is a fully experienced office support classification, responsible for the full scope of clerical and secretarial duties in support of the District's Board, executive, professional and technical staff. Incumbents participate in office support work by performing multiple duties to ensure efficient District service provision. The work also requires the interpretation and application of policies, procedures and regulations and involves frequent contact with the public.

This class is distinguished from the Administrative Technician in that the latter is an advanced-journey level clerical classification that requires specialized technical program knowledge.

SUPERVISION RECEIVED AND EXERCISED

General direction is provided by managerial staff. Day-to-day assignments and projects are completed independently within specified guidelines. No direct supervision of staff is exercised.

EXAMPLES OF DUTIES (Illustrative Only)

- Attends to a variety of office administrative details, such as keeping informed of District activities, arranging and attending meetings, scheduling appointments, transmitting information, ordering and coordinating supply orders, arranging for equipment and office maintenance, processing staff schedules, and maintaining records, logs, and calendars related to permits, licenses, and agreements.
- Receives and screens visitors and telephone calls; takes messages, directs the caller to the proper office or person and/or provides factual information or problem resolution regarding District activities and functions that may require the interpretation and explanation of policies, rules, procedures and ordinances.
- Monitors and coordinates the daily operation of assigned project or program areas and maintains appropriate records and statistics.
- Compiles materials, assists in the preparation, and updates statistical and regulatory reports, manuals and publications.
- Assists in preparing for and coordinating meetings of the Board of Directors.; may attend and record information at Board meetings and hearings and prepares accurate minutes; posts Board and related District information.

- Prepares detailed ~~and confidential~~ correspondence, reports, forms, invitations, graphic materials, and specialized documents related to District activities from drafts, notes, brief instructions or corrected copy; proofreads materials for accuracy, completeness, compliance with departmental policies, format and English usage, including grammar, punctuation and spelling.
- Enters and retrieves information using standard word processing and spreadsheet software.
- Receives mail and direct payments from the public and other agencies.
- Processes and distributes incoming and outgoing correspondence for the office.
- As assigned, maintains records and tracks burn permit issues and activities within the District's jurisdiction; logs calls from the public regarding burn activities and requirements.
- ~~May a~~Assist with ~~other duties~~accounting procedures, such as invoicing, accounts receivable, late fee assessments, processing incoming receipts, balancing monies received, preparing receipts, bank deposits and permit applications.
- Operates standard office equipment, including job-related computer hardware and software applications, facsimile equipment and multi-line telephones; and may operate ~~other department-specific~~ equipment.
- Organizes and maintains various administrative, ~~confidential~~, reference and follow-up files; scans documents into system; purges files as required; and may assist in the contract management system.
- Coordinates activities with and provides information to contractors and service suppliers.
- Assist with various administrative support activities related to communications, tracking of grant program workflows.
- Contributes to a positive work environment by participating in solutions to problems as they occur.
- Provides administrative support to other staff as needed.
- Performs other duties as assigned.

QUALIFICATIONS

Knowledge of:

- Basic organization and function of public agencies, including the role of an elected Board of Directors.
- Codes, regulations, policies, technical processes and procedures related to District activities.
- Standard office administrative and secretarial practices and procedures, including the use of standard office equipment and software.
- Business letter writing and the standard format for reports and correspondence.
- Computer applications related to the work, including word processing, database and spreadsheet applications such as Office 365, LaserFiche, and Adobe.
- Records management principles and practices.
- Correct English usage, including spelling, grammar and word usage.
- Business arithmetic and basic statistical techniques.
- Techniques for dealing with a variety of individuals from various socio-economic, cultural and ethnic backgrounds, in person and over the telephone.

Skills in:

- Providing varied, ~~confidential and~~ responsible secretarial and office administrative work requiring the use of independent judgment, tact and discretion.
- Responding to and effectively prioritizing multiple phone calls, visitors, and other requests and interruptions.
- Composing correspondence and reports independently or from brief instructions.
- Making accurate arithmetic and statistical calculations.

- Compiling information from varied sources and preparing accurate records and reports.
- Using English effectively to communicate in person, over the telephone and in writing.
- Using initiative and independent judgment within established policy and procedural guidelines.
- Organizing own work, coordinating processes, coordinating projects, setting priorities, meeting critical deadlines and following up on assignments with a minimum of direction.
- Establishing and maintaining a records management system.
- Taking a proactive approach to customer service issues.
- Word processing and entering data into standard computer formats and producing correspondence and reports with speed and accuracy sufficient to perform assigned work.
- Establishing and maintaining effective working relationships with those contacted in the course of the work.

Education and Experience:

- Equivalent to graduation from high school supplemented by business or technical school coursework and three years of responsible office administrative, secretarial and/or general clerical experience. Experience in dealing with the public and working in a public agency setting is desirable.

License:

- Must possess a valid California class C driver's license and have a satisfactory driving record.

Other Requirements:

- Must possess mobility to work in a standard office setting and use standard office equipment, including a computer; vision to read printed materials and a computer screen; and hearing and speech to communicate in person and over the telephone.

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TAMI RITTER, CHAIR
Supervisor, District #3

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STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Annual Administrative Code Updates**

ISSUE:

The District Administrative Code (Code) requires an annual review to be conducted. Part A of the Code requires Board approval and certain sections of Part B require Board approval.

DISCUSSION:

This year's review did not trigger any recommended changes to Part A. The review of Part B, Section 2.2.10 Retention Schedule and Procedures necessitated minor changes to reflect the District's use of LaserFiche for electronic document retention. Specifically, language was added to allow retention of any document according to *either* the hard copy schedule *or* the digital record. This change will allow the destruction of hard copy records that have been digitized and indexed in our LaserFiche Records program. The District digital records policy requires on-site and off-site backup of the LaserFiche repository. Additionally, a number or retention periods for specific records are proposed to be updated as shown in the attached underline strikethrough of the section.

ACTION REQUESTED:

Review the proposed changes and approve.

Attachment:

Admin Code Part B, Section 2, Retention

Agenda Item 6

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The purpose of this policy and the Record Retention Schedule (Government Code Section 60200 et. seq) is to provide guidelines to staff regarding the retention or disposal of Butte County Air Quality Management District's records; provide for the identification, maintenance, safeguarding and disposal of records in the normal course of business; ensure prompt and accurate retrieval of records; and ensure compliance with legal and regulatory requirements. Counsel has reviewed and the Board has approved the Records Retention Schedule which provides a disposal schedule of the District's "Records", both "Hard Copies" and "Digital Copies". The following general guidelines apply to all records:

- If a record is originally received in digital form, any hard copy requirement will be waived.
- If the retention schedule for a hard copy and a digital copy ~~are the same exist~~, then ~~it is not mandatory that a digital copy be kept~~ digital or hardcopy may be retained.
- Records for which a specific category has not been identified, shall be retained for the minimum period required by governing agency, state and/or federal regulation.
- If the record is involved in litigation, the record should be maintained as the Records Retention Schedule states, plus two (2) years after closure of that litigation.
- Records generated by other agencies and that are generally available to the public from that agency, do not need to be retained.
- Duplicate records may be destroyed or otherwise disposed of if the original or a permanent copy is retained in another file maintained by the District.
- Preliminary drafts, notes or interagency or intra-agency correspondence which are not retained or required to be retained by the District pursuant to state or federal law, order, rule or regulation or not retained as a normal business practice, may be destroyed if such record is no longer necessary.
- In no instances are records, papers and documents to be destroyed where there is a continuing need for such records, such as pending litigation, special projects, etc.

Staff responsible for each record category will also be responsible for adding to and maintaining records in Laserfiche that are complete. This responsibility includes the retention and/or disposal of that category and should review and implement retention and/or disposal annually, unless the retention is for a period less than one (1) year.

Authorization for Destruction of Confidential Files/Items, Form #14, shall be completed prior to disposal. The following information shall be included on the form: Record Retention Schedule category of confidential records that are being disposed of, file name/item, file number, retention period, method of destruction, name of the person who is implementing the disposal, the supervisor's authorization, and the date of disposal. Records in Laserfiche will need to be submitted to Laserfiche Administrator for final deletion.

Confidential and sensitive financial records should be destroyed by processing through a shredding device by confidentially classed employees, or through an approved confidential bonded commercial business. Bulk disposal should be coordinated through an approved commercial business records destruction service.

The Air Pollution Control Officer is authorized by the Board of Directors to interpret and implement this policy according to the qualifications governing the retention and disposal of records, specified within this policy and the Records Retention Schedule. Any questions regarding the implementation of the Record Retention Schedule should be addressed to the Air Pollution Control Officer.

Electronic digital copies are made on the Laserfiche Document Imaging and Storage System, a trusted system that accurately reproduces the original thereof in all details and does not permit additions, deletions or changes to the original document in compliance with Government Code Section 12168.7 for the recording of permanent records, such that the electronic copies may be considered as original records.

Butte County Air Quality Management District Document Retention Schedule

Record Name	Hard Copy Retention (years)	Digital Copy Retention (years)
EPA		
Correspondence	3	Permanent
Ambient Air Quality Standard (AAQS)	3	Permanent
Planning		
- EPA Planning Documents ¹	3	Permanent
- State Implementation Plans	3	Permanent
Enforcement & Permitting		
- EPA Enforcement & Permitting Documents ¹	3	Permanent
- Compliance Monitoring Strategy	3	Permanent
Control Documents	3	Permanent
¹ Include all documents in this section unless otherwise noted.		
CARB		
Correspondence	3	Permanent
Ambient Air Quality Standard (AAQS)	3	Permanent
Federal Clean Air Act	3	Permanent
Clean Air Act	3	Permanent
Planning	3	Permanent
Air Toxics Hot Spots	3	Permanent
Emission Inventory	3	Permanent
Source Testing	3	Permanent
Agricultural Burning	3	Permanent
Compliance Assistance Documents	Most Recent Copy	N/A
Vehicles	3	Permanent
BACT	3	Permanent
Pollutant Specific Reports	3	Permanent
Control Specific Reports	3	Permanent
District		
Administrative Code		
- Original and Updates	3	Permanent
- Office Policies & Procedures	3	Permanent
Computer (Software & Manuals)	Recent Version Only	N/A
Conflict of Interest		
- Government Code & FPPC Info.	2	7
- Local Agency Biennial Notice	2	7
- Conflict of Interest Statements	2	7

September 22~~28~~, 2022~~2023~~
Administrative Code, Part B, Section 2

Record Name	Hard Copy Retention (years)	Digital Copy Retention (years)
Public Records	3	Permanent
Safety	7	7
Training	3	7
Presentation	3	N/A
Videos	3	N/A
Association of District Employees		
- Special District Transition	3	Permanent
- MOU & Amendments	3	Permanent
- Voicemail	N/A	Delete recorded messages within 7 days
- E-mail	N/A	Archive business-related e-mails within 180 days. Delete electronic version after 180 days
- Internal (Non-Policy)	3	3
Logs & Activity		
- Administrative	3	Permanent
- Air Quality	3	Permanent
- Enforcement	3	Permanent
- Permitting	3	Permanent
Human Resource Information		
- General	One year after superseded or obsolete	One year after superseded or obsolete
- Personnel Records	Term of Employment + 5	Term of Employment + 5
- Benefits Documentation (includes emp PERS reporting)	Term of Employment + 6	Term of Employment + 6
- Benefits Reports including deferred compensation, retirement, cafeteria and health programs.	Life of the plan + 6	Life of the plan + 6
- Payroll Reports (Register, Accruals, Checks, Timecards)	5	5
- Payroll Processing Packet	Term of Employment + 5	Term of Employment + 5
- Annual PR Reports	Term of Employment + 5	Term of Employment + 5
- W-2's & I9's	Term of Employment + 5	Term of Employment + 5
- Accident Reports and OSHA reports	5	5
- Hiring and Selection Process Records	4 years after hiring decision	4 years after hiring decision
- Employee, Medical & Exposure Records	Term of Employment + 5	NA
- Employee, Exposure Records (Toxic Substances or Harmful Physical Agents)	Term of Employment + 30	NA
- Injury/Workmen Compensation Claims & Records	5	NA
- Termination	7	7
Financial Information		
- General	5	5
- Credit Cards	Upon expiration date, Cancellation or Termination of Employee	NA
- Accounts Payable (Reports, Bills, PO, etc)	5	5
- Grants & Encumbrance Reports	Term + 5	Term + 5
- Appropriation Ledger	5	Audited + 5
- Journals and Budget Transfers	5	5
- Accounts Receivable (Receipts, Invoices, Expedite, Worksheets, Past Due, IR&D)	5	5

Record Name	Hard Copy Retention (years)	Digital Copy Retention (years)
- Banking (by account), Deposits, Statements, Voided Checks)	3	3
- Scanned Customer Checks for Deposit	After bank reconciliation completion and 3 months from deposit.	NA
- Vendor Records, W-9's & 1099s	Active + 5	Active + 5, 1099's Permanent
- State Reporting and State Subvention	5	Permanent
- Audit	5	Permanent
- Budget	5	Permanent
- Fixed Assets & Inventory	5	Permanent
- Vehicle Driver Information	5	6
- Policy and Coverage	5	6
- Accident Reports	5	6
Carl Moyer Grants		
- Administrative Records	Liquidation Date + 3	Permanent
- Fiscal and Contract Records	Liquidation Date + 5	Permanent
- Grant Project Files	Contract Life + 3	Permanent
- Unfunded Applications	Solicitation Date + 2	N/A
Other Grants		
- DMV	Contract Life + 5	Permanent
- Special Grants	Contract Life + 5	Permanent
- Biomass	Contract Life + 5	Permanent
Contracts & Agreements		
- Contract Log	Contract Life + 5	Permanent
- Air Quality & Burning Programs	Contract Life + 5	Permanent
- Accounting, Legal & Misc.	Contract Life + 5	Permanent
- Human Resource	Contract Life + 5	Permanent
Legal		
- Claims Litigation	6	Permanent
- Opinions, Cases, Outside Litigation	6	Permanent
Burn Program		
- Burn Permits	3	5
- Daily Allocation	3	5
- Fire Agencies	3	5
- Outreach	3	5
- Prescribed	3	5
- Regulation	3	5
- Residential	3	5
- Rice	3	5
Air Quality Planning		
- Correspondence	7	Permanent
- Emissions & Attainment Planning	7	Permanent
- Planning Environmental Documents (Non-District)	3	N/A
- Transportation	3	N/A
- Grant Program Guidelines	3	Permanent
- Educational Programs	3	N/A
- Check Before You Light	3	Permanent

Record Name	Hard Copy Retention (years)	Digital Copy Retention (years)
- Air Quality Advisories	3	Permanent
Air Monitoring		
- General	3	Permanent
- Compliance Advisory Bulletins	3	Permanent
Governing Board		
- Special District Transition Documents	Permanent	Permanent
- Correspondence & Contacts	3	Permanent
- Forms & Templates	3	Permanent
- Agenda & Reports	3	Permanent
- Minutes	Permanent	Permanent
- Meeting Recordings	N/A	30 days or until Minutes are approved
- Resolutions	Permanent	Permanent
- Conflict of Interest	3	3
- Training Certificates AB1234 & SB18252	3	3
Hearing Board		
- Conflict of Interest	3	3
Permitting-Source Files		
- Inspection Reports	5	Permanent
- Upset/Breakdown Reports	5	Permanent
- Contact Reports	5	Permanent
- Exempt Sources	5	Permanent
- Facility Closure	5	Permanent
- Permits to Operate	5	Permanent
- Throughput Reports	5	Permanent
- Complaints	5	Permanent
- AB2588 Hot spots	5	Permanent
- Variance Petitions	5	Permanent
Other Technical		
- Dust Mitigation Plans (NOA)	5	Permanent
General Enforcement		
- Notices of Noncompliance (NON)	5	Permanent
- Notices to Comply (NTC)	5	Permanent
- Notices to Apply (NTA)	5	Permanent
Hearing Board Petitions		
- General	5	Permanent
- Resolutions	5	Permanent
- Meeting Recordings	N/A	3
Technology		
General Technology & Industry	3	N/A
- Videos	3	N/A
- Manuals	3	N/A
- Tapes	3	N/A
- Periodicals	30 days	N/A
BCC		
Correspondence & Contacts	3	Permanent 3
Agreements, By-Laws, Protocols	3	Permanent

Record Name	Hard Copy Retention (years)	Digital Copy Retention (years)
Resolutions	3	Permanent
BCC Agendas & Minutes	3	Permanent
BCC-TAC Agendas & Minutes	3	Permanent
SVBA Qeeeps	3	Permanent ³
Programs	3	Permanent
Rule Development	3	Permanent
District Rules		
Regulation I	Most Current Version + 3	Permanent
Regulation II	Most Current Version + 3	Permanent
Regulation III	Most Current Version + 3	Permanent
Regulation IV	Most Current Version + 3	Permanent
Regulation V	Most Current Version + 3	Permanent
Regulation VI	Most Current Version + 3	Permanent
Regulation VII	Most Current Version + 3	Permanent
Regulation VIII	Most Current Version + 3	Permanent
Regulation IX	Most Current Version + 3	Permanent
Regulation X	Most Current Version + 3	Permanent
Regulation XI	Most Current Version + 3	Permanent
Appendix	Most Current Version + 3	Permanent
Outside Agencies		
BCAG	3	N/A
BCC-TAC	3	N/A
CAPCOA	3	Permanent
Butte County	3	N/A
Other	3	N/A
- City of Chico	3	N/A
- Other Districts	3	N/A
- California Agencies	3	N/A
Special Reports		
- Various Reports (Not generated by the District)	3	N/A



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STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Fiscal Policy Implementation Directive**

ISSUE:

Implementation of the District Fiscal Policy (Board approved May 26, 2022) cost recovery plan.

DISCUSSION:

The District Fiscal Policy (Policy) includes general and specific guidance for the District to follow that resolves Pension Unfunded Accrued Liability (UAL), maintains a high level of program management, and secures financial sustainability that does not rely on one-time revenues. The success of the Policy depends on reducing liabilities and operational costs and achieving and maintaining program cost recovery.

Staff began work to reduce UAL through a refinance initiative that could not be pursued at this time due to the current reliance of unreliable grant revenues to support program costs.

The Board directed staff to explore strategies to evaluate program costs and cost recovery.

Potential Strategies:

1. Contract with a consultant to perform a District cost and fee analysis.
2. Pursue program fee adjustments.
3. One-time fee assessment on member municipalities and County.

Option 1

Benefits:

- Expertise: Consultant can provide specialized expertise in analyzing our cost structure and fee rules.

Agenda Item 7

- Objective Assessment: External analysis offer an unbiased assessment which can reveal area for cost savings.
- Data-Driven Decisions: Analysis from a consultant can provide valuable data to support informed decision making.

Drawbacks:

- Cost: Contracting with a consultant incurs upfront costs.
- Time: The analysis may take time to complete, delaying implementation of cost recovery measures.
- Dependence: Reliance on external expertise.

Feasibility:

The budget includes unallocated professional services expenditures and the District has limited expertise in this type of analysis.

Option 2

Benefits:

- Reduces Cost Recovery Timeline: The sooner revenue adjustments are made the more impact they will have on Policy goals.
- Control: The Board can direct the form any fee adjustments take.
- Align with Inflation: Implementing adjustments sooner limits cost recovery erosion from inflationary pressures.

Drawbacks:

- Regulated Community Pushback: Adjustments without external analysis have less credibility.
- Impact on Stakeholders: Fee adjustments impact the bottom line and must have clear need.
- Level Playing Field: Similar activities must be relative to costs.

Feasibility:

Implementing fee adjustments requires careful consideration of potential consequences and a well planned stakeholder engagement to assure success.

Option 3

Benefits:

- Short Term Revenue: One-time assessments can be directed to a specific liability.
- Shared Responsibility: Distributing cost burden among municipalities spreads cost among the entire community.
- Predictable: Assessment are reliable.

Drawbacks:

- Moves Liability away from the District: Assessments do not address the source of the liabilities.
- Disconnect from Responsible Party: Sources are responsible to meet Federal, State, and local requirements.
- Dependency: May hinder Districts financial independence.

Feasibility:

Enacting a one-time assessment is allowed under State law, however it fails to address the root cause of potential excess cost or cost recovery shortfalls.

ACTION REQUESTED:

After a thorough analysis of the three options, it is recommended that the Board direct staff to research consultants that perform cost and fee analysis of Special Districts and hire them for this type of analysis. The results of the analysis can then be used to inform any cost saving and fee adjustment initiatives that should be pursued.

Attachment:

BCAQMD Fiscal Policy 2022-5-26

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Butte County Air Quality Management District
Fiscal Policy
(May 26, 2022)

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1.0 GENERAL POLICIES

- 1.1 **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.
- 1.2 **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.
- 1.3 **Basis of Accounting** Refer to Administrative Code Part A, Section 11.1 to 11.3.
- 1.4 **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.

2.0 RESERVE POLICIES

- 2.1 **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.
- 2.2 **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 two (2) months of budgeted annual operating expenditures. Also refer to the Reserve Policy Resolution and the current fiscal year’s budget.
- 2.3 **Liquidity** The District shall maintain cash and other asset accounts necessary to meet the liquidity needs for the District.

3.0 REVENUE

- 3.1 **Funds and Account Groups** The AQMD shall maintain separated distinct revenue accounts as follows:
 - 3.1.1 *Agricultural Burn Permit Account No. 4213010*: This account reflects revenue received from Agricultural Burn Permit Fees pursuant to District Regulation V, Rule 507.
 - 3.1.2 *Agricultural Engine Registration 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.

- 3.1.3** *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).
- 3.1.4** *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.
- 3.1.5** *Portable Engine Registration 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.
- 3.1.6** *Asbestos Program 4213038:* This account is for an asbestos program that replaces the CARB managed program.
- 3.1.7** *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.
- 3.1.8** *Emission Reduction Credit Fee (ERC's) Account No. 4213055:* This account includes technical evaluation and processing fees paid for 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.
- 3.1.9** *Miscellaneous, Other Permits Account No. 4213060:* This account includes miscellaneous revenue generated from Petitions for Variance Fees and Transfers of Ownership Fees.
- 3.1.10** *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.
- 3.1.11** *Interest, Account No. 441:* This account includes the interest earned for District funds on account.
- 3.1.12** *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 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 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.
- 3.1.13** *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.

- 3.1.14** *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.
- 3.1.15** *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.
- 3.1.16** *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.
- 3.1.17** *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.
- 3.1.18** *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.
- 3.1.19** *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.
- 3.1.20** *FARMER Funding Account No. 4510904:* 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.

- 3.1.21 *Carl Moyer Account No. 4510906*: 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.
- 3.1.22 *Wood Smoke Program, Account No. 4510909*: This account was created to isolate and better track the Wood Burning Device Change-Out Program revenue received from the state.
- 3.1.23 *CEQA Mitigation, Account No. 4510910*: This account includes revenue received from projects with mitigation measures to reduce the project's impact on air quality.
- 3.1.24 *Community Air Protection (CAP) Account No. 4510915*: This account reflects grant funding received from the state to benefit disadvantaged communities under the Community Air Protection Program.
- 3.1.25 *NOx Remediation Measure Account No. 4510916*: 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.
- 3.1.26 *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.
- 3.1.27 *Grant Implementation Revenue Account No. 4712550*: This account reflects income from other agencies to implement or administer various grant programs.
- 3.1.28 *Auction Proceeds Account No. 4815010*: This account includes revenue received from the sale of District assets.

3.2 Fees and Charges

- 3.1.1 **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.
- 3.1.2 **Collection of Fees and Charges** The District shall strive to collect all fees and charges imposed and shall actively pursue and settle delinquent accounts.
- 3.1.3 **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.

3.3 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.

3.4 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.

4.0 BUDGETING AND CAPITAL ASSET MANAGEMENT

4.1 Basis of budgeting All budgetary procedures will conform to state regulations, government accounting standards board (GASB) and generally accepted accounting principles and pursuant to HSC Section 40131. As such, the District shall use a modified accrual basis of accounting for reporting on budgeted versus actual expenditures.

Grant revenues are budgeted as revenue and with grant funds reserved and implementation funds are unearned until expenses can be recognized in accordance with applicable grant guidelines.

Fixed assets are depreciated in the notes of the fiscal audit but are fully expensed in the year acquired for budgetary purposes.

4.2 Budget Process Pursuant to HSC *Section 40131*, the District shall adopt its annual budget in accordance with the following procedure:

4.2.1 The District shall prepare and make available to the public at least thirty (30) days prior to public hearing, a summary of its budget and any supporting documents, including, but not limited to, a schedule of fees to be imposed by the District to fund its program.

4.2.2 The District shall notify each person who was subject to fees imposed by the District in the preceding year of the availability of the information described in paragraph (a).

4.2.3 The District shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed District budget. The public hearing required to be held pursuant to this section shall be separate from the hearing at which the District adopts budget.

4.3 Balanced budget The District shall maintain a balanced budget, defined as total resources (revenues, interfund transfers and beginning fund balance) shall equal total requirements (operating expenses, capital expenses, interfund transfers and ending fund balance) including reserves and contingencies. Furthermore, the District considers the budget to be balanced whenever annual revenues are equal to or exceed annual expenditures. The District is committed to maintaining a balanced budget under normal circumstances and will disclose deviations from a balanced operating budget when it occurs.

4.4 Budget control The Governing Board of Directors (Board) retains the exclusive authority to amend the annual budget for Revenue and Expenditures. In no case may total operating expenditures exceed that which is appropriated by the Board without a budget amendment duly approved by the Board.

The Board also retains the exclusive authority to increase the annual budget authority for Capital Expenditures. In no case may total capital expenditures exceed that which is appropriated by the Board without a budget amendment duly approved by the Board.

Only the Board may increase the number of authorized positions in the EA MOU. Once the Board has adopted the annual budget, it shall be considered the controlling documented plan of expenditures. As such, purchases, acquisitions shall be processed within the limitations established by budgeted resources allocated to each object classification by the District. Budget transfers during the year between accounts can be authorized by the APCO.

4.5 Capital asset acquisition, maintenance, replacement, and retirement

4.5.1 Budget for maintenance The District shall budget for the adequate maintenance of capital equipment and facilities to protect the public investment and ensure achievement of their maximum useful life.

4.5.2 Use of operational fund balance for capital Operational fund balances greater than established reserves and liquidity requirements may be used for the development, rehabilitation, or replacement of capital assets.

4.5.3 Capitalization threshold An asset shall be considered a capital asset when the initial cost of the asset is \$25,000 or more and has a useful life of more than one year or is a vehicle. The initial cost shall include any costs necessary to put the asset into its intended use. Interest in real property shall always be considered a capital asset, regardless of its initial cost. This threshold will be used for materiality and liability thresholds for GASB reporting of tangible assets, intangible assets, leases and subscriptions.

5.0 EXPENDITURE POLICIES

5.1 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.

5.2 Cost Allocation Refer to Administrative Code, Part A, section 11.9

5.3 Purchasing Refer to Administrative Code, Part A, section 11.10 & 11.11.

5.4 Expenditure Reimbursement Refer to Administrative Code, Part A, section 12

5.5 Fixed Assets & Inventory Refer to Administrative Code, Part A, section 11.8

6.0 FINANCIAL REPORTING

6.1 Budget and Financial reporting to Board at Each Regular Meeting of the Board The District shall prepare and provide to the Board a report that compares actual revenues and expenditures to budgeted amounts, including relevant information and a balance sheet. The report shall explain significant variances and provide analysis and interpretation of financial information.

7.0 ACCOUNTING

7.1 Financial statements The District shall prepare financial statements annually, in accordance with government accounting standards board (GASB) and the generally accepted accounting principles (GAAP) for governments in the United States.

7.2 Annual fiscal audit At the direction of the Board, the Air Pollution Control officer shall contract to conduct an annual audit of the accounts and records of the district. The District's financial statements shall be audited annually by an

independent, qualified third party in accordance with generally accepted auditing standards and shall complete the audit within twelve (12) months of the end of the fiscal year. The audit results and any associated management response shall be presented to the Board of Directors.

- 7.3 Accounting policies and procedures** Management shall develop internal accounting policies and procedures necessary to implement these Fiscal Policies and to ensure that internal controls, processes, and procedures are adequate to protect the finances of the District.

Due to the small number of District staff, it is not possible to implement segregation of all accounting functions; however, when possible, to separate duties, the District shall organize and assign work duties and responsibilities to assure additional mitigating controls. Additional mitigating controls to prevent recording errors and/or fraud include established procedures, supervision, and proper authorizations by designated officials for all actions taken.

8.0 PENSION AND OPEB

- 8.1 Pension Funding, Generally** The District shall be a member of the California Public Employees' Retirement System (CalPERS). The District shall budget for and make at least the minimum payments required by CalPERS to fund the normal cost and the annually determined contribution to any unfunded actuarial liability.
- 8.2 Additional Payments Toward Pension UAL** The District shall make additional contributions toward the Unfunded Actuarial Liability (UAL) if the most recent Annual Valuation Report identifies a UAL. The source and amount of funding shall be determined and approved by the Board and may include the following sources:
- Unanticipated one-time revenues.
 - Savings derived from the expiration of payments for a retirement plan's side fund or other amortization bases; and/or
 - Salary and benefit savings realized by the District through short-term position vacancies.
- 8.3 Additional UAL Payments to CalPERS** The District shall pay any additional contributions toward the UAL to CalPERS. Payments shall be applied against any retirement plan's underfunded amortization base specifically, or to the UAL generally, approved by the Board during Fiscal Budget approval.
- 8.4 Other Post-Employment Benefits (OPEBs)** The District shall provide Other Post-Employment Benefits (OPEBs) in accordance with any negotiated employment contracts or agreements. As a minimum, the District shall budget for and make at least the annually determined contribution necessary to pay for OPEBs provided to current retirees.
- 8.5 OPEB Trust Payments** The District established an OPEB Trust account with Resolution 2017-12 under Section 115 of the Internal Revenue Code and shall prepare an actuarial report for the plan every two years. If the actuarial report identifies a Net OPEB Liability that is less than 95% funded, then District staff will include payments to the OPEB Trust in the proposed annual budget. The

amount proposed in the budget will be adequate to meet the Actuarially Determined Contribution for that year. The annual OPEB contribution shall be determined and approved by the Board through the budget approval process.

8.6 Use of OPEB Trust Assets The District may use the assets in the OPEB trust only to pay for OPEB-related expenses.

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Supervisor, District #3

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PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **State of the District Report and Goals and Performance Metrics for
FY 2023-2024 (Accept Report/Approve Goals)**

ISSUE:

Staff will review the status of the District programs and recommend goals for FY 2023-2024.

ACTION REQUESTED:

Receive reports and approve goals.

DISCUSSION:

One of the District goals is to prepare and present to your Board a State of the District Report. The report is organized around reporting activities for the completed FY 2022-2023 and looking forward to the current fiscal year. Attached please find the following State of the District Report, summarizing the status of the more salient District programs, and proposed goals for FY 2023-2024.

Attachment:

State of the District Report 2023

Goals and Metrics 2023-2024

Agenda Item 8

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State of the District Report

Butte County Air Quality Management District

September 28, 2023

Preface

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). The District lies within the Sacramento Valley Air Basin and participates as a member of the Sacramento Valley Basinwide Air Pollution Control Council (BCC). As part of its statutory responsibilities, the District implements a broad spectrum of air quality management programs. The purpose of this State of the District Report is to summarize the status of the more salient District programs from the previous fiscal year and provide goals for fiscal year 2023-2024.

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State of the District Report

I. ADMINISTRATION

√ District Finances

District administration coordinated a successful fiscal audit for Fiscal Year (FY) 2021-2022 with the firm Smith and Newell, Certified Public Accountants. The audit was presented to the Board at the March 2023 meeting. Norman Newell provided an unmodified opinion, with no findings.

The District ended FY 2022-2023 in deficit. The FY 2022-2023 budget projected expenditures of one-time, restricted, grant administration revenues that were higher than realized. The shortfall of these revenues coupled with multiple programs seeing insufficient cost recovery caused the closing year deficit. Final FY 2022-2023 budget adjustments will be proposed at the October Board meeting. The highest priority for Administration is program cost and fee analysis and improving cost recovery to secure future balanced budgets. The District continues to maintain service levels.

For Fiscal 2023-2024 a balanced budget was adopted at the June 22, 2023 Board meeting.

The FY 2023-2024 budget includes no additional permanent staffing. Administration is recommending the Administrative Assistant position be made part-time to reflect changing customer habits and limited resources. District operations are supported by State on-time, restricted grant administration revenue. Current revenue for most of these grants is secured through 2025 however uncertainty with the State’s future budgets could impact these revenue source thereafter. District Administration will closely monitor the situation. The District will utilize temporary extra help staff as needed to assist with the implementation of ongoing grant programs and assist with other duties as needed. The District has not increased permanent staffing levels

2023 State of the District Report

since FY 2000-2001 and that increase has since been reduced. During that period more than 20 additional programs have been implemented by District, which continue to tax staff resources.

District Administration continues to implement program improvements and prioritize resources to ensure efficient, cost-effective operations. The District utilized e-mailing for invoicing, public notification of workshops, meetings and upcoming rules and regulations development. Work continues implementing a digital file system using LaserFiche, which offers many advantages in records management. Documents are scanned electronically onto a computer hard drive and are accessible from network workstations. Cost savings have been maximized through efficient information retrieval and data storage. The District also utilizes LaserFiche for its electronic file depository. LaserFiche allows workflows to be created and is integrated with the electronic file system software. These workflows increase productivity and streamline processes requiring approval or follow-up. Staff continue to add forms that are available to the public through the District website which can be completed electronically. The District utilizes the ADP timesheet system to better track program costs and both direct and indirect expenses. The data generated is used to evaluate the cost recovery for each major program area. Analysis of this data has highlighted the programs failing to achieve cost recovery targets.

The Board approved a District Fiscal Policy in May of 2022 that requires annual review of program cost recovery and the development of a Pension Liability Management Plan. Enforcement penalty changes and a Fee rule adjustment were completed earlier this year. The priority focus for the Administration is reducing program cost and program cost recovery to achieve District Fiscal Policy targets.

The District has implemented the use of electronic payments to pay reoccurring bills in effort to reduce costs, increase productivity and increase security.

√ **Human Resources**

The current District Memorandum of Understanding (MOU) with the Employee Association expires in October of 2024. In preparation of the negotiations for the 2024-2027 MOU, a classification and compensation study has been budgeted and a request for proposal will go out in early Fall.

District staffing is budgeted at eleven (11) full-time employees. Over the last three (3) years, five (5) new staff have been hired to fill positions vacated by retirements and other staff changes. This period represents the highest turnover in the District's history however we have managed to manage all programs at a high level because of the efficiencies that have been implemented over the last years and the training and dedication of our staff.

The District will continue to take advantage of temporary part-time extra help as needed and consider internships. Staff training is not limited to new staff and continues at all levels. Staff have attended classes offered by the California Air Resources Board (CARB) and the California Emergency Management Agency (Cal EMA), Special District Risk Management Association (SDRMA), California Special District Association (CSDA), Vector Solutions, California Chamber of Commerce and the Governmental Finance Officers Association (GFOA). Our field staff are certified in evaluating visible emissions in accordance with U.S. EPA requirements and are certified in hazardous materials operations and response (HAZWOPER). Staff support local Fire

2023 State of the District Report

and State Office of Emergency Services with air quality emergencies.

√ **Facilities**

The District is currently in the third year of a 5-year lease extension for the office located at 629 Entler Avenue, Suite 15, in Chico.

√ **Program Compliance**

District operating procedures are maintained in the Administrative Code, Parts A and B. Part A includes operating protocols for the Board and accounting procedures. The Board has regularly approved amendments to Part A, including operating protocols. Part B includes staff operating procedures, from routine office policies to field staff inspection procedures and permitting guidance. Amendments to Part B are approved by the APCO with the exception of penalty sections and retention sections which require Board approval. Maintenance of the District Administrative Code is an ongoing activity as we continuously seek to improve our internal processes.

Fiscal program compliance was evaluated by outside auditor Smith and Newell, CPAs, as mentioned above.

II. AIR QUALITY PLANNING AND GRANTS

√ **The Carl Moyer Program**

The Carl Moyer Program is a grant program that funds the incremental cost of cleaner heavy-duty diesel vehicles and other combustion equipment. The District received \$175,000 in FY 2022/2023 funds. The District was awarded \$221,835 in FY 2022/2023 funds from the Carl Moyer Rural Assistance Program (RAP). \$263,375 in FY 2021/2022 State Reserve funds were awarded to Butte County to implement a commercial lawn and garden equipment voucher program. District staff last updated the District Policies and Procedures Manual for Governing Board approval in April 2023.

√ **The FARMER Program**

The Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program provides state funding for replacing agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, UTVs, and other equipment used in agricultural operations. The District received FY 2022/2023 FARMER funds totaling \$1,399,400. District staff updated the FARMER Policies and Procedures Manual for Governing Board approval in December 2022.

√ **The AB617 Community Air Protection Program**

The State of California signed AB617 into law in July 2017 directing CARB to develop the Community Air Protection (CAP) Program. The Program's focus is to reduce exposure in communities most impacted by air pollution statewide. The District received \$54,130 in FY 2021/2022 implementation funds towards activities that further the goals of AB 617.

CARB developed a CAP Incentives program to provide funding to air districts for projects that would prioritize disadvantaged communities and low-income communities. Through a public process and with Governing Board approval, the District awarded projects using the \$1,134,135 in total FY 2022/2023 funding. District staff updated the CAP Incentives Policies and Procedures Manual for Governing Board approval in December 2022.

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√ **The Woodsmoke Reduction Program**

The Woodsmoke Reduction Program is a statewide program funded through California Climate Investments that provides voucher incentives to residents using non-EPA certified wood burning devices to purchase cleaner burning technology such as EPA certified wood and pellet stoves, electric stoves, and electric heat pumps. The District received FY 2021/2022 FARMER funds totaling \$245,250 and expects to begin issuing additional vouchers in late 2023.

√ **CEQA Mitigation Grant Program**

The District maintains an offsite mitigation program where large projects can pay into a fund to reduce air quality impacts when on-site mitigation is not feasible or adequate. There are currently no projects being funded with offsite mitigation funds.

√ **District Web Page**

The District's website (www.bcaqmd.org) provides information to the public and includes: Governing Board agendas, permit information, current air quality information and advisories, agricultural and residential burning information, burn day status, staff contact information, printable forms, and links to other air quality and transportation websites. Staff posts information relevant to special projects of interest to the public, such as wildfire information, Check Before You Light program, the Portable Equipment Registration program, the Agricultural Engine Registration program, grants and incentive programs, as well as advisories issued by the California Air Resources Board, EPA and other agencies.

√ **Check Before You Light Program**

The 2022-2023 Check Before You Light (CBYL) Program was effective November 1, 2022, through February 28, 2023. The CBYL Program requests that the public voluntarily refrain from using woodstoves and fireplaces when an area in Butte County is expected to exceed the federal 24-hr PM_{2.5} health standard (35ug/m³). These conditions generally occur on cold winter nights with little air movement and strong inversions. The federal standard is also the threshold for the Air Quality Index (AQI) level of 101 which is considered Unhealthy for Sensitive Groups. Advisories are issued for the following day based on air quality and meteorological data measured in Chico, Gridley, and Paradise. When advisories are issued for the Chico area a mandatory no-burn ordinance adopted by the Chico City Council restricts burning in non-EPA certified wood burning devices within the city limits.

There were no advisories issued for the 2022-2023 CBYL season. There were also no exceedances of the federal 24-hr PM_{2.5} standard at the Chico, Paradise, or South Butte County monitoring locations during the 2022-2023 CBYL Season.

√ **Public Education Program**

Staff provide air quality information to the media daily. During periods of poor air quality, the District staff will respond to media requests for additional information. Staff are available to give presentations on topics related to air quality, upon request, and participates in public events for the purpose of outreach and education. Upon request, staff are available to collaborate with local educators, at all levels, to promote clean air programs such as EPA's School Flag Program.

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√ **Clean Air Center Program**

The Clean Air Center Program is a statewide program designed to create a network of clean air centers where people in vulnerable communities with high documented smoke burden can find respite from wildfires and other smoke events. This grant program is funded by Assembly Bill 836 as part of the California Air Resources Board's (CARB) Wildfire Smoke Clean Air Centers for Vulnerable Populations Pilot Program (Wicks, Chapter 393, California Health, and Safety Code Section 39960, 2019). The District was awarded 4 portable air cleaners to loan to eligible facilities in low-income and disadvantaged communities that can be open to the public during wildfire smoke impacts.

√ **Air Quality Data**

District staff prepare biannual and annual air quality data summaries including detailed graphics. These summaries are available to interested members of the public and are frequently used for public presentations. Also see the comments above. Staff maintains contact with California Air Resources Board technician, who maintain the various permanent air quality monitors within the District. Additionally, staff monitors exceptional event data in order to support the public in decision-making during unhealthy air episodes.

√ **CEQA/NEPA Reviews**

The District continues to work closely with Butte County and cities in evaluating potential air quality impacts under the California Environmental Quality Act and National Environmental Protection Act (CEQA/NEPA). The District prepares an air quality review and analysis for developments submitted by Butte County and cities. The District has been working with the cities and county providing comments and resource information for their general plan updates. District staff has also forwarded resource information developed by the CAPCOA on evaluating climate change through the CEQA and general plan process. The District provides a guidance document "CEQA Air Quality Handbook" as a resource for lead agencies in project evaluation for air quality impacts.

√ **Sacramento Valley Basinwide Air Pollution Control Council (BCC)**

District staff closely coordinate program activities with the air districts in the Sacramento Valley. Staff coordinate review, each year, of the Basin Smoke Management Program and other common activities. The District is under contract to provide secretarial services to the BCC and maintains BCC records.

√ **California Air Pollution Control Officers Association (CAPCOA)**

CAPCOA is a professional organization of the California Air Pollution Control Officers that coordinates grants between CARB and Districts and provides lobbying activities at the State Legislature. During the 2023 legislative session CAPCOA provided comments on dozens of bills in both support and opposition. The efforts of CAPCOA allowed District positions to be reflected in bill amendments or killed unreasonable bills. As more State and federal mandates are imposed on local air districts, CAPCOA offers the District opportunities to coordinate program elements Statewide on new requirements. District staff participates at varying levels with the CAPCOA Planning Managers, Engineering Managers, Enforcement Managers, Vapor Recovery, Toxics, Human Resources and Fiscal Managers. The Senior Air Quality Planner is currently Chair of the Planning Managers Committee. The District Air Pollution Control Officer is currently representing Rural Air Districts as a Director on the CAPCOA Board.

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√ **Federal PM 2.5 State Implementation Plan (SIP)**

U.S. EPA took final action effective October 10, 2013, to determine that the Chico nonattainment area in Butte County attained the 2006 24-hour PM_{2.5} National Ambient Air Quality Standards (NAAQS). District staff developed a Redesignation Request and Maintenance Plan which was approved by U.S. EPA effective August 10, 2018. Butte County continues to attain 2006 24-hour PM_{2.5} NAAQS. The District evaluates any violations of the NAAQS due to exceptional events (such as wildfires) annually. The District is developing a Wildfire Mitigation Plan due April 2024 in compliance with the federal Exceptional Events Rule. This plan will outline outreach measures that the District takes during wildfire smoke events to allow future consideration for relief from exceptional events.

√ **Federal 8-hour Ozone State Implementation Plan (SIP)**

U.S. EPA established a new 8-hour Ozone standard in October 2015 at 0.070 parts per million (ppm). The previous standard was 0.075 ppm, established in 2008. Butte County was designated nonattainment for the 2015 Ozone standard by the U.S. EPA effective April 2018. Ozone concentrations measured in Butte County improved to where U.S. EPA issued a determination (October 2022) that Butte County attained the 2015 Ozone NAAQS by the August 2021 deadline. The District evaluates any violations of the NAAQS due to exceptional events (such as wildfires) annually. Maintenance of the standards allows facilities to operate at historical levels without having to add additional controls or requirements.

√ **Rule and Regulation Development**

The California Health and Safety Code requires the District's Governing Board to adopt Rules and Regulations for the implementation and enforcement of federal and State statutes and regulations. The District Board may also adopt rules based on local priorities and attainment status. Fee rules may also be adopted to cover reasonable cost recovery. Most of the rules proposed are required by the State Air Quality Attainment Plan (Plan). The Plan is updated every three (3) years by the Sacramento Valley Basinwide Air Pollution Control Council and approved by the District's Governing Board. The Board last adopted the Plan in 2022. The Plan includes a listing of "all feasible measures" that the District's Governing Board is required to consider.

The District's Governing Board adopted amendments to District Rule 230 – *Architectural Coatings* in September 2022, District Rule 500 – *Stationary Source Permit Fees* in April 2023, and District Rule 509 – *Subject Research Fees and Hourly Rate* in June 2023. The District's Governing Board adopted new District Rule 207 – *Asbestos Demolition and Renovation* and District Rule 516 – *Asbestos Demolition and Renovation Fees* in October 2022.

III. COMPLIANCE & ENGINEERING

√ **Stationary Source Permit Program**

The District issues permits (Authority to Construct and Permits to Operate) to stationary sources of air pollution in Butte County. The stationary source permit is the primary means to ensure compliance with local, State, and federal air quality requirements. Typical sources under permit include dry cleaners, retail service stations, auto body repair shops, lumber mills, cabinet shops, sand and gravel processing plants, asphalt concrete production, diesel-fueled generators, agricultural processing operations (almond hullers and rice dryers), and soil/groundwater

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remediation projects. In calendar year 2021, the District issued or renewed 813 Permits to Operate, issued 50 Authority to Construct permits and conducted 496 facility inspections.

The Title V Program requires a federal major source to have a permit, which includes all the federal requirements applicable to the facility. The District has three (3) Title V sources under its jurisdiction: 1) SFPP, L.P., a bulk gasoline distribution terminal, 2) Butte County Department of Public Works for the Neal Road Recycling and Waste Facility, and 3) the Ameresco Butte County LLC Gas to Energy plant co-located at Neal Road. Title V Operating Permits are valid for five (5) years from the date of issuance and are renewable and were all renewed in 2022.

√ **Stationary Agricultural Engine Registration Program**

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* were adopted in 2007 by the Board. The registration rule required that owners of all existing engines apply for a Certificate of Registration by March 1, 2008, and the owners of any new engines apply for registration no later than ninety (90) days from the date of installation. Owners of “low use” engines are allowed to request that the engines be evaluated for a compliance extension which allows engines to be operated for a cumulative total number of hours of operation, or until 2020 for non-certified engines, or 2025 for certified engines, whichever occurs first.

The District has 261 agricultural engines registered, with 65 engines designated as “low use”. 55 engines were non-certified or Tier I engines that were phased out in December 31, 2020.

√ **Portable Equipment Registration Program**

In 2005, the local Portable Equipment Registration Program (PERP) was approved by the Board. This program was developed as a local alternative to the existing state-wide program. The program helps implement the Portable Equipment Airborne Toxic Control Measure (ATCM). The District is currently managing 66 active certificates of registration.

√ **Emission Inventory Program**

The District is required to maintain records and report periodically to the California Air Resources Board regarding criteria and toxic pollutant emissions from stationary sources and area sources. Staff utilize the Hot Spots Analysis and Reporting Program (HARP) for this effort. Data is available for access by the public at the CARB website (www.arb.ca.gov).

The emissions inventory is an important planning tool used in attainment demonstrations. Facility emissions data is generated during the annual permit renewal process, so inventory maintenance is assigned to the permitting staff. Staff provided updates for the 2020 inventory for both criteria and toxic pollutants for all sources per ARB’s requirements. Staff continue to work with CARB workgroups related to AB 617 emissions inventory and reporting regulatory development efforts which focuses on improved communications for sources subject to the Greenhouse Gas mandatory reporting requirements, sources emitting over 250 tons per year, and certain more significant sources of toxic emissions.

√ **Air Toxics “Hot Spots” Program**

The AB 2588 Air Toxics “Hot Spots” program requires the District to develop and update

2023 State of the District Report

inventories of stationary sources of air toxics, assesses the potential risks from exposures and provides information to the public regarding exposures. Staff continue to work on implementing new inventory software. Significant efforts are forecast in the future to ensure that stationary and portable diesel-fueled engines comply with the AB 2588 reporting requirements.

District staff have briefed the Governing Board on the impacts of the implementation of the Office of Environmental Health Hazard Assessment (OEHHA) risk assessment guidelines and received approval on the updated Toxics Health Risk Assessment Permitting Guidelines. District staff will propose additional changes to existing guidance, including those for prioritizing facilities and notification procedures for sources with more significant impacts. A revised reporting format incorporating those changes will be presented to the Board for approval later this year.

√ **State Airborne Toxic Control Measure (ATCM) Program**

The Toxic Air Contaminant Identification and Control Act (AB 1807, Tanner 1983) created California's program to reduce public exposure to air toxics. Under AB 1807, the CARB is required to use certain criteria to prioritize the identification and control of air toxics. A two-step process was established for risk identification and risk management, to address the potential adverse health effects from public exposure to toxic air contaminants. The end result of the process is an Airborne Toxic Control Measure (ATCM) which the local air districts are required to implement and enforce. ATCM's have been developed for several toxic air contaminants including diesel particulate matter and Naturally Occurring Asbestos (NOA).

√ **Federal MACT & NESHAPs Programs**

The District is delegated by EPA to implement and enforce the National Emission Standards for Hazardous Air Pollutants (NESHAPs) for area sources. These regulations are codified in 40 Code of Federal Regulations, Part 63. Under court order, EPA has promulgated a host of NESHAPs for area sources, such as auto body shops, small boilers, other coating operations, reciprocating internal combustion engines, and other "common" sources that emit HAPs. District staff continues to work with the affected businesses to ensure compliance with the local, State, and federal regulations. District staff evaluated the requirements of NESHAP, Subpart ZZZZ which regulates HAPs (other than diesel particulate matter) from internal combustion engines and continues to update permit conditions for affected sources to include maintenance and testing practices to comply with the NESHAPs, Subpart ZZZZ.

√ **District Enforcement Program**

The District utilizes three (3) main tools to enforce District regulations: the Notice of Noncompliance (NON), the Notice to Comply (NTC) and the Notice to Apply for a Permit (NTA). These notices are a formal record of the District's finding that a violation of a State or federal law or District regulations affecting air quality has occurred. In most cases, a violation can be settled by taking corrective action and engaging in the voluntary civil settlement program. A Notice of Noncompliance can also involve monetary penalties, compliance agreement, civil suits, or criminal prosecution for failure to respond, repeated violations, or serious pollution cases. Notices are issued in response to complaint investigations, stationary source inspections and special District investigations.

In calendar year 2022, the District issued 104 Notices of Noncompliance. These violations include open burning (i.e., burning on a no-burn day or burning prohibited materials), failure to obtain a

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permit or certificate of registration, fugitive dust, vapor recovery and permit condition violations. The District has issued offers to settle through the Board-approved Civil Penalty Program. District Staff developed an optional alternative civil settlement program for residential burning noncompliance that provides for reductions in penalties after successful completion of a training course on open burning. District staff continue to monitor and follow-up on open cases. Staff will be updating the maximum penalties for Board approval later this year to meet AB 617 requirements and to assure cost recovery in the Enforcement Program.

Staff coordinate with other enforcement agencies and the Butte County District Attorney on cases as appropriate.

√ **Hearing Board and Variance Program**

The California Health and Safety Code requires each air district to maintain a Hearing Board which serves as a quasi-judicial body, acting on petitions and appeals for variances from District Rules and Regulations. Membership on the Hearing Board is specified in law and must include: one (1) attorney, one (1) professional engineer, one (1) representative from the medical profession, and two (2) public members. All members of the Hearing Board are appointed by the District Governing Board for terms of three (3) years. The current Hearing Board members are:

Emily R. Little (attorney representative)
Ms. Tammie Watkins P.E. (professional engineer representative)
Dr. Julian Zener (medical professional representative)
John Scott (public representative)
Josh Sheppard (public representative)
Kevin Tokunaga (alternate public representative)
W. James Wagoner P.E. (alternate public representative)

Recruitment for one expiring term and one alternate position on the Hearing Board is currently under way.

√ **2022-2023 Smoke Management Program**

The Sacramento Valley Smoke Management Program (SMP) governs all agricultural open burning in the Sacramento Valley. The SMP is reviewed on an annual basis by the Sacramento Valley Basinwide Air Pollution Control Council and forwarded to the California Air Resources Board for final approval. Amendments to the SMP were adopted by CARB on September 21, 2016. The SMP is currently undergoing revisions expected to be completed before the Fall Burn season in 2024.

As required by State law, District rules and the SMP, burn permits are issued to growers to burn agricultural wastes. In calendar year 2022, the District issued 750 burn permits. In addition to having a valid burn permit, growers may burn only on permissive agricultural burn days, as determined by the SMP and CARB. During calendar year 2022, there were 365 burn days.

The biggest element to the SMP is management of the intensive fall burn program, when peak demand occurs to burn rice straw after harvest. The intensive fall burn program focuses burn authorization decisions to reduce smoke impacts in populated areas from field crop burning. During the fall burn season, the Smoke Management Program Coordinator (SMPC), under contract

2023 State of the District Report

with the BCC, coordinates burn day status and acreage allocations through an internet-based system used by each of the nine (9) air districts in the Basin. The SMPC works closely with CARB personnel and contract meteorologists to implement the Smoke Management Program. District personnel use the acreage allocations from the SMPC and meteorological forecasts to allocate fields to be burned. A conservative approach to allocations is employed by the CARB, SMPC, and District staff. Each year, the SMPC facilitates a fall burn training at a central location prior to the start of the intensive fall burn program. In a collaborative effort to increase knowledge and communication throughout the Basin, staff from districts and CARB provided presentations in two (2) separate training sessions. A similar training program is being implemented for Fall 2023.

Fall of 2022 began the 22nd year of District implementation of the Conditional Rice Straw Burning Permit Program (Program), which restricts the burning of rice straw to fields where there is a significant amount of confirmed disease (HSC 41865). The District logged 3,077 acres of rice straw burned for the period September 1, 2022, through May 31, 2023. This represents the second lowest burn total since the program began.

√ Residential Open Burning Program

The District publicizes the daily burn day status for residential open burning on the District's website (www.bcaqmd.org), on burn day status line (530-332-9407) and to the media. Staff also spend considerable time communicating with the public regarding residential open burning requirements. The District continues to closely coordinate the open burning program with local fire agencies. The local fire agencies rely on the District and the residential daily burn day status line to inform the public of the burn ban during fire season.

Staff continue to attend meetings with community groups and fire agency personnel. A complaint hotline was established in conjunction with the implementation of the new open burning regulations in order to provide the opportunity for staff to respond to complaints received after hours. The success of the hotline is being tracked.

√ Vapor Recovery Program

Certified vapor recovery systems are required for all fuel transfers to and from gasoline storage tanks and at retail gasoline facilities. Non-retail gasoline facilities (fleet tanks or private fueling facilities) require a certified system be installed in certain circumstances (exemptions exist). These vapor recovery systems are under permit with the District and subject to testing requirements and regular inspections to verify that they meet certain vapor recovery performance and maintenance standards. District staff observe testing and assist station operators with on-site training of station personnel during inspections or as requested, as part of our compliance assistance program.

√ Emission Reduction Credit Banking Program

Federal and State requirements mandate emission increases at new and modified facilities to be offset under certain circumstances. District Rule 431, *Emission Reduction Credits and Banking*, establishes the procedures for recognizing emission reductions which are then eligible for use as "offsets" (called emission reduction credits or ERCs).

Key program areas include: 1) policy development, 2) issuance of biomass certificates of emission reduction credit, 3) issuance of stationary source certificates of emission reduction credit, 4)

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maintenance of the banking register, and 5) processing unclaimed credits for deposit into the District's community bank.

To track ERC transactions, the District maintains a banking register. The tracking of ERC certificates can be quite complex. Certificates can be split, sold or leased, and there must be a clear paper trail that links the disposition of the credits to the initial certificate issued. In addition, portions of the credits deposited are placed in a community bank for air quality purposes, and/or are designated for use to promote essential public services. This information is posted on the District website and is updated as any changes occur.

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IV. DISTRICT GOALS & PERFORMANCE METRICS FOR FISCAL YEAR 2023-2024

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FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Administrative Program

No.	Goals	No.	Performance Metrics
1	Keep the District Governing Board timely apprised of the status of significant District programs.	1.1	Prepare and present annually to the District Board a State of the District status report in the first quarter of the Fiscal Year.
		1.2	Present periodic APCO Notes for Members of the Board summarizing the status of salient District issues.
		1.3	Work toward the SDLF, District Transparency Certificate of Excellence
		1.4	Maintain records of current ethics training, AB 1234, for all Board Members needed for Transparency Certificate
2	Maintain an active and effective staff training program supporting each major District program.	2.1	Review annually and update a customized professional development training program for each staff member as part of their performance management plan.
		2.2	Maintain and train backup staff for each major District program area assignment. Backup staff shall accompany the primary inspector to inspections for their secondary source categories regularly to ensure cross-training is achieved.
		2.3	Provide annual sexual harassment bulletins to all employees per Administrative Code, Part B, Section 9.12.3.
		2.4	Ensure designated employees receive biennial ethics training as required by AB 1234.
		2.5	Ensure designated employees receive biennial Anti-Harassment training as required by SB 1343 / AB 1825.
		2.6	Ensure Anti-Harassment Training for all employees as required by SB 1343.
3	Maintain an effective process to track assignments and ensure priorities are continuously reviewed and refined as necessary.	3.1	Conduct weekly staff priority meetings reviewing status and providing guidance on priority District issues.
		3.2	Continue to utilize a staff assignment tracking system incorporating performance management elements. Staff submit priorities to their supervisor for the following week by COB Friday each week.
		3.3	Ensure staff accountability on all tasks assigned during weekly one on one meetings. Management will review priorities with staff at weekly one on one meetings.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Administrative Program

No.	Goals	No.	Performance Metrics
4	Administer accounts payable and receivable in a timely, efficient and cost-effective manner.	4.1	Issue invoices including late notices by the 15 th of each month.
		4.2	Process accounts payable as required to meet payment due dates, considering cash flows with twice monthly payables.
		4.3	Maintain past due accounts as defined by the District Rules and Regulations with the use of payment plans, permit revocation and enforcement actions to ensure timely payment.
5	Prepare an efficient, cost-effective, and balanced annual budget.	5.1	Annually, prepare and issue draft proposed budget by April 30 th .
		5.2	Review and adjust district program fees and charges annually for cost recovery as part of the budget process.
		5.2	Annually, complete final Board action for Budget adoption by June 30 th .
6	Implement an active and effective District safety program.	6.1	Hold quarterly training sessions with staff.
		6.2	Conduct annual review with staff for revisions to District Injury, Illness and Prevention Plan (IIPP),
		6.3	Annually, track staff online safety training through the Target Solutions program.
		6.4	Provide First Aid/CPR training as necessary to maintain certifications.
		6.5	Perform monthly and semi-annual safety inspections of the District office.
		6.6	Perform monthly tire pressure checks, staff vehicle inspections at fill-ups and schedule routine maintenance of District vehicles.
7	Maintain an active and effective District Administrative program, seeking continuous improvement in efficiency and cost effectiveness.	7.1	Perform annual review of Administrative Code Part B per schedule in Section 1.1.1 of the Code, incorporating policies, revisions, and updates as appropriate.
		7.2	Review program data collection and management requirements and revise the Administrative Code as appropriate.
		7.3	Update the Administrative Code as appropriate to reflect current payment options.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Administrative Program

No.	Goals	No.	Performance Metrics
8	Maintain an attractive, competitive compensation and benefits program for District employees.	8.1	Implement the current Employee Memorandum of Understanding (MOU).
		8.2	Complete Salary Survey every 5 years as needed for SDLF transparency certificate
		8.3	Conduct Classification and Compensation Study of District personnel.
		8.3	Begin negotiations with Employee Associations for 2024-2027 Memorandum of Understanding
9	Maintain a staffing organization that efficiently implements District Programs.	9.1	Develop recommendations as appropriate for Board consideration regarding organizational changes as needed.
		9.2	Review/evaluate implemented organizational changes annually for effectiveness and improvements.
		9.3	Successfully on-board new employees.
		9.4	Annually review remote workplace guidelines.
10	Ensure revenue sources in each program area are in a reasonable proportion to actual program costs.	10.1	Review labor categories and continue to track program area costs versus program revenues to monitor cost recovery.
		10.2	As appropriate, develop recommendations for Board consideration regarding other revenue sources to fund programs with insufficient cost recovery. Reduce costs when appropriate by annually reviewing District needs, plans, equipment and services.
11	Ensure the District's fiscal, human resources and technical programs comply with all applicable requirements.	11.1	Annual fiscal audit for FY 2022-2023 to be conducted and presented to the Board by June 30 th of the following fiscal year.
		11.2	Ensure payroll processing is performed accurately and on schedule.
		11.3	Ensure fiscal and human resource program policies comply with current legal requirements.
		11.4	Continue efforts to reduce Other Post Employment Benefit (OPEB) and unfunded Retirement liabilities.
		11.5	Annually review the District fiscal policies and update as needed.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Administrative Program

No.	Goals	No.	Performance Metrics
		11.6	Implement new Government Accounting Standards Board (GASB) requirements when required within financial system.
		11.7	Develop and implement Pension Liability Management Plan
12	Maintain an active and effective customer service training program.	12.1	Annually, provide each staff with customer service training.
		12.2	Discuss customer service issues as appropriate during weekly staff priority meetings.
13	Maintain a system to solicit public input on program effectiveness.	13.1	Continue to assist the public at the front counter and remotely and solicit feedback on program effectiveness.
		13.2	Maintain contact information and ability to provide electronic notification on District activities.
		13.3	Respond to all comments within two (2) business days of receipt.
		13.4	Maintain Complaint Hotline and respond appropriately.
14	Facilitate staff communication and program coordination for improved customer service.	14.1	Conduct Organization Process Change Process program with Collaboration Works Consulting.
		14.2	Hold regular, scheduled program area meetings.
		14.3	Convene annual staff development and training day.
		14.4	Review remote workplace guidelines weekly during active pandemic/office closures.
		14.5	Implement enhanced staff communication protocols.
		14.6	Maintain VOIP communications options to assure timely public support.
		14.7	Review and update communication protocols to assure effective and timely availability of District staff to the public.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Grant Administration

No.	Goals	No.	Performance Metrics
1	Monitor and actively solicit State, federal, and other agency grant opportunities for District programs and interested County agencies, associations, and industry.	1.1	Identify new grant opportunities annually.
		1.2	Submit grant applications for the Carl Moyer Program, including State Reserve and Rural Assistance Program (RAP), as well as the FARMER Program, Community Air Protection (CAP) Program, and Woodsmoke Reduction Program, within thirty (30) days of receipt of the State funding.
2	Maintain active and effective grant programs.	2.1	Implement a CAP Support Grant Program when available through AB 617 Implementation funds.
		2.2	Review and update policy and procedure documents as appropriate for Carl Moyer, FARMER, CAP, and Woodsmoke grant programs based on State guidelines, within sixty (60) days of receipt of the State guidelines.
		2.3	Collaborate as needed with neighboring air districts, participating merchants, and participating retailers to implement successful voucher programs when funds are available.
3	Ensure potential grant recipients are aware of grant programs.	3.1	Develop, review annually and update grant notification lists.
		3.2	Distribute grant application notifications thirty (30) days prior to each grant application deadline in accordance with the applicable guidelines and requirements.
		3.2	Hold community meetings as necessary for CAP Incentives to meet the goals of AB 617.
4	Provide staff recommendations on grant awards.	4.1	Unless delegated to staff, provide to the AQMD Board, or assigned Board Committee, written recommendations with each grant request in accordance with the respective grant ranking criteria.
5	Administer all grant awards in accordance with written contracts.	5.1	Complete and execute contract for each grant prior to awarding funds.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Grant Administration

No.	Goals	No.	Performance Metrics
		5.2	Monitor grant contracts for compliance and funding eligibility.
		5.3	Ensure tracking mechanism are in place and implemented for funding justification.
6	Grant recipients shall be paid in a timely manner.	6.1	Distribute to grant recipients within sixty (60) days of receipt of an invoice, grant funds due and in compliance with the grant contract.
		6.2	Return invoices not complying with the contract, with an explanation of the problem and solution within thirty (30) days of receipt of the noncompliant invoice.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

AQ Planning

No.	Goals	No.	Performance Metrics
1	Inform local planning authorities regularly of air quality requirements for land use development activities.	1.1	Ensure the current CEQA air quality handbook is available as a resource to the County, cities and interested parties.
		1.2	Evaluate the current CEQA air quality handbook for relevancy based on new state legislation, regulations, and case law and update through a public process with interested parties.
		1.3	Work with Butte County and local municipalities as they implement their General Plans.
2	Provide specific comments on land use development projects as requested by local planning agencies.	2.1	Provide timely CEQA and NEPA comments to respective cities, county, and agencies on environmental review documents and general plan updates.
3	Maintain a reference resource of public information on air quality.	3.1	Maintain reference information for the public, upon request or on the District website.
		3.2	Participate in providing staff presentations on subjects as requested by local organizations, including, but not limited to, schools, industry groups, cities, and trade associations for all requests made at least one (1) week in advance.
4	Actively respond to media inquiries on District programs.	4.1	Provide same day response to media requests for information.
5	Maintain active District Web reference.	5.1	Quarterly, or more frequently as needed, review the status of the District web page with current air quality information and resources.
		5.2	Evaluate and reorganize applicable sections of the website.
6	Maintain current ambient air quality data information and keep the Board apprised of potential adverse air quality health issues.	6.1	Prepare biannual ambient air quality data summaries and submit to the Board.
		6.2	By June 30 th of each year, prepare an annual comparative air quality data calendar year summary report for the Board.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

AQ Planning

No.	Goals	No.	Performance Metrics
7	Implement active and effective Air Quality Attainment Plan.	7.1	Consider adopting rules and control measures based on the Attainment Plan commitments and annual rule adoption schedule.
8	Submit required documentation or data for a proposed State Implementation Plan (SIP) for the 8-hour federal ozone standard.	8.1	Coordinate efforts to attain ambient air quality standards with other air districts, CARB and EPA.
		8.2	Ensure baseline and planning emission inventories are sufficiently accurate.
		8.3	Prepare and provide other submittals as required by EPA based on non-attainment status.
9	Implement the Sacramento Valley Basin Coordinating Council Attainment Plan program and other activities, coordinating consistent regulatory development and adoption.	9.1	Actively participate in Sacramento Valley Basinwide Air Pollution Control Council.
		9.2	Actively participate in the California Air Pollution Control Officers Association (CAPCOA) activities, including CAPCOA Board of Directors and other committees as appropriate.
10	Implement an active public education and outreach program to encourage voluntary measures to improve air quality.	10.1	Provide the public and media with daily air quality forecasts. Coordinate air quality advisories with the Butte County Public Health Officer on poor air quality days.
		10.2	Implement the Check Before You Light program during the months of November through February, requesting residents avoid using wood heat on days the District issues an advisory due to forecast poor air quality.
		10.3	By May 1 st , evaluate and report to the Board regarding the effectiveness of the Check Before You Light program.
		10.4	Promote AQ awareness programs, such as EPA’s School Flag Program, or other activities to engage community action.
		10.5	Participate in inter-agency collaborative efforts to assess public health.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

AQ Planning

No.	Goals	No.	Performance Metrics
		10.6	Develop and implement a social media policy that includes metrics for regular public outreach of District programs and activities.
11	Maintain capacity to respond to exceptional events.	11.1	Ensure that contacts with Butte County Public Health, Butte County OES, and CARB’s Incident Air Monitoring Section (IAMS) remain current.
		11.2	Maintain E-BAM monitor and other sensors as needed to allow quick deployment to exceptional events or special studies.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Permitting/Registration

No.	Goals	No.	Performance Metrics
1	Review District program on an annual basis for compliance with new State and Federal requirements.	1.1	Conduct permit system review by December 1 st of each year and propose regulatory or procedural amendments as required and/or appropriate.
		1.2	As appropriate, update District’s Administrative Code, Section 6 to incorporate local, State and federal rule and regulation changes and procedures.
		1.3	Budget and other priorities allowing, participate in quarterly CAPCOA Engineering Managers and Toxics Committee meetings.
2	Ensure permit applications are processed timely and in compliance with Federal, State and local requirements.	2.1	Determine application completeness within thirty (30) days of receipt for all applications.
		2.2	Issue 50% of regular non-NSR permits within ten (10) days of receiving a complete application.
		2.3	Issue all expedited permits within twenty-four (24) hours of receiving a complete application.
		2.4	Ensure all new sources of toxic air contaminants near schools are evaluated for health risks and applicable public notification procedures are followed prior to issuing authority to construct permits.
		2.5	Inspect new ATC permitted equipment or activities with fifteen (15) days of notification of commencing operations.
3	Implement measures to increase efficiency and cost effectiveness.	3.1	Refine automated permit issuance procedure to update, merge and print permits.
4	Implement the State and District portable equipment registration program.	4.1	Ensure registration renewals are processed on the 1 st of the month the certificate expires.
		4.2	Track low-use and emergency registrations to ensure compliance with hour limitations. Develop a yearly production data form for registered, low use engines.
		4.3	Review and issue new complete registrations within fifteen (15) days of receipt.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Permitting/Registration

No.	Goals	No.	Performance Metrics
5	Implement the District agricultural engine registration and ATCM program.	5.1	Issue new registrations within ninety (90) days of receipt.
6	Maintain an Emissions Reduction Credit (ERCs) Banking tracking program to allow quick reference to status of ERCs.	6.1	As appropriate, prepare quarterly summaries of ERC Banking transactions and post on the District website.
7	Complete the State Emissions Inventory reporting of Permitted Stationary Sources Annually	7.1	Identify an alternative to run TANKS 4.09D software for estimating emissions
		7.2	Update emissions for sources who emit more than 1 ton per year of criteria pollutants.
		7.3	Update emissions for sources at least every 3 years for sources who emit less than 1 ton per year of criteria pollutants.
		7.4	Submit Emission Inventory to CARB by August 1 st .
		7.5	Find methods to streamline the process of calculating emissions and entering them into HARP2 for CARB submittal.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Toxics

No.	Goals	No.	Performance Metrics
1	Implement the AB 2588 Air Toxics "Hot Spots" Information and Assessment Act, including the emission inventory, health risk assessment, and public notification and risk reduction provisions, in accord with the timelines established by State law.	1.1	Maintain information available for the public regarding sources of toxic air contaminants in the District.
		1.2	Publish annual AB 2588 report, present at a Fall Board meeting, and distribute to CARB, the County Public Health Officer, and interested parties.
		1.3	Implement applicable public notification procedures prior to issuing authority to construct permits, pursuant to HSC 42301.6.
		1.4	Annually, update toxic emission inventory for sources with greater than ten (10) tpy criteria pollutant emissions.
		1.5	Evaluate health risk for new or modified sources of toxic air emissions at the time of permit issuance.
		1.6	Complete Quadrennial Update review for applicable facilities by December 31, 2024.
		1.7	Obtain staff training on new Hotspots Analysis Reporting Program (HARP) as appropriate.
		1.8	Revise AB 2588 public notification procedures as appropriate based on CAPCOA guidance.
2	Review and coordinate implementation of naturally occurring asbestos regulations.	2.1	Process asbestos dust mitigation plans within thirty (30) days of receipt.
3	Implement State and federal toxic standards.	3.1	Review, in coordination with CAPCOA and other air districts, selected State ATCMs and Federal MACT/NESHAPs standards.
4	Finalize and implement Asbestos Program (Rule 270 and 516).	4.1	Implement Asbestos program to assure local compliance with Asbestos NESHAP ATCM requirements.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Open Burning

No.	Goals	No.	Performance Metrics
1	Maintain active solicitation of agricultural community input concerning efficient and cost-effective implementation of the State mandated agricultural burning program.	1.1	Conduct Annual Agricultural Liaison Committee meetings, summarizing and discussing the status of the State mandates and burn programs.
2	Review District program on an annual basis seeking continuous improvement in efficiency and cost effectiveness.	2.1	Conduct annual burn program review by January 31 st of each year summarizing the salient information, including, but not limited to acres burned, burn days, problems encountered and corrective actions.
3	Coordinate residential open burning requirements with Butte County Fire and the municipalities.	3.1	Implement performance standards in Rule 300 that mirror standards and requirements imposed by Butte County Fire and Butte County Municipalities.
4	Implement the Sacramento Valley Smoke Management Plan (SMP) based on sound science.	4.1	Actively participate in the continuing improvement of the SMP Program by working collaboratively with the SMP Program Coordinator (Western Weather Group) and other air districts in the Sacramento Valley Air Basin (SVAB) as well as from the local agricultural community.
		4.2	Provide public outreach regarding the burn program through press releases and other electronic communications.
5	Maintain active communication of the agricultural burning regulations with the regulated community.	5.1	Conduct annual rice straw burning registration program prior to September 1 st annually.
		5.2	Review and update public information on the agricultural burn program prior to September 1 st annually.
		5.3	Update agricultural burn program information on the District web page as needed.
		5.4	Update daily District burn day status.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Open Burning

No.	Goals	No.	Performance Metrics
6	Actively communicate residential burning regulations to the regulated community.	6.1	Provide public informational brochures to local fire stations and upon request to interested public.
		6.2	Update the residential burn information on the District web page as needed.
		6.3	Update daily the residential burn day status.
		6.4	Regular attendance at Butte County Fire Safe Council meetings.
		6.5	Provide information to the regulated community regarding prescribed burning activity, fire safety issues such as red flag days or smoke (wildfire or prescribed burn smoke), or any other event(s) that may affect burn day status or air quality through Twitter.
7	Assist implementing alternatives to open burning of residential vegetative wastes.	7.1	Identify and encourage viable alternatives to open burning.
		7.2	Identify grant opportunities to implement the alternatives, including but not limited to, the existing Chipper Program and green waste collection programs. Propose assistance from the Special Clean Air Grant Program, if funding is available.
		7.3	Work with the various stakeholders, including but not limited to, the Fire Safe Council, to implement the alternatives and grant opportunities.
		7.4	Continue to work with communities interested in using Air Curtain Burners/Incinerators, especially those in the footprint of the Camp Fire, where a large volume on non-industrial wood waste has been generated.
8	Continue to collaborate with other agencies, such as CAL FIRE	8.1	Meet annually with CAL FIRE Battalion Chiefs to review District regulations and enforcement program, make any improvements to Fire Agency Report as needed.
		8.2	Share enforcement information with CAL FIRE on a monthly and as-needed basis.
		8.3	Participate in MOUs, such as the Prescribed Fire MOU, to support the use of prescribed fire.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Compliance

No.	Goals	No.	Performance Metrics
1	Ensure frequent inspections of permitted stationary sources.	1.1	Complete 50% of the scheduled annual inspections at permitted stationary sources.
		1.2	Reports for inspections involving violations of air quality regulations should be completed within three (3) business days from the date the inspection was completed and have priority over those inspections where no violations were observed. Reports for routine types of sources and investigations that do not involve observed violations of air quality regulations should be completed no later than ten (10) business days from the date of the inspection.
		1.3	Maintain database including a geographic map for tracking inspection frequency at stationary sources.
2	Implement the State Portable Equipment Registration Program (PERP).	2.1	Perform PERP registration home district inspections of each unit at least once every three (3) years.
		2.2	Inspect all home district, new, and renewal registrations within forty-five (45) days of notification by the owner.
		2.3	Complete inspection reports, including reporting the inspection to CARB through the PERP database, in accordance with the timeline established in section 1.2 above.
		2.4	Complete outreach to the regulated community on amendments to the PERP regulation and portable diesel engine ATCM.
3	Implement the District's Portable Equipment Registration Program.	3.1	Perform inspections of each unit at least once every three (3) years.
		3.2	Complete inspection reports in accordance with the timeline established in section 1.2 above.
4	Implement Agricultural Engine Registration Program.	4.1	Implement a tracking system so that the status and location of each registered engine be readily determined. GIS technology will be used if sufficiently developed.
5	Provide compliance assistance to businesses and the regulated community related to new and existing air quality regulations.	5.1	Develop and distribute informational brochures, Fact Sheets, and other materials that help businesses and the public comply with air quality regulations.

FY23/24 Butte County Air Quality Management District Goals and Performance Metrics

Enforcement

No.	Goals	No.	Performance Metrics
1	Respond in a timely manner to citizen complaints.	1.1	Investigate complaints within twenty-four (24) hours of receipt.
		1.2	Follow-up with complaints within twenty-four (24) hours of the investigation.
		1.3	Reports for investigations involving violations of air quality regulations should be completed within three (3) business days from the date the investigation was completed and have priority over those investigations where no violations were observed.
2	Take appropriate enforcement in response to violations.	2.1	Issue appropriate enforcement notices in the field.
3	Maintain an active, effective and fair enforcement and civil settlement program providing sufficient incentives for compliance.	3.1	Ensure that enforcement actions are consistent with written policies, that civil penalties assessed are commensurate with the severity of the violation, and that enforcement actions are processed in a timely manner.
		3.2	Issue settlement offers within sixty (60) days of the notice date.
		3.3	Evaluate cases for prosecution which cannot be settled through the civil penalty program within 150 days of the notice date.
		3.4	Use small claims court as an appropriate remedy for settling administrative violations.
		3.5	Update the Civil Penalty Schedule to increase daily maximum penalties and incorporate CPI adjustments per direction in AB617.
		3.6	Penalty reduction for successful burn training program completion.
4	Liaison with other enforcement agencies and the local District Attorney as appropriate.	4.1	Budget and other priorities allowing, participate in quarterly CAPCOA Enforcement Managers meetings.
		4.2	Evaluate each enforcement action for potential for multi-media impacts and coordinate enforcement actions as appropriate with the responsible agencies and the District Attorney.



TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTL
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **PERS CLASSIC & PEPRA Valuation Report, PERS CEPPT Trust
Summary**

ISSUE:

Reports related to employee retirement liability.

ACTION REQUESTED:

Accept and file the CalPERS Annual Valuation reports for CLASSIC and PEPRA ending 6/30/2022 and the CalPERS CEPPT Account Summary Report as of 6/30/2023

DISCUSSION:

The PERS (Classic) Annual Valuation Report for June 30, 2022, shows the District being 74% funded (11.9% decrease from 2021) with an unfunded accrued liability (UAL) of \$2,073,250 for CLASSIC employees. The PEPRA retirement is 89.1% funded (18.6% decrease) with a balance of \$20,610. This results in a total unfunded pension retirement liability of \$2,093,860 (more than doubled the unfunded accrued liability for June 2021).

The FY 23-24 employer cost rate for CLASSIC employees is at 12.47% with a UAL lump sum payment of \$122,440 and will increase in FY 24-25 to 12.52% and \$151,595 UAL. The UAL is projected to increase every year through FY 2029-30 when the UAL payment will reach \$226,000.

The PEPRA employer cost rate for FY 23-24 is at 7.68% with no UAL but will increase to 7.75% in FY 24-25 with a \$756 UAL payment. The UAL payment is also projected to increase in the 5-year projections.

As part of the Pension Policy adopted by the Board the District has established a California Employer's Retiree Pension Trust (CERPT) with Resolution 2023-06 on April 27, 2023 with PERS to generate returns and reduce the unfunded liability. Funds are budgeted to be allocated to the trust during FY 23-24.

Attachment:

Agenda Item 9

CalPERS CLASSIC Valuation Report ending June 30, 2022
CalPERS PEPRA Valuation Report ending June 30, 2022
CalPERS CEPPT Account Summary Report as of June 30, 2023

CEPPT Account Update Summary

Butte County Air Quality Management District

as of June 30, 2023



CEPPT Account Summary

As of June 30, 2023	Strategy 1	Strategy 2	Total
Initial contribution (N/A)	\$0	\$0	\$0
Additional contributions	\$0	\$0	\$0
Disbursements	\$0	\$0	\$0
CEPPT expenses	\$0	\$0	\$0
Investment earnings	\$0	\$0	\$0
Total Assets	\$0	\$0	\$0

CEPPT/CERBT Investment Returns Outperform Benchmarks

Periods ended June 30, 2023

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$14,982,584,659	3.62%	2.58%	6.37%	6.37%	5.48%	5.21%	6.24%	4.88%
Benchmark		3.59%	2.53%	6.27%	6.27%	5.36%	5.04%	5.99%	4.56%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,859,466,877	2.64%	1.47%	3.51%	3.51%	2.66%	4.05%	5.07%	5.96%
Benchmark		2.63%	1.44%	3.46%	3.46%	2.59%	3.96%	4.87%	5.80%
CERBT Strategy 3 (Inception January 1, 2012)	\$773,210,640	1.89%	0.63%	1.53%	1.53%	0.92%	3.20%	4.09%	4.43%
Benchmark		1.88%	0.62%	1.50%	1.50%	0.91%	3.15%	3.90%	4.26%
CERBT Total	\$17,615,262,176								
CEPPT Strategy 1 (Inception October 1, 2019)	\$96,657,149	2.41%	1.75%	5.01%	5.01%	2.70%	-	-	2.98%
Benchmark		2.41%	1.77%	5.06%	5.06%	2.72%	-	-	3.11%
CEPPT Strategy 2 (Inception January 1, 2020)	\$43,461,172	1.23%	0.57%	2.19%	2.19%	-0.72%	-	-	0.11%
Benchmark		1.25%	0.62%	2.40%	2.40%	-0.61%	-	-	0.24%
CEPPT Total	\$140,118,321								

CEPPT Portfolios

2022 Capital Market Assumptions	CEPPT Strategy 1	CEPPT Strategy 2
Expected Return	4.5%	3.5%
Risk	8.8%	6.1%

CEPPT Portfolio Details

Asset Classification	Benchmark	CEPPT Strategy 1	CEPPT Strategy 2
Global Equity	MSCI All Country World Index IMI (Net)	37% ±5%	21% ±5%
Fixed Income	Bloomberg U.S. Aggregate Bond Index	44% ±5%	61% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index (Net)	14% ±5%	9% ±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5% ±3%	9% ±3%
Cash	91-Day Treasury Bill	0% +2%	0% +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, fee rate may change in the future
 - Fee is applied daily to assets under management
 - 10 basis points - CERBT
 - 25 basis points - CEPPT

CEPPT/CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT	CEPPT
2007-2008	2.00 basis points	-
2008-2009	6.00 basis points	-
2009-2010	9.00 basis points	-
2010-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2019	10.00 basis points	-
2019-2023	10.00 basis points	25.00 basis points

630 Prefunding Program Employers

606 CERBT and 90 CEPPT

- State of California
- 159 Cities or Towns
- 10 Counties
- 83 School Employers
- 32 Courts
- 345 Special Districts and other Public Agencies
 - (104 Water, 38 Sanitation, 34 Fire, 26 Transportation)

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Darren Lathrop	Outreach & Support Manager	Darren.Lathrop@calpers.ca.gov	(916) 795-0751	(916) 291-0391
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July 2023

**Miscellaneous Plan of the Butte County Air Quality Management District (CalPERS ID: 3225653892)
Annual Valuation Report as of June 30, 2022**

Dear Employer,

Attached to this letter is the June 30, 2022 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2024-25.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2022.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2022.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contributions

The table below shows the minimum required employer contributions for FY 2024-25 along with estimates of the required contributions for FY 2025-26. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2024-25	12.52%	\$156,664
<i>Projected Results</i>		
2025-26	12.5%	\$171,000

The actual investment return for FY 2022-23 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. **To the extent the actual investment return for FY 2022-23 differs from 6.8%, the actual contribution requirements for FY 2025-26 will differ from those shown above.** For additional details regarding the assumptions and methods used for these projections, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through FY 2029-30.

Changes from Previous Year's Valuations

There are no significant changes in actuarial assumptions or policies in the 2022 actuarial valuation. There may be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in "Highlights and Executive Summary" and in Appendix A of the Section 2 report in "Actuarial Methods and Assumptions." The effects of any changes on the required contributions are included in "Reconciliation of Required Employer Contributions," also in the Section 2 report.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,



SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS



RANDALL DZIUBEK, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



**Actuarial Valuation
as of June 30, 2022**

**for the
Miscellaneous Plan
of the
Butte County Air Quality Management District
(CalPERS ID: 3225653892)**

**Required Contributions
for Fiscal Year
July 1, 2024 - June 30, 2025**

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Plan Specific Information
for the
Miscellaneous Plan
of the
Butte County Air Quality Management
District**

**(CaIPERS ID: 3225653892)
(Rate Plan ID: 3300)**

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Rate Plan belonging to the Miscellaneous Risk Pool

Actuarial Certification

To the best of our knowledge, this report, comprised of Sections 1 and 2, is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous Plan of the Butte County Air Quality Management District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2022 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Butte County Air Quality Management District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the Miscellaneous Risk Pool has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the rate plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2022 and employer contribution as of July 1, 2024 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* with regard to pensions.



SHELLY CHU, ASA, MAAA
Senior Actuary, CalPERS

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Contributions**
- **Additional Discretionary Employer Contributions**
- **Funded Status – Funding Policy Basis**
- **Projected Employer Contributions**
- **Other Pooled Miscellaneous Risk Pool Rate Plans**
- **Cost**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2022 actuarial valuation of the Miscellaneous Plan of the Butte County Air Quality Management District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2024-25.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Butte County Air Quality Management District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2022. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2022;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2024 through June 30, 2025;
- Determine the required member contribution rate for FY July 1, 2024 through June 30, 2025 for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2022 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standard of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

Required Employer Contributions	Fiscal Year 2024-25
Employer Normal Cost Rate	12.52%
<i>Plus</i>	
Required Payment on Amortization Bases ¹	\$156,664
<i>Paid either as</i>	
1) Monthly Payment	\$13,055.33
<i>Or</i>	
2) Annual Prepayment Option*	\$151,595
<p><i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i></p>	

	Fiscal Year 2023-24	Fiscal Year 2024-25
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	18.76%	18.81%
Surcharge for Class 1 Benefits ²		
a) FAC 1	0.63%	0.64%
Phase out of Normal Cost Difference ³	0.00%	0.00%
Plan's Total Normal Cost	19.39%	19.45%
Offset Due to Employee Contributions	6.92%	6.93%
Employer Normal Cost Rate	12.47%	12.52%

¹ The required payment on amortization bases does not take into account any additional discretionary payment made after April 28, 2023.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

³ When a rate plan joins the pool, the difference in normal cost between the pool and the rate plan is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2024-25 is \$156,664. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2024-25 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2024-25

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$61,668	\$156,664	\$0	\$156,664	\$218,332

Alternative Fiscal Year 2024-25 Employer Contributions for Greater UAL Reduction

Funding Horizon	Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
20 years	\$61,668	\$156,664	\$31,511	\$188,175	\$249,843
15 years	\$61,668	\$156,664	\$62,859	\$219,523	\$281,191
10 years	\$61,668	\$156,664	\$128,976	\$285,640	\$347,308
5 years	\$61,668	\$156,664	\$334,548	\$491,212	\$552,880

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected UAL as of June 30, 2024 as determined in the June 30, 2022 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability (UAL)** equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **funded ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2021	June 30, 2022
1. Present Value of Benefits	\$8,223,768	\$8,789,803
2. Entry Age Accrued Liability	7,605,715	7,969,162
3. Market Value of Assets (MVA)	6,531,678	5,895,912
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	\$1,074,037	\$2,073,250
5. Funded Ratio [(3) / (2)]	85.9%	74.0%

A funded ratio of 100% (UAL of \$0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	\$9,009,938	\$7,969,162	\$7,103,126
2. Market Value of Assets (MVA)	5,895,912	5,895,912	5,895,912
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$3,114,026	\$2,073,250	\$1,207,214
4. Funded Ratio [(2) / (1)]	65.4%	74.0%	83.0%

The "Risk Analysis" section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2022-23 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2022-23 and Beyond)				
Fiscal Year	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Rate Plan 3300 Results					
Normal Cost %	12.52%	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Payment	\$156,664	\$171,000	\$184,000	\$195,000	\$222,000	\$226,000

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 3300. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the total employer payroll within the Miscellaneous Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. In a refinement since the prior year's report, Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

	Fiscal Year	Fiscal Year
	2023-24	2024-25
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	\$701,149	\$841,845
Estimated Employer Normal Cost	\$74,109	\$89,157
Required Payment on Amortization Bases	\$126,534	\$157,445
Estimated Total Employer Contributions	\$200,643	\$246,602
Estimated Total Employer Contribution Rate (illustrative only)	28.62%	29.29%

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2015-16, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2015-16, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There is an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2022, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's (gain)/loss.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2022 actuarial valuation.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2022 and statutory/regulatory changes and board actions through January 2023.

During the time period between the valuation date and the publication of this report, inflation has been significantly higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2023 valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, we continue to believe the long-term inflation assumption of 2.3% is appropriate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Assets and Liabilities

- **Breakdown of Entry Age Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Accrued Liability

Active Members	\$1,911,131
Transferred Members	48,943
Separated Members	120,420
Members and Beneficiaries Receiving Payments	<u>5,888,668</u>
Total	\$7,969,162

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$7,969,162
2. Projected UAL Balance at 6/30/2022	1,034,900
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2022 for Asset Share	1,034,900
5. Pool's Accrued Liability ¹	22,021,735,002
6. Sum of Pool's Individual Plan UAL Balances at 6/30/2022 ¹	2,453,954,297
7. Pool's 2021-22 Investment (Gain)/Loss ¹	2,614,071,182
8. Pool's 2021-22 Non-Investment (Gain)/Loss ¹	309,490,972
9. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (4)] \div [(5) - (6)] \times (7)$	926,352
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	111,998
11. Plan's New (Gain)/Loss as of 6/30/2022: $(9) + (10)$	1,038,350
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	0
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	0
14. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	0
15. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	926,352

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

18. Plan's UAL: $(2) + (3) + (11) + (13) + (15)$	\$2,073,250
19. Plan's Share of Pool's MVA: $(1) - (18)$	\$5,895,912

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2022.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2024-25.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2024-25	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Minimum Required Payment 2024-25
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	21	531,793	38,248	528,428	38,355	524,723	39,428
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	21	(5,310)	(382)	(5,276)	(383)	(5,239)	(394)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	13	317,094	28,656	309,042	28,894	300,197	29,703
Assumption Change	6/30/14	100%	Up/Down	2.80%	12	242,232	25,960	231,876	26,248	220,518	26,983
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	22	(423,267)	(29,565)	(421,495)	(29,622)	(419,544)	(30,451)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	22	467	33	465	33	463	34
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	23	282,144	19,177	281,511	19,198	280,814	19,735
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	23	(22,810)	(1,550)	(22,759)	(1,552)	(22,703)	(1,596)
Assumption Change	6/30/16	100%	Up/Down	2.80%	14	108,414	10,329	105,112	10,424	101,487	10,716
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	24	368,503	24,415	368,330	24,421	368,139	25,105
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	24	(44,770)	(2,966)	(44,749)	(2,967)	(44,726)	(3,050)
Assumption Change	6/30/17	100%	Up/Down	2.80%	15	130,985	9,657	129,912	12,171	126,168	12,512
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	25	(197,919)	(10,372)	(200,659)	(12,958)	(200,912)	(13,321)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	25	(9,942)	(521)	(10,080)	(651)	(10,093)	(669)
Assumption Change	6/30/18	100%	Up/Down	2.80%	16	215,984	11,782	218,495	15,821	217,003	20,331
Investment (Gain)/Loss	6/30/18	100%	Up/Down	2.80%	26	(63,414)	(2,497)	(65,146)	(3,324)	(66,141)	(4,271)
Method Change	6/30/18	100%	Up/Down	2.80%	16	59,115	3,225	59,802	4,330	59,394	5,564
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Down	2.80%	26	30,465	1,200	31,296	1,597	31,774	2,052
Investment (Gain)/Loss	6/30/19	80%	Up Only	0.00%	17	30,457	1,274	31,211	1,877	31,394	2,502
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	17	28,940	2,712	28,105	2,665	27,262	2,665

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2024-25	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Minimum Required Payment 2024-25
Investment (Gain)/Loss	6/30/20	60%	Up Only	0.00%	18	143,467	3,143	149,975	6,165	153,802	9,248
Non-Investment (Gain)/Loss	6/30/20		No Ramp	0.00%	18	25,166	2,301	24,499	2,259	23,830	2,259
Assumption Change	6/30/21		No Ramp	0.00%	19	26,652	(3,039)	31,605	2,842	30,817	2,842
Net Investment (Gain)	6/30/21	40%	Up Only	0.00%	19	(703,716)	0	(751,569)	(16,155)	(785,980)	(32,309)
Non-Investment (Gain)/Loss	6/30/21		No Ramp	0.00%	19	(32,843)	0	(35,076)	(3,154)	(34,202)	(3,154)
Risk Mitigation	6/30/21		No Ramp	0.00%	0	196,531	(3,087)	213,085	220,211	0	0
Risk Mitigation Offset	6/30/21		No Ramp	0.00%	0	(199,518)	0	(213,085)	(220,211)	0	0
Investment (Gain)/Loss	6/30/22	20%	Up Only	0.00%	20	926,352	0	989,344	0	1,056,619	22,712
Non-Investment (Gain)/Loss	6/30/22		No Ramp	0.00%	20	111,998	0	119,614	0	127,748	11,488
Total						2,073,250	128,133	2,081,813	126,534	2,092,612	156,664

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2024	2,092,612	156,664	2,092,612	219,523	2,092,612	285,640
6/30/2025	2,073,008	170,801	2,008,046	219,523	1,939,718	285,640
6/30/2026	2,037,458	184,424	1,917,729	219,523	1,776,427	285,641
6/30/2027	1,985,416	195,077	1,821,271	219,523	1,602,031	285,640
6/30/2028	1,918,821	222,000	1,718,253	219,523	1,415,777	285,641
6/30/2029	1,819,878	226,330	1,608,230	219,522	1,216,857	285,641
6/30/2030	1,709,729	230,780	1,490,727	219,523	1,004,410	285,640
6/30/2031	1,587,494	235,349	1,365,232	219,522	777,518	285,640
6/30/2032	1,452,224	233,321	1,231,205	219,523	535,197	285,641
6/30/2033	1,309,855	231,051	1,088,063	219,523	276,397	285,640
6/30/2034	1,160,147	225,693	935,187	219,522		
6/30/2035	1,005,797	216,519	771,917	219,523		
6/30/2036	850,431	199,488	597,543	219,522		
6/30/2037	702,099	146,589	411,313	219,522		
6/30/2038	598,351	134,346	212,419	219,522		
6/30/2039	500,200	124,594				
6/30/2040	405,453	118,138				
6/30/2041	310,935	101,283				
6/30/2042	227,410	81,890				
6/30/2043	158,245	154,992				
6/30/2044	8,830	9,125				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		3,598,454		3,292,839		2,856,404
Interest Paid		1,505,842		1,200,227		763,792
Estimated Savings				305,615		742,050

Employer Contribution History

The table below provides a recent history of the required and discretionary employer contributions for the plan. The required amounts are based on the actuarial valuation from two years prior without subsequent adjustments, if any. Additional discretionary payments before July 1, 2019 or after April 28, 2023 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)	Additional Discretionary Payments
2016 - 17	8.880%	\$68,912	N/A
2017 - 18	8.921%	80,268	N/A
2018 - 19	9.409%	97,119	N/A
2019 - 20	10.221%	80,868	0
2020 - 21	11.031%	94,740	0
2021 - 22	10.88%	114,502	0
2022 - 23	10.87%	134,259	0
2023 - 24	12.47%	126,534	
2024 - 25	12.52%	156,664	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2013	\$4,040,020	\$3,161,231	\$878,789	78.2%	\$752,434
06/30/2014	4,481,969	3,705,273	776,696	82.7%	767,945
06/30/2015	4,860,828	3,885,491	975,337	79.9%	724,544
06/30/2016	5,249,920	3,936,046	1,313,874	75.0%	768,599
06/30/2017	5,724,495	4,448,056	1,276,439	77.7%	730,980
06/30/2018	6,367,716	4,885,731	1,481,985	76.7%	626,370
06/30/2019	6,727,292	5,179,947	1,547,345	77.0%	540,844
06/30/2020	7,038,809	5,314,226	1,724,583	75.5%	447,010
06/30/2021	7,605,715	6,531,678	1,074,037	85.9%	389,353
06/30/2022	7,969,162	5,895,912	2,073,250	74.0%	484,940

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Maturity Measures**
- **Maturity Measures History**
- **Funded Status – Termination Basis**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2042.

Assumed Annual Return FY 2022-23 through 2041-42	Projected Employer Contributions				
	2025-26	2026-27	2027-28	2028-29	2029-30
3.0% (5th percentile)					
Normal Cost Rate	12.5%	12.5%	12.5%	12.5%	12.5%
UAL Contribution	\$176,000	\$201,000	\$228,000	\$278,000	\$311,000
10.8% (95th percentile)					
Normal Cost Rate	12.8%	13.0%	13.3%	13.5%	13.8%
UAL Contribution	\$166,000	\$169,000	\$164,000	\$169,000	\$144,000

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2022-23 on the FY 2025-26 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2025-26.

Assumed Annual Return for Fiscal Year 2022-23	Required Employer Contributions	Projected Employer Contributions
	2024-25	2025-26
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	12.52%	12.5%
UAL Contribution	\$156,664	\$205,000
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	12.52%	12.5%
UAL Contribution	\$156,664	\$188,000

- Without investment gains (returns higher than 6.8%) in FY 2023-24 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2022-23.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2025-26 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2022 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2022	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	24.48%	19.45%	15.62%
b) Accrued Liability	\$9,009,938	\$7,969,162	\$7,103,126
c) Market Value of Assets	\$5,895,912	\$5,895,912	\$5,895,912
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$3,114,026	\$2,073,250	\$1,207,214
e) Funded Ratio	65.4%	74.0%	83.0%

Sensitivity to the Price Inflation Assumption

As of June 30, 2022	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	20.42%	19.45%	17.74%
b) Accrued Liability	\$8,223,500	\$7,969,162	\$7,347,075
c) Market Value of Assets	\$5,895,912	\$5,895,912	\$5,895,912
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,327,588	\$2,073,250	\$1,451,163
e) Funded Ratio	71.7%	74.0%	80.2%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2022 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2022	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	19.78%	19.45%	19.14%
b) Accrued Liability	\$8,115,525	\$7,969,162	\$7,833,950
c) Market Value of Assets	\$5,895,912	\$5,895,912	\$5,895,912
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$2,219,613	\$2,073,250	\$1,938,038
e) Funded Ratio	72.6%	74.0%	75.3%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables, and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2021	June 30, 2022
1. Retired Accrued Liability	\$5,835,091	\$5,888,668
2. Total Accrued Liability	7,605,715	7,969,162
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.77	0.74

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, maybe less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2021, was 0.78 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2021	June 30, 2022
1. Number of Actives	5	6
2. Number of Retirees	13	13
3. Support Ratio [(1) / (2)]	0.38	0.46

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2021	June 30, 2022
1. Market Value of Assets	\$6,531,678	\$5,895,912
2. Payroll	389,353	484,940
3. Asset Volatility Ratio (AVR) [(1) / (2)]	16.8	12.2
4. Accrued Liability	\$7,605,715	\$7,969,162
5. Liability Volatility Ratio (LVR) [(4) / (2)]	19.5	16.4

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.38	1.29	6.1	7.8
06/30/2018	0.51	0.80	7.8	10.2
06/30/2019	0.55	0.64	9.6	12.4
06/30/2020	0.68	0.50	11.9	15.7
06/30/2021	0.77	0.38	16.8	19.5
06/30/2022	0.74	0.46	12.2	16.4

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2022. The accrued liability on a termination basis (termination liability) is calculated differently compared to the plan’s ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Discount Rate: 1.75% Price Inflation: 2.50%			Discount Rate: 4.50% Price Inflation: 2.75%		
	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability
\$5,895,912	\$15,769,668	37.4%	\$9,873,756	\$10,322,702	57.1%	\$4,426,790

¹ The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 3.38% on June 30, 2022, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Participant Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2021	June 30, 2022
Active Members		
Counts	5	6
Average Attained Age	49.0	47.7
Average Entry Age to Rate Plan	33.9	34.1
Average Years of Credited Service	15.2	13.7
Average Annual Covered Pay	\$77,871	\$80,823
Annual Covered Payroll	\$389,353	\$484,940
Present Value of Future Payroll	\$3,581,545	\$4,577,271
Transferred Members	1	1
Separated Members	3	3
Retired Members and Beneficiaries*		
Counts	13	13
Average Annual Benefits	\$31,594	\$32,503
Total Annual Benefits	\$410,725	\$422,541

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Member Category	Benefit Group	
	Misc	Misc
Demographics		
Actives	Yes	No
Transfers/Separated	Yes	Yes
Receiving	Yes	Yes
Benefit Provision		
Benefit Formula	2% @ 55	2% @ 55
Social Security Coverage	No	No
Full/Modified	Full	Full
Employee Contribution Rate	7.00%	
Final Average Compensation Period	One Year	One Year
Sick Leave Credit	Yes	Yes
Non-Industrial Disability	Standard	Standard
Industrial Disability	No	No
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	Yes
1959 Survivor Benefit Level	Level 3	No
Special	No	No
Alternate (firefighters)	No	No
Post-Retirement Death Benefits		
Lump Sum	\$2000	\$2000
Survivor Allowance (PRSA)	No	No
COLA	2%	2%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms and Publications section



**California Public Employees' Retirement System
Actuarial Office**

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July 2023

**PEPRA Miscellaneous Plan of the Butte County Air Quality Management District (CalPERS ID: 3225653892)
Annual Valuation Report as of June 30, 2022**

Dear Employer,

Attached to this letter is the June 30, 2022 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2024-25.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2022.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "Forms & Publications" and select "View All". In the search box, enter "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2022.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contributions

The table below shows the minimum required employer contributions and the PEPRA member contribution rate for FY 2024-25 along with estimates of the required contributions for FY 2025-26. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Contribution Rate
2024-25	7.87%	\$781	7.75%
<i>Projected Results</i>			
2025-26	7.9%	\$1,300	TBD

The actual investment return for FY 2022-23 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. **To the extent the actual investment return for FY 2022-23 differs from 6.8%, the actual contribution requirements for FY 2025-26 will differ from those shown above.** For additional details regarding the assumptions and methods used for these projections, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through FY 2029-30.

Changes from Previous Year's Valuations

There are no significant changes in actuarial assumptions or policies in the 2022 actuarial valuation. There may be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in "Highlights and Executive Summary" and in Appendix A of the Section 2 report in "Actuarial Methods and Assumptions." The effects of any changes on the required contributions are included in "Reconciliation of Required Employer Contributions," also in the Section 2 report.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at (888)-CalPERS or (888-225-7377).

Sincerely,



SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS



RANDALL DZIUBEK, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



**Actuarial Valuation
as of June 30, 2022**

**for the
PEPRA Miscellaneous Plan
of the
Butte County Air Quality Management District
(CalPERS ID: 3225653892)**

**Required Contributions
for Fiscal Year
July 1, 2024 - June 30, 2025**

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Section 1 – Plan Specific Information

Section 2 – Risk Pool Actuarial Valuation Information

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Plan Specific Information
for the
PEPRA Miscellaneous Plan
of the
Butte County Air Quality Management
District**

**(CalPERS ID: 3225653892)
(Rate Plan ID: 27241)**

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Rate Plan belonging to the Miscellaneous Risk Pool

Actuarial Certification

To the best of our knowledge, this report, comprised of Sections 1 and 2, is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the PEPRA Miscellaneous Plan of the Butte County Air Quality Management District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2022 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Butte County Air Quality Management District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the Miscellaneous Risk Pool has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the rate plan, it is my opinion as the plan actuary that the Unfunded Accrued Liability amortization bases as of June 30, 2022 and employer contribution as of July 1, 2024 have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary who satisfies the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* with regard to pensions.



SHELLY CHU, ASA, MAAA
Senior Actuary, CalPERS

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Contributions**
- **Additional Discretionary Employer Contributions**
- **Funded Status – Funding Policy Basis**
- **Projected Employer Contributions**
- **Other Pooled Miscellaneous Risk Pool Rate Plans**
- **Cost**
- **Changes Since the Prior Year’s Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2022 actuarial valuation of the PEPRA Miscellaneous Plan of the Butte County Air Quality Management District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2024-25.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Butte County Air Quality Management District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2022. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2022;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2024 through June 30, 2025;
- Determine the required member contribution rate for FY July 1, 2024 through June 30, 2025 for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2022 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standard of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

	Fiscal Year 2024-25
Required Employer Contributions	
Employer Normal Cost Rate	7.87%
<i>Plus</i>	
Required Payment on Amortization Bases ¹	\$781
<i>Paid either as</i>	
1) Monthly Payment	\$65.08
<i>Or</i>	
2) Annual Prepayment Option*	\$756
Required PEPRA Member Contribution Rate	7.75%
<p><i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i></p> <p><i>* Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</i></p> <p><i>For additional detail regarding the determination of the required contribution rate for PEPRA members, see "PEPRA Member Contribution Rates" section.</i></p>	

	Fiscal Year 2023-24	Fiscal Year 2024-25
Development of Normal Cost as a Percentage of Payroll		
Base Total Normal Cost for Formula	15.43%	15.62%
Surcharge for Class 1 Benefits ²		
None	0.00%	0.00%
Phase out of Normal Cost Difference ³	0.00%	0.00%
Plan's Total Normal Cost	15.43%	15.62%
Offset Due to Employee Contributions	7.75%	7.75%
Employer Normal Cost Rate	7.68%	7.87%

¹ The required payment on amortization bases does not take into account any additional discretionary payment made after April 28, 2023.

² Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

³ When a rate plan joins the pool, the difference in normal cost between the pool and the rate plan is phased out over a five-year period in accordance with the CalPERS contribution allocation policy.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2024-25 is \$781. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2024-25 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2024-25

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
\$27,489	\$781	\$0	\$781	\$28,270

The minimum required contribution above is less than interest on the UAL. With no ADP the UAL is projected to increase over the following year. If the minimum UAL payment were split between interest and principal, the principal portion would be negative. This situation is referred to as **negative amortization**. If only the minimum required contribution is made, contributions are not expected to exceed interest on the UAL until FY **2027-28**, as shown in the "Amortization Schedule and Alternatives" section of the report (see columns labeled "Current Amortization Schedule").

Fiscal Year 2024-25 Employer Contribution Necessary to Avoid Negative Amortization

Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
\$27,489	\$781	\$976	\$1,757	\$29,246

Alternative Fiscal Year 2024-25 Employer Contributions for Greater UAL Reduction

Funding Horizon	Estimated Normal Cost	Minimum UAL Payment	ADP ¹	Total UAL Contribution	Estimated Total Contribution
20 years	\$27,489	\$781	\$1,620	\$2,401	\$29,890
15 years	\$27,489	\$781	\$2,021	\$2,802	\$30,291
10 years	\$27,489	\$781	\$2,864	\$3,645	\$31,134
5 years	\$27,489	\$781	\$5,488	\$6,269	\$33,758

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected UAL as of June 30, 2024 as determined in the June 30, 2022 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability (UAL)** equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **funded ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2021	June 30, 2022
1. Present Value of Benefits	\$559,657	\$706,233
2. Entry Age Accrued Liability	138,740	188,637
3. Market Value of Assets (MVA)	149,437	168,027
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	(\$10,697)	\$20,610
5. Funded Ratio [(3) / (2)]	107.7%	89.1%

A funded ratio of 100% (UAL of \$0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	\$229,330	\$188,637	\$157,618
2. Market Value of Assets (MVA)	168,027	168,027	168,027
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$61,303	\$20,610	(\$10,409)
4. Funded Ratio [(2) / (1)]	73.3%	89.1%	106.6%

The "Risk Analysis" section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2022-23 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2022-23 and Beyond)				
Fiscal Year	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Rate Plan 27241 Results					
Normal Cost %	7.87%	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Payment	\$781	\$1,300	\$1,800	\$2,300	\$2,800	\$2,800

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

The required contribution for FY 2024-25 is less than interest on the UAL, a situation referred to as **negative amortization**, as explained in the "Additional Discretionary Employer Contributions" section earlier in this report. If only the minimum required contribution is made, contributions are not expected to exceed interest on the UAL until FY 2027-28, as shown in the "Amortization Schedule and Alternatives" section of the report (see columns labelled "Current Amortization Schedule").

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Other Pooled Miscellaneous Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 27241. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Miscellaneous Risk Pool are shown below and assume that the total employer payroll within the Miscellaneous Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. In a refinement since the prior year's report, Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

	Fiscal Year	Fiscal Year
	2023-24	2024-25
Estimated Combined Employer Contributions for all Pooled Miscellaneous Rate Plans		
Projected Payroll for the Contribution Year	\$701,149	\$841,845
Estimated Employer Normal Cost	\$74,109	\$89,157
Required Payment on Amortization Bases	\$126,534	\$157,445
Estimated Total Employer Contributions	\$200,643	\$246,602
Estimated Total Employer Contribution Rate (illustrative only)	28.62%	29.29%

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2015-16, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2015-16, the Amortization of UAL component was expressed as a dollar amount and invoiced on a monthly basis. There is an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2022, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's (gain)/loss.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2022 actuarial valuation.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2022 and statutory/regulatory changes and board actions through January 2023.

During the time period between the valuation date and the publication of this report, inflation has been significantly higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2023 valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, we continue to believe the long-term inflation assumption of 2.3% is appropriate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Assets and Liabilities

- **Breakdown of Entry Age Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Accrued Liability

Active Members	\$160,603
Transferred Members	0
Separated Members	28,034
Members and Beneficiaries Receiving Payments	0
Total	\$188,637

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$188,637
2. Projected UAL Balance at 6/30/2022	(8,358)
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2022 for Asset Share	(8,358)
5. Pool's Accrued Liability ¹	22,021,735,002
6. Sum of Pool's Individual Plan UAL Balances at 6/30/2022 ¹	2,453,954,297
7. Pool's 2021-22 Investment (Gain)/Loss ¹	2,614,071,182
8. Pool's 2021-22 Non-Investment (Gain)/Loss ¹	309,490,972
9. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (4)] \div [(5) - (6)] \times (7)$	26,317
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	2,651
11. Plan's New (Gain)/Loss as of 6/30/2022: $(9) + (10)$	28,968
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	0
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	0
14. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	0
15. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	26,317
18. Partial Fresh Start Base: $(2) + (17)$	17,959

¹ Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

19. Plan's UAL: $(2) + (3) + (11) + (13) + (15)$	\$20,610
20. Plan's Share of Pool's MVA: $(1) - (19)$	\$168,027

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2022.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2024-25.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2024-25	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Minimum Required Payment 2024-25
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	20	2,651	0	2,831	0	3,024	272
Partial Fresh Start	6/30/22	20%	Up Only	0.00%	20	17,959	(2,897)	22,174	0	23,682	509
Total						20,610	(2,897)	25,005	0	26,706	781

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

The partial fresh start base established June 30, 2022 is the sum of the UAL balance from the June 30, 2021 valuation (projected to June 30, 2022) and the June 30, 2022 investment loss, as shown on the previous page.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

Date	<u>Current Amortization Schedule</u>		<u>Alternate Schedules</u>			
	Balance	Payment	20 Year Amortization		15 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2024	26,706	781	26,706	2,401	26,706	2,802
6/30/2025	27,715	1,290	26,041	2,402	25,626	2,801
6/30/2026	28,266	1,799	25,329	2,401	24,474	2,802
6/30/2027	28,329	2,308	24,570	2,402	23,243	2,802
6/30/2028	27,870	2,817	23,758	2,401	21,928	2,802
6/30/2029	26,854	2,817	22,892	2,401	20,523	2,801
6/30/2030	25,769	2,817	21,967	2,401	19,024	2,801
6/30/2031	24,610	2,817	20,979	2,401	17,423	2,802
6/30/2032	23,372	2,817	19,924	2,401	15,712	2,801
6/30/2033	22,050	2,817	18,798	2,402	13,886	2,802
6/30/2034	20,639	2,817	17,594	2,402	11,935	2,802
6/30/2035	19,131	2,818	16,308	2,401	9,851	2,801
6/30/2036	17,519	2,817	14,936	2,402	7,626	2,802
6/30/2037	15,799	2,817	13,469	2,402	5,249	2,801
6/30/2038	13,962	2,817	11,903	2,401	2,711	2,802
6/30/2039	12,000	2,816	10,231	2,402		
6/30/2040	9,906	2,818	8,444	2,401		
6/30/2041	7,668	2,817	6,537	2,402		
6/30/2042	5,278	2,817	4,499	2,401		
6/30/2043	2,726	2,817	2,324	2,402		
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		51,251		48,029		42,024
Interest Paid		24,545		21,323		15,318
Estimated Savings				3,222		9,227

Employer Contribution History

The table below provides a recent history of the required and discretionary employer contributions for the plan. The required amounts are based on the actuarial valuation from two years prior without subsequent adjustments, if any. Additional discretionary payments before July 1, 2019 or after April 28, 2023 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment (\$)	Additional Discretionary Payments
2018 - 19	6.842%	\$490	N/A
2019 - 20	6.985%	1,224	0
2020 - 21	7.732%	744	0
2021 - 22	7.59%	952	0
2022 - 23	7.47%	1,131	0
2023 - 24	7.68%	0	
2024 - 25	7.87%	781	

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2016	\$466	\$431	\$35	92.6%	\$44,551
06/30/2017	7,818	7,721	97	98.8%	83,257
06/30/2018	29,695	27,915	1,780	94.0%	146,146
06/30/2019	57,103	53,426	3,677	93.6%	155,261
06/30/2020	77,435	71,664	5,771	92.5%	197,781
06/30/2021	138,740	149,437	(10,697)	107.7%	256,050
06/30/2022	188,637	168,027	20,610	89.1%	289,972

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Maturity Measures**
- **Maturity Measures History**
- **Funded Status – Termination Basis**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2042.

Assumed Annual Return FY 2022-23 through 2041-42	Projected Employer Contributions				
	2025-26	2026-27	2027-28	2028-29	2029-30
3.0% (5th percentile)					
Normal Cost Rate	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Contribution	\$1,400	\$2,300	\$3,300	\$4,400	\$5,200
10.8% (95th percentile)					
Normal Cost Rate	8.1%	8.3%	8.5%	8.7%	8.4%
UAL Contribution	\$1,200	\$1,400	\$1,500	\$0	\$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2022-23 on the FY 2025-26 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2025-26.

Assumed Annual Return for Fiscal Year 2022-23	Required Employer Contributions	Projected Employer Contributions
	2024-25	2025-26
(17.2)% (2 standard deviation loss)		
Normal Cost Rate	7.87%	7.9%
UAL Contribution	\$781	\$2,300
(5.2)% (1 standard deviation loss)		
Normal Cost Rate	7.87%	7.9%
UAL Contribution	\$781	\$1,800

- Without investment gains (returns higher than 6.8%) in FY 2023-24 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2022-23.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2025-26 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2022 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2022	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	19.53%	15.62%	12.65%
b) Accrued Liability	\$229,330	\$188,637	\$157,618
c) Market Value of Assets	\$168,027	\$168,027	\$168,027
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$61,303	\$20,610	(\$10,409)
e) Funded Ratio	73.3%	89.1%	106.6%

Sensitivity to the Price Inflation Assumption

As of June 30, 2022	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	16.48%	15.62%	14.20%
b) Accrued Liability	\$200,099	\$188,637	\$170,998
c) Market Value of Assets	\$168,027	\$168,027	\$168,027
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$32,072	\$20,610	\$2,971
e) Funded Ratio	84.0%	89.1%	98.3%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2022 plan costs and funded status under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2022	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	15.89%	15.62%	15.37%
b) Accrued Liability	\$192,129	\$188,637	\$185,407
c) Market Value of Assets	\$168,027	\$168,027	\$168,027
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$24,102	\$20,610	\$17,380
e) Funded Ratio	87.5%	89.1%	90.6%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables, and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2021	June 30, 2022
1. Retired Accrued Liability	\$0	\$0
2. Total Accrued Liability	138,740	188,637
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another measure of maturity level of CalPERS and its plans is to look at the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, maybe less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2021, was 0.78 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2021	June 30, 2022
1. Number of Actives	5	5
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR of 8 is expected to have twice the contribution volatility of a plan with LVR of 4. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2021	June 30, 2022
1. Market Value of Assets	\$149,437	\$168,027
2. Payroll	256,050	289,972
3. Asset Volatility Ratio (AVR) [(1) / (2)]	0.6	0.6
4. Accrued Liability	\$138,740	\$188,637
5. Liability Volatility Ratio (LVR) [(4) / (2)]	0.5	0.7

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0.00	N/A	0.1	0.1
06/30/2018	0.00	N/A	0.2	0.2
06/30/2019	0.00	N/A	0.3	0.4
06/30/2020	0.00	N/A	0.4	0.4
06/30/2021	0.00	N/A	0.6	0.5
06/30/2022	0.00	N/A	0.6	0.7

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2022. The accrued liability on a termination basis (termination liability) is calculated differently compared to the plan’s ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Discount Rate: 1.75% Price Inflation: 2.50%		Discount Rate: 4.50% Price Inflation: 2.75%			
	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability	Termination Liability ^{1,2}	Funded Ratio	Unfunded Termination Liability
\$168,027	\$442,311	38.0%	\$274,284	\$211,938	79.3%	\$43,911

¹ The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

² The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 3.38% on June 30, 2022, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Participant Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2021	June 30, 2022
Active Members		
Counts	5	5
Average Attained Age	40.5	43.4
Average Entry Age to Rate Plan	38.5	40.9
Average Years of Credited Service	2.1	2.6
Average Annual Covered Pay	\$51,210	\$57,994
Annual Covered Payroll	\$256,050	\$289,972
Present Value of Future Payroll	\$2,728,310	\$3,175,833
Transferred Members	2	0
Separated Members	0	3
Retired Members and Beneficiaries*		
Counts	0	0
Average Annual Benefits	\$0	\$0
Total Annual Benefits	\$0	\$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 3	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	\$2000	
Survivor Allowance (PRSA)	No	
COLA	2%	

PEPRA Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members ... shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions, and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate change by more than 1% from the base total normal cost rate, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2024, based on 50% of the total normal cost rate as of the June 30, 2022 valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2024			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
27241	Miscellaneous PEPRA Level	15.43%	7.75%	15.62%	0.19%	No	7.75%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms and Publications section



TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

TOD KIMMELSHUE
Supervisor, District #4

DOUG TEETER
Supervisor, District #5

CHUCK NUCHOLS
Vice Mayor, Biggs

ADDISON WINSLOW
Councilmember, Chico

ERIC SMITH
Vice Mayor, Oroville

ROSE TRYON
Vice Mayor, Paradise

STEPHEN ERTLE
Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **Hearing Board Recruitment**

ISSUE:

Expiration of Terms for Hearing Board member Joshua Sheppard (Public member), and resignation of Hearing Board Alternate Member Dr. Melanie Marty (alternate Medical Professional).

ACTION REQUESTED:

None at this time, informational only.

DISCUSSION:

Pursuant to Health & Safety Code (HSC) Section 40800 et seq. every air district is to maintain a Hearing Board to act on requests for variances from district rules and regulations.

Membership on the Hearing Board is specified in law (HSC Section 40801) and must include: one attorney, one professional engineer, one representative from the medical profession, and two public members. All members of the Hearing Board are to be appointed by the AQMD Board of Directors for a term of three (3) years.

Per the Governing Board's direction from the May 26, 2022 Board meeting, the District is holding a recruitment for the following positions; one Hearing Board Public member and the Alternate Medical Professional member. The District has run a notice in the Chico Enterprise Record from Sunday, September 10th through Sunday, September 17th to publicize the open positions and asking interested parties to contact our office. The announcement was also posted on the District Website and through social media on the site formerly known as Twitter. Interested parties were asked to contact the District by September 20th, 2023.

Attachment: None

Agenda Item 10

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TAMI RITTER, CHAIR
Supervisor, District #3

ANGEL CALDERON, VICE CHAIR
Councilmember, Gridley

BILL CONNELLY
Supervisor, District #1

PETER DURFEE
Supervisor, District #2

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Air Pollution Control Officer

PATRICK LUCEY
Assistant Air Pollution Control Officer

Date of Release: September 21, 2023

Board Consideration: September 28, 2023

To: Butte County Air Quality Management District Board of Directors

From: Stephen Ertle, Air Pollution Control Officer

Staff Contact: Stephen Ertle, Air Pollution Control Officer

Re: **APCO Report**

ISSUE:

Report from the Air Pollution Control Officer on current areas of potential interest to your Board, including air-quality related activities at the local, State, and Federal scenes.

ACTION REQUESTED:

None. This item is provided for information and discussion.

DISCUSSION:

The Air Pollution Control Officer will provide a verbal report to the Board.

Agenda Item 10

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BCAQMD ACRONYM REFERENCE

Updated Oct. 2015

-Board of Director's Meeting -

Summarized below are acronyms commonly used in Board folders and accompanying staff reports.

A/C	Authority to Construct Permit
AB	Assembly Bill
AMOS	Automatic Meteorological Observation Stations
AP-42	EPA technical reference specifying specific Air Pollutant Emission Factors
APCD	Air Pollution Control District
APCO	Air Pollution Control Officer
AQMD	Air Quality Management District
ATCM	Airborne Toxic Control Measure
AQI	Air Quality Index
BACT	Best Available Control Technology
BAM	Beta Attenuation Monitor (records hourly ambient particulate data)
BCAG	Butte County Association of Governments
BCAQMD	Butte County Air Quality Management District
BCC	Sacramento Valley Basinwide Air Pollution Control Council
BOS	Board of Supervisors
CAA	Clean Air Act
CAAQS	California Ambient Air Quality Standards
CAP	Climate Action Plan
Cal-EPA	California Environmental Protection Agency
CAPCOA	California Air Pollution Control Officers Association
CARB	California Air Resources Board
CARPA	California Air Response Planning Alliance
CBYL	Check Before You Light
Cd	Chemical symbol for cadmium
CEQA	California Environmental Quality Act
CI	Compression Ignition
CO	Chemical symbol for carbon monoxide
CO2	Chemical symbol for carbon dioxide
CPA	Certified Public Accountant
CPI	Consumer Price Index
CSAC	California State Association of Counties
CUA	Chico Urbanized Area
DMV	Department of Motor Vehicles
DTSC	California Department of Toxic Substance Control
EG	Emission Guidelines
EI	Emission Inventory
Emfac	Emission Factor Computer Model
EPA	Environmental Protection Agency (Federal)
ERC	Emission Reduction Credit
ESA	Endangered Species Act
EVR	Enhanced Vapor Recovery
FIP	Federal Implementation Plan
FRM	Federal Reference Method
FY	Fiscal Year (June 30-July 1, unless otherwise stated)
GASB	Governmental Accounting Standards Board
GDF	Gasoline Dispensing Facilities
GFOA	Governmental Finance Officers Association
GHG	Greenhouse Gases
GWP	Global Warming Potential
HAP	Hazardous Air Pollutants
HCl	Hydrochloric Acid
Hg	Chemical symbol for mercury
HRA	Health Risk Assessments
HSC	Health & Safety Code
ICE	Internal Combustion Engine

BCAQMD ACRONYM REFERENCE

Updated Oct. 2015

-Board of Director's Meeting -

ISD	In-Station Diagnostics
ISR	Indirect Source Review
LESB	Lower Emission School Bus program
Mb	Millibar
Mg/Yr	Milligrams per year
Micron	Abbreviation of Micrometer or 1,000,000th of a meter in size
MPO	Metropolitan Planning Organization
Msl	Mean sea level
MMT CO2	Million Metric Tons of Carbon Dioxide equivalent emissions
MSW	Municipal Solid Waste
NAAQS	National Ambient Air Quality Standard
NACAA	National Association of Clean Air Agencies
NESHAPS	National Emission Standards for Hazardous Air Pollutants
NMOC	Non-Methane Organic Compound
NON	Notice of Noncompliance
NOx	Oxides of Nitrogen
NSPS	New Source Performance Standards
NSR	New Source Review
NTA	Notice to Apply for a Permit
NTC	Notice to Comply
OEHHA	California Office of Environmental Health Hazard Assessment
OAL	Office of Administrative Law
ORVR	Onboard Refueling Vapor Recovery
Pb	Chemical symbol for lead
PERP	Portable Equipment Registration Program
PM	Particulate Matter
PM 10-2.5	Particulate Matter 10 Microns in Size and smaller, but greater than 2.5 Microns
PM10	Particulate Matter 10 Microns in Size and smaller
PM2.5	Particulate Matter 2.5 Microns in Size and smaller
PSD	Prevention of Significant Deterioration
RACT	Reasonably Available Control Technology
RICE	Reciprocating Internal Combustion Engine
RCRC	Regional Council of Rural Counties
RRF	Relative Reduction Factor
RSD	Remote Sensing Device
SB	Senate Bill
SDRMA	Special District Risk Management Authority
SF	Square Foot
SIC	Standardized Industrial Classification
SIP	State Implementation Plan
SLCP	Short-lived Climate Pollutant
SO2	Chemical symbol for sulfur dioxide
SSI	Size Selective Inlet (applies to particulate samplers)
TAC	Technical Advisory Committee of the BCC
TARMAC	CAPCOA Toxics and Risk Managers Committee
TEIP	Toxic Emission Inventory Plan
TEIR	Toxic Emission Inventory Report
Title 17	California Code of Regulations, Administrative Law adopted by the California Air Resources Board, and referencing in this Board folder the Agricultural burn guidelines
ug/m3	Micrograms per cubic meter
USDA	United States Department of Agriculture
USEPA	United States Environmental Protection Agency
VEE	Visible Emission Evaluation Certification
VOC	Volatile Organic Compound
WUI	Wildland Urban Interface
YTD	Year to Date