

BOARD OF DIRECTORS
BUDGET AND PERSONNEL
COMMITTEE MEETING

Board of Supervisors Chambers
700 H Street - Suite 1487
Sacramento, CA 95814

SACRAMENTO METROPOLITAN



AGENDA

Thursday

March 28, 2024

10:30 AM

DIRECTORS

Chair
Patrick Kennedy

Vice-Chair
Sarah Aquino

Donald Terry

Eric Guerra

Sergio Robles

ANNOUNCEMENTS

Members of the public may participate in the meeting in-person, by video conference via Zoom, conference line, and by submitting written comments electronically by email at boardclerk@airquality.org.

Comments submitted will be delivered to the Board of Directors by staff. Public comments regarding matters under the jurisdiction of the Board of Directors will be acknowledged by the Chairperson during the meeting. Public comments will be accepted live until the adjournment of the meeting, distributed to the Board of Directors, and included in the record.

Submit public comments via email to: boardclerk@airquality.org

Zoom Meeting Link:

<https://us06web.zoom.us/j/87314130035?pwd=pTxA45BE35JssyS9bsq2AAvu2Zgaab.1>

Meeting ID: 873 1413 0035

Passcode: 101299

Call In Number

(669) 900-6833

(408) 638-0968

Teleconference Locations:

7333 North Fresno Street, Fresno, CA 93720

CALL TO ORDER/ROLL CALL

BROWN ACT

DISCUSSION CALENDAR

1. Fiscal Year 2024/25 Preliminary Budget and Fee Schedule Review

Recommendation: Provide guidance and feedback on the FY 2024/25 preliminary budget strategy and fee schedule, and direct staff to present the FY 2024/25 Proposed Budget and Fee Schedule at a public hearing to the full Board of Directors on April 25, 2024.

2. Update on District Headquarter Relocation

Recommendation: Receive and file a status update on the relocation of the District's Headquarters.

PUBLIC COMMENT

BOARD IDEAS AND COMMENTS

ADJOURN

Agenda Revision: This agenda may be revised. A final agenda will be posted on the website (www.airquality.org) and at the meeting site 72 hours in advance of the meeting. Materials submitted within 72 hours of the meeting and after distribution of the agenda packets will be made available on the Sac Metro Air District website subject to staff's ability to post the documents prior to the meeting. The order of the agenda items are listed for reference and may be taken in any order deemed appropriate by the Board of Directors. The agenda provides a general description and staff recommendation; however, the Board of Directors may take action other than what is recommended.

Testimony: The Board of Directors welcomes and encourages participation in Board meetings. When it appears there are several members of the public wishing to address the Board on a specific item, at the outset of the item the Chair of the Board will announce the maximum amount of time that will be allowed for presentation of the testimony. Matters under the jurisdiction of the Board and not on the posted agenda may be addressed by the general public immediately prior to the close of the meeting. The Board limits testimony on matters not on the agenda to five minutes per person and not more than 15 minutes for a particular subject.

Board Action: The Board of Directors may take action on any of the items listed on this agenda.

Information: Full staff reports are available for public review on the District's website (www.airquality.org), including all attachments and exhibits, or for public inspection at the District's office at 777 12th Street, Suite 300, Sacramento, CA. Copies of items prepared by staff and distributed for the first time at the meeting will be available at the back of the meeting room or may be obtained from the Board Clerk. Copies of items that were not prepared by staff may be obtained after the meeting from the Clerk. Materials related to an item on this Agenda submitted to Sac Metro Air District after distribution of the agenda packet are available for public inspection in the Clerk of the Board's office during normal business hours. For information regarding this agenda, please contact Clerk of the Sac Metro Air District Board of Directors, at 279-207-1164.

Meeting Date: 3/28/2024
Report Type: DISCUSSION / INFORMATION
Report ID: 2024-0328-1.

Title: Fiscal Year 2024/25 Preliminary Budget and Fee Schedule Review

Recommendation: Provide guidance and feedback on the FY 2024/25 preliminary budget strategy and fee schedule, and direct staff to present the FY 2024/25 Proposed Budget and Fee Schedule at a public hearing to the full Board of Directors on April 25, 2024.

Rationale for Recommendation: As a regular practice, District staff meets with the Budget and Personnel Committee to discuss the preliminary budget for the next fiscal year and obtain guidance and feedback related to budget development. Staff will present its budget strategy and proposed fee adjustments for FY 2024/25 and seek input from the Committee to incorporate into the FY 2024/25 Proposed Budget and Fee Schedule anticipated to be presented at a public hearing during the April 25, 2024 Board of Directors meeting.

Contact: Patricia Kepner, Controller, 279-207-1134

Presentation: Yes

ATTACHMENTS:

Attachment 1 - FY 2024/25 Preliminary Budget
Presentation - FY 24/25 Preliminary Budget & Fee Schedule Review

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 3/22/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 3/22/2024

Discussion / Justification:

The District's Budget is comprised of three major funds. The General Fund (100) contains budgets for the District's personnel, operating contracts, and fixed assets; the Internal Service Fund (400) contains the budget for operating the District's administrative building (Covell); and the Special Revenue Fund (500) contains the budget for incentive grants. A summary of the FY 2024/25 preliminary budget is below.

Details of the FY 2024/25 Preliminary Budget are included in Attachment 1.

- General Fund (100) – Revenue totals \$26.9 million and expenditures are \$30.0 million, for a projected use of fund balance of \$3.1 million;
- Building Fund (400) – Revenue is \$1.1 million and expenditures are \$1.1 million;
- Special Revenue Fund (500) – Revenue is \$31.0 million and expenditures are \$36.5 million, for a projected use of fund balance of \$5.5 million. Transportation incentive funds are often received in one fiscal cycle and expended in another fiscal cycle; and
- District-wide – The three funds combined result in a FY 2024/25 Proposed Budget of \$59.0 million in revenues and \$67.6 million in expenditures.

General Fund Revenues

Revenues are increasing by \$1.8 million from FY 2023/24 to FY 2024/25, mainly due to 1) federal grants

administered by the District for neighboring air districts and 2) stationary sources permit fees.

General Fund Expenditures

Expenditures are increasing by \$2.2 million from FY 2023/24 to FY 2024/25 primarily in the areas of employee services, professional services, and program distributions for federal grants.

Employee Services

Salaries and wages are expected to increase by \$820,000 and employee benefits expenditures will be higher by \$586,000. A resolution to amend the FY 2023/24 authorized positions from 97.6 Full Time Equivalents (FTE) to 101.8 FTE is included on the agenda for the March 2024 Board meeting. The goal is to have the new staff recruited and onboard at the District on July 1. These positions will support the AB617 grant and provide much-needed resources to address the Engineering and Compliance Division (ECD) increased workload. The Employee Services expenditure for these positions will be immaterial for FY 2023/24 but it is included in the full year FY 2024/25 Budget.

Proposed FTE funded positions for the FY 2024/25 Budget total 105.8, an increase of four FTE from the proposed 101.8 FTE positions for the amended FY 2023/24 budget. The additional FTE will primarily support grant operations for the AB617 and Clean Cars for All programs.

The COLA, in accordance with the board-approved employee labor agreements, is 3.6%, and the pension contribution and group insurance combined cost increased by 11.6%.

Professional Services

The \$546,000 increase in professional services expenditures primarily relates to contracts to support expanded grant programs (e.g., AB617 and Clean Cars for All).

Program Distributions for Federal Grants

The District administers the federal Targeted Airshed Grants (TAG) for neighboring air districts. In FY 2024/25 the expenditures under TAG programs will increase by \$584,000. The programs primarily fund the electrification of school buses, the replacement of off-road agriculture equipment with newer, cleaner equipment, and the replacement of residential non-certified wood-burning appliances.

General Fund - Fund Balance

The budgeted use of fund balance for FY 2024/25 is \$3.1 million. Of this amount, \$2.5 million relates to the timing of AB617 grant revenues and related expenditures. AB 617 grant revenue received in FY 2023/24 will be used for expenditures in FY 2024/25 and FY 2025/26. The projected ending Fund Balance for the General Fund at the close of the 2024/25 fiscal year is \$24.4 million.

Five-Year Forecast

A Five-Year Forecast is an informational section in the Proposed Budget and will be presented, along with key assumptions, at the April 25, 2024, Board Meeting. Stationary Source Fees Staff is recommending increasing the eligible Stationary Source fees by a CPI of 4.17%, as allowed by the California Health and Safety Code. The fee adjustment is tied to the annual change in the California Consumer Price Index (CPI).

FY24/25 “Preliminary” Proposed Budget

Budget and Personnel Committee
March 25, 2024

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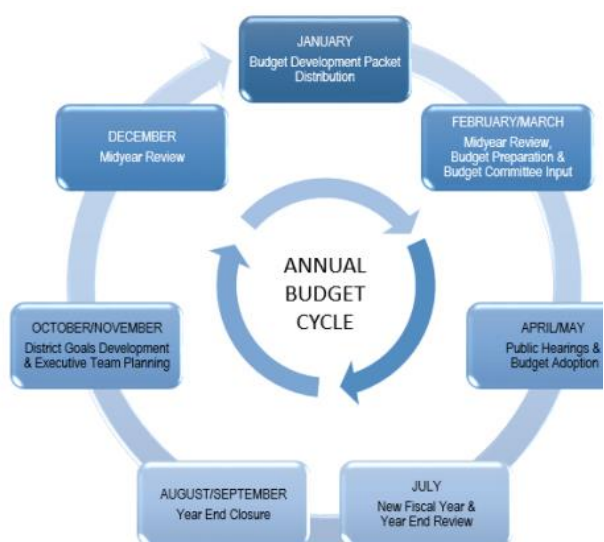
Budget and Personnel Committee Role

The Budget and Personnel Committee hears matters related to District finances and human resources including contract negotiations, District budgets, and personnel matters. As a regular practice, District staff meets with the Committee to discuss the preliminary budget and fee schedule for the next fiscal year and obtain guidance and feedback related to budget development. Following its review, the Committee generally directs staff to present the Proposed Budget and Fee Schedule at a public hearing to the full Board of Directors (Board).

Budget Practices and Strategies

- Board authorizes a schedule of funded regular and limited-term positions
- Board approval is obtained for all expenditures, including capital expenses
- Board approval is required to amend the budget once it is adopted

FY24/25 Budget Timeline



- Budget development November – March
- Budget Committee meeting in March
- Two Public Hearings – April and May
- Budget Adoption – Scheduled for May
- Budget Effective – July 1, 2024

FY24/25 Proposed Budget

Details of the FY24/25 Proposed Budget are included in the tables and narratives below.

TABLE 1 – District Fund Descriptions

Fund	Name	Purpose	Primary Funding Source
100	General	Records all inflows and outflows, not associated with special-purpose funds, for core administrative and operational activities	Permit fees, DMV, Measure A, Federal & State Grants, Incentive Implementation Allocation
400	Proprietary	Accounts for District business-like activities (Covell Administrative Building)	Covell Building rental income
500	Special Revenue	Records revenue sources for which fund usage is restricted (Incentive Programs)	Emission-Reduction Technology and Community Air Protection Federal & State Grants

TABLE 2 – General Fund 100

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Proposed	Variance FY25 Proposed/ FY24 Approved
Revenues					
Federal	\$ 2,088,436	\$ 5,461,056	\$ 6,885,552	\$ 6,468,833	\$ 1,007,777
Fees & Licenses	9,788,585	9,379,397	9,721,015	9,953,047	573,650
Fines/Forfeits/Penalties	269,966	350,000	250,000	250,000	(100,000)
Interest	349,456	191,865	390,000	250,000	58,135
Local Government	274,569	36,533	131,533	121,851	85,318
Other	19,237	17,524	24,683	18,524	1,000
Sales/Use Tax	2,569,539	2,590,825	2,590,825	2,584,321	(6,504)
State	5,522,435	7,070,033	13,571,206	7,295,528	225,495
Revenues Total	\$ 20,882,224	\$ 25,097,233	\$ 33,564,814	\$ 26,942,104	\$ 1,844,871
Expenses					
Salaries and Wages	\$ 11,492,484	\$ 12,822,050	\$ 12,473,038	\$ 13,642,460	\$ 820,410
Employee Benefits	4,832,575	5,589,552	5,451,886	6,175,562	586,010
Services and Supplies	5,435,105	10,290,233	10,405,058	11,180,818	890,585
Capital Expense	209,243	1,238,500	729,066	1,168,000	(70,500)
Interfund Charges	(909,730)	(2,115,503)	(2,039,139)	(2,146,641)	(31,138)
Expenses Total	\$ 21,059,677	\$ 27,824,832	\$ 27,019,909	\$ 30,020,199	\$ 2,195,367
Source / (Use) Fund Balance	\$ (177,454)	\$ (2,727,599)	\$ 6,544,905	\$ (3,078,095)	

FY24/25 Proposed General Fund Budget Highlights/Assumptions:

REVENUES

Revenues are projected to increase by \$1.8 million from FY23/24 to FY24/25.

Federal: Revenues will increase by \$1.0 million mainly due to the Environmental Protection Agency Targeted Air Shed grants (TAG) that the District administers on behalf of neighboring air districts. These grants fund the Heavy Duty Electrification of school buses, the replacement of off-road agriculture equipment with newer, cleaner equipment, and the replacement of residential non-certified wood-burning appliances in our neighboring districts. Revenues are also projected to increase by \$368,000 for the Climate Pollution Reduction Grant (CPRG) as it moves into Phase 2 of the program.

Fees: The FY22/23 actual fee revenue exceeded the current FY23/24 fee revenue budget by \$409,000. This was due to the FY22/23 fee revenue estimate being understated due to an increase in permit activity post-pandemic during the second half of FY22/23, with actual FY22/23 fee revenue coming in higher than the estimate by approximately \$877,000. The FY23/24 Budget was developed based on the understated FY22/23 estimate.

FY24/25 Stationary Sources and Mitigation fees are planned to increase by a total of \$574,000 due in part to a proposed Rule 301 fee increase of 4.17%. There is an increase for Rule 301 revenue due to the current year revenue estimates exceeding the budget for the year offset by Mitigation and Asbestos fees, which are planned to decrease in the FY24/25 Proposed Budget since the estimate for the current year is expected to be below the budget based on current trends and normal variation in construction project activity.

Fines and Penalties: Penalties are budgeted to decline by \$100,000. In FY23/24, there was a significant one-time penalty that is not expected to recur in FY24/25.

Sales/Use Tax and Local Government: Changes in revenues for Measure A and local grants are expected to be nominal in FY23/24.

State: The increase in the FY23/24 estimate over the budget is mainly due to the advance receipt of a multiyear operating grant of approximately \$6.5 million in AB617 funds to support current and expanded AB617 programs. Other FY24/25 state revenues, including DMV registration fees and state grants, are expected to be consistent with prior years.

EXPENDITURES

Expenditures are increasing by \$2.2 million from FY23/24 to FY24/25 primarily in Employee Services (Salaries/Wages and Employee Benefits), and Services and Supplies (mainly program distributions for federal grants).

Employee Services: Employee Services (salaries/wages, fringe benefits) will increase by \$1.4 million. The proposed COLA, in accordance with the board-approved employee labor agreements, is 3.6%. Proposed full-time equivalent (FTE) funded positions for FY24/25 total 105.8, an increase of 4 FTE over the FY23/24 amended approved headcount.

A resolution to amend the FY23/24 authorized positions from 97.6 to 101.8 is included on the agenda for the March 2024 board meeting. Once approved the recruitment process will immediately begin with the goal of having the new FTE in place at the beginning of FY24/25. As a result, the Employee Services expenditure for these positions will be immaterial for FY23/24 but is included in the full FY24/25 Proposed Budget.

The positions proposed for FY23/24 will support the Community Emission Reduction Plan (CERP) project and provide much-needed resources to address the Engineering and Compliance Division (ECD) workload challenges. The CERP is the next phase of the AB 617 community protection efforts focusing on the South Sacramento/Florin community. It is a two-year grant with revenue totaling \$6.6M to develop community-centered emission and pollution exposure reduction strategies. ECD workload has increased over the last several years and staffing levels have remained relatively flat over the past decade. The addition of new staff will provide ECD with the resources to support new programs and expanded duties such as Annual Reporting under the Criteria and Toxics Regulation, AB 617, and the agricultural burn program.

FTE positions proposed for FY23/24 include:

- ASD - 1 FTE, Communications & Marketing Specialist (CERP)
- ECD –3.2 FTE, 2 Air Quality Engineers, 1.2 Air Quality Specialists

The Proposed FY24/25 Budget includes an increase in authorized positions from 101.8 to 105.8. The four FTEs will support expanded grant activities, mainly for the CERP and Clean Cars for All (CC4A) programs in the Transportation and Climate Change Division (TCC) and provide overall grant support in the Administrative Services Division (ASD). Funding for the TCC positions will

come from the CERP and CC4A grants; the ASD position will be funded by grants and other District revenues.

The proposed FY24/25 FTE changes are:

- TCC – Add (2) Air Quality Specialist/Planner (CERP)
- TCC – Add (2) Office Assistant II (CC4A)
- TCC – Delete (-1) Air Quality Engineer position (CC4A)
- TCC – Convert one limited-term Air Quality Engineer to a regular position – support of incentive grants (e.g., Moyer, etc.). No impact on overall approved FTE positions
- ASD – Add Accountant (1) – Provide support for expanded grant programs

FY24/25 Employee benefits are increasing by \$586,000 or 10% which is higher than the increase in salaries and wages of 6%. The larger increase in employee benefits is driven by higher group insurance premiums and retirement contribution rates.

Note: To more closely align the budget with actual performance, for FY24/25 planning purposes, the budget includes a vacancy offset of \$500,000. This allowance provides for periods of recruitment when a position is vacant (e.g., retirements, etc.)

Services and Supplies: FY24/25 Budgeted Services and Supplies expenditures are \$5.7M higher than actual expenditures for FY22/23. Most of the variance (\$3.5M) is due to increased pass-through distributions under the federal TAG grants administered by the District for neighboring air districts. In addition, Professional Services expenditures increase by \$1.2M comparatively for those two years mainly from expanded grant activities (e.g., CC4A, CPRG, AB617).

FY24/25 budgeted services and supplies expenditures will increase by \$891,000 from the FY23/24 budget mainly due to higher program distributions of \$584,000 for the TAG program. In addition, Professional Services expenditures are planned to increase by \$546,000. This increase will support expanded grant activities (i.e., AB617, CC4A). IS Software as a Service expenditures are decreasing by about \$383,000 mainly related to the development of the District's AiriA software solution to replace legacy Permitting/Compliance and Transportation systems. In FY23/24, the entire cost of the AiriA project was included in the budget; however, this is a multiyear project and only a portion of the expenses were incurred in FY23/24. The costs of implementing the remaining modules are budgeted in FY24/25.

Note: In further efforts to improve the alignment of the budget with actuals, the District has implemented a process to prioritize and fund high-priority professional services contracts while pooling the remaining identified potential contracts into a single line item in the budget detail. The single-line budget is expected to be sufficient to fund necessary contracts without duplicating resources for contracts that are often only executed under unique or extenuating circumstances.

Capital expenditures: FY23/24 capital expenditures are estimated to be \$509,000 less than the budget due to the timing of the renovation of an air monitoring structure. Initially planned to be completed in FY23/24, the structure is now budgeted to finish in FY24/25.

The FY24/25 budget for capital expenditures is expected to decrease by \$71,000 from the prior year's budget, with reduced outlays for lab equipment (lower by \$158,000) being offset by increases in expenditures for monitoring structures (+\$60,000) and replacement vehicles for the District fleet (+\$20,000).

The following additional *Detailed Budget Schedules* for General Fund 100 and the *District Position Schedule* are included at the end of this attachment:

- ✓ Revenue (Exhibit 1)
- ✓ Services and Supplies (Exhibit 2)
- ✓ Professional Services (Exhibit 3)
- ✓ Capital Expenditures (Exhibit 4)
- ✓ Position by Classification (Exhibit 5)

TABLE 3 – General Fund 100: Fund Balance

GENERAL FUND 100	Actual FY20/21	Actual FY21/22	Actual FY22/23	Estimate FY23/24	Proposed FY24/25
Total	\$17,663,781	\$20,403,127	\$20,895,504	\$27,440,000	\$24,362,000

The Approved FY23/24 Budget indicated a use of the General Fund balance of \$2.7 million. However, the District now projects a \$6.5 million addition to the fund balance in FY23/24. The variance to the budgeted deficit is mainly due to the advance receipt of a multiyear operating grant of approximately \$6.5 million in AB617 funds in FY23/24, which will fund current and expanded AB617 activities in FY24/25 and FY25/26. This influx of grant revenue temporarily spikes the fund balance, however, roughly half of the \$6.5 million will be expended in FY24/25 and the other half in FY25/26, reducing the fund balance back down over the two-year timeframe.

The FY24/25 General Fund reserve balance is above the District's reserve policy, which is to maintain a General Fund balance equivalent to a minimum of 120 days of General Fund expenditures. As noted above, the fund balance is projected to come down significantly at the end of FY25/26.

TABLE 4 – Building Fund 400

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Proposed	Variance FY25 Proposed/ FY24 Approved
Revenues					
Interest	\$ 52,346	\$ 20,000	\$ 67,000	\$ 20,000	\$ -
Rents/Concessions/Royalties	1,349,721	1,150,002	1,250,199	1,055,834	(94,168)
Revenues Total	\$ 1,402,068	\$ 1,170,002	\$ 1,317,199	\$ 1,075,834	\$ (94,168)
Expenses					
Services and Supplies	\$ 496,965	\$ 506,901	\$ 496,306	\$ 512,234	\$ 5,335
Capital Expense	-	955,000	140,000	155,000	(800,000)
Debt Service	410,591	408,100	408,100	408,600	500
Expenses Total	\$ 907,556	\$ 1,870,001	\$ 1,044,406	\$ 1,075,834	\$ (794,165)
Fund Balance Source / (Use)	\$ 494,512	\$ (699,999)	\$ 272,793	\$ 0	

Fund 400 Budget Highlights and Assumptions:

- During FY23/24, the District evaluated several options for the headquarters facility. The Board indicated its support to sell the building and move to a smaller building (either leased or purchased) that would better meet the needs of the District. The building is listed for sale, however, the FY24/25 budget assumes a status quo scenario since a purchase agreement is not in place at this time.
- Rent revenue is planned to decrease by \$94,000 due to the termination of a third-party tenant lease during FY23/24. The Proposed Budget does not assume any rent revenue for a new tenant. The rent revenue from the District decreases slightly in FY24/25 due to the reduction in capital expenses and a breakeven budget for the building fund.
- Services and Supplies increase slightly and Capital expenses decrease by \$800,000. The FY23/24 budget assumed a renovation/update to the building for \$700,000 and also included \$100,000 for the long-term capital assets reserve. Due to the plan to sell the building, the renovation did not occur and major asset improvements are not anticipated and therefore, not included in the FY24/25 budget.
- Debt service for FY24/25 will total \$409,000; the bonds will be paid off at the time of the sale of the building or by the end of the debt payment schedule in 2027, whichever comes first.

TABLE 5 – Special Revenue Fund 500

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Proposed	Variance FY25 Proposed/ FY24 Approved
Revenues					
Federal	\$ 1,499,161	\$ 3,450,000	\$ 1,725,000	\$ 3,205,960	\$ (244,040)
Fines/Forfeits/Penalties	33,862	-	5,700	-	-
Interest	1,298,812	738,135	1,600,000	750,000	11,865
Other	64,374	66,438	81,438	66,438	-
State	15,164,301	26,585,809	55,552,497	26,999,796	413,987
Revenues Total	\$ 18,060,510	\$ 30,840,382	\$ 58,964,635	\$ 31,022,194	\$ 181,812
Expenses					
Interfund Charges	\$ 909,730	\$ 2,115,503	\$ 2,039,139	\$ 2,146,641	\$ 31,138
Services and Supplies	16,065,669	26,916,766	21,228,002	34,354,781	7,438,015
Expenses Total	\$ 16,975,398	\$ 29,032,269	\$ 23,267,141	\$ 36,501,422	\$ 7,469,153
Fund Balance Source / (Use)	\$ 1,085,111	\$ 1,808,113	\$ 35,697,494	\$ (5,479,228)	

Fund 500 Budget Highlights and Assumptions:

- The Special Revenue Fund serves to track restricted revenue sources, primarily various incentive programs, which include emission-reduction technology and community air protection grants. These are generally multi-year agreements with the grant funds received in one year and incentive disbursements made to project participants over several years. As a result, significant fluctuations may occur in year-over-year revenues and expenditures.
- FY24/25 proposed revenues are planned to be consistent with the FY23/24 budgeted revenues. FY23/24 estimated revenue is higher than the budget for that year by approximately \$29M. This increase is related to the timing of receipt of grant funds for the CAPP (\$7.2M) and CC4A (\$6.5M) programs and a \$15.6M Cal STA grant for a hydrogen locomotive that was not included in the FY23/24 budget.
- Incentive disbursements are budgeted to increase by \$7.5 million to a total of \$36.5 million in the proposed budget. The increase in incentive payments is mainly in the state grant programs.

Stationary Sources Fee Increase

The FY24/25 proposed rate adjustment for fees, effective July 1, 2024, is 4.17% based on the California Consumer Price Index (CPI). The CPI increase is expected to increase fee revenue by approximately \$200,000. The fee adjustments approved for prior fiscal years are as follows:

Stationary Sources Fee Increase	Actual FY20/21	Actual FY21/22*	Actual FY22/23*	Actual FY23/24	Proposed FY24/25
Total	0.0%	2.65%	5.65%	7.67	4.17%

*The fee increase approved for FY20/21 of 3.3% was deferred by the Board and phased in as equal additions to the adjustments for FY21/22 and FY22/23.

Five-Year Forecast

The Five-Year Forecast is an informational section in the Proposed Budget and will be presented, along with key assumptions, at the April 25, 2024 Board Meeting.

General Fund (Fund 100) – Detailed Budget Schedules

Detailed General Fund (100) Revenue - Exhibit 1

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Proposed	Variance FY25 Proposed/ FY24 Approved
Revenues					
Federal					
EPA 103	\$ 42,895	\$ 78,800	\$ 128,000	\$ 128,000	\$ 49,200
EPA 105	1,138,908	1,150,000	1,199,943	1,199,943	49,943
Federal	149,539	3,461,836	4,687,189	4,440,890	979,054
FWW-CMAQ	757,093	770,420	870,420	700,000	(70,420)
Subtotal Federal	2,088,436	5,461,056	6,885,552	6,468,833	1,007,777
Fees & Licenses					
Ag Burn	24,995	22,000	28,000	12,000	(10,000)
Asbestos	418,273	356,000	214,500	218,000	(138,000)
Fees & Licenses	2,991	5,860	20,507	22,292	16,432
Mitigation Fees	285,431	274,632	133,730	150,000	(124,632)
Rule 301	8,632,439	8,300,000	8,900,000	9,100,000	800,000
SEED Loan-Non Labor	3,404	43,000	48,166	36,051	(6,949)
SEED Renewal	59,403	71,447	62,112	64,704	(6,743)
Title V	151,980	101,553	90,000	120,000	18,447
Toxics AB2588	209,670	204,905	224,000	230,000	25,095
Subtotal Fees & Licenses	9,788,585	9,379,397	9,721,015	9,953,047	573,650
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	269,966	350,000	250,000	250,000	(100,000)
Subtotal Fines/Forfeits/Penalties	269,966	350,000	250,000	250,000	(100,000)
Interest					
Interest Earned	349,456	191,865	390,000	250,000	58,135
Subtotal Interest	349,456	191,865	390,000	250,000	58,135
Local Government					
Local Government	274,569	36,533	131,533	121,851	85,318
Subtotal Local Government	274,569	36,533	131,533	121,851	85,318
Other					
Auction	-	-	-	-	-
Other	19,237	17,524	24,683	18,524	1,000
Subtotal Other	19,237	17,524	24,683	18,524	1,000
Sales/Use Tax					
Sales/Use Tax	2,569,539	2,590,825	2,590,825	2,584,321	(6,504)
Subtotal Sales/Use Tax	2,569,539	2,590,825	2,590,825	2,584,321	(6,504)
State					
ARB Oil & Gas	42,000	42,000	42,000	42,000	-
ARB PERP	174,189	180,000	255,401	260,000	80,000
ARB Subvention	248,918	359,033	362,000	362,000	2,967
DMV	5,044,746	5,200,000	5,200,000	5,260,000	60,000
State	12,583	1,289,000	7,711,805	1,371,528	82,528
Subtotal State	5,522,435	7,070,033	13,571,206	7,295,528	225,495
Revenues Total	\$ 20,882,224	\$ 25,097,233	\$ 33,564,814	\$ 26,942,104	\$ 1,844,871

Detailed General Fund (100) Services and Supplies - Exhibit 2

Classification Account	FY22/23 Actuals	FY23/24 Approved	FY23/24 Projection	FY24/25 Proposed	Variance FY25 Proposed/ FY24 Approved
Services and Supplies					
Advertising, Comm & Outreach	\$ 1,005,071	\$ 1,074,500	\$ 1,044,511	\$ 1,028,236	\$ (46,264)
Alternative Transit	18,913	31,410	20,830	25,550	(5,860)
Banking & Finance	1,158	3,620	1,235	2,435	(1,185)
Books/Periodicals/Subscriptions	29,424	29,029	27,779	32,173	3,144
Breakroom Supplies	1,454	1,800	1,500	1,800	-
Business Meetings	158,285	168,150	137,248	233,400	65,250
Collaborations	80,508	147,000	90,726	102,000	(45,000)
Document Storage & Handling	34,795	32,000	33,000	33,200	1,200
Education & Training	33,396	97,050	98,979	144,900	47,850
Food	397	-	33	-	-
Fuel & Lubricants	16,914	20,300	16,100	16,680	(3,620)
Internship	7,375	7,375	7,400	8,000	625
IS Data Processing Services	38,491	46,400	47,900	49,400	3,000
IS Hardware	64,539	93,350	93,350	146,444	53,094
IS Internet	33,289	34,840	34,800	36,232	1,392
IS Mobile Devices/Services	46,415	36,360	44,499	51,962	15,602
IS SaaS-Software as a Service	403,054	1,100,334	666,949	717,499	(382,835)
IS Software	75,005	117,623	118,725	87,337	(30,286)
IS Supplies	13,260	16,000	15,563	15,564	(436)
Lab Analysis	18,922	130,000	57,000	106,000	(24,000)
Laboratory Equipment & Supplies	58,721	68,000	57,000	68,000	-
Legal Services	6,801	61,000	61,000	33,000	(28,000)
Legislative Advocacy	60,700	66,250	66,250	66,250	-
Maintenance & Repairs	23,645	38,500	20,600	27,000	(11,500)
Medical Services	694	3,000	3,000	3,000	-
Membership Dues	46,529	49,444	50,874	64,140	14,696
Mileage/Parking	30,885	33,370	31,710	32,510	(860)
Miscellaneous	1,221	100	(20)	100	-
Office Equipment/Furniture	378	13,500	7,000	8,500	(5,000)
Office Services	525	1,000	1,000	1,000	-
Office Supplies	(662)	9,000	5,813	8,500	(500)
Postage/Shipping/Messenger	10,623	13,750	16,400	18,950	5,200
Printing	4,988	8,700	7,200	10,200	1,500
Prof Svc-Consulting	1,179,714	1,874,500	1,896,387	2,420,650	546,150
Program Distribution-EPA Grant	512,107	3,278,836	4,032,525	3,863,031	584,195
Property & Liability Insurance	205,417	227,650	252,300	298,700	71,050
Property Management	14,211	25,000	10,000	25,000	-
Public Notices	2,618	32,800	19,075	28,750	(4,050)
Recognition	9,363	13,550	13,900	21,300	7,750
Recording Fees	-	200	100	200	-
Recruitment	9,867	10,000	42,000	10,000	-
Rent/Lease-Equipment	74,803	81,635	77,825	79,835	(1,800)
Rent/Lease-Real Property	973,497	1,021,327	1,014,572	1,005,834	(15,493)
Safety Supplies	4,406	7,000	3,100	5,000	(2,000)
Stipends	9,500	20,100	21,200	63,600	43,500
Telephone Services	26,124	27,180	25,300	24,936	(2,244)
Temporary Staffing	-	20,000	50,000	80,000	60,000
Tools/Small Equipment	35,733	30,200	3,320	6,120	(24,080)
Utilities	15,441	22,000	18,000	20,400	(1,600)
Vehicle Maintenance	36,590	45,500	39,500	47,500	2,000
Subtotal Services and Supplies	5,435,105	10,290,233	10,405,058	11,180,818	890,585

Detailed General Fund (100) Professional Services - Exhibit 3

Prof Srvcs-Consulting	2,420,650
STI CBYB	90,000
Scanning Services	20,000
Eide Bailly/Audit Services	47,000
TBD/ Microsoft Security Service for EndPoint Management	21,000
TBD/SharePoint Support and Upgrade of Servers	10,500
Bruns Auri/Car Share Assistance/G012	42,000
CSE/CC4A Case Management/GTBD(12M)	441,000
Fluxx/CC4A Grant Management/GTBD(12M)	55,000
Ramboll/Environ General TCC assistance	150,000
Ramboll/Technical Supp Srvcs-Nonrecurring Projects	200,000
Sonoma Technology Inc. / EPA Toxics Grant Work / G02A	90,000
Kems and West / AB 617 Facilitation Services / G002	50,000
BERC/Compliance Assistance	90,000
CAPCOA/ICF/G044	70,000
TBD/CPRG CCAP/G044	200,000
BIS Airia A012	2,745
Experis AiriA A012	24,000
SAVA / City of Sacramento / G034	25,000
Sonoma Technology Inc. / Ceilometer data / G10P	5,000
Sonoma Technology Inc. / CMAQ / G04C	100,000
TBD/CAP Staff Lead-Back Fill/TBD	300,000
TBD/Facilitation/G052	100,000
BIS AiriA Data Conversion A012	6,405
Experis/Contract 2023-00000087/A012	56,000
Pooled Professional Services Contracts	225,000

Detailed General Fund (100) Capital Expenditures – Exhibit 4

Fund Description	FY24/25 Proposed
100 General	
New vehicles replacements	\$ 200,000
PM10 continuous	30,000
Storage array	16,500
Storage server for storage Array	5,500
Simplivity node	60,000
Data logger	8,000
Chart recorder	22,000
FEM BAM1020	50,000
H2 generator	10,000
N2 generator	10,000
Ozone analyzer	30,000
Transfer standard	30,000
Zero air generator	15,000
Non-Methane hydrocarbon analyzer	26,000
A/C unit replacement	20,000
DPM finish replacement	610,000
DPM construction	25,000
100 General Fund Total	1,168,000

Detailed General Fund (100) Positions by Classification – Exhibit 5

Classification	FY22/23 Amended	FY23/24 Approved	FY23/24 Amended	Change	FY24/25 Approved
AUTHORIZED					
Regular					
Accountant	-	-	-	1.0	1.0
Admin Supervisor/Clerk of Board	1.0	1.0	1.0		1.0
Administrative Specialist	4.0	4.0	4.0		4.0
Air Pollution Control Officer	1.0	1.0	1.0		1.0
Air Quality Engineer	19.0	19.0	21.0	1.0	22.0
Air Quality Instrument Specialist	3.0	3.0	3.0		3.0
Air Quality Planner/Analyst	10.0	10.0	10.0	1.0	11.0
Air Quality Specialist	21.6	21.6	22.8		22.8
Communication & Marketing Specialist	1.0	1.0	2.0		2.0
Controller	1.0	1.0	1.0		1.0
District Counsel	1.0	1.0	1.0		1.0
Division Manager	4.0	4.0	4.0		4.0
Financial Analyst	1.0	1.0	1.0		1.0
Human Resource Technician	1.0	1.0	1.0		1.0
Human Resources Officer	1.0	1.0	1.0		1.0
Information Systems Analyst	3.0	3.0	3.0		3.0
Information Systems Manager	1.0	1.0	1.0		1.0
Legal Assistant	1.0	1.0	1.0		1.0
Office Assistant	3.0	3.0	3.0	2.0	5.0
Program Manager	5.0	5.0	5.0		5.0
Program Supervisor	12.0	12.0	12.0		12.0
Senior Accountant	1.0	1.0	1.0		1.0
Statistician	1.0	1.0	1.0		1.0
Limited Term					
Air Quality Engineer/Specialist/Planner	1.0	1.0	1.0	(1.0)	-
AUTHORIZED Total	97.6	97.6	101.8	4.0	105.8

FY2024/25 Preliminary Budget & Fee Schedule Review

Budget and Personnel Committee

March 28, 2024

Presenter: Patty Kepner, Controller

Presentation Outline

- FY24/25 Goals, Priorities and Staffing Strategy
- FY24/25 Proposed Budget
 - General Fund – Notable Changes from FY23/24
 - Building Fund
 - Special Revenue Fund
 - Fund Balance Trends
- FY24/25 Proposed Fee Schedule
- Committee Direction and Feedback

FY24/25 Proposed Budget

District Goals

- Meeting and Maintaining Federal Air Quality Standards and State and National Climate Targets
- AB 617 Community Air Protection Program and Environmental Justice
- Core Programs: Permitting, Enforcement, Air Monitoring, Land Use CEQA Review and Low-carbon Transportation Initiatives (e.g., Mobility, EV, Light/Heavy Duty Equipment)
- Regional Partnerships
- Operational Efficiencies

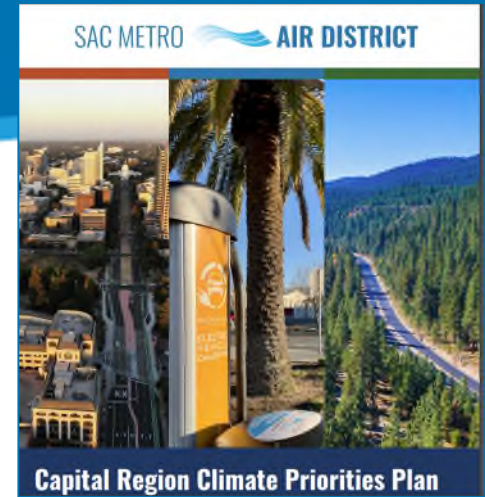


SACRAMENTO METROPOLITAN



FY24/25 Proposed Budget Budget Priorities

- Expand AB617 scope to include the Community Emissions Reduction Plan (CERP)
- Obtain implementation grant under the federal Climate Pollution Reduction Grant (CPRG)
- Distribute increased number of incentives for Clean Cars for All grant
- Finish renovation of Del Paso air monitoring facility
- Complete implementation of AiriA software solution
- Relocate the District headquarters



FY24/25 Proposed Staffing Strategy

- Increase Full-Time Equivalents (FTE) to 105.8 – increase of 4.2 from FY23/24 amended FTE to support increased grant activities

	FY23/24 Approved	FY23/24 Amended (March 24)	FY24/25 Proposed
FTE	97.6	101.8	105.8
Classifications		Comms Specialist AQ Specialist (2.2) AQ Engineer	Office Assistant (2) AQ Engineer (-1) AQ Specialist/Planner (2) Accountant <i>AQ Engineer (LT to REG) – no FTE impact</i>

SACRAMENTO METROPOLITAN



FY24/25 Proposed Budget

All Funds

FUND	Revenues	Expenditures	Fund Balance Source/(Use)	Fund Balance at 6/30/25
General	\$26,942,104	\$30,020,199	\$(3,078,095) ¹	\$24,362,314
Proprietary (Covell Building)	1,075,834	1,075,834	-	5,575,402
Special Revenue (Incentives)	31,022,194	36,501,422	(5,479,228) ¹	86,082,245
Total	\$59,040,132	\$67,597,455	\$(8,557,323)	\$116,019,961

¹Use of reserves to balance the General and Special Revenue Funds for FY23/24

SACRAMENTO METROPOLITAN



General Fund Notable Changes

FY23/24 Approved to FY24/25 Proposed

REVENUES

- Increases: Federal & State grants, Stationary Sources fees
- Decreases: Fines/Penalties

EXPENDITURES

- Increases: FTE increase, 3.6% COLA, retirement and group insurance contributions, federal grant distributions, professional services for grant support (CERP, CC4A, CPRG)
- Decreases: IS Software as a Service, capital expenditures (lab equipment)

FY23/24 Proposed Budget General Fund

GENERAL FUND	FY23/24 Approved	FY23/24 Projected	FY24/25 Proposed	Budget-to-Budget Change
Revenue	\$ 25,097,233	\$ 33,564,814	\$ 26,942,104	\$ 1,844,871
Expenditures	27,824,832	27,019,909	30,020,199	2,195,367
Surplus /(Deficit)	\$ (2,727,599)	\$ 6,544,905	\$ (3,078,095)	\$ (350,496)
Ending Fund Balance*	\$ 18,167,905	\$ 27,440,409	\$ 24,362,314	\$ 6,194,409

* Audited ending fund balance as of 6/30/23: \$20.9 million

Proprietary (Building) Fund Notable Changes FY23/24 Approved to FY24/25 Proposed

Building is currently for sale and FY24/25 budget is break even

REVENUES

- Decrease: Tenant lease income (lease expired); District lease revenue is slightly less in FY24/25 due to the reduction in building expenditures

EXPENDITURES

- Decrease: FY23/24 budget assumed renovation of building; with building held for sale no renovations are planned for FY 24/25

FY24/25 Proposed Budget Proprietary (Building) Fund

PROPRIETARY FUND	FY23/24 Approved	FY23/24 Projected	FY24/25 Proposed	Budget-to- Budget Change
Revenue	\$ 1,170,002	\$ 1,317,199	\$ 1,075,834	\$ (94,168)
Expense	1,870,002	1,044,406	1,075,834	(794,168)
Surplus /(Deficit)	\$ 700,000	\$ 272,793	\$ -	\$ (700,000)
Ending Fund Balance*	\$ 4,602, 609	\$ 5,575,402	\$ 5,575,402	\$ 972,793

* Audited ending fund balance as of 6/30/23: \$5.3 million

Special Revenue Fund Notable Changes

FY23/24 Approved to FY24/25 Proposed

Grant revenues and expenditures fluctuate based on incentive activity

REVENUES

- Increase: State (CAP, Clean Cars for All, FARMER, Moyer)
- Decrease: Federal (SECAT)
- No Change: DMV\$2

EXPENDITURES

- Increases: Timing of incentive activity (Moyer, Clean Cars for All, Cal STA)

FY24/25 Proposed Budget Special Revenue Fund

SPECIAL REVENUE FUND	FY23/24 Approved	FY23/24 Projected	FY24/25 Proposed	Budget-to-Budget Change
Revenue	\$ 30,840,382	\$ 58,964,635	\$ 31,022,194	\$ 181,812
Expenditures	29,032,269	23,267,141	36,501,422	7,469,153
Surplus /(Deficit)	\$ 1,808,113	\$ 35,697,494	\$ (5,479,228)	\$ (7,287,341)
Ending Fund Balance*	\$ 57,672,092	\$ 91,561,473	\$ 86,082,245	\$ 28,410,153

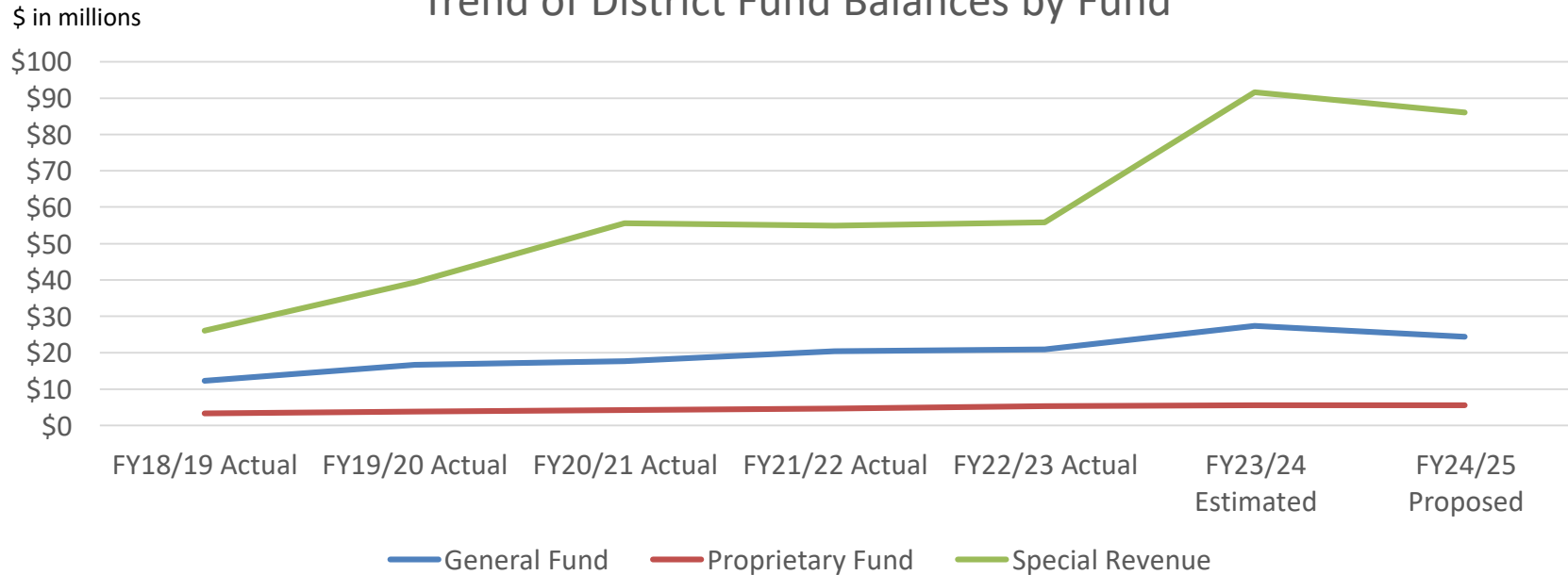
* Audited ending fund balance as of 6/30/23: \$55.9 million

FY24/25 Proposed Budget Fee Schedule

- CPI adjustment to various fees allowed by Rules
- Adjusted based on California CPI, All Urban Consumers
- Proposed FY24/25 increase of 4.17% effective July 1, 2024

Fund Balance Trends *

Trend of District Fund Balances by Fund



- Proposed General Fund Balance complies with the District's policy of an Operating Reserve equivalent to a minimum of 120 days of expenditures

Next Steps

- Request Budget and Personnel Committee to provide:
 - Guidance and feedback on the preliminary budget strategy and fee schedule
 - Direction to present the FY2024/25 Proposed Budget and Fee Schedule at a public hearing of the full Board of Directors on April 25, 2024

Thank You

Meeting Date: 3/28/2024
Report Type: DISCUSSION / INFORMATION
Report ID: 2024-0328-2.



Title: Update on District Headquarter Relocation

Recommendation: Receive and file a status update on the relocation of the District's Headquarters.

Rationale for Recommendation: A Letter of Intent was recently executed to sell the District's headquarters building to Healthy Community Forum for the Greater Sacramento Region. Staff will provide an update on this transaction and key elements of the Letter of Intent. This recent status change may affect the FY24/25 Proposed Budget and therefore, it is important for the Budget and Personnel Committee to be informed.

Contact: Patricia Kepner, Controller, 279-207-1134

Presentation: Yes

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 3/22/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 3/22/2024
