



BOARD OF DIRECTORS
FINANCE AND ADMINISTRATION COMMITTEE

April 17, 2024

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

COMMITTEE MEMBERS

DAVINA HURT – CHAIR
MARGARET ABE-KOGA
DAVID HAUBERT
RAY MUELLER
MARK ROSS

LYNDA HOPKINS - VICE CHAIR
JUAN GONZÁLEZ
TYRONE JUE
KATIE RICE

**MEETING LOCATION(S) FOR IN-PERSON ATTENDANCE BY
COMMITTEE MEMBERS AND MEMBERS OF THE PUBLIC**

**Bay Area Metro Center
1st Floor Board Room
375 Beale Street
San Francisco, CA 94105**

**Office of Alameda County Supervisor
David Haubert
4501 Pleasanton Avenue
Pleasanton, CA 94566**

**Mountain View City Hall
Committee Room, 2nd Floor
500 Castro Street
Mountain View, CA 94041**

**San Mateo County Hall of Justice
Criminal Justice Training Room, 1st Floor
400 County Center
Redwood City, CA 94063**

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

These streaming options are provided for convenience only. In the event that streaming connections malfunction for any reason, the Finance and Administration Committee reserves the right to conduct the meeting without remote webcast and/or Zoom access.

The public may observe this meeting through the webcast by clicking the link available on the air district's agenda webpage at www.baaqmd.gov/bodagendas.

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/83184204608>, or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: 831 8420 4608

Public Comment on Agenda Items: The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on a matter on the agenda will have two minutes each to address the Committee on that agenda item, unless a different time limit is established by the Chair. No speaker who has already spoken on an item will be entitled to speak to that item again.

The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is *per se* disruptive to a meeting and will not be tolerated.

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

WEDNESDAY, APRIL 17, 2024

10:00 AM

1. **Call to Order - Roll Call**

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

2. **Pledge of Allegiance**

CONSENT CALENDAR (Items 3 - 5)

3. Approval of the Draft Minutes of the Finance and Administration Committee Meeting of March 20, 2024

The Committee will consider approving the Draft Minutes of the Finance and Administration Committee Meeting of March 20, 2024.

4. Updated Air District Procurement Policy and Revised Administrative Code Section 9.4

The Committee will consider recommending to the Board of Directors that the Board (i) adopt amendments to Section 9.4 of the Administrative Code regarding procurement, and (ii) adopt a Procurement Policy to establish procedures for competitive bidding, awarding, administering, and executing contracts for goods and services, leases, and other similar contractual agreements, to become effective July 1, 2024.

5. Financial Update for the Fiscal Year (FY) 2023-2024 Second Quarter Ending December 31, 2023

The Committee will receive the FY 2023-2024 financial update for the second quarter ending December 31, 2023.

ACTION ITEM(S)

6. Proposed Amendments to Air District Regulation 3: Fees

The Committee will consider recommending to the Board of Directors that the Board adopt proposed amendments to Regulation 3, Fees, for Fiscal Year Ending (FYE) 2025. The proposed fee amendments are designed to recover the costs of regulatory program activities in accordance with the Air District's Cost Recovery and Containment Policy. This is a further consideration of the proposed amendments to the fee regulation that the Committee discussed at its March 20 meeting to provide the Committee additional detail. This item will be presented by Fred Tanaka, Manager in the Engineering Division.

7. Air District's Proposed Budget for Fiscal Year 2024-2025

The Committee will resume discussion on the proposed FY 2024-2025 budget and staffing recommendations from its March 20, 2024, meeting and recommend that the Board of Directors hold public hearings and adopt the proposed budget and staffing recommendations. This agenda item is a continuation of the proposed budget item from the March 20, meeting, and Stephanie Osaze, the Director of Finance, will present supplementary budget information in response to the Committee's feedback.

8. Authorization to Execute a Contract with Allison+Partners for the Spare the Air Advertising and Messaging Campaigns

The Committee will consider recommending the Board of Directors authorize the Executive Officer/APCO to execute a contract with Allison+Partners for the Spare the Air Advertising and Messaging Campaigns for up to three years at the Air District's discretion, based on the contractor's performance and available funds, in an amount not to exceed \$1,950,000 per contract year during Fiscal Year Ending (FYE) 2025 and FYE 2026 and \$2,019,000 for FYE 2027. This item will be presented by Kristina Chu, Communications Manager.

9. Funding Community Benefits from Penalty Funds

This is an action item for the Finance and Administration Committee to discuss and consider a policy to allocate penalty funds for community benefits. The policy is proposed to take effect upon approval and be retroactive to the beginning of this fiscal year. Staff requests feedback and direction regarding the proposed policy. If the Committee has no additional requests or direction, staff recommend that the Committee provide a recommendation to the Board of Directors that the Board adopt the attached policy. This item will be presented by Greg Nudd, Deputy Executive Officer, Science and Policy.

INFORMATIONAL ITEM(S)

10. Corrective Action Plan to Implement Recommendations from the Engineering Performance Audit

The Committee will consider and discuss the Corrective Action Plan to implement recommendations from the Engineering Performance Audit. The corrective action plan lays out short-term and long-term actions to address the main audit findings, which focus on: timeliness of permit action, tracking, staffing and workload management, and cost recovery. This item will be presented by Dr. Meredith Bauer, Deputy Executive Officer for Engineering and Compliance, and Pamela Leong, Engineering Division Director.

11. Air District Financial Audit Report for Fiscal Year Ending (FYE) 2023

This is an informational item only and will be presented by the audit partner, Joseph Moussa from Simpson & Simpson LLP.

OTHER BUSINESS

12. Public Comment on Non-Agenda Matters

Pursuant to Government Code Section 54954.3, members of the public who wish to speak on matters not on the agenda will be given an opportunity to address the Committee. Members of the public will have two minutes each to address the Committee, unless a different time limit is established by the Chair. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is per se disruptive to a meeting and will not be tolerated.

13. Committee Member Comments

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

14. Time and Place of Next Meeting

Wednesday, May 15, 2024, at 10:00 a.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Finance and Administration Committee members and members of the public will be able to either join in-person or via webcast.

15. Adjournment

The Committee meeting shall be adjourned by the Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the Air District's offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District's policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Suma Peesapati, at (415) 749-4967 or by email at spesapati@baaqmd.gov.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
375 BEALE STREET, SAN FRANCISCO, CA 94105
FOR QUESTIONS PLEASE CALL (415) 749-4941**

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

APRIL 2024

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Finance and Administration Committee	Wednesday	17	10:00 a.m.	1 st Floor Board Room
Board of Directors Policy, Grants and Technology Committee - CANCELLED	Wednesday	17	1:00 p.m.	1 st Floor Board Room
Board of Directors Community Equity, Health and Justice Committee	Monday	22	5:30 p.m.	City of San Pablo City Hall Council Chambers 1000 Gateway Ave. San Pablo, CA 94806

MAY 2024

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Budget Hearing	Wednesday	1	9:00 a.m.	1 st Floor Board Room
Board of Directors Meeting	Wednesday	1	10:00 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee	Wednesday	8	10:00 a.m.	1st Floor, Temazcal Room
Board of Directors Community Equity, Health and Justice Committee	Wednesday	8	1:00 p.m.	1st Floor, Temazcal Room
Board of Directors Finance and Administration Committee	Wednesday	15	10:00 a.m.	1 st Floor Board Room
Board of Directors Policy, Grants and Technology Committee	Wednesday	15	1:00 p.m.	1 st Floor Board Room
Board of Directors Community Advisory Council Meeting	Thursday	16	6:00 p.m.	California State University East Bay Oakland Professional & Conference Center Trans Pacific Center 1000 Broadway, Suite 109 Oakland, CA 94607

MV 4/5/2024 – 2:05 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Approval of the Draft Minutes of the Finance and Administration Committee
Meeting of March 20, 2024

RECOMMENDED ACTION

Approve the Draft Minutes of the Finance and Administration Committee Meeting of March 20, 2024.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the Draft Minutes of the Finance and Administration Committee Meeting of March 20, 2024.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENTS:

1. Draft Minutes of the Finance and Administration Committee Meeting of March 20, 2024

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105
(415) 749-5073

Finance and Administration Committee
Wednesday, March 20, 2024

DRAFT MINUTES

This meeting was webcast, and a video recording is available on the website of the Bay Area Air Quality Management District at www.baaqmd.gov/bodagendas

CALL TO ORDER

1. **Opening Comments:** Finance and Administration Committee (Committee) Chairperson, Davina Hurt, called the meeting to order at 10:07 a.m.

Roll Call:

Present, In-Person (Bay Area Metro Center (375 Beale Street, 1st Floor Board Room, San Francisco, California, 94105): Board Chairperson Davina Hurt; and Directors Juan González III and Katie Rice.

Present, In-Person Satellite Location (San Mateo County Hall of Justice, 400 County Center, Criminal Justice Training Room, 1st Floor, Redwood City, CA 94063): Director Ray Mueller.

Present, In-Person Satellite Location (Office of Alameda County Supervisor David Haubert, 4501 Pleasanton Avenue, Pleasanton, CA 94566): Director David Haubert.

Absent: Vice Chairperson Lynda Hopkins; and Directors Margaret Abe-Koga and Tyrone Jue.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR

3. **APPROVAL OF THE DRAFT MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE MEETING OF FEBRUARY 21, 2024**
4. **HEARING BOARD QUARTERLY REPORT (OCTOBER – DECEMBER 2023)**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Rice made a motion, seconded by Director González to **approve** the Consent Calendar, Items 3 and 4; and the motion **carried** by the following vote of the Committee:

AYES: Haubert, González, Hurt, Mueller, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Hopkins, Jue, Ross.

ACTION ITEMS

5. PROPOSED AMENDMENTS TO AIR DISTRICT REGULATION 3: FEES

Fred Tanaka, Manager in the Engineering Division, gave the staff presentation *Amendments to Regulation 3, Fees*, including: outcome; outline; requested action; agency-wide revenue sources- Fiscal Year Ending (FYE) 2023; expenditures by type (FYE 2023); cost recovery background; proposed changes to fee schedules – cost recovery; draft fee amendments: proposed changes to fee schedules; schedules not being increased; other proposed amendments; impact on large facilities (power plants and petroleum refineries) and small businesses (renewal fees and impact); budget and rule development schedule; summary of public comments; and feedback requested.

Public Comments

Public comments were given by Bob Brown, Western States Petroleum Association.

Committee Comments

The Committee and staff discussed the history of draft amendments to specific fee schedules that were made in consideration of the 2021 Cost Recovery and Containment Study, the 2022 Cost Recovery Report, and subsequent Board direction; the manner in which fee increases were calculated for facilities that were not subjected to the 15% increase proposed for schedules with a cost recovery less than 100%; the request for a breakdown of types of facilities that fall under Schedule F (Miscellaneous Sources: storage silos, abrasive blasting), their current cost recovery rates, and whether any of those facilities are outliers within that category; concerns about fee increases for small businesses within various fee schedules (F, B, and E), particularly those in overburdened communities; whether there are deviations between the cost recovery of certain types of facilities and others; the request for the full list of the different fee categories and which warrant the 15% increase; the request for historical data and cost recovery trends (before and after 2022); predicted versus actual percent fee change; whether there part of Air District operations that are not subject to cost recovery; long-term overall cost recovery rate projections, and how the Air District will know when the correct rate has been achieved; the Air District’s definition of “work backlog”; the role that non-finalization plays in the development of proposed fee schedules; the request for a comparison between the cost recovery trends and fee increases of the Bay Area Air Quality Management District and those other of California air districts; revenue

sources that make up the difference of costs of regulatory program activities that are not being recovered; desires of the regulated community regarding Air District cost recovery; ways in which Just Transition (a set of principles, processes, and practices that aim to ensure that no people, workers, places, sectors, countries or regions are left behind in the transition from a high-carbon to a low carbon economy) may be impacting the regulated community and their Air District fees; whether the Air District experienced a budget surplus or deficit during the previous FY; whether the Air District anticipates having increased funding for various programs, due to increased fees that may be adopted; whether the Air District, during its inception in the 1960s, was originally designed to have tax dollars recover the costs of regulatory program activities; the methodology being utilized by the Air District to measure the efficiency of its Cost Recovery and Containment Policy; and the desire for a longer range of predictability and consistent transparency (who is impacted and how).

Committee Action

Air District staff had recommended that the Committee recommend that the Board of Directors adopt the proposed Regulation 3 amendments for FYE 2025, but when Committee members asked whether a Committee recommendation was required that day, Dr. Philip M. Fine, Executive Officer/Air Pollution Control Officer (APCO) said that because this item was going to be agendized again at the April Committee meeting, for further consideration, no action by the Committee was needed on this day. *The consensus of the Committee members present was to take no action at this time.*

6. REVIEW OF RESERVES FOR ECONOMIC CONTINGENCIES AT THE AIR DISTRICT AND RECOMMENDATION FOR A REVISED RESERVES POLICY

Leonid Bak, Economist, gave the staff presentation *Review of Reserves for Economic Contingency and Recommendation to Revise Policy*, including: outcome; outline; requested action; definition and advice for reserves; Air District’s General Fund reserves: actual versus minimum policy requirement; comparison of select California Air Districts’ reserves; Air District’s reserves needs (risks and commitments); summary and conclusions; and recommendation.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed establishing minimum and maximum levels of reserves in the Air District’s reserves policy, and whether other California air districts have maximum levels; whether other California air districts’ reserve policies, as well as Bay Area County reserves policies, are comparable to that of the Bay Area Air Quality Management District; whether other California air districts have the revenue source of property tax; the fact that the Air District’s cash flow analysis requires slightly higher reserves for short-term operational needs (minimum 22 percent of the general fund budget); the types of risk that the Air District is managing; whether the Air District currently has separate reserves besides a general reserve (in case of an economic downturn); the suggestion of creating enough cushion to retain employees; the challenges of unequal reserved designations; the best practice of treating money that has yet to be spent not as reserves, but as encumbered funds; and the desire for clarity on what is designated reserve versus economic contingency reserve.

Committee Action

Director González made a motion, seconded by Director Rice, to recommend the Board **adopt** the following revision to the economic contingency reserves policy:

1. Allocate a minimum of 25 percent and a maximum of 35 percent of the general fund budget for economic contingency reserve; and
2. Discuss plan for investments of excess reserves in the current Budget development process.

The motion **carried** by the following vote of the Committee:

AYES: González, Haubert, Hurt, Mueller, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Hopkins, Jue, Ross.

7. AIR DISTRICT'S PROPOSED BUDGET FOR FISCAL YEAR 2024-2025

Stephanie Osaze, Director of Finance, and Hyacinth Hinojosa, Deputy Executive Officer of Finance and Administration, gave the staff presentation *Air District's Proposed Budget for Fiscal Year 2024-2025*, including: outcome; outline; budget highlights; financial forecast (FYE 2025-2029); key assumptions (revenue and expenditure); FY 2024-2025 Proposed Budget Summary; FY 2025 Budget by revenue/expenditure type; general fund reserve designations; summary of 2025 \$16.6M budget increase; capital considerations by division; funding status and policy for medical and pension plans; FY 2025 budget by service areas (engineering and compliance, equity and community programs, finance and administration, General Counsel, public affairs, science and policy); projected funding to support additional positions; impact of cost recovery with the 19 new full time equivalents (FTEs); impact on fee increases with the 19 new FTEs; FY25 new 19 FTE cost considerations; FYE 2025 staffing adjustments; budget and rule development schedule; and recommendation.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the designated reserve for pension plans/prefund trust; the request for operating fund budget detail, solely; and economic contingency (20% of budget).

ADJOURNMENT DUE TO LACK OF QUORUM

At 12:19 p.m., during Item 7, Chair Hurt announced that Director Haubert had left the meeting and the remote teleconferencing location of 4501 Pleasanton Avenue, Pleasanton, CA 94566 was no longer available for attendance by the public. Chair Hurt therefore adjourned the meeting in accordance with Section 3.3(b) (Standing Committee Procedures; Quorum and Action) of the Air District's Administrative Code, which states, "A committee may meet only when a quorum is present." Chair Hurt announced that discussion on Item 7, will be continued to the Committee's next regularly

scheduled meeting on April 17, 2024, and that the remaining agenda items will be considered at that meeting.

Because the meeting was adjourned, there was no action taken on Item 7, and the Committee did not consider the following agenda items:

8. CORRECTIVE ACTION PLAN TO IMPLEMENT THE RECOMMENDATIONS FROM THE ENGINEERING PERFORMANCE AUDIT

OTHER BUSINESS

9. PUBLIC COMMENT ON NON-AGENDA MATTERS

10. COMMITTEE MEMBER COMMENTS

11. TIME AND PLACE OF NEXT MEETING

Wednesday, April 17, 2024, at 10:00 a.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Finance and Administration Committee members and members of the public will be able to either join in-person or via webcast.

12. ADJOURNMENT

The meeting was adjourned at 12:19 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Updated Air District Procurement Policy and Revised Administrative Code Section
9.4

RECOMMENDED ACTION

Recommend to the Board of Directors that the Board (i) adopt proposed amendments to Section 9.4 of the Administrative Code regarding Procurements, and (ii) adopt a proposed new Procurement Policy establishing procedures for competitive procurement bidding, awarding, administering, and executing contracts for goods and services, leases, and other similar contractual agreements (collectively referred to herein as “contracts”), to be effective July 1, 2024.

Under Section 1.3 of the Administrative Code, amendments to the Code may be adopted by the Board of Directors after review and recommendation by this Committee. As of January 1, 2024, Administrative Code revisions no longer require two meetings of the Board of Directors.

BACKGROUND

The Air District has recently been engaged in efforts to review and improve the agency's administrative functions. These efforts have included adoption of a new Administrative Code, which took effect on January 1, as well as a suite of related implementation policies. Section 9.4 of the new Administrative Code requires the Air Pollution Control Officer (APCO) to develop a comprehensive procurement policy for approval by the Board of Directors.

As part of these efforts, in the Fall of 2023, staff engaged a public procurement consultant, Mission Consulting, LLC, to review current Air District procurement processes and procedures and provide government procurement best practices recommendations. Mission Consulting advised on an interim procurement policy that the Board approved in conjunction with adopting the new Administrative Code effective January 1, and has been engaged in a thorough review of the Air District's current procurement procedures to develop a full policy for the Board's consideration.

Mission Consulting and the staff project team met with internal Air District stakeholders to discuss current business processes and requirements, and to identify barriers, bottlenecks, and inefficiencies. At the end of the project's "Current State Review" phase, Mission Consulting provided the staff team with a comprehensive Procurement Assessment and recommended a Corrective Action Plan, a copy of which is attached. This document was used to guide the development of the proposed new Procurement Policy and accompanying proposed revisions to Administrative Code Section 9.4.

DISCUSSION

The proposed new Procurement Policy aims to outline the overall purpose and policy of procurement at the Air District. It provides staff with an overview of our procurement principles and requirements, is guided by government procurement best practices, and serves as a framework for the Air District's Procurement Procedures.

The new Policy sets the framework for the Air District's Procurement Procedures, which will now be housed outside of the Procurement Policy and instead within an Air District Procurement Playbook. The Playbook will offer detailed and practical guidance to staff as they carry out the procurement of goods and services in support of Air District operations.

Under the Policy, the Administrative Resources Division will develop additional procedures for specific agreement types, including, but not limited to, Interagency Agreements, Memoranda of Understanding, Grant Agreements, Leases and Purchases of Real Property, Public Works, and Architectural and Engineering.

Staff developed the new proposed Procurement Policy and revised Administrative Code Section 9.4 in conjunction with Mission Consulting, LLC, incorporating feedback from internal District stakeholders and the Air District's outside legal consultant, Renne Public Law Group.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Maricela Martinez
Reviewed by: Hyacinth Hinojosa

ATTACHMENTS:

1. Procurement Assessment Corrective Action Plan
2. Proposed Revised Admin Code Section 9.4
3. Proposed Procurement Policy

Background

The Bay Area Air Quality Management District (Air District) engaged Mission Consulting LLC to assess and improve its procurement code, policies, and procedures. This Assessment and Corrective Action Plan represents the first phase of the project, aimed at identifying and prioritizing opportunities for improvement. These findings and recommendations will serve as a roadmap for short- and long-term change.

This assessment consisted of the following key activities:

- > Interviews with key staff in the Administrative Resources Division (ARD) and several internal customers to understand current operations and future needs.
- > Review of existing documents, policies, procedures, and practices as well as the systems used to support them.
- > Comparison of current practices to local, state, and federal requirements, as well as best practices and other agency policies to identify opportunities for improvement.
- > Presentation of resulting findings and recommendations to the Air District for review and prioritization resulting in a plan for implementation.

Assessment Findings

The assessment of the Air District's procurement function found a number of deficiencies and opportunities for improvement. Each of the findings in this report pertain to one or more foundational principles that guide good policy (e.g., clarity, consistency, efficiency, effectiveness) and good public procurement (e.g., competition, integrity, fairness, controls, compliance). In practice, these objectives can often be at odds, and the Air District will be required to balance them when crafting its new policies and procedures. Fortunately, as a special district, the Air District has significant discretion over many aspects of its procurement policy and procedures.

Overview of Findings

Below is a high-level list of the general assessment findings, followed by more detailed findings and recommendations to improve existing code, policy, and procedures.

- > The development, implementation, and maintenance of a mature procurement function will require additional Business Office staff and the development of more subject matter expertise.
- > There is a need for increased thresholds for delegated approval authority and reporting, but they must be combined with clearer policies and procedures to ensure proper controls and oversight.
- > The decentralized procurement environment has limited the role of the ARD and requires clearer processes, guidance, and templates to ensure division staff are knowledgeable, compliant, and implementing best practices.
- > According to internal stakeholders, in addition to clearer direction, the most significant need was a process that provided quick access to needed goods and services without sacrificing good procurement practices.

- > The absence of stated procurement principles combined with vague terminology and requirements make it confusing for Air District divisions and the ARD supporting them to act confidently and consistently.
- > The Air District procures a wide variety of goods and services that are subject to different requirements, solicitation types, and agreement terms, which will require the development of new resources and knowledge to ensure compliance.
- > There is a need for increased procurement planning and cross-organizational communication to support a more efficient and effective procurement function.
- > As new guidance and materials are developed, the Air District needs to create and maintain a centralized and accessible repository and establish a process to ensure continuous improvement and meet organizational needs.
- > Current ways of tracking procurements can be improved with better coding and systems, which will support improved procurement reporting, management, and oversight.
- > Air District retains significant discretion over aspects of its procurement policy and procedures, which should allow it to tailor policies and procedures to its needs and adjust based on new information.

Detailed Findings & Recommendations

Air District Administrative Code, Section 9.4

1. The recent increase to APCO’s contracting authority to \$200,000 is welcome, reasonable, and should remain. The prior thresholds were set low, not reflecting the increased costs of goods and services, and restricting agency action on procurements by requiring Board approval. The APCO’s delegation of approval authority to the DEO and divisions may similarly be increased as long as it remains in compliance with new policies and procedures.
2. The thresholds for amendment approval and reporting can be more closely aligned with those of new contracts to ensure the same oversight and controls for contracts of the same dollar amount. In addition, reporting can be triggered by a percentage changed amount, reflecting the need to ensure that contracts are staying in scope, related to the original bid criteria, and not circumventing competitive procurement rules.
3. Any exemption from the Board of Directors’ approval must be included in the code and should still be bound by other procurement requirements, as reasonably possible. As currently written, the exemptions appear broad and unrestricted. In addition, language may be added to allow for certain specific and limited contracts that support ongoing operations (e.g., utilities) to continue without further approval, if needed. We recommend that this language be included in the Board of Directors’ original approval language for a given good or service in the future, and such approval will still need to be time bound.

Air District Purchasing Policy & Procedure Manual

4. The term “purchasing” should be replaced with “procurement” throughout the code, policy, and procedure, to reflect the larger strategic, financial, and procedural components of the Air District’s acquisition of goods and services more accurately.

5. The policy should be reorganized to consolidate redundant sections, track the procurement process, and shift the details of “how” to separate documents and resources focused on procedures. The current policy is organized in a way that is difficult to follow and gets into significant detail in some but not all sections that are often more appropriately set at the operational level.
6. Complete the policy with sections that address Air District procurement authority, policy creation and modification, and more fully defined roles and responsibilities. The current policy is silent on many of these aspects that can help provide clarity for staff responsible for implementation and maintenance. The procurement process requires involvement of many parts of the organization.
7. Policies can be enhanced by reference to procurement principles in addition to defining agency requirements in specific circumstances. The addition of foundational principles (e.g., competition, fairness, operational success) can justify its policies and procedures, and guide Air District interpretation and action when faced with new circumstances. These will help direct divisions and empower the ARD to advise on practices that are in the Air District’s best interests given the details of a specific scenario.
8. The 36-month look-back period for determining approval and reporting requirements appears unnecessarily complicated and not the only method to promote competition. The interim policy dealt with concerns of repeat contracts with the same vendors by requiring a calculation of prior contracts over a three-year period. In addition to confusing agency staff, this calculation was not easy given existing systems, and its goal of increasing oversight and competition could be better achieved through policies prohibiting contract splitting, increasing requirements for competitive bidding, and better defining processes for amendments and options.
9. Add a conflict-of-interest policy that addresses personal and organizational conflict of interest as well as requirements regarding gifts and FPPC reporting. This is a best practice that supports the integrity of the agency’s competitive process in addition to meeting state and federal requirements. Currently, staff are unaware of conflict-of-interest and reporting requirements, which should be extended to those involved in procurement decisions.
10. The Air District may consider centralizing some cross-divisional procurements in the future, but it will require additional staff resources and changes to the current decentralized process. Given the specialized nature of many Air District purchases, the current decentralized approach will remain necessary, but requires improved standardization and training to ensure each division is operating in the best interest of the organization. We recommend a change like this takes place after new policies and procedures are implemented.
11. Develop more detailed procedures addressing the many steps, staff, and considerations involved in Air District procurement. Currently, the procurement steps are at a relatively high level and provide little guidance to the staff performing the work. This has made it difficult for the Air District to establish clear and standard ways of conducting business.
12. Additional resources, guidance, and knowledge must be developed for certain types of procurements that are subject to additional or different requirements. This includes procurements using federal funds, public works and architecture and engineering, and real property leases and purchases. Currently, these requirements are not well understood by division and ARD staff.
13. Additional resources, guidance, and knowledge must be developed for other types of non-standard agreements that may or may not result in the exchange of funds for goods and services. This

includes inter-agency agreements, grants, MOUs, Interagency Agreements, sponsorships, leases, etc. For each type, the Air District should have model agreement language prepared and provide clear guidance as to when certain agreements apply.

14. Create standard conventions for maintaining procurement files, including establishing a records retention schedule, to ensure divisions and ARD are documenting their actions and can refer to prior agreements for reference and oversight. Currently, there is no standard guidance or central repository maintained.
15. Additional guidance, rules, and limitations need to be developed regarding contract amendments, renewals, and option years. Contract records show that a significant percentage of activity are contract amendments and renewals, and there are no stated limits on the frequency and value of amendments and renewals, making it ripe for abuse and potentially in conflict with the principles of competitive procurement.
16. Assign specific legal staff to assist divisions and ARD with procurement questions and the development of standard agreement terms. Currently, legal staff address procurement questions on an ad hoc basis that does not allow the development of deep expertise in public contracting and the needs of the Air District.
17. Develop policies, procedures, and resources to guide proposal evaluation, selection, and protest processes. Currently, these aspects of the process are unclear or unaddressed, leading to variation across the organization.
18. Revise the credit card policy to provide more specificity on issuance, approvals, thresholds, allowable purchases, etc. Additional sections or separate policies and procedures need to be developed for other charge cards, such as fuel cards and Home Depot cards held by divisions. The Finance Division will need to develop detailed procedures given their central role in these purchases.
19. Establish guidance on when contracts may be required for high-value or complex purchases of goods. Currently, the Air District does not require written contracts for any goods purchases, which can help clearly define terms, conditions, and expectations.
20. Consider increasing the use of leveraged procurement agreements (LPAs) that can offer the agency streamlined access to goods and services that have been competitively acquired by other public agencies. Currently, these are rarely used and are likely unknown by many division staff when determining procurement strategies and methods.
21. Provide additional guidance to when various solicitation types are required or most beneficial to the Air District. Currently, different solicitation types are mentioned but no guidance or explanation is provided to the division staff tasked with making decisions on procurement approach and strategy.
22. Develop detailed guidance and resources to support Air District creation and use of bench contracts and blanket purchase orders. Currently, these approaches are not well defined, though they stand to be valuable tools that meet division need for easy access to qualified contractors when the goods and services are known, but the timing and quantity of need is uncertain.
23. Preference programs need further definition to comply with state requirements and meet the Air District's goals of supporting its regional business community. This may be an aspect of the

procurement process that can be further developed once other changes are successfully implemented and may take additional research into what other area agencies are doing.

24. Create a glossary of procurement terms to help Air District staff understand the definitions of key terms, roles and responsibilities. Currently, the terminology is inconsistent and can be confusing to those responsible for adhering to the requirements. Where possible, the Air District can adopt terms and definitions used elsewhere by peer, state, and federal agencies.
25. Explore alternatives to the existing systems (JDE and Access database) that do not meet the needs of staff, are unreliable, and lack the ability to track and report relevant information to the oversight of procurements. This is outside of the scope of this effort, but relevant to the procurement function and implementation of new policy and procedures.
26. Establish a process for improved procurement planning and communication. The decentralized nature of the current process often results in the ARD being unaware of upcoming procurement activities, a sense of last-second urgency, and failure to take advantage of cross-divisional planning.

Business Office Organization

27. The development, implementation, and maintenance of a mature procurement function will require additional Business Office staff and the development of additional subject matter expertise. Currently, most procurement decisions are made independently within each division and the Business Office staff’s work is often focused on processing. In the absence of more detailed standardized policies and procedures, this decentralized environment has contributed to the findings above, and there is a need for more centralized expertise in procurement that can help all divisions with strategy and compliance. Though the recent hiring of a Business Office Manager is a good first step, the Air District should consider at least one additional staff member with roles based on the Manager’s assessment of needs.

Corrective Action Plan

The recommendations for improvement were reviewed with Air District staff to determine which to prioritize based on need, impact, resources, and dependencies. The following plan outlines the order in which the Air District may implement changes and, for those to be immediately addressed, provide additional details on approach and timing. This includes identifying those activities requiring the assistance of Mission Consulting in the development of new administrative code, policy, and procedures. It is recommended that a phased implementation approach will best allow the Air District to adapt to new changes, develop supporting resources, and adjust based on lessons learned.

Diagram 1. Proposed Implementation Phases



Phase 1 – Immediate Action to Ensure Clarity and Compliance

The immediate priority of the ARD is to establish a revised procurement policy and processes that provide clear guidance to the Air District’s divisions and Business Office in support of operations and in compliance with local, state, and federal requirements. These improvements may be undertaken during the first quarter of 2024, led by Mission Consulting working closely with ARD staff, and reviewed by internal stakeholders and executive management. The resulting revised Administrative Code and Procurement Policy may be adopted by the Board of Directors as the supporting detailed procedures and resources are being developed by the ARD, Legal, and Finance as part of Phase 2.

Table 1. Phase 1 Recommendations

<ol style="list-style-type: none"> 1. Maintain increases to approval and reporting thresholds 2. Align amendment thresholds more closely to those of new contracts 3. Better define some aspects of exemptions to Board of Directors approval 4. Use “procurement” terminology to better reflect the strategic importance of this function 5. Reorganize policy and procedure to improve clarity and ownership 6. Better define procurement authority and roles and responsibilities 7. Commit to specific procurement principles that guide Air District practices 8. Replace 36-month look-back period with clearer total cost method of contract valuation 9. Add conflict-of-interest policies and broaden application to those involved in procurement 15. Develop additional rules governing contract amendments, renewals, and options 17. Develop policies and procedures defining the contract protest process 19. Establish guidance on when contracts are required for purchasing goods 21. Provide additional guidance for when certain solicitation types are requires or most appropriate 22. Develop detailed guidance for the creation and use of bench contracts and blanket POs 24. Create glossary of procurement terms (ongoing)

Phase 2 – Next Steps to Develop Resources and Adopt Best Practices

The second priority of the ARD is to develop detailed steps and supporting materials and take additional action to adopt best practices. In many instances, the development of supporting guidance and resources can overlap with Phase 1, but many of these will need to be created and implemented over time and require collaboration between the ARD and other program and support divisions. Given the extent of these resources, it is reasonable to expect this phase could take a year, at which point it would shift to a process of ongoing improvement and management.

Table 2. Phase 2 Recommendations

<ol style="list-style-type: none"> 11. Further develop procedures detailing steps to be taken by staff to ensure compliance with policies 12. Develop additional resources, guidance, and knowledge for specialized procurement types 13. Develop additional resources, guidance, and knowledge for MOUs, grants, and sponsorships 14. Create standard conventions for maintaining procurement files 18. Develop policies and procedures establishing greater controls over credit and charge card use 26. Establish a process for improved procurement planning and communication 27. Add staff resources and develop subject matter expertise in the Business Office

Phase 3 – Future Considerations

Once the core components of the Air District’s procurement function are in place, it will be in an ideal position to consider additional systemic changes and special projects. In each instance, it is expected that the Air District will need to further evaluate the change, assess alternatives, and consider additional financial and staff resources to implement and sustain. As a result, each individual effort would have its

own timeframe. In some instances, the Air District may find that one of these recommendations should be prioritized and can move it up in its schedule.

Table 3. Phase 3 Recommendations

10. Consider centralizing the some common cross-divisional procurements
16. Assign legal staff to assist and be knowledgeable in public contracting
20. Increasing awareness and use of leveraged procurement agreements
23. Establish preference programs to support local, small, and minority businesses
25. Explore alternatives to existing systems supporting procurement management

Implementation Approach

For each of the recommendations, we suggest a standard approach to implementation though the details for each may change based on the content and stakeholders involved. For the Phase 1 recommendations focused on ensuring the clarity and compliance of Air District Administrative Code and Policy, Mission Consulting will take the lead on performing research and drafting terms in collaboration with Air District staff. For Phases 2 and 3, it is expected that Air District staff will be assigned these activities as projects, and take the lead on developing, vetting, and implementing any new resources and changes.

1. Define audience and objective of the resource(s) to be developed. In many cases, these resources will be used by ARD staff and division staff responsible for procurement planning and execution. Ideally, resources are organized to follow the order of the process workflow, identify roles and responsibilities, and are supplemented with forms and templates that support staff in adhering to requirements. Templates for solicitations and agreements should be vetted by Legal and other key stakeholders to ensure they are accurate and to minimize the time needed to review and approve final drafts.
2. Involve key stakeholders in the process to improve resource content and effectiveness. For these documents to be successful, they need to be clear and answer staff needs. Meetings and document review by key stakeholders can help ensure this is the case. The process and approvals for making changes should be outlined in the documents themselves. In addition to approval, leadership will need to show a commitment to the change for divisions to adopt them in the long-term.
3. Communicate changes and make materials available via centralized repository. In preparation for new resources or changes being implemented, ensure there is a process for communicating the changes, the reasons for them, and the expected impact on the process. In some instances, additional guidance will be needed during regular division meetings or training for impacted staff, especially if impacting division staff. The most recent versions of the materials should be made available in a centralized repository, such as a dedicated intranet site.
4. Implement process for regular review and improvement of policies, procedures, and materials. To ensure these resources and the policies and processes they reflect are up to date, relevant, best meet the needs of the organization, and comply with requirements, the ARD should implement a process for periodically reviewing and updating its materials. We recommend that ARD and divisions perform lessons learned for many of its procurements and set a time each year to propose and make any needed improvements. For areas in which there is a need for

subject matter expertise, it would benefit ARD to have staff assigned to tracking changes and trends in that area (e.g., federal, bench contracts, public works, etc.).

BAAQMD Administrative Code

(Adopted 11/23, Effective 1/24)

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Administrative Code, Section 9.4 1

Administrative Code, Section 9.4

- a) The APCO shall develop for approval by the Board of Directors a Procurement Policy establishing procedures for competitive bidding, awarding, administering, and executing contracts for goods and services, leases, and other similar contractual agreements (collectively referred to herein as “contracts”). The APCO may further delegate its authority as defined in the Procurement Policy and Procedures.
- b) The APCO may execute contracts in an amount that does not exceed two hundred thousand dollars (\$200,000) as specified in the Procurement Policy. The APCO shall report such contracts to the Board of Directors if they exceed one hundred thousand dollars (\$100,000). Contracts in excess of two hundred thousand dollars (\$200,000) must receive prior approval by the Board of Directors. The APCO may bring any contract before the Board of Directors for approval if they deem it in the best interest of the Air District.
- c) The APCO may execute amendments to contracts if (1) the amount of a contract as amended does not exceed two hundred thousand dollars (\$200,000), or (2) if the contract had previously been approved by the Board of Directors, the cumulative amount of any amendments does not exceed the previously approved amount by more than two hundred thousand dollars (\$200,000) or 25%. All other amendments must be approved by the Board of Directors. The APCO shall report to the Board of Directors any amendments that (1) cause the amount of a contract as amended to exceed one hundred thousand dollars (\$100,000), or (2) cause the amount of a contract already exceeding one hundred thousand dollars (\$100,000) to increase by more than 25%. The APCO may bring any contract amendment before the Board of Directors for approval if they deem it in the best interest of the Air District.
- d) Notwithstanding any limitations in this Section 9.4, the APCO may execute contracts for goods and services without prior approval by the Board of Directors in the event of a declared state of emergency that causes a need to immediately procure such goods or services to make repairs, to safeguard the lives or property of residents within the Air District jurisdiction or Air District employees or property, or to otherwise protect public health or welfare as a result of extraordinary conditions created by war, epidemic, weather, fire, flood, earthquake or other catastrophe, or the breakdown of any plant, equipment, structure, or public work. The APCO may execute such a contract in an expeditious manner to the extent necessary to respond to the emergency; however, if the emergency permits, the APCO shall obtain the approval of the Chairperson of the Board of Directors. The

APCO shall report to the Board of Directors on the execution of the contract as soon as practicably possible.

- e) Notwithstanding any limitations in this Section 9.4, the APCO may execute renewal contracts for select recurring standard services without approval by the Board of Directors, including those exceeding two hundred thousand dollars (\$200,000), provided the initial procurement was authorized under then-applicable provisions of the Administrative Code, including the use of appropriate required competitive processes. These select recurring services are limited to utilities and other core services specifically identified in the Procurement Policy and for which the Board of Directors has provided pre-approval given their essential and recurring nature.

For all such contracts, recurring payments shall be reported to the Board of Directors in the quarterly Financial Report. The provisions of this paragraph apply to qualifying renewals of existing contracts only. Approval by the Board of Directors is required for all new contracts if the goods or services are initially anticipated to be greater than two hundred thousand dollars (\$200,000), as calculated pursuant to the Procurement Policy.

- f) In circumstances where a contract is required to be executed independently from the APCO, and no other Air District employee can appropriately execute the contract due to legal, confidentiality, or personnel reasons, or because other extenuating circumstances exist, the Chairperson of the Board of Directors may execute the contract on behalf of the Air District, with notification to the Board of Directors, if the amount of the contract does not exceed two hundred thousand dollars (\$200,000). Such contracts in excess of two hundred thousand dollars (\$200,000) must be approved by the Board of Directors. In approving such contracts, the Board of Directors shall authorize and direct the Chairperson, the Vice-Chairperson, or another member of the Board of Directors to execute the contract on behalf of the Air District. In entering into contracts under this subsection 9.4(e), the Chairperson and the Board of Directors shall endeavor to follow the Procurement Policy to the extent practicable.
- g) The General Counsel may execute contracts for outside legal services as provided for in Section 8.2(b).

Air District Procurement Policy

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Procurement Policy

1. Purpose

This Procurement Policy (Policy) outlines the principles and objectives of the Bay Area Air Quality Management District (Air District) pursuant to Section 9.4 of the Air District's Administrative Code establishing procedures for competitive bidding, awarding, administering, and executing contracts for goods and services, and other similar contractual agreements (collectively referred to herein as "contracts"). This Policy provides the framework for the Administrative Resources Division's (ARD's) Procurement Procedures, which offer detailed and practical guidance to staff as they carry out the procurement of goods and services in support of Air District operations. Under this policy, the ARD may develop additional procedures for specific agreement types, including, but not limited to, Interagency Agreements (IA), Memorandum of Understanding (MOU), Grant Agreements, Leases and Purchases of Real Property, Public Works, and Architectural and Engineering. Where a conflict exists between the Administrative Code, Policy, and Procedures, the most restrictive requirements control.

2. Policy Statement

The Air District recognizes its legal duty to implement uniform policies and procedures to ensure the efficient, effective, and ethical procurement of goods and services. The Air District's Procurement Policy objectives include complying with local, state, and federal rules and regulations; ensuring the fairness, integrity, and transparency of process; meeting organizational needs effectively and efficiently; supporting the continuity of services and protection of health and safety; and achieving best value. (California State Constitution, PCC §§ 1100 et. al., HSC §§ 40200 – 40276, GOV §§ 29000 – 29009)

3. Applicability

All staff who participate in the process of procuring goods and services on behalf of Air District must follow and adhere to this Procurement Policy and any associated procedures.

4. Authority to Contract

The Air District is empowered by California Health and Safety Code (HSC § 40701) "to cooperate and contract with any federal, state, or local governmental agencies, private industries, or civic groups necessary or proper to the accomplishment of the purposes of [air pollution control]." The Air Pollution Control Officer (APCO) serves as the Air District's ex-officio Procurement Agent and may further delegate its authority to approve procurements as defined in the Procurement Policy and Procedures.

5. Related Laws

As a public entity, as defined by the State of California, the Air District is required to comply with the California Public Contract Code. (PCC § 1100 et. al.) Per California Government Code (GOV § 54202), every local agency, including the Air District, must adopt policies and procedures for procuring supplies and equipment that must include bidding regulations and cannot conflict with state statutes. For procurements using federal funds, the Air District must also comply with the U.S. Code of Federal Regulations (2 CFR 200, et. al.), which outlines additional requirements for the procurement process and agreement terms, including documented procurement procedures (2 CFR 200.320). To the extent possible, Air District policies and procedures adopt the terms and definitions used in state and federal code to support compliance and avoid confusion.

6. Policy Ownership and Revisions

The APCO, as the ex-officio Procurement Agent for the Air District, is responsible and accountable for its procurement program. These responsibilities include the creation, maintenance, and implementation of this Procurement Policy. Revisions to this Procurement Policy require approval by the APCO and the Board of Directors. The APCO, as it deems appropriate, may delegate responsibility for developing and implementing Procurement Procedures, as well as the review and approval of select contracts. Such delegated authority shall be documented in the Air District's Procurement Procedures.

7. Procurement Principles

a) Comply with local, state, and federal rules and regulations

The Air District shall adhere to its procurement policies and procedures, and requirements established by federal, state, and local entities. The Air District is also responsible for complying with additional requirements associated with other sections of Air District administrative policies, various funding sources, and procurement methods. Where a conflict exists between the applicable laws, regulations, policies and procedures, the most restrictive requirements control.

b) Meet the organization's needs effectively and efficiently

The Air District's procurement process must balance the benefits and burdens of procedures and controls with the operational needs and risk tolerance of the organization. The Air District's Procurement Procedures shall provide a structure to define the required reporting, approvals, insurance, and procurement process needs based on criteria such as contract amount, type, term, and complexity. Any exemptions from standard processes must fall under an approved justification. The purchase of goods and services shall not be split into separate contracts to circumvent the thresholds for approvals, reporting, and competitive procurement. All purchases of goods and services require justification and are restricted to that necessary to the operation of the agency and accomplishment of its mission and goals.

c) Ensure the continuity of services and protection of health and safety

In limited circumstances, the Air District may find justification for exemptions from standard procurement rules, such as when needed to ensure the continuity of critical services and protection of health and safety. This includes the Emergency Exemption defined in the Administrative Code 9.4(d). This and any other exemptions shall be further defined in the Procurement Procedures and be restricted in their application.

d) Achieve value for money

As a steward of public funds, the Air District is committed to implementing policies and procedures that support achieving the lowest cost and best value in its procurement of goods and services. The criteria for quote and proposal evaluation and contract award may be different for various goods and services, as defined in the Procurement Procedures, and may sometimes consider more factors than cost alone when in the best interest of the Air District.

e) Maintain the fairness and integrity of an open competitive process

The Air District shall ensure a fair and transparent procurement process that promotes full and open competition consistent with applicable regulations and best practices. This encompasses Air District's commitment to nondiscrimination, desire to contract with diverse types of businesses and organizations, and the implementation of internal controls and conflict of interest policies, which are described below.

f) Encourage purchasing from local, small, and disadvantaged businesses

The Air District shall, to the extent lawful and appropriate, encourage minority, veteran, and women owned businesses to bid on contracts. The Air District shall also encourage purchasing from local and small businesses and will implement goals and preference programs as permitted by law. To support the creation of a diverse and competitive contractor community, Air District encourages the equitable distribution of its contracting opportunities by procuring from a variety of contractors when possible. For these purposes, local businesses are considered those located within the Air District's nine-county geographic jurisdiction.

g) Nondiscrimination in the procurement process

No employee, officer, advisor, or agent of the Agency shall, on the grounds of race, color, sex, sexual orientation, marital status, religion, national origin, ancestry, ethnic group identification, age, physical or mental disability, medical condition, genetic information, or pregnancy, childbirth, or related medical conditions, permit discrimination against any person or group of persons in connection with the procurement process.

h) Conflict of interest policies

Air District conflict of interest policies apply to both personal and organizational conflicts of interest and apply to both real and apparent conflicts. An apparent conflict of interest exists when a reasonable person with all the material facts believes that there appears to be a conflict. Violators of these standards are subject to penalties, sanctions, or other disciplinary actions, up to and including termination. Any questions regarding a potential conflict of interest should be referred to the Legal Division for advice and consultation. As applicable, Air District officials, staff, and consultants are required to file a Statement of Economic Interests/Form 700 with the Air District's Filing Officer.

Personal conflicts

No employee, officer, advisor, or agent of the Air District shall participate in the selection, award, or administration of a contract if a conflict of interest, real or apparent, is involved. Such a conflict would arise if any of the following has a financial or other interest in the prospective consultant or contractor (or any subcontractors) considered for award: (1) The employee, officer, advisor, or agent; (2) Any member of their immediate family; (3) Their domestic or business partner; or (4) An organization that employs any of the above, or with which any of them have an arrangement concerning prospective employment.

No employee, officer, advisor, or agent of the Air District may have a financial interest in any contract made by them in their official capacity, or in the case of Board members, by the Board when they are members. (Government Code §§1090 and 87100)

Organizational conflicts

It is the Air District's policy not to award contracts to consultants when there is an organizational conflict of interest. An organizational conflict of interest exists when a consultant or contractor, because of other activities, relationships, or contracts, is unable or potentially unable to render impartial assistance or advice to the Air District, and the consultant's objectivity in performing the contract work is or might be otherwise impaired, or a consultant has an unfair competitive advantage. Whenever the Air District is awarding a contract that involves the rendering of advice, it will consider whether there exists the potential for bias, because of other activities, relationships, or contracts of the consultant.

Gifts and gratuities

No employee, officer, advisor, or agent of the Agency shall solicit or accept gratuities, favors, or anything of monetary value from consultants, vendors, contractors or potential consultants, vendors, contractors or parties to sub-agreements in accordance with the restrictions, thresholds, and reporting requirements established by the California Fair Political Practices Commission (FPPC) and Government Code §87100, et al., which may be updated from time to time. Further, the Air District prohibits practices which might result in unlawful activity including, but not limited to, rebates, kickbacks, or other unlawful consideration.

8. Procurement Requirements

a) Approvals and reporting requirements

Within the thresholds established in Administrative Code 9.4, the APCO may further delegate the authority to approve contracts for goods and services based on thresholds and criteria specified in the Procurement Procedures. These Procedures will also outline the requirements for seeking and documenting approvals and the process for quarterly reporting to the Board of Directors. It is the Air District's policy that a requesting party cannot serve as the approving party for their own procurement request.

b) Competitive procurement requirements

The Air District shall prescribe when solicitation and evaluation requirements apply to procurements based on thresholds and criteria specified in the Procurement Procedures. This includes parameters that limit the instances and amounts by which the Air District can amend existing contracts before having to undertake a new procurement process.

c) Purchase dollar amount determination

For the purpose of applying the dollar thresholds in the Procurement Policy and Procedures, the amount of the contract shall be determined by adding together the amount of the base contract and, if applicable, any amendments and option years. It is the total potential amount of the contract receiving approval. In instances in which the total amount of the contract is uncertain (e.g., bench contracts, blanket purchase orders), the Air District must provide a best estimate and will be limited to the amount authorized unless it receives the approvals required of the higher amount. To determine the total cost of a lease, the Air District must account for monthly rent, operating expenses, optional renewals, tenant improvements, and any other expenses that it will pay for in the lease.

The Air District prohibits contracts from being split into smaller quantities or amounts or artificial phases for the purposes of evading or circumventing the Air District's approval, reporting, and competitive bidding requirements. Repeat contracts for the same goods or services with the same contractor must be noted by the requestor and tracked by the Air District Administrative Resources Division, and they shall be subject to increased scrutiny, require additional justification, and are subject to denial or additional requirements at the discretion of the APCO or its designee.

d) Contract length, amendments, and options

Unless otherwise stated in the contract in question, the Air District cannot amend a contract for an amount that exceeds 25% of the originally approved contract amount. One-time amendments for time only are generally permitted with justification. The total number of years of a contract, inclusive of any amendments and option years, cannot exceed five years, unless an exception is approved by the APCO. Contract terms governing amendments and option years must be specific and limited, provide a process for exercising an amendment or option, and specify any planned changes to contract terms. Unless otherwise stated, Air District

presumes original contract pricing and terms will apply to all amendments and options. Under all circumstances, the Air District shall retain discretion regarding the exercising of an amendment or option. Amendments and options must be accompanied by a justification and be made to a contract prior to its expiration and are subject to Air District approval and reporting requirements.

e) Purchases exempt from competitive process

The Air District has identified the following types of purchases eligible to be exempted from the competitive procurement process. The contract cover memo must include justification for the waiving of competitive requirements and cite one of these pre-defined exemptions. Unless otherwise noted, Air District approval and reporting requirements still apply.

Purchases of goods and services under \$10,000

Purchases of goods and services that cost less than \$10,000 do not require a competitive process but do need to show the purchase is fair and reasonable. The Air District finds the competitive process overly burdensome relative to the low dollar value and risk of these purchases. Nevertheless, the Director of the ARD may choose to add requirements to these purchases if deemed in the best interest of the Air District. To the extent practicable, the Air District encourages distributing such purchases equitably among qualified suppliers.

Emergency Purchases

Per Administrative Code 9.4(d), the APCO is authorized to make purchases during an emergency exempt from Board of Directors approval and the standard competitive process if required to ensure the continuity of critical services and the protection of health and safety. In an emergency, contact the Business Office staff for guidance and to coordinate the purchase of goods and services. Provide as many details as possible so that the Business Office can assess the situation and determine the best course of action. A supporting cover memo will be required to justify the emergency purchase. The extent of the purchase should be limited to that required for the emergency.

Pre-approved purchases for select goods and testing

Purchases of standardized equipment, and purchases of goods for product testing are exempt from the three-quote requirement and competitive bidding requirements, provided the purchases have been pre-approved by the Director of Administrative Resources.

Sole Source Purchases

Bidding may not be required when there is only one provider of the specific goods or services required by the Air District. In general, the Air District does not promote sole source contracts and they will only be approved in narrow circumstances in which there is compelling justification for the specific good or service needed, no reasonable substitute, supporting evidence that the selected vendor is the only viable provider, and the costs for the goods or services are reasonable. Sole source purchases typically include scientific and technical equipment and services uniquely available. A contract cover

memo detailing the justification must be provided and attached to the contract file. In the absence of a competitive process, all sole source purchases under \$200,000 are subject to APCO approval.

Limited Board of Directors Contracts

Per Administrative Code 9.4(e), there are limited circumstances under which the Board of Directors authorizes its officers to enter into contracts without prior approval and outside of the Air District Policies and Procedures.

f) Bench Contracts and Blanket Purchase Orders

There may be instances in which it is in the Air District's best interest to establish contracts for goods and services that it knows it needs yet the specific timing and quantity of the need is uncertain. The Bench Contract and Blanket Purchase Order options provide an opportunity for the Air District to meet its needs under various scenarios while remaining compliant with its Procurement Policy and Procedures by either pre-qualifying contractors or permitting multiple orders under one purchase order. These options are to be restricted to specific circumstances that are pre-approved by the APCO or its designee based on circumstances and need.

Bench Contracts

Bench Contracts may be used when the Air District determines it is in its best interest to develop a list of pre-qualified contractors for the purchase of specific types of goods or services on a timely basis. This is most commonly appropriate when there is a known recurring need for select goods or services, there are multiple contractors that can meet the Air District's needs, and the specific timing and quantity of services is uncertain. The Bench Contract approach may save the Air District time by front-loading the process of locating and verifying qualified contractors and pricing as well as streamlining the collection of select internal approvals. A Request for Qualifications (RFQ) process is used to establish the bench and a Task Order Solicitation is used to select bench contractors for specific projects.

Blanket Purchase Orders

Blanket Purchase Orders may be used when the Air District determines it is in its best interest to establish a long-term agreement with a contractor that allows for recurring orders with multiple payments for the same goods or services over a set period based on pre-set terms. This is most commonly appropriate when there is a known recurring need for specific goods or services, there is one contractor that can best meet the Air District's needs, and the specific timing and quantity of goods and services is uncertain. A common example of this is maintenance and service contracts. The Blanket Purchase Order approach may save the Air District time by allowing it to avoid repeat procurement efforts for the same goods and services with the same contractor and allow for the creation of only one Purchase Order number for easier processing of multiple orders and invoices.

g) Federally Funded Purchases

Air District purchases using federal funds are subject to Office of Management and Budget (OMB) Guidance for Grants and Agreements, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200), which set forth a series of regulations required of non-federal entities that impact many aspects of the procurement process, including thresholds and bid types, evaluation criteria, conflict of interest, documentation, contract provisions, and post-award management. General procurement requirements for non-federal recipients are located in 2 CFR 200.318 and language required to be included in all contracts are located in Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards. Programs planning on applying for federal grant funding as either a Recipient or a Subrecipient / Subawardee should review the federal requirements to ensure they understand the differences between a subaward and a procurement contract under an award. Programs planning on using federal funds for a purchase must contact the Business Office prior to starting the procurement process to ensure the proper process is followed.

h) Public Works Contracts

Air District public works contracts are subject to additional state provisions, defined in California Public Contract Code. The Code defines a public works contract as “an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind,” (PCC § 1101). This includes the construction, reconstruction, erection, alteration, renovation, improvement, and repair including painting and repainting of publicly owned or leased property. It excludes maintenance work such as routine or recurring work for protection or preservation, minor painting, or landscape maintenance. (PCC § 22002). Programs planning any public works related projects must contact the Business Office prior to starting the planning process to receive guidance on these requirements.

i) Architectural and Engineering (A&E) Contracts

Professional services of an architectural or engineering nature, that are required to be performed or approved by a person licensed, registered, or certified to provide A&E services. A&E services include research, planning, development, design, construction, alteration, or repair of real property. A&E services also include studies, investigations, surveying and mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications, value engineering, construction phase services, soils engineering, drawing reviews, preparation of operating and maintenance manuals, and other related services. (40 USC § 1102(2)). A&E contracts are subject to additional state requirements. Programs planning on entering an A&E contract must contact the Business Office prior to making the purchase to receive guidance on these requirements.

j) Lease Agreements

Lease Agreements and License Agreements follow the same review and approval process as a typical contract but may be subject to additional forms and considerations. Divisions entering into a new lease agreement or renewing an existing lease agreement must complete the Lease Term Worksheet as a part of the contracting process. It is also expected that the Air District performed a cost-benefit analysis of leasing versus purchasing. Board of Directors approval is required for leases and licenses that exceed two hundred thousand (\$200,000) over the life of the lease or license. To determine the total cost of the lease, the Air District must account for monthly rent, operating expenses, optional renewals, tenant improvements, and any other expenses that it will pay for in the lease.

k) Leveraged Procurement Agreements

In some circumstances, the Air District may have access to a Leveraged Procurement Agreement (LPA) established by itself, the state, or another entity, which offers a streamlined option for procuring select goods and services from a list of pre-qualified contractors. Oftentimes, these contractors have been prequalified and undergone a competitive process or negotiations to get on the lists, which are limited to specific goods and services. Each leveraged procurement type will have its own rules and processes for when and how it can be used, which will be binding on the Air District. This may include requesting multiple bids from pre-qualified vendors.

Examples of State of California leveraged procurements include the IT and non-IT California Multiple Award Schedule (CMAS), IT Master Services Agreement (IT MSA), Software Licensing Program (SLP), and California Network and Telecommunications (CALNET) Program. Cooperative agreements and purchasing programs may also provide access to multi-state contracts, such as the National Association of State Procurement Officials (NASPO) ValuePoint. Programs interested in linking to a Leveraged Procurement Agreement should contact the Business Office to confirm the applicability of and processes associated with the agreement.

l) Methods of Payment

The Air District may allow multiple payment methods to facilitate the purchasing of goods and services, including checks, credit cards, fuel cards, and charge cards. All purchases, regardless of method of payment, must comply with Air District Procurement Policy and Procedures. In addition, the Air District has specific requirements regarding the issuance, oversight, management, and usage limitations of each payment method. Staff are responsible for understanding and complying with these requirements. Air District-issued credit card payments for food and beverages are only permitted as a method of last resort when a vendor does not accept other payment methods.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Financial Update for the Fiscal Year (FY) 2023-2024 Second Quarter Ending
December 31, 2023

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

None.

DISCUSSION

Staff provides an update on the Air District's General Fund financial activities quarterly. The financial update includes a report on revenues recognized and expenditures incurred during the reporting period. It also includes a summary of cash and investments and the procurement report required for certain procurement for the second quarter ending December 31, 2023, as shown in Attachment A.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Jun Pan
Reviewed by: Stephanie Osaze

ATTACHMENTS:

1. Attachment A - FY 2023-2024 Second Quarter Financial Update

Attachment A: Financial Summary for the Second Quarter (FYE 2024)

The finance staff will present an update on the Air District’s financial results for the Second quarter of the 2023-2024 fiscal year. The following information summarizes those results.

GENERAL FUND: STATEMENT OF REVENUES – Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

REVENUE TYPE	2nd QTR FY 2023	2nd QTR FY 2024	FY 2024 - % of BUDGETED REVENUES
Property Tax	\$13,736,967	\$14,461,003	32%
Permit Fees*	\$44,206,065	\$43,314,570	69%
Grants (includes AB617)	\$386,074	\$16,264	0%
Other Revenues	\$3,033,117	\$4,222,602	59%
Total Revenues (exclude transfers)	\$61,362,223	\$62,014,439	47%

GENERAL FUND: STATEMENT OF EXPENDITURES - Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

EXPENDITURE TYPE	2nd QTR FY 2023	2nd QTR FY 2024	FY 2024 - % of BUDGETED EXPENDITURES
Personnel - Salaries	\$25,136,372	\$26,258,967	44%
Personnel - Benefits	\$16,588,424	\$12,908,851	45%
Operational Services and Supplies	\$11,050,648	\$12,427,895	21%
Capital Outlay	\$1,640,338	\$2,068,903	21%
Total Expenditures (General Fund)	\$54,415,782	\$53,664,617	34%

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of the Second Quarter

CASH/INVESTMENTS	2nd QTR FY 2023	2nd QTR FY 2024
General Fund	\$100,341,101	\$120,024,070
TFCA	\$124,648,541	\$131,400,214
MSIF	\$64,834,042	\$72,269,201
Carl Moyer	\$70,797,677	\$78,314,341
CA Goods Movement	\$23,439,928	\$22,192,455
AQ Projects	\$2,710,582	\$1,665,892
Vehicles Mitigation	\$25,617,483	\$25,147,034
Total	\$412,389,353	\$451,013,206

VENDOR PAYMENTS

In August 2023, the Air District implemented an Interim Procurement Policy to address insufficient guidance in the Administrative Code on Purchasing Procedures. The interim policy is in place until a more comprehensive policy is implemented.

Pursuant to Section 3.2.1.2 of the Interim Procurement Policy, quarterly reporting in lieu of Board Authorization is permissible for renewal of procurements/contracts that exceed \$100,000. The \$100,000 threshold shall be determined by adding the amount of the procurement to the sum of all previous procurements from the same for the preceding 36-month period.

The quarterly reporting procurements are limited to only the following categories of goods or services:

- 1) Utilities
- 2) Software Licenses
- 3) Software as a Service
- 4) Computer/Cloud Hosting Services
- 5) OEM Equipment Warranties
- 6) OEM Equipment Maintenance/Service
- 7) Legal Services
- 8) Equipment Leases

Below is a list of eligible categories of goods and services payments made in the 36-month period as noted above. In addition, recurring benefit payments made by the Air District on behalf of its employees are included in the quarterly report to ensure transparency. These benefit payments include pension, health, dental and vision expenditures incurred in the second quarter of the 2023-2024 fiscal year and have been appropriately budgeted as a part of the overall Air District budget.

Thirty-Six Month Payment by Categories

Payment Categories	AMOUNT PAID (Jan 2021 - Dec 2023)
UTILITIES	
AT & T CALNET	153,934
COGENT COMMUNICATIONS, INC.	174,600
COMCAST CABLE COMMUNICATIONS	512,304
FASTRAK	106,185
PACIFIC GAS & ELECTRIC COMPANY	666,381
VERIZON WIRELESS	709,709
WEX FLEET UNIVERSAL-ENTERPRISE	487,855
SOFTWARE LICENSES	
EPLUS TECHNOLOGY, INC.	164,565
ORACLE AMERICA, INC.	143,078
SOFTWARE AS A SERVICE	
LIGHTHOUSE	104,732
MICROSOFT CORPORATION	193,639
OEM EQUIPMENT MAINTENANCE/SERVICE	
AGILENT TECHNOLOGIES	105,179
CDW GOVERNMENT	713,863
LEGAL SERVICES	
ATKINSON, ANDELSON, LOYA, RUUD	104,005
FARELLA BRAUN + MARTELL LLP	205,835
SLOAN SAKAI YEUNG & WONG LLP	545,067
EQUIPMENT LEASES	
CANON FINANCIAL SERVICES, INC.	174,145
ENTERPRISE FLEET SERVICES	1,553,406
ENTERPRISE HOLDINGS, INC	124,339
OTHER	
CAL-CARD PROGRAM	424,906

The Second Quarter of FYE 2024 Health and Benefits Payments

Payment Categories	AMOUNT PAID (JULY 2023 - Dec 2023)
HEALTH & BENEFITS	
BENEFIT COORDINATORS CORPORATION	1,057,084
CA PUBLIC EMP RET SYSTEM- HEALTH	4,528,895
CA PUBLIC EMP RET SYSTEM- PENSION	3,481,669
P & A ADMINISTRATIVE SERVICES	143,527

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Proposed Amendments to Air District Regulation 3: Fees

RECOMMENDED ACTION

The Committee will consider recommending that the Board of Directors adopt the proposed Regulation 3 amendments for Fiscal Year Ending 2025.

BACKGROUND

Staff develops recommended amendments to the Air District’s fee regulation as part of the budget preparation process. On December 7, 2022, the Board of Directors adopted an updated Cost Recovery and Containment Policy for fee-based activity that established a goal of increasing fee revenue sufficient to achieve 100 percent recovery of regulatory program costs. Progress towards this target is reported to the Board annually by staff and is periodically reviewed by outside consultants. This is a continuation of the discussion of the proposed fee regulation amendments at the Committee's March 20 meeting to provide the Committee additional detail.

DISCUSSION

Consistent with the Cost Recovery and Containment Policy, draft amendments to specific fee schedules were made in consideration of the 2021 Cost Recovery and Containment Study, the 2022 Cost Recovery Report and Board direction. This work, conducted at the fee schedule-level, recommends:

- A 3.3% increase, the Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) for the most recent year, is proposed for Schedule M and schedules with a cost recovery rate of at least 100 percent but less than 110 percent.
 - Schedule D Gasoline Transfer at GDFs & Bulk Plants and Bulk Terminals
 - Schedule I Dry Cleaners (not registered)
 - Schedule M Major Stationary Source Fees

A 15% increase is proposed for schedules with a cost recovery rate less than 100 percent.

- Schedule A Hearing Board Fees
- Schedule B Combustion of Fuels
- Schedule E Solvent Evaporating Sources
- Schedule F Miscellaneous Sources
- Schedule G1 Miscellaneous Sources
- Schedule G2 Miscellaneous Sources
- Schedule G3 Miscellaneous Sources
- Schedule G4 Miscellaneous Sources
- Schedule G5 Miscellaneous Sources
- Schedule H Semiconductor and Related Operations
- Schedule K Solid Waste Disposal Sites
- Schedule P Major Facility Review Fees
- Schedule S Naturally Occurring Asbestos (NOA) Operations
- Schedule V Open Burning: Marsh Management fees only
- Schedule W Petroleum Refining Emissions Tracking Fees

In addition, the following key amendments are proposed:

- Fees that are administrative in nature would be increased by the CPI-W.
- Delete Subsection 320.1, Subsection 322, and Schedule Q.
- Clarify language regarding proration of Permit to Operate renewal fees.
- Be clear about no proration or refunds for shutdown sources.
- Align Risk Assessment Fees (RAFs) in Schedules B and D.A.
- Clarify alteration application fees for sources subject to G-3, G-4 and G-5.
- Clarify the applicability of the minimum fee in Schedule H.

Staff will provide the committee with additional details regarding the draft fee amendments, overall cost recovery and the proposed increases for the upcoming fiscal year.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed fee amendments would increase fee schedule revenue in Fiscal Year Ending 2025 by an estimated \$4.7 million from fee schedule revenue that would otherwise result without the amendments.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Fred Tanaka
Reviewed by: Pamela Leong and Meredith Bauer

ATTACHMENTS:

1. 2024 Cost Recovery Report



2024 COST RECOVERY REPORT

Prepared by the staff of the
Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA

March 2024

Contents

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Executive Summary

The 2024 Cost Recovery Report includes the latest fee-related cost and revenue data gathered for the previous three fiscal years, July 1, 2021, to June 30, 2023. The results are used to prepare the Fiscal Year Ending (FYE) 2025 budget, and for evaluating potential amendments to the Air District's Regulation 3: Fees.

The completed cost recovery analysis indicates that in FYE 2023 there continued to be a revenue shortfall, as overall direct and indirect costs of regulatory programs exceeded fee revenue (see Figure 2).

The Air District is recovering approximately 87% of its fee-related activity costs (see Figure 5). The overall magnitude of this cost recovery gap was determined to be approximately \$5.1 million. This cost recovery gap was filled using General Fund revenue received by the Air District from the counties' property tax revenue. The Air District uses the three-year averages in evaluating proposed amendments to Regulation 3, Fees at the fee schedule level because longer averaging periods are less sensitive to year-to-year variations in activity levels that occur due to economic or market variations and regulatory program changes affecting various source categories.

The analysis also addressed fee-equity issues by analyzing whether there is a revenue shortfall at the individual Fee Schedule level. For the 3-year period, twenty-two (22) fee schedules for which cost recovery could be analyzed, six (6) of the component fee schedules had fee revenue contributions exceeding total cost.

Cost recovery is not a static target because the analysis is impacted by many factors on the revenue and expenses side. Personnel costs in fee-based programs have a heavy influence in overall cost recovery and cost recovery of specific fee schedules. In addition, the analysis does not account for future work/needs or address the health of any program.

Background

The Air District is responsible for protecting public health and the environment by achieving and maintaining health-based national and state ambient air quality standards, and reducing public exposure to toxic air contaminants, in the nine-county Bay Area region. Fulfilling this task involves reducing air pollutant emissions from sources of regulated air pollutants and maintaining these emission reductions over time. In accordance with State law, the Air District's primary regulatory focus is on stationary sources of air pollution.

The Air District has defined units for organizational purposes (known as "Programs") to encompass activities which are either dedicated to mission-critical "direct" functions, such as permitting, rule-making, compliance assurance, sampling and testing, grant distribution, etc., or are primarily dedicated to support and administrative "indirect" functions. The Air District has also defined revenue source categories for time billing purposes (known as "Billing Codes") for all activities, i.e., the permit fee schedules, grant revenue sources, and general support activities.

The Air District's air quality regulatory activities are primarily funded by revenue from regulatory fees, government grants and subventions, and county property taxes. Between

1955 and 1970, the Air District was funded entirely through property taxes. In 1970, the California Air Resources Board (CARB) and U.S. Environmental Protection Agency began providing grant funding to the Air District. After the passage of Proposition 13, the Air District qualified as a “special district” and became eligible for funding from the property tax allocation system commonly referred to as “AB 8”, which currently make up the county revenue portion of the budget.

State law authorizes the Air District to impose a schedule of fees to generate revenue to recover the costs of activities related to implementing and enforcing air quality programs. On a regular basis, the Air District has considered whether these fees result in the collection of a sufficient and appropriate amount of revenue in comparison to the cost of related program activities.

In 1999, a comprehensive review of the Air District’s fee structure and revenue was completed by the firm KPMG Peat Marwick LLP (*Bay Area Air Quality Management District Cost Recovery Study, Final Report: Phase One – Evaluation of Fee Revenues and Activity Costs; February 16, 1999*). The Study recommended an activity-based costing model, which has been implemented. As a result of that Study, the Air District implemented a time-keeping system. These changes improved the Air District’s ability to track costs by program activities. The 1999 Cost Recovery Study indicated that fee revenue did not offset the full costs of program activities associated with sources subject to fees as authorized by State law. Property tax revenue (and in some years, fund balances) have been used to close this gap.

In 2004, the Air District’s Board of Directors approved funding for an updated Cost Recovery Study that was conducted by the accounting/consulting firm Stonefield Josephson, Inc. (*Bay Area Air Quality Management District Cost Recovery Study, Final Report; March 30, 2005*). This Cost Recovery Study analyzed data collected during the three-year period FYE 2002 through FYE 2004. It compared the Air District’s costs of program activities to the associated fee revenues and analyzed how these costs are apportioned amongst the fee-payers. The Study indicated that a significant cost recovery gap existed. The results of this 2005 report and subsequent internal cost recovery studies have been used by the Air District in its budgeting process, and to set various fee schedules.

In March 2011, another study was completed by Matrix Consulting Group (*Cost Recovery and Containment Study, Bay Area Air Quality Management District, Final Report; March 9, 2011*). The purpose of this Cost Recovery and Containment Study was to provide the Air District with guidance and opportunities for improvement regarding its organization, operation, and cost recovery/allocation practices. A Cost Allocation Plan was developed and implemented utilizing FYE 2010 expenditures. This Study indicated that overall, the Air District continued to under-recover the costs associated with its fee-related services. To reduce the cost recovery gap, further fee increases were recommended for adoption over a period of time in accordance with a Cost Recovery Policy to be adopted by the Air District’s Board of Directors. Also, Matrix Consulting Group reviewed and discussed the design and implementation of the new Production System which provides opportunities for increased efficiency and accuracy when fully developed.

Air District staff initiated a process to develop a Cost Recovery Policy in May 2011, and a Stakeholder Advisory Group was convened to provide input in this regard. A Cost Recovery

Policy was adopted by the Air District's Board of Directors on March 7, 2012. This policy specifies that the Air District should amend its fee regulation, in conjunction with the adoption of budgets for Fiscal Year Ending (FYE) 2014 through FYE 2018, in a manner sufficient to increase overall recovery of regulatory program activity costs to at least 85%. The policy also indicates that amendments to specific fee schedules should continue to be made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being adopted for the schedules that have the larger cost recovery gaps.

In February 2018, Matrix Consulting Group (Matrix) completed an update of the 2011 cost recovery and containment study for the fiscal year that ended June 30, 2017. The primary purpose of this Study was to evaluate the indirect overhead costs associated with the Air District and the cost recovery associated with the fees charged by the Air District. The project team evaluated the Air District's FYE 2017 Programs to assess their classification as "direct" or "indirect". In addition, they audited the time tracking data associated with each of the different fee schedules. The Study provided specific recommendations related to direct and indirect cost recovery for the Air District, as well as potential cost efficiencies. The Air District is currently working with Matrix to complete an update of the February 2018 cost recovery and containment study.

In July 2021, the Air District retained the services of the Matrix Consulting Group. The work was prompted by the Board to study the Air District's current indirect costs as well as fee-related cost recovery by fee schedule and continue to look at any cost containment practices. A key goal of this analysis was to determine methods to obtain 100% cost recovery associated with fee-based activities and schedules. The final report was presented to the Budget and Finance Committee on April 27, 2022. The proposed policy was developed using the 2022 Matrix study findings and comments from the Board meetings. On December 7, 2022, the Board of Directors adopted an amended Cost Recovery and Containment Policy (Consent Item 22) that provides the framework for the Air District to contain costs and to adjust fees in support of its regulatory programs. As provided in Appendix B, the policy has three (3) main elements: 1) Cost Containment, 2) Analysis of Cost Recovery and 3) Cost Recovery Goals. Part 3 provides the strategic framework for the Regulation 3 rule development process that is conducted in parallel with the next fiscal year annual budget.

The Air District has refined its cost recovery analysis of Fee Schedule V (Open Burning) to better define the cost recovery based on burn type. The analysis is provided in Appendix C. In the past, cost recovery for Schedule V was calculated on all costs and revenue related to Open Burning. The Air District's Open Burn Program is comprised of individual Operation Fees based on burn type. Schedule V includes five Open Burning Operation Fees for these burn types - Notifications, Marsh Management, Prescribed Burning, Filmmaking/Public Exhibition, and Stubble. Air District staff refined the cost recovery analysis to examine each individual fee in Schedule V to ensure the costs associated with one burn type would not impact fee payers of another burn type.

This 2024 Cost Recovery Report incorporated the accounting methodologies developed by KPMG in 1999, Stonefield Josephson, Inc. in 2005 and Matrix Consulting Group in 2011. The analysis included the latest cost and revenue data gathered for FYE 2023 (i.e., July 1, 2022 - June 30, 2023). The results will be used as a tool in the preparation of the budget

for FYE 2025, and for evaluating potential amendments to the Air District's Regulation 3: Fees.

Legal Authority

In the post-Prop 13 era, the State Legislature determined that the cost of programs to address air pollution should be borne by the individuals and businesses that cause air pollution through regulatory and service fees. The primary authority for recovering the cost of Air District programs and activities related to stationary sources is given in Section 42311 of the Health and Safety Code (HSC), under which the Air District is authorized to:

- Recover the costs of programs related to permitted stationary sources;
- Recover the costs of programs related to area-wide and indirect sources of emissions which are regulated, but for which permits are not issued;
- Recover the costs of certain hearing board proceedings; and
- Recover the costs related to programs that regulate toxic air contaminants.

The measure of the revenue that may be recovered through stationary source fees is the full cost of all activities related to these sources, including all direct Program costs and a commensurate share of indirect Program costs. Such fees are valid so long as they do not exceed the reasonable cost of the service or regulatory program for which the fee is charged, and are apportioned amongst fee payers such that the costs allocated to each fee-payer bears a fair or reasonable relationship to its burden on, and benefits from, the regulatory system.

Air districts have restrictions in terms of the rate at which permit fees may be increased. Under HSC Section 41512.7, existing fees for authority-to-construct permits or permits to operate cannot be increased by more than 15% in any calendar year.

Methodology

The methodology for determining regulatory program revenue and costs is summarized as follows:

Revenue

Revenue from Regulation 3 fees during FYE 2023 was assigned to the appropriate Permit Fee Schedules. This is a continued improvement over prior years' process.

Costs

Costs are expenditures that are characterized as being either direct or indirect. Direct costs can be identified specifically with a particular program activity. Direct costs include wages and benefits, operating expenses, and capital expenditures used in direct support of the particular activities of the Air District (e.g., permit-related activities, grant distribution, etc.).

Indirect costs are those necessary for the general operation of the Air District as a whole. Often referred to as "overhead", these costs include accounting, finance, human resources,

facility costs, information technology, executive management, etc. Indirect costs are allocated to other indirect Programs, using the reciprocal (double-step down) method, before being allocated to direct Programs.

Employee work time is tracked by the ¼ hour using both Program and Billing Code detail. This time-keeping system allows for the capture of all costs allocatable to a revenue source on a level-of-effort basis.

Employee work time is allocated to activities within Programs by billing codes (BC1-BC99), only two of which indicate general support. One of these two general support codes (BC8) is identified with permitting activities of a general nature, not specifically related to a particular Fee Schedule.

Operating and capital expenses are charged through the year to each Program, as incurred. In cost recovery, these expenses, through the Program's Billing Code profile, are allocated on a pro-rata basis to each Program's revenue-related activity. For example, employees working in grant Programs (i.e., Smoking Vehicle, Mobile Source Incentive Fund, etc.) use specific billing codes (i.e., BC3, BC17, etc.). All operating/capital expense charges in those grant Programs are allocated pro-rata to those grant activities. Employees working in permit-related Programs (i.e., Air Toxics, Compliance Assurance, Source Testing, etc.) also use specific permit-related billing codes (i.e., BC8, BC21, BC29, etc.) and all operating/capital expense charges incurred by those Programs are allocated pro-rata to those Program's activity profiles, as defined by the associated billing codes.

Direct costs for permit activities include personnel, operating and capital costs based on employee work time allocated to direct permit-related activities, and to general permit-related support and administrative activities (allocated to Fee Schedules on pro-rata basis). Indirect costs for permit activities include that portion of general support personnel, operating and capital costs allocated pro-rata to permit fee revenue-related program activities.

Results

Appendix A contains the following figures:

- Figure 1: Total Permit Fee Revenue, Costs and Gap for FYE 2023
- Figure 2: Fee Revenue and Program Costs by Fee Schedule, FYE 2023
- Figure 3: Fee Revenue and Program Costs by Fee Schedule, FYE 2022
- Figure 4: Fee Revenue and Program Costs by Fee Schedule, FYE 2021
- Figure 5: Fee Revenue and Program Costs by Fee Schedule, FYE 2021-2023, 3-Year Average

Discussion of Results

Figure 1 indicates that in FYE 2023 there continued to be a revenue shortfall, as the direct and indirect costs of regulatory programs exceeded fee revenue. The overall magnitude of the cost recovery gap was determined to be \$5.1million for FYE 2023. This cost recovery gap was filled by General Fund revenue received by the Air District from the counties.

Figure 2 shows that in FYE 2023 there were revenue shortfalls for most of the twenty-two fee schedules for which cost recovery can be analyzed. For FYE 2023, the Air District is recovering 92.32% of its fee-related activity costs. Collected revenue exceeds Program costs for nine (9) fee schedules:

- Schedule B (Combustion of Fuels),
- Schedule C (Stationary Containers for the Storage of Organic Liquids),
- Schedule D (Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals),
- Schedule E (Solvent Evaporating Sources),
- Schedule G-5 (Miscellaneous Sources (e.g., refinery flares),
- Schedule L (Asbestos Operations),
- Schedule N (Toxic Inventory Fees),
- Schedule R (Equipment Registration Fees),
- Schedule T (Greenhouse Gas Fees).

Collected revenue was less than program costs for the following 13 fee schedules:

- Schedule A (Hearing Board),
- Schedule F (Miscellaneous Sources (e.g., storage silos, abrasive blasting)),
- Schedule G-1 (Miscellaneous Sources (e.g., glass manufacturing, soil remediation)),
- Schedule G-2 (Miscellaneous Sources (e.g., asphaltic concrete, furnaces)),
- Schedule G-3 (Miscellaneous Sources (e.g., metal melting, cracking units)),
- Schedule G-4 (Miscellaneous Sources (e.g., cement kilns, sulfur removal and coking units, acid manufacturing)),
- Schedule H (Semiconductor and Related Operations),
- Schedule I (Dry Cleaners),
- Schedule K (Solid Waste Disposal Sites),
- Schedule P (Major Facility Review Fees),
- Schedule S (Naturally Occurring Asbestos Operations),
- Schedule V (Open Burning), and
- Schedule W (Refinery Emissions Tracking).

Figure 5 shows that over a three-year period (FYE 2021 through FYE 2023) there were revenue shortfalls for most of the twenty-two fee schedules for which cost recovery can be analyzed. For this three-year period, the Air District is recovering approximately 87.35% of its fee-related activity costs. Collected revenue exceeds costs for six (6) fee schedules:

- Schedule C (Stationary Containers for the Storage of Organic Liquids),
- Schedule D (Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals),
- Schedule L (Asbestos Operations),
- Schedule N (Toxic Inventory Fees),
- Schedule R (Equipment Registration Fees), and
- Schedule T (Greenhouse Gas Fees).

Collected revenue was lower than costs for the following 16 fee schedules:

- Schedule A (Hearing Board),
- Schedule B (Combustion of Fuel),
- Schedule E (Solvent Evaporating Sources),

- Schedule F (Miscellaneous Sources (e.g., storage silos, abrasive blasting)),
- Schedule G-1 (Miscellaneous Sources (e.g., glass manufacturing, soil remediation)),
- Schedule G-2 (Miscellaneous Sources (e.g., asphaltic concrete, furnaces)),
- Schedule G-3 (Miscellaneous Sources (e.g., metal melting, cracking units)),
- Schedule G-4 (Miscellaneous Sources (e.g., cement kilns, sulfur removal and coking units, acid manufacturing)),
- Schedule G-5 (Miscellaneous Sources (e.g., refinery flares)),
- Schedule H (Semiconductor and Related Operations),
- Schedule I (Dry Cleaners),
- Schedule K (Solid Waste Disposal Sites),
- Schedule P (Major Facility Review, Title V),
- Schedule S (Naturally Occurring Asbestos Operations),
- Schedule V (Open Burning), and
- Schedule W (Refinery Emissions Tracking).

The Air District uses the three-year averages shown in Figure 5 in evaluating proposed amendments to Regulation 3, Fees at the fee schedule level because longer averaging periods are less sensitive to year-to-year variations in activity levels that occur due to economic or market variations and regulatory program changes affecting various source categories. Currently, there are no active facilities that are charged Schedule I fees. Unless this schedule is deleted, Schedule I will be maintained with CPI-W adjustments.

Conclusions

Air District staff has updated the analysis of cost recovery of its regulatory programs based on the methodology established by the accounting firms KPMG in 1999 and Stonefield Josephson, Inc. in 2005 and updated by Matrix Consulting Group in 2011 and in 2018. The analysis shows that fee revenue continues to fall short of recovering activity costs. For FYE 2021 to 2023, the Air District is recovering approximately 87% of its fee-related activity costs, while cost recovery of individual fee schedules continue to lag. The overall magnitude of this cost recovery gap was determined to be approximately \$5.1 million.

To reduce or stabilize expenditures, the Air District has implemented various types of cost containment strategies, including maintaining unfilled positions when feasible and reducing service and supply budgets. In October 2023, all permit activity was transitioned to the Production System. Although all the tools are not fully developed, this allows staff to focus improvements on one system and eliminates the maintenance of the legacy systems. The new platform provides the opportunity for improved tracking, online resources and the reduction of paper processes. In addition, addressing the recommendations from the management audit is currently underway including analyzing the Air District's programs and the use of staff resources for its programs. To reduce the cost recovery gap, further fee increases will need to be evaluated in accordance with the Cost Recovery and Containment Policy adopted by the Board of Directors.

Appendix A: Figures

Figure 1: Total Permit Fee Revenue, Costs and Gap for FYE 2023

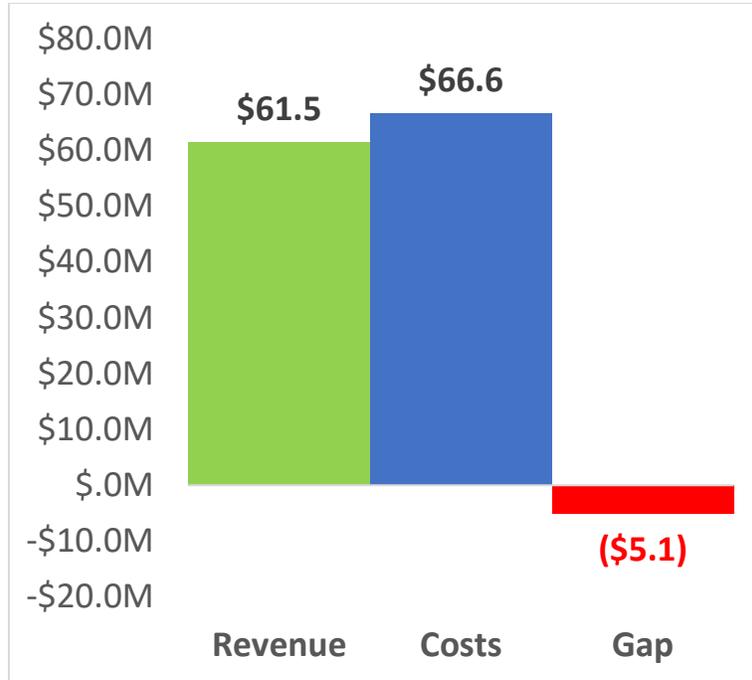


Figure 2: Fee Revenue and Program Costs by Fee Schedule, FYE 2023

Fee Schedule	Direct Cost	Indirect Cost	Total Cost	Reg 3-327.1										Surplus/ Deficit	Cost Recovery %	
				Application Revenue	Renewal Revenue	Schedule M	Reg 3-312 Bubble	Renewal Processing	Reg 3-327.2 - AB617 Fee	Reg 3-327.3 - CTR Fee	Reg 3-OBC Fees	Reg 3-311 - Banking	Total Revenue			
FS_A-Hearing Board	58,245	48,153	106,398	-	88,189	-	-	-	-	-	-	-	-	88,189	(18,209)	82.89%
FS_B-Combustion of Fuel	7,954,468	4,409,588	12,364,056	2,903,864	7,070,984	615,363	122,668	698,822	353,125	487,497	661,906	11,267	12,925,497	561,441	104.54%	
FS_C-Storage Organic Liquid	764,222	425,762	1,189,984	349,633	2,124,033	128,393	151,932	39,443	160,237	130,059	299,914	-	3,383,644	2,193,660	284.34%	
FS_D	4,785,954	2,694,779	7,480,734	415,044	6,428,000	51,139	78,624	266,717	67,968	313,028	300,658	-	7,921,179	440,445	105.89%	
FS_E-Solvent Evaporation	3,103,319	1,758,401	4,861,721	1,495,704	2,809,262	123,696	56,643	203,905	52,152	132,762	176,044	-	5,050,168	188,448	103.88%	
FS_F-Misc.	3,920,128	2,110,340	6,030,468	699,619	1,890,494	158,404	97,420	161,769	199,321	254,147	353,377	-	3,814,551	(2,215,917)	63.25%	
FS_G1-Misc.	3,983,160	2,226,979	6,210,140	776,367	3,065,797	172,890	101,175	48,222	96,698	120,650	188,124	-	4,569,924	(1,640,216)	73.59%	
FS_G2-Misc.	1,775,063	962,494	2,737,557	115,038	907,926	63,714	85,142	9,251	57,522	45,256	114,314	-	1,398,162	(1,339,395)	51.07%	
FS_G3-Misc.	1,063,595	610,555	1,674,150	-	830,413	47,707	81,729	804	53,440	27,765	97,962	-	1,139,819	(534,331)	68.08%	
FS_G4-Misc.	1,957,649	1,113,819	3,071,468	351,103	1,592,061	343,956	73,910	698	48,096	25,412	68,944	-	2,504,180	(567,288)	81.53%	
FS_G5-Misc.	723,907	427,423	1,151,330	313,351	637,189	59,080	80,949	507	51,002	25,442	87,974	-	1,255,494	104,164	109.05%	
FS_H-Semiconductor	264,775	146,182	410,957	7,016	711	-	-	116	-	39	-	-	7,881	(403,076)	1.92%	
FS_I-Drycleaners	1,001	571	1,573	-	-	-	-	-	-	-	-	-	-	(1,573)	0.00%	
FS_K-Waste Disposal	1,630,604	938,167	2,568,771	23,949	187,804	151,439	-	3,914	14,874	15,440	10,004	-	407,425	(2,161,346)	15.86%	
FS_L-Asbestos	1,469,148	902,938	2,372,086	-	3,632,384	-	-	-	-	-	-	-	3,632,384	1,260,298	153.13%	
FS_N-AB 2588	674,420	343,061	1,017,481	-	1,512,315	-	-	-	-	-	-	-	1,512,315	494,834	148.63%	
FS_P-Title V	5,738,170	3,338,274	9,076,444	708,673	6,752,033	-	-	-	-	-	-	-	7,460,706	(1,615,738)	82.20%	
FS_R-Registration	99,852	62,962	162,814	4,615	281,945	590	-	31,725	20,079	33,231	65,728	-	437,913	275,099	268.96%	
FS_S-NatOccAsbBillable	644,183	377,204	1,021,387	-	120,681	-	-	-	-	-	-	-	120,681	(900,707)	11.82%	
FS_T-GHG	1,181,743	577,271	1,759,014	-	3,339,911	-	-	-	-	-	-	-	3,339,911	1,580,897	189.87%	
FS_V-Open Burning	268,801	180,486	449,287	-	299,792	-	-	-	-	-	-	-	299,792	(149,495)	66.73%	
FS_W-PetroleumRefiningEmissionsReport	550,033	318,109	868,141	-	201,747	-	-	-	-	-	-	-	201,747	(666,394)	23.24%	
2023 SUM	\$42,612,440	\$23,973,520	\$66,585,961	\$8,163,976	\$43,773,670	\$1,916,372	\$930,193	\$1,465,893	\$1,174,512	\$1,610,728	\$2,424,949	\$11,267	\$61,471,561	(\$5,114,399)	92.32%	

Figure 3: Fee Revenue and Program Costs by Fee Schedule, FYE 2022

Fee Schedule	Direct Cost	Indirect Cost	Total Cost	Application Revenue	Renewal Revenue	Schedule M	Reg 3-327.1						Surplus/Deficit	Cost Recovery %		
							Reg 3-312 Bubble	Renewal Processing	Reg 3-327.2- AB617 Fee	Reg 3-327.3- CTR Fee	Reg 3-08C Fees	Reg 3-311 - Banking			Total Revenue	
FS_A-Hearing Board	33,970	41,433	75,403	-	353	-	-	-	-	-	-	-	-	353	(75,050)	0.47%
FS_B-Combustion of Fuel	7,893,556	4,068,298	11,961,854	1,952,715	6,840,470	582,023	236,655	776,362	326,505	400,120	2,018	5,676	11,122,543	(839,312)	92.98%	
FS_C-Storage Organic Liquid	1,106,057	551,981	1,658,038	341,256	2,100,841	126,595	201,110	33,663	155,117	119,216	-	-	3,077,798	1,419,760	185.63%	
FS_D	4,632,049	2,399,869	7,031,918	357,464	6,505,991	33,749	47,173	245,143	40,327	257,453	-	-	7,487,300	455,382	106.48%	
FS_E-Solvent Evaporation	2,470,406	1,332,906	3,803,313	505,868	2,534,082	83,894	32,040	190,403	46,102	108,305	135	-	3,500,829	(302,484)	92.05%	
FS_F-Misc.	3,257,741	1,669,041	4,926,782	439,434	1,745,097	128,754	91,897	138,706	156,310	193,640	-	-	2,893,837	(2,032,945)	58.74%	
FS_G1-Misc.	4,040,279	2,153,764	6,194,042	774,120	2,801,883	147,327	92,921	44,144	76,549	95,376	-	-	4,032,320	(2,161,722)	65.10%	
FS_G2-Misc.	1,861,747	943,739	2,805,486	285,965	822,711	69,951	60,033	8,263	34,191	30,545	-	-	1,311,659	(1,493,827)	46.75%	
FS_G3-Misc.	1,173,780	651,586	1,825,366	185,273	783,710	21,655	54,545	514	31,778	16,693	-	-	1,094,168	(731,198)	59.94%	
FS_G4-Misc.	2,268,311	1,210,110	3,478,421	39,841	1,558,636	386,459	52,369	480	34,148	17,736	-	-	2,089,669	(1,388,752)	60.08%	
FS_G5-Misc.	716,979	407,625	1,124,604	14,922	666,736	31,708	52,475	274	28,359	13,945	-	-	808,418	(316,186)	71.88%	
FS_H-Semiconductor	432,852	224,335	657,186	127,511	114,277	-	-	19,691	-	9,777	-	-	271,256	(385,930)	41.28%	
FS_I-Drycleaners	6,754	3,661	10,416	-	562	-	-	102	-	39	-	-	703	(9,713)	6.75%	
FS_K-Waste Disposal	1,863,862	1,028,934	2,892,796	18,053	171,133	120,267	-	3,593	10,310	11,070	-	-	334,426	(2,558,370)	11.56%	
FS_L-Asbestos	1,470,586	870,737	2,341,323	-	4,179,151	-	-	-	-	-	-	-	4,179,151	1,837,828	178.50%	
FS_N-AB 2588	428,326	213,177	641,503	-	1,604,232	-	-	-	-	-	-	-	1,604,232	962,729	250.07%	
FS_P-Title V	4,383,740	2,444,817	6,828,557	613,524	6,050,636	-	-	-	-	-	-	-	6,664,160	(164,397)	97.59%	
FS_R-Registration	159,439	98,222	257,661	5,780	325,587	521	-	27,965	14,441	23,529	-	-	397,823	140,163	154.40%	
FS_S-NatOccAsbBillable	432,514	244,994	677,508	-	139,486	-	-	-	-	-	-	-	139,486	(538,023)	20.59%	
FS_T-GHG	1,786,972	815,414	2,602,387	-	2,966,045	-	-	-	-	-	-	-	2,966,045	363,658	113.97%	
FS_V-Open Burning	486,632	311,070	797,702	-	248,007	-	-	-	-	-	-	-	248,007	(549,695)	31.09%	
FS_W-PetroleumRefiningEmissionsReport	452,923	264,366	717,289	-	175,432	-	-	-	-	-	-	-	175,432	(541,857)	24.46%	
2022 SUM	\$41,359,475	\$21,950,080	\$63,309,555	\$5,661,726	\$42,335,059	\$1,732,903	\$921,216	\$1,489,302	\$954,137	\$1,297,444	\$2,153	\$5,676	\$54,399,616	(\$8,909,938)	85.93%	

Figure 4: Fee Revenue and Program Costs by Fee Schedule, FYE 2021

Fee Schedule	Direct Cost	Indirect Cost	Total Cost	Application Revenue	Renewal Revenue	Schedule M	Reg 3-327.1					Reg 3-311 - Banking	Total Revenue	Surplus/Deficit	Cost Recovery %
							Reg 3-312 Bubble	Renewal Processing	Reg 3-327.2- AB617 Fee	Reg 3-327.3- CTR Fee	Reg 3-08C Fees				
FS_A-Hearing Board	56,402	26,852	83,254	-	14,318	-	-	-	-	-	-	-	14,318	(68,936)	17.20%
FS_B-Combustion of Fuel	7,726,960	3,916,462	11,643,422	2,413,951	6,231,693	675,657	185,643	478,794	258,497	-	-	7,620	10,251,855	(1,391,567)	88.05%
FS_C-Storage Organic Liquid	1,068,686	517,654	1,586,341	266,955	2,158,839	141,097	164,370	33,347	117,138	-	-	-	2,881,746	1,295,405	181.66%
FS_D	4,245,809	2,261,320	6,507,130	437,768	6,450,788	47,035	59,251	240,285	47,495	-	-	-	7,282,623	775,493	111.92%
FS_E-Solvent Evaporation	2,163,333	1,149,365	3,312,699	389,358	2,421,367	68,961	38,453	194,272	29,561	-	-	-	3,141,973	(170,726)	94.85%
FS_F-Misc.	3,374,077	1,669,249	5,043,326	517,048	1,681,546	151,028	87,616	139,464	160,529	-	-	-	2,737,231	(2,306,094)	54.27%
FS_G1-Misc.	3,944,152	2,069,514	6,013,666	726,271	2,443,232	148,630	91,132	42,963	79,901	-	-	-	3,532,130	(2,481,536)	58.74%
FS_G2-Misc.	1,482,840	796,078	2,278,917	317,512	710,793	35,490	67,996	7,754	39,801	-	-	-	1,179,345	(1,099,572)	51.75%
FS_G3-Misc.	985,122	564,659	1,549,781	22,383	709,443	24,454	63,793	596	37,938	-	-	-	858,606	(691,175)	55.40%
FS_G4-Misc.	2,097,031	1,072,688	3,169,719	192,645	1,353,758	617,392	62,646	558	41,136	-	-	-	2,268,137	(901,583)	71.56%
FS_G5-Misc.	545,053	300,611	845,664	74,087	674,547	34,567	62,482	349	35,734	-	-	-	881,766	36,102	104.27%
FS_H-Semiconductor	221,204	114,783	335,987	53,182	138,344	-	-	4,738	-	-	-	-	196,264	(139,723)	58.41%
FS_I-Drycleaners	11,530	6,832	18,362	-	2,146	-	-	200	-	-	-	-	2,346	(16,016)	12.78%
FS_K-Waste Disposal	1,983,563	1,112,198	3,095,762	41,550	165,811	107,226	-	3,896	10,547	-	-	-	329,030	(2,766,732)	10.63%
FS_L-Asbestos	1,546,351	984,848	2,531,200	-	3,989,403	-	-	-	-	-	-	-	3,989,403	1,458,203	157.61%
FS_N-AB 2588	1,194,223	566,983	1,761,206	-	1,972,317	-	-	-	-	-	-	-	1,972,317	211,111	111.99%
FS_P-Title V	3,631,018	2,024,791	5,655,809	372,216	5,815,966	-	-	-	-	-	-	-	6,188,182	532,374	109.41%
FS_R-Registration	79,494	45,021	124,515	5,418	280,300	2,136	-	20,203	8,464	-	-	-	316,521	192,006	254.20%
FS_S-NatOccAsbBillable	387,951	212,513	600,464	-	105,251	-	-	-	-	-	-	-	105,251	(495,213)	17.53%
FS_T-GHG	2,077,606	940,313	3,017,920	-	2,890,490	-	-	-	-	-	-	-	2,890,490	(127,430)	95.78%
FS_V-Open Burning	435,117	249,263	684,380	-	212,252	-	-	-	-	-	-	-	212,252	(472,128)	31.01%
FS_W-PetroleumRefiningEmissionsReport	1,149,167	569,104	1,718,271	-	152,547	-	-	-	-	-	-	-	152,547	(1,565,724)	8.88%
2021 SUM	\$40,406,691	\$21,171,102	\$61,577,793	\$5,830,345	\$40,575,152	\$2,053,673	\$883,383	\$1,167,419	\$866,741			\$7,620	\$51,384,333	(\$10,193,460)	83.45%

Figure 5: Fee Revenue and Program Costs by Fee Schedule, FYE 2021-2023, 3-Year Average

Fee Schedule	Direct Cost	Indirect Cost	Total Cost	Application Revenue	Renewal Revenue	Schedule M	Reg 3-327.1							Surplus/Deficit	Cost Recovery %	
							Reg 3-312 Bubble	Renewal Processing	Reg 3-327.2- AB617 Fee	Reg 3-327.3- CTR Fee	Reg 3-0BC Fees	Reg 3-311 - Banking	Total Revenue			
FS_A-Hearing Board	49,539	38,813	88,352	-	34,287	-	-	-	-	-	-	-	-	34,287	(54,065)	38.81%
FS_B-Combustion of Fuel	7,858,328	4,131,450	11,989,777	2,423,510	6,714,382	624,348	181,656	651,326	312,709	443,808	331,962	8,188	11,433,298	(556,479)	95.36%	
FS_C-Storage Organic Liquid	979,655	498,466	1,478,121	319,281	2,127,904	132,028	172,470	35,485	144,164	124,637	149,957	-	3,114,396	1,636,275	210.70%	
FS_D	4,554,604	2,451,990	7,006,594	403,426	6,461,593	43,974	61,683	250,715	51,930	285,240	150,329	-	7,563,700	557,107	107.95%	
FS_E-Solvent Evaporation	2,579,020	1,413,558	3,992,577	796,977	2,588,237	92,184	42,379	196,193	42,605	120,534	88,090	-	3,897,657	(94,921)	97.62%	
FS_F-Misc.	3,517,315	1,816,210	5,333,525	552,034	1,772,379	146,062	92,311	146,646	172,053	223,894	176,689	-	3,148,540	(2,184,985)	59.03%	
FS_G1-Misc.	3,989,197	2,150,086	6,139,283	758,919	2,770,304	156,282	95,076	45,110	84,383	108,013	94,062	-	4,044,791	(2,094,491)	65.88%	
FS_G2-Misc.	1,706,550	900,770	2,607,320	239,505	813,810	56,385	71,057	8,422	43,838	37,900	57,157	-	1,296,389	(1,310,931)	49.72%	
FS_G3-Misc.	1,074,166	608,934	1,683,099	69,219	774,522	31,272	66,689	638	41,052	22,229	48,981	-	1,030,865	(652,234)	61.25%	
FS_G4-Misc.	2,107,664	1,132,206	3,239,869	194,530	1,501,485	449,269	62,975	578	41,127	21,574	34,472	-	2,287,328	(952,541)	70.60%	
FS_G5-Misc.	661,979	378,553	1,040,532	134,120	659,491	41,785	65,302	377	38,365	19,693	43,987	-	981,893	(58,640)	94.36%	
FS_H-Semiconductor	306,277	161,767	468,043	62,570	84,444	-	-	8,182	-	4,908	-	-	158,467	(309,576)	33.86%	
FS_I-Drycleaners	6,428	3,688	10,117	-	903	-	-	101	-	20	-	-	1,016	(9,100)	10.05%	
FS_K-Waste Disposal	1,826,010	1,026,433	2,852,443	27,851	174,916	126,311	-	3,801	11,910	13,255	5,002	-	356,960	(2,495,483)	12.51%	
FS_L-Asbestos	1,435,362	919,508	2,414,869	-	3,933,646	-	-	-	-	-	-	-	3,933,646	1,518,777	162.89%	
FS_N-AB 2588	765,656	374,407	1,140,063	-	1,696,288	-	-	-	-	-	-	-	1,696,288	556,225	148.79%	
FS_P-Title V	4,584,309	2,602,627	7,186,936	564,804	6,206,212	-	-	-	-	-	-	-	6,771,016	(415,920)	94.21%	
FS_R-Registration	112,928	68,735	181,663	5,271	295,944	1,082	-	26,631	14,328	28,380	32,864	-	384,086	202,422	211.43%	
FS_S-NatOccAsbBillable	488,216	278,237	766,453	-	121,806	-	-	-	-	-	-	-	121,806	(644,648)	15.89%	
FS_T-GHG	1,682,107	777,666	2,459,773	-	3,065,482	-	-	-	-	-	-	-	3,065,482	605,709	124.62%	
FS_V-Open Burning	396,850	246,940	643,790	-	253,350	-	-	-	-	-	-	-	253,350	(390,439)	39.35%	
FS_W-Petroleum Refining Emissions Report	717,374	383,859	1,101,234	-	176,575	-	-	-	-	-	-	-	176,575	(924,658)	16.03%	
SUM	\$41,459,535	\$22,364,901	\$63,824,436	\$6,552,016	\$42,227,960	\$1,900,983	\$911,597	\$1,374,205	\$998,463	\$1,454,086	\$1,213,551	\$8,188	\$55,751,837	(\$8,072,599)	87.35%	

Appendix B: 2022 Cost Recovery and Containment Policy

Adopted December 7, 2022

COST RECOVERY AND CONTAINMENT POLICY FOR BAY AREA AIR QUALITY MANAGEMENT DISTRICT REGULATORY PROGRAMS

PURPOSE

WHEREAS, the Air District has the primary authority for the control of air pollution from all sources of air emissions located in the San Francisco Bay Area, other than emissions from motor vehicles, in accordance with the provisions of Health & Safety Code sections 39002 and 40000.

WHEREAS, the Air District is responsible for implementing and enforcing various Air District, State, and federal air quality regulatory requirements that apply to non-vehicular sources.

WHEREAS, the Air District's regulatory programs include but are not limited to permitting and notification programs, compliance and enforcement of permitted and registered facilities, compliance assistance at permitted and registered facilities, source testing and monitoring at permitted facilities, rule development for regulated industries, the development of the emissions inventory for permitted and registered facilities and other permit work at permitted facilities.

WHEREAS, the Air District is authorized to assess fees to regulated entities for the purpose of recovering the reasonable costs of regulatory program activities, and these authorities include those provided for in California Health and Safety Code sections 42311, 42364, and 44380.

WHEREAS, the Air District's fees fall within the categories provided in Section 1(e) of Article XIII C of the California Constitution, which indicates that charges assessed to regulated entities to recover regulatory program activity costs, and charges assessed to cover the cost of conferring a privilege or providing a service, are not taxes.

WHEREAS, the Air District has adopted, and periodically amends, a fee regulation for the purpose of recovering regulatory program activity costs, and this regulation with its various fee schedules, is used to allocate costs to fee payers in a manner which bears a fair or reasonable relationship to the payer's burden on, or benefits received from, regulatory activities.

WHEREAS, the Air District analyzes whether assessed fees result in the collection of sufficient revenue to recover the costs of related program activities; and Air District staff conduct these analyses on an annual basis, with an independent contractor review of these analyses and methodologies -conducted approximately every five years, with the most recent independent study conducted in 2022. Each fee study and cost recovery update completed revealed that District fee revenue falls short of recovering the costs of related program activities.

WHEREAS, the Air District's most recent independent fee report (2022 Cost Recovery Report, Bay Area Air Quality Management District, May 2022) concluded that in Fiscal Year Ending (FYE) 2021, the Air District recovered approximately 83.7 percent of its fee-related activity costs (up from 65 percent in FYE 2011), resulting in an under-recovery of costs (i.e., a cost recovery gap), and a subsidy to fee payers, of approximately \$10.2 million, and that this cost recovery gap resulted despite the implementation of a number of strategies to contain costs.

WHEREAS, the Air District's Board of Directors has recognized since 1999 that the Air District's cost recovery gap has been an issue that needs to be addressed, and since that time has adopted annual fee amendments in order to increase fee revenue.

WHEREAS, the Air District's Board of Directors adopted a policy in 2012 with a goal to increase overall recovery of regulatory program activity costs to 85 percent.

WHEREAS, in addition to fee revenue, the Air District receives revenue from Bay Area counties that is derived from property taxes, and a large portion of this tax revenue has historically been used on an annual basis to fill the cost recovery gap.

WHEREAS, the tax revenue that the Air District receives varies on a year-to-year basis, and cannot necessarily be relied on to fill the cost recovery gap and also cover other Air District operational costs necessitating, in certain years, the use of reserve funds. WHEREAS, tax revenue that the Air District receives, to the extent that it is not needed to fill the cost recovery gap, can be used to fund initiatives or programs that may further the Air District's mission but that lack a dedicated funding source.

WHEREAS, it may be appropriate as a matter of policy to establish specific fee discounts for small businesses, green businesses, or other regulated entities or members of the public, where tax revenue is used to cover a portion of regulatory program activity costs, and the Air District's existing fee regulation contains several fee discounts of this type.

POLICY

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bay Area Air Quality Management District that:

(1) Cost Containment – In order to ensure that the costs of its regulatory programs remain reasonable, the Air District should continue to implement feasible cost containment measures, including the use of appropriate best management practices, without compromising the Air District's effective implementation and enforcement of applicable regulatory requirements. The Air District's annual budget documents should include a summary of cost containment measures that are being implemented.

(2) Analysis of Cost Recovery – The Air District should continue to analyze the extent to which fees recover regulatory program activity costs, both on an overall basis, and at the level of individual fee schedules. An independent review of the Air District cost recovery analyses should be periodically completed by a qualified Air District contractor and should be updated on an annual basis by Air District staff using a consistent methodology.

(3) Cost Recovery Goals – It is the general policy of the Air District, except as otherwise noted below, that the costs of regulatory program activities be fully recovered by assessing fees to regulated entities. To move towards this goal, the Air District should amend its fee regulation over the next several years, in conjunction with the adoption of the Air District budget, in a manner sufficient to increase overall recovery of regulatory program activity costs to 100 percent. Proposed amendments to specific fee schedules should also be made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being adopted for the schedules that have the larger cost recovery gaps. Proposed fee amendments should include fee-recoverable work that is currently not being charged a fee. As allowed by law, any proposed regulatory measures should also propose new fees or fee amendments that are designed to recover increased regulatory program implementation costs concurrent with rule adoption, unless the Board of Directors determines that a portion of those costs should be covered by tax revenue. Tax revenue should also continue to be used to cover existing fee discounts that the Air District provides (e.g., for small businesses, green businesses, and third-party permit appeals).

BE IT FURTHER RESOLVED that this resolution is non-binding in the case of unforeseen financial circumstances, and may also be reconsidered or updated by the Air District's Board of Directors.

Appendix C: Fee Schedule V Cost Recovery Analysis

Schedule V (Open Burning) Analysis

In the past, cost recovery for Schedule V was calculated on all costs and revenue related to Open Burning. The Air District’s Open Burn Program is comprised of individual Operation Fees based on burn type. Schedule V includes five Open Burning Operation Fees for these burn types - Notifications, Marsh Management, Prescribed Burning, Filmmaking/Public Exhibition, and Stubble. Air District staff refined the cost recovery analysis to examine each individual fee in Schedule V to ensure the costs associated with one burn type would not impact fee payers of another burn type.

FIGURE 1 – Fee Revenue and Program Costs for Individual Open Burn Types, FYE 2023

Burn Type	Salary	Benefits @ 61.4%	Indirect @ 64%	Total Expense	Revenue	Cost Recovery %
Notification	\$92,446	\$66,356	\$94,674	\$253,476	(\$288,496)	114%
Marsh	\$18,384	\$11,288	\$18,990	\$48,662	(\$3,771)	8%
Prescribed	\$179,006	\$109,910	\$184,906	\$473,821	(\$7,525)	2%
Total	\$289,836	\$187,553	\$298,570	\$775,959	(\$299,792)	39%

Figure 1 shows that collected revenue exceeds costs for Notifications, and there were revenue shortfalls for Marsh Burns and Prescribed Burning.

Prescribed Burning

In November 2019, the Air District Board of Directors adopted a Limited Fee Exemption for Public Agencies that waived the Operation Fee for public agencies conducting prescribed burns. In 2023, approximately 90% of prescribed burn projects were conducted by public agencies. Given the Limited Fee Exemption, the Prescribed Burning Program cannot be fully funded through its Operation Fee. Prescribed Burning will be changed to “No Revenue Source” in the Cost Recovery process.

Filmmaking/Public Exhibition and Stubble fires

In FYE 2023, there were no costs or revenue associated with these two Operation Fees.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Air District's Proposed Budget for Fiscal Year 2024-2025

RECOMMENDED ACTION

This is an action item for the Finance and Administration Committee to refer the following recommendations to the Board of Directors:

1. Conduct public hearings on the Fiscal Year 2024-2025 Proposed Budget; and
2. Adopt the Fiscal Year 2024-2025 Proposed Budget with proposed staffing recommendations; and
3. Allocate \$5 million to the California Employers Pension Prefunding Trust (CEPPT) for Pension pre-funding purposes.

BACKGROUND

Under Section 9.3 of the Air District's Administrative Code, the Executive Officer or their designee is required to present the Fiscal Year 2024-2025 Proposed Budget to the Finance and Administration Committee at its March meeting to receive direction, and is required to present the final Proposed Budget to the Committee at its April meeting for the Committee's approval. At today's meeting, staff will present the Fiscal Year 2024-2025 Proposed Budget to the Committee to allow the Committee to provide feedback and direction. If the Committee has no additional requests or direction, the Committee may consider recommending the Proposed Budget for adoption by the Board of Directors. This item will be presented by Dr. Philip Fine, Executive Officer/Air Pollution Control Officer.

DISCUSSION

At the meeting, staff will present the proposed Fiscal Year (FY) 2024-2025 Proposed Budget for the Committee's discussion and consideration. The Committee will consider recommending the FY 2024-2025 Proposed Budget to the Board of Directors. The Board of Directors is required to hold two public hearings before taking action to adopt the proposed budget.

In the FY 2024-2025 Proposed Budget, comprising \$154 million from the General Fund and \$137 million from Special Funds, we have allocated an increase of \$16.68 million compared to the previous fiscal year. This additional funding will advance key initiatives aligned with the Air District's strategic goals.

Key recommendations within this budget increase include:

- Funding for nineteen (19) additional Full-time Equivalent (FTE) positions to bolster critical programs and enhance service delivery, supported by additional penalty assessments and General Fund reserves as a short-term investment strategy.
- Continuation of funding for seven (7) Limited Term Contract Employees (LTCE) to support the AB 617 program, utilizing AB 617 implementation Grant Funds.
- Allocation of \$6.8 million for one-time investments to address essential services and acquire necessary capital assets.
- Implementation of fee increases consistent with the Cost Recovery Policy, ensuring sustainable funding for our operations.
- A 4.5% cost of living increase for Air District employees to mitigate the impact of economic inflation.
- Provision for an average 7% vacancy savings to accommodate recruitment timelines and attrition due to retirements.
- Continued commitment to pre-funding pension and other post-employment benefits liabilities, by the Air District's funding policy.
- Establishment of a formal reserve policy to address economic uncertainties and maintain adequate cash flow.
- Investment in various grant incentive programs and projects across the nine Bay Area counties.

To support critical programs and enhance service delivery, staff is recommending nineteen (19) additional Full-Time Equivalent (FTE) positions, which will be supported by penalty assessments and General Fund reserves as a short-term investment strategy. The proposed cost impact for this recommendation is approximately \$3.9 million and is summarized in Table 1 below. Further details on the recommended positions can be found in Attachment A.

Table 1 summarizes the cost impacts for the 19 new FTEs requested in each division.

Division	FTE	Annual Cost
Compliance & Enforcement	5	\$952,745
Engineering	5	\$1,094,412
Strategic Incentives	1	\$206,562
Administration Resources	1	\$190,549
Human Resources	1	\$162,850
Information Services Operations	1	\$150,901
Enterprise Technology Solutions	1	\$194,407
General Counsel	1	\$290,125
Communications	1	\$260,744
Rules	1	\$260,744
Meteorology & Measurements	1	\$206,562
Total	19	\$3,970,601

Apart from the (nineteen) 19 staffing recommendations, staff is seeking reclassification of positions to enhance organizational operations. This recommendation will generate approximately \$126,110 in total cost savings, as outlined in Table 2 below. For more in-depth information on the recommended reclassifications, please refer to Attachment A.

Table 2 summarizes the 8 reclassifications requested in each division

Division/Office	Reclassification	Annual Impact
Communication Office	1	(42,904)
Enterprise Technology Solutions	1	6,409
External Affairs	1	(76,040)
Finance	1	(32,534)
Human Resources Office	1	20,737
Information System	1	-
Meteorology & Measurement	2	(12,399)
Rules & Strategic Policy	1	10,621
Total		(126,110)

The staffing roster of the Air District has been revised to incorporate all staffing recommendations, which are outlined in Appendix G of the FY 2025 Proposed Budget. Furthermore, staff proposes designating a \$1.8 million reserve for Limited Term Contract Employee (LTCE) Staffing and Technology Implementation Grant funds, aimed at facilitating up to six (6) additional LTCE positions for a maximum duration of up to three (3) years. With the updated terms outlined in the Memorandum of Understanding, the Air District can hire LTCEs to fulfill tasks arising from grant programs or to fill temporary vacancies resulting from District employees accepting limited-term appointments. The proposed budget does not include these additional LTCE positions. As part of the budget actions to adopt the FY 2025 Budget, staff will seek authorization to transfer reserves from the \$1.8 million allocated for Limited Term Contract Employee Staffing Reserve to fill the three (3) positions not funded by a grant.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The total consolidated FY 2024-2025 proposed budget is \$291 million, which includes \$154 million for the General Fund Budget and \$137 million for the Special Fund Budget. The proposed budget includes costs associated with the nineteen (19) FTE positions in each of the respective division and program budgets.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Hyacinth Hinojosa

ATTACHMENTS:

- 1. Attachment A: FY 2025 Proposed Staffing Justification
- 2. Attachment B1: Appendix G FY 2025 Proposed Authorized Staffing for Full Time Equivalent (FTE)
- 3. Attachment B2: Appendix G_FY 2025 Proposed Authorized Staffing for Limited Term Contract Employees (LTCE)
- 4. Budget in Brief Document
- 5. BAAQMD FYE 2025 Proposed Budget

Attachment A: Staffing Justification

FYE 2025 FTE Staffing Requests	
Division	Justification
Administrative Resources	An additional staff position is needed to effectively manage the increasing procurement workload, address evolving responsibilities, and accommodate proposed policy changes. This staff will provide much-needed support for day-to-day tasks like documentation, data entry, and contractor correspondence. By handling routine responsibilities, this role will allow for a strategic redistribution of higher-level duties among existing team members. Given the over 50 procurements, 500 contract documents, and 2,200 purchase orders processed in 2023 alone, adding dedicated capacity at the Staff Specialist level is critical for optimizing efficiency and positioning the Business Office for sustained success amid increasing volume and complexity.
Staff Specialist I/II (1)	
Communications	The Communications Office has experienced a substantial increase in workload due to more media inquiries, outreach demands, crisis communications, incident response requirements from wildfires, industrial incidents, AB617 activities, controversial rules, legal actions, and HR issues. This heightened workload has significantly strained the small team, requiring the Communications Director and Manager to consistently handle after-hours responsibilities. A new Media Manager position is requested to manage the evolving challenges and ensure timely and high-quality communications. This role would bolster our capacity to strategize and execute media campaigns, provide rapid incident response, and deliver consistent messaging - ultimately enhancing our efficiency, responsiveness, and the Air District's reputation for reliable public communications.
Manager (1)	
Compliance & Enforcement	To address significant workload challenges stemming from increased responsibilities under CARB's ACTM and MOUs, EPA's Title V program, additional inspections for SID programs and rule development support, expanded coverage areas leading to more travel time, and a heightened need for incident response staffing - all while facing a 14 inspector position reduction since 2017 leaving only 48 authorized field inspectors - I am requesting five (5) new Air Quality Specialist I/II FTEs in Compliance and Enforcement. This critical staffing augmentation will allow the division to effectively maintain core inspection duties, provide adequate incident response, enable enhanced inspections under AB617, support enforcement against unpermitted facilities per audit findings, and facilitate collaboration on complex sources like refineries - ensuring the Air District can meet expanding priorities and obligations with appropriate resources.
Air Quality Specialist I/II (5)	
Engineering	To address significant permit backlogs and understaffing identified in audits by Sjoberg & Evashenk and the US EPA Title V Program Evaluation, the Engineering Division is requesting five new FTEs. Two Senior Air Quality Engineer positions dedicated to refineries, which are highly complex sources impacting environmental justice communities, will support intricate applications including Title V permits. A Principal Air Quality Engineer for Organics Recovery and Title V will focus on delayed permits for landfills, composting, wastewater, and emerging technologies like pyrolysis and gasification projects with novel emission factors. Another Senior Air Quality Engineer for Material Handling will tackle complex permits affecting EJ areas, such as metal shredding facilities, as well as unique sources like EV/battery manufacturing and cannabis cultivation still lacking clear regulatory
Principal Air Quality Engineer (1)	
Senior Air Quality Engineer (4)	

Attachment A: Staffing Justification

	guidance. Shifting less technical work to Air Quality Specialists will further allow engineers to concentrate on more complex permitting, mitigating backlogs through strategic staffing augmentation.
Human Resources Office	While the Bay Area Air Quality Management District's staffing has grown 11% since 2019, with many positions filled internally doubling recruitment efforts, the Human Resources department's headcount has remained stagnant despite the challenges of pandemic-impacted public sector hiring. Simultaneously, the HR team's workload has intensified with implementing the Corrective Action Plan's multiple projects and the transient nature of temporary hires who often depart for permanent roles, resulting in loss of institutional knowledge. To provide stable assistance with high-volume recruiting, onboarding, reporting, compliance tracking, and project support while allowing HR analysts to prioritize strategic initiatives, a new Human Resources Technician position is needed. This permanent role will build lasting HR competencies within the team and alleviate administrative burdens hindering higher-level workforce management objectives.
Human Resources Technician II (1)	
Information Services Operations	The Document Management Section is currently staffed with one Assistant Manager and one temporary Assistant Staff Specialist I, which has proven insufficient to make meaningful progress migrating legacy backfile into the electronic repository per Board Policy and State law requirements. An additional permanent position is needed to accelerate backlog migration by sharing administrative responsibilities with the existing staff. This will allow the Assistant Manager to concentrate on program development, contract management, and policy document creation critical to optimizing section operations and compliance. Augmenting personnel is essential for the Document Management Section to effectively manage the Air District's official records repository in adherence with governing policies.
Assistant Staff Specialist I/II (1)	
Legal Services	The Legal Division is currently understaffed to effectively handle the Air District's expanding workload and priorities. Additional attorney resources are critically needed to bolster enforcement credibility through more forceful settlement negotiations and Hearing Board cases, resolve permitting backlogs contributing to ongoing compliance issues, provide legal guidance on complex regulatory matters, and support new initiatives like CERP development in East Oakland and Bayview Hunters Point communities. Incorporating Title VI civil rights analyses into permitting, overhauling the cost-recovery structure, and increased staffing across the agency will further increase legal work. Hiring one new attorney would reduce our reliance on outside counsel for routine work like Public Records Act requests and litigation, allowing efficient in-house handling, cost savings on fees, and valuable experience for developing our attorneys' skillsets. Augmenting the Legal team is essential to keep pace with the Air District's mounting requirements and uphold its mission.
Assistant Counsel I/II (1)	
Meteorology & Measurement	The Meteorology and Measurements Division, responsible for collecting EPA-required air quality data across 30 monitoring stations, is hampered by outdated and failing data acquisition systems leading to data quality issues. With no dedicated staff for maintaining these critical systems, the Division requests one new Senior Air Quality Specialist FTE. This role will spearhead modernizing, maintaining, and future-proofing the data acquisition infrastructure by heading a team to address the current inadequate setups causing data integrity problems and
Senior Air Quality Specialist (1)	

Attachment A: Staffing Justification

	reporting delays. The position will oversee installation, configuration, maintenance, and testing environments for new instrumentation - ensuring the Division can reliably meet its air monitoring obligations.
Information Services Development	For the past 15 years, the Air District has primarily relied on vendor contracts for software development, resulting in limited transfer of technical expertise and product knowledge to internal staff. In accordance with the My Air Online performance audit recommendations, the Air District aims to recruit an experienced software developer proficient in modern techniques. This hands-on resource will serve as the technical lead for documenting and maintaining vendor-developed systems, allowing the Air District to gain a deeper understanding of these products and reduce longstanding dependencies on software vendors. While vendor engagements will continue, this dedicated in-house role is crucial for building internal software capabilities and oversight to optimize system development and maintenance moving forward.
Systems Analyst (1)	
Rules	The Rules & Strategic Policy Division, currently staffed with 11 FTEs including one Director, one Manager, and three Senior Air Quality Specialists, is responsible for developing regulations to implement air quality plans. However, with rising demands from AB 617 implementation, internal streamlining efforts, and expectations for increased policy leadership, the Division must increase its productivity from 1-3 rules per year to 5 rules annually. To achieve this heightened output, additional managerial and staff resources are needed. Specifically, one new Manager FTE is requested to provide guidance and supervision to less experienced staff members, allowing the Director to focus on strategic planning and review functions, ultimately enabling the Division to meet its amplified rulemaking obligations.
Manager (1)	
Strategic Incentives	A senior staff position is requested to implement community-identified emission reduction strategies under AB 617, new and diversified revenue streams are needed as existing funding sources have limitations or uncertain futures. Developing new programs like lawn/garden and engine replacement incentives, modifying others like fireplace changeouts, securing reauthorization for Carl Moyer and MSIF funds before 2034, advocating for increased administrative funding, and preparing for competitive grants to support large-scale zero-emission transitions all require dedicated resources. This request proposes creating a staff position focused on proactive research into technical feasibility, draft funding comments, new revenue applications, program development plans, board approval facilitation, contract negotiations, guidance documentation, website/outreach content, and grants management system integration. With a role dedicated to continuously seeking funds and launching new initiatives, the Air District can ensure timely rollout of prioritized AB 617 community projects despite operational lags between award and implementation.
Senior Staff Specialist (1)	

Attachment A: Staffing Justification

LTCE Request FYE2025	
Division	Justification
Technology Implementation	
Assistant Staff Specialist I/II	To support the growing workload for successful electric vehicle (EV) and EV charging infrastructure programs with recent increases in grant allocations, two new limited-term contract employee (LTCE) positions are requested in the Technology Implementation Office for an estimated two-year term. Two Staff Specialists LTCE are needed to administer a newly awarded federal grant expanding EV initiatives. Additionally, an Assistant Staff Specialist LTCE will provide vital administrative assistance for the Clean Cars for All program, which is receiving its largest grant to date and requires enhanced one-on-one participant support to manage the high application volume. These temporary roles will supply the dedicated resources necessary to effectively implement and scale up EV adoption efforts in alignment with increased program funding levels.
Staff Specialist I/II	
Staff Specialist I/II	
Software Application Development	
Systems Analyst (SID/SAD)	Grants Management systems (GMS) used by the Strategic Incentives Division (SID) that is used for Carl Moyer and other state grant sources of funding have grown obsolete and can no longer be updated to store required data. A new consolidated GMS is urgently needed for SID to enable efficient data-gathering capabilities and allow reporting flexibility for greater transparency of incentive program results. A staff person who is fluent in IT is needed to lead and oversee the process of developing this new GMS and to be the lead staff acting as the local administrator to maintain the system after it is built.
Meteorology & Measurement Division	
Air Quality Specialist I/II	To establish a dedicated team providing critical technical and field support for air quality data acquisition systems plagued by reporting delays, two LTCE positions are sought rather than contractors to reduce the management burden. This team would focus on installing, setting up, maintaining, and repairing telecommunications infrastructure, organizing records, and planning/overseeing modernization efforts based on a multi-year roadmap. The Air Quality Specialist I/II would provide comprehensive organization of laboratory data and records. The Senior Air Quality Specialist will lead technical support for the modernization, installation, setup, maintenance, and repair of data acquisition systems, telecommunications infrastructure, and other measurement and reporting systems for air quality data.
Senior Air Quality Specialist	

Attachment A: Staffing Justification

Add/Delete Requests FYE2025		
Meteorology & Measurement Division		
Old Position Title	New Position Title	Justification
Senior Air Quality Chemist	Air Quality Chemist I/II	As experienced senior staff members retire, these add/deletes create opportunities for advancement among existing employees. This strategy allows the team to backfill the senior position internally by promoting current staff, while bringing in new talent at the entry-level.
Assistant Manager	Manager	The Meteorology and Measurement Division requires an additional manager to focus on coordination and addressing key needs for the regulatory monitoring network including data quality assurance to address findings from recent audits from the U.S. EPA and the siting and installation of new monitors in refinery communities.
Rules & Strategic Policy Division		
Old Position Title	New Position Title	Justification
Senior Air Quality Engineer	Principal Air Quality Specialist	As staff members continue to gain experience and progress in their role, this add/delete creates an opportunity for advancement among existing employees. This strategy allows the team to backfill the principal position internally by promoting current staff, while bringing in new talent in other positions. The position would provide lead capabilities on more complex projects and can provide project guidance and advisory support for existing and new staff, including new LTCE positions.
Human Resources Office		
Old Position Title	New Position Title	Justification

Attachment A: Staffing Justification

Senior Human Resources Analyst	Principal Human Resources Analyst	HR currently has multiple Senior Analyst positions and no Principal Analyst, leaving a gap in our career ladder. The reclass of this position would allow for a full suite of Human Resource professionals, allowing us to “grow our own” and add to HR employees feeling that the Air District is invested in their growth and development. The Principal Analyst would provide day-to-day guidance and expertise to staff working on some of the projects listed above and in addition, would be our “data guru” assisting with the organization’s growing need to create reports, provide data analysis, and put forth recommendations allowing for smarter decision making with regards to improvements of our processes.
Finance Office		
Old Position Title	New Position Title	Justification
Accountant	Accounting Assistant I/II	A request is being made to delete the vacant Accountant position and add one (1) new Accounting Assistant position within the Finance Office. With the agency’s expanding operations, there is a need for additional support in the accounts payable function and other administrative duties to meet the growing operational needs.
External Affairs		
Old Position Title	New Position Title	Justification
Manager	Principal Staff Specialist	A request is being made to delete the vacant Manager position and add one (1) Principal Staff Specialist within the External Affairs Office to provide lead direction on specific complex assignments that require research, development and implementation of projects supporting the work of the Air District.
Enterprise Technology Solutions		
Old Position Title	New Position Title	Justification

Attachment A: Staffing Justification

Assistant Manager	Manager	A promotional recruitment from assistant manager to manager is needed for the reason there are management duties are not being effectively and efficiently addressed. Establishing this promotional opportunity will provide retention and development opportunities and provide proper oversight, streamline decision-making processes, and enhance overall efficiency within the division This step is crucial for addressing gaps in leadership and promoting a more organized and effective division.
Information Services		
Old Position Title	New Position Title	Justification
Principal Systems Analyst	Principal Cybersecurity Analyst	To address the Human Resources Management Audit recommendation for centralizing information systems administration and creating a cybersecurity program overseen by IT professionals aligned with agency priorities, staff recommend and add/delete of the current Principal Systems Analyst to a Principal Cybersecurity Analyst. This specialized role will focus on ensuring proper security controls and confidentiality measures are implemented across the Air District's information systems. This specialized cybersecurity expert will focus on developing and implementing policies, procedures, and technical controls to protect the confidentiality, integrity, and availability of the Air District's information assets.
Add/Delete and Position Transfer Requests FYE2025		
Executive Office		
Old Position Title	New Position Title	Justification
Assistant Manager	Staff Specialist I/II	A request is being made to delete the vacant Assistant Manager position in the Executive Office and add one (1) new Staff Specialist position in the Communications Division.

Attachment A: Staffing Justification

Position Transfer Requests FYE2025	
Executive Division to Public Affairs Service Area, External Affairs Division	
Positions being transferred	Justification
Director	With the creation of the Public Affairs Service Areas, External Affairs will move from Executive to Public Affairs. Positions in External Affairs will be moved from the Executive Division to the newly created Public Affairs Service Area.
Manager	
Assistant Staff Specialist	

APPENDIX G - FTE FY25

FYE 2025 Proposed Full-Time Equivalent (FTE) Positions

Table 1: The positions listed in Table 1, below, constitute the entirety of authorized permanent full-time positions and division assignments at the designated classifications for Fiscal Year Ending (FYE) 2024 as shown in the first column. The second column FYE 24 AMEND authorized staffing as presented below includes the staffing changes approved by the Board at its December 20, 2023 meeting. The FYE 25 column represents proposed changes to the designated classifications and/or division assignments (if any) which is reflected in the "difference" column. The total proposed staffing for FYE 2025 includes 19 additional FTEs bringing the total to 491 FTEs.

Division	Position Classification	Salary Range ID	FYE 24 ORIG	FYE 24 AMEND	FYE 25 PROPOSED	Difference
Administrative Resources						
	Director/Officer	156	1	1	1	
	Facilities Maintenance Worker	108	1	1	1	
	Manager	148	2	2	2	
	Senior Executive Assistant	134	1	1	1	
	Senior Staff Specialist	138		1	1	
FY25 Proposed	Staff Specialist I/II	130/134			1	1
	Staff Specialist I/II	130/134	6	7	7	
	Supervising Staff Specialist	142	3	1	1	
	Principal Staff Specialist	142				
Administrative Resources Total			14	14	15	+1
Assessment, Inventory & Modeling						
	Advanced Projects Advisor	144	2	2	2	
	Air Quality Engineer I/II	132/136	2	2	2	
	Air Quality Meteorologist I/II	131/135	1	1	1	
	Atmospheric Modeler	140	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	2	2	2	
	Principal Air Quality Engineer	144	3	3	3	
	Research Analyst	130	1	1	1	
	Senior Advanced Projects Advisor	148	2	2	2	
	Senior Air Quality Engineer	140	1	1	1	
	Senior Atmospheric Modeler	144	1	1	1	
	Statistician	137	1	1	1	
Assessment, Inventory & Modeling Total			18	18	18	
Communications						
	Assistant Staff Specialist I/II	122/126	2	2	2	
	Director/Officer	156	1	1	1	
FY25 Proposed	Manager	148			1	1
	Manager	148	1	1	1	
	Public Information Officer I/II	130/134	5	5	5	
FY25 Reclass/Transfer	Staff Specialist I/II	130/134			1	1
	Senior Public Information Officer	138	1	1	1	
Communications Total			10	10	12	+2
Community Engagement						
	Administrative Assistant I/II	114/118	1	1	1	
	Assistant Manager	147	1	1	1	
	Assistant Staff Specialist I/II	122/126	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	2	2	2	
	Public Information Officer I/II	130/134	1	1	1	
	Senior Air Quality Engineer	140	1	1	1	
	Senior Staff Specialist	138	5	5	5	
	Staff Specialist I/II	130/134	4	4	4	
Community Engagement Total			17	17	17	
Compliance & Enforcement						
	Administrative Assistant I/II	114/118	2	2	2	
	Air Quality Engineer I/II	132/136	1	1	1	
FY25 Proposed	Air Quality Specialist I/II	130/134			5	5
	Air Quality Specialist I/II	130/134	44	44	44	
	Air Quality Technician I/II	122/126	6	6	6	
	Assistant Air Quality Specialist I/II	122/126	2	2	2	
	Director/Officer	156	1	1	1	
	Manager	148	5	5	5	
	Principal Air Quality Specialist	142	1	2	2	
	Radio/Telephone Operator	113	4	4	4	

APPENDIX G - FTE FY25

Division	Position Classification	Salary Range ID	FYE 24 ORIG	FYE 24 AMEND	FYE 25 PROPOSED	Difference
	Radio/Telephone Operator Supervisor	119				
	Senior Advanced Projects Advisor	148	1	1	1	
	Senior Air Quality Engineer	140	3	3	3	
	Senior Air Quality Specialist	138	11	11	11	
	Senior Air Quality Technician	130	2	2	2	
	Supervising Air Quality Specialist	142	10	10	10	
Compliance & Enforcement Total			93	94	99	+5
Diversity, Equity & Inclusion						
	Director/Officer	156		1	1	
	Manager	148	1			
	Senior Staff Specialist	138		1	1	
	Staff Specialist I/II	130/134	1	1	1	
Diversity, Equity & Inclusion Total			2	3	3	
Engineering						
	Administrative Assistant I/II	114/118	4	4	4	
	Air Quality Engineer I/II	132/136	21	21	21	
	Air Quality Permit Technician I/II	122/126	2	2	2	
	Air Quality Specialist I/II	130/134	3	4	4	
	Air Quality Technician I/II	122/126	5	5	5	
	Assistant Manager	147	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	5	5	5	
	Principal Air Quality Engineer	144	4	5	5	
FY25 Proposed	Principal Air Quality Engineer	144			1	1
	Senior Advanced Projects Advisor	148	1	1	1	
FY25 Proposed	Senior Air Quality Engineer	140			4	4
	Senior Air Quality Engineer	140	9	9	9	
	Senior Air Quality Technician	130	2	1	1	
	Supervising Air Quality Engineer	144	12	12	12	
	Supervising Air Quality Specialist	142	1	1	1	
	Supervising Systems Analyst	139	1	1	1	
	Toxicologist	144	1	1	1	
Engineering Total			73	74	79	+5
Enterprise Technology Solutions						
FY25 Reclass	Assistant Manager	147	4	4	3	-1
FY25 Reclass	Manager	148			1	1
	Director/Officer	156	1	1	1	
FY25 Proposed	Systems Analyst	135			1	1
	Supervising Systems Analyst	139	1	1	1	
	Systems Analyst	135	1	1	1	
	Web Master	135	1	1	1	
Enterprise Technology Solutions Total			8	8	9	+1
Executive						
	Administrative Assistant I/II	114/118	1	1	1	
	Air Quality Technician I/II	122/126	1			
FY25 Transfer	Assistant Staff Specialist I/II	122/126		1		-1
FY25 Reclass/transfer	Assistant Manager	147	1	1		-1
	Clerk of the Boards	132	1	1	1	
	Deputy Air Pollution Control Officer	160	2	2	2	
	Deputy Executive Officer	169	5	5	5	
FY25 Transfer	Director/Officer	156	4	2	1	-1
	Executive Assistant I/II	128/132	2	2	2	
	Executive Officer/Air Pollution Control Officer	Contract	1	1	1	
FY25 Transfer	Manager	148	3	4	3	-1
	Principal Environmental Planner	142	1	1	1	
	Senior Advanced Projects Advisor	148	2	3	3	
	Senior Executive Assistant	134	3	4	4	
Executive Total			27	28	24	-4
External Affairs						
FY25 Transfer	Director/Officer	156			1	1
FY25 Transfer	Assistant Staff Specialist I/II	122/126			1	1
FY25 Reclass/transfer	Principal Staff Specialist	142			1	1
FY25 Reclass/transfer	Manager	148				
External Affairs Total					3	3

APPENDIX G - FTE FY25

Division	Position Classification	Salary Range ID	FYE 24 ORIG	FYE 24 AMEND	FYE 25 PROPOSED	Difference
Finance Office						
FY25 Reclass	Accountant I/II	130/134	6	6	5	-1
FY25 Reclass	Accounting Assistant I/II	122/126	3	3	4	1
	Assistant Manager	147				
	Director/Officer	156	1	1	1	
	Fiscal Services Supervisor	142	1	1	1	
	Manager	148	3	3	3	
	Senior Payroll Analyst	138	1	1	1	
	Senior Staff Specialist	138	1	1	1	
	Staff Specialist I/II	130/134	1	1	1	
	Supervising Staff Specialist	142	1			
	Systems Analyst	135	1			
	Principal Human Resources Analyst	142		1	1	
Finance Office Total			19	18	18	
Human Resources Office						
	Assistant Manager	147				
	Director/Officer	156	1	1	1	
FY25 Proposed	Human Resources Technician II	122/126			1	1
	Human Resources Analyst I/II	130/134	1	1	1	
	Manager	148	2	2	2	
FY25 Reclass	Principal Human Resources Analyst	142	1		1	1
FY25 Reclass	Senior Human Resources Analyst	138	5	5	4	-1
Human Resources Office Total			10	9	10	+1
Information Service Operations						
	Air Quality Specialist I/II	130/134	1	1	1	
	Assistant Air Quality Specialist I/II	122/126	1	1	1	
FY25 Proposed	Assistant Staff Specialist I/II	122/126			1	1
	Assistant Manager	147	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	3	3	3	
	Programmer Analyst I/II	127/131	1	1	1	
	Staff Specialist I/II	130/134				
	Supervising Systems Analyst	139	2	2	2	
	Systems Analyst	135				
	Supervising Staff Specialist	139		1	1	
FY25 Reclass	Principal Cybersecurity Analyst	142			1	1
	Principal System Analyst (Confidential)	142		1	-1	-1
FY25 Reclass	Systems Analyst	135	3	3	4	1
Information Service Operations Total			13	15	16	1
General Counsel						
FY25 Proposed	Assistant Counsel I/II				1	1
	Assistant Counsel I/II	149/153	8	8	8	
	Counsel	Contract	1	1	1	
	Legal Office Services Specialist	124	1	1	1	
	Senior Assistant Counsel	157	2	2	2	
	Staff Specialist I/II	130/134	4	4	4	
General Counsel Total			16	16	17	+1
Legislative						
	Director/Officer	156	1	1	1	
	Staff Specialist I	130/134	1	1	1	
Legislative Total			2	2	2	
Meteorology & Measurement						
	Administrative Assistant I/II	114/118				
	Advanced Projects Advisor	144	1	1	1	
	Air Quality Engineer I/II	132/136	3	3	3	
	Air Quality Laboratory Technician I/II	122/126	1	1	1	
	Air Quality Meteorologist I/II	131/135	2	2	2	
FY25 Reclass	Air Quality Chemist I/II	130/134			1	1
	Air Quality Specialist I/II	130/134	15	14	14	
	Air Quality Technical Assistant	118				
	Assistant Air Quality Specialist I/II	122/126	4	5	5	
FY25 Reclass	Assistant Manager	147	2	2	1	-1
	Assistant Staff Specialist I/II	122/126	3	3	3	
	Director/Officer	156	1	1	1	
FY25 Reclass	Manager	148	5	5	6	1

APPENDIX G - FTE FY25

Division	Position Classification	Salary Range ID	FYE 24 ORIG	FYE 24 AMEND	FYE 25 PROPOSED	Difference
	Principal Air and Meteorological Monitoring Sp	143	1	1	1	
	Principal Air Quality Chemist	142	3	3	3	
	Principal Air Quality Engineer	144	1	1	1	
	Principal Air Quality Meteorologist	143	1	1	1	
	Principal Air Quality Specialist	142	5	6	6	
FY25 Reclass	Senior Air Quality Chemist	138	2	2	1	-1
	Senior Air Quality Engineer	140	2	2	2	
FY25 Proposed	Senior Air Quality Specialist	138			1	1
	Senior Air Quality Specialist	138	10	10	10	
	Staff Specialist I/II	130/134	1	1	1	
	Supervising Air Quality Engineer	144	1	1	1	
	Supervising Air Quality Specialist	142	4	4	4	
	Systems Analyst	135	2	2	2	
Meteorology & Measurement Total			70	71	72	+1
Planning & Climate Protection						
	Administrative Assistant I/II	114/118				
	Advanced Projects Advisor	144	1	1	1	
	Assistant Manager	147	2	2	2	
	Assistant Staff Specialist	126	1	1	1	
	Director/Officer	156	1	1	1	
	Environmental Planner I/II	130/134	3	3	3	
	Manager	148	2	2	2	
	Principal Environmental Planner	142	2	3	3	
	Senior Advanced Projects Advisor	148	1	1	1	
	Senior Air Quality Engineer	140	1	1	1	
	Senior Air Quality Specialist	138	1	1	1	
	Senior Environmental Planner	138	4	4	4	
	Senior Policy Advisor	148	1	1	1	
Planning & Climate Protection Total			20	21	21	
Rules & Strategic Policy						
	Assistant Manager	147	1	1	1	
	Director/Officer	156	1	1	1	
FY25 Proposed	Manager	148			1	1
	Manager	148	1	1	1	
FY25 Reclass	Senior Air Quality Engineer	140	5	5	4	-1
FY25 Reclass	Principal Air Quality Specialist				1	1
	Senior Air Quality Specialist	138	3	3	3	
Rules Total			11	11	12	+1
Strategic Incentives						
	Administrative Assistant I/II	114/118	1	1	1	
	Assistant Staff Specialist I/II	122/126	4	6	6	
	Director/Officer	156	1	1	1	
	Manager	148	4	4	4	
FY25 Proposed	Senior Staff Specialist	138			1	1
	Senior Staff Specialist	138	5	5	5	
	Staff Specialist I/II	130/134	12	10	10	
	Principal Staff Specialist	142	1	1	1	
	Supervising Staff Specialist	142	4	4	4	
Strategic Incentives Total			31	32	33	+1
Technology Implementation						
	Assistant Staff Specialist I/II	122/126	2	2	2	
	Director/Officer	156	1	1	1	
	Manager	148	1	1	1	
	Senior Staff Specialist	138	2	2	2	
	Staff Specialist I/II	130/134	4	4	4	
	Supervising Staff Specialist	142	1	1	1	
Technology Implementation Total			11	11	11	
Grand Total			465	472	491	+19

APPENDIX G - LTCE FY25

FYE 2025 Proposed Limited Term Contract Employee (LTCE) Positions

Table 2: The positions listed in Table 2, below, constitute the entirety of limited term contract employee positions and division assignments at the designated classifications presented during fiscal year 2024 as shown in the FYE 24 AMEND column. The FYE 25 column represents proposed changes to the designated classifications and/or division assignments (if any) which is reflected in the “difference” column. The total proposed LTCE positions for next fiscal year includes 6 additional positions as shown in FYE 25 proposed column.

Division	Position Classification	Salary Range ID	FYE 24 ORG	FYE 24 AMEND	FYE 25 PROPOSED	Difference
Community Engagement						
	Staff Specialist I/II	130/134		2	2	-
Community Engagement Total			-	2	2	-
Information Service Operations						
FY25 Proposed	Systems Analyst	135	-	-	1	1
Information Service Operations Total			-	-	1	+1
Meteorology & Measurement						
FY25 Proposed	Air Quality Specialist I/II	130/134	-	-	1	1
FY25 Proposed	Senior Air Quality Specialist	138	-	-	1	2
Meteorology & Measurement Total			-	-	2	+3
Planning & Climate Protection						
	Environmental Planner	134		1	1	-
	Senior Environmental Planner	138		2	2	-
Planning & Climate Protection Total			-	3	3	-
Rules						
	(Engineering) Air Quality Specialist		-	2	2	-
Rules Total			-	2	2	-
Technology Implementation						
FY25 Proposed	Assistant Staff Specialist I/II	122/126	-	-	1	2
FY25 Proposed	Staff Specialist I/II	130/134	-	-	2	3
Technology Implementation Total			-	-	3	+3
Strategic Incentives						
	Principal Staff Specialist	142	-	1	1	-
Strategic Incentives Total			-	1	1	-
Grand Total			-	8	14	+6

FY 2024-25 PROPOSED BUDGET



April 2, 2024



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

I am pleased to share with you the FY 2024-25 Proposed Budget, totaling \$291 million, which has been developed to meet the diverse needs of our organization and the communities we proudly serve. This budget is a blueprint that will drive changes that make tangible differences in the health and quality of life for millions of Bay Area residents. A balanced budget, with \$9.7 million strategically drawn from General Fund reserves will invest in critical staffing resources, capital assets, and one-time services essential for supporting our mission to protect public health, reduce historical and current environmental inequities, and lessen climate impacts.

The proposed budget serves as a cornerstone in propelling the Air District's Strategic Plan forward. Over the next five years, we're working to reshape our workforce, streamline our operations, elevate our community engagement, and enhance our programs. As we navigate these changes, building public trust will be at the forefront of our endeavors. Through transparent and accountable actions, we aim to demonstrate the leadership needed to foster a stronger bond with the communities we serve. Our strategic plan goals have been developed collaboratively with input from all stakeholders, including Air District staff, external partners, community organizations, and the Board of Directors. The proposed budget reflects our commitment to aligning resources with these strategic priorities.

In the FY 2025 Proposed Budget, comprising \$154 million from the General Fund and \$137 million from Special Funds, we have allocated an increase of \$17.8 million compared to the previous fiscal year. This additional funding will cover increased staffing and operational costs while also advancing key initiatives aligned with the Air District's strategic goals. Key recommendations within this budget increase include:

- Funding for nineteen (19) additional Full-time Equivalent (FTE) positions to bolster critical programs and enhance service delivery, supported by additional penalty revenue and General Fund reserves as a short-term investment strategy.
- Continuation of funding for seven (7) Limited Term Contract Employees (LTCE) to support the Assembly Bill 617 (AB 617) program, utilizing AB 617 implementation Grant Funds.
- Allocation of \$6.8 million for one-time investments to address essential services and acquire necessary capital assets.
- Implementation of fee increases consistent with the Cost Recovery Policy, ensuring sustainable funding for our operations.
- A 4.5% cost of living increase for Air District employees to mitigate the impact of economic inflation.
- Provision for an average 7% vacancy savings to accommodate recruitment timelines and attrition due to retirements.
- Continued commitment to pre-funding pension and other post-employment benefits liabilities in accordance with the Air District's funding policy.
- Establishment of a formal reserve policy to address economic uncertainties and maintain adequate cash flow.
- Investment in various grant incentive programs and projects across the nine Bay Area counties.

Furthermore, this year's budget introduces an exciting overhaul: a fresh organizational structure that consolidates all divisions and programs into six streamlined service areas. This strategic restructuring is a bold move to amplify transparency and efficiency to deliver our mission in collaboration with Bay Area communities.

The new service areas — Engineering & Compliance, Equity & Community Programs, Finance & Administration, General Counsel, Public Affairs, and Science & Policy — will serve as pillars of our organizational framework with each playing a vital role in advancing our goals and serving the needs of our communities. I encourage you to learn more about each service area and gain further insights into our budgetary decisions by reviewing the accompanying budget brief.

Thank you for your continued support and partnership as we work together to ensure clean air and a sustainable future for all.



DR. PHILIP FINE, AIR DISTRICT EXECUTIVE OFFICER

BUDGET IN BRIEF

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REVENUES AND EXPENDITURES BY TYPE	2
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Board Priorities

The Air District aims to create a healthy breathing environment for every Bay Area resident while protecting and improving public health, air quality, and the global climate.

Goal 1: Achieve impact

Leverage the Air District's authorities and partnerships to create measurable reductions in emissions that provide benefits to all our communities.

- Reduce air pollution and related health impacts.
- Hold violators accountable.
- Enhance partnerships in support of clean air efforts.
- Mitigate climate change and its impacts.

Goal 2: Advance Environmental Justice

- Identify disparities in overburdened communities.
- Support, partner with, and build capacity of communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 3: Advance a Cohesive and Equitable Workplace

- Promote "One Air District."
- Embody diversity, equity, inclusion, accessibility, and belonging.
- Establish a work culture that values our employees.
- Align resources and budget with goals and priorities.

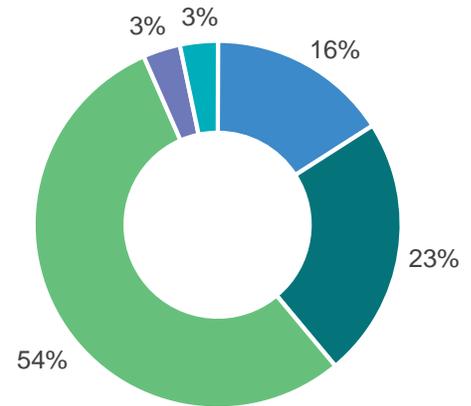
Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Make data and information more understandable, actionable, and available.
- Improve permitting outcomes.
- Use smart processes.
- Ensure accountability.

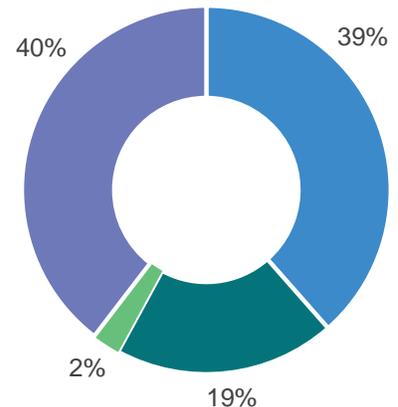
REVENUES AND EXPENDITURES BY TYPE

FY 2024-25 Revenues and Expenditures (\$ Millions)

Revenues		(\$ Millions)	
	Property Taxes	\$46.3	16%
	Permits/Fees	\$67.0	23%
	Grants	\$158.6	54%
	Other Revenue	\$9.6	3%
	Transfer From Reserves	\$9.7	3%
Total Revenues		\$291.1	

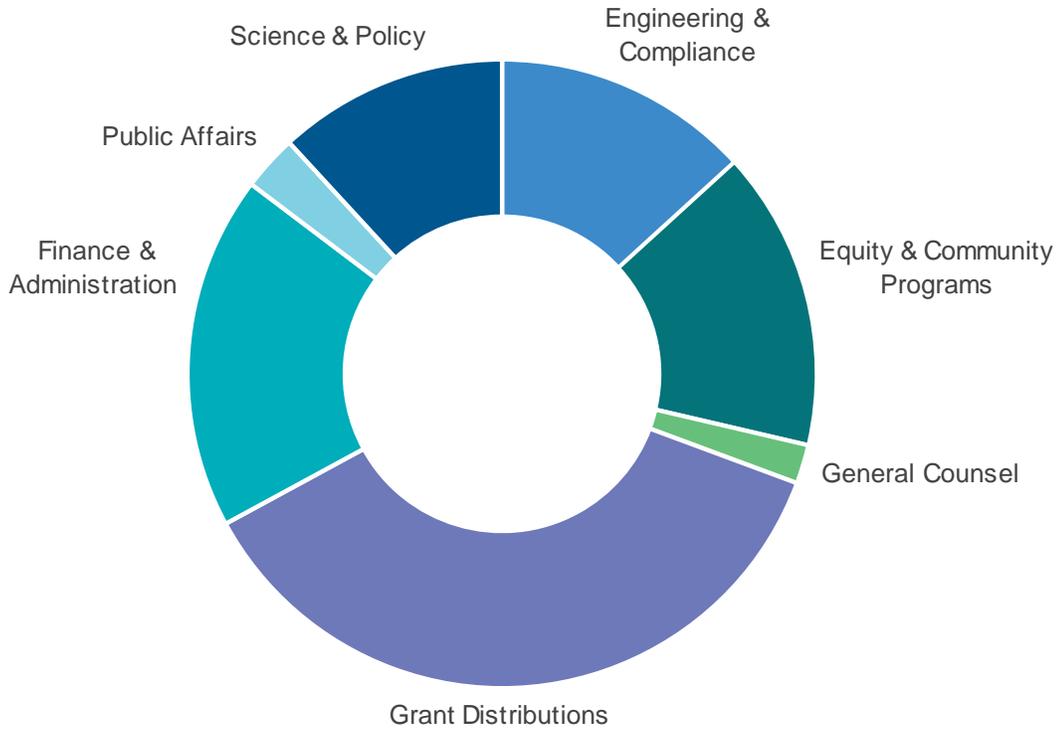


Expenditures			
	Salaries & Benefits	\$112.1	39%
	Services & Supplies	\$56.6	19%
	Capital	\$7.2	2%
	Distributions & Transfers	\$115.3	40%
Total Expenditures		\$291.1	



EXPENDITURES BY SERVICE AREA

FY 2024-25 Total Expenditures Budget: \$291.1 Million



Expenditures

	Engineering & Compliance	\$38.5	13%
	Equity & Community Programs	\$44.6	15%
	General Counsel	\$5.8	2%
	Grant Distributions/Others	\$106.0	36%
	Finance & Administration	\$53.1	18%
	Public Affairs	\$8.8	3%
	Science & Policy	\$34.4	12%
Total		\$291.1	

ENGINEERING & COMPLIANCE

INTRODUCTION

SERVICE AREA OVERVIEW

Engineering & Compliance oversees regulatory compliance and pollution control measures to safeguard air quality within the Bay Area. This service area is responsible for developing and implementing regulations, permitting processes, and enforcement actions to mitigate emissions from industrial sources, transportation, and other sources of pollution. By promoting best practices and technological advancements, Engineering & Compliance works to achieve regulatory compliance, reduce health risks, and protect the environment.

DIVISIONS

Compliance and Enforcement

The Compliance and Enforcement Division ensures the Air District will achieve the emission reductions through the air quality regulations adopted by the Board of Directors, and permit conditions issued by the Executive Officer/APCO. Compliance with Air District, state, and federal regulations is achieved through a robust Compliance Assurance and Enforcement Program. The program includes comprehensive inspections and investigations and a complementary Compliance Assistance Program that supports compliance objectives of the division by maintaining operations and assisting industry with air quality regulations and requirements.

Engineering

The primary function of the Engineering Division is to review and process new permit applications and renewals. There are about 10,000 facilities with about 26,000 devices and operations that have Air District permits. The Engineering Division also processes, reviews, issues, and renews Title V (Major Facility Review) permits for about 79 facilities. In addition to processing permits, the Engineering Division manages programs to assess and reduce risks from toxic air contaminants through implementation of: (1) Regulation 11, Rule 18, Reduction of Risk from Air Toxic Emissions at Existing Facilities, (2) the State Air Toxics Hot Spots Program, and (3) Regulation 2, Rule 5, New Source Review of Toxic Air Contaminants. Finally, the Engineering Division provides technical support to other divisions, agencies, and programs, including rule development, emissions inventory, compliance and enforcement, planning, monitoring and measurement, the Technology Implementation Office, and the Air District's Regional Climate Action Plan.

ENGINEERING & COMPLIANCE (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Implement Rule 11-18 to mitigate risks from toxic air contaminants at existing facilities.
- Ensure robust enforcement actions against polluters.
- Develop a Targeted Inspection Policy to address community concerns and noncompliance in overburdened areas.
- Update Incident Response Policy to improve investigation protocols and coordination with first responders and local agencies.
- Integrate Environmental Justice (EJ) considerations into permitting processes.
- Develop and execute a Permit Process Improvement Plan to enhance timeliness and customer service.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

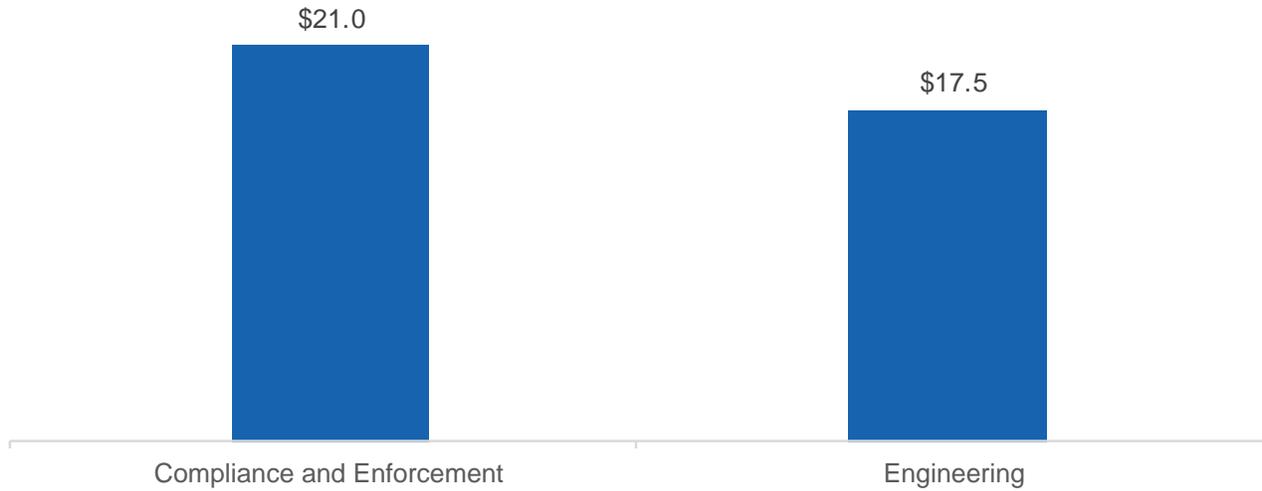
- Identify disparities in overburdened communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Make data and information more actionable and available.
- Improve permitting outcomes.
- Use smart processes.
- Ensure accountability.

ENGINEERING & COMPLIANCE (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Compliance and Enforcement	\$15.3	\$17.7	\$17.8	\$21.0	\$3.2	99
Engineering	\$12.4	\$15.3	\$16.6	\$17.5	\$2.2	79
Service Area Total	\$27.7	\$33.0	\$34.4	\$38.5	\$5.5	178

EQUITY & COMMUNITY PROGRAMS

INTRODUCTION

SERVICE AREA OVERVIEW

Equity & Community Programs is dedicated to addressing environmental disparities and promoting community engagement within the Bay Area. Through targeted initiatives and partnerships, this service area aims to reduce pollution burdens in disproportionately impacted communities, improve public health outcomes, and foster environmental justice. Key initiatives include funding programs for emission reduction projects, incentivizing the adoption of clean technologies, and collaborating with community stakeholders to ensure equitable access to clean air and resources.

DIVISIONS

Environmental Justice and Community Engagement

The Environmental Justice and Community Engagement Office supports the agency's mission by collaborating with impacted communities and other partners in the Bay Area to advance public health, equity, and environmental justice. The office works with community members and other partners to increase community awareness and transparency of air quality issues, build capacity, increase opportunities for impacted communities to participate in Air District decision-making, and support implementation of community-identified solutions. Key program areas to support these efforts are the AB 617 Community Health Protection Program, the Community Advisory Council, the development of the agency Environmental Justice Policy, the James Cary Smith Community Grant Program, and implementation of state and federal civil rights laws.

Diversity, Equity and Inclusion

The Air District's Diversity, Equity and Inclusion Office is responsible for developing initiatives, apply-

ing an equity lens to programs, policies, practices, and procedures. Responsibilities include capacity building related to staffing, recruitment, promotions, inclusive practices in the workplace, contracting for capital projects and services, and equity training. The office recognizes the contributions of all employees and community members and works to sustain an environment where everyone is valued, respected, and included.

Strategic Incentives

The Strategic Incentives Division administers Special Revenue funds that are used to accelerate voluntary emissions reductions by incentivizing the replacement of older, dirtier equipment that primarily targets mobile sources that total approximately \$100 million for project funds and \$8 million for Air District administrative costs. Strategic Incentives staff conducts outreach and solicits grant applications, evaluates grant applications according to established criteria, recommends allocation of the funding, prepares contracts with grantees, monitors progress in implementing funded projects, and reports on the use of funds.

Technology Implementation

The Technology Implementation Office's (TIO) mission is to advance emerging, cost-effective solutions to achieve greenhouse gas emissions reductions for the transportation and industrial source sectors. TIO connects climate technologies and customers by providing financial incentives through grants for light-duty vehicles, electric vehicle infrastructure, and loans for various emerging climate solutions, as well as technical and match-making support. By supporting the scale-up of climate technologies, TIO can help achieve state and regional greenhouse gas emissions targets and reduce emissions in impacted communities, while also making technologies cost effective.

EQUITY & COMMUNITY PROGRAMS (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Allocate \$35 million through the Statewide Volkswagen (VW) Zero-Emission Freight and Marine program to upgrade equipment and install shore power, prioritizing impacted communities.
- Propose \$30 million for zero-emission infrastructure projects, with 80% of funding earmarked for priority communities.
- Launch a program to incentivize commercial landscapers to replace polluting equipment with zero-emissions technology.
- Collaborate with CARB to update state incentive program guidelines to better serve Air District and community needs.
- Establish a new incentive fund program to remediate emissions from marine vessels, focusing on projects in impacted communities.
- Allocate \$2 million for a new wood smoke reduction program, with at least 60% of funds directed to impacted communities.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Enhance partnerships in support of clean air efforts: We will collaborate with federal, state, and local agencies, provide incentives to promote cleaner and zero-emission technologies to improve air quality locally and regionally, while providing assistance to local governments in support of their environmental justice efforts.

Goal 2: Advance Environmental Justice

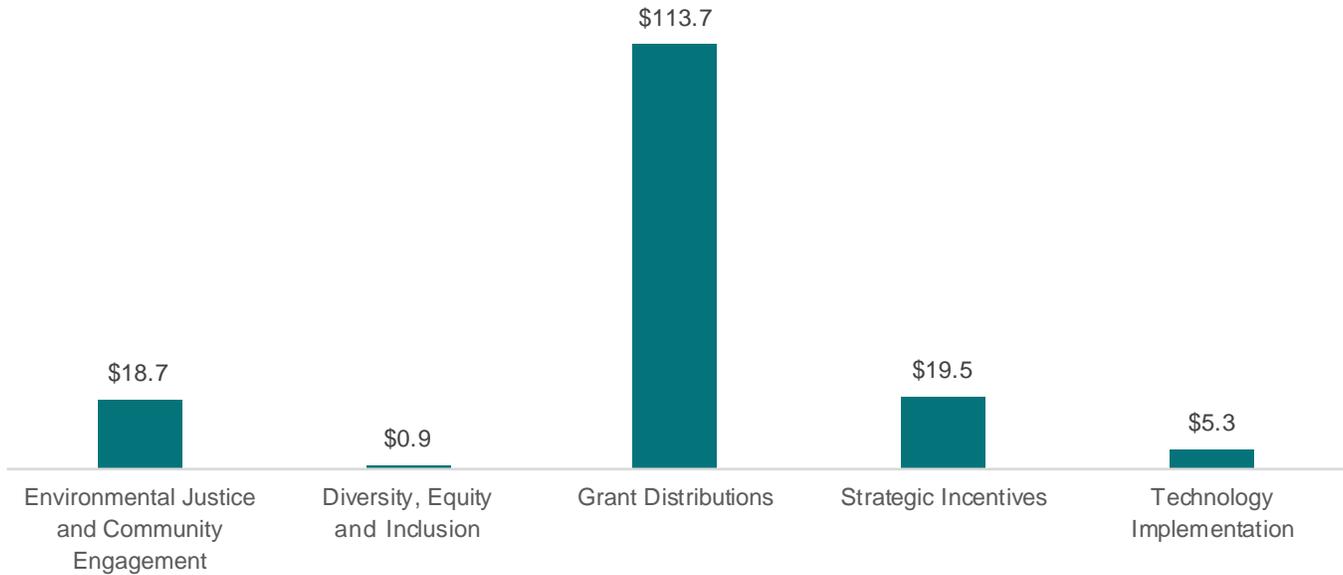
- Identify disparities in overburdened communities.
- Support, partner with, and empower communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address historic disparities in overburdened communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Ensure accountability.
- Build relationships with key partners and enhance external communications to achieve our clean air goals.

EQUITY & COMMUNITY PROGRAMS (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Environmental Justice and Community Engagement	\$5.6	\$15.0	\$18.8	\$18.7	\$3.8	17
Diversity, Equity and Inclusion	\$0.5	\$0.9	\$1.0	\$0.9	\$0.0	3
Grant Distributions	\$55.9	\$110.3	\$94.3	\$113.7	\$3.4	
Strategic Incentives	\$7.8	\$15.5	\$16.4	\$19.5	\$4.0	33
Technology Implementation	\$3.2	\$4.0	\$7.0	\$5.3	\$1.3	11
Service Area Total	\$73.0	\$145.6	\$137.5	\$158.1	\$12.5	64

FINANCE & ADMINISTRATION

INTRODUCTION

SERVICE AREA OVERVIEW

Finance & Administration manages the financial, administrative, and operational functions of the Air District. This service area is tasked with budgeting, financial planning, procurement, human resources management, and facilities maintenance to support the organization's mission. By ensuring sound fiscal management and operational efficiency, Finance & Administration enables the Air District to fulfill its responsibilities and deliver essential services to the community.

DIVISIONS

Board of Directors

The Air District's Board of Directors is a governing body comprised of 24 locally elected representatives selected from the nine counties across the Bay Area region. These representatives bring a diverse range of perspectives and experiences to the table, reflecting the unique needs and concerns of their respective communities. As stewards of the region's air quality and environmental health, the Board plays a pivotal role in setting policies, guiding strategic initiatives, and overseeing the implementation of programs aimed at improving air quality, protecting public health, and addressing climate change challenges.

Executive Office

The Executive Office of the Air District serves as the central administrative hub, overseeing the strategic direction, coordination, and management of the organization. It provides leadership, guidance, and support to all service areas and departments within the Air District. The Executive Office is responsible for setting organizational goals, developing policies,

and ensuring effective implementation of initiatives to improve air quality, protect public health, and address environmental challenges in the Bay Area.

Administrative Resources

The Administrative Resources Division provides administrative and operational support functions for the Air District. The Business Office is responsible for contracts, purchasing, non-workers compensation risk management, mailroom services, and office support services. The Fleet Office is responsible for the acquisition and maintenance of Air District pool vehicles and fleet, management of vehicle accidents and procurement of new vehicles. The Facilities Office is responsible for the planning, maintenance, construction oversight and operations of all Air District facilities, and manages security and safety measures.

Finance

The Finance Office is responsible for maintaining the fiscal stewardship and financial accountability of the Air District. These responsibilities include accounting activities, financial audits, and reporting, vendor payments, receipt of permit fees, asset management, and maintenance of the Air District's financial system. The office is also responsible for the development of the Air District's annual budget and annual cost recovery analysis, fiscal maintenance, and financial reporting of all federal and state grants.

FINANCE & ADMINISTRATION (CONT.)

INTRODUCTION (CONT.)

Human Resources

The Human Resources Office is responsible for personnel matters, including payroll and benefits, labor and employee relations, recruitment and testing, employee engagement, processing personnel actions, employee performance appraisal and recognition programs, organizational development and training, health and safety compliance, workers compensation and special events coordination.

Enterprise Technology Solutions

The Enterprise Technology Solutions Division identifies and implements custom and off-the-shelf technologies that innovate and optimize core business processes. Included in this work are the My Air Online systems, which enable Engineering and Enforcement Division processes such as the issuance and renewal of air quality operating permits for businesses in the Bay Area, the inspection operations for facilities, and the dispatch and response of the Air Districts inspectors. Other examples of current technology managed under this division include the Air District's financial system, website, and records management systems. Examples of upcoming technology development include the innovation of Air District's grants-related business processes, and the innovation of technology systems aimed at providing key information to impacted communities.

Information Services Operations

The primary function of the Information Services Division is to develop and maintain information infrastructure that enables Air District operations and to provide for cybersecurity. Under this division, staff provide design, implementation, cybersecurity, and maintenance of all computer server and network infrastructures, including email, telecommunications, network, file storage, business continuity/disaster recovery, remote connectivity, and security monitoring. The support team in this division also provides user support to Air District staff and technical user support to outside members of the regulated community that utilize online Air District technologies.

FINANCE & ADMINISTRATION (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Develop and implement a modern IT infrastructure for increased resilience and availability.
- Implement a Grants Management System for efficient issuance of grants.
- Launch a new performance management system.
- Conduct a comprehensive real estate strategy for leases and capital improvements.
- Provide technology assets to communities for effective communication of Air District data.
- Enhance My Air Online systems for permitting and enforcement efficiency.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

- Support, partner with, and build capacity of communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization.

- Make data and information more actionable and available.
- Improve permitting outcomes.
- Enable smart processes.
- Ensure accountability.

FINANCE & ADMINISTRATION (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Administrative Division	\$8.7	\$12.6	\$13.5	\$13.0	\$0.4	15
Board of Directors	\$0.5	\$1.2	\$1.2	\$0.8	(\$0.4)	0
Executive Office	\$8.2	\$9.0	\$10.1	\$9.5	\$0.5	25
Finance Office	\$4.5	\$5.1	\$5.3	\$5.2	\$0.1	18
Human Resources Office	\$11.5	\$7.5	\$7.7	\$8.3	\$0.8	10
Enterprise Technology Solutions	\$8.1	\$8.8	\$12.1	\$10.3	\$1.5	9
Information Services Operations	\$2.8	\$6.8	\$7.8	\$6.0	(\$0.8)	16
Service Area Total	\$44.3	\$50.9	\$57.7	\$53.1	\$2.1	93

GENERAL COUNSEL

INTRODUCTION

DIVISION

General Counsel

The General Counsel provides legal counsel, representation, and support to the Air District on matters related to environmental law, regulatory compliance, enforcement actions, and policy

development. This service area plays a crucial role in interpreting and implementing laws, regulations, and policies governing air quality and environmental protection. Through its expertise in legal matters, the General Counsel helps the Air District navigate complex legal challenges, uphold regulatory standards, and advance environmental justice objectives.

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Assess robust penalties to ensure violators face full consequences under the law.
- Enhance enforcement responses in overburdened communities.
- Provide legal support for the Community Advisory Council and Community Emission Reduction Plans.
- Assist in formalizing civil rights compliance in permitting.
- Establish an Environmental Justice Fellowship Program for new lawyers.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce air pollution and related health impacts.
- Hold violators accountable.

Goal 2: Advance Environmental Justice

- Identify disparities in overburdened communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 3: Advance a Cohesive and Equitable Workplace

- Embody diversity, equity, inclusion, accessibility, and belonging.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Improve permitting outcomes.

GENERAL COUNSEL (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)

\$5.8



General Counsel

Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
General Counsel	\$4.4	\$5.2	\$5.9	\$5.8	\$0.7	17
Service Area Total	\$4.4	\$5.2	\$5.9	\$5.8	\$0.7	17

PUBLIC AFFAIRS

INTRODUCTION

SERVICE AREA OVERVIEW

Public Affairs is responsible for communication, outreach, and public engagement efforts to raise awareness, promote transparency, and foster community involvement in air quality issues. This service area develops and implements communication strategies, public education campaigns, and media relations activities to inform the public, policymakers, and stakeholders about air quality initiatives, health risks, and regulatory developments. By fostering open dialogue and collaboration, Public Affairs enhances public understanding and support for the Air District's mission.

DIVISIONS

Communications

The Communications Office coordinates all media outreach, public health and air quality messaging, crisis and internal communications, and media relations as well as print, digital and social media outreach for the Air District. The office manages advertising, social media platforms, strategies, programs and outreach for Spare the Air and the Employer Program. The office maintains the Spare the Air website and related sites and the Spare the Air mobile apps, and represents the Air District at community events for Spare the Air throughout the region.

External Affairs

The External Affairs Office coordinates the administration of the Commuter Benefits Program in partnership with the Metropolitan Transportation Commission and directs the Flex Your Commute messaging campaign. The office directs the Air District external sponsorship program to ensure

transparency, goals and benefits are met in accordance with Air District requirements. The office is developing a districtwide partnership program to expand messaging reach and information sharing with local, county and state agencies, and NGO's. The office represents the Air District at conferences and events, and develops regional conferences and seminars to expand messaging for targeted initiatives and build regional partnerships.

Legislative and Government Affairs

The Legislative and Government Affairs Office coordinates and tracks developing positions on state and federal legislation and budget proposals, meets with legislators and legislative staff about policy proposals and updates them on Air District activities. The office represents the Air District at legislative hearings, and interacts with stakeholder groups, state and local agencies, and members of the public. The office disseminates information on current legislative policy and budget proposals that affect Air District programs and policies and develops strategies to further the Air District's legislative priorities.

Government Outreach and Special Projects

Government Outreach and Special Projects develops policy proposals, guidance and planning to support internal-facing activities related to executive and administrative functions and partnerships with local government focused on incident response and emergency preparedness.

PUBLIC AFFAIRS (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Communicate air quality incidents to media and public.
- Forge partnerships with county jurisdictions to amplify messaging and increase participation.
- Implement the Public Notification Tool for incident response.
- Expand Spare the Air messaging to younger demographics through TikTok.
- Conduct Air District rebranding efforts.
- Develop an internal communications program.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

- Support, partner with, and build capacity of communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization.

- Make data and information more actionable and available.
- Improve permitting outcomes.
- Enable smart processes.
- Ensure accountability.

PUBLIC AFFAIRS (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Communications	\$5.6	\$6.7	\$9.5	\$6.3	(\$0.4)	11
External Affairs	\$0.7	\$1.1	\$1.4	\$1.8	\$0.7	3
Legislative and Government Affairs	\$0.6	\$0.7	\$0.7	\$0.7	\$0.1	2
Service Area Total	\$6.9	\$8.5	\$11.6	\$8.8	\$0.4	16

SCIENCE & POLICY

INTRODUCTION

SERVICE AREA OVERVIEW

Science & Policy conducts research, analysis, and policy development to inform decision-making and advance air quality goals in the Bay Area. This service area monitors air quality trends, assesses health impacts, and evaluates the effectiveness of regulatory measures to identify emerging issues and inform policy priorities. By integrating scientific expertise with policy analysis, Science & Policy provides evidence-based recommendations to address air quality challenges, mitigate pollution sources, and protect public health and the environment.

DIVISIONS

Assessment, Inventory and Modeling

The Assessment, Inventory, and Modeling (AIM) Division prepares comprehensive inventories of air pollution emissions for the Bay Area and conducts air quality modeling at both regional and community scales. The AIM Division prepares technical assessments that evaluate equity in air pollution exposures and health impacts in support of Air District programs. The division coordinates and implements programs to improve and report estimates of emissions of criteria pollutants, toxic air contaminants, and climate-forcing pollutants. AIM Division staff assess emissions, concentrations, and exposures to toxic air contaminants, particulate matter, ozone, and their precursors, to support targeted strategies that reduce impacts of air pollution both regionally and within communities.

Meteorology and Measurements

The Meteorology and Measurements (M&M) Division provides emissions, air quality, and meteorological data; chemical analysis; and forecasting to support the enforcement, permitting, rule development, communications, and community engage-

ment programs of the Air District. In addition to operating monitoring instruments and conducting testing and analysis, M&M Division staff develop rigorous monitoring and testing plans, develop and maintain instruments and systems, conduct quality assurance and quality control, and analyze and communicate data.

Planning and Climate Protection

The Planning and Climate Protection Division prepares plans to meet state and federal air quality standards, leads and implements climate protection activities, and develops and implements local community emissions reduction plans per AB 617. Staff advance local and regional environmental justice initiatives by providing support for General Plan Environmental Justice Element development and implementation (per SB 1000); centering equity in climate action planning; and developing and delivering plan and policy resources such as model ordinances, technical resources, and best practices to accelerate action. Staff will continue supporting local lead agencies, regional agencies, and others in applying the Air District CEQA thresholds and using updated guidelines to ensure plans and projects are protective of local health and reduce climate impacts.

Rules and Strategic Policy

The Rules and Strategic Policy Division is responsible for the development of regulations to implement Air District plans to attain federal and state air quality standards and to protect public health. In addition to the development of rules derived from planning documents, staff assist with the preparation of air quality plans. Other measures are developed under the direction of the Board of Directors to further protect public health and safety and reduce emissions of greenhouse gases. In addition, staff review existing regulations and develop amendments to improve clarity, efficiency, and effectiveness.

SCIENCE & POLICY (CONT.)

INTRODUCTION (CONT.)

Public Health

The Public Health Officer serves as the Air District's lead for understanding the latest science regarding public health impacts of air pollution.

They support the permitting, compliance, communication, rule development, and community engagement programs at the Air District.

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Complete rulemaking projects to reduce emissions from fugitive dust sources and metal recycling facilities.
- Complete Community Emissions Reduction Plans and develop control strategies for impacted areas.
- Develop cumulative impacts health risk methodology, incorporating fine particulate matter risks.
- Conduct community-partnered monitoring projects, leveraging U.S. EPA funding.
- Review the Air District monitoring network to ensure accurate pollutant measurement in overburdened communities.
- Develop a new network of particulate matter measurement locations involving community members.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

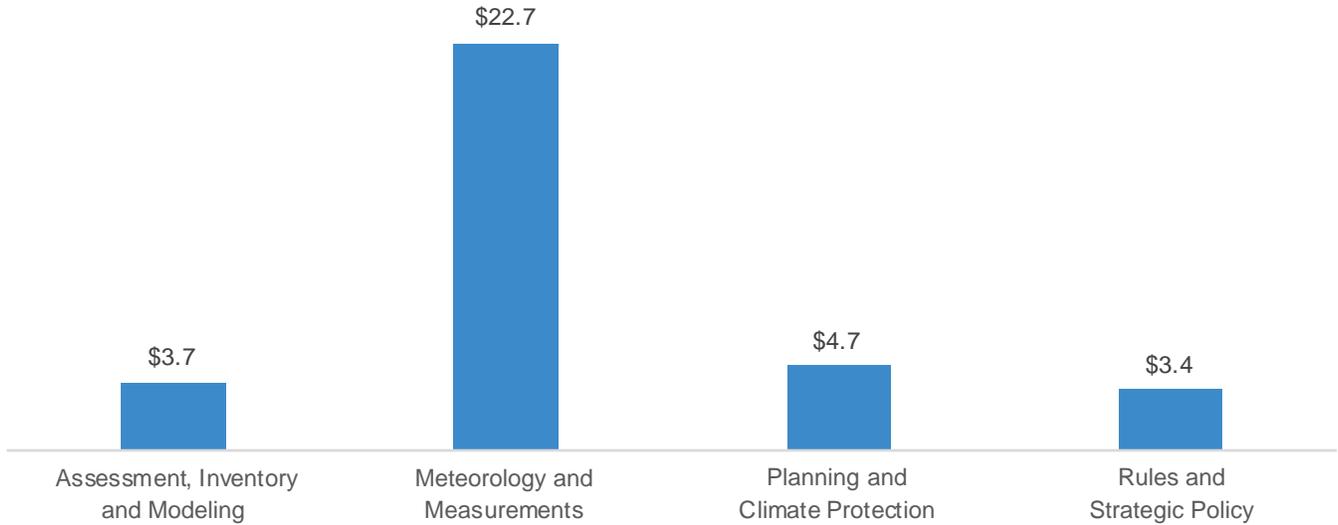
- Identify disparities in overburdened communities.
- Support, partner with, and empower communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Make data and information more actionable and available.
- Improve data information systems and approaches.
- Build relationships with key partners and enhance external communications to achieve clean air goals.

SCIENCE & POLICY (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Assessment, Inventory and Modeling	\$4.9	\$3.8	\$4.0	\$3.7	(\$0.1)	18
Meteorology and Measurements	\$15.7	\$19.5	\$20.4	\$22.7	\$3.2	72
Planning and Climate Protection	\$4.7	\$4.5	\$5.5	\$4.7	\$0.2	21
Rules and Strategic Policy	\$2.5	\$2.5	\$3.0	\$3.4	\$0.9	12
Service Area Total	\$27.8	\$30.3	\$32.9	\$34.4	\$4.2	123

Bay Area Air Quality Management District

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San Francisco, CA 94105

415.749.4900

www.baaqmd.gov

Connect with us:



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

FY 2024-25 PROPOSED BUDGET



April 2, 2024



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

The Bay Area Air Quality Management District
is committed to
PROTECT AND IMPROVE PUBLIC HEALTH, AIR QUALITY, AND
THE GLOBAL CLIMATE

CORE VALUES

- Excellence*** Air District programs and policies are founded on science, developed with technical expertise, and executed with quality.
- Leadership*** The Air District will be at the forefront of air quality improvement and will pioneer new strategies to achieve healthy air and protect the climate.
- Collaboration*** Involving, listening, and engaging all stakeholders, including partner agencies, to create broad acceptance for healthy air solutions.
- Dedication*** Committed staff that live and believe WKH Air District's mission.
- Equity*** All Bay Area residents have the right to breathe clean air.

Bay Area Air Quality Management District

For Fiscal Year Ending June 30, 2025

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I am pleased to share with you the FY 2024-25 Proposed Budget, totaling \$291 million, which has been developed to meet the diverse needs of our organization and the communities we proudly serve. This budget is a blueprint that will drive changes that make tangible differences in the health and quality of life for millions of Bay Area residents. A balanced budget, with \$9.7 million strategically drawn from General Fund reserves will invest in critical staffing resources, capital assets, and one-time services essential for supporting our mission to protect public health, reduce historical and current environmental inequities, and lessen climate impacts.

The proposed budget serves as a cornerstone in propelling the Air District's Strategic Plan forward. Over the next five years, we're working to reshape our workforce, streamline our operations, elevate our community engagement, and enhance our programs. As we navigate these changes, building public trust will be at the forefront of our endeavors. Through transparent and accountable actions, we aim to demonstrate the leadership needed to foster a stronger bond with the communities we serve. Our strategic plan goals have been developed collaboratively with input from all stakeholders, including Air District staff, external partners, community organizations, and the Board of Directors. The proposed budget reflects our commitment to aligning resources with these strategic priorities.

In the FY 2025 Proposed Budget, comprising \$154 million from the General Fund and \$137 million from Special Funds, we have allocated an increase of \$17.8 million compared to the previous fiscal year. This additional funding will cover increased staffing and operational costs while also advancing key initiatives aligned with the Air District's strategic goals. Key recommendations within this budget increase include:

- Funding for nineteen (19) additional Full-time Equivalent (FTE) positions to bolster critical programs and enhance service delivery, supported by additional penalty revenue and General Fund reserves as a short-term investment strategy.
- Continuation of funding for seven (7) Limited Term Contract Employees (LTCE) to support the Assembly Bill 617 (AB 617) program, utilizing AB 617 implementation Grant Funds.
- Allocation of \$6.8 million for one-time investments to address essential services and acquire necessary capital assets.
- Implementation of fee increases consistent with the Cost Recovery Policy, ensuring sustainable funding for our operations.
- A 4.5% cost of living increase for Air District employees to mitigate the impact of economic inflation.
- Provision for an average 7% vacancy savings to accommodate recruitment timelines and attrition due to retirements.
- Continued commitment to pre-funding pension and other post-employment benefits liabilities in accordance with the Air District's funding policy.
- Establishment of a formal reserve policy to address economic uncertainties and maintain adequate cash flow.
- Investment in various grant incentive programs and projects across the nine Bay Area counties.

Furthermore, this year's budget introduces an exciting overhaul: a fresh organizational structure that consolidates all divisions and programs into six streamlined service areas. This strategic restructuring is a bold move to amplify transparency and efficiency to deliver our mission in collaboration with Bay Area communities.

The new service areas — Engineering & Compliance, Equity & Community Programs, Finance & Administration, General Counsel, Public Affairs, and Science & Policy — will serve as pillars of our organizational framework with each playing a vital role in advancing our goals and serving the needs of our communities. I encourage you to learn more about each service area and gain further insights into our budgetary decisions by reviewing the accompanying budget brief.

Thank you for your continued support and partnership as we work together to ensure clean air and a sustainable future for all.



DR. PHILIP FINE, AIR DISTRICT EXECUTIVE OFFICER

BUDGET IN BRIEF

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Board Priorities

The Air District aims to create a healthy breathing environment for every Bay Area resident while protecting and improving public health, air quality, and the global climate.

Goal 1: Achieve impact

Leverage the Air District's authorities and partnerships to create measurable reductions in emissions that provide benefits to all our communities.

- Reduce air pollution and related health impacts.
- Hold violators accountable.
- Enhance partnerships in support of clean air efforts.
- Mitigate climate change and its impacts.

Goal 2: Advance Environmental Justice

- Identify disparities in overburdened communities.
- Support, partner with, and build capacity of communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 3: Advance a Cohesive and Equitable Workplace

- Promote "One Air District."
- Embody diversity, equity, inclusion, accessibility, and belonging.
- Establish a work culture that values our employees.
- Align resources and budget with goals and priorities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Make data and information more understandable, actionable, and available.
 - Improve permitting outcomes.
 - Use smart processes.
 - Ensure accountability.
-

REVENUES AND EXPENDITURES BY TYPE

FY 2024-25 Revenues and Expenditures (\$ Millions)

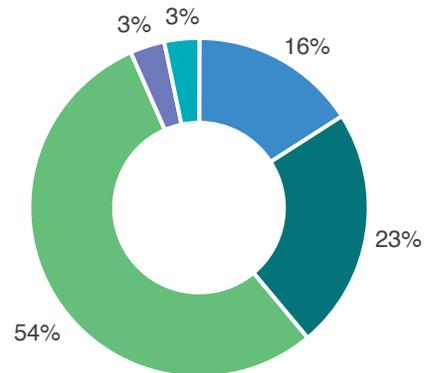
Revenues

(\$ Millions)

	Property Taxes	\$46.3	16%
	Permits/Fees	\$67.0	23%
	Grants	\$158.6	54%
	Other Revenue	\$9.6	3%
	Transfer From Reserves	\$9.7	3%

Total Revenues

\$291.1

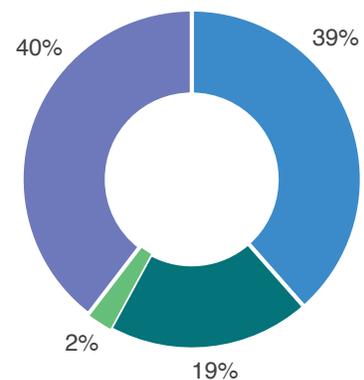


Expenditures

	Salaries & Benefits	\$112.1	39%
	Services & Supplies	\$56.6	19%
	Capital	\$7.2	2%
	Distributions & Transfers	\$115.3	40%

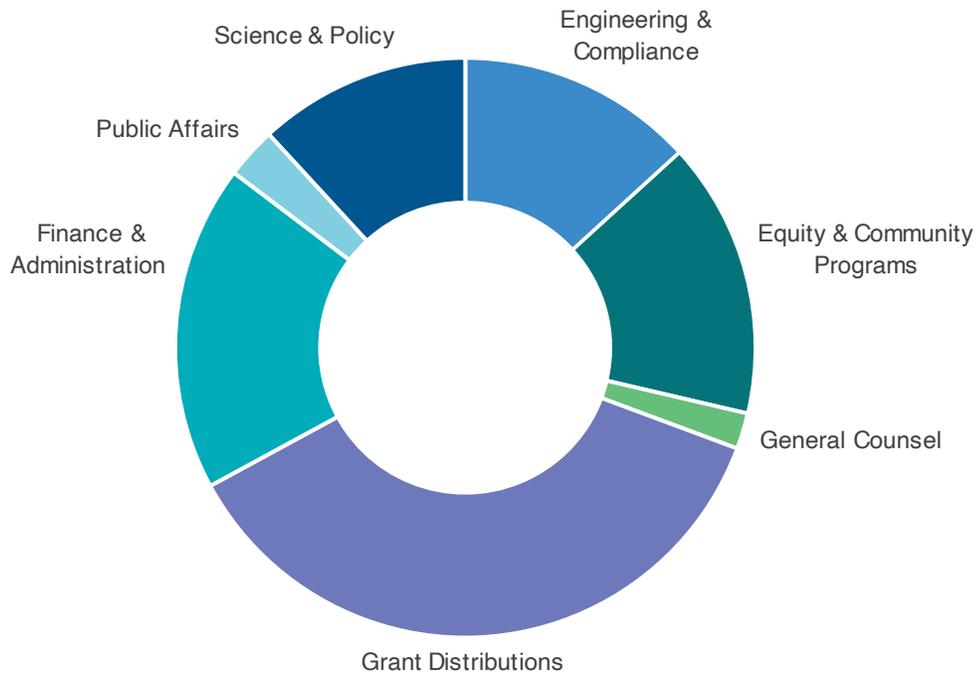
Total Expenditures

\$291.1



EXPENDITURES BY SERVICE AREA

FY 2024-25 Total Expenditures Budget: \$291.1 Million



Expenditures

	Engineering & Compliance	\$38.5	13%
	Equity & Community Programs	\$44.6	15%
	General Counsel	\$5.8	2%
	Grant Distributions/Others	\$106.0	36%
	Finance & Administration	\$53.1	18%
	Public Affairs	\$8.8	3%
	Science & Policy	\$34.4	12%
Total		\$291.1	

ENGINEERING & COMPLIANCE

INTRODUCTION

SERVICE AREA OVERVIEW

Engineering & Compliance oversees regulatory compliance and pollution control measures to safeguard air quality within the Bay Area. This service area is responsible for developing and implementing regulations, permitting processes, and enforcement actions to mitigate emissions from industrial sources, transportation, and other sources of pollution. By promoting best practices and technological advancements, Engineering & Compliance works to achieve regulatory compliance, reduce health risks, and protect the environment.

DIVISIONS

Compliance and Enforcement

The Compliance and Enforcement Division ensures the Air District will achieve the emission reductions through the air quality regulations adopted by the Board of Directors, and permit conditions issued by the Executive Officer/APCO. Compliance with Air District, state, and federal regulations is achieved through a robust Compliance Assurance and Enforcement Program. The program includes comprehensive inspections and investigations and a complementary Compliance Assistance Program that supports compliance objectives of the division by maintaining operations and assisting industry with air quality regulations and requirements.

Engineering

The primary function of the Engineering Division is to review and process new permit applications and renewals. There are about 10,000 facilities with about 26,000 devices and operations that have Air District permits. The Engineering Division also processes, reviews, issues, and renews Title V (Major Facility Review) permits for about 79 facilities. In addition to processing permits, the Engineering Division manages programs to assess and reduce risks from toxic air contaminants through implementation of: (1) Regulation 11, Rule 18, Reduction of Risk from Air Toxic Emissions at Existing Facilities, (2) the State Air Toxics Hot Spots Program, and (3) Regulation 2, Rule 5, New Source Review of Toxic Air Contaminants. Finally, the Engineering Division provides technical support to other divisions, agencies, and programs, including rule development, emissions inventory, compliance and enforcement, planning, monitoring and measurement, the Technology Implementation Office, and the Air District's Regional Climate Action Plan.

ENGINEERING & COMPLIANCE (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Implement Rule 11-18 to mitigate risks from toxic air contaminants at existing facilities.
- Ensure robust enforcement actions against polluters.
- Develop a Targeted Inspection Policy to address community concerns and noncompliance in overburdened areas.
- Update Incident Response Policy to improve investigation protocols and coordination with first responders and local agencies.
- Integrate Environmental Justice (EJ) considerations into permitting processes.
- Develop and execute a Permit Process Improvement Plan to enhance timeliness and customer service.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

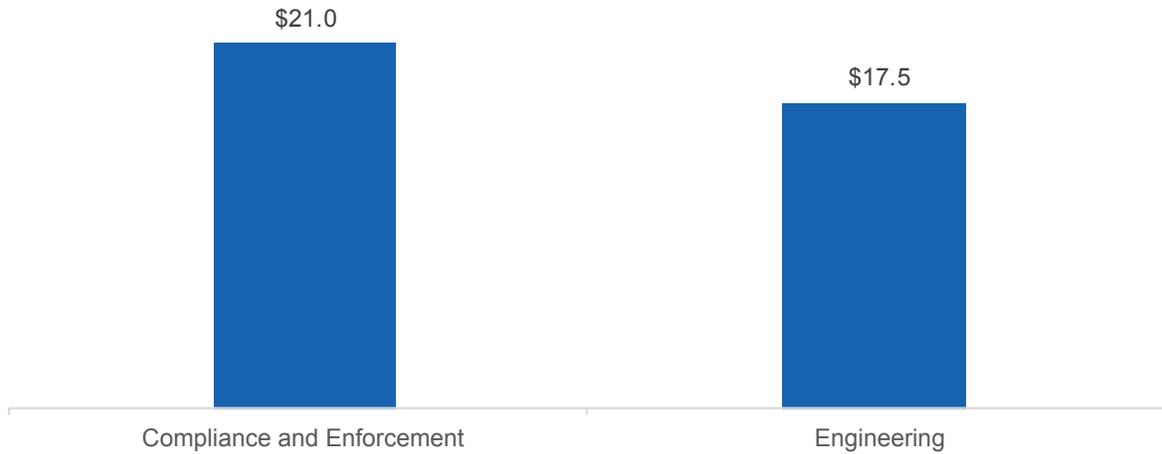
- Identify disparities in overburdened communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Make data and information more actionable and available.
- Improve permitting outcomes.
- Use smart processes.
- Ensure accountability.

ENGINEERING & COMPLIANCE (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Compliance and Enforcement	\$15.3	\$17.7	\$17.8	\$21.0	\$3.2	99
Engineering	\$12.4	\$15.3	\$16.6	\$17.5	\$2.2	79
Service Area Total	\$27.7	\$33.0	\$34.4	\$38.5	\$5.5	178

EQUITY & COMMUNITY PROGRAMS

INTRODUCTION

SERVICE AREA OVERVIEW

Equity & Community Programs is dedicated to addressing environmental disparities and promoting community engagement within the Bay Area. Through targeted initiatives and partnerships, this service area aims to reduce pollution burdens in disproportionately impacted communities, improve public health outcomes, and foster environmental justice. Key initiatives include funding programs for emission reduction projects, incentivizing the adoption of clean technologies, and collaborating with community stakeholders to ensure equitable access to clean air and resources.

DIVISIONS

Environmental Justice and Community Engagement

The Environmental Justice and Community Engagement Office supports the agency's mission by collaborating with impacted communities and other partners in the Bay Area to advance public health, equity, and environmental justice. The office works with community members and other partners to increase community awareness and transparency of air quality issues, build capacity, increase opportunities for impacted communities to participate in Air District decision-making, and support implementation of community-identified solutions. Key program areas to support these efforts are the AB 617 Community Health Protection Program, the Community Advisory Council, the development of the agency Environmental Justice Policy, the James Cary Smith Community Grant Program, and implementation of state and federal civil rights laws.

Diversity, Equity and Inclusion

The Air District's Diversity, Equity and Inclusion Office is responsible for developing initiatives, apply-

ing an equity lens to programs, policies, practices, and procedures. Responsibilities include capacity building related to staffing, recruitment, promotions, inclusive practices in the workplace, contracting for capital projects and services, and equity training. The office recognizes the contributions of all employees and community members and works to sustain an environment where everyone is valued, respected, and included.

Strategic Incentives

The Strategic Incentives Division administers Special Revenue funds that are used to accelerate voluntary emissions reductions by incentivizing the replacement of older, dirtier equipment that primarily targets mobile sources that total approximately \$100 million for project funds and \$8 million for Air District administrative costs. Strategic Incentives staff conducts outreach and solicits grant applications, evaluates grant applications according to established criteria, recommends allocation of the funding, prepares contracts with grantees, monitors progress in implementing funded projects, and reports on the use of funds.

Technology Implementation

The Technology Implementation Office's (TIO) mission is to advance emerging, cost-effective solutions to achieve greenhouse gas emissions reductions for the transportation and industrial source sectors. TIO connects climate technologies and customers by providing financial incentives through grants for light-duty vehicles, electric vehicle infrastructure, and loans for various emerging climate solutions, as well as technical and match-making support. By supporting the scale-up of climate technologies, TIO can help achieve state and regional greenhouse gas emissions targets and reduce emissions in impacted communities, while also making technologies cost effective.

EQUITY & COMMUNITY PROGRAMS (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Allocate \$35 million through the Statewide Volkswagen (VW) Zero-Emission Freight and Marine program to upgrade equipment and install shore power, prioritizing impacted communities.
- Propose \$30 million for zero-emission infrastructure projects, with 80% of funding earmarked for priority communities.
- Launch a program to incentivize commercial landscapers to replace polluting equipment with zero-emissions technology.
- Collaborate with CARB to update state incentive program guidelines to better serve Air District and community needs.
- Establish a new incentive fund program to remediate emissions from marine vessels, focusing on projects in impacted communities.
- Allocate \$2 million for a new wood smoke reduction program, with at least 60% of funds directed to impacted communities.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Enhance partnerships in support of clean air efforts: We will collaborate with federal, state, and local agencies, provide incentives to promote cleaner and zero-emission technologies to improve air quality locally and regionally, while providing assistance to local governments in support of their environmental justice efforts.

Goal 2: Advance Environmental Justice

- Identify disparities in overburdened communities.
- Support, partner with, and empower communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address historic disparities in overburdened communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Ensure accountability.
- Build relationships with key partners and enhance external communications to achieve our clean air goals.

EQUITY & COMMUNITY PROGRAMS (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Environmental Justice and Community Engagement	\$5.6	\$15.0	\$18.8	\$18.7	\$3.8	17
Diversity, Equity and Inclusion	\$0.5	\$0.9	\$1.0	\$0.9	\$0.0	3
Grant Distributions	\$55.9	\$110.3	\$94.3	\$113.7	\$3.4	
Strategic Incentives	\$7.8	\$15.5	\$16.4	\$19.5	\$4.0	33
Technology Implementation	\$3.2	\$4.0	\$7.0	\$5.3	\$1.3	11
Service Area Total	\$73.0	\$145.6	\$137.5	\$158.1	\$12.5	64

FINANCE & ADMINISTRATION

INTRODUCTION

SERVICE AREA OVERVIEW

Finance & Administration manages the financial, administrative, and operational functions of the Air District. This service area is tasked with budgeting, financial planning, procurement, human resources management, and facilities maintenance to support the organization's mission. By ensuring sound fiscal management and operational efficiency, Finance & Administration enables the Air District to fulfill its responsibilities and deliver essential services to the community.

DIVISIONS

Board of Directors

The Air District's Board of Directors is a governing body comprised of 24 locally elected representatives selected from the nine counties across the Bay Area region. These representatives bring a diverse range of perspectives and experiences to the table, reflecting the unique needs and concerns of their respective communities. As stewards of the region's air quality and environmental health, the Board plays a pivotal role in setting policies, guiding strategic initiatives, and overseeing the implementation of programs aimed at improving air quality, protecting public health, and addressing climate change challenges.

Executive Office

The Executive Office of the Air District serves as the central administrative hub, overseeing the strategic direction, coordination, and management of the organization. It provides leadership, guidance, and support to all service areas and departments within the Air District. The Executive Office is responsible for setting organizational goals, developing policies,

and ensuring effective implementation of initiatives to improve air quality, protect public health, and address environmental challenges in the Bay Area.

Administrative Resources

The Administrative Resources Division provides administrative and operational support functions for the Air District. The Business Office is responsible for contracts, purchasing, non-workers compensation risk management, mailroom services, and office support services. The Fleet Office is responsible for the acquisition and maintenance of Air District pool vehicles and fleet, management of vehicle accidents and procurement of new vehicles. The Facilities Office is responsible for the planning, maintenance, construction oversight and operations of all Air District facilities, and manages security and safety measures.

Finance

The Finance Office is responsible for maintaining the fiscal stewardship and financial accountability of the Air District. These responsibilities include accounting activities, financial audits, and reporting, vendor payments, receipt of permit fees, asset management, and maintenance of the Air District's financial system. The office is also responsible for the development of the Air District's annual budget and annual cost recovery analysis, fiscal maintenance, and financial reporting of all federal and state grants.

FINANCE & ADMINISTRATION (CONT.)

INTRODUCTION (CONT.)

Human Resources

The Human Resources Office is responsible for personnel matters, including payroll and benefits, labor and employee relations, recruitment and testing, employee engagement, processing personnel actions, employee performance appraisal and recognition programs, organizational development and training, health and safety compliance, workers compensation and special events coordination.

Enterprise Technology Solutions

The Enterprise Technology Solutions Division identifies and implements custom and off-the-shelf technologies that innovate and optimize core business processes. Included in this work are the My Air Online systems, which enable Engineering and Enforcement Division processes such as the issuance and renewal of air quality operating permits for businesses in the Bay Area, the inspection operations for facilities, and the dispatch and response of the Air Districts inspectors. Other examples of current technology managed under this division include the Air District's financial system, website, and records management systems. Examples of upcoming technology development include the innovation of Air District's grants-related business processes, and the innovation of technology systems aimed at providing key information to impacted communities.

Information Services Operations

The primary function of the Information Services Division is to develop and maintain information infrastructure that enables Air District operations and to provide for cybersecurity. Under this division, staff provide design, implementation, cybersecurity, and maintenance of all computer server and network infrastructures, including email, telecommunications, network, file storage, business continuity/disaster recovery, remote connectivity, and security monitoring. The support team in this division also provides user support to Air District staff and technical user support to outside members of the regulated community that utilize online Air District technologies.

FINANCE & ADMINISTRATION (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Develop and implement a modern IT infrastructure for increased resilience and availability.
- Implement a Grants Management System for efficient issuance of grants.
- Launch a new performance management system.
- Conduct a comprehensive real estate strategy for leases and capital improvements.
- Provide technology assets to communities for effective communication of Air District data.
- Enhance My Air Online systems for permitting and enforcement efficiency.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

- Support, partner with, and build capacity of communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization.

- Make data and information more actionable and available.
- Improve permitting outcomes.
- Enable smart processes.
- Ensure accountability.

FINANCE & ADMINISTRATION (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Administrative Division	\$8.7	\$12.6	\$13.5	\$13.0	\$0.4	15
Board of Directors	\$0.5	\$1.2	\$1.2	\$0.8	(\$0.4)	0
Executive Office	\$8.2	\$9.0	\$10.1	\$9.5	\$0.5	25
Finance Office	\$4.5	\$5.1	\$5.3	\$5.2	\$0.1	18
Human Resources Office	\$11.5	\$7.5	\$7.7	\$8.3	\$0.8	10
Enterprise Technology Solutions	\$8.1	\$8.8	\$12.1	\$10.3	\$1.5	9
Information Services Operations	\$2.8	\$6.8	\$7.8	\$6.0	(\$0.8)	16
Service Area Total	\$44.3	\$50.9	\$57.7	\$53.1	\$2.1	93

GENERAL COUNSEL

INTRODUCTION

DIVISION

General Counsel

The General Counsel provides legal counsel, representation, and support to the Air District on matters related to environmental law, regulatory compliance, enforcement actions, and policy

development. This service area plays a crucial role in interpreting and implementing laws, regulations, and policies governing air quality and environmental protection. Through its expertise in legal matters, the General Counsel helps the Air District navigate complex legal challenges, uphold regulatory standards, and advance environmental justice objectives.

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Assess robust penalties to ensure violators face full consequences under the law.
- Enhance enforcement responses in overburdened communities.
- Provide legal support for the Community Advisory Council and Community Emission Reduction Plans.
- Assist in formalizing civil rights compliance in permitting.
- Establish an Environmental Justice Fellowship Program for new lawyers.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce air pollution and related health impacts.
- Hold violators accountable.

Goal 2: Advance Environmental Justice

- Identify disparities in overburdened communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 3: Advance a Cohesive and Equitable Workplace

- Embody diversity, equity, inclusion, accessibility, and belonging.

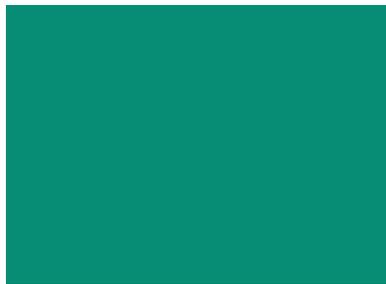
Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Improve permitting outcomes.
-

GENERAL COUNSEL (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)

\$5.8



General Counsel

Expenditures	FY 2022- 23 Actuals	FY 2023- 24 Approved	FY 2023- 04 Amended	FY 2024- 25 Proposed	FY 2024- 25 Change	FY 2024- 25 FTE
General Counsel	\$4.4	\$5.2	\$5.9	\$5.8	\$0.7	17
Service Area Total	\$4.4	\$5.2	\$5.9	\$5.8	\$0.7	17

PUBLIC AFFAIRS

INTRODUCTION

SERVICE AREA OVERVIEW

Public Affairs is responsible for communication, outreach, and public engagement efforts to raise awareness, promote transparency, and foster community involvement in air quality issues. This service area develops and implements communication strategies, public education campaigns, and media relations activities to inform the public, policymakers, and stakeholders about air quality initiatives, health risks, and regulatory developments. By fostering open dialogue and collaboration, Public Affairs enhances public understanding and support for the Air District's mission.

DIVISIONS

Communications

The Communications Office coordinates all media outreach, public health and air quality messaging, crisis and internal communications, and media relations as well as print, digital and social media outreach for the Air District. The office manages advertising, social media platforms, strategies, programs and outreach for Spare the Air and the Employer Program. The office maintains the Spare the Air website and related sites and the Spare the Air mobile apps, and represents the Air District at community events for Spare the Air throughout the region.

External Affairs

The External Affairs Office coordinates the administration of the Commuter Benefits Program in partnership with the Metropolitan Transportation Commission and directs the Flex Your Commute messaging campaign. The office directs the Air District external sponsorship program to ensure

transparency, goals and benefits are met in accordance with Air District requirements. The office is developing a districtwide partnership program to expand messaging reach and information sharing with local, county and state agencies, and NGO's. The office represents the Air District at conferences and events, and develops regional conferences and seminars to expand messaging for targeted initiatives and build regional partnerships.

Legislative and Government Affairs

The Legislative and Government Affairs Office coordinates and tracks developing positions on state and federal legislation and budget proposals, meets with legislators and legislative staff about policy proposals and updates them on Air District activities. The office represents the Air District at legislative hearings, and interacts with stakeholder groups, state and local agencies, and members of the public. The office disseminates information on current legislative policy and budget proposals that affect Air District programs and policies and develops strategies to further the Air District's legislative priorities.

Government Outreach and Special Projects

Government Outreach and Special Projects develops policy proposals, guidance and planning to support internal-facing activities related to executive and administrative functions and partnerships with local government focused on incident response and emergency preparedness.

PUBLIC AFFAIRS (CONT.)

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Communicate air quality incidents to media and public.
- Forge partnerships with county jurisdictions to amplify messaging and increase participation.
- Implement the Public Notification Tool for incident response.
- Expand Spare the Air messaging to younger demographics through TikTok.
- Conduct Air District rebranding efforts.
- Develop an internal communications program.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

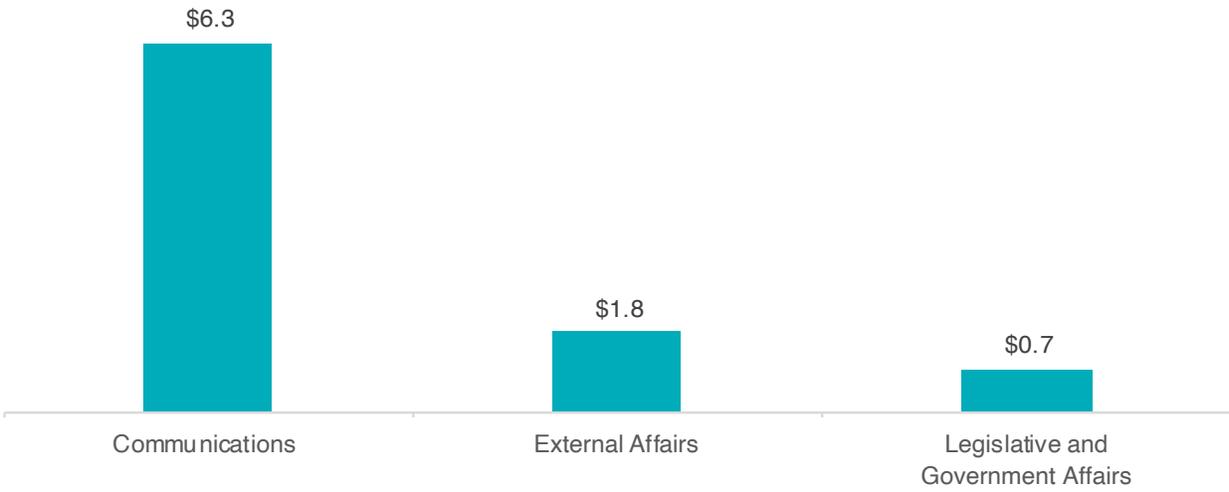
- Support, partner with, and build capacity of communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization.

- Make data and information more actionable and available.
- Improve permitting outcomes.
- Enable smart processes.
- Ensure accountability.

PUBLIC AFFAIRS (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Communications	\$5.6	\$6.7	\$9.5	\$6.3	(\$0.4)	11
External Affairs	\$0.7	\$1.1	\$1.4	\$1.8	\$0.7	3
Legislative and Government Affairs	\$0.6	\$0.7	\$0.7	\$0.7	\$0.1	2
Service Area Total	\$6.9	\$8.5	\$11.6	\$8.8	\$0.4	16

SCIENCE & POLICY

INTRODUCTION

SERVICE AREA OVERVIEW

Science & Policy conducts research, analysis, and policy development to inform decision-making and advance air quality goals in the Bay Area. This service area monitors air quality trends, assesses health impacts, and evaluates the effectiveness of regulatory measures to identify emerging issues and inform policy priorities. By integrating scientific expertise with policy analysis, Science & Policy provides evidence-based recommendations to address air quality challenges, mitigate pollution sources, and protect public health and the environment.

DIVISIONS

Assessment, Inventory and Modeling

The Assessment, Inventory, and Modeling (AIM) Division prepares comprehensive inventories of air pollution emissions for the Bay Area and conducts air quality modeling at both regional and community scales. The AIM Division prepares technical assessments that evaluate equity in air pollution exposures and health impacts in support of Air District programs. The division coordinates and implements programs to improve and report estimates of emissions of criteria pollutants, toxic air contaminants, and climate-forcing pollutants. AIM Division staff assess emissions, concentrations, and exposures to toxic air contaminants, particulate matter, ozone, and their precursors, to support targeted strategies that reduce impacts of air pollution both regionally and within communities.

Meteorology and Measurements

The Meteorology and Measurements (M&M) Division provides emissions, air quality, and meteorological data; chemical analysis; and forecasting to support the enforcement, permitting, rule development, communications, and community engage-

ment programs of the Air District. In addition to operating monitoring instruments and conducting testing and analysis, M&M Division staff develop rigorous monitoring and testing plans, develop and maintain instruments and systems, conduct quality assurance and quality control, and analyze and communicate data.

Planning and Climate Protection

The Planning and Climate Protection Division prepares plans to meet state and federal air quality standards, leads and implements climate protection activities, and develops and implements local community emissions reduction plans per AB 617. Staff advance local and regional environmental justice initiatives by providing support for General Plan Environmental Justice Element development and implementation (per SB 1000); centering equity in climate action planning; and developing and delivering plan and policy resources such as model ordinances, technical resources, and best practices to accelerate action. Staff will continue supporting local lead agencies, regional agencies, and others in applying the Air District CEQA thresholds and using updated guidelines to ensure plans and projects are protective of local health and reduce climate impacts.

Rules and Strategic Policy

The Rules and Strategic Policy Division is responsible for the development of regulations to implement Air District plans to attain federal and state air quality standards and to protect public health. In addition to the development of rules derived from planning documents, staff assist with the preparation of air quality plans. Other measures are developed under the direction of the Board of Directors to further protect public health and safety and reduce emissions of greenhouse gases. In addition, staff review existing regulations and develop amendments to improve clarity, efficiency, and effectiveness.

SCIENCE & POLICY (CONT.)

INTRODUCTION (CONT.)

Public Health

The Public Health Officer serves as the Air District's lead for understanding the latest science regarding public health impacts of air pollution.

They support the permitting, compliance, communication, rule development, and community engagement programs at the Air District.

SERVICE AREA BUDGET SUMMARY

WORK PLAN HIGHLIGHTS

- Complete rulemaking projects to reduce emissions from fugitive dust sources and metal recycling facilities.
- Complete Community Emissions Reduction Plans and develop control strategies for impacted areas.
- Develop cumulative impacts health risk methodology, incorporating fine particulate matter risks.
- Conduct community-partnered monitoring projects, leveraging U.S. EPA funding.
- Review the Air District monitoring network to ensure accurate pollutant measurement in overburdened communities.
- Develop a new network of particulate matter measurement locations involving community members.

STRATEGIC PLAN GOALS

This service area's work plan will advance the following goals and objectives of the draft strategic plan:

Goal 1: Achieve Impact

- Reduce health impacts of air pollution.

Goal 2: Advance Environmental Justice

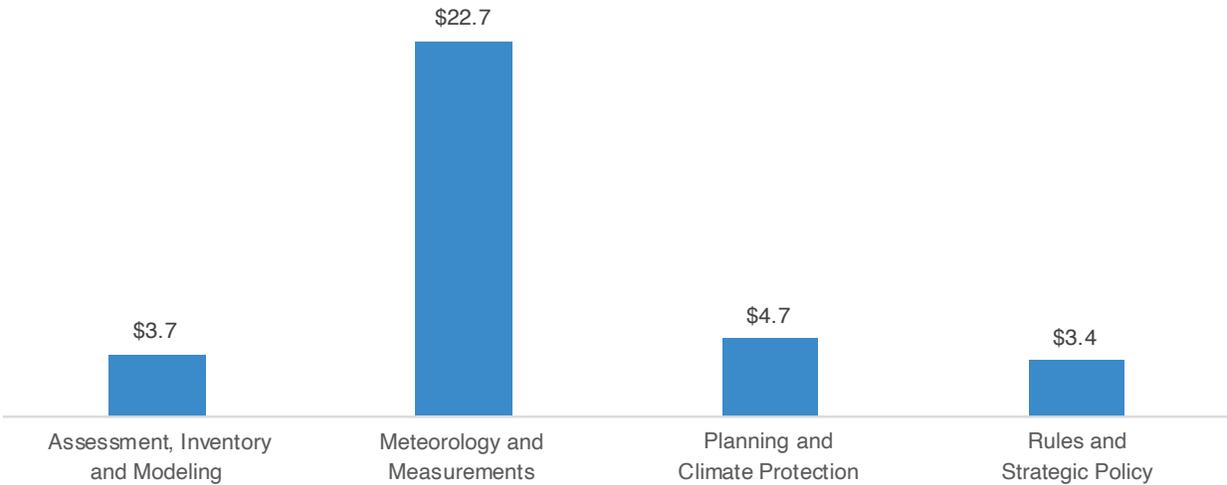
- Identify disparities in overburdened communities.
- Support, partner with, and empower communities.
- Enhance and implement rules, policies, and enforcement actions that recognize and address longstanding disparities in overburdened communities.

Goal 4: Maintain an Effective, Efficient, and Customer-oriented Organization

- Make data and information more actionable and available.
- Improve data information systems and approaches.
- Build relationships with key partners and enhance external communications to achieve clean air goals.

SCIENCE & POLICY (CONT.)

FY 2024-25 Service Area Expenditures (\$ Millions)



Expenditures	FY 2022-23 Actuals	FY 2023-24 Approved	FY 2023-04 Amended	FY 2024-25 Proposed	FY 2024-25 Change	FY 2024-25 FTE
Assessment, Inventory and Modeling	\$4.9	\$3.8	\$4.0	\$3.7	(\$0.1)	18
Meteorology and Measurements	\$15.7	\$19.5	\$20.4	\$22.7	\$3.2	72
Planning and Climate Protection	\$4.7	\$4.5	\$5.5	\$4.7	\$0.2	21
Rules and Strategic Policy	\$2.5	\$2.5	\$3.0	\$3.4	\$0.9	12
Service Area Total	\$27.8	\$30.3	\$32.9	\$34.4	\$4.2	123

Bay Area Air Quality Management District

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District-Wide Revenue and Expenditure Budgets

TABLE I: Consolidated Expenditures and Revenues by Major Categories

	AUDITED ACTUALS FYE 2023			APPROVED BUDGET FYE 2024			AMENDED BUDGET FYE 2024			PROPOSED BUDGET FYE 2025		
	GENERAL FUND	SPECIAL FUNDS	TOTAL FUNDS	GENERAL FUND	SPECIAL FUNDS	TOTAL FUNDS	GENERAL FUND	SPECIAL FUNDS	TOTAL FUNDS	GENERAL FUND	SPECIAL FUNDS	TOTAL FUNDS
REVENUES												
County Revenues	45,219,314		45,219,314	44,876,500		44,876,500	44,876,500		44,876,500	46,306,873		46,306,873
Permits / Fees	65,340,214		65,340,214	63,192,045		63,192,045	63,192,045		63,192,045	66,980,188		66,980,188
Grant Revenues	10,847,931	64,879,894	75,727,825	13,459,045	129,037,057	142,496,102	13,459,045	115,238,230	128,697,275	18,905,256	136,658,174	155,563,430
Other Revenues	6,896,395		6,896,395	7,100,000		7,100,000	7,100,000		7,100,000	9,555,620		9,555,620
Rev Before Reimb & Tsfr	128,303,854	64,879,894	193,183,748	128,627,590	129,037,057	257,664,647	128,627,590	115,238,230	243,865,820	141,747,937	136,658,174	278,406,111
Reimbursements Programs	2,297,211		2,297,211	2,539,276		2,539,276	2,539,276		2,539,276	1,597,702		1,597,702
Transfer In	1,107,360		1,107,360	1,302,772		1,302,772	1,302,772		1,302,772	1,414,855		1,414,855
Transfer from / (to) Reserves	(11,426,267)		(11,426,267)	5,274,900		5,274,900	25,566,748		25,566,748	9,693,058		9,693,058
Total REVENUES	120,282,159	64,879,894	185,162,053	137,744,538	129,037,057	266,781,595	158,036,386	115,238,230	273,274,616	154,453,550	136,658,174	291,111,724
EXPENDITURES												
Personnel & Benefits	88,636,581	6,943,082	95,579,663	88,460,177	8,146,194	96,606,371	88,560,177	8,146,193	96,706,370	103,606,450	8,496,807	112,103,257
Services & Supplies	23,964,369	3,826,016	27,790,385	41,006,096	10,814,978	51,821,074	57,617,190	13,671,566	71,288,756	41,513,091	15,038,990	56,552,081
Capital Expenditures	3,635,922		3,635,922	6,789,376		6,789,376	9,899,385		9,899,385	7,194,925		7,194,925
Other Financing Uses	1,106,240		1,106,240									
Exp Before Dist & Tsfr	117,343,112	10,769,098	128,112,210	136,255,649	18,961,172	155,216,821	156,076,752	21,817,759	177,894,511	152,314,466	23,535,797	175,850,263
Program Distributions	2,939,047	53,003,436	55,942,483	1,300,000	108,962,000	110,262,000	1,770,745	92,486,266	94,257,011	1,950,000	111,707,522	113,657,522
Transfer Out		1,107,360	1,107,360	188,889	1,113,885	1,302,774	188,889	934,205	1,123,094	189,084	1,414,855	1,603,939
Total EXPENDITURES	120,282,159	64,879,894	185,162,053	137,744,538	129,037,057	266,781,595	158,036,386	115,238,230	273,274,616	154,453,550	136,658,174	291,111,724

TABLE II: Consolidated Revenues

	Audited Program	Approved	Amended	Proposed	FTE/\$ Change	Percent
	Actual	Program Budget	Program Budget	Program Budget	25/24 Amended	Change
	2023	2024	2024	2025	\$	%
COUNTY REVENUES						
Alameda	8,276,485	8,099,800	8,099,800	8,585,788	485,988	6.00%
Contra Costa	4,942,690	4,985,700	4,985,700	5,234,985	249,285	(5.00)%
Marin	1,964,471	1,992,900	1,992,900	2,118,147	125,247	6.28%
Napa	1,387,860	1,397,700	1,397,700	1,542,224	144,524	10.34%
San Francisco	6,789,385	7,046,400	7,046,400	6,936,000	(110,400)	(1.57)%
San Mateo	6,292,058	6,053,300	6,053,300	6,234,899	181,599	3.00%
Santa Clara	12,626,230	12,263,600	12,263,600	12,508,872	245,272	2.00%
Solano	1,007,009	1,088,300	1,088,300	1,119,206	30,906	2.84%
Sonoma	1,933,126	1,948,800	1,948,800	2,026,752	77,952	4.00%
	45,219,314	44,876,500	44,876,500	46,306,873	931,803	2.08%
PERMITS / FEES						
Permit Renewal & Application Fees	46,233,433	44,068,250	44,068,250	46,804,597	2,736,347	6.21%
Community Health Impact	1,236,570	1,093,388	1,093,388	1,152,801	59,413	5.43%
Criteria Pollutant and Toxics Emissions	1,702,031	1,527,575	1,527,575	1,691,369	163,794	10.72%
Title V Fees	7,735,283	6,997,590	6,997,590	8,100,473	1,102,883	15.76%
Asbestos Fees	3,753,065	4,000,000	4,000,000	3,650,000	(350,000)	(8.75)%
Toxics Inventory Fees	1,337,238	1,421,513	1,421,513	1,292,751	(128,762)	(9.06)%
Registration Fees	239,385	300,570	300,570	297,408	(3,162)	(1.05)%
Hearing Board Fees	88,189	25,000	25,000	90,000	65,000	260.00%
Greenhouse Gas Fees	3,015,020	3,758,159	3,758,159	3,900,789	142,630	3.80%
	65,340,214	63,192,045	63,192,045	66,980,188	3,788,143	5.99%
GRANT REVENUES						
Federal Grant	2,774,767	4,459,045	4,459,045	6,919,505	2,460,460	55.18%
Other Grants	8,073,164	9,000,000	9,000,000	11,985,751	2,985,751	33.18%
	10,847,931	13,459,045	13,459,045	18,905,256	5,446,211	40.47%
OTHER REVENUES						
Penalty Assessments	2,008,464	3,000,000	3,000,000	4,000,000	1,000,000	33.33%
State Subvention	1,728,050	1,750,000	1,750,000	1,750,000		
PERP (Portable Equip Prog)	835,081	700,000	700,000	1,000,000	300,000	42.86%
Interest Income	2,083,659	1,350,000	1,350,000	2,505,620	1,155,620	85.60%
Miscellaneous Income	241,141	300,000	300,000	300,000		
	6,896,395	7,100,000	7,100,000	9,555,620	2,455,620	34.59%
Total Operating Revenues	128,303,854	128,627,590	128,627,590	141,747,937	12,621,777	9.81%
Reimbursement Programs						
CMAQ Funding	1,002,279	1,000,000	1,000,000		(1,000,000)	(100.00)%
DHS Biowatch Funding	1,294,932	1,539,276	1,539,276	1,597,702	58,426	3.80%
	2,297,211	2,539,276	2,539,276	1,597,702	(941,574)	(37.08)%
Transfer from / (to) Reserves	(11,426,267)	5,274,900	25,566,748	9,693,059	(15,873,689)	(62.09)%
Transfer In	1,107,360	1,302,772	1,302,772	1,414,855	112,083	8.60%
Total General Fund Revenues	120,282,159	137,744,538	158,036,386	154,453,553	(4,081,403)	(2.58)%
Special Revenue Funds						
Grant Programs						
Carl Moyer Fund	22,298,070	38,612,576	31,002,395	44,800,907	13,798,512	44.51%
Mobile Source Incentive Fund (MSIF)	5,609,485	11,052,723	11,722,870	17,412,662	5,689,792	48.54%
Transportation Fund for Clean Air (TFCA)	20,760,297	29,241,640	22,045,736	24,344,670	2,298,934	10.43%
Clean Cars for All (CCFA)	10,816,844	33,135,752	33,469,453	29,851,903	(3,617,550)	(10.81)%
California Goods Movement Bond (CGMB)	1,129,521	2,186,517	2,199,727	2,189,084	(10,643)	(0.48)%
Vehicle Mitigation (VM)	3,483,843	13,863,377	13,853,578	16,035,329	2,181,751	15.75%
Other Grants Revenues	781,838	944,472	944,471	2,023,619	1,079,148	114.26%
Total Special Revenue Funds	64,879,894	129,037,057	115,238,230	136,658,174	21,419,944	18.59%
TOTAL DISTRICT WIDE	185,162,056	266,781,595	273,274,616	291,111,724	17,338,541	6.34%

TABLE III: Consolidated Expenditures

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
NUMBER OF POSITIONS (FTE)	392.12	465.00	472.00	491.00	19.00	4.0%
NUMBER OF POSITIONS (LTCE)			8.00	8.00		
PERSONNEL						
Permanent Salaries	58,679,693	67,705,383	67,705,381	78,564,497	10,859,116	16.0%
Overtime Salaries	585,274	391,865	391,865	634,252	242,387	61.9%
Temporary Salaries	113,082	607,243	707,243	1,466,292	759,049	107.3%
Payroll Taxes	1,158,224	969,831	969,831	1,133,024	163,193	16.8%
Pension Benefits	23,105,489	13,795,119	13,795,119	15,593,487	1,798,368	13.0%
FICA Replacement Benefits	768,526	948,930	948,930	1,714,977	766,047	80.7%
Group Insurance Benefits	10,651,779	12,633,390	12,633,390	14,913,792	2,280,402	18.1%
Transportation Subsidy	120,302	666,751	666,751	484,018	(182,733)	(27.4)%
Workers' Compensation	239,705	229,999	230,000	230,000		
Discretionary Contribution		5,000,000	5,000,000	5,000,000		
Board Stipends	157,589	241,800	241,800	167,240	(74,560)	(30.8)%
Vacancy Savings		(6,583,940)	(6,583,940)	(7,798,321)	(1,214,381)	18.4%
	95,579,663	96,606,371	96,706,370	112,103,258	15,396,888	15.9%
SERVICES & SUPPLIES						
Travel	203,543	625,927	643,928	806,588	162,660	25.3%
Training & Education	323,490	1,093,110	1,219,104	1,140,878	(78,226)	(6.4)%
Repair & Maintenance	665,644	2,041,538	2,220,492	2,095,578	(124,914)	(5.6)%
Communications	706,505	901,427	980,337	915,124	(65,213)	(6.7)%
Building Maintenance	433,522	824,920	1,206,391	987,550	(218,841)	(18.1)%
Utilities	257,636	271,765	271,765	326,648	54,883	20.2%
Postage	48,242	123,490	123,490	128,990	5,500	4.5%
Printing & Reproduction	50,086	424,700	633,739	625,489	(8,250)	(1.3)%
Equipment Rental	64,642	107,000	140,274	125,000	(15,274)	(10.9)%
Rents & Leases	2,123,309	3,317,749	3,583,118	3,480,640	(102,478)	(2.9)%
Professional Services	21,334,471	38,397,349	55,995,944	42,045,239	(13,950,705)	(24.9)%
General Insurance	505,272	839,740	842,142	938,500	96,358	11.4%
Shop & Field Supplies	404,033	606,281	780,196	542,177	(238,019)	(30.5)%
Laboratory Supplies	123,091	209,920	239,782	232,000	(7,782)	(3.2)%
Gasoline & Variable Fuel	239,916	376,579	390,018	470,000	79,982	20.5%
Computer Hardware & Software	226,432	1,476,953	1,819,237	1,450,695	(368,542)	(20.3)%
Stationery & Office Supplies	13,463	64,950	79,023	69,650	(9,373)	(11.9)%
Books & Journals	66,973	87,223	88,308	146,250	57,942	65.6%
Minor Office Equipment	115	30,453	31,468	25,085	(6,383)	(20.3)%
	27,790,385	51,821,074	71,288,756	56,552,081	(14,736,675)	(20.7)%
CAPITAL						
Leasehold Improvements			2,350		(2,350)	(100.0)%
Building & Grounds	111,885	500,000	631,802	40,000	(591,802)	(93.7)%
Office Equipment		100,000	100,000	110,000	10,000	10.0%
Computer & Network	3,095,928	4,518,613	6,993,949	4,600,000	(2,393,949)	(34.2)%
Motorized Equipment		100,000	100,000	60,000	(40,000)	(40.0)%
Lab & Monitoring Equipment	405,510	1,420,763	1,743,883	2,384,925	641,042	36.8%
Communications Equipment	22,599	150,000	327,401		(327,401)	(100.0)%
	3,635,922	6,789,376	9,899,385	7,194,925	(2,704,460)	(27.3)%
Total Expenditures	127,005,970	155,216,821	177,894,511	175,850,264	(2,044,247)	(1.1)%
Transfer In/Out	1,107,359	1,302,774	1,123,094	1,603,939	480,845	42.8%
Other Financing Uses	1,106,240					
Program Distribution	55,942,483	110,262,000	94,257,011	113,657,522	19,400,511	20.6%
TOTAL DISTRICT WIDE	185,162,053	266,781,595	273,274,616	291,111,724	17,837,109	6.5%

TABLE IV: General Fund

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
NUMBER OF POSITIONS (FTE)	356.39	424.84	431.84	452.03	20.19	4.7%
NUMBER OF POSITIONS (LTCE)			8.00	8.00		
REVENUES						
Revenues	130,601,065	131,166,866	131,166,866	143,345,639	12,178,773	9.3%
Transfer from / (to) Reserves	(11,426,267)	5,274,900	25,566,748	9,693,059	(15,873,689)	(62.1)%
Transfer In	1,107,360	1,302,772	1,302,772	1,414,855	112,083	8.6%
Total Revenues - General Fund	120,282,158	137,744,538	158,036,386	154,453,550	(3,582,833)	(2.3)%
PERSONNEL EXPENDITURES						
Permanent Salaries	53,993,907	62,288,842	62,288,841	72,867,315	10,578,474	17.0%
Overtime Salaries	499,753	351,865	351,865	544,252	192,387	54.7%
Temporary Salaries	112,880	407,243	507,243	1,366,292	859,049	169.4%
Payroll Taxes	1,088,874	892,809	892,809	1,051,628	158,819	17.8%
Pension Benefits	21,677,282	12,701,686	12,701,686	14,463,389	1,761,703	13.9%
FICA Replacement Benefits	725,238	866,959	866,959	1,580,799	713,840	82.3%
Group Insurance Benefits	10,046,459	11,899,000	11,899,000	14,067,623	2,168,623	18.2%
Transportation Subsidy	110,723	609,155	609,155	446,150	(163,005)	(26.8)%
Workers' Compensation	223,876	210,131	210,131	212,006	1,875	0.9%
Discretionary Contribution		4,574,627	4,574,628	4,638,077	63,449	1.4%
Board Stipends	157,589	241,800	241,800	167,240	(74,560)	(30.8)%
Vacancy Savings		(6,583,940)	(6,583,940)	(7,798,321)	(1,214,381)	18.4%
Total Personnel Expenditures	88,636,581	88,460,177	88,560,177	103,606,450	15,046,273	17.0%
SERVICES & SUPPLIES EXP						
Travel	193,917	536,627	554,628	712,038	157,410	28.4%
Training & Education	318,344	1,041,110	1,167,104	1,090,378	(76,726)	(6.6)%
Repair & Maintenance	665,644	2,041,538	2,220,492	2,095,578	(124,914)	(5.6)%
Communications	695,638	886,427	965,337	895,124	(70,213)	(7.3)%
Building Maintenance	433,522	824,920	1,206,391	987,550	(218,841)	(18.1)%
Utilities	257,636	271,765	271,765	326,648	54,883	20.2%
Postage	48,242	114,490	114,490	116,490	2,000	1.7%
Printing & Reproduction	41,051	408,200	616,544	605,989	(10,555)	(1.7)%
Equipment Rental	64,642	107,000	140,274	125,000	(15,274)	(10.9)%
Rents & Leases	2,123,309	3,317,749	3,583,118	3,480,640	(102,478)	(2.9)%
Professional Services	17,543,570	27,822,621	42,567,858	27,264,939	(15,302,919)	(35.9)%
General Insurance	505,272	839,740	842,142	938,500	96,358	11.4%
Shop & Field Supplies	403,872	602,781	776,696	534,977	(241,719)	(31.1)%
Laboratory Supplies	123,091	209,920	239,782	232,000	(7,782)	(3.2)%
Gasoline & Variable Fuel	239,916	376,579	390,018	470,000	79,982	20.5%
Computer Hardware & Software	226,432	1,437,953	1,778,717	1,413,695	(365,022)	(20.5)%
Stationery & Office Supplies	13,245	62,650	76,723	64,850	(11,873)	(15.5)%
Books & Journals	66,973	86,073	87,158	144,610	57,452	65.9%
Minor Office Equipment	53	17,953	17,953	14,085	(3,868)	(21.5)%
Total Services & Supplies Exp	23,964,369	41,006,096	57,617,190	41,513,091	(16,104,099)	(28.0)%
CAPITAL EXPENDITURES						
Leasehold Improvements			2,350		(2,350)	(100.0)%
Building & Grounds	111,885	500,000	631,802	40,000	(591,802)	(93.7)%
Office Equipment		100,000	100,000	110,000	10,000	10.0%
Computer & Network	3,095,928	4,518,613	6,993,949	4,600,000	(2,393,949)	(34.2)%
Motorized Equipment		100,000	100,000	60,000	(40,000)	(40.0)%
Lab & Monitoring Equipment	405,510	1,420,763	1,743,883	2,384,925	641,042	36.8%
Communications Equipment	22,599	150,000	327,401		(327,401)	(100.0)%
Total Capital Expenditures	3,635,922	6,789,376	9,899,385	7,194,925	(2,704,460)	(27.3)%
OTHER FINANCING USES						
	1,106,240					
TRANSFER IN/OUT						
		188,889	188,889	189,084	195	0.1%
TOTAL EXPENDITURES	117,343,112	136,444,538	156,265,641	152,503,550	(3,762,091)	(2.4)%
Program Distribution	2,939,047	1,300,000	1,770,745	1,950,000	179,255	10.1%
TOTAL EXP - GENERAL FUND	120,282,159	137,744,538	158,036,386	154,453,550	(3,582,836)	(2.3)%

TABLE V: Carl Moyer Fund

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/\$ Change 25/24 Amended	Percent Change
	2023	2024	2024	2025	\$	%
NUMBER OF POSITIONS (FTE)	15.04	16.21	16.21	12.58	(3.63)	(22.4)%
REVENUES						
Admin Revenue	3,108,729	3,612,576	3,771,069	2,800,907	(970,162)	(25.7)%
Program Revenue	19,189,341	35,000,000	27,231,326	42,000,000	14,768,674	54.2%
Total Revenue - Carl Moyer	22,298,070	38,612,576	31,002,395	44,800,907	13,798,512	44.5%
PERSONNEL EXPENDITURES						
Permanent Salaries	1,952,440	2,176,518	2,176,518	1,778,906	(397,612)	(18.3)%
Overtime Salaries	431					
Payroll Taxes	28,856	30,845	30,845	25,205	(5,640)	(18.3)%
Pension Benefits	612,949	437,689	437,689	351,990	(85,699)	(19.6)%
FICA Replacement Benefits	17,975	33,065	33,065	43,311	10,246	31.0%
Group Insurance Benefits	250,851	299,753	299,753	271,198	(28,555)	(9.5)%
Transportation Subsidy	3,993	23,233	23,233	12,224	(11,009)	(47.4)%
Workers' Compensation	6,596	8,014	8,014	5,808	(2,206)	(27.5)%
Discretionary Contribution		171,459	171,459	112,915	(58,544)	(34.1)%
Total Personnel Expenditures	2,874,091	3,180,576	3,180,576	2,601,557	(579,019)	(18.2)%
SERVICES & SUPPLIES EXPENDITURES						
Travel	3,060	20,000	20,000	11,550	(8,450)	(42.3)%
Training & Education	46	17,000	17,000	13,500	(3,500)	(20.6)%
Communications	1,566	5,000	5,000	5,000		
Postage				1,000	1,000	
Printing & Reproduction		3,000	3,000	3,000		
Professional Services	129,821	365,500	523,993	150,500	(373,493)	(71.3)%
Shop & Field Supplies	145	2,000	2,000	2,800	800	40.0%
Computer Hardware & Software		13,000	13,000	7,000	(6,000)	(46.2)%
Stationery & Office Supplies		1,000	1,000	2,000	1,000	100.0%
Books & Journals		500	500	500		
Minor Office Equipment		5,000	5,000	2,500	(2,500)	(50.0)%
Total Services & Supplies Expenditures	134,638	432,000	590,493	199,350	(391,143)	(66.2)%
CAPITAL EXPENDITURES						
TRANSFER IN/OUT	100,000					
TOTAL EXPENDITURES	3,108,729	3,612,576	3,771,069	2,800,907	(970,162)	(25.7)%
Program Distribution	19,189,341	35,000,000	27,231,326	42,000,000	14,768,674	54.2%
Total Expenditures - Carl Moyer	22,298,070	38,612,576	31,002,395	44,800,907	13,798,512	44.5%

TABLE VI: Mobile Source Incentive Fund (MSIF)

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/\$ Change 25/24 Amended	Percent Change
	2023	2024	2024	2025	\$	%
NUMBER OF POSITIONS (FTE)	3.74	2.37	2.37	5.40	3.03	127.8%
REVENUES						
Admin Revenue	2,603,896	8,052,723	8,722,870	12,412,662	3,689,792	42.3%
Program Revenue	3,005,589	3,000,000	3,000,000	5,000,000	2,000,000	66.7%
Total Revenues - MSIF	5,609,485	11,052,723	11,722,870	17,412,662	5,689,792	48.5%
PERSONNEL EXPENDITURES						
Permanent Salaries	448,366	309,443	309,443	803,056	493,613	159.5%
Overtime Salaries	22					
Payroll Taxes	6,498	4,385	4,385	11,495	7,110	162.1%
Pension Benefits	70,359	61,876	61,876	158,444	96,568	156.1%
FICA Replacement Benefits	4,101	4,843	4,843	18,598	13,755	284.0%
Group Insurance Benefits	58,274	42,661	42,661	113,881	71,220	166.9%
Transportation Subsidy	941	3,403	3,403	5,249	1,846	54.2%
Workers' Compensation	1,514	1,174	1,174	2,494	1,320	112.4%
Discretionary Contribution		24,971	24,971	51,036	26,065	104.4%
Total Personnel Expenditures	590,075	452,756	452,756	1,164,253	711,497	157.1%
SERVICES & SUPPLIES EXPENDITURES						
Travel	46	10,500	10,500	9,500	(1,000)	(9.5)%
Training & Education		18,500	18,500	12,500	(6,000)	(32.4)%
Communications	2,933	2,000	2,000	2,000		
Postage				1,500	1,500	
Printing & Reproduction		3,000	3,000	4,000	1,000	33.3%
Professional Services	1,861,331	7,460,000	8,129,184	11,160,000	3,030,816	37.3%
Shop & Field Supplies	16			1,000	1,000	
Computer Hardware & Software		17,000	17,000	7,000	(10,000)	(58.8)%
Stationery & Office Supplies		800	800	800		
Books & Journals		200	200	200		
Minor Office Equipment	62	5,000	5,962	2,500	(3,462)	(58.1)%
Total Services & Supplies Expenditures	1,864,388	7,517,000	8,187,146	11,201,000	3,013,854	36.8%
CAPITAL EXPENDITURES						
TRANSFER IN/OUT	149,433	82,967	82,968	47,409	(35,559)	(42.9)%
TOTAL EXPENDITURES	2,603,896	8,052,723	8,722,870	12,412,662	3,689,792	42.3%
Program Distribution	3,005,589	3,000,000	3,000,000	5,000,000	2,000,000	66.7%
Total Expenditures - MSIF	5,609,485	11,052,723	11,722,870	17,412,662	5,689,792	48.5%

TABLE VII: Transportation Fund for Clean Air (TFCA)

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/\$ Change 25/24 Amended	Percent Change
	2023	2024	2024	2025	\$	%
NUMBER OF POSITIONS (FTE)	6.35	8.62	8.62	8.97	0.35	4.1%
REVENUES						
Admin Revenue	2,983,839	4,241,640	5,752,796	4,344,670	(1,408,126)	(24.5)%
Program Revenue	17,776,458	25,000,000	16,292,940	20,000,000	3,707,060	22.8%
Total Revenues - TFCA	20,760,297	29,241,640	22,045,736	24,344,670	2,298,934	10.4%
PERSONNEL EXPENDITURES						
Permanent Salaries	844,452	1,155,122	1,155,122	1,313,639	158,517	13.7%
Overtime Salaries	84,556	30,000	30,000	30,000		
Temporary Salaries	202					
Payroll Taxes	12,615	16,419	16,419	18,774	2,355	14.3%
Pension Benefits	259,539	234,536	234,536	264,561	30,025	12.8%
FICA Replacement Benefits	7,904	17,595	17,595	30,875	13,280	75.5%
Group Insurance Benefits	110,135	159,653	159,653	192,538	32,885	20.6%
Transportation Subsidy	1,755	12,362	12,362	8,714	(3,648)	(29.5)%
Workers' Compensation	2,853	4,265	4,265	4,140	(125)	(2.9)%
Discretionary Contribution		91,189	91,189	83,456	(7,733)	(8.5)%
Total Personnel Expenditures	1,324,011	1,721,141	1,721,141	1,946,697	225,556	13.1%
SERVICES & SUPPLIES EXPENDITURES						
Travel	2,907	21,000	21,000	17,500	(3,500)	(16.7)%
Training & Education		7,000	7,000	11,500	4,500	64.3%
Communications	3,364	5,500	5,500	6,000	500	9.1%
Postage		9,000	9,000	9,500	500	5.6%
Printing & Reproduction	9,035	9,500	10,195	9,500	(695)	(6.8)%
Professional Services	1,014,421	1,736,999	3,245,887	1,792,000	(1,453,887)	(44.8)%
Shop & Field Supplies		500	500	3,000	2,500	500.0%
Computer Hardware & Software		6,000	7,520	7,000	(520)	(6.9)%
Stationery & Office Supplies	218	500	500	1,000	500	100.0%
Books & Journals		450	450	440	(10)	(2.2)%
Minor Office Equipment		2,500	2,553	5,000	2,447	95.8%
Total Services & Supplies Expenditures	1,029,945	1,798,949	3,310,105	1,862,440	(1,447,665)	(43.7)%
CAPITAL EXPENDITURES						
TRANSFER IN/OUT	629,883	721,550	721,550	535,533	(186,017)	(25.8)%
TOTAL EXPENDITURES	2,983,839	4,241,640	5,752,796	4,344,670	(1,408,126)	(24.5)%
Program Distribution	17,776,458	25,000,000	16,292,940	20,000,000	3,707,060	22.8%
Total Expenditures - TFCA	20,760,297	29,241,640	22,045,736	24,344,670	2,298,934	10.4%

TABLE VIII: Clean Cars for All (CCFA)

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
NUMBER OF POSITIONS (FTE)	7.67	7.99	7.99	7.94	(0.05)	(0.6)%
REVENUES						
Admin Revenue	2,535,778	2,935,752	3,269,453	4,144,381	874,928	26.8%
Program Revenue	8,281,066	30,200,000	30,200,000	25,707,522	(4,492,478)	(14.9)%
Total Revenues - CCFA	10,816,844	33,135,752	33,469,453	29,851,903	(3,617,550)	(10.8)%
PERSONNEL EXPENDITURES						
Permanent Salaries	1,026,942	1,068,282	1,068,282	1,198,844	130,562	12.2%
Overtime Salaries	512	10,000	10,000	60,000	50,000	500.0%
Temporary Salaries		200,000	200,000	100,000	(100,000)	(50.0)%
Payroll Taxes	15,126	15,341	15,341	17,353	2,012	13.1%
Pension Benefits	301,873	214,562	214,562	233,050	18,488	8.6%
FICA Replacement Benefits	9,428	16,313	16,313	27,342	11,029	67.6%
Group Insurance Benefits	132,101	143,185	143,185	163,412	20,227	14.1%
Transportation Subsidy	2,033	11,463	11,463	7,716	(3,747)	(32.7)%
Workers' Compensation	3,469	3,954	3,954	3,667	(287)	(7.3)%
Discretionary Contribution		84,510	84,510	76,217	(8,293)	(9.8)%
Total Personnel Expenditures	1,491,484	1,767,610	1,767,610	1,887,601	119,991	6.8%
SERVICES & SUPPLIES EXPENDITURES						
Travel	3,613	16,500	16,500	36,000	19,500	118.2%
Training & Education	5,100	6,000	6,000	9,500	3,500	58.3%
Communications	3,004	2,500	2,500	7,000	4,500	180.0%
Professional Services	608,738	875,000	1,310,675	1,627,000	316,325	24.1%
Computer Hardware & Software		3,000	3,000	11,000	8,000	266.7%
Total Services & Supplies Expenditures	620,455	903,000	1,338,675	1,690,500	351,825	26.3%
CAPITAL EXPENDITURES						
TRANSFER IN/OUT	423,839	265,142	163,168	566,280	403,112	247.1%
TOTAL EXPENDITURES	2,535,778	2,935,752	3,269,453	4,144,381	874,928	26.8%
Program Distribution	8,281,066	30,200,000	30,200,000	25,707,522	(4,492,478)	(14.9)%
Total Expenditures - CCFA	10,816,844	33,135,752	33,469,453	29,851,903	(3,617,550)	(10.8)%

TABLE IX: California Goods Movement Bond (CGMB)

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
NUMBER OF POSITIONS (FTE)	1.13	1.63	1.63	0.88	(0.75)	(46.01)%
REVENUES						
Admin Revenue	29,521	186,517	199,727	189,084	10,643	5.33%
Program Revenue	1,100,000	2,000,000	2,000,000	2,000,000		
Total Revenues - CGMB	1,129,521	2,186,517	2,199,727	2,189,084	10,643	0.48%
PERSONNEL EXPENDITURES						
Permanent Salaries	165,013	228,014	228,014	127,296	(100,718)	(44.17)%
Payroll Taxes	2,550	3,228	3,228	1,806	(1,422)	(44.05)%
Pension Benefits	55,441	47,124	47,124	25,884	(21,240)	(45.07)%
FICA Replacement Benefits	1,580	3,332	3,332	3,031	(301)	(9.03)%
Group Insurance Benefits	21,916	27,650	27,650	21,721	(5,929)	(21.44)%
Transportation Subsidy	348	2,341	2,341	855	(1,486)	(63.48)%
Workers' Compensation	557	808	808	406	(402)	(49.75)%
Discretionary Contribution		17,409	17,409	8,085	(9,324)	(53.56)%
Total Personnel Expenditures	247,405	329,906	329,906	189,084	(140,822)	(42.69)%
SERVICES & SUPPLIES EXPENDITURES						
Travel		2,000	2,000		(2,000)	(100.00)%
Training & Education		1,500	1,500		(1,500)	(100.00)%
Printing & Reproduction		1,000	1,000		(1,000)	(100.00)%
Professional Services	560	40,000	53,210		(53,210)	(100.00)%
Shop & Field Supplies		1,000	1,000		(1,000)	(100.00)%
Total Services & Supplies Expenditures	560	45,500	58,710		(58,710)	(100.00)%
CAPITAL EXPENDITURES						
TRANSFER IN/OUT	(218,446)	(188,889)	(188,889)		188,889	(100.00)%
TOTAL EXPENDITURES	29,519	186,517	199,727	189,084	(10,643)	(5.33)%
Program Distribution	1,100,000	2,000,000	2,000,000	2,000,000		
Total Expenditures - CGMB	1,129,519	2,186,517	2,199,727	2,189,084	(10,643)	(0.48)%

TABLE X: Vehicle Mitigation (VM)

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
NUMBER OF POSITIONS (FTE)	1.75	2.47	2.47	3.13	0.66	26.7%
REVENUES						
Admin Revenue	514,741	863,377	853,578	1,035,329	181,751	21.3%
Program Revenue	2,969,102	13,000,000	13,000,000	15,000,000	2,000,000	15.4%
Total Revenues - VM	3,483,843	13,863,377	13,853,578	16,035,329	2,181,751	15.7%
PERSONNEL EXPENDITURES						
Permanent Salaries	242,143	357,170	357,170	463,419	106,249	29.7%
Payroll Taxes	3,613	5,064	5,064	6,585	1,521	30.0%
Pension Benefits	122,483	73,058	73,058	93,760	20,702	28.3%
FICA Replacement Benefits	2,245	5,048	5,048	10,780	5,732	113.5%
Group Insurance Benefits	31,263	46,372	46,372	81,816	35,444	76.4%
Transportation Subsidy	497	3,547	3,547	3,042	(505)	(14.2)%
Workers' Compensation	818	1,223	1,223	1,446	223	18.2%
Discretionary Contribution		26,551	26,551	29,448	2,897	10.9%
Total Personnel Expenditures	403,062	518,033	518,033	690,296	172,263	33.3%
SERVICES & SUPPLIES EXPENDITURES						
Travel		13,000	13,000	13,700	700	5.4%
Training & Education		2,000	2,000	3,500	1,500	75.0%
Postage				500	500	
Printing & Reproduction				3,000	3,000	
Professional Services	76,072	97,229	165,137	50,800	(114,337)	(69.2)%
Shop & Field Supplies				400	400	
Computer Hardware & Software				5,000	5,000	
Stationery & Office Supplies				1,000	1,000	
Books & Journals				500	500	
Minor Office Equipment				1,000	1,000	
Total Services & Supplies Expenditures	76,072	112,229	180,137	79,400	(100,737)	(55.9)%
CAPITAL EXPENDITURES						
TRANSFER IN/OUT	35,606	233,115	155,408	265,633	110,225	70.9%
TOTAL EXPENDITURES	514,740	863,377	853,578	1,035,329	181,751	21.3%
Program Distribution	2,969,102	13,000,000	13,000,000	15,000,000	2,000,000	15.4%
Total Expenditures - VM	3,483,842	13,863,377	13,853,578	16,035,329	2,181,751	15.7%

TABLE XI: Other Grants Revenues

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
NUMBER OF POSITIONS (FTE)	0.05	0.87	0.87	0.07	(0.80)	(92.0)%
REVENUES						
Admin Revenue		182,472	182,471	23,619	(158,852)	(87.1)%
Program Revenue	781,838	762,000	762,000	2,000,000	1,238,000	162.5%
Total Revenues - Other Grants	781,838	944,472	944,471	2,023,619	1,079,148	114.3%
PERSONNEL EXPENDITURES						
Permanent Salaries	6,430	121,992	121,991	12,022	(109,969)	(90.1)%
Payroll Taxes	92	1,740	1,740	178	(1,562)	(89.8)%
Pension Benefits	5,563	24,588	24,588	2,409	(22,179)	(90.2)%
FICA Replacement Benefits	55	1,775	1,775	241	(1,534)	(86.4)%
Group Insurance Benefits	780	15,116	15,116	1,603	(13,513)	(89.4)%
Transportation Subsidy	12	1,247	1,247	68	(1,179)	(94.5)%
Workers' Compensation	22	430	430	32	(398)	(92.6)%
Discretionary Contribution		9,284	9,284	766	(8,518)	(91.7)%
Total Personnel Expenditures	12,954	176,172	176,171	17,319	(158,852)	(90.2)%
SERVICES & SUPPLIES EXPENDITURES						
Travel		6,300	6,300	6,300		
Professional Services	99,958					
Total Services & Supplies Expenditures	99,958	6,300	6,300	6,300		
CAPITAL EXPENDITURES						
TRANSFER IN/OUT	(12,955)					
TOTAL EXPENDITURES	99,957	182,472	182,471	23,619	(158,852)	(87.1)%
Program Distribution	681,880	762,000	762,000	2,000,000	1,238,000	162.5%
Total Expenditures - Other Grants	781,837	944,472	944,471	2,023,619	1,079,148	114.3%

TABLE XII: General Fund Expenditure by Service Area & Division

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/\$ Change 25/24 Amended	Percent Change
	2023	2024	2024	2025	\$	%
ENGINEERING & COMPLIANCE						
Compliance & Enforcement						
Enforcement	6,056,292	7,987,846	7,998,917	7,470,188	(528,729)	(6.6)%
Compliance Assistance & Operations	3,403,025	3,472,773	3,518,868	4,821,399	1,302,531	37.0%
Compliance Assurance	5,738,364	6,235,227	6,266,108	8,650,534	2,384,426	38.1%
Total Compliance & Enforcement	15,197,681	17,695,846	17,783,893	20,942,121	3,158,228	17.8%
Engineering						
Permit Evaluation	7,768,947	8,543,400	8,911,569	10,889,033	1,977,464	22.2%
Air Toxics	1,684,842	2,080,600	2,672,488	2,400,883	(271,605)	(10.2)%
Permit Operations	858,068	1,570,623	1,696,273	691,656	(1,004,617)	(59.2)%
Title V	510,983	1,094,099	1,114,099	1,515,122	401,023	36.0%
Engineering Special Projects	1,540,436	2,003,778	2,167,629	2,041,287	(126,342)	(5.8)%
Total Engineering	12,363,276	15,292,500	16,562,058	17,537,981	975,923	(17.0)%
TOTAL ENGINEERING & COMPLIANCE	27,560,957	32,988,346	34,345,951	38,480,102	4,134,151	51.5%
EQUITY & COMMUNITY PROGRAMS						
Community Engagement						
Community Engagement Office	5,510,848	5,705,218	9,511,685	5,568,701	(3,942,984)	(41.5)%
AB617		9,251,090	9,251,090	13,138,553	3,887,463	42.0%
Total Community Engagement	5,510,848	14,956,308	18,762,775	18,707,254	(55,521)	0.5%
Diversity Equity & Inclusion						
Office of Diversity Equity & Inclusion	480,702	904,413	1,022,924	938,542	(84,382)	(8.2)%
Total Diversity Equity & Inclusion	480,702	904,413	1,022,924	938,542	(84,382)	(8.2)%
Strategic Incentives						
Non-Mobile Source Grant Programs	149,311	379,017	1,699,622	2,262,174	562,552	33.1%
Grant Program Development	151,669	155,217	195,001	1,068,326	873,325	447.9%
Total Strategic Incentives	300,980	534,234	1,894,623	3,330,500	1,435,877	481.0%
Technology Implementation Office						
Greenhouse Gas Technologies	703,935	1,063,166	3,742,986	1,170,333	(2,572,653)	(68.7)%
Total Technology Implementation Office	703,935	1,063,166	3,742,986	1,170,333	(2,572,653)	(68.7)%
TOTAL EQUITY & COMMUNITY PROGRAMS	6,996,465	17,458,121	25,423,308	24,146,629	(1,276,679)	404.6%
FINANCE & ADMINISTRATION						
Administrative Division						
Facilities	1,392,562	1,873,890	2,478,634	2,729,377	250,743	10.1%
Mail and Reproduction	742,567	999,178	1,049,065	962,978	(86,087)	(8.2)%
Headquarters East (Richmond)	186,451	813,000	933,792	421,000	(512,792)	(54.9)%
Purchasing	1,001,453	1,937,224	1,938,365	1,740,797	(197,568)	(10.2)%
Headquarters West (Beale Street)	2,985,301	5,075,792	5,075,792	5,203,000	127,208	2.5%
Fleet Services	1,311,817	1,930,207	2,072,229	1,954,831	(117,398)	(5.7)%
Total Administrative Division	7,620,151	12,629,291	13,547,877	13,011,983	(535,894)	(66.4)%
Enterprise Technology Solutions						
Software Development and Maintenance	4,679,019	4,921,179	7,119,765	5,580,134	(1,539,631)	(21.6)%
Website Development & Maintenance	1,580,444	1,637,827	2,593,007	1,162,368	(1,430,639)	(55.2)%
Records Management Systems	612,917	776,316	880,887	1,218,150	337,263	38.3%
Software Dev Operations, Data Reporting	1,198,323	1,482,843	1,482,843	2,329,511	846,668	57.1%
Total Enterprise Technology Solutions	8,070,703	8,818,165	12,076,502	10,290,163	(1,786,339)	18.6%
Executive						
Executive Office	8,179,264	8,966,878	10,129,747	9,497,597	(632,150)	(6.2)%
Board of Directors	489,188	516,793	516,793	385,307	(131,486)	(25.4)%
Hearing Board	43,194	95,350	95,350	131,573	36,223	38.0%
Advisory Council & CAC	15,561	557,111	557,111	238,128	(318,983)	(57.3)%
Total Executive	8,727,207	10,136,132	11,299,001	10,252,605	(1,046,396)	(9.3)%

TABLE XII: General Fund Expenditure by Service Area & Division

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
Finance Office						
Payroll	868,828	675,575	727,256	933,238	205,982	28.3%
Finance/Accounting	3,587,128	4,418,389	4,604,405	4,273,954	(330,451)	(7.2)%
Total Finance Office	4,455,956	5,093,964	5,331,661	5,207,192	(124,469)	(2.3)%
Human Resources Office						
Benefits Administration	9,094,488	3,879,897	3,935,640	4,317,670	382,030	9.7%
Organizational Development	562,729	1,296,057	1,345,875	1,323,750	(22,125)	(1.6)%
Employment Relations	1,122,361	1,331,537	1,391,317	1,503,623	112,306	8.1%
Recruitment & Testing	750,950	978,028	1,027,700	1,173,180	145,480	14.2%
Total Human Resources Office	11,530,528	7,485,519	7,700,532	8,318,223	617,691	8.0%
Information Services Operations						
IT Engineering, Operations and Security	2,517,123	5,429,991	6,446,929	4,322,415	(2,124,514)	(33.0)%
User Support Desk	236,471	1,351,433	1,370,491	1,656,041	285,550	20.8%
Total Information Services Operations	2,753,594	6,781,424	7,817,420	5,978,456	(1,838,964)	(23.5)%
TOTAL FINANCE & ADMINISTRATION	43,158,139	50,944,495	57,772,993	53,058,622	(4,714,371)	(59.4)%
GENERAL COUNSEL						
General Counsel						
Legal Counsel	2,415,285	2,914,726	3,037,944	3,172,066	134,122	4.4%
Hearing Board Proceedings	28,945	194,487	194,487	52,893	(141,594)	(72.8)%
Penalties Enforcement & Settlement	1,118,489	1,731,640	1,731,640	2,152,226	420,586	24.3%
Litigation	874,650	334,132	995,087	470,974	(524,113)	(52.7)%
Total General Counsel	4,437,369	5,174,985	5,959,158	5,848,159	(110,999)	(96.8)%
TOTAL GENERAL COUNSEL	4,437,369	5,174,985	5,959,158	5,848,159	(110,999)	94.9%
PUBLIC AFFAIRS						
Communications						
Media Relations	1,818,752	1,797,245	2,469,443	2,216,537	(252,906)	(10.2)%
Spare the Air (winter)	1,104,843	1,416,607	1,841,552	1,379,185	(462,367)	(25.1)%
Spare The Air (CMAQ)	1,002,279	1,000,000	1,341,381		(1,341,381)	(100.0)%
Total Communications	3,925,874	4,213,852	5,652,376	3,595,722	(2,056,654)	(36.4)%
External Affairs						
Sponsorship				450,000	450,000	
External Affairs	656,283	1,145,095	1,414,306	1,318,449	(95,857)	(6.8)%
Total External Affairs	656,283	1,145,095	1,414,306	1,768,449	354,143	25.0%
Legislative Office						
Legislative Program	607,007	657,164	698,364	715,445	17,081	2.4%
Total Legislative Office	607,007	657,164	698,364	715,445	17,081	2.4%
TOTAL PUBLIC AFFAIRS	5,189,164	6,016,111	7,765,046	6,079,616	(1,685,430)	(139.7)%
SCIENCE & POLICY						
Assessment, Inventory & Modeling						
Source Inventories	1,641,120	1,633,465	1,678,700	1,582,197	(96,503)	(5.7)%
Air Quality Modeling Support	1,288,610	900,007	1,079,542	902,209	(177,333)	(16.4)%
Air Quality Modeling & Research	654,812	520,441	520,441	614,143	93,702	18.0%
Community Air Risk Evaluation	1,268,060	753,152	753,152	643,091	(110,061)	(14.6)%
Total Assessment, Inventory & Modeling	4,852,602	3,807,065	4,031,835	3,741,640	(290,195)	(18.7)%
Meteorology & Measurements						
Air Monitoring – Operations	4,432,809	6,403,127	6,678,210	7,758,283	1,080,073	16.2%
Laboratory	1,812,962	2,212,486	2,247,103	2,706,371	459,268	20.4%
Source Test	2,977,141	4,056,103	4,091,286	4,271,665	180,379	4.4%
Meteorology	959,344	923,854	923,854	1,027,998	104,144	11.3%
Air Monitoring Instrument Perf Eval	773,987	717,072	731,519	848,461	116,942	16.0%

TABLE XII: General Fund Expenditure by Service Area & Division

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/\$ Change 25/24 Amended	Percent Change
	2023	2024	2024	2025	\$	%
BioWatch Monitoring	1,295,048	1,538,805	1,840,433	1,577,339	(263,094)	(14.3)%
Air Monitoring - Projects & Technology	2,108,634	1,873,341	2,251,229	1,939,339	(311,890)	(13.9)%
Ambient Air Quality Analysis	1,332,255	1,750,215	1,873,185	2,524,636	651,451	34.8%
Total Meteorology & Measurements	15,692,180	19,475,003	20,636,819	22,654,092	2,017,273	74.9%
Planning & Climate Protection						
Air Quality Planning	1,911,120	1,306,277	1,546,419		(1,546,419)	(100.0)%
Implement Plans, Policies and Measures	1,188,601	1,109,950	1,363,986	2,133,946	769,960	56.4%
Climate Protection	1,626,852	2,051,475	2,584,949	2,525,110	(59,839)	(2.3)%
Total Planning & Climate Protection	4,726,573	4,467,702	5,495,354	4,659,056	(836,298)	(45.9)%
Rules						
Rule Development	2,516,062	2,507,760	3,000,973	3,394,871	393,898	13.1%
Total Rules	2,516,062	2,507,760	3,000,973	3,394,871	393,898	13.1%
TOTAL SCIENCE & POLICY	27,787,417	30,257,530	33,164,981	34,449,659	1,284,678	23.4%
Others						
Vacancy Savings		(6,583,940)	(6,583,940)	(7,798,321)	(1,214,381)	18.4%
Other Financing Sources	1,106,240					
Program Distribution	2,939,047	1,300,000	1,770,745	1,950,000	179,255	10.1%
Transfer In/Out	1,107,361	188,889	188,889	189,084	195	0.1%
Total Expenditures - General Fund Divisions	120,282,159	137,744,537	158,036,386	154,453,550	(3,403,581)	(538.3)%

TABLE XIII: Special Revenue Fund Expenditure by Service Area & Division

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/\$ Change 25/24 Amended \$	Percent Change %
ENGINEERING & COMPLIANCE						
Compliance & Enforcement						
Enhanced Mobile Source Insp (TFCA)	11,306	15,500	16,195	15,500	(695)	(4.3)%
Commuter Benefits Program (TFCA)		11,000	11,000	11,000		
Total Compliance & Enforcement	11,306	26,500	27,195	26,500	(695)	(4.3)%
TOTAL ENGINEERING & COMPLIANCE	11,306	26,500	27,195	26,500	(695)	1.7%
EQUITY & COMMUNITY PROGRAMS						
Community Engagement						
Community Engagement - Special Project (Other Grant)	781,838					
Total Community Engagement	781,838					
Strategic Incentives						
Carl Moyer Program Administration (CMP)	22,298,070	38,612,576	31,002,395	44,800,907	13,798,512	44.5%
Transportation Fund for Clean Air (TFCA)	19,104,018	26,705,445	18,095,490	21,637,500	3,542,010	19.6%
Mobile Source Incentive Fund (MSIF)	3,705,435	3,588,170	3,693,895	6,151,919	2,458,024	66.5%
Vehicle Buy Back (MSIF)	1,904,050	7,464,553	8,028,975	11,260,743	3,231,768	40.3%
Misc Incentive Program (Other Grant)		944,472	944,471	2,023,619	1,079,148	114.3%
CA GMB - Grants Administration (CGMB)	1,129,519	2,186,517	2,199,727	2,189,084	(10,643)	(0.5)%
Volkswagen Env Mitigatn Trust (VW Trust)	3,483,842	13,863,377	13,853,578	16,035,329	2,181,751	15.7%
Total Strategic Incentives	51,624,934	93,365,110	77,818,531	104,099,101	26,280,570	33.8%
Technology Implementation Office						
Light Duty Elec Vehicle Pgm (Other Grant)	10,816,844	33,135,752	33,469,453	29,851,903	(3,617,550)	(10.8)%
Total Technology Implementation Office	10,816,844	33,135,752	33,469,453	29,851,903	(3,617,550)	(10.8)%
TOTAL EQUITY & COMMUNITY PROGRAMS	63,223,616	126,500,862	111,287,984	133,951,004	22,663,020	289.6%
PUBLIC AFFAIRS						
Communications						
Spare the Air Program (TFCA)	1,644,973	2,509,695	3,923,051	2,680,670	(1,242,381)	(31.7)%
Total Communications	1,644,973	2,509,695	3,923,051	2,680,670	(1,242,381)	(31.7)%
TOTAL PUBLIC AFFAIRS	1,644,973	2,509,695	3,923,051	2,680,670	(1,242,381)	(31.7)%
OTHERS						
Total Expenditures - Special Revenue Fund Divisions	64,879,895	129,037,057	115,238,230	136,658,174	21,419,944	(235.0)%

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Capital Expenditure

TABLE XIV
CAPITAL EXPENDITURE by SERVICE AREA

Service Area	Description	Pgm	Capital Type	Request	Area Total
Equity & Community Programs					
1	Grants Management System	313	Computer & Network Equipment	\$500,000	
					<u>\$500,000</u>
Finance & Administration					
2	Shared Services with MTC / ABAG	709	Computer & Network Equipment	\$500,000	
3	Records Management Program Software	712	Computer & Network Equipment	\$10,000	
4	Records Management Program Equipment	712	Office Equipment	\$100,000	
5	My Air Online Systems Security Improvements	125	Computer & Network Equipment	\$500,000	
6	Online Permit Billing Systems	125	Production System	\$3,100,000	
					<u>\$4,210,000</u>
Science & Policy					
7	Black Carbon Analyzer	802	Lab & Monitoring Equipment	\$59,200	
8	PM2.5 Sampler	802	Lab & Monitoring Equipment	\$20,000	
9	Nox Analyzer	802	Lab & Monitoring Equipment	\$25,000	
10	UFP Analyzer	802	Lab & Monitoring Equipment	\$64,000	
11	Fenceline Ambient Air Monitoring	802	New Equipment - Schedule X	\$717,800	
12	Gas Calibration System Upgrades (Gas Calibrators)	802	Lab & Monitoring Equipment	\$388,425	
13	Gas Calibration System Upgrades (Zero Air Generators)	802	Lab & Monitoring Equipment	\$162,500	
14	Data Acquisition Hardware Upgrades	802	Computer & Network Equipment	\$183,000	
15	Data Acquisition Hardware Upgrades	802	Computer & Network Equipment	\$4,000	
16	Data Acquisition Hardware Upgrades	802	Computer & Network Equipment	\$76,000	
17	Ozone Analyzer/Photometer	807	Lab & Monitoring Equipment	\$45,000	
18	High Performance Liquid Chromatograph w/Autosampler	803	Lab & Monitoring Equipment	\$125,000	
19	Gas Chromatograph/Mas Spectrometer w/Autosampler	803	Lab & Monitoring Equipment	\$225,000	
20	Energy Dispersive X-ray Fluorescence Spectrometer	803	Lab & Monitoring Equipment	\$105,000	
21	Atomic Absorption Spectrometer w/Autosampler	803	Lab & Monitoring Equipment	\$95,000	
22	Multi Test Program Field Testing Van	804	Motorized Equipment	\$60,000	
23	Multi Program Van Custom Equipment and Build Out	804	Motorized Equipment	\$40,000	
24	Source Test Analyzers	804	Lab & Monitoring Equipment	\$50,000	
25	Office Pod/Phone Booth	810	Office Equipment	\$40,000	
					<u>\$2,484,925</u>
TOTAL CAPITAL EXPENDITURE					<u>\$7,194,925</u>

TABLE XV
CAPITAL EXPENDITURE DETAILS

	ITEM DESCRIPTION	Cost	Pgm	Capital Type
1	<u>Grants Management System</u> Replacement for (6) current systems used for management tracking and reporting of grant funds administered	\$500,000	313	Computer & Network Equipment
2	<u>Shared Services with MTC / ABAG</u> Personnel/Shared business operations, IT license, maintenance agreements	\$500,000	709	Computer & Network Equipment
3	<u>Records Management Program Software</u> Scanning equipment and workstation upgrades for records storage and management	\$10,000	712	Computer & Network Equipment
4	<u>Records Management Program Equipment</u> Furniture and other office equipment for records storage and management	\$100,000	712	Office Equipment
5	<u>My Air Online Systems Security Improvements</u> Business analysis, lifecycle management, software configuration management and administration	500,000	125	Computer & Network Equipment
6	<u>Online Permit Billing Systems</u> Enhancement of permitting and enforcement computer systems to include performance and efficiency improvements, documentation and knowledge transfer.	\$3,100,000	125	Production System
7	<u>Black Carbon Analyzer</u> Replacement/upgrades for aging air monitoring equipment	\$59,200	802	Lab & Monitoring Equipment
8	<u>PM2.5 Sampler</u> Replacement/upgrades for aging air monitoring equipment	\$20,000	802	Lab & Monitoring Equipment
9	<u>Nox Analyzer</u> Replacement/upgrades for aging air monitoring equipment	\$25,000	802	Lab & Monitoring Equipment
10	<u>UFP Analyzer</u> Replacement/upgrades for aging air monitoring equipment	\$64,000	802	Lab & Monitoring Equipment
11	<u>Fenceline Ambient Air Monitoring</u> Community monitoring paid for by permit fees collected under Schedule X	\$717,800	802	New Equipment - Schedule X
12	<u>Gas Calibration System Upgrades (Gas Calibrators)</u> Replacement/upgrades for aging air monitoring equipment	\$388,425	802	Lab & Monitoring Equipment
13	<u>Gas Calibration System Upgrades (Zero Air Generators)</u> Replacement/upgrades for aging air monitoring equipment	\$162,500	802	Lab & Monitoring Equipment
14	<u>Data Acquisition Hardware Upgrades</u> Replacement/upgrades for aging air monitoring equipment	\$183,000	802	Computer & Network Equipment
15	<u>Data Acquisition Hardware Upgrades</u> For network securitization paid for by permit fees collected under Schedule X	\$4,000	802	Computer & Network Equipment

**TABLE XV
CAPITAL EXPENDITURE DETAILS**

	ITEM DESCRIPTION	Cost	Pgm	Capital Type
16	<u>Data Acquisition Hardware Upgrades</u> For network securitization	\$76,000	802	Computer & Network Equipment
17	<u>Ozone Analyzer/Photometer</u> For required EPA performance audits as required in 40 CFR Part 58 Appendix A	\$45,000	807	Lab & Monitoring Equipment
18	<u>High Performance Liquid Chromatograph w/Autosampler</u> Replacement needed, out of service contract	\$125,000	803	Lab & Monitoring Equipment
19	<u>Gas Chromatograph/Mas Spectrometer w/Autosampler</u> Replacement needed, out of service contract and beyond end of useful life	\$225,000	803	Lab & Monitoring Equipment
20	<u>Energy Dispersive X-ray Fluorescence Spectrometer</u> Replacement needed, beyond end of useful life	\$105,000	803	Lab & Monitoring Equipment
21	<u>Atomic Absorption Spectrometer w/Autosampler</u> Replacement needed, beyond end of useful life	\$95,000	803	Lab & Monitoring Equipment
22	<u>Multi Test Program Field Testing Van</u> Replacement needed, beyond end of useful life	\$60,000	804	Motorized Equipment
23	<u>Multi Program Van Custom Equipment and Build Out</u> For field-testing new multi program van, custom equipment and build out to include instrument racks, plumbing, cylinder storage, and work areas.	\$40,000	804	Motorized Equipment
24	<u>Source Test Analyzers</u> Replacement needed, beyond end of useful life	\$50,000	804	Lab & Monitoring Equipment
25	<u>Office Pod/Phone Booth</u> Providing workspace and potential "clean-like room" for testing air monitoring instruments at Hollis Street, West Oakland	\$40,000	810	Office Equipment
TOTAL CAPITAL EXPENDITURE		\$ 7,194,925		

General Fund Program Narratives and Expenditure Details

Note: Definitions are provided on pages 265-267
And are an integral part of this budget document.

SERVICE AREA - ENGINEERING & COMPLIANCE

Compliance & Enforcement Division

The Compliance & Enforcement Division ensures the Air District will realize the emission reductions achieved by the air quality regulations adopted by the Board of Directors, and permit conditions issued by the Executive Officer/APCO. Compliance with Air District, state, and federal regulations is achieved through a robust Compliance Assurance and Enforcement Program that includes comprehensive inspections and investigations and a complementary Compliance Assistance Program that supports compliance objectives of the Division by maintaining operations and assisting industry with air quality regulations and requirements. The Division works closely with local and state regulatory agencies, regulated industry and members of the community to provide the highest level of service to protect air quality and public health. The Division implements Air District strategies and enforces regulations that pertain to stationary sources, and has some mobile source enforcement authority in collaboration with the California Air Resources Board. Division priorities include conducting Title V and Synthetic Minor facility inspections, locating unpermitted sources of operations, resolving violations at facilities with ongoing non-compliance and responding to and investigating air quality complaints. Staff work collaboratively across Divisions to achieve the Air District's mission and apply the appropriate level of enforcement proportional to the level of non-compliance. The Division vigorously pursues violators who show a disregard for the law and well-being of the public and ensures corrective actions and measures to resolve violations are taken.

The Compliance and Enforcement Division continues to focus on activities that support the Air District's commitment to achieve clean air to protect public health and the environment as follows:

The Compliance Assurance and Enforcement Programs focus on announced and unannounced inspections of air pollution sources to ensure compliance. Targeted strategies are used to guide inspections to identify non-compliance and reduce excess emissions. Sources include: Title V and Synthetic Minors facilities, petroleum refineries, chemical plants, dry cleaners, gasoline dispensing facilities, autobody shops, asbestos renovations and demolitions, agricultural and prescribed burning, and other permitted sources. Other facets of the program requiring Division resources include investigations of Title V deviation reporting, Reportable Compliance Activities, and other inspections pertaining to the Portable Equipment Registration Program (PERP), Asbestos projects (renovations, demolitions and naturally occurring asbestos – NOA), compliance determinations for State Air Toxics Control Measures (ATCMs) and Federal Maximum Available Control Technology (MACTs) for air toxics. Air pollution complaints and incident response and investigations are a high priority in the Division that aim to address and resolve air quality concerns of local communities.

The Compliance Assistance Program develops outreach materials, advisories, policies and procedures and guidance information and implements compliance strategies that complement a wide range of enforcement efforts. The program aims to enhance industry and public understanding of compliance and enforcement programs and regulatory requirements, address compliance concerns and assist in resolving air quality violations. Key programs and projects in Compliance Assistance and Operations include the Air District's Wood Smoke Reduction Program, Air Quality Complaint Program, AB617 Community Health Protection Program in West Oakland and Richmond/San Pablo, Wildfire Air Quality Response Program, Commuter Benefits, Title V, Open Burning, Flare Monitoring, Naturally Occurring Asbestos, Inspector Training, Green Business Certifications, Variance and Hearing Board Activities, and many others involving state, federal and Air District regulations and requirements. The program also maintains online web information, the dispatch operating system and the compliance assistance and complaint phone lines which are all integral interfaces with the public.

Managing Division:	
Compliance & Enforcement Division	
Contact Person:	
John Marvin	
Program Purpose:	
Enforce applicable Federal, State, and District air pollution regulations and permit conditions.	
Description of Program:	
<p>The Enforcement Program consists of activities designed to respond when sources are found in violation of applicable Federal, State and Air District regulations and permit conditions. A strong, technically-based enforcement program provides both an essential deterrent to continued or future non-compliance as well as consistency in enforcement practices throughout the regulated community. This program includes all Division activities necessary to address non-compliance, including issuing Notices of Violation (NOV) and Notices to Comply (NTC), identifying causes and solutions for non-compliance, developing enforcement cases for legal action, and providing testimony during hearings and court cases. Other elements of the program include responding to the public's air pollution complaints, returning sources to compliance, and supporting enforcement of the variance and abatement order process. In addition, the toxic air contaminant activities, such as mobile source enforcement of diesel particulate matter ATCMs and asbestos demolition/renovation enforcement, ensure compliance with Federal, State and District regulations to protect the public from exposure to known carcinogens. Oversight of the Division's Safety Program is coordinated with the training functions in Program 402.</p>	
Justification of Change Request:	
Not Applicable	
Activities	
Investigate and enforce air quality violations; issue and process NOVs and NTCs; re-inspect sources to verify compliance status after issuance. Work with Legal Division to procure penalty settlement and/or successful prosecution.	
Receive and investigate citizen inquiries and general air pollution complaints. Respond to these complaints as soon as possible where highest priority response is given to ongoing complaints alleged against potential nuisance sites.	
Prepare enforcement cases in coordination with Legal Division; conduct/coordinate investigations to support their development for legal actions.	
Provide technical analysis and support for variances, abatement orders, and permit appeals to the Hearing Board. Prepare a weekly District position report on all matters before the Hearing Board. Ensure that increments of progress are met.	
Refinery Flares: review, comment, approve and enforce provisions in Regulation 12, Rules 11 and 12.	
Provide staff at community meetings to present information on the complaint process, enforcement activities, etc.	
Participate in interagency environmental task force programs to coordinate District enforcement activities with other County/State/Federal governmental agencies.	
Major Objectives	Delivery Date
Participate in bi-monthly community meetings in AB617 like areas to learn and understand local community air pollution concerns. First meeting to be with BVHP community around mid-March.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	31.30	39.45	39.45	32.79	(6.66)	(16.9)%
Personnel Expenditures						
Permanent Salaries	3,929,211	4,918,765	4,918,765	4,637,902	(280,863)	(5.7)%
Overtime Salaries	63,236	117,000	117,000	117,000		
Temporary Salaries		10,000	10,000		(10,000)	(100.0)%
Payroll Taxes	58,315	69,510	69,510	65,758	(3,752)	(5.4)%
Pension Benefits	1,188,461	997,319	997,319	927,722	(69,597)	(7.0)%
FICA Replacement Benefits	36,373	80,528	80,528	112,900	32,372	40.2%
Group Insurance Benefits	509,014	818,909	818,909	767,692	(51,217)	(6.3)%
Transportation Subsidy	8,075	56,582	56,582	31,864	(24,718)	(43.7)%
Workers' Compensation	13,275	19,518	19,518	15,140	(4,378)	(22.4)%
Discretionary Contribution		411,795	411,795	294,390	(117,405)	(28.5)%
Total Personnel Expenditures	5,805,960	7,499,926	7,499,926	6,970,368	(529,558)	(7.1)%
Services & Supplies Expenditures						
Travel	7,673	20,250	20,250	20,250		
Training & Education		6,790	10,000	6,790	(3,210)	(32.1)%
Repair & Maintenance	626	191,250	171,250	198,750	27,500	16.1%
Communications	119,037	137,000	137,000	140,900	3,900	2.8%
Building Maintenance		2,500	2,500	2,500		
Utilities	2,320	4,000	4,000	4,000		
Printing & Reproduction	306	2,000	2,150	2,000	(150)	(7.0)%
Rents & Leases	66,519	80,040	80,040	85,040	5,000	6.2%
Professional Services	13,580	23,000	20,200	3,000	(17,200)	(85.1)%
Shop & Field Supplies	18,683	18,090	46,416	33,590	(12,826)	(27.6)%
Computer Hardware & Software	21,465	2,000	4,185	2,000	(2,185)	(52.2)%
Stationery & Office Supplies	123					
Minor Office Equipment		1,000	1,000	1,000		
Total Services & Supplies Expenditures	250,332	487,920	498,991	499,820	829	0.2%
Capital Expenditures						
Total Expenditures	6,056,292	7,987,846	7,998,917	7,470,188	(528,729)	(6.6)%

Managing Division:	
Compliance & Enforcement Division	
Contact Person:	
Tracy Lee	
Program Purpose:	
Provides compliance assistance and operational support across a variety of enforcement programs, policies and air quality regulations.	
Description of Program:	
Compliance Assistance and Operations (Operations) is an essential part of the Compliance & Enforcement Division responsible for ensuring business continuity and program compliance. A primary focus of Operations is the development and implementation of policies and procedures, compliance advisories, public outreach and educational material, and maintaining a broad range of compliance programs. Comprehensive program reviews and evaluations are conducted to ensure compliance of Air District, State and Federal regulations (e.g., Rule 8-34 Landfill Operations and State Landfill Methane Rule, Rule 6-4 and 12-13 Emissions Minimization Plans, Rule 12-12 Flare Minimization Plans, Reg 5 Open Burn Smoke Management Plans, Asbestos ATCM, Title V Deviations and Reportable Compliance Activities, Rule 6-3 Woodsmoke Program, Statewide Portable Equipment Registration Program, etc.). Operations coordinates cross-divisionally and works together with AB 617 communities to develop enforcement strategies that help further reduce air pollution and address community concerns by targeting sources of non-compliance and violators. Additional program functions include maintaining compliance assistance and enforcement webpages and online information, ensuring records retention of confidential and public documents, processing public records requests, dispatching compliance and enforcement activities and providing integral compliance assistance services to the public. The Compliance Assistance and Operations Program strives to improve consistency and efficiency of the division through staff training, program and policy development and administration.	
Justification of Change Request:	
Not Applicable	
Activities	
Provide industry and members of the public with specialized educational and technical assistance to achieve and maintain compliance. Develop Compliance Assistance materials for specific business sectors and the public (woodsmoke). Provide compliance assistance during routine inspections and following enforcement action. Compliance assistance is also provided for all air quality complaints for the public through dispatch or other 1-800 or 1-877 telephone line systems. Outreach is conducted for compliance assistance for several programs, including mass-mailings of woodsmoke reduction program brochures and educational materials in sensitive wood smoke areas. Division staff identify and translate Compliance Assistance materials for small businesses and other industry sectors where non-English speaking operators need additional assistance.	
Develop and maintain Division Policies and Procedures, compliance advisories, and other documents/processes to ensure consistent application of enforcement activities. Build partnerships with other public and community organizations to strengthen compliance assistance activities. Conduct compliance assistance and enforcement activities for the woodsmoke reduction and other stationary sources. Maintain compliance assistance phone lines and dispatch operating system during core business hours.	
Training and Safety: provide staff with pertinent classes, educational materials and a robust safety curriculum to support core activities. Maintain ongoing Safety Training and implement new OSHA requirements as needed.	
Operations: develop and maintain air programs to support Air District and California Air Resources Board (CARB) rule requirements, including but not limited to woodsmoke, flare monitoring, asbestos demolition/renovation, naturally occurring asbestos, boilers, open burning, reportable compliance activities. soil aeration and mobile source(s) compliance. Provide equipment and capital management for communication, computers and related devices. Provide multilingual services to access all Division programs. Review, analyze and process petitions, plans, complaints, Reportable Compliance Activities (RCAs - e.g., breakdowns, Ground-level monitor (GLM) releases, non-operational monitors, pressure relief valve releases) and other notifications received.	
Major Objectives	Delivery Date
Participate in bi-monthly community meetings in AB617 like areas and provide detailed enforcement statistics and C&E overview to specific community. First meeting tentatively scheduled for mid-March.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	17.64	17.31	17.31	22.76	5.45	31.5%
Personnel Expenditures						
Permanent Salaries	2,270,687	2,159,326	2,159,326	3,157,693	998,367	46.2%
Overtime Salaries	11,807	7,000	7,000	7,000		
Temporary Salaries	4,335	25,000	25,000		(25,000)	(100.0)%
Payroll Taxes	33,208	30,430	30,430	44,662	14,232	46.8%
Pension Benefits	714,934	441,054	441,054	627,979	186,925	42.4%
FICA Replacement Benefits	20,792	35,327	35,327	78,385	43,058	121.9%
Group Insurance Benefits	291,455	346,126	346,126	477,461	131,335	37.9%
Transportation Subsidy	4,607	24,822	24,822	22,123	(2,699)	(10.9)%
Workers' Compensation	7,672	8,563	8,563	10,512	1,949	22.8%
Discretionary Contribution		180,675	180,675	200,334	19,659	10.9%
Total Personnel Expenditures	3,359,497	3,258,323	3,258,323	4,626,149	1,367,826	42.0%
Services & Supplies Expenditures						
Travel	1,850	16,200	16,200	17,000	800	4.9%
Training & Education	7,392	18,500	26,288	19,500	(6,788)	(25.8)%
Repair & Maintenance		4,000	4,000	4,000		
Communications	29,204	128,000	150,861	128,000	(22,861)	(15.2)%
Postage		2,000	2,000	2,000		
Printing & Reproduction	36	8,500	8,500	8,500		
Rents & Leases		500	500	500		
Professional Services	4,793	30,000	44,542	8,000	(36,542)	(82.0)%
Shop & Field Supplies	100			1,000	1,000	
Computer Hardware & Software	48	1,000	1,000	1,000		
Stationery & Office Supplies	105	4,250	5,154	4,250	(904)	(17.5)%
Minor Office Equipment		1,500	1,500	1,500		
Total Services & Supplies Expenditures	43,528	214,450	260,545	195,250	(65,295)	(25.1)%
Capital Expenditures						
Total Expenditures	3,403,025	3,472,773	3,518,868	4,821,399	1,302,531	37.0%

Managing Division:	
Compliance & Enforcement Division	
Contact Person:	
Juan Ortellado	
Program Purpose:	
A robust inspection program aimed to ensure facilities operating in the Bay Area comply with all applicable Air District, State and Federal regulations to protect air quality and public health.	
Description of Program:	
The program involves conducting comprehensive compliance inspections and investigations of stationary sources ranging from large industrial facilities, such as refineries, chemical plants, wastewater treatment, landfills, power plants and metal facilities, to smaller businesses, such as gasoline stations, auto body shops and dry cleaners. The program also includes enforcement of State Airborne Toxic Control Measures for sources that generate asbestos and diesel particulate matter. Beyond routine inspections to ensure that equipment, emissions monitoring, abatement and controls operate in compliance with regulatory requirements, the program involves responding to major incidents and potential air emission releases of hazardous chemicals and pollutants. Facilities discovered to be in violation are required to initiate timely corrective actions, minimize offsite community impacts and take steps to resolve air quality violations. Enforcement actions may require enhanced communications and coordination with other local agencies and first responders that result in joint investigations and enforcement case development.	
Justification of Change Request:	
Not Applicable	
Activities	
Refinery Inspection Program for Regulatory and Title 5 Permit Compliance.	
Title V Inspections Program / EPA Grant / Aerometric Information Retrieval System (AIRS) and audits.	
Synthetic Minor Inspection Program.	
Initiate response to major air pollution incidents as soon as possible, and within minutes of notification, provide technical assistance and support to first response agencies during and after incidents; prepare incident reports.	
Asbestos, Grant, diesel PM, and Refrigeration Management Inspections Program.	
Conduct targeted auto body painting facility inspections.	
State Portable Equipment Inspection Program.	
Gasoline Dispensing Facilities (GDFs) Inspections Program.	
Inspection Communications / Computer Programs.	
Conduct targeted prescribed burns Title 17/ Regulation 5 Open Burning inspections.	
Perform analysis as required to track and analyze existing process safety management (PSM) programs, Federal and State risk management programs (RMP/RMPP); work with other agencies to improve programs.	
Participate in interagency activities, such as County environmental task forces, incident response teams, and other activities relating to prevention, preparedness and emergency response.	
Conduct targeted inspections at refinery/chemical plants and general facilities.	
Staff air quality related community meetings to provide information on District Programs	
Major Objectives	Delivery Date
Refinery Inspection Program: Conduct compliance inspections and program audits of refineries and determine if Title V Permit Compliance are being met.	Annually
Prepare and submit required reports to EPA, Negotiation of EPA 105 Grant Program Outputs.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	26.80	30.79	30.79	40.47	9.68	31.4%
Personnel Expenditures						
Permanent Salaries	3,656,169	3,918,593	3,918,593	5,683,653	1,765,060	45.0%
Overtime Salaries	24,374	8,000	8,000	8,000		
Payroll Taxes	53,823	55,307	55,307	80,581	25,274	45.7%
Pension Benefits	1,159,292	802,846	802,846	1,122,873	320,027	39.9%
FICA Replacement Benefits	33,544	62,789	62,789	139,408	76,619	122.0%
Group Insurance Benefits	470,330	630,891	630,891	918,080	287,189	45.5%
Transportation Subsidy	7,388	44,118	44,118	39,345	(4,773)	(10.8)%
Workers' Compensation	12,352	15,219	15,219	18,695	3,476	22.8%
Discretionary Contribution		322,346	322,346	360,699	38,353	11.9%
Total Personnel Expenditures	5,417,272	5,860,109	5,860,109	8,371,334	2,511,225	42.9%
Services & Supplies Expenditures						
Travel	11,659	12,550	12,550	15,000	2,450	19.5%
Training & Education	10,280	5,168	5,168	6,800	1,632	31.6%
Repair & Maintenance	492	60,000	60,000	60,000		
Communications	18,541	33,500	39,591	33,500	(6,091)	(15.4)%
Building Maintenance		4,000	4,000	4,000		
Utilities	8,358	3,000	3,000	3,000		
Printing & Reproduction	331	1,000	1,000	1,000		
Rents & Leases	105,926	89,100	89,100	89,100		
Professional Services	5,681	15,500	17,410	15,500	(1,910)	(11.0)%
Shop & Field Supplies	22,671	26,000	32,725	26,000	(6,725)	(20.6)%
Gasoline & Variable Fuel	20					
Computer Hardware & Software	20,379	23,000	35,265	23,000	(12,265)	(34.8)%
Stationery & Office Supplies	1,163	2,300	2,990	2,300	(690)	(23.1)%
Minor Office Equipment	55					
Total Services & Supplies Expenditures	205,556	275,118	302,799	279,200	(23,599)	(7.8)%
Capital Expenditures						
Lab & Monitoring Equipment	115,536	100,000	103,200		(103,200)	(100.0)%
Total Capital Expenditures	115,536	100,000	103,200		(103,200)	(100.0)%
Total Expenditures	5,738,364	6,235,227	6,266,108	8,650,534	2,384,426	38.1%

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Engineering Division

Engineering Division (Division) gives high priority to the timely review of permit applications and permit renewals. The typical application evaluation includes analyzing emissions impacts and determining compliance with applicable air quality requirements, including Best Available Control Technology (BACT), 'No Net Increase' emission offset requirements, New Source Review (NSR) of Toxic Air Contaminants (TAC) and California Environmental Quality Act (CEQA). There are about 10,000 facilities with about 26,000 devices and operations that have Air District permits. The Division processes, reviews, issues, and renews Title V (Major Facility Review) permits for about 79 facilities.

The Division implements Regulation 11, Rule 18, Reduction of Risk from Air Toxic Emissions at Existing Facilities. The Division expects to refine TAC emissions and prioritization scores for approximately 300 facilities and expects to conduct refined site-wide health risk assessments (HRAs) for about 150 facilities. HRA results will determine if the facilities are subject to the risk reduction requirements of this rule. Risk reduction plans will be reviewed, approved, and tracked. The toxics programs also support Community Health Protection Program goals to eliminate health disparities in overburdened communities.

The Division implements the State Air Toxics "Hot Spots" Program, which applies to existing facilities that emit TACs. Based on the annual TAC emissions inventory, the Division calculates prioritization scores for facilities, conducts HRAs for high priority facilities, and annually reports inventory, prioritization scores, and HRA results to CARB.

The Division continues to implement the Criteria Air Pollutants and Toxic Air Contaminants Reporting (CTR) Regulation and the Toxic Hot Spots Emissions Inventory Criteria and Guidelines Regulation, and state regulations establishing a uniform system of annual reporting of emissions of criteria air pollutants and TACs for permitted facilities. The Division has been actively working with other agencies and CAPCOA in the development of uniform emissions inventory guidelines for different source categories.

Due to power outages and PG&E Public Safety Power Shutoffs (PSPS), there continues to be a large number of applications for backup generators.

The Division is participating in the Air District's Assembly Bill 617 (AB 617) implementation, which includes Community Health Protection Programs to benefit communities most directly affected by air pollution. The Division participates in the workgroups with other air districts in the CARB BARCT/BARCT Technology Clearinghouse workgroup, CARB Permitting FAQs for the environmental justice workgroup, and the Emissions Inventory workgroup. The Division also participates in the Air District's AB 617 priority community workgroups.

The Division is working on short- and long-term projects to incorporate environmental justice principles in permitting. This includes (1) the development of permitting tools with other divisions and (2) working with the Environmental Justice Ad Hoc Committee of the Community Advisory Council to create Environmental Justice Strategies for permitting that can be used for Strategic Planning at the District.

The Division has fully transitioned to the Production System and continues to develop additional functionality to improve permitting operations, which includes an online system for the regulated community. These tools will increase consistency, efficiency, and accuracy by allowing customers to submit applications, report data for the emissions inventory, pay invoices and renew permits through an online interface.

The Division provides technical support to other divisions, agencies, and programs, including rule development, emissions inventory, compliance and enforcement, planning, monitoring and measurement, the Technology Implementation Office, and the Air District's Regional Climate Action Plan. Key rule development efforts include amendments to Regulation 3 (Fees), and amendments to rules to implement Expedited Best Available Retrofit Control Technology for AB 617.

Managing Division:	
Engineering Division	
Contact Person:	
Nicolas Maiden	
Program Purpose:	
Evaluate all Non-Title V permit applications. Review and process data updates and permit renewals.	
Description of Program:	
<p>The Permit Evaluation Program involves activities related to the evaluation of permit applications submitted to the District (except Title V permit applications, which are covered under Program 506). This includes applications for: (1) new/modified sources subject to District New Source Review requirements, (2) emissions banking, (3) Interchangeable Emission Reduction Credits (IERCs), and (4) Prevention of Significant Deterioration (PSD) & Acid Rain permits. Staff calculates emissions, evaluates compliance with regulatory requirements, including case-by-case Best Available Control Technology (BACT) and emissions offset determinations, and establishes enforceable permit conditions. The program includes California Environmental Quality Act (CEQA) review and Climate Protection activities related to permitted sources.</p> <p>The Permit Renewal Program involves activities related to the annual renewal of District permits. The permit renewal process involves collection of data needed to update the Air District's emissions inventory, review of permit conditions, preparation of permit fee invoices, reconciliation of discrepancies and issuance of permit documents. Information gathered during this process is used for planning and rule development and may also result in enforcement action or additional permitting.</p>	
Justification of Change Request:	
Not Applicable	
Activities	
Evaluate all non-Title V permit applications (1,500 estimated).	
Complete CEQA-review functions.	
Provide technical support to all divisions including estimating emissions, rule/condition interpretations and rule development.	
Assist other agencies, industry and the public.	
Participate in cross-agency committees such as California Air Pollution Controls Officers Association (CAPCOA). Engineering Managers' Subcommittee and National Association of Clean Air Agencies (NACAA).	
Support implementation of rules (e.g., Refinery Regulations, GHG Regulations).	
Request, enter and review annual data update requests. Review and maintain permit conditions. Review permit renewal invoice program.	
Major Objectives	Delivery Date
Ensure the timely workflow of the permit renewal program	Ongoing
Implement Regulation 12-15 Petroleum Refining Emissions Tracking Emission Inventory Guidelines	June 2025
Create and Implement a Corrective Action Plan to address the Management Audit Findings and Recommendations	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	37.43	38.99	38.99	46.78	7.79	20.0%
Personnel Expenditures						
Permanent Salaries	5,006,892	5,551,412	5,551,412	6,826,432	1,275,020	23.0%
Overtime Salaries	158,033	40,000	40,000	150,000	110,000	275.0%
Temporary Salaries	950			335,000	335,000	
Payroll Taxes	73,757	78,615	78,615	96,744	18,129	23.1%
Pension Benefits	1,601,889	1,135,819	1,135,819	1,351,184	215,365	19.0%
FICA Replacement Benefits	46,170	79,555	79,555	161,108	81,553	102.5%
Group Insurance Benefits	646,926	746,324	746,324	1,045,651	299,327	40.1%
Transportation Subsidy	10,381	55,898	55,898	45,470	(10,428)	(18.7)%
Workers' Compensation	16,915	19,282	19,282	21,605	2,323	12.0%
Discretionary Contribution		417,294	417,294	433,638	16,344	3.9%
Total Personnel Expenditures	7,561,913	8,124,199	8,124,199	10,466,832	2,342,633	28.8%
Services & Supplies Expenditures						
Travel	356	13,000	13,000	15,500	2,500	19.2%
Training & Education	100	2,464	2,464	2,964	500	20.3%
Communications		110	110	110		
Printing & Reproduction	(300)					
Professional Services	207,078	401,059	759,228	401,059	(358,169)	(47.2)%
Computer Hardware & Software		2,000	12,000	2,000	(10,000)	(83.3)%
Books & Journals		200	200	200		
Minor Office Equipment	(200)	368	368	368		
Total Services & Supplies Expenditures	207,034	419,201	787,370	422,201	(365,169)	(46.4)%
Capital Expenditures						
Total Expenditures	7,768,947	8,543,400	8,911,569	10,889,033	1,977,464	22.2%

Managing Division:	
Engineering Division	
Contact Person:	
Carol Allen	
Program Purpose:	
Develop and implement an effective air toxics control strategy that integrates Federal, State, and local requirements and Environmental Justice principals into permitting and risk reduction actions for stationary sources.	
Description of Program:	
The Air Toxics Program involves the integration of Federal and State air toxics mandates with local goals established by the Air District's Board of Directors. The program includes air toxics new source review (NSR), reduction of risk from existing facilities (Regulation 11, Rule 18), air toxics control measures, and the Air Toxics "Hot Spots" Program (AB2588). The Air Toxics Program also provides support to other Community Health Protection programs that seek to eliminate air quality disparities in overburden communities. Staff provides guidance on toxic emission calculations, controls, and impacts, maintains the toxic emission inventory, assists with incident and compliance evaluation, conducts health risk assessments (HRAs) for stationary sources, and approves risk reduction plans for existing facilities.	
Justification of Change Request:	
Not applicable.	
Activities	
Perform HRAs for permit applications involving new or modified sources (estimated 320 HRAs per year).	
Prepare facility-wide HRAs for facilities subject to Rule 11-18 (about 150 HRAs over 8 years). Conduct HRAs for alternative scenarios and proposed revisions to support implementation and verification of risk reductions.	
Support development of amendments to Rule 11-18 to reduce implementation time and improve program efficiency.	
Maintain and improve air toxics emissions inventory. Support implementation of new CARB toxics emissions reporting requirements. Support District and TARMAC efforts to improve toxic emission factors for various source categories.	
Complete annual air toxics prioritization for Hot Spots Program and conduct or review new HRAs required for high-priority sites that are exempt from Rule 11-18. Coordinate public notification and risk reduction audits when required.	
Review HRAs and Prevention of Significant Deterioration (PSD) modeling analyses for major permit applications.	
Support Air District efforts to develop and implement risk reduction strategies for undifferentiated PM2.5.	
Review and approve Rule 11-18 risk reduction plans and TBARCT determinations and support emission reduction permitting activities.	
Major Objectives	Delivery Date
Conduct HRAs and other modeling analyses for NSR projects that trigger Rule 2-5 or PSD.	Ongoing
Conduct preliminary, draft, and final HRAs for Rule 11-18 Phase I facilities.	Ongoing
Continue updating Toxic Emission Factor Guidelines by adding source categories and including guidance for calculating maximum 1-hour emission rates.	Ongoing
Support AIM's preparation of annual stationary source toxic inventories, prioritization scores, and HRA results for CARB and EPA.	Annually
Publish periodic Air Toxic Emissions Inventories and Air Toxics Control Program reports.	Ongoing
Develop internal procedures for review and approval of Rule 11-18 risk reduction plans.	December 2024

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	7.58	8.91	8.91	9.62	0.71	8.0%
Personnel Expenditures						
Permanent Salaries	1,112,950	1,384,441	1,384,441	1,577,666	193,225	14.0%
Overtime Salaries	5,391	8,000	8,000	8,000		
Temporary Salaries	823					
Payroll Taxes	16,517	19,635	19,635	22,415	2,780	14.2%
Pension Benefits	335,101	288,898	288,898	329,267	40,369	14.0%
FICA Replacement Benefits	10,275	18,180	18,180	33,173	14,993	82.5%
Group Insurance Benefits	143,715	187,865	187,865	250,276	62,411	33.2%
Transportation Subsidy	2,272	12,774	12,774	9,362	(3,412)	(26.7)%
Workers' Compensation	3,760	4,406	4,406	4,449	43	1.0%
Discretionary Contribution		97,111	97,111	100,485	3,374	3.5%
Total Personnel Expenditures	1,630,804	2,021,310	2,021,310	2,335,093	313,783	15.5%
Services & Supplies Expenditures						
Travel	500	2,050	2,050	2,050		
Training & Education		4,600	4,600	4,600		
Postage		39,940	39,940	39,940		
Printing & Reproduction		7,000	7,000	7,000		
Professional Services	53,790	1,000	572,888	7,500	(565,388)	(98.7)%
Computer Hardware & Software		4,000	14,000	4,000	(10,000)	(71.4)%
Stationery & Office Supplies	(300)	300	10,300	300	(10,000)	(97.1)%
Minor Office Equipment	48	400	400	400		
Total Services & Supplies Expenditures	54,038	59,290	651,178	65,790	(585,388)	(89.9)%
Capital Expenditures						
Total Expenditures	1,684,842	2,080,600	2,672,488	2,400,883	(271,605)	(10.2)%

Managing Division:	
Engineering Division	
Contact Person:	
Fred Tanaka	
Program Purpose:	
Develop and maintain permit systems & provide administrative services.	
Description of Program:	
The Permit Operations program involves the collection, updating and maintenance of data from permitted sources of air pollution, and the development and maintenance of systems to manage these data. Data include source/device locations, operational data, emission factors, emissions inventory, emissions banking and "no net increase" tracking. Additional program activities include maintaining procedures, coordination & tracking of permit-related activities, general administrative activities, and customer support.	
Justification of Change Request:	
Not applicable	
Activities	
Process and maintain data from permitted facilities.	
Update and correct data from permitted facilities.	
Maintain and update database systems.	
Maintain program forms.	
Manage and improve data quality.	
Provide administrative support.	
Maintain permit tracking and management programs.	
Maintain emissions bank and small facility bank.	
Maintain division pages on website.	
Manage division records including metadata and documents.	
Provide customer support.	
Major Objectives	Delivery Date
Produce annual stationary source emissions inventory to California Air Resources Board (CARB) and EPA	October 2025

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	3.66	8.13	8.13	2.73	(5.40)	(66.4)%
Personnel Expenditures						
Permanent Salaries	568,939	975,153	975,153	410,360	(564,793)	(57.9)%
Overtime Salaries	21	5,000	5,000	5,000		
Payroll Taxes	8,455	13,729	13,729	5,815	(7,914)	(57.6)%
Pension Benefits	192,982	204,129	204,129	86,560	(117,569)	(57.6)%
FICA Replacement Benefits	5,217	16,592	16,592	9,402	(7,190)	(43.3)%
Group Insurance Benefits	72,936	163,479	163,479	51,925	(111,554)	(68.2)%
Transportation Subsidy	1,148	11,658	11,658	2,654	(9,004)	(77.2)%
Workers' Compensation	1,922	4,022	4,022	1,261	(2,761)	(68.6)%
Discretionary Contribution		84,268	84,268	26,086	(58,182)	(69.0)%
Total Personnel Expenditures	851,620	1,478,030	1,478,030	599,063	(878,967)	(59.5)%
Services & Supplies Expenditures						
Printing & Reproduction	6,400	75,166	145,816	75,166	(70,650)	(48.5)%
Professional Services	(50)	12,255	12,255	12,255		
Shop & Field Supplies	98	4,151	49,151	5,172	(43,979)	(89.5)%
Computer Hardware & Software		1,021	11,021		(11,021)	(100.0)%
Total Services & Supplies Expenditures	6,448	92,593	218,243	92,593	(125,650)	(57.6)%
Capital Expenditures						
Total Expenditures	858,068	1,570,623	1,696,273	691,656	(1,004,617)	(59.2)%

Managing Division:	
Engineering Division	
Contact Person:	
Sanjeev Kamboj	
Program Purpose:	
Implementation of Federal Operating Permit Program for Major Facilities.	
Description of Program:	
The Title V program involves activities related to Title V of the Federal Clean Air Act (CAA), which requires the Air District to issue federally enforceable permits to major and other designated facilities. The program is intended to enhance compliance with the CAA via permits that explicitly include all Federal, State, and Air District requirements applicable to sources of air pollution at subject facilities.	
Justification of Change Request:	
Not applicable.	
Activities	
Evaluate and process Title V applications (initial, renewal, revision, administrative amendment and reopening).	
Conduct Title V outreach activities and public hearings, as needed.	
Provide Title V training to the Air District staff.	
Track EPA rulemaking related to Title V, Section 112, compliance monitoring and acid rain.	
Major Objectives	Delivery Date
Implement streamlining measures and ensure timely issuance of the Title V applications.	Ongoing
Work with EPA on Title V program evaluation (audit)	Ongoing
Create and Implement a workplan to address EPA's BAAQMD Title V Program Evaluation Findings and Recommendations.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.53	3.22	3.22	4.93	1.71	53.1%
Personnel Expenditures						
Permanent Salaries	363,823	446,907	446,907	733,325	286,418	64.1%
Overtime Salaries	1,883			5,000	5,000	
Temporary Salaries		8,006	8,006	8,006		
Payroll Taxes	5,281	6,329	6,329	10,406	4,077	64.4%
Pension Benefits	86,145	93,834	93,834	147,492	53,658	57.2%
FICA Replacement Benefits	3,280	6,572	6,572	16,995	10,423	158.6%
Group Insurance Benefits	46,373	56,818	56,818	105,091	48,273	85.0%
Transportation Subsidy	729	4,618	4,618	4,796	178	3.9%
Workers' Compensation	1,229	1,593	1,593	2,279	686	43.1%
Discretionary Contribution		34,294	34,294	46,604	12,310	35.9%
Total Personnel Expenditures	508,743	658,971	658,971	1,079,994	421,023	63.9%
Services & Supplies Expenditures						
Travel		378	378	378		
Training & Education		907	907	907		
Communications		530	530	530		
Printing & Reproduction	2,240	28,873	38,873	28,873	(10,000)	(25.7)%
Professional Services		402,723	402,723	402,723		
Computer Hardware & Software		919	10,919		(10,919)	(100.0)%
Books & Journals		613	613		(613)	(100.0)%
Minor Office Equipment		185	185	1,717	1,532	828.1%
Total Services & Supplies Expenditures	2,240	435,128	455,128	435,128	(20,000)	(4.4)%
Capital Expenditures						
Total Expenditures	510,983	1,094,099	1,114,099	1,515,122	401,023	36.0%

Managing Division:	
Engineering Division	
Contact Person:	
Fred Tanaka	
Program Purpose:	
Develop the infrastructure for consistent and efficient permit evaluation and processing, and complete projects intended to develop and improve programs within the Engineering Division.	
Description of Program:	
<p>The Engineering Special Projects program involves activities that are intended to ensure consistent, efficient, and high-quality, permit evaluation and processing. This includes the development of permit rules, policies, procedures, training and tools within the division. The program includes the deployment of the Production System and other online tools to submit information and provide direct access to facility permitting information/documents. These tools are also expected to increase compliance and gradually move to a paperless system. The goals include improved efficiency, better accuracy, reduction of the level of effort, and improved tracking. In addition, new programs or changes to existing programs are developed and implemented.</p> <p>The program also implements public noticing, public records fulfillment and other projects not specified in other Division programs. Planning and implementation of AB 617 activities for permitted facilities are also handled in this program, including Criteria Air Pollutants and Toxic Air Contaminants Reporting (CTR).</p>	
Justification of Change Request:	
Not Applicable	
Activities	
Develop and maintain District permit rules, policies and procedures.	
Update permitting tools such as Permit Handbook, Best Available Control Technology (BACT) and Toxic Best Available Control Technology (TBACT) Workbook documents.	
Review and improve the point source emissions inventory and other reported data.	
Manage training program.	
Coordinate Public Noticing activities.	
Process Public Records Requests for division records.	
Develop/update permitting programs including emissions factors, standard permit conditions, permit handbook chapters, BACT workbook and other manuals to streamline permitting and increase consistency.	
Develop and implement AB 617 work including inventory, rule development, reporting, technology clearinghouse development, community risk reduction and re-envisioning of permitting in impacted communities.	
Review/improve metrics and analysis for cost recovery and containment.	
Major Objectives	Delivery Date
Complete and submit Interchangeable Emission Reduction Credit (IERC) report to California Air Resources Board (CARB).	March 2025
Complete and submit Offset Equivalence report for EPA.	March 2025

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	7.04	8.13	8.13	7.87	(0.26)	(3.2)%
Personnel Expenditures						
Permanent Salaries	1,039,558	1,206,674	1,206,674	1,231,642	24,968	2.1%
Overtime Salaries	4,352	5,000	5,000	5,000		
Temporary Salaries	6,148					
Payroll Taxes	15,201	17,184	17,184	17,568	384	2.2%
Pension Benefits	290,119	251,450	251,450	250,651	(799)	(0.3)%
FICA Replacement Benefits	9,415	16,600	16,600	27,100	10,500	63.3%
Group Insurance Benefits	131,820	156,282	156,282	172,577	16,295	10.4%
Transportation Subsidy	2,191	11,663	11,663	7,648	(4,015)	(34.4)%
Workers' Compensation	3,512	4,023	4,023	3,634	(389)	(9.7)%
Discretionary Contribution		87,802	87,802	78,367	(9,435)	(10.7)%
Total Personnel Expenditures	1,502,316	1,756,678	1,756,678	1,794,187	37,509	2.1%
Services & Supplies Expenditures						
Travel		5,000	5,000	5,000		
Training & Education		65,000	85,000	65,000	(20,000)	(23.5)%
Communications	6,405	5,000	5,000	7,100	2,100	42.0%
Printing & Reproduction	11,875	52,100	120,980	50,000	(70,980)	(58.7)%
Professional Services	9,526	50,000	62,500	50,000	(12,500)	(20.0)%
Shop & Field Supplies	848	10,000	49,000	10,000	(39,000)	(79.6)%
Computer Hardware & Software	9,466	60,000	83,471	60,000	(23,471)	(28.1)%
Total Services & Supplies Expenditures	38,120	247,100	410,951	247,100	(163,851)	(39.9)%
Capital Expenditures						
Total Expenditures	1,540,436	2,003,778	2,167,629	2,041,287	(126,342)	(5.8)%

SERVICE AREA - EQUITY & COMMUNITY PROGRAMS

Community Engagement Division

The Community Engagement Division supports the agency's mission by engaging with and supporting impacted communities in the Bay Area to advance public health, equity, and environmental justice. The Division works with communities to increase community awareness and transparency of air quality issues, build capacity, increase opportunities for impacted communities to participate in Air District decision-making, and support implementation of community-identified solutions. The Division supports relationship-building between communities and the Air District and supports other divisions by providing guidance with their engagement with communities.

Key program areas to support these efforts in FYE 2025 are the AB 617 program, the Community Advisory Council, the development of the agency Environmental Justice Policy, the James Cary Smith Community Grant Program, the Home and School Air Filtration Program and implementation of state and federal civil rights laws.

Managing Division:	
Community Engagement Division	
Contact Person:	
Anna Lee	
Program Purpose:	
The Environmental Justice and Community Engagement Division is committed to creating processes that meaningfully engage communities, increasing community-led solutions and opportunities for the communities' voices to be forefront in decision-making.	
Description of Program:	
The Community Engagement Division supports the agency's mission by engaging with and supporting impacted communities in the Bay Area to advance public health, equity, and environmental justice. The Division works with communities to increase community awareness and transparency of air quality issues, build capacity, increase opportunities for impacted communities to participate in Air District decision-making, and support implementation of community-identified solutions. The Division supports relationship-building between communities and the Air District and supports other divisions by providing guidance with their engagement with communities. Key program areas to support these efforts in FYE 2025 are the AB 617 program, the Community Advisory Council, the development of the agency Environmental Justice Policy, the James Cary Smith Community Grant Program, the Home and School Air Filtration Program and implementation of state and federal civil rights laws.	
Justification of Change Request:	
The Division expects to increase staffing and increase activities pending completion of the agency Strategic Plan to support environmental justice action implementation, youth engagement and language accessibility.	
Activities	
Launch an agency-wide environmental justice policy.	
Staff and coordinate activities of the Community Advisory Council.	
Administer Year 3 and new cycle of James Cary Smith Community Grant Program.	
Administer Title VI of the Civil Rights Act of 1964 and state law analog.	
Administer home and school air filtration programs to impacted communities.	
Develop youth engagement strategies.	
Support other divisions with community workshops, meetings and events.	
Major Objectives	Delivery Date
Support agency-wide Environmental Justice Policy development.	Ongoing
Support Community Advisory Council to inform decision-making.	Ongoing
Administer James Cary Smith Community Grant Program to support community capacity building.	Ongoing
Support compliance with Title VI of the Civil Rights Act of 1964 and state law analog.	Ongoing
Conduct engagement of impacted communities in Air District decision-making to support public health and environmental justice.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	12.69	12.60	12.60	10.77	(1.83)	(14.5)%
Personnel Expenditures						
Permanent Salaries	1,855,197	1,873,472	1,873,472	1,692,998	(180,474)	(9.6)%
Overtime Salaries	23,748	27,000	27,000	27,000		
Temporary Salaries	460					
Payroll Taxes	27,035	26,719	26,719	24,325	(2,394)	(9.0)%
Pension Benefits	523,178	362,416	362,416	323,993	(38,423)	(10.6)%
FICA Replacement Benefits	17,011	25,713	25,713	37,107	11,394	44.3%
Group Insurance Benefits	238,896	219,123	219,123	227,187	8,064	3.7%
Transportation Subsidy	3,770	18,067	18,067	10,473	(7,594)	(42.0)%
Workers' Compensation	6,259	6,232	6,232	4,976	(1,256)	(20.2)%
Discretionary Contribution		136,072	136,072	107,732	(28,340)	(20.8)%
Total Personnel Expenditures	2,695,554	2,694,814	2,694,814	2,455,791	(239,023)	(8.9)%
Services & Supplies Expenditures						
Travel	3,956	10,300	10,300	10,300		
Training & Education	4,504	20,000	20,000	20,110	110	0.6%
Communications	20,483	15,000	15,000	22,000	7,000	46.7%
Printing & Reproduction		3,500	3,636	3,500	(136)	(3.7)%
Professional Services	2,786,083	2,958,104	6,764,435	3,053,500	(3,710,935)	(54.9)%
Shop & Field Supplies	268	2,000	2,000	2,000		
Stationery & Office Supplies		1,500	1,500	1,500		
Total Services & Supplies Expenditures	2,815,294	3,010,404	6,816,871	3,112,910	(3,703,961)	(54.3)%
Capital Expenditures						
Total Expenditures	5,510,848	5,705,218	9,511,685	5,568,701	(3,942,984)	(41.5)%

Managing Division:	
Community Engagement Division	
Contact Person:	
Anna Lee	
Program Purpose:	
To implement AB 617 by working with selected environmental justice communities in the Bay Area to prepare plans in partnership with communities to reduce emissions of toxic air contaminants and criteria pollutants or prepare monitoring plans in partnership with communities.	
Description of Program:	
The District partners closely with AB 617 communities to set up Community Steering Committees that work with District to guide the development of local emissions reduction plans. Staff develop community partnerships and ensure a data-informed, equitable and transparent process. In partnership with West Oakland Environmental Indicators Project, staff are completing the fifth year of implementation of the West Oakland Community Action Plan. Additionally, in Richmond-North Richmond – San Pablo, staff are working with community to implement the Path to Clean Air (PTCA) Community Emissions Reduction Plan. Staff are working with Co-Lead partner, Communities for a Better Environment, and the Community Steering Committee members to complete and adopt the East Oakland Community Emissions Reduction Plan. Staff are partnering with Bayview Hunters Point Community Advocates and Marie Harrison Community Foundation and Community Steering Committee members to develop the Bayview Hunters Point Community Emissions Reduction Plan.	
Justification of Change Request:	
AB 617 expenditures are expected to increase due to inflation and an increase in engagement for Richmond-North Richmond-San Pablo and East Oakland, both of which will be starting implementation of the CERPs.	
Activities	
Support West Oakland Community Steering Committee with Co-Lead partner for year five of the Plan.	
Support Community Steering Committee with implementation of Richmond-North Richmond-San Pablo Path to Clean Air Plan.	
Support Community Steering Committee with Co-Lead partner and develop East Oakland Community Emissions Reduction Plan.	
Support Community Steering Committee with Co-Lead partners for Bayview Hunters Point Community Emissions Reduction Plan.	
Administer contracts with Co-Lead partners and consultants that support local emissions reduction plans.	
Major Objectives	Delivery Date
Support Community Steering Committees and community engagement in designated communities.	Ongoing
Support fifth year of implementation of the West Oakland Community Action Plan.	Ongoing
Support implementation of the Richmond-North Richmond-San Pablo Path to Clean Air Plan.	Ongoing
Support development and adoption of the East Oakland Community Emissions Reduction Plan.	Ongoing
Support development of the Bayview Hunters Point Community Emissions Reduction Plan process.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)		31.59	31.59	38.54	6.95	22.00%
Number of Positions (LTCE)				7.00	7.00	
Personnel Expenditures						
Permanent Salaries		4,735,302	4,735,302	7,367,910	2,632,608	55.60%
Overtime Salaries				50,000	50,000	
Payroll Taxes		67,428	67,428	105,491	38,063	56.4%
Pension Benefits		953,897	953,897	1,438,774	484,877	50.8%
FICA Replacement Benefits		64,466	64,466	156,736	92,270	143.1%
Group Insurance Benefits		622,845	622,845	1,077,096	454,251	72.9%
Transportation Subsidy		45,296	45,296	44,236	(1,060)	(2.3)%
Workers' Compensation		15,625	15,625	21,019	5,394	34.5%
Discretionary Contribution		341,731	341,731	469,161	127,430	37.3%
Total Personnel Expenditures		6,846,590	6,846,590	10,730,423	3,883,833	56.7%
Services & Supplies Expenditures						
Professional Services		2,404,500	2,404,500	2,408,130	3,630	0.2%
Total Services & Supplies Expenditures		2,404,500	2,404,500	2,408,130	3,630	0.2%
Capital Expenditures						
Total Expenditures		9,251,090	9,251,090	13,138,553	3,887,463	42.02%

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Diversity, Equity and Inclusion Division

The work of the Air District requires diverse perspectives, talents, and life experiences to solve some of the most complex technical air quality issues that we face. The Office of Diversity, Equity & Inclusion is taking meaningful steps to build an equitable and inclusive environment. The efforts will be informed by working with the Deputy Executive Officer of Equity and Community Programs, Board of Directors' Community Health, Equity and Justice Committee and staff to shift long-standing environmental justice inequities throughout the region. Key initiatives for the Office will be providing trainings that encompass equity tools to provide a blueprint of systems and structures to operationalize cross-divisional efforts relative to Air District programs. In addition, the Office works on various initiatives by applying an equity lens to programs, policies, practices and procedures related to staffing, recruitment, promotions, inclusive practices in the workplace, and contracting for capital projects and services.

Managing Division:	
Diversity Equity & Inclusion Office	
Contact Person:	
Tim Williams	
Program Purpose:	
The Office of Diversity, Equity & Inclusion is charged with spearheading initiatives that infuse an equity perspective into all facets of the agency. This entails enhancing our approach to staffing, recruitment, promotions, fostering inclusive workplace practices, contracting for capital projects and services, delivering equity training, and ensuring that all decision-making processes incorporate equitable considerations where feasible. Moreover, the office actively acknowledges the invaluable contributions of both our staff and community members alike, striving to cultivate an environment where every individual feels genuinely appreciated and respected.	
Description of Program:	
The Office of Diversity, Equity & Inclusion is taking meaningful steps to build an equitable and inclusive environment. The efforts will be informed by working with the Deputy Executive Officer of Equity & Community Programs, Board of Directors' Community Health, Equity and Justice Committee and staff to shift long-standing environmental justice inequities throughout the region.	
Justification of Change Request:	
Not Applicable	
Activities	
Leverage Workforce Diversity and Empower Diverse Perspectives throughout Training & Leadership Development	
Manage Employee Resource Groups	
Provide Human Resources guidance on inclusive recruitment and retention strategies (e.g. equity language in job postings, job screenings, panel interviews, promotional opportunities for diverse candidates)	
Work cross-agency on policies, practices and initiatives to mitigate inequities. Review equity aspects within division documents and provide suggested amendment(s)	
Work with Board of Directors' Community Equity, Health and Justice Committee on its workplan, meeting agendas, speakers, and community convening meetings	
Major Objectives	Delivery Date
Develop Strategies to Expand Diversity and Inclusion in Human Resources Practices and Processes Applying an Equity Lens	Ongoing
Advance cohesive and equitable workplace while also pairing the strategic plan and environmental justice plan	Ongoing
Continue Internal Capacity Building	Ongoing
Creation, Development, and Guidance of Employee Resource Groups	Ongoing
Board of Directors' Community Health, Equity and Justice Committee Support	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	1.79	2.00	2.00	2.00		
Personnel Expenditures						
Permanent Salaries	280,645	300,572	300,572	334,002	33,430	11.1%
Overtime Salaries	405	4,000	4,000		(4,000)	(100.0)%
Payroll Taxes	4,170	4,257	4,257	4,750	493	11.6%
Pension Benefits	96,698	62,871	62,871	63,377	506	0.8%
FICA Replacement Benefits	2,605	4,081	4,081	6,899	2,818	69.1%
Group Insurance Benefits	36,363	29,228	29,228	42,060	12,832	43.9%
Transportation Subsidy	575	2,868	2,868	1,947	(921)	(32.1)%
Workers' Compensation	948	989	989	925	(64)	(6.5)%
Discretionary Contribution		21,647	21,647	21,282	(365)	(1.7)%
Total Personnel Expenditures	422,409	430,513	430,513	475,242	44,729	10.4%
Services & Supplies Expenditures						
Travel		9,700	9,700	9,100	(600)	(6.2)%
Training & Education	3,276	51,500	51,500	51,500		
Communications			1,000		(1,000)	(100.0)%
Printing & Reproduction	384	6,500	6,500	6,500		
Professional Services	87,561	405,000	522,511	395,000	(127,511)	(24.4)%
Computer Hardware & Software	100	500	500	500		
Stationery & Office Supplies		700	700	700		
Total Services & Supplies Expenditures	91,321	473,900	592,411	463,300	(129,111)	(21.8)%
Capital Expenditures						
Transfer In/Out	(33,028)					
Total Expenditures	480,702	904,413	1,022,924	938,542	(84,382)	(8.2)%

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Strategic Incentives Division

General Fund

The Strategic Incentives Division mainly administers Special Revenue funds that are used to accelerate voluntary emissions reductions by incentivizing the replacement of older dirtier equipment that primarily targets mobile sources that total approximately \$100 million for project funds and \$8 million for Air District administrative costs. Strategic Incentives staff conducts outreach and solicits grant applications, evaluates grant applications according to established criteria, recommends allocation of the funding, prepares contracts with grantees, monitors progress in implementing funded projects, and reports on the use of funds.

In addition to this work, the Division also oversees programs and activities that are paid for at least in part by the General Fund (historically approximately \$570,000 annually) as match and to pay for projects and activities performed by staff that cannot be fully reimbursed by Special Revenue sources, such as development of applications for new sources of funding (i.e., federal or state), oversight of air district sponsored projects that are not eligible for funding from other sources, and activities that are also not eligible for reimbursement by other sources. Additional information on Strategic Incentive Division Budget can be found in the Special Revenue Fund section of the budget.

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Adam Shapiro	
Program Purpose:	
Administer funding for grant programs related to non-mobile sources.	
Description of Program:	
<p>In March 2024, the Air District will begin accepting applications for The Clean Heating Efficiently with Electric Technology (Clean HEET) Program that will provide incentive funding to reduce emissions and community exposure from wood smoke pollution by helping to lower the cost of replacing wood-burning devices with electric heat pumps. The program is funded by a US Environmental Protection Agency (EPA) Targeted Airshed Grant award and funding from the Air District's General Fund as match. On January 20, 2021, the Air District Board of Directors, authorized the Air District to accept, obligate, and expend up to \$2,120,345 in funding from the US EPA and allocated up to \$500,000 of General Fund from Designated Reserves as match funding. The Air District will review all completed applications until program funds have been exhausted. All work for this program must be completed by December 2025.</p>	
Justification of Change Request:	
Not Applicable	
Activities	
Update program policies and procedures, guidance materials, and administrative operating procedures; conduct program development; conduct outreach.	
Review and evaluate project applications to determine eligibility according to approved Board of Directors eligibility and priority funding criteria.	
Prepare contracts, vouchers, amendments, and correspondence; monitor projects, inspect, and audit programs and projects to assure compliance with EPA and District guidelines, policies, and statutory and regulatory requirements; process reimbursement requests; and ensure project files are complete and up to date.	
Prepare and submit reports to EPA; liaise with EPA on contract and program requirements.	
Prepare technical, financial, and staff reports; attend meetings; and participate in external audits.	
Coordinate with IT contractors to develop, enhance, and maintain data management systems.	
Major Objectives	Delivery Date
Submit quarterly reports and other required reports to funding source (EPA).	Ongoing
Meet funding source disbursement and liquidation deadlines.	June 2025
Meet funding source requirements to fund projects benefitting priority areas.	Ongoing
Issue funding contracts and vouchers for grants awarded.	Ongoing

Non-Mobile Source Grant Programs

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	0.66	1.65	1.65	1.06	(0.59)	(35.76)%
Personnel Expenditures						
Permanent Salaries	90,501	210,110	210,110	152,150	(57,960)	(27.59)%
Payroll Taxes	1,288	2,970	2,970	2,154	(816)	(27.5)%
Pension Benefits	15,524	40,987	40,987	29,289	(11,698)	(28.5)%
FICA Replacement Benefits	794	3,367	3,367	3,651	284	8.4%
Group Insurance Benefits	11,345	26,115	26,115	23,249	(2,866)	(11.0)%
Transportation Subsidy	172	2,366	2,366	1,030	(1,336)	(56.5)%
Workers' Compensation	306	816	816	490	(326)	(40.0)%
Discretionary Contribution		17,286	17,286	9,661	(7,625)	(44.1)%
Total Personnel Expenditures	119,930	304,017	304,017	221,674	(82,343)	(27.1)%
Services & Supplies Expenditures						
Travel				1,000	1,000	
Training & Education				2,000	2,000	
Printing & Reproduction				5,000	5,000	
Professional Services	29,381	75,000	95,605	80,000	(15,605)	(16.3)%
Stationery & Office Supplies				500	500	
Minor Office Equipment				2,000	2,000	
Total Services & Supplies Expenditures	29,381	75,000	95,605	90,500	(5,105)	(5.3)%
Capital Expenditures						
Total Expenditures	149,311	379,017	399,622	312,174	(87,448)	(21.88)%

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Chengfeng Wang	
Program Purpose:	
Expand availability of funding for emission reduction projects in the Bay Area by identifying and securing new sources of funding. Also manage small, pilot, and demonstration projects funded by Air District general funds.	
Description of Program:	
This program, established in 2010, is focused on identifying and securing new sources of funding for the Bay Area including funding from Federal, State, local governments, settlements, and other sources. Over time, this program aims to expand the availability of grant funding in the region to create additional opportunities for Bay Area businesses and residents to implement projects that reduce criteria pollutants, greenhouse gases, and toxic air contaminants from mobile and stationary sources. This program is also used to conduct activities to support pilot and demonstration projects that are not eligible for funding from other Air District funding sources.	
Justification of Change Request:	
Not Applicable	
Activities	
Identify new sources of funding and prepare grant applications to secure new funding sources.	
Form partnerships to leverage Air District funding resources.	
Obtain Board of Directors approval of acceptance of new funding; review, execute, and manage grant agreements with funding agencies.	
Manage Air District funded programs: conduct outreach, evaluate applications and award funding to eligible recipients, and process reimbursement requests.	
Major Objectives	Delivery Date
Form partnerships to leverage Air District funding sources.	Ongoing
Secure new sources of funding	Ongoing
Obtain Board of Directors approval of acceptance of new funding; review, execute, and manage grant agreements with funding agencies.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	0.32	0.26	0.26	2.30	2.04	784.6%
Personnel Expenditures						
Permanent Salaries	51,682	45,799	45,799	352,060	306,261	668.7%
Payroll Taxes	754	664	664	5,011	4,347	654.7%
Pension Benefits	13,367	9,757	9,757	68,991	59,234	607.1%
FICA Replacement Benefits	454	530	530	7,922	7,392	1,394.7%
Group Insurance Benefits	6,428	5,349	5,349	56,954	51,605	964.8%
Transportation Subsidy	99	373	373	2,236	1,863	499.5%
Workers' Compensation	175	129	129	1,062	933	723.3%
Discretionary Contribution		2,916	2,916	22,390	19,474	667.8%
Total Personnel Expenditures	72,959	65,517	65,517	516,626	451,109	688.5%
Services & Supplies Expenditures						
Travel		21,200	21,200	13,200	(8,000)	(37.7)%
Training & Education		7,500	7,500	8,500	1,000	13.3%
Professional Services	78,601	45,000	84,784	15,000	(69,784)	(82.3)%
Shop & Field Supplies	109	1,000	1,000	1,000		
Computer Hardware & Software		15,000	15,000	14,000	(1,000)	(6.7)%
Total Services & Supplies Expenditures	78,710	89,700	129,484	51,700	(77,784)	(60.1)%
Capital Expenditures						
Computer & Network				500,000	500,000	
Total Capital Expenditures				500,000	500,000	
Total Expenditures	151,669	155,217	195,001	1,068,326	873,325	447.9%

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Technology Implementation Office

The Technology Implementation Office (TIO) mission is to advance emerging, cost-effective solutions to achieve greenhouse gas emissions reductions for the transportation and industrial source sectors. TIO will connect climate technologies and customers by providing financial incentives (through grants and loans) as well as technical and matchmaking support. Climate technology areas include zero emissions vehicles and infrastructure, zero emissions energy storage and backup systems, composting, and waste-to-energy projects, amongst other GHG reduction solutions. By supporting the scale-up of climate technologies, TIO can help achieve state and regional greenhouse gas emissions targets, reduce emissions in impacted communities, while also making technologies cost-effective even in regions without strong climate policies.

Managing Division:	
Technology Implementation Office	
Contact Person:	
Anthony Fournier	
Program Purpose:	
The Air District's Climate Investments program advances emerging and cost-effective solutions to achieve greenhouse gas emissions reduction. The program's goal is to support the 2017 Clean Air Plan goal of a carbon-free Bay Area by 2050 and mainstream technologies so they can be scaled up throughout and beyond the Bay Area.	
Description of Program:	
The Climate Tech Finance program increases access to capital for entrepreneurs and public agencies to develop and adopt technologies that reduce greenhouse gases. The Clean Air Centers program establishes a network of publicly accessible facilities with high-end air filtration for use during smoke events in communities most impacted by those events.	
Justification of Change Request:	
Not Applicable	
Activities	
Oversee loan and loan guarantee partnership and projects.	
Perform evaluations of climate technologies.	
Identify technologies and customers and provide technical support and financing to implement technologies.	
Convene stakeholders for technology matchmaking and peer-to-peer information exchanges.	
Implement grant program to fund the purchase of air filtration units for publicly accessible Clean Air Centers.	
Major Objectives	Delivery Date
1. Provide loans and loan guarantees for implementing new technologies.	Ongoing
2. Implement enhanced climate loan services statewide.	Ongoing
3. Maintain Clean Air Centers grant program.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.60	3.00	3.00	3.02	0.02	0.7%
Personnel Expenditures						
Permanent Salaries	400,151	460,493	460,493	442,440	(18,053)	(3.9)%
Overtime Salaries		25,000	25,000	25,000		
Temporary Salaries		100,000	100,000	200,000	100,000	100.0%
Payroll Taxes	5,987	6,526	6,526	6,276	(250)	(3.8)%
Pension Benefits	135,722	88,279	88,279	83,894	(4,385)	(5.0)%
FICA Replacement Benefits	3,656	6,116	6,116	10,411	4,295	70.2%
Group Insurance Benefits	51,104	66,884	66,884	74,871	7,987	11.9%
Transportation Subsidy	801	4,297	4,297	2,938	(1,359)	(31.6)%
Workers' Compensation	1,352	1,482	1,482	1,396	(86)	(5.8)%
Discretionary Contribution		32,589	32,589	28,107	(4,482)	(13.8)%
Total Personnel Expenditures	598,773	791,666	791,666	875,333	83,667	10.6%
Services & Supplies Expenditures						
Travel	792	9,500	9,500	22,000	12,500	131.6%
Training & Education	3,155	6,000	6,000	14,000	8,000	133.3%
Communications	1,926	1,500	1,500	3,000	1,500	100.0%
Printing & Reproduction	60					
Professional Services	98,142	250,000	2,459,075	250,000	(2,209,075)	(89.8)%
Computer Hardware & Software	1,087	4,000	4,000	5,000	1,000	25.0%
Stationery & Office Supplies		500	500	1,000	500	100.0%
Total Services & Supplies Expenditures	105,162	271,500	2,480,575	295,000	(2,185,575)	(88.1)%
Capital Expenditures						
Total Expenditures	703,935	1,063,166	3,272,241	1,170,333	(2,101,908)	(64.2)%

SERVICE AREA - FINANCE & ADMINISTRATION

Administrative Resources Division

The Administrative Resources Division provides administrative and operational support functions for the Air District, and is comprised of the Business Office, Fleet and Facilities Office.

The Business Office is responsible for contracts, purchasing, non-workers compensation risk management, mailroom services, and office support services.

The Fleet Office is responsible for the acquisition and maintenance of Air District pool vehicles and fleet, management of vehicle accidents and procurement of new vehicles. The facilities office is responsible for the planning, maintenance, construction oversight and operations of all Air District facilities, and manage security and safety measures.

Managing Division:	
Administrative Resources Division	
Contact Person:	
Maricela Martinez	
Program Purpose:	
Provide facilities-related support to all Air District teams.	
Description of Program:	
The Facilities Office provides administrative and physical support to the frontline teams running day-to-day operations of the Air District's dual headquarters offices at 375 Beale Street and 4114 Lakeside Drive, plus the over eighty (80) satellite offices/field sites/operational locations.	
Justification of Change Request:	
Not Applicable	
Activities	
Conference room setup for Board, Committee, Advisory Councils, and Hearing Board meetings.	
Oversee security for Board, Committee, Advisory Councils, and Hearing Board meetings, public workshops, and similar events.	
Oversee tradesperson vendors for select renovations and repairs at all District locations.	
Administer help desk responding to facility-related requests from all staff.	
Collaborate with BAHA on administration of facility-related work at Beale Street.	
Administer assigned seating and workspace hoteling programs at Beale Street.	
Support frontline teams with routine maintenance, service, and repairs at satellite locations.	
Provide office and pantry supplies at all District locations.	
Major Objectives	Delivery Date
Establish a lease-management office within the Facilities team.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	3.50	3.49	3.49	6.50	3.01	86.25%
Personnel Expenditures						
Permanent Salaries	381,955	400,165	400,165	964,715	564,550	141.08%
Overtime Salaries	44,690					
Payroll Taxes	5,605	5,625	5,625	13,669	8,044	143.0%
Pension Benefits	127,197	86,939	86,939	194,943	108,004	124.2%
FICA Replacement Benefits	3,493	7,110	7,110	22,374	15,264	214.7%
Group Insurance Benefits	48,745	73,789	73,789	165,348	91,559	124.1%
Transportation Subsidy	917	4,996	4,996	6,315	1,319	26.4%
Workers' Compensation	1,282	1,723	1,723	3,000	1,277	74.1%
Discretionary Contribution		35,843	35,843	61,308	25,465	71.0%
Total Personnel Expenditures	613,884	616,190	616,190	1,431,672	815,482	132.3%
Services & Supplies Expenditures						
Travel	4,354			2,000	2,000	
Training & Education	1,539	1,000	1,000	3,000	2,000	200.0%
Communications	60,807					
Building Maintenance	426,916	575,000	955,372	776,000	(179,372)	(18.8)%
Utilities	802	50,250	50,250	255	(49,995)	(99.5)%
Printing & Reproduction		200	200	200		
Equipment Rental		2,000	2,000		(2,000)	(100.0)%
Rents & Leases	100,269	65,000	65,000	66,000	1,000	1.5%
Professional Services	159,263	550,250	772,122	450,250	(321,872)	(41.7)%
Shop & Field Supplies	1,596	3,000	5,500		(5,500)	(100.0)%
Stationery & Office Supplies		1,000	1,000		(1,000)	(100.0)%
Minor Office Equipment		10,000	10,000		(10,000)	(100.0)%
Total Services & Supplies Expenditures	755,546	1,257,700	1,862,444	1,297,705	(564,739)	(30.3)%
Capital Expenditures						
Building & Grounds	55,036					
Total Capital Expenditures	55,036					
Transfer In/Out	(31,904)					
Total Expenditures	1,392,562	1,873,890	2,478,634	2,729,377	250,743	10.12%

Managing Division:	
Administrative Resources Division	
Contact Person:	
Maricela Martinez	
Program Purpose:	
Maintenance and administration of the day to day incoming/outgoing mail and reproduction operations of the Air District.	
Description of Program:	
The day-to-day administrative operations include: sorting and distribution of incoming and outgoing mail, and processing reproduction requests.	
Justification of Change Request:	
Not Applicable	
Activities	
Process incoming and outgoing mail.	
Receive and deliver incoming packages and deliveries.	
Process reproduction requests, including document binding and package preparation.	
Prepare, reproduce, and mail board packets, asbestos reports, permits, permit invoices, data update forms, and other materials as requested.	
Major Objectives	Delivery Date
Process incoming and outgoing mail as well as packages.	Ongoing
Process reproduction requests.	Ongoing

Mail and Reproduction

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	1.03	0.91	0.91	1.02	0.11	12.09%
Personnel Expenditures						
Permanent Salaries	220,313	173,299	173,299	132,501	(40,798)	(23.54)%
Overtime Salaries	1,631					
Payroll Taxes	3,317	2,467	2,467	1,870	(597)	(24.2)%
Pension Benefits	83,705	38,123	38,123	24,998	(13,125)	(34.4)%
FICA Replacement Benefits	2,074	1,852	1,852	3,523	1,671	90.2%
Group Insurance Benefits	29,136	21,305	21,305	15,228	(6,077)	(28.5)%
Transportation Subsidy	459	1,301	1,301	994	(307)	(23.6)%
Workers' Compensation	761	449	449	473	24	5.3%
Discretionary Contribution		10,382	10,382	8,391	(1,991)	(19.2)%
Total Personnel Expenditures	341,396	249,178	249,178	187,978	(61,200)	(24.6)%
Services & Supplies Expenditures						
Communications	243,177	280,000	280,000	280,000		
Postage	47,947	65,000	65,000	70,000	5,000	7.7%
Equipment Rental	64,642	105,000	138,274	125,000	(13,274)	(9.6)%
Professional Services	63,084	300,000	316,613	300,000	(16,613)	(5.2)%
Total Services & Supplies Expenditures	418,850	750,000	799,887	775,000	(24,887)	(3.1)%
Capital Expenditures						
Transfer In/Out	(17,679)					
Total Expenditures	742,567	999,178	1,049,065	962,978	(86,087)	(8.21)%

Managing Division:	
Administrative Resources Division	
Contact Person:	
Maricela Martinez	
Program Purpose:	
This program will pay operating and maintenance costs associated with the Air District's office space located in Richmond, CA.	
Description of Program:	
This program will pay for the reconfiguring of the Headquarters East (Richmond) office and all costs associated with building maintenance of the facility, including shared costs associated with the Condominium Association. This year includes costs associated with building out Phase 2 and 3 of the Richmond Office.	
Justification of Change Request:	
Not Applicable	
Activities	
operating and maintenance costs associated with the Air District's office space located in Richmond, CA	
Major Objectives	Delivery Date
Reconfigure the Richmond Office (Headquarters East) with building out Phase 2 and 3 of the Richmond Office.	Ongoing

Headquarters East (Richmond)

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	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Personnel Expenditures						
Services & Supplies Expenditures						
Building Maintenance		6,000	6,000	6,000		
Utilities	105,034	56,000	56,000	130,000	74,000	132.1%
Professional Services	43,792	251,000	277,640	285,000	7,360	2.7%
Total Services & Supplies Expenditures	148,826	313,000	339,640	421,000	81,360	24.0%
Capital Expenditures						
Leasehold Improvements			2,350		(2,350)	(100.0)%
Building & Grounds	37,625	500,000	591,802		(591,802)	(100.0)%
Total Capital Expenditures	37,625	500,000	594,152		(594,152)	(100.0)%
Total Expenditures	186,451	813,000	933,792	421,000	(512,792)	(54.92)%

Managing Division:	
Administrative Resources Division	
Contact Person:	
Maricela Martinez	
Program Purpose:	
Provide for the purchasing of equipment and supplies and the negotiating of service contracts.	
Description of Program:	
The purchasing section is responsible for the procurement of services, equipment, and supplies. The section facilitates the administration of limited access license agreements, lease agreements, professional service contracts, and request for proposals/qualifications. The section is also responsible for the property management administration of various insurance policies, and the coordination of the disposal of surplus equipment.	
Justification of Change Request:	
Not Applicable	
Activities	
Process purchase order requests.	
Approve the purchase of necessary office supplies as requested by District personnel.	
Administer District service contracts and negotiate lease renewals.	
Process service requests on equipment under maintenance.	
Deliver requested office supplies.	
Negotiate best price on sale of surplus equipment.	
Manage District insurance policies.	
Major Objectives	Delivery Date
Process purchase order requests.	Daily
Approve the purchase of necessary office supplies as requested by District personnel.	Ongoing
Administer District service contracts, leases, and limited access license agreements.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.63	4.13	4.13	3.00	(1.13)	(27.36)%
Personnel Expenditures						
Permanent Salaries	368,932	569,229	569,229	424,453	(144,776)	(25.43)%
Overtime Salaries	4,071					
Payroll Taxes	5,415	8,044	8,044	6,003	(2,041)	(25.4)%
Pension Benefits	84,198	113,520	113,520	84,204	(29,316)	(25.8)%
FICA Replacement Benefits	3,311	8,433	8,433	10,332	1,899	22.5%
Group Insurance Benefits	46,292	73,446	73,446	72,661	(785)	(1.1)%
Transportation Subsidy	729	5,925	5,925	2,916	(3,009)	(50.8)%
Workers' Compensation	1,246	2,044	2,044	1,386	(658)	(32.2)%
Discretionary Contribution		43,943	43,943	26,942	(17,001)	(38.7)%
Total Personnel Expenditures	514,194	824,584	824,584	628,897	(195,687)	(23.7)%
Services & Supplies Expenditures						
Training & Education				1,500	1,500	
Printing & Reproduction		25,400	25,400	25,400		
Professional Services		250,000	247,598	150,000	(97,598)	(39.4)%
General Insurance	505,272	807,240	809,642	900,000	90,358	11.2%
Stationery & Office Supplies	8,710	30,000	31,141	35,000	3,859	12.4%
Total Services & Supplies Expenditures	513,982	1,112,640	1,113,781	1,111,900	(1,881)	(0.2)%
Capital Expenditures						
Transfer In/Out	(26,723)					
Total Expenditures	1,001,453	1,937,224	1,938,365	1,740,797	(197,568)	(10.19)%

Managing Division:	
Administrative Resources Division	
Contact Person:	
Maricela Martinez	
Program Purpose:	
This program will pay for sharing of limited business operations and technology functions between the Air District, Metropolitan Transportation Commission, and the Association of Bay Area Governments at 375 Beale Street. This program will also pay for the lease payments associated with the Air District's financing ownership interest of its portion of the facility.	
Description of Program:	
Shared services between the Air District, Metropolitan Transportation Commission and the Association of Bay Area Governments, including personnel and shared business operations, IT license and maintenance agreements required for a shared services component for the agencies and payments related to its lease payments through the issuance of a private placement of Certificate of Participation Notes (COPS) with the Bay Area Housing Authority.	
Justification of Change Request:	
The shared services component includes general services and technology functions: personnel, conference room scheduling, conference room set-up, video conferencing, webcasting, copy/print/mail production and distribution, shared fleet management, wellness center; email, calendaring, telephone systems, wireless network, internet connectivity, printing, electronic file storage, server rooms maintenance. Beginning in FYE 2019, the lease payments associated with paying down the COPS are being paid through this program.	
Activities	
Maintain service level agreements with partner agencies	
Maintain communication plan for building protocols	
Maintain and develop training materials for new technologies and services available at 375 Beale Street	
Maintain Shared Services Budget and Responsibilities	
Major Objectives	Delivery Date
Maintain service level agreements with partner agencies	Ongoing
Maintain communication plan for building protocols	Ongoing
Maintain and develop training materials for new technologies and services available at 375 Beale Street	Ongoing
Maintain Shared Services Budget and Responsibilities	Ongoing

Headquarters West (Beale Street)

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	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Personnel Expenditures						
Services & Supplies Expenditures						
Utilities	4,023	5,000	5,000	3,000	(2,000)	(40.0)%
Rents & Leases	311,923	1,200,000	1,200,000	1,200,000		
Professional Services	2,669,355	3,370,792	3,370,792	3,500,000	129,208	3.8%
Total Services & Supplies Expenditures	2,985,301	4,575,792	4,575,792	4,703,000	127,208	2.8%
Capital Expenditures						
Computer & Network		500,000	500,000	500,000		
Total Capital Expenditures		500,000	500,000	500,000		
Total Expenditures	2,985,301	5,075,792	5,075,792	5,203,000	127,208	2.51%

Managing Division:	
Administrative Resources Division	
Contact Person:	
Maricela Martinez	
Program Purpose:	
Provide fleet-related support to all Air District teams.	
Description of Program:	
Fleet administers a program that provides for the service/maintenance, regulatory compliance, and lifecycle management of the District's over 100-vehicle fleet, including acquisitions/retirements, use-tracking, and related accounts, such as toll and fuel.	
Justification of Change Request:	
Not Applicable	
Activities	
Administration of service/maintenance program for the District's over 100-vehicle fleet.	
Administration of short-term pool/rental vehicle program.	
Administer help desk responding to fleet-related requests from all staff.	
Process insurance claims and repair/replacement of impacted units.	
Completion of annual smog check reporting to State of California.	
Vehicle acquisition and retirement.	
Maintain regulatory compliance oversight for the District's over 100-vehicle fleet.	
Administration of the lifecycle of the District's over 100-vehicle fleet.	
Major Objectives	Delivery Date
Reduce the carbon footprint associated with District vehicles.	Ongoing

Fleet Services

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.91	2.54	2.54	2.50	(0.04)	(1.57)%
Personnel Expenditures						
Permanent Salaries	405,951	339,910	339,910	349,103	9,193	2.70%
Overtime Salaries	2,680					
Payroll Taxes	5,881	4,799	4,799	4,936	137	2.9%
Pension Benefits	98,769	71,027	71,027	67,604	(3,423)	(4.8)%
FICA Replacement Benefits	3,659	5,192	5,192	8,622	3,430	66.1%
Group Insurance Benefits	51,342	51,198	51,198	37,056	(14,142)	(27.6)%
Transportation Subsidy	810	3,648	3,648	2,433	(1,215)	(33.3)%
Workers' Compensation	1,363	1,258	1,258	1,156	(102)	(8.1)%
Discretionary Contribution		26,896	26,896	22,151	(4,745)	(17.6)%
Total Personnel Expenditures	570,455	503,928	503,928	493,061	(10,867)	(2.2)%
Services & Supplies Expenditures						
Travel	4,989			50	50	
Training & Education		1,000	1,000	3,000	2,000	200.0%
Repair & Maintenance	3,756	15,000	16,214	28,000	11,786	72.7%
Communications	2,312	1,000	1,000	1,020	20	2.0%
Printing & Reproduction			11,000		(11,000)	(100.0)%
Rents & Leases	507,422	950,000	1,077,369	870,000	(207,369)	(19.2)%
Professional Services	12,705	50,000	39,000	51,000	12,000	30.8%
General Insurance		32,500	32,500	38,500	6,000	18.5%
Shop & Field Supplies		200	200	200		
Gasoline & Variable Fuel	239,804	376,579	390,018	470,000	79,982	20.5%
Total Services & Supplies Expenditures	770,988	1,426,279	1,568,301	1,461,770	(106,531)	(6.8)%
Capital Expenditures						
Transfer In/Out	(29,626)					
Total Expenditures	1,311,817	1,930,207	2,072,229	1,954,831	(117,398)	(5.67)%

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Enterprise Technology Solutions Division

The Software Development and Online Services Division provides technology services for core business processes that are utilized across programs. Included in these services are My Air Online, public website, financial, grants and records systems.

Managing Division:	
Enterprise Technology Solutions Division	
Contact Person:	
Joy Chen	
Program Purpose:	
This program provides software design, development, implementation, and maintenance services for enterprise software.	
Description of Program:	
This program provides software design, development, implementation, and maintenance services for enterprise software. The work of this program focuses on software systems that are core to Air District operations and is utilized by multiple business operations across the Air District.	
Justification of Change Request:	
Activities	
Software design, development, implementation, and maintenance activities for enterprise software.	
Major Objectives	Delivery Date
Enhance efficiency and improve resiliency of the My Air Online enterprise software system.	Daily
Create documentation and provide for knowledge transfer to internal stakeholders for the permitting and compliance system	Daily

Software Development and Maintenance

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	5.75	6.00	6.00	6.40	0.40	6.7%
Personnel Expenditures						
Permanent Salaries	1,059,530	1,076,224	1,076,224	1,185,106	108,882	10.1%
Overtime Salaries	14,104	13,287	13,287		(13,287)	(100.0)%
Payroll Taxes	15,995	15,559	15,559	17,184	1,625	10.4%
Pension Benefits	333,432	211,973	211,973	238,119	26,146	12.3%
FICA Replacement Benefits	10,023	12,244	12,244	22,042	9,798	80.0%
Group Insurance Benefits	140,290	112,696	112,696	131,058	18,362	16.3%
Transportation Subsidy	2,219	8,603	8,603	6,221	(2,382)	(27.7)%
Workers' Compensation	3,591	2,968	2,968	2,956	(12)	(0.4)%
Discretionary Contribution		67,582	67,582	75,671	8,089	12.0%
Total Personnel Expenditures	1,579,184	1,521,136	1,521,136	1,678,357	157,221	10.3%
Services & Supplies Expenditures						
Travel			4,000	13,000	9,000	225.0%
Training & Education		16,342	12,342	16,000	3,658	29.6%
Communications	3,429	2,723	2,723	2,777	54	2.0%
Professional Services		163,419	163,419	166,000	2,581	1.6%
Computer Hardware & Software	478	108,946	109,689	104,000	(5,689)	(5.2)%
Total Services & Supplies Expenditures	3,907	291,430	292,173	301,777	9,604	3.3%
Capital Expenditures						
Computer & Network	3,095,928	3,108,613	5,306,456	3,600,000	(1,706,456)	(32.2)%
Total Capital Expenditures	3,095,928	3,108,613	5,306,456	3,600,000	(1,706,456)	(32.2)%
Total Expenditures	4,679,019	4,921,179	7,119,765	5,580,134	(1,539,631)	(21.6)%

Managing Division:	
Enterprise Technology Solutions Division	
Contact Person:	
Anja Page	
Program Purpose:	
This program supports and maintains the agency's website and related online services.	
Description of Program:	
This program supports and maintains the agency's website and related online services. This includes the BAAQMD.GOV website and related applications such as public notifications.	
Justification of Change Request:	
Activities	
Support, assist, and train Division Content Editors in the use of the web content management system	
Develop, test, and implement new features and website components	
Maintain and manage website systems with ongoing upgrades and improvements	
Monitor visitor usage through statistics and logs to inform priorities and decisions on feature development	
Document website processes, issue resolution, and functionality	
Major Objectives	Delivery Date
Improve performance and security of the baaqmd.gov website.	Ongoing
Create a project plan and schedule for planned re-design of the baaqmd.gov website.	Annually
Develop online applications for reporting key information needed by community members	Ongoing

Website Development & Maintenance

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.05	2.00	2.00	2.02	0.02	1.0%
Personnel Expenditures						
Permanent Salaries	333,537	325,797	325,797	338,541	12,744	3.9%
Overtime Salaries	1,368			1,395	1,395	
Payroll Taxes	4,914	4,622	4,622	4,807	185	4.0%
Pension Benefits	105,674	67,689	67,689	69,181	1,492	2.2%
FICA Replacement Benefits	3,056	4,081	4,081	6,948	2,867	70.3%
Group Insurance Benefits	42,840	45,008	45,008	48,412	3,404	7.6%
Transportation Subsidy	675	2,868	2,868	1,961	(907)	(31.6)%
Workers' Compensation	1,127	989	989	932	(57)	(5.8)%
Discretionary Contribution		22,029	22,029	21,574	(455)	(2.1)%
Total Personnel Expenditures	493,191	473,083	473,083	493,751	20,668	4.4%
Services & Supplies Expenditures						
Training & Education		5,447	5,447	5,400	(47)	(0.9)%
Communications	1,837	1,792	1,792	1,828	36	2.0%
Printing & Reproduction	980	3,161	3,161	200,000	196,839	6,227.1%
Professional Services	1,090,011	999,670	1,951,270	324,000	(1,627,270)	(83.4)%
Computer Hardware & Software	20,033	154,674	158,254	137,389	(20,865)	(13.2)%
Total Services & Supplies Expenditures	1,112,861	1,164,744	2,119,924	668,617	(1,451,307)	(68.5)%
Capital Expenditures						
Transfer In/Out	(25,608)					
Total Expenditures	1,580,444	1,637,827	2,593,007	1,162,368	(1,430,639)	(55.2)%

Managing Division:	
Enterprise Technology Solutions Division	
Contact Person:	
Magen Holloway	
Program Purpose:	
To provide for electronic storage systems required to maintain official Air District Documents.	
Description of Program:	
This program develops and maintains the systems required for the storage of official Air District official documents that are needed for business processes in each Division. The program identifies official records across the Air District and collaborates with each program to develop procedures to bring records into the Air District's records management systems.	
Justification of Change Request:	
Not Applicable	
Activities	
Manage and Support of Physical and Electronic Storage of District Records.	
Configure and implement improvements to the OnBase records management system.	
Train Division Records Custodians on OB software and related procedures.	
Major Objectives	Delivery Date
Complete the configuration of a new OnBase Development Environment	June 2023
Bring OnBase records into compliance with retention schedules	June 2023
Get approval from Division Directors on a completed Administrative Operating Procedure for the each division's official records.	June 2023

Records Management Systems

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	1.07	1.00	1.00	3.00	2.00	200.0%
Personnel Expenditures						
Permanent Salaries	249,539	188,366	188,366	414,346	225,980	120.0%
Temporary Salaries				95,000	95,000	
Payroll Taxes	3,654	2,680	2,680	5,857	3,177	118.5%
Pension Benefits	86,349	41,427	41,427	83,130	41,703	100.7%
FICA Replacement Benefits	2,299	2,041	2,041	10,332	8,291	406.2%
Group Insurance Benefits	32,290	23,473	23,473	77,899	54,426	231.9%
Transportation Subsidy	508	1,434	1,434	2,916	1,482	103.3%
Workers' Compensation	843	495	495	1,386	891	180.0%
Discretionary Contribution		11,400	11,400	26,284	14,884	130.6%
Total Personnel Expenditures	375,482	271,316	271,316	717,150	445,834	164.3%
Services & Supplies Expenditures						
Training & Education		10,000	13,500		(13,500)	(100.0)%
Communications	7,931	4,000	4,000		(4,000)	(100.0)%
Utilities	783					
Printing & Reproduction		95,000	123,500	100,000	(23,500)	(19.0)%
Rents & Leases	19,537					
Professional Services	220,975	200,000	215,770	200,000	(15,770)	(7.3)%
Shop & Field Supplies		10,000	10,000	10,000		
Computer Hardware & Software	7,612	70,000	70,388	75,000	4,612	6.6%
Stationery & Office Supplies		6,000	6,000	6,000		
Total Services & Supplies Expenditures	256,838	395,000	443,158	391,000	(52,158)	(11.8)%
Capital Expenditures						
Office Equipment		100,000	100,000	110,000	10,000	10.0%
Computer & Network		10,000	66,413		(66,413)	(100.0)%
Total Capital Expenditures		110,000	166,413	110,000	(56,413)	(33.9)%
Transfer In/Out	(19,403)					
Total Expenditures	612,917	776,316	880,887	1,218,150	337,263	38.3%

Managing Division:	
Enterprise Technology Solutions Division	
Contact Person:	
James Tucker	
Program Purpose:	
To provide and maintain infrastructure and systems required for software development, data storage and reporting.	
Description of Program:	
This program provides for the design, development and day to day maintenance of infrastructure that may be required for software development, data storage and reporting functions utilized with enterprise systems. Activities include maintenance administration of server development and testing environments and database administration.	
Justification of Change Request:	
Activities	
development operations including environmental maintenance and testing automation	
Major Objectives	Delivery Date
Bring DevOps cloud security into alignment with security standards as they are developed.	Monthly
Migrate cloud production to operations team	Daily

Software Development Operations, Data and Reporting

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	4.96	6.11	6.11	7.16	1.05	17.2%
Personnel Expenditures						
Permanent Salaries	787,415	933,965	933,965	1,158,261	224,296	24.0%
Overtime Salaries	29,745	16,278	16,278	33,207	16,929	104.0%
Payroll Taxes	11,626	13,235	13,235	16,455	3,220	24.3%
Pension Benefits	236,037	197,503	197,503	236,812	39,309	19.9%
FICA Replacement Benefits	7,249	12,450	12,450	24,659	12,209	98.1%
Group Insurance Benefits	101,516	126,272	126,272	156,786	30,514	24.2%
Transportation Subsidy	1,626	8,748	8,748	6,960	(1,788)	(20.4)%
Workers' Compensation	2,649	3,018	3,018	3,307	289	9.6%
Discretionary Contribution		66,292	66,292	73,752	7,460	11.3%
Total Personnel Expenditures	1,177,863	1,377,761	1,377,761	1,710,199	332,438	24.1%
Services & Supplies Expenditures						
Training & Education		16,342	16,342	16,342		
Communications		186	186	189	3	1.6%
Professional Services	20,460	74,936	74,936	575,000	500,064	667.3%
Computer Hardware & Software		13,618	13,618	27,781	14,163	104.0%
Total Services & Supplies Expenditures	20,460	105,082	105,082	619,312	514,230	489.4%
Capital Expenditures						
Total Expenditures	1,198,323	1,482,843	1,482,843	2,329,511	846,668	57.1%

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Executive Division

Despite the continuing challenges of the pandemic, the Air District furthered our vision of providing a healthy breathing environment for all Bay Area residents. We continued to address disparities in air quality and health protections by expanding partnerships in historically disadvantaged communities. At the same time, our climate protection work progressed to accelerate electrification and incentivize greenhouse gas reductions by funding cutting-edge technologies.

Under the leadership and direction of the Executive Officer/APCO and the Board of Directors, the Executive Office guides the Bay Area Air Quality Management District (Air District) in meeting its mission of protecting and improving public health, air quality, and the global climate. To fulfill this mission, the Air District builds its programs and policies on sound science, develops them with technical expertise and rigor, and executes them with quality. Air District programs and policies include both traditional air quality management approaches and new strategies for achieving clean air.

In FYE 2023, the Air District will continue to implement State and Federal regulations and directives, and will also continue to implement and develop the following key initiatives:

- Clean Air Plan Implementation
- Climate Action Work Program
- Assembly Bill (AB) 617 Implementation
- Wildfire Air Quality Response Program
- Diesel Free by '33 Campaign
- Technology Implementation Office
- Wood Smoke Program and Rule Amendments
- My Air Online Program
- Clean Air Foundation
- Spare the Air Everyday Campaign
- Public Participation Plan Implementation
- Diversity, Equity, and Inclusion Office

The Executive Office is responsible for developing and maintaining strategic partnerships to achieve clean air. These partnerships include but are not limited to collaboration with: community groups, non-profits, peer regional agencies (Metropolitan Transportation Commission, Association of Bay Area Governments & Bay Conservation and Development Commission), regulatory agencies (U.S. Environmental Protection Agency and California Air Resources Board), and associations (California Air Pollution Control Officers Association, Air and Waste Management Association & National Association of Clean Air Agencies), as well as the State Legislature. In FYE 2023, these key partnerships will also address regional coordination of climate protection activities, and implementation of State initiatives at the regional level.

Managing Division:	
Executive Division	
Contact Person:	
Vanessa Johnson	
Program Purpose:	
Administration and Direction of Air District Programs.	
Description of Program:	
This budget program is responsible for providing overall administration and direction to Air District staff. Through this budget program, the Executive Officer/APCO interprets and oversees implementation of Board directives and policies and administers the business of the Air District.	
Justification of Change Request:	
Not Applicable	
Activities	
Implement and develop key initiatives to meet Air District goals and objectives.	
Coordinate development of Air District's legislative agenda and implement strategy for achieving Air District's legislative goals.	
Coordinate Air District activities with staff, stakeholders, and community groups.	
Help sponsor stakeholder events in support of Air District Initiatives.	
Monitor actions of and serve as liaison to regional governmental agencies (e.g. MTC, ABAG, BCDC), federal and statewide governmental organizations (e.g. U.S. EPA, CARB, CAPCOA), as well as the state legislature, and representatives of the regulated community.	
Compliance and enforcement actions.	
Administer and manage the Bay Area Clean Air Foundation.	
Major Objectives	Delivery Date
Rule Development and Amendments	Ongoing
Issue all non-Title V permits on a timely basis (within a 45 day period)	Ongoing
Production System Implementation	Ongoing
Clean Air Plan Implementation	Ongoing
Assembly Bill (AB) 617 Implementation	Ongoing
Public Participation Plan Implementation	Ongoing
Adopt District Budget for FYE 2025	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	15.05	22.79	22.77	22.77	(0.02)	(0.1)%
Personnel Expenditures						
Permanent Salaries	4,297,198	4,571,429	4,571,429	5,088,096	516,667	11.3%
Overtime Salaries	12,498	12,000	12,000	15,000	3,000	25.0%
Temporary Salaries				95,000	95,000	
Payroll Taxes	63,821	70,892	70,892	81,281	10,389	14.7%
Pension Benefits	1,348,814	932,874	932,874	1,004,842	71,968	7.7%
FICA Replacement Benefits	39,737	46,530	46,530	78,270	31,740	68.2%
Group Insurance Benefits	554,186	437,921	437,921	545,814	107,893	24.6%
Transportation Subsidy	8,755	32,693	32,693	22,090	(10,603)	(32.4)%
Workers' Compensation	14,518	11,278	11,278	10,496	(782)	(6.9)%
Discretionary Contribution		264,110	264,110	325,958	61,848	23.4%
Total Personnel Expenditures	6,339,527	6,379,727	6,379,727	7,266,847	887,120	13.9%
Services & Supplies Expenditures						
Travel	47,193	88,500	88,500	67,000	(21,500)	(24.3)%
Training & Education	14,883	34,500	34,500	34,500		
Repair & Maintenance						
Communications	16,731	5,000	5,000	18,000	13,000	260.0%
Building Maintenance						
Utilities						
Postage	245	200	200	350	150	75.0%
Printing & Reproduction	5,494	5,000	5,000	7,000	2,000	40.0%
Equipment Rental						
Rents & Leases	32,557					
Professional Services	1,901,403	2,438,251	3,601,070	2,093,200	(345,051)	(14.2)%
General Insurance						
Shop & Field Supplies	1,370					
Laboratory Supplies						
Gasoline & Variable Fuel	92					
Computer Hardware & Software	2,512	6,200	6,200	6,200		
Stationery & Office Supplies	1,453	3,500	3,550	3,500		
Books & Journals	44	6,000	6,000	1,000	(5,000)	(83.3)%
Minor Office Equipment						
Miscellaneous Expenses	150					
Total Services & Supplies Expenditures	2,024,127	2,587,151	3,750,020	2,230,750	(356,401)	(13.8)%
Capital Expenditures						
Building & Grounds	19,224					
Total Capital Expenditures	19,224					
Transfer In/Out	(203,614)					
Total Expenditures	8,179,264	8,966,878	10,129,747	9,497,597	530,719	5.9%

Managing Division:	
Executive Division	
Contact Person:	
Vanessa Johnson	
Program Purpose:	
Oversee Activities of the Board of Directors.	
Description of Program:	
Administration of activities of the Board of Directors.	
Justification of Change Request:	
Not Applicable	
Activities	
Prepare and distribute all meeting materials, including agendas, minutes and correspondence for Board of Directors regular and special meetings, approximately 15 per year.	
Prepare all logistics for Board of Directors regular and special meetings, including scheduling, polling, providing refreshments, preparation of facilities, and legal noticing requirements, approximately 20 per year.	
Prepare and distribute all agenda materials and logistics for Board of Directors Committee meetings, approximately 55 per year. Receive, route, and appropriately address all correspondence directed to the Board.	
Receive, route, and appropriately address all correspondence directed to the Board.	
Track, process and issue monthly travel reimbursement and per diem payments for each member of the Board of Directors.	
Maintain archive of Board materials, including minutes, agendas, correspondence and adopted resolutions.	
Maintain the Air District's website as it relates to the Board of Directors membership, calendar, meeting materials and minutes.	
Assure timely filing of Statement of Economic Interests with the California Fair Political Practices Commission.	
Major Objectives	Delivery Date
Coordinate all Board and Committee meetings.	Ongoing
Coordinate Board Ethics Training and Unconscious Bias Training.	Ongoing
Coordinate New Board Member Orientation.	Ongoing
Coordinate transition to new Chair of the Board of Directors.	Annually
Coordinate Board of Directors Annual Retreat.	Annually
Update of Board Committee assignments.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	1.83	1.70	1.70	1.20	(0.50)	(29.4)%
Personnel Expenditures						
Permanent Salaries	201,428	207,694	207,694	146,119	(61,575)	(29.6)%
Overtime Salaries	1,987					
Payroll Taxes	3,000	2,973	2,973	2,069	(904)	(30.4)%
Pension Benefits	67,991	41,343	41,343	29,032	(12,311)	(29.8)%
FICA Replacement Benefits	1,880	3,470	3,470	4,163	693	20.0%
Group Insurance Benefits	26,368	31,354	31,354	21,756	(9,598)	(30.6)%
Transportation Subsidy	449	2,438	2,438	1,175	(1,263)	(51.8)%
Workers' Compensation	681	841	841	558	(283)	(33.7)%
Discretionary Contribution		17,680	17,680	9,235	(8,445)	(47.8)%
Board Stipends	145,539	115,000	115,000		(115,000)	(100.0)%
Total Personnel Expenditures	449,323	422,793	422,793	214,107	(208,686)	(49.4)%
Services & Supplies Expenditures						
Travel	18,941	41,500	41,500	124,000	82,500	198.8%
Training & Education	6,373	30,000	30,000	23,000	(7,000)	(23.3)%
Professional Services	14,551	22,000	22,000	22,000		
Stationery & Office Supplies		500	500		(500)	(100.0)%
Books & Journals				2,200	2,200	
Total Services & Supplies Expenditures	39,865	94,000	94,000	171,200	77,200	82.1%
Capital Expenditures						
Total Expenditures	489,188	516,793	516,793	385,307	(131,486)	(25.4)%

Managing Division:	
Executive Division	
Contact Person:	
Vanessa Johnson	
Program Purpose:	
Records, documents, and maintains records of actions of the quasi-judicial Hearing Board.	
Description of Program:	
The Hearing Board is a quasi-judicial body that rules on particular cases that affect only individual facilities. It is authorized to hear requests for variance relief, permit revocation, abatement orders, and appeals by permit applicants, or by interested third parties, concerning the issuance or denial of permits.	
Justification of Change Request:	
Not Applicable	
Activities	
Prepare logistics for all Hearing Board meetings, including scheduling, polling, providing refreshments, preparation of facilities, and legal noticing requirements. Develop and maintain Hearing Board calendar and schedules.	
Develop and maintain Hearing Board calendar and schedules.	
Attend all hearings of the Hearing Board.	
Draft selected Orders for Hearing Board review and signature.	
Print and reproduce Hearing Board notices.	
Maintain Record of Actions (Docket Book).	
Prepare and maintain docket files for each hearing.	
Collect required fees from Applicants.	
Follow-up on actions resulting from Hearing Board Orders/decisions.	
Process incoming documents and inquiries.	
Make arrangements for all off-site and webinar hearings.	
Research, compile and prepare reports for presentation to the Board of Directors and others as requested by the Hearing Board.	
Arrange for Hearing Board members attendance at Hearing Board Conferences and CARB Trainings.	
Track, process and issue monthly travel reimbursement and per diem payments for each member of the Hearing Board.	
Archive Hearing Board Dockets and related documents.	
Maintain the Air District's website as it pertains to the Hearing Board membership, calendar, and decisions/orders.	
Coordinate recruitment and orientation of new Hearing Board members as necessary.	
Major Objectives	Delivery Date
Coordinate Hearing Board Activities	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	0.17	0.24	0.24	0.34	0.10	41.7%
Personnel Expenditures						
Permanent Salaries	21,088	30,077	30,077	45,730	15,653	52.0%
Overtime Salaries	511					
Payroll Taxes	325	424	424	646	222	52.4%
Pension Benefits	5,692	5,784	5,784	8,680	2,896	50.1%
FICA Replacement Benefits	204	493	493	1,183	690	140.0%
Group Insurance Benefits	2,816	3,687	3,687	5,243	1,556	42.2%
Transportation Subsidy	53	346	346	334	(12)	(3.5)%
Workers' Compensation	71	119	119	159	40	33.6%
Discretionary Contribution		2,520	2,520	2,898	378	15.0%
Board Stipends	12,050	35,000	35,000	20,000	(15,000)	(42.9)%
Total Personnel Expenditures	42,810	78,450	78,450	84,873	6,423	8.2%
Services & Supplies Expenditures						
Travel	1	8,600	8,600	43,100	34,500	401.2%
Training & Education		2,000	2,000	2,000		
Postage	34	350	350	100	(250)	(71.4)%
Printing & Reproduction		1,000	1,000	500	(500)	(50.0)%
Professional Services	349	4,000	4,000	1,000	(3,000)	(75.0)%
Stationery & Office Supplies		250	250		(250)	(100.0)%
Books & Journals		500	500		(500)	(100.0)%
Minor Office Equipment		200	200		(200)	(100.0)%
Total Services & Supplies Expenditures	384	16,900	16,900	46,700	29,800	176.3%
Capital Expenditures						
Total Expenditures	43,194	95,350	95,350	131,573	36,223	38.0%

Managing Division:	
Executive Division	
Contact Person:	
Vanessa Johnson	
Program Purpose:	
The Advisory Council studies and makes recommendations on specific matters referred from the Board of Directors or the Air Pollution Control Officer. Matters can include technical, social, economic and environmental aspects of air quality issues. The Community Advisory Council will advise the Board of Directors and the Executive Officer on technical, community, health, and policy matters.	
Description of Program:	
The Advisory Council is comprised of 7 members, appointed by the Board of Directors. SB1415 requires that the Advisory Council members be skilled and experienced in the fields of air pollution, climate change, or the health impacts of air pollution. The Council advises and consults with the Board of Directors and Executive Officer and makes recommendations and reports on matters that affect both policy and the legislative agenda.	
The Community Advisory Council was created at the request of community advocates in the Bay Area. The CAC is a Brown Act Committee and consists of 17 community members. The Councilmembers reflect the diversity of the communities in the Bay Area, the lived experiences in communities heavily impacted by air pollution and are individuals with diverse skill sets and a range of relevant knowledge and technical experience.	
Justification of Change Request:	
Not Applicable	
Activities	
Prepare and distribute all meeting materials, including agendas and minutes for Advisory Council regular and special meetings, approximately 4 per year. Prepare logistics for all Advisory Council regular and special meetings, including scheduling, polling, preparation of facilities, providing stenographer, and legal noticing requirements, approximately 4 per year.	
Maintain archive of Advisory Council materials, including minutes, agendas, and presentations.	
Maintain the District's website as it relates to the Advisory Council membership, calendar, meeting materials and minutes. Attend all Regular and Committee meetings of the Advisory Council.	
Track, process and issue quarterly travel reimbursement for each member of the Advisory Council.	
Coordinate recruitment of new Advisory Council members as necessary.	
The Community Advisory Council, which is a Brown Act advisory committee of the Board, will choose its own areas of focus, and provide input on key Air District policies and programs. Potential activities include: Disbursing the Community Benefits Fund; EJ Policy and Community Engagement Guidelines; Racial Equity Framework.	
Major Objectives	Delivery Date
Coordinate activities of the Advisory Council.	Ongoing
Conduct approximately four (4) meetings, based on the topics selected by the Board of Directors and Executive Officer.	Ongoing
Discuss presentations, materials and recommendations received meetings, and prepare and present a report to the Board of Directors.	Ongoing
The CAC advises the Board of Directors and the Executive Officer on technical, community, health, and policy matters.	Ongoing
The Council also exercises its own initiative to select areas for exploration or develop air quality projects or programs that emerge from impacted communities.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	0.09	0.12	0.12	0.07	(0.05)	(41.7)%
Personnel Expenditures						
Permanent Salaries	10,233	16,982	16,982	7,719	(9,263)	(54.5)%
Overtime Salaries		10,000	10,000		(10,000)	(100.0)%
Payroll Taxes	162	257	257	108	(149)	(58.0)%
Pension Benefits	3,616	3,477	3,477	1,591	(1,886)	(54.2)%
FICA Replacement Benefits	100	236	236	254	18	7.6%
Group Insurance Benefits	1,391	1,895	1,895	1,124	(771)	(40.7)%
Transportation Subsidy	24	165	165	72	(93)	(56.4)%
Workers' Compensation	35	57	57	34	(23)	(40.4)%
Discretionary Contribution		1,242	1,242	486	(756)	(60.9)%
Board Stipends		91,800	91,800	147,240	55,440	60.4%
Total Personnel Expenditures	15,561	126,111	126,111	158,628	32,517	25.8%
Services & Supplies Expenditures						
Travel		45,500	45,500	45,000	(500)	(1.1)%
Training & Education		10,500	10,500	3,000	(7,500)	(71.4)%
Printing & Reproduction		1,000	1,000		(1,000)	(100.0)%
Professional Services		373,500	373,500	31,500	(342,000)	(91.6)%
Books & Journals		500	500		(500)	(100.0)%
Total Services & Supplies Expenditures		431,000	431,000	79,500	(351,500)	(81.6)%
Capital Expenditures						
Total Expenditures	15,561	557,111	557,111	238,128	(318,983)	(57.3)%

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Finance Office

The Finance Office holds the responsibility for managing the organization's financial resources, ensuring accurate recording, reporting, and auditing of financial transactions in accordance with the standards set by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Its primary objective is to oversee the financial well-being of the agency, ensuring financial stability within established budgetary limits. Key functions of the Finance Office include:

1. Budgeting: Collaborating with the various Divisions to prepare, create and monitor the annual agency budget.
2. Accounts Payable: Manage the payment obligations to suppliers or vendors for goods and services received. This department is responsible for processing invoices, verifying the accuracy of the charges, and facilitating timely payments to vendors within the agreed-upon terms.
3. Accounts Receivable: collecting and processing payments for services rendered.
4. Financial Reporting: compiling and presenting financial reports to stakeholders, including management, regulatory bodies, and the public.
5. Audit Preparation: reconciling all financial accounts and preparing all year-end financial audit information, collaborating, coordinating, and communicating with auditors.
6. Financial Analysis: providing timely and accurate analysis of financial data to support decision-making and strategic planning.
7. Payroll: Managing payroll computations, deductions, resolving payment issues, and disbursing payments to employees, tax authorities, and benefits providers.
8. Annual Cost Recovery: calculating the annual cost recovery percentage for each fee schedule to determine the proposed fee increases in coordination with the Engineering Division.

Managing Division:	
Finance Office	
Contact Person:	
Jun Pan	
Program Purpose:	
Administer payroll for District employees.	
Description of Program:	
The Payroll Program includes administering all aspects of the Air District's payroll, leave accruals, deductions, and other related areas dealing with payroll. It includes maintaining and utilizing the current Dayforce payroll system (FY2025).	
Justification of Change Request:	
Increase funds to improve and add features to payroll system to allow for greater efficiency, and increase in professional service fees.	
Activities	
Process biweekly payroll and related payroll reports	
Maintain payroll and time keeping system, implement self-service features of payroll system.	
Monitor leave accruals.	
Audit payroll records.	
Customize payroll system to improve process and workflow.	
Monitor and comply with federal, state, and local regulations related to payroll.	
Major Objectives	Delivery Date
Administer and process biweekly payroll in an efficient and effective manner. Assists with problem solving on all aspects of payroll.	Ongoing
Implement new features of the payroll and timekeeping system and customize system to improve process and workflow. Expand and implement self service features.	Ongoing
Implement document management module in payroll system.	Ongoing

Payroll

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	2.22	1.55	1.55	2.32	0.77	49.68%
Personnel Expenditures						
Permanent Salaries	378,393	224,426	224,426	366,022	141,596	63.09%
Overtime Salaries	3,267					
Temporary Salaries		40,000	40,000		(40,000)	(100.00)%
Payroll Taxes	5,686	3,175	3,175	5,210	2,035	64.09%
Pension Benefits	130,844	46,321	46,321	74,323	28,002	60.45%
FICA Replacement Benefits	3,513	3,164	3,164	7,990	4,826	152.53%
Group Insurance Benefits	48,943	31,451	31,451	68,658	37,207	118.30%
Transportation Subsidy	785	2,223	2,223	2,255	32	1.44%
Workers' Compensation	1,278	767	767	1,071	304	39.63%
Discretionary Contribution		16,648	16,648	23,294	6,646	39.92%
Total Personnel Expenditures	572,709	368,175	368,175	548,823	180,648	49.07%
Services & Supplies Expenditures						
Travel	2,241	4,400	4,400	3,100	(1,300)	(29.55)%
Training & Education	1,795	3,000	4,450	4,065	(385)	(8.65)%
Professional Services	321,835	300,000	350,231	377,250	27,019	7.71%
Total Services & Supplies Expenditures	325,871	307,400	359,081	384,415	25,334	7.06%
Capital Expenditures						
Transfer In/Out	(29,752)					
Total Expenditures	868,828	675,575	727,256	933,238	205,982	28.32%

Managing Division:	
Finance Office	
Contact Person:	
Jun Pan & Danica Winston	
Program Purpose:	
The Finance/Accounting Program is responsible for maintaining the fiscal stewardship and financial accountability of the District.	
Description of Program:	
The Finance Office is responsible for maintaining the fiscal stewardship and financial accountability of the District. These responsibilities include accounting activities, financial audits, and reporting, vendor payments, receipt of permit fees, asset management, and maintenance of the District's financial system. The office is also responsible for the development of the District's annual budget and annual cost recovery analysis, the fiscal maintenance, and financial reporting of all federal and state grants.	
Justification of Change Request:	
Not Applicable	
Activities	
Reconcile various grants and assist in preparation of reimbursement request reports.	
Reconcile receipts and disbursements with County Treasurer's Office Reports.	
Prepare quarterly comparison statements for the Finance and Administration Committee presentation.	
Prepare for the annual audit of the District's financial records.	
Analyze and Prepare the annual cost recovery analysis	
Process receipts (checks/credit card payments) on a daily basis.	
Prepare annual proposed budget book.	
Process vendor invoices on a daily basis	
Major Objectives	Delivery Date
Implement Concur State Travel Program	December 2023
Implement Government Accounting Statement Standards	Ongoing
Provide timely financial reports to Division Directors/Officer	Ongoing
Complete Annual Financial Report.	Annually
Ensure timely payment of accounts payable.	Daily
Record timely processing of check and credit card receipts.	Daily
Update and maintain Finance Procedures and Desk Manuals for Finance Office Staff	Ongoing
Update the Air District's Annual Financial Plan	Annually

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	13.52	18.96	18.96	15.66	(3.30)	(17.4)%
Personnel Expenditures						
Permanent Salaries	1,795,044	2,420,897	2,420,897	2,333,046	(87,851)	(3.6)%
Overtime Salaries	5,942	5,000	5,000	6,000	1,000	20.0%
Temporary Salaries		50,000	50,000	80,000	30,000	60.0%
Payroll Taxes	26,449	34,269	34,269	33,404	(865)	(2.5)%
Pension Benefits	505,402	489,243	489,243	462,028	(27,215)	(5.6)%
FICA Replacement Benefits	16,464	38,693	38,693	53,922	15,229	39.4%
Group Insurance Benefits	230,864	418,376	418,376	394,736	(23,640)	(5.7)%
Transportation Subsidy	3,640	27,186	27,186	15,219	(11,967)	(44.0)%
Workers' Compensation	6,064	9,378	9,378	7,248	(2,130)	(22.7)%
Discretionary Contribution		198,727	198,729	148,453	(50,276)	(25.3)%
Total Personnel Expenditures	2,589,869	3,691,769	3,691,771	3,534,056	(157,715)	(4.3)%
Services & Supplies Expenditures						
Travel	4,996	15,600	15,600	11,625	(3,975)	(25.5)%
Training & Education	6,750	20,500	20,500	36,500	16,000	78.0%
Postage		1,000	1,000		(1,000)	(100.0)%
Printing & Reproduction	3,452	6,500	6,500	6,650	150	2.3%
Professional Services	1,098,802	677,020	861,497	680,323	(181,174)	(21.0)%
Computer Hardware & Software		3,000	4,537	3,000	(1,537)	(33.9)%
Stationery & Office Supplies	183	1,200	1,200	1,000	(200)	(16.7)%
Books & Journals		800	800		(800)	(100.0)%
Minor Office Equipment		1,000	1,000	800	(200)	(20.0)%
Total Services & Supplies Expenditures	1,114,183	726,620	912,634	739,898	(172,736)	(18.9)%
Capital Expenditures						
Transfer In/Out	(116,924)					
Total Expenditures	3,587,128	4,418,389	4,604,405	4,273,954	(330,451)	(7.2)%

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Human Resources Office

The Human Resources Office is responsible for personnel matters including payroll and benefits, labor and employee relations, recruitment and testing, employee engagement, processing personnel actions, employee performance appraisal and recognition programs, organizational development and training, health and safety compliance, workers compensation and special events coordination.

Vision

A work environment in which honesty, integrity, and trust enriches the employee experience.

Mission

Through strategic partnership and collaboration, we attract, retain, support and develop a diverse and inclusive workforce while fostering a fair, healthy and respectful work environment.

Managing Division:	
Human Resources Office	
Contact Person:	
Judy Yu	
Program Purpose:	
Administer benefits, workers' compensation, and safety programs for District employees.	
Description of Program:	
The Benefits Administration Program includes administering all aspect of employee and retiree benefits, workers' compensation, safety, ergonomics and special events. It includes maintaining and utilizing the current Dayforce human resources information system.	
Justification of Change Request:	
None	
Activities	
Administer benefits for employees and retirees in compliance with policies and procedures.	
Administer health, dental, vision, life and long term disability plans.	
Administer retirement and pension plans.	
Administer flexible spending accounts, employee assistance program, and transit subsidy.	
Administer onboarding and separation.	
Maintain human resources information systems.	
Administer leave program.	
Administer worker's compensation, safety, and ergonomics program.	
Conduct a variety of benefits, safety, and special trainings and events.	
Administer requirements for fitness medical examinations.	
Monitor and comply with federal, state, and local regulations related to benefits.	
Major Objectives	Delivery Date
Administer employee benefit program.	Ongoing
Develop and administer the worker's compensation, safety and ergonomic program.	Ongoing
Review and perform cost benefit analysis of existing benefit contracts and consider alternative plans.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	1.60	1.35	1.35	1.70	0.35	25.9%
Personnel Expenditures						
Permanent Salaries	287,878	187,916	187,916	263,321	75,405	40.1%
Overtime Salaries	7,575			8,000	8,000	
Temporary Salaries	69,405	40,000	40,000	100,000	60,000	150.0%
Payroll Taxes	296,406	2,656	2,656	3,733	1,077	40.5%
Pension Benefits	5,079,733	37,148	37,148	50,796	13,648	36.7%
FICA Replacement Benefits	231,009	2,755	2,755	5,854	3,099	112.5%
Group Insurance Benefits	3,124,898	3,353,633	3,353,633	3,623,278	269,645	8.0%
Transportation Subsidy	626	1,936	1,936	1,652	(284)	(14.7)%
Workers' Compensation	42,432	668	668	785	117	17.5%
Discretionary Contribution		14,385	14,385	16,751	2,366	16.4%
Total Personnel Expenditures	9,139,962	3,641,097	3,641,097	4,074,170	433,073	11.9%
Services & Supplies Expenditures						
Travel		8,800	14,800	8,500	(6,300)	(42.6)%
Training & Education	41,447	55,000	62,461	55,000	(7,461)	(11.9)%
Professional Services	106,117	140,000	179,892	145,000	(34,892)	(19.4)%
Shop & Field Supplies	22,117	35,000	37,390	35,000	(2,390)	(6.4)%
Total Services & Supplies Expenditures	169,681	238,800	294,543	243,500	(51,043)	(17.3)%
Capital Expenditures						
Transfer In/Out	(215,155)					
Total Expenditures	9,094,488	3,879,897	3,935,640	4,317,670	382,030	9.7%

Managing Division:	
Human Resources Office	
Contact Person:	
Judy Yu	
Program Purpose:	
Provide appropriate workplace learning and organization development to increase organizational effectiveness and results through training and development activities. Administer wellness events and activities to increase the well-being of the employees.	
Description of Program:	
The District's training and development program includes career developmental training for all non-management employees; and career developmental training, skills enhancement, safety, knowledge transfer, and succession planning for supervisory and management employees. It includes analysis of needs assessments and implementation of workforce development activities as part of an overall strategy to retain a top performing and motivated workforce. The program also includes the administration and coordination of wellness activities and events.	
Justification of Change Request:	
Activities	
Provide District-wide and Division-specific trainings.	
Develop leadership development program and mentorship program as part of overall succession planning.	
Provide Ethics, Harassment Prevention, and any required trainings.	
Provide coaching and development support to management and staff as needed.	
Administer the performance evaluation program.	
Administer the educational reimbursement and loan program.	
Coordinate and implement the various wellness activities and events.	
Coordinate the employee engagement program.	
Monitor and comply with federal, state, and local regulations related to training.	
Administer Form 700.	
Maintain Learning Management System.	
Major Objectives	Delivery Date
Develop and administer the training programs for all staff level focusing in the changing needs and priorities of the Air District.	Ongoing
Administer Learning Management System and E-learning.	Ongoing
Coordinate the employee engagement program	Ongoing
Develop and administer the wellness program.	Ongoing
Develop and implement a new performance management system.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	1.92	1.44	1.44	2.84	1.40	97.2%
Personnel Expenditures						
Permanent Salaries	269,266	223,661	223,661	393,968	170,307	76.1%
Overtime Salaries	4,606			5,000	5,000	
Payroll Taxes	3,948	3,202	3,202	5,576	2,374	74.1%
Pension Benefits	86,517	46,164	46,164	76,193	30,029	65.0%
FICA Replacement Benefits	2,473	2,935	2,935	9,792	6,857	233.6%
Group Insurance Benefits	34,734	32,239	32,239	64,850	32,611	101.2%
Transportation Subsidy	550	2,063	2,063	2,764	701	34.0%
Workers' Compensation	910	711	711	1,313	602	84.7%
Discretionary Contribution		15,682	15,682	24,994	9,312	59.4%
Total Personnel Expenditures	403,004	326,657	326,657	584,450	257,793	78.9%
Services & Supplies Expenditures						
Travel	3,458	4,400	4,400	4,300	(100)	(2.3)%
Training & Education	175,603	365,000	414,818	385,000	(29,818)	(7.2)%
Professional Services	783	600,000	600,000	350,000	(250,000)	(41.7)%
Total Services & Supplies Expenditures	179,844	969,400	1,019,218	739,300	(279,918)	(27.5)%
Capital Expenditures						
Transfer In/Out	(20,119)					
Total Expenditures	562,729	1,296,057	1,345,875	1,323,750	(22,125)	(1.6)%

Managing Division:	
Human Resources Office	
Contact Person:	
Judy Yu	
Program Purpose:	
Provide management and staff support in the area of employment relations.	
Description of Program:	
The Employment Relations Program includes the following District activities: employee relations, labor relations, classification and compensation, Equal Employment Opportunity (EEO) programs, regulatory compliance, research and recordkeeping.	
Justification of Change Request:	
Increase in professional service fees.	
Activities	
Administer, interpret, and implement the Memorandum of Understanding (MOU) and Personnel Policies and Procedures of the Administrative Code.	
Provide management and staff consultation.	
Meet and negotiate with Employee Association on appropriate subjects.	
Administer EEO Policy.	
Provide support of grievance/arbitration processes.	
Maintain accurate employment records.	
Provide discipline counseling.	
Monitor and comply with federal, state, and local regulations related to labor.	
Major Objectives	Delivery Date
Administer, interpret, implement and comply with the MOU and Administrative Code.	Ongoing
Negotiate successor contract and continue positive relations with the Employees' Association.	Ongoing
Monitor and comply with federal, state, and local regulations.	Ongoing
Administer the Equal Employment Opportunity policy.	Ongoing
Ensure reliability of employment history and data.	Ongoing
Review and updates Human Resources policies and procedures.	Ongoing

Employment Relations

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.81	3.43	3.43	2.97	(0.46)	(13.41)%
Personnel Expenditures						
Permanent Salaries	565,027	570,160	570,160	603,726	33,566	5.89%
Overtime Salaries	2,573			5,000	5,000	
Temporary Salaries				100,000	100,000	
Payroll Taxes	8,412	8,219	8,219	8,896	677	8.2%
Pension Benefits	139,826	118,474	118,474	119,448	974	0.8%
FICA Replacement Benefits	5,290	6,993	6,993	10,266	3,273	46.8%
Group Insurance Benefits	74,420	60,657	60,657	71,401	10,744	17.7%
Transportation Subsidy	1,170	4,914	4,914	2,897	(2,017)	(41.0)%
Workers' Compensation	1,909	1,695	1,695	1,377	(318)	(18.8)%
Discretionary Contribution		37,925	37,925	38,612	687	1.8%
Total Personnel Expenditures	798,627	809,037	809,037	961,623	152,586	18.9%
Services & Supplies Expenditures						
Travel	4,894	8,000	8,000	9,000	1,000	12.5%
Training & Education	6,344	12,500	12,500	11,000	(1,500)	(12.0)%
Communications	1,088					
Printing & Reproduction	115					
Professional Services	348,776	502,000	561,780	522,000	(39,780)	(7.1)%
Total Services & Supplies Expenditures	361,217	522,500	582,280	542,000	(40,280)	(6.9)%
Capital Expenditures						
Transfer In/Out	(37,483)					
Total Expenditures	1,122,361	1,331,537	1,391,317	1,503,623	112,306	8.07%

Managing Division:	
Human Resources Office	
Contact Person:	
Judy Yu	
Program Purpose:	
Administer a merit based recruitment and selection process for external and internal candidates to fill vacant positions.	
Description of Program:	
The Recruitment and Testing Program includes the following activities: testing of internal and external candidates, outreaching and advertising the positions as a choice of employment, maintaining the recruiting online system, maintaining equal employment policy, including diversity, equity and inclusion as part of the recruiting process, and compliance with all laws, policies, and requirements.	
Justification of Change Request:	
Activities	
Conduct merit-based testing and incorporate diversity, equity, and inclusion as part of the process.	
Advertise and outreach vacant positions in various mediums to diversify applicant pool.	
Work with hiring managers to determine recruitment strategies.	
Perform background checks, reference checks, DMV checks and physical abilities checks.	
Participate in local, state and federal job fairs and similar outreach activities.	
Contract professional services for specialized executive management recruitments.	
Maintain online applicant tracking system.	
Monitor and comply with federal, state, and local regulations related to testing	
Conduct District-wide classification and compensation study.	
Major Objectives	Delivery Date
Conduct merit based testing for internal and external candidates and incorporate diversity, equity and inclusion into the process.	Ongoing
Comply with all applicable recruitment policies, requirements and law.	Ongoing
Conduct regional, statewide and nationwide outreach to attract quality and diversity of candidates.	Ongoing
Maintain Air District's Equal Opportunity Policy for recruitment and testing.	Ongoing
Conduct classification and compensation study.	Ongoing

Recruitment & Testing

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.42	3.45	3.45	4.12	0.67	19.42%
Personnel Expenditures						
Permanent Salaries	440,723	531,424	531,424	637,576	106,152	19.98%
Overtime Salaries	6,262			10,000	10,000	
Temporary Salaries		40,000	40,000	100,000	60,000	150.0%
Payroll Taxes	6,466	7,563	7,563	9,039	1,476	19.5%
Pension Benefits	129,095	113,290	113,290	128,701	15,411	13.6%
FICA Replacement Benefits	4,015	7,040	7,040	14,198	7,158	101.7%
Group Insurance Benefits	56,197	62,721	62,721	71,698	8,977	14.3%
Transportation Subsidy	887	4,947	4,947	4,007	(940)	(19.0)%
Workers' Compensation	1,489	1,706	1,706	1,904	198	11.6%
Discretionary Contribution		37,537	37,537	40,557	3,020	8.0%
Total Personnel Expenditures	645,134	806,228	806,228	1,017,680	211,452	26.2%
Services & Supplies Expenditures						
Travel	7,907	8,800	8,800	8,500	(300)	(3.4)%
Training & Education	6,200	3,000	3,000	12,000	9,000	300.0%
Communications	9,981	60,000	97,287	50,000	(47,287)	(48.6)%
Professional Services	101,442	100,000	112,385	85,000	(27,385)	(24.4)%
Total Services & Supplies Expenditures	125,530	171,800	221,472	155,500	(65,972)	(29.8)%
Capital Expenditures						
Transfer In/Out	(19,714)					
Total Expenditures	750,950	978,028	1,027,700	1,173,180	145,480	14.16%

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Information Services Operations Division

The Information Systems Division focuses on Information technology operations, cybersecurity, engineering, and user support.

Under this Division, Engineering and Operations Program staff provide design, implementation, security and maintenance of all computer server infrastructures including but not limited to email, telecommunications, network, file storage, business continuity/disaster recovery, and remote connectivity. The support team in this program provides user support to District staff for all technologies and user support to outside members of the regulated community that utilize on-line District technologies.

Managing Division:	
Information Services Operations	
Contact Person:	
Derek Klein	
Program Purpose:	
Provide computer server, networking and telecommunications infrastructure both on premises and in the cloud. Provide second tier service and support for escalated user support issues. Provide for Air District cybersecurity.	
Description of Program:	
Operate, engineer, purchase, install, upgrade, secure, monitor, maintain, and repair new software systems, computer networks, network servers, telephone systems, voicemail systems, firewalls, personal computers, workstations, file and database server hardware, and operating system and application software.	
Justification of Change Request:	
Not applicable.	
Activities	
Administration of VMWare servers.	
Configuration and administration of network routers, switches, firewalls and internet access.	
Support and administer DNS servers.	
Administration of desktop operating system and applications software.	
Administration of Windows Active Directory and servers.	
Administration of NetApp SAN storage system.	
Administration of MS Exchange-Online, Internet and remote access systems.	
Maintain servers by patching	
Major Objectives	Delivery Date
Refresh Servers and Storage infrastructure	Annually
Maintain computer operations availability for 10 hours/day, 5 days/week.	Daily
Provide communications availability for 10 hours/day, 5 days/week.	Daily
Maintain LAN operations availability for 10 hours/day, 5 days/week.	Daily
Maintain network routers and firewall.	Weekly
Provide system connectivity support for JD Edwards.	Monthly
Support, troubleshoot and maintain desktop workstations.	Weekly
Support and upgrade remote access capabilities.	Monthly
Maintain voice messaging system, including menus and changes for field staff.	Monthly

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	7.01	7.00	7.00	7.00		
Personnel Expenditures						
Permanent Salaries	1,109,617	1,145,895	1,145,895	1,157,188	11,293	1.0%
Overtime Salaries	6,447					
Payroll Taxes	16,373	16,518	16,518	16,567	49	0.3%
Pension Benefits	327,997	238,534	238,534	231,935	(6,599)	(2.8)%
FICA Replacement Benefits	10,258	14,285	14,285	24,108	9,823	68.8%
Group Insurance Benefits	143,711	157,174	157,174	195,611	38,437	24.5%
Transportation Subsidy	2,570	10,037	10,037	6,804	(3,233)	(32.2)%
Workers' Compensation	3,749	3,462	3,462	3,233	(229)	(6.6)%
Discretionary Contribution		77,186	77,186	73,719	(3,467)	(4.5)%
Total Personnel Expenditures	1,620,722	1,663,091	1,663,091	1,709,165	46,074	2.8%
Services & Supplies Expenditures						
Travel	419	11,200	11,200	22,600	11,400	101.8%
Training & Education		60,000	77,712	60,000	(17,712)	(22.8)%
Repair & Maintenance	548,669	1,530,000	1,719,952	1,555,800	(164,152)	(9.5)%
Communications	30,072	21,600	24,631	22,000	(2,631)	(10.7)%
Professional Services	294,193	580,000	756,207	590,000	(166,207)	(22.0)%
Computer Hardware & Software	84,679	514,100	745,655	362,850	(382,805)	(51.3)%
Total Services & Supplies Expenditures	958,032	2,716,900	3,335,357	2,613,250	(722,107)	(21.7)%
Capital Expenditures						
Computer & Network		900,000	1,121,080		(1,121,080)	(100.0)%
Communications Equipment	22,599	150,000	327,401		(327,401)	(100.0)%
Total Capital Expenditures	22,599	1,050,000	1,448,481		(1,448,481)	(100.0)%
Transfer In/Out	(84,230)					
Total Expenditures	2,517,123	5,429,991	6,446,929	4,322,415	(2,124,514)	(33.0)%

Managing Division:	
Information Services Operations	
Contact Person:	
Duane Vazquez	
Program Purpose:	
Provide end user support and manage the procurement of computer workstations and telecommunications systems.	
Description of Program:	
Operate, engineer, procure, install, configure, upgrade, maintain, repair and manage inventory for software and hardware computers, telephone systems, voicemail systems, wireless/cellular, printers and misc. peripheral devices. Provide technical assistance for computer systems, telephone systems, voicemail systems, hardware, and software. Assist in developing user training curriculum. Track and optimize user support metrics.	
Justification of Change Request:	
Activities	
Administration of desktop operating system and applications software.	
Administration of Cisco telephone and voice mail system.	
Configuration and administration of MFC printers, voip handsets, cellular devices, misc handheld & peripheral devices	
Purchase, installation, upgrade, maintenance, and repair of desktop workstations and printers.	
Major Objectives	Delivery Date
Manage ticketing system to optimize user support performance indicators.	Daily
Maintain computer operations availability for 10 hours/day, 5 days/week.	Daily
Support, troubleshoot and maintain desktop workstations.	Weekly
Maintain voice messaging system, including menus and changes for field staff.	Monthly

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	1.00	5.00	5.00	5.00		
Personnel Expenditures						
Permanent Salaries	143,227	677,059	677,059	709,169	32,110	4.74%
Payroll Taxes	2,113	9,563	9,563	10,039	476	5.0%
Pension Benefits	56,117	137,745	137,745	139,275	1,530	1.1%
FICA Replacement Benefits	1,324	10,204	10,204	17,220	7,016	68.8%
Group Insurance Benefits	18,550	83,228	83,228	109,152	25,924	31.1%
Transportation Subsidy		7,169	7,169	4,860	(2,309)	(32.2)%
Workers' Compensation	484	2,473	2,473	2,309	(164)	(6.6)%
Discretionary Contribution		52,992	52,992	45,017	(7,975)	(15.0)%
Total Personnel Expenditures	221,815	980,433	980,433	1,037,041	56,608	5.8%
Services & Supplies Expenditures						
Travel		2,000	2,000	2,000		
Training & Education		35,000	35,000	35,000		
Repair & Maintenance	2,110	10,000	17,890	18,000	110	0.6%
Communications		20,000	20,000	20,000		
Professional Services				100,000	100,000	
Computer Hardware & Software	24,074	304,000	315,168	444,000	128,832	40.9%
Total Services & Supplies Expenditures	26,184	371,000	390,058	619,000	228,942	58.7%
Capital Expenditures						
Transfer In/Out	(11,528)					
Total Expenditures	236,471	1,351,433	1,370,491	1,656,041	285,550	20.84%

SERVICE AREA - GENERAL COUNSEL

General Counsel Division

The General Counsel provides legal advice, counseling and representation to the Board of Directors and its Committees, the Executive Officer/APCO, Air District staff, and the Community Advisory Council in the execution of their respective statutory mandates and responsibilities. The General Counsel also represents the Air District, or manages outside counsel representing the Air District, in all litigation involving the Air District and in matters before the Air District's Hearing Board. The General Counsel primarily practices in the areas of general civil law, Federal, State and local air pollution control law, administrative law, Federal and State civil litigation, government law, and the California Environmental Quality Act.

This fiscal year, the General Counsel will continue to prosecute enforcement cases referred to it by the Compliance and Enforcement Division. These enforcement cases will include civil penalty prosecutions, which most often result in a settlement where the violator agrees to pay an appropriate civil penalty but can also proceed to litigation if a violator will not agree to an appropriate penalty. They will also include abatement order cases before the Air District's Hearing Board in situations where there is ongoing non-compliance that needs to be addressed, and may include court cases as well to the extent that Hearing Board action is insufficient or otherwise inappropriate. These enforcement efforts to be undertaken this fiscal year are once again designed to provide an appropriate enforcement response to violations of Air District regulations to ensure compliance, deter future violations, impose civil penalties commensurate with the nature of the air quality violation involved, remove the economic benefit of violations, promote equity, and encourage proactive measures to maintain compliance by the regulated community. This fiscal year, the General Counsel will also continue to implement the Mutual Settlement Program, which prosecutes violations by small businesses and similar entities through small claims court, which is a more efficient and effective way to address violations for which a large penalty would not be appropriate. The General Counsel will also continue to coordinate with, and provide training for, Compliance and Enforcement Division staff regarding case development. These efforts will ensure that effective enforcement cases are built from the beginning of investigations and will result in more effective settlements and prosecutions. The General Counsel's attorneys will continue their focus on civil penalty enforcement investigations and actions, including civil litigation and, where appropriate, Hearing Board enforcement proceedings.

The General Counsel's office will continue to advise Air District staff on rulemaking, permitting and air quality planning activities. In this regard, the General Counsel's office will continue its efforts to coordinate closely with the Air District's staff on these issues to minimize challenges to Air District decision-making. The General Counsel will also continue to represent the Executive Officer/APCO before the Hearing Board, counsel the Board of Directors and its Committees as to their legal authority and duties, and interact with EPA, CARB, other Air Districts and private attorneys on various matters. The General Counsel will continue to use outside labor/employment law firms to handle the specialized practice of labor and employment law counseling, negotiations and litigation. In addition to continuing to provide pre-litigation counseling, and to handle litigation matters internally, the General Counsel will continue to manage the efforts of outside counsel as appropriate in litigation, employment, and specialized counseling matters. This work will include ongoing litigation cases that are currently pending in Superior Court, as well as any additional litigation that may arise.

The General Counsel will also continue to advise the Community Advisory Council and Air District staff regarding the Air District's efforts to advance environmental justice, achieve equitable outcomes, and address disparate air pollution and public health impacts in overburdened communities. This work will include an assigned attorney to support the Community Advisory Council, as well as support for the AB 617 program and the Community Steering Committees developing Community Emission Reduction Plans under that program. It will also include supporting Community Engagement staff and other staff within the agency as they develop these programs.

Finally, in FYE 2025 the General Counsel will continue a capacity building and development effort after a period of transition in the Legal Division. The General Counsel will refine the division's new policies and procedures to govern the Division's work and fully implement the division's new management practices. The General Counsel will also oversee the training and development of new attorneys in all aspects of the Air District's work."

Managing Division:	
Legal Services Division	
Contact Person:	
Carrie Schilling	
Program Purpose:	
To advise, counsel and assist the Board of Directors, the Executive Officer/APCO, and District staff on all legal matters related to the Air District's clean air mission and operations.	
Description of Program:	
The General Counsel provides a wide variety of legal services to the Board of Directors, the Executive Officer/APCO, the Advisory Council and Community Advisory Council, and Air District staff. Those services include advising and counseling on issues arising under Federal and State air pollution laws, the Brown Act, the California Environmental Quality Act (CEQA), the Public Records Act, and conflict of interest laws. Attorneys in the General Counsel's office prepare and review complex contracts and provide legal opinions and advice on rule development and governmental and general law issues, including enforcement, permitting and air quality planning matters. Work in the General Counsel's office also includes the development and implementation of legal policy documents for the Air District.	
Justification of Change Request:	
Not Applicable	
Activities	
Staff all Board of Director and Board Committee meetings and provide legal advice and direction, as necessary, at such meetings.	
Draft all necessary resolutions for adoption by the Board of Directors.	
Provide all legal opinions, reports and correspondence requested by the Board of Directors, the Advisory Council and the Executive Officer/APCO.	
Review and comment on all legislative proposals affecting the District.	
Provide legal advice and review of all rule adoptions and amendments including CEQA analysis.	
Staff all meetings with District staff, members of the public, representatives of other public agencies, environmental groups, industry, the press and legislative representatives involving District permitting, rule development or enforcement.	
Provide legal advice, direction and contract drafting to administration of TFCA.	
Advise and assist the Executive Officer/APCO and District staff in legal matters involving contracts, the Public Records Act, conflicts of interest, leases and copyrights.	
Advise Air District staff and the Board of Directors on all issues related to the Federal Clean Air Act, California Clean Air Act and associated State and Federal regulations.	
Provide all staff support functions associated with the above activities.	
Major Objectives	Delivery Date
Incorporate equity and Environmental Justice principles into Legal Division policies and decision-making.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	7.22	7.80	7.80	8.45	0.65	8.3%
Personnel Expenditures						
Permanent Salaries	1,539,232	1,583,480	1,583,480	1,799,943	216,463	13.7%
Overtime Salaries	585	500	500	1,000	500	100.0%
Temporary Salaries			100,000	195,000	95,000	95.0%
Payroll Taxes	22,653	24,229	24,229	27,782	3,553	14.7%
Pension Benefits	661,003	324,908	324,908	357,486	32,578	10.0%
FICA Replacement Benefits	14,153	15,921	15,921	29,088	13,167	82.7%
Group Insurance Benefits	198,114	163,982	163,982	178,539	14,557	8.9%
Transportation Subsidy	3,134	11,186	11,186	8,209	(2,977)	(26.6)%
Workers' Compensation	5,192	3,859	3,859	3,901	42	1.1%
Discretionary Contribution		90,661	90,661	115,218	24,557	27.1%
Total Personnel Expenditures	2,444,066	2,218,726	2,318,726	2,716,166	397,440	17.1%
Services & Supplies Expenditures						
Travel	2,580	3,500	3,500	4,500	1,000	28.6%
Training & Education	5,458	10,500	10,500	6,500	(4,000)	(38.1)%
Communications	2,217	5,000	5,000	1,500	(3,500)	(70.0)%
Printing & Reproduction		3,000	3,000		(3,000)	(100.0)%
Professional Services	33,406	608,000	629,338	312,000	(317,338)	(50.4)%
Shop & Field Supplies	93					
Stationery & Office Supplies	1,350	1,000	1,795	1,400	(395)	(22.0)%
Books & Journals	56,349	65,000	66,085	130,000	63,915	96.7%
Total Services & Supplies Expenditures	101,453	696,000	719,218	455,900	(263,318)	(36.6)%
Capital Expenditures						
Transfer In/Out	(130,234)					
Total Expenditures	2,415,285	2,914,726	3,037,944	3,172,066	134,122	4.4%

Managing Division:	
Legal Services Division	
Contact Person:	
Carrie Schilling	
Program Purpose:	
To represent the APCO in all proceedings involving variances, orders of abatement, permit appeals and permit revocations before the Air District's Hearing Board.	
Description of Program:	
The General Counsel provides all necessary legal representation and counsel for the APCO in variance, abatement order, permit appeal, and permit revocation actions before the Air District's Hearing Board. Permit holders may seek variance relief from the Hearing Board when they are unable to meet an Air District rule or permit requirement, as long as state law requirements are met. The APCO may seek orders of abatement against facilities for on-going violations, or seek to revoke those facilities' permits. The General Counsel also represents the APCO in appeals by applicants or third parties to permitting decisions made by the APCO.	
Justification of Change Request:	
Not Applicable	
Activities	
Review and advise Air District staff regarding the legal and factual sufficiency of variance requests.	
Prepare and/or review all required written correspondence, pleadings and orders.	
Represent the Air District in all Hearing Board matters, including preparing all written submissions for these cases.	
Prepare Air District witnesses for hearings.	
Provide staff support functions associated with the above activities.	
Major Objectives	Delivery Date
Not applicable.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	0.11	0.70	0.70	0.15	(0.55)	(78.6)%
Personnel Expenditures						
Permanent Salaries	22,181	140,632	140,632	39,246	(101,386)	(72.1)%
Payroll Taxes	354	2,030	2,030	631	(1,399)	(68.9)%
Pension Benefits	2,845	27,597	27,597	7,500	(20,097)	(72.8)%
FICA Replacement Benefits	230	1,428	1,428	533	(895)	(62.7)%
Group Insurance Benefits	3,209	13,337	13,337	2,243	(11,094)	(83.2)%
Transportation Subsidy	51	1,004	1,004	150	(854)	(85.1)%
Workers' Compensation	75	346	346	71	(275)	(79.5)%
Discretionary Contribution		8,113	8,113	2,519	(5,594)	(69.0)%
Total Personnel Expenditures	28,945	194,487	194,487	52,893	(141,594)	(72.8)%
Services & Supplies Expenditures						
Capital Expenditures						
Total Expenditures	28,945	194,487	194,487	52,893	(141,594)	(72.8)%

Managing Division:	
Legal Services Division	
Contact Person:	
Carrie Schilling	
Program Purpose:	
To remove the economic benefit from, and provide an effective deterrence to, violations of Air District rules by assessing monetary penalties as provided for in the California Health and Safety Code and by pursuing injunctive relief to address any ongoing non-compliance with air pollution regulations.	
Description of Program:	
The General Counsel enforces the Air District’s rules by assessing penalties against violators, either through settlement or in court if violators refuse to pay an appropriate penalty voluntarily; by pursuing administrative enforcement actions (orders of abatement and revocation of permits) before the Air District’s Hearing Board; and by coordinating with other agencies with civil or criminal enforcement authority, either through joint prosecutions or through referrals. The General Counsel also oversees the Mutual Settlement program, which resolves more minor violations through a small claims court process, which is more efficient and cost-effective than resolution by an attorney where a large penalty would not appropriate (e.g., for administrative violations by small businesses with a limited ability to pay).	
Justification of Change Request:	
Not Applicable	
Activities	
Administer Mutual Settlement Program.	
Pursue Small Claims Court actions to collect civil penalties.	
Provide full time clerical staff support for this program.	
Prepare witnesses and documentary evidence for administrative hearings and civil litigation associated with actions to recover civil penalties.	
Meet and confer with District staff and defendants to discuss settlement or to advance litigation.	
Represent the District in all court hearings, settlement conferences and civil discovery.	
Coordinate the referral of cases for civil and criminal prosecution to District Attorney offices and other agencies with jurisdiction over air quality issues.	
Prepare all correspondence and prepare and file all pleadings in civil and administrative actions.	
Settle or pursue enforcement actions on all Notices of Violation (NOVs).	
Major Objectives	Delivery Date
Not applicable.	Ongoing

Penalties Enforcement & Settlement

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	5.06	7.05	7.05	6.96	(0.09)	(1.3)%
Personnel Expenditures						
Permanent Salaries	805,605	1,212,924	1,212,924	1,453,984	241,060	19.9%
Overtime Salaries	41	100	100		(100)	(100.0)%
Temporary Salaries				58,286	58,286	
Payroll Taxes	11,616	17,424	17,424	22,292	4,868	27.9%
Pension Benefits	187,388	247,689	247,689	293,519	45,830	18.5%
FICA Replacement Benefits	7,255	14,384	14,384	23,937	9,553	66.4%
Group Insurance Benefits	102,184	141,111	141,111	119,899	(21,212)	(15.0)%
Transportation Subsidy	1,608	10,107	10,107	6,756	(3,351)	(33.2)%
Workers' Compensation	2,722	3,486	3,486	3,210	(276)	(7.9)%
Discretionary Contribution		78,615	78,615	93,043	14,428	18.4%
Total Personnel Expenditures	1,118,419	1,725,840	1,725,840	2,074,926	349,086	20.2%
Services & Supplies Expenditures						
Travel	70	2,800	2,800	2,300	(500)	(17.9)%
Training & Education		2,000	2,000		(2,000)	(100.0)%
Professional Services				75,000	75,000	
Books & Journals		1,000	1,000		(1,000)	(100.0)%
Total Services & Supplies Expenditures	70	5,800	5,800	77,300	71,500	1,232.8%
Capital Expenditures						
Total Expenditures	1,118,489	1,731,640	1,731,640	2,152,226	420,586	24.3%

Managing Division:	
Legal Services Division	
Contact Person:	
Carrie Schilling	
Program Purpose:	
To represent and oversee Air District representation in litigation in State and Federal courts.	
Description of Program:	
The General Counsel represents the Air District in all litigation matters in State and Federal court and in administrative proceedings. In some cases, the attorneys in the General Counsel's office handle such litigation in-house. In other cases, the General Counsel manages and oversees outside counsel handling such litigation. Such cases include situations where the size or complexity of the matter requires additional litigation resources beyond the capacity of the General Counsel's office, as well as litigation involving specialized legal areas such as labor law, employment law and tort actions. The General Counsel keeps the Board of Directors informed about the status of all litigation through periodic written updates and closed-session briefings.	
Justification of Change Request:	
Not Applicable	
Activities	
Represent Air District in State court actions.	
Represent Air District in Federal court actions.	
Provide litigation status reports to Air District Board of Directors.	
Legal research for litigation matters.	
Monitor and direct activities of outside counsel in general litigation and specialized legal areas such as labor law, employment law and tort actions.	
Provide clerical support for litigation matters.	
Major Objectives	Delivery Date
Not Applicable	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	0.32	0.30	0.30	1.09	0.79	263.3%
Personnel Expenditures						
Permanent Salaries	50,757	61,536	61,536	183,732	122,196	198.6%
Overtime Salaries		500	500		(500)	(100.0)%
Payroll Taxes	708	891	891	2,707	1,816	203.8%
Pension Benefits	26,654	11,861	11,861	37,849	25,988	219.1%
FICA Replacement Benefits	460	613	613	3,786	3,173	517.6%
Group Insurance Benefits	6,530	6,557	6,557	16,417	9,860	150.4%
Transportation Subsidy	101	430	430	1,068	638	148.4%
Workers' Compensation	171	148	148	508	360	243.2%
Discretionary Contribution		3,496	3,496	11,707	8,211	234.9%
Total Personnel Expenditures	85,381	86,032	86,032	257,774	171,742	199.6%
Services & Supplies Expenditures						
Travel		100	100	100		
Training & Education		3,000	3,000		(3,000)	(100.0)%
Postage	16	2,000	2,000	100	(1,900)	(95.0)%
Professional Services	778,942	235,000	895,955	205,000	(690,955)	(77.1)%
Books & Journals	10,311	7,000	7,000	7,000		
Minor Office Equipment		1,000	1,000	1,000		
Total Services & Supplies Expenditures	789,269	248,100	909,055	213,200	(695,855)	(76.5)%
Capital Expenditures						
Total Expenditures	874,650	334,132	995,087	470,974	(524,113)	(52.7)%

SERVICE AREA - PUBLIC AFFAIRS

Communications Office

The Communications Office coordinates all agency media outreach, Air District messaging, crisis communications, media relations as well as print, digital and social media outreach for the Air District. The Office provides media and public outreach about the Air District's programs, operations and incident response.

The Office manages advertising and outreach for Spare the Air and the Employer Programs. The Office oversees the Air District and Spare the Air social media sites, strategies and programs. The Office maintains the Spare the Air website and related sites and the Spare the Air mobile apps. The Office represents the Air District at community events for Spare the Air throughout the region.

Office functions include production of publications and digital collateral for the general public and target audiences. This includes publishing newsletters, the annual report, videos and collateral materials. The Office also provides and oversees graphic design services, social media content creation, translation services and videography.

Managing Division:	
Communications Office	
Contact Person:	
Kristina Chu	
Program Purpose:	
Provide proactive outreach to media to inform the public about air quality issues, agency program and initiatives and to maintain positive media relations. Act as the Air District's main point of contact to the public through media and social media. Increase public awareness and understanding of the Spare the Air program and other Air District programs, initiatives, and regulations. Provide consistent internal communications messaging to agency staff. Support incident response by notifying the media and public about air quality incidents.	
Description of Program:	
Provide proactive media outreach about air quality issues, Air District programs and the purpose and functions of the agency through printed materials, media events, promotional materials, websites, press releases, publications, videos, mobile apps and social media. Develop graphically appealing and compelling images to better message Air District programs, policies and efforts on social media, videos, presentations and displays. Develop an internal communications program and will create templates and brand guides to standardize agency-wide materials. Provide information to the media and public about air quality incidents. Monitor and measure the effectiveness of the Spare the Air campaign via public opinion surveys.	
Justification of Change Request:	
Budget increase due to creation of internal communications strategy and growing incident response needs.	
Activities	
Conduct Spare the Air public opinion surveys to evaluate program and measure behavior change.	
Produce publications including plans, brochures, booklets and other Air District documents.	
Issue press releases and host media events highlighting Air District accomplishments.	
Develop and implement media, social media and communication strategies around major Air District policies and issues.	
Track and analyze print, internet, radio, social media and television coverage of the Air District.	
Develop an internal communications program and create templates and brand guides to standardize agency-wide materials.	
Develop incident response communications internal, media and social media outreach procedures	
Support Air District's Incident Response Plan	
Major Objectives	Delivery Date
Develop media response / operating procedures, Air District media policy, and social media policy.	Ongoing
Produce Air District Annual Report.	June 2025
Develop videos, news releases / statements, infographics and display graphics for Air District programs / events.	Ongoing
Develop incident response communications and emergency response for air quality incidents.	Ongoing
Host media events to promote Air District programs and initiatives.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	6.61	5.29	5.29	6.50	1.21	22.9%
Personnel Expenditures						
Permanent Salaries	970,925	789,359	789,359	1,064,879	275,520	34.9%
Overtime Salaries	3,976	7,000	7,000	7,000		
Temporary Salaries	284					
Payroll Taxes	14,488	11,361	11,361	15,394	4,033	35.5%
Pension Benefits	311,526	166,788	166,788	217,524	50,736	30.4%
FICA Replacement Benefits	9,050	10,804	10,804	22,368	11,564	107.0%
Group Insurance Benefits	126,692	103,265	103,265	137,323	34,058	33.0%
Transportation Subsidy	2,003	7,591	7,591	6,313	(1,278)	(16.8)%
Workers' Compensation	3,289	2,619	2,619	3,000	381	14.5%
Discretionary Contribution		57,208	57,208	67,826	10,618	18.6%
Total Personnel Expenditures	1,442,233	1,155,995	1,155,995	1,541,627	385,632	33.4%
Services & Supplies Expenditures						
Travel	2,136	20,000	20,000	14,000	(6,000)	(30.0)%
Training & Education	2,943	21,500	31,555	21,500	(10,055)	(31.9)%
Communications	12,910	47,000	47,000	47,000		
Postage		4,000	4,000	4,000		
Printing & Reproduction	7,566	42,500	66,528	42,500	(24,028)	(36.1)%
Professional Services	385,376	500,750	1,138,865	540,410	(598,455)	(52.5)%
Shop & Field Supplies	60	500	500	500		
Stationery & Office Supplies		4,000	4,000	4,000		
Minor Office Equipment		1,000	1,000	1,000		
Total Services & Supplies Expenditures	410,991	641,250	1,313,448	674,910	(638,538)	(48.6)%
Capital Expenditures						
Transfer In/Out	(34,472)					
Total Expenditures	1,818,752	1,797,245	2,469,443	2,216,537	(252,906)	(10.2)%

Managing Division:	
Communications Office	
Contact Person:	
Kristina Chu	
Program Purpose:	
The Spare the Air winter program informs the public about the Wood Burning Rule, the health impacts of wood smoke pollution and alternative, cleaner forms of heat and change-out incentives.	
Description of Program:	
The Wood Burning Rule was passed in 2008 and wood burning is banned when a Spare the Air Alert is called for fine particulate pollution. The Spare the Air winter campaign informs the public about the health impacts of wood smoke both inside and outside the home. A seasonal messaging/advertising campaign is developed and delivered to the public through regional advertising, media outreach, neighborhood events and through seasonal door-to-door outreach and survey campaign.	
Justification of Change Request:	
No change.	
Activities	
Develop and disseminate a Spare the Air winter campaign to inform the public about the health impacts of wood smoke.	
Prepare and issue media releases, respond to media inquiries and plan media events/deskside & editorial board visits.	
Conduct public opinion surveys to evaluate program and measure behavior change.	
Manage and update the baaqmd.gov and sparetheairnow.org websites as well as social media.	
Manage notification methods for Spare the Air Alerts, including automated phone alerts, text and email alerts, online banners, iPhone/Android app and widget.	
Deliver public outreach, advertising and media relations campaigns.	
Provide public outreach at community events throughout the Bay Area.	
Door to door outreach/surveys	
Provide overview of campaign to the Board of Directors.	
Provide outreach to local government leaders and community organizations and the general public about the Spare the Air winter program.	
Promote cleaner heating options and available incentives.	
Major Objectives	Delivery Date
Media outreach for Spare the Air winter.	Ongoing
Launch Spare the Air winter season.	November 2026
Execute and evaluate Spare the Air winter season public outreach campaign.	June 2025
Develop news releases / statements, displays, videos and infographics for Spare the Air winter programs / events.	Ongoing
Respond to public inquiries, provide informational speeches and presentations.	Ongoing
Update website alerts and Spare the Air app.	Ongoing
Monitor and measure campaign effectiveness via public opinion surveys.	March 2025
Develop Spare the Air winter season summary.	April 2026
Issue Spare the Air Alerts when air quality is forecast to reach unhealthy levels.	Ongoing
Provide information about the health impacts of wood smoke to the public, community organizations and local government leaders.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	1.19	1.38	1.38	1.17	(0.21)	(15.2)%
Personnel Expenditures						
Permanent Salaries	166,777	198,103	198,103	171,496	(26,607)	(13.4)%
Overtime Salaries	7,687	2,000	2,000	2,000		
Payroll Taxes	2,465	2,820	2,820	2,447	(373)	(13.2)%
Pension Benefits	43,397	41,591	41,591	36,064	(5,527)	(13.3)%
FICA Replacement Benefits	1,531	2,831	2,831	4,043	1,212	42.8%
Group Insurance Benefits	21,586	26,728	26,728	25,558	(1,170)	(4.4)%
Transportation Subsidy	340	1,989	1,989	1,141	(848)	(42.6)%
Workers' Compensation	563	686	686	542	(144)	(21.0)%
Discretionary Contribution		14,859	14,859	10,894	(3,965)	(26.7)%
Total Personnel Expenditures	244,346	291,607	291,607	254,185	(37,422)	(12.8)%
Services & Supplies Expenditures						
Travel	148					
Professional Services	860,349	1,125,000	1,549,945	1,125,000	(424,945)	(27.4)%
Total Services & Supplies Expenditures	860,497	1,125,000	1,549,945	1,125,000	(424,945)	(27.4)%
Capital Expenditures						
Total Expenditures	1,104,843	1,416,607	1,841,552	1,379,185	(462,367)	(25.1)%

Managing Division:	
Communications Office	
Contact Person:	
Kristina Chu	
Program Purpose:	
The Spare the Air program encourages the public to reduce their driving, a major source of Bay Area air pollution, and promotes the use of public transit, biking, walking, carpooling, trip reduction and other behavior changes that reduce pollution from transportation sources.	
Description of Program:	
Justification of Change Request:	
Due to the loss of CMAQ funds, program 305 will no longer be active. Moving forward, the Spare the Air program will be funded through general funds from program 301 and TFCA funds from program 306.	
Activities	
Major Objectives	Delivery Date
Launch Spare the Air summer season.	Ongoing
Manage the Spare the Air advertising, media relations and social media campaign.	Ongoing
Promote Spare the Air at public events.	Ongoing
Develop videos, news releases / statements, displays and infographics for Spare the Air program / events.	Ongoing

Spare The Air (CMAQ)

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	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
<i>Personnel Expenditures</i>						
<i>Services & Supplies Expenditures</i>						
Professional Services	1,002,279	1,000,000	1,341,381		(1,341,381)	(100.0)%
Total Services & Supplies Expenditures	1,002,279	1,000,000	1,341,381		(1,341,381)	(100.0)%
<i>Capital Expenditures</i>						
Total Expenditures	1,002,279	1,000,000	1,341,381		(1,341,381)	(100.0)%

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External Affairs

The External Affairs Office coordinates the administration of the Commuter Benefits Program in partnership with the Metropolitan Transportation Commission and directs the Flex Your Commute messaging campaign. The Office directs the Air District external sponsorship program to ensure transparency, goals and benefits are met in accordance with Air District requirements. The Office is developing a district-wide partnership program to expand messaging reach and information sharing with local, county and state agencies, and NGO's. The Office represents the Air District at conferences and events as directed and develops regional conferences and seminars to expand messaging for targeted initiatives and building regional partnerships.

Managing Division:	
External Affairs Division	
Contact Person:	
Lisa Fasano	
Program Purpose:	
The Air District utilizes sponsorship of events and conferences to help conduct public outreach, community engagement and to develop and expand partnerships.	
Description of Program:	
Event sponsorship by the Air District is used to promote Air District messages, initiatives, behavior change, and clean air actions.	
The goal of Air District sponsorships is to advance the work of the Air District, promote clean air, behavior change, GHG reductions air quality education. The Air District seeks to partner with events in the following categories:	
Showcasing Air District Programs and Initiatives through events held within the Air District's area of jurisdiction provides opportunities for the Air District to engage with the public, to share the Air District's mission encourage and promote air quality improvement and behavior change, answering air quality questions, enrolling the public to receive Spare the Air Alerts or other Air District social media notifications, and other similar activities.	
Education, Training and Networking Opportunity for Air District Workforce through attendance at professional conferences, seminars, workshops, and symposia hosted by trade, state, federal or professional organizations. This may also include opportunities for panel participation and staffing a booth that showcases the Air District's activities.	
Community Partnerships with Non-Profit Health Organizations to promote clean air initiatives that improve community health, further air pollution and Green House Gas (GHG) education and reduction goals, and other similar efforts.	
Justification of Change Request:	
The Air District is authorized to sponsor public events, conferences, public health programs or other activities that align with, or help further its mission to create a healthy breathing environment for every Bay Area resident while protecting and improving public health, air quality and the global climate.	
Activities	
Review sponsorship applications to ensure they meet the Air District's requirements and criteria..	
Confirm each activity has Air District division support and available staffing.	
Upon approval, notify event sponsor, initiate contract and other financial documents to outline benefits and Air District commitments.	
Coordinate with Air District division staff to confirm attendees/presenter/speakers for sponsored event.	
Initiate after action survey.	
Major Objectives	Delivery Date
Work in communities to promote clean air actions to improve community health.	Ongoing

Sponsorship

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
<i>Personnel Expenditures</i>						
<i>Services & Supplies Expenditures</i>						
Professional Services				450,000	450,000	
Total Services & Supplies Expenditures				450,000	450,000	
<i>Capital Expenditures</i>						
Total Expenditures				450,000	450,000	

Managing Division:	
External Affairs Division	
Contact Person:	
Lisa Fasano	
Program Purpose:	
The External Affairs Office manages the Commuter Benefits Program, Flex Your Commute messaging campaign, directs the Air District external partners program advancing local, state and regional partnerships, develops speaking points and external presentations for the Executive Team, management and staff, develops messaging to further solutions to reduce air pollution from commuting and single occupancy driving, and oversees the Air District's sponsorship program.	
Description of Program:	
Directs the programming of initiatives to reduce drive-alone commuting through the Flex Your Commute messaging campaign, and the Commuter Benefits Program. Partner with the Metropolitan Transportation Commission to jointly administer the Commuter Benefits Program. Flex Your Commute encourages commuting partnerships and a reduction of drive alone commuting.	
To facilitate and grow Air District partnerships, External Affairs manages and allocates funding for -sponsored activities, conferences, and events. Sponsorships help position the Air District as an air quality leader, further partnerships and, reach new and diverse groups to convey messages. Event partnership helps engage and drive action toward air pollution and greenhouse gas reduction goals.	
Air District liaison to local, statewide and national organizations. Development of messaging campaigns for Air District initiatives and new programming.	
Justification of Change Request:	
External Affairs is a division under the Office of Public Affairs and extends the messaging and partnership efforts of the Communications and Legislative Affairs teams.	
Activities	
Air District Liaison for local, regional and national meetings and conferences. Attend, develop/maintain partnerships, gather information and report outcomes to Executive Office.	
Manage and track Air District sponsorships of events, conferences and meetings. Maximize the Air District's visibility and messaging through events. Develop and produce events to support Air District programs and mission.	
Develop key messages and talking points for external audiences around Air District initiatives and programs.	
Maintain program records and prepare end of fiscal year reporting of activities and actions.	
Promote and advance compliance with the Bay Area Commuter Benefits Program encouraging active commute engagement with employees.	
Using advertising, media relations and employer events to encourage employers to expand and promote commuter benefits within their organizations.	
Working with Bay Area employer programs to promote commuting options to reduce single-occupancy driving.	
Major Objectives	Delivery Date
Expand registrations into the Commuter Benefits Program and increase its value to Bay Area employers. Initiate a partnership development program with local governments, NGS's Bay Area Businesses, and other local, state, regional and federal agencies.	Ongoing
Facilitate the Air District sponsorship program. Increase value to Air District sponsorships of regional, state and national events	Ongoing
Flex Your Commute messaging campaign will help promote employer/employee commute partnerships.	Ongoing
Flex Your Commute will advance commuter options and programs for employers and employees in the Bay Area. Increase awareness and adoption of the benefits of commuting options.	Ongoing

External Affairs

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.03	2.77	2.77	3.45	0.68	24.55%
Personnel Expenditures						
Permanent Salaries	424,935	486,101	486,100	613,296	127,196	26.17%
Temporary Salaries	1,549	94,237	94,237		(94,237)	(100.0)%
Payroll Taxes	6,393	7,163	7,163	9,242	2,079	29.0%
Pension Benefits	80,788	100,893	100,893	122,831	21,938	21.7%
FICA Replacement Benefits	3,975	5,643	5,643	11,881	6,238	110.5%
Group Insurance Benefits	55,489	64,726	64,726	99,624	34,898	53.9%
Transportation Subsidy	732	3,965	3,965	3,353	(612)	(15.4)%
Workers' Compensation	1,436	1,368	1,368	1,593	225	16.4%
Discretionary Contribution		30,999	30,999	39,129	8,130	26.2%
Total Personnel Expenditures	575,297	795,095	795,094	900,949	105,855	13.3%
Services & Supplies Expenditures						
Professional Services	80,986	350,000	619,212	417,500	(201,712)	(32.6)%
Total Services & Supplies Expenditures	80,986	350,000	619,212	417,500	(201,712)	(32.6)%
Capital Expenditures						
Total Expenditures	656,283	1,145,095	1,414,306	1,318,449	(95,857)	(6.78)%

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Legislative Office

The Legislative Office mission is to advocate for Air District policy and budget priorities at both the state and federal levels. The Legislative Office is responsible for tracking and developing positions on state and federal legislation and budget proposals, meeting with legislators and legislative staff about policy proposals and updating them on Air District activities, representing the Air District at legislative hearings, and interacting with stakeholder groups, state and local agencies, and members of the public. The Legislative Office works closely with other divisions within the Air District to help achieve the Air District's commitment to reducing air pollution in California and the Bay Area region by sharing information on current legislative policy and budget proposals that affect Air District programs and policies.

Managing Division:	
Legislative Office	
Contact Person:	
Alan Abbs	
Program Purpose:	
State and Federal legislative advocacy.	
Description of Program:	
The Legislative Office advocates for Air District policy and budget priorities at the state and federal level. The Legislative Office interacts with legislators and staff, advocate and opposition stakeholders, state and local agencies, and members of the public.	
Justification of Change Request:	
Activities	
Legislative Advocacy	
Information sharing with Air District staff	
Outreach to Legislature on Air District activities	
Major Objectives	Delivery Date
Track and develop positions on state and federal legislation.	Bi-weekly
Meet with legislators and legislative staff about policy proposals.	Ongoing
Update legislators and staff on Air District activities.	Ongoing
Track and develop positions on state and federal budget proposals.	Ongoing
Attend legislative hearings.	Ongoing
Staff Air District Legislative Committee meetings.	Monthly
Represent Air District at meetings with stakeholder groups.	Monthly
Staff other Air District Board and Committee meetings, as necessary.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.00	2.00	2.00	2.00		
Personnel Expenditures						
Permanent Salaries	346,558	354,279	354,279	388,012	33,733	9.52%
Payroll Taxes	5,108	5,294	5,294	5,908	614	11.6%
Pension Benefits	107,707	71,417	71,417	73,830	2,413	3.4%
FICA Replacement Benefits	3,184	4,081	4,081	6,888	2,807	68.8%
Group Insurance Benefits	44,593	52,526	52,526	58,842	6,316	12.0%
Transportation Subsidy	673	2,868	2,868	1,944	(924)	(32.2)%
Workers' Compensation	1,171	989	989	924	(65)	(6.6)%
Discretionary Contribution		22,460	22,460	24,797	2,337	10.4%
Total Personnel Expenditures	508,994	513,914	513,914	561,145	47,231	9.2%
Services & Supplies Expenditures						
Travel	3,516	8,500	8,500	11,950	3,450	40.6%
Training & Education	1,448	4,000	4,000	4,000		
Communications	276	1,000	1,000	1,000		
Professional Services	112,650	128,900	170,100	136,500	(33,600)	(19.8)%
Stationery & Office Supplies	19	250	250	250		
Books & Journals	269	600	600	600		
Total Services & Supplies Expenditures	118,178	143,250	184,450	154,300	(30,150)	(16.3)%
Capital Expenditures						
Transfer In/Out	(20,165)					
Total Expenditures	607,007	657,164	698,364	715,445	17,081	2.45%

SERVICE AREA - SCIENCE & POLICY

Assessment, Inventory & Modeling Division

The Assessment, Inventory, and Modeling (AIM) Division prepares comprehensive source emission inventories for the Bay Area and conducts air quality modeling at both regional and community scales. AIM conducts technical assessments that evaluate equity in air pollution exposures and health impacts in support of District programs. AIM coordinates and implements programs to improve and report estimates of emissions of criteria pollutants, toxic air contaminants, and climate forcing pollutants. AIM assesses emissions, concentrations, and exposures of particulate matter, toxic air contaminants, ozone and its precursors, to support targeted strategies that reduce impacts of air pollution both regionally and within communities, especially where Assembly Bill (AB) 617 community action plans are being developed and implemented. AIM reviews and provides guidance on environmental health risk assessments within environmental review documents prepared pursuant to California Environmental Quality Act (CEQA).

In FYE 2025, AIM will continue to improve the regional emissions inventory and analyses to support the implementation of the multi-pollutant Bay Area Clean Air Plan, which addresses particulate matter, toxic air contaminants, ozone, and greenhouse gases (GHGs). Many District programs are supported by updating and reporting inventories of air pollutant emissions. New requirements from CARB, posed by AB 617 and the Criteria and Toxic Report Rule, require annual emissions reports for toxics and criteria pollutants for major emitters and improved consistency in methods for estimating emissions across California's air districts. AIM will work with other Divisions to review emissions inventory products, develop quality assurance approaches, and update emissions methods and databases to meet reporting and rule development requirements of the District.

In FYE 2025, AIM will continue work to produce community-scale emission inventories and conduct technical assessment to meet the requirements of AB 617 and support community emissions reduction plans (CERP), including: identifying and prioritizing impacted communities, coordinating with community co-leads Steering Committees to reduce emissions and exposures, and providing tools and products that inform local strategies. AIM will work with other Divisions on the technical analysis, outreach, and risk reduction components of the CARE Program. AB 617 will require an expansion of the CARE program's technical work. AIM supports the work of other Divisions in reviewing health risk assessments within CEQA documents to provide comments where assessments are inconsistent with Air District guidance. AIM will conduct source apportionment analyses and hybrid photochemical and dispersion modeling, characterize emissions and air quality, and assess air quality health impacts to support AB 617 and other District's programs.

In FYE 2025, in partnership with other Divisions, AIM will analyze aerometric data, conduct and improve regional modeling, and apply statistical analyses to support the District's rules development, grant programs, permitting, climate protection, and planning activities. AIM will continue to work with CARB, U.S. EPA, NOAA, Northern California air districts, and other stakeholders on the regional modeling improvements. AIM will further improve modeling emissions estimates and continue conducting data analysis and modeling to better understand the health impacts of air pollutants in the Bay Area. AIM will investigate transport of pollutants between the Bay Area and neighboring regions and intercontinental transport of pollutants.

Managing Division:	
Assessment, Inventory & Modeling Division	
Contact Person:	
Song Bai	
Program Purpose:	
Compile source inventories for criteria pollutants, toxic air contaminants (TACs) and greenhouse gases (GHGs) for planning, rule development, modeling and exposure assessments, and public information; assess emissions estimates to support programs to reduce health risks from air pollution and to reduce levels of climate-forcing pollutants.	
Description of Program:	
Staff assigned to this program compiles inventories of air pollution emissions (criteria pollutants, TAC, and GHGs) from industrial sources, motor vehicles, commercial and agricultural activities, consumer products, and natural sources, which are used for air quality planning, rules development, and air quality progress tracking. To meet State requirements, the Source Inventories Program reports permitted source emissions to the California Air Resources Board (CARB) annually; CARB's newly adopted Criteria and Toxics Reporting (CTR) Regulation requires additional staff time and resources to report emissions from permitted facilities using methods standardized across California air districts. Staff estimates emissions for local-scale exposure assessments and Community Action Plans required by Assembly Bill (AB) 617. Staff also prepares and maintains GHG emission inventories and forecasts for the region, with near-term focus on particulate matter (PM), volatile organic compounds (VOC), and methane emissions from permitted facilities.	
Justification of Change Request:	
Emissions inventories are fundamental for air quality source apportionment analysis, as well as planning, rule development, modeling and exposure assessments, and public information sharing. Staff resources are needed to develop, maintain, and update emissions inventory to be used for the Air District's annual report, regional modeling inputs, and required data reporting to CARB.	
Activities	
Develop and update emissions inventories and improve the District's ability to assess emissions estimates.	
Prepare and improve emissions estimates to report to CARB; coordinate with Engineering Division to ensure consistent reporting under state requirements and the new CTR regulation.	
Evaluate and refine emissions estimates to support Air District programs, rules development, and local air quality Action Plans, with emphasis on fine particulate matter, TAC, and methane and incorporation of new measurement and analysis techniques.	
Provide inventory information to support Air District staff in various programs, including assessment of AB 617 communities and development of local air quality Action Plans.	
Provide inventory information and emissions estimates under public record request.	
Major Objectives	Delivery Date
Develop activity datasets and methods for hyper-local emissions estimates to support AB 617 technical assessment.	Ongoing
Improve emissions estimates and methods to develop updated inventory across Bay Area emissions source sectors.	Ongoing
Prepare and transmit source emissions estimates to meet State annual reporting requirements.	Annually

Source Inventories

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	7.17	6.20	6.20	5.66	(0.54)	(8.7)%
Personnel Expenditures						
Permanent Salaries	1,108,708	992,216	992,216	970,226	(21,990)	(2.2)%
Overtime Salaries		5,000	5,000		(5,000)	(100.0)%
Payroll Taxes	16,303	14,124	14,124	13,936	(188)	(1.3)%
Pension Benefits	336,640	201,591	201,591	194,054	(7,537)	(3.7)%
FICA Replacement Benefits	10,143	12,652	12,652	19,480	6,828	54.0%
Group Insurance Benefits	142,253	154,904	154,904	161,535	6,631	4.3%
Transportation Subsidy	2,470	8,890	8,890	5,498	(3,392)	(38.2)%
Workers' Compensation	3,745	3,067	3,067	2,612	(455)	(14.8)%
Discretionary Contribution		68,021	68,021	61,856	(6,165)	(9.1)%
Total Personnel Expenditures	1,620,262	1,460,465	1,460,465	1,429,197	(31,268)	(2.1)%
Services & Supplies Expenditures						
Travel		5,200	5,200	5,200		
Training & Education	815	23,000	23,000	23,000		
Professional Services	1,683	121,000	166,235	101,000	(65,235)	(39.2)%
Computer Hardware & Software	18,360	22,000	22,000	22,000		
Stationery & Office Supplies		200	200	200		
Books & Journals		600	600	600		
Minor Office Equipment		1,000	1,000	1,000		
Total Services & Supplies Expenditures	20,858	173,000	218,235	153,000	(65,235)	(29.9)%
Capital Expenditures						
Total Expenditures	1,641,120	1,633,465	1,678,700	1,582,197	(96,503)	(5.7)%

Managing Division:	
Assessment, Inventory & Modeling Division	
Contact Person:	
Saffet Tanrikulu	
Program Purpose:	
Provide technical support to the District's initiatives and collaborative activities through modeling and air quality analyses.	
Description of Program:	
This program provides technical support to various District activities, including: Assembly Bill 617 related programs, the Air Quality Planning Program, Strategic Incentives Division programs, the Climate Protection Program, the Spare the Air Program, the ambient data Quality Assurance (QA)/Quality Control (QC) Program, the Central California Air Quality Studies (CCAQS), and the California Baseline Ozone Transport Study (CABOTS). It also manages the District's modeling- and data analysis-related contracts; participates in the District's rule development, permit modeling, air monitoring and emissions inventory/exposure assessment activities; and responds to requests from District staff and the public for ambient data. It also collaborates with federal and state agencies to assess pollutant exposure, health impacts and international pollutant transport.	
Justification of Change Request:	
Not Applicable	
Activities	
Support Assembly Bill 617: perform PM and air toxics modeling; assess air quality and health impacts.	
Perform air quality modeling and data analysis to support the District's rulemaking activities.	
Support District's Air Quality Planning Program: conduct data analysis and modeling.	
Support permitting activities: Prepare meteorological inputs for AERMOD to support permit modeling.	
Support the Strategic Incentives Division: create and update pollutant concentration maps.	
Perform quality assurance and quality control on District's meteorological data.	
Manage the District's data analysis and modeling-related contracts.	
Participate in CARB's Central California Air Quality Study programs.	
Participate in NASA's effort to estimate wildfire ambient and health impacts.	
Major Objectives	Delivery Date
Perform air quality dispersion modeling for selected AB 617 communities.	Ongoing
Perform regional and local air quality modeling and analyses to support the District's rule development efforts.	Ongoing
Perform regional PM and air toxics modeling and analyses to assess pollutant formation in the Bay Area.	Ongoing
Perform source apportionment analyses to quantify the contribution of various emission sources.	Ongoing
Update emissions modeling data, e.g., conduct modeling with improved condensable PM emissions estimates.	Ongoing
Update health impact analyses of ozone and PM; update health risk analyses for air toxics and other pollutants.	Ongoing
Update assessment of regional and local pollutant transport and impacts of primary vs secondary PM.	Ongoing
Assess contribution of locally generated vs transported as well as primary vs secondary PM exposure.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	4.42	2.60	2.60	2.47	(0.13)	(5.0)%
Personnel Expenditures						
Permanent Salaries	686,001	387,436	387,436	385,490	(1,946)	(0.5)%
Payroll Taxes	10,036	5,537	5,537	5,468	(69)	(1.2)%
Pension Benefits	198,171	80,911	80,911	79,700	(1,211)	(1.5)%
FICA Replacement Benefits	6,266	5,306	5,306	8,503	3,197	60.3%
Group Insurance Benefits	87,806	47,412	47,412	55,481	8,069	17.0%
Transportation Subsidy	1,382	3,728	3,728	2,400	(1,328)	(35.6)%
Workers' Compensation	2,318	1,286	1,286	1,140	(146)	(11.4)%
Discretionary Contribution		28,091	28,091	24,527	(3,564)	(12.7)%
Total Personnel Expenditures	991,980	559,707	559,707	562,709	3,002	0.5%
Services & Supplies Expenditures						
Travel	3,128	5,300	5,300	5,000	(300)	(5.7)%
Training & Education	1,050	6,500	6,500	8,000	1,500	23.1%
Repair & Maintenance	978	8,000	8,000	6,000	(2,000)	(25.0)%
Professional Services	291,441	320,000	499,535	320,000	(179,535)	(35.9)%
Stationery & Office Supplies	33	500	500	500		
Total Services & Supplies Expenditures	296,630	340,300	519,835	339,500	(180,335)	(34.7)%
Capital Expenditures						
Total Expenditures	1,288,610	900,007	1,079,542	902,209	(177,333)	(16.4)%

Managing Division:	
Assessment, Inventory & Modeling Division	
Contact Person:	
Saffet Tanrikulu	
Program Purpose:	
Perform air quality modeling and data analyses to evaluate emission control strategies to attain and maintain air quality standards.	
Description of Program:	
This program maintains and applies state-of-the-science meteorological, emissions inventory and air quality models to investigate the formation of ozone, fine and ultrafine particulate matter (PM2.5 and PM0.1), and toxic air contaminants in the Bay Area; assesses the attainment status of the Bay Area with respect to Federal and State standards; supports Federal and State air quality plan development activities; quantifies the transport of ozone, PM and toxic air contaminants and their precursors within the Bay Area as well as between the Bay Area and neighboring districts; and quantifies the health impacts of ozone, PM, and toxic air contaminants. This program also includes analyses of ambient data, preparation of model inputs, monetary valuation of air pollution impacts in the Bay Area, maintenance of the District's cluster computer system, development of graphics and statistical programs to evaluate model inputs and outputs, and collaboration with modeling and air quality planning staff of CARB, U.S. EPA, NOAA, NASA, neighboring districts, industry, academia and other stakeholders.	
Justification of Change Request:	
Not applicable.	
Activities	
Analyze the Bay Area's status relative to national and state ambient air quality standards.	
Conduct ambient data analyses for ozone, PM2.5, PM0.1 and toxic air contaminants.	
Evaluate and improve model performance for multi-pollutant applications.	
Maintain and apply air pollution health impacts and monetary valuation models.	
Maintain and apply emissions inventory models to prepare inputs to air quality models.	
Conduct source apportionment studies and trend analyses.	
Prepare ambient data for model inputs and evaluation of model outputs.	
Maintain the District's cluster computer system on which models are run.	
Develop in-house staff expertise related to modeling and air quality analysis.	
Major Objectives	Delivery Date
Evaluate and improve regional air quality model performance.	Ongoing
Maintain and evaluate air quality dispersion models.	Ongoing
Evaluate and improve WRF meteorological model performance.	Ongoing
Evaluate and update BenMAP for assessing health impacts of pollutants.	Ongoing
Maintain the meteorological and air quality database for modeling.	Ongoing
Update analysis of regional air quality model sensitivity to emission reductions for ozone, PM and toxics.	Ongoing
Update and improve emissions estimates for modeling.	Ongoing
Maintain modeling computers, update modeling software and computer libraries.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.88	2.10	2.10	2.35	0.25	11.9%
Personnel Expenditures						
Permanent Salaries	428,883	328,260	328,260	386,993	58,733	17.9%
Payroll Taxes	6,369	4,653	4,653	5,496	843	18.1%
Pension Benefits	154,394	68,227	68,227	79,373	11,146	16.3%
FICA Replacement Benefits	3,955	4,285	4,285	8,093	3,808	88.9%
Group Insurance Benefits	55,284	48,345	48,345	57,968	9,623	19.9%
Transportation Subsidy	872	3,011	3,011	2,284	(727)	(24.1)%
Workers' Compensation	1,449	1,039	1,039	1,085	46	4.4%
Discretionary Contribution		22,921	22,921	24,651	1,730	7.5%
Total Personnel Expenditures	651,206	480,741	480,741	565,943	85,202	17.7%
Services & Supplies Expenditures						
Travel	179	3,700	3,700	4,200	500	13.5%
Training & Education	418	2,000	2,000	2,000		
Repair & Maintenance	2,969	12,000	12,000	12,000		
Printing & Reproduction		4,000	4,000	8,000	4,000	100.0%
Professional Services		10,000	10,000	10,000		
Shop & Field Supplies	40					
Computer Hardware & Software		8,000	8,000	12,000	4,000	50.0%
Total Services & Supplies Expenditures	3,606	39,700	39,700	48,200	8,500	21.4%
Capital Expenditures						
Total Expenditures	654,812	520,441	520,441	614,143	93,702	18.0%

Managing Division:	
Assessment, Inventory & Modeling Division	
Contact Person:	
Song Bai	
Program Purpose:	
Evaluate community health risks from ambient toxic air contaminants (TACs), fine particulate matter (PM) and other pollutants. Develop mitigation strategies and measures for local sources and locations with higher exposures and risk levels and vulnerable populations.	
Description of Program:	
The District's CARE program targets community risk reduction activities and actively supports the development of community emissions reduction plans required by Assembly Bill 617. The program coordinates emissions estimation, air quality modeling, analysis of health records and socio-economic datasets, and exposure and health assessments to identify areas with vulnerable populations and relatively high air pollution. Information derived from these activities is used for risk reduction activities, such as rulemaking, grant and incentive programs, local air quality plans, collaboration with public health professionals, advocacy of State and local regulatory programs, and community engagement processes.	
Justification of Change Request:	
AB 617 continues to impose major new requirements, which demand additional products and resources from the CARE Program on a specified timeline to assess community-scale air quality, engage with communities, and provide technical support to community emissions reduction plans.	
Activities	
Conduct local-scale modeling and analyses to support assessment of AB 617 communities and development of action plans.	
Develop mitigation strategies for development near busy roadways and other air pollution sources.	
Improve collection and management of demographic, business, and activity data; enhance data visualization/analysis for community partnerships and local planning guidance.	
Participate in outreach and assist in evaluating community risks and hazards through modeling programs.	
Major Objectives	Delivery Date
Conduct community-scale assessments in East Oakland, Bayview Hunters Point (BVHP), and other communities.	Ongoing
Develop and document improved methodology/tools for community-scale modeling to support AB 617 Community Emissions Reduction Plan (CERP) development.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	3.63	1.70	1.70	1.40	(0.30)	(17.6)%
Personnel Expenditures						
Permanent Salaries	647,365	317,859	317,859	278,095	(39,764)	(12.5)%
Overtime Salaries	116	5,000	5,000		(5,000)	(100.0)%
Payroll Taxes	9,638	4,600	4,600	4,077	(523)	(11.4)%
Pension Benefits	217,667	65,886	65,886	53,861	(12,025)	(18.3)%
FICA Replacement Benefits	6,022	3,469	3,469	4,822	1,353	39.0%
Group Insurance Benefits	84,113	39,715	39,715	38,448	(1,267)	(3.2)%
Transportation Subsidy	1,330	2,438	2,438	1,361	(1,077)	(44.2)%
Workers' Compensation	2,187	841	841	647	(194)	(23.1)%
Discretionary Contribution		19,344	19,344	17,780	(1,564)	(8.1)%
Total Personnel Expenditures	968,438	459,152	459,152	399,091	(60,061)	(13.1)%
Services & Supplies Expenditures						
Travel	1,260	5,200	5,200	5,200		
Training & Education	685	8,500	8,500	8,500		
Repair & Maintenance		5,000	5,000	5,000		
Communications	2,261	3,000	3,000	3,000		
Printing & Reproduction		2,000	2,000	2,000		
Professional Services	282,400	250,500	250,500	200,500	(50,000)	(20.0)%
Computer Hardware & Software	13,016	19,000	19,000	19,000		
Stationery & Office Supplies		200	200	200		
Books & Journals		500	500	500		
Minor Office Equipment		100	100	100		
Total Services & Supplies Expenditures	299,622	294,000	294,000	244,000	(50,000)	(17.0)%
Capital Expenditures						
Total Expenditures	1,268,060	753,152	753,152	643,091	(110,061)	(14.6)%

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Meteorology & Measurement Division

The Meteorology and Measurement Division (M&M) provides emissions, air quality, and meteorological data; chemical analysis; and forecasting to support the activities of the Compliance & Enforcement, Engineering, Planning, Legal, Rules, Assessment, Inventory & Modeling, Communications, and Community Engagement Divisions. In addition to operating monitoring instruments and conducting testing and analysis, the M&M Division staff develop rigorous monitoring and testing plans, develop and maintain instruments and systems, conduct quality assurance and quality control, and analyze and communicate data. The resulting data is used to:

- determine if the Bay Area is in attainment with state and federal standards, in accordance with the Clean Air Act,
- determine if facilities are in compliance with Air District regulations,
- provide a scientific basis for Air District rule-making and programmatic decisions,
- identify areas with higher levels of pollutants of concern and community-level disparities in air pollution, and
- communicate about air quality with the public, including through air quality advisories and Spare the Air alerts.

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Ila perkins	
Program Purpose:	
Provide the data required to determine and measure progress towards the Bay Area's attainment of National and State ambient air quality standards, community monitoring, as well as determine and measure progress of other Air District programs.	
Description of Program:	
The primary function of the Air Monitoring - Operations Section is to operate and maintain a network of air quality and meteorological measurement sites that provide data required to determine attainment status of both National and State ambient air quality standards, new and modified regulations, National and State sampling strategies, and to support vulnerable and disadvantaged communities. Additionally, a network of toxics gaseous and particulate monitors collect data to develop trends and help define risk, and for National and State programs. Air monitoring and meteorological data, as well as sampling projects such as the Photochemical Assessment Monitoring Stations (PAMS) and PM2.5 speciation sampling, are also used for Air Quality Index (AQI) forecasts, Clean Air Plan (CAP) modeling, Refinery Community Monitoring, the AB 617 program, and Environmental Impact Reports (EIRs).	
Justification of Change Request:	
Program Code 802 was previously for all Air Monitoring activities. Effective FYE 2022, Air Monitoring is separated into Operations (Program Code 802) and Projects & Technology (Program Code 810).	
Activities	
Operate and maintain the air monitoring network to provide a minimum of 90% valid data each quarter to determine the attainment status for National and State ambient air quality standards.	
Operate and maintain non-criteria pollutant monitors to provide data on ozone precursors, data for ozone forecasting, and data for fine particulate forecasting.	
Operate a Photochemical Assessment Monitoring Station (PAMS) network that meets EPA requirements.	
Operate a gaseous toxics network to provide data for State and Air District programs.	
Operate a network of fine particulate (PM2.5), black carbon, and particulate matter speciation samplers and analyzers in support of the determination of compliance with the National Ambient Air Quality Standards for PM2.5, wood smoke trends, and other area wide particulate matter studies.	
Operate two Near Road monitoring stations as mandated by EPA; two in the San Francisco-Oakland-Fremont CBSA, and one in the San Jose-Sunnyvale-Santa Clara CBSA; Operate an additional near road site positioned along the Interstate 580 corridor.	
Aid in the development and evaluation of existing technologies for air quality measurements.	
Implement community level air quality monitoring in support of AB617 and Schedule X (communities near refineries)	
Major Objectives	Delivery Date
Collect and process data that has been subjected to rigorous Quality Control (QC) as part of National, State and Air District programs.	Ongoing
Implementation of monitoring in communities near major stationary sources (Schedule X)	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	18.01	19.48	19.48	20.23	0.75	3.85
Personnel Expenditures						
Permanent Salaries	2,283,377	2,368,618	2,368,618	2,853,650	485,032	20.5
Overtime Salaries	1,412					
Payroll Taxes	33,651	33,393	33,393	40,421	7,028	21.0
Pension Benefits	704,175	473,171	473,171	558,665	85,494	18.1
FICA Replacement Benefits	20,969	39,770	39,770	69,591	29,821	75.0
Group Insurance Benefits	293,546	398,832	398,832	439,764	40,932	10.3
Transportation Subsidy	4,672	27,944	27,944	19,641	(8,303)	(29.7)
Workers' Compensation	7,714	9,639	9,639	9,332	(307)	(3.2)
Discretionary Contribution		202,454	202,454	181,126	(21,328)	(10.5)
Total Personnel Expenditures	3,349,516	3,553,821	3,553,821	4,172,190	618,369	17.4
Services & Supplies Expenditures						
Travel	20,467	25,000	25,000	56,000	31,000	124.0
Training & Education		42,800	42,800	45,000	2,200	5.1
Repair & Maintenance	32,575	94,688	109,212	85,300	(23,912)	(21.9)
Communications	37,134	72,486	72,486	45,000	(27,486)	(37.9)
Building Maintenance	6,606	220,370	221,469	185,000	(36,469)	(16.5)
Utilities	106,461	131,515	131,515	164,393	32,878	25.0
Rents & Leases	614,498	563,109	563,109	640,000	76,891	13.7
Professional Services	49,759	367,000	436,604	343,475	(93,129)	(21.3)
Shop & Field Supplies	178,200	289,655	323,867	197,000	(126,867)	(39.2)
Laboratory Supplies	37,593	102,420	104,986	125,000	20,014	19.1
Total Services & Supplies Expenditures	1,083,293	1,909,043	2,031,048	1,886,168	(144,880)	(7.1)
Capital Expenditures						
Lab & Monitoring Equipment		940,263	1,093,341	1,699,925	606,584	55.5
Total Capital Expenditures		940,263	1,093,341	1,699,925	606,584	55.5
Total Expenditures	4,432,809	6,403,127	6,678,210	7,758,283	1,080,073	16.2

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Mairi Beacon	
Program Purpose:	
Provide laboratory, analytical, and technical services and support to other Meteorology and Measurement Division Sections and other Air District Divisions.	
Description of Program:	
The primary function of the Laboratory Program is to provide media preparation and analysis for the District's fixed site air monitoring network. The lab also provides technical support to other Divisions, Sections and programs in completing their objectives. The Laboratory Program maintains laboratory safety and laboratory quality assurance programs and evaluates new instrumentation and evolving analytical methods as needed.	
Justification of Change Request:	
Not Applicable	
Activities	
Perform preparation, analysis, and L1 review for fixed site ambient air monitoring network samples.	
Provide analytical support of Source Test and Compliance and Enforcement actions.	
Perform gravimetric analyses on various filter media for other Air Districts.	
Develop digital solutions for more efficient and secure generation, processing, review, and storage of laboratory data.	
Maintain laboratory instrumentation and supplies to support analyses.	
Maintain laboratory quality and safety programs.	
Evaluate existing laboratory methods for opportunities to improve and execute improvements.	
Provide technical expertise and advice to other Air District divisions regarding internal and external laboratory methods and capabilities.	
Major Objectives	Delivery Date
Provide laboratory support for Ambient Air Monitoring.	Ongoing
Provide laboratory support for Source Test, Compliance and Enforcement, and other District programs.	Ongoing
Evaluate and acquire instrumentation to replace four retiring instruments.	Annually
Work with ISD and other MM sections on security improvements to laboratory data infrastructure.	Annually
Perform cross-training, focusing on methods the fewest staff are familiar with.	Ongoing
Engage in internal and external Quality Assurance and Safety education and audits.	Ongoing
Continue evaluation and improvement of existing methods.	Ongoing
Continue integrating programs into Laboratory Information Management System.	Ongoing

Laboratory

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	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	7.83	7.96	7.96	8.28	0.32	4.02
Personnel Expenditures						
Permanent Salaries	1,112,564	1,168,501	1,168,501	1,313,802	145,301	12.4
Overtime Salaries	689	5,000	5,000	5,000		
Payroll Taxes	16,377	16,578	16,578	18,686	2,108	12.7
Pension Benefits	340,895	245,986	245,986	262,722	16,736	6.8
FICA Replacement Benefits	10,205	16,242	16,242	28,515	12,273	75.6
Group Insurance Benefits	142,923	148,502	148,502	181,278	32,776	22.1
Transportation Subsidy	2,375	11,412	11,412	8,048	(3,364)	(29.5)
Workers' Compensation	3,758	3,937	3,937	3,824	(113)	(2.9)
Discretionary Contribution		85,728	85,728	83,621	(2,107)	(2.5)
Total Personnel Expenditures	1,629,786	1,701,886	1,701,886	1,905,496	203,610	12.0
Services & Supplies Expenditures						
Travel		5,200	5,200	5,000	(200)	(3.8)
Training & Education		7,000	7,000	8,750	1,750	25.0
Repair & Maintenance	70,321	90,000	71,978	113,000	41,022	57.0
Communications	718			1,000	1,000	
Professional Services	26,639	26,400	27,171	20,125	(7,046)	(25.9)
Laboratory Supplies	85,498	100,000	133,296	102,000	(31,296)	(23.5)
Computer Hardware & Software		2,000	20,572	1,000	(19,572)	(95.1)
Total Services & Supplies Expenditures	183,176	230,600	265,217	250,875	(14,342)	(5.4)
Capital Expenditures						
Lab & Monitoring Equipment		280,000	280,000	550,000	270,000	96.4
Total Capital Expenditures		280,000	280,000	550,000	270,000	96.4
Total Expenditures	1,812,962	2,212,486	2,247,103	2,706,371	459,268	20.4

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Jerry Bovee	
Program Purpose:	
Provide source testing and technical expertise to Air District Divisions.	
Description of Program:	
The primary functions of the Source Test Section are to: conduct analytical source tests; conduct performance audits on Continuous Emissions Monitors (CEMs); review third party source tests; research and develop new analytical source test procedures; oversee refinery fence-line monitoring programs; and, provide technical expertise and advice to other Divisions. These data are used to produce engineering studies to determine compliance status for specific source categories, determine whether to issue Permits to Operate, update the emissions inventory, determine actual abatement control effectiveness, provide data & technical assistance for Air District studies including AB 617, and develop applicable standards and produce emissions data for new or revised regulations.	
Justification of Change Request:	
Not Applicable	
Activities	
Review facility contractor source test reports, make approve/disapprove determinations, and assess compliance status.	
Review facility CEMS excess emission and monthly reports and make compliance recommendations.	
Evaluate up to 400 facility submitted source test reports	
Conduct up to 45 particulate or gaseous toxics source tests.	
Conduct at least 90 instrumental gaseous source tests.	
Conduct up to 24 source tests at gasoline bulk terminals and bulk plants.	
Conduct up to 400 source tests on gasoline cargo tanks.	
Conduct up to 30 Enhanced Vapor Recovery source tests at Gasoline Distribution Facilities (GDF)	
Conduct up to 150 Field Accuracy Tests (FATs) on CEM systems.	
Evaluate up to 450 indicated excesses and other CEM-related call-ins.	
Maintain an electronic list of all source tests conducted at Title V facilities.	
Provide source testing to support rule development and implementation efforts.	
Provide Rule 12-15 refinery fence line monitoring program oversight	
Major Objectives	Delivery Date
Prepare reports on emissions from various source categories.	Ongoing
Prepare reports on particulate/gaseous toxic emissions from specific sources.	Ongoing
Prepare quarterly and annual summary of CEM data from specific sources.	Ongoing
Prepare reports on VOC emissions from gasoline bulk terminals and plants.	Ongoing
Prepare reports on VOC emissions from gasoline cargo tanks.	Ongoing
Provide monthly reports on indicated excesses from CEM systems.	Ongoing
Prepare reports on compliance rates and emissions, based on outside contractor tests.	Ongoing
Participate in source attribution studies associated with AB 617	Ongoing
Implement new emission testing methods and technologies	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	12.20	16.31	16.31	16.35	0.04	0.2%
Personnel Expenditures						
Permanent Salaries	1,724,720	2,308,006	2,308,006	2,460,799	152,793	6.6%
Overtime Salaries	891	6,000	6,000	6,000		
Payroll Taxes	25,368	32,676	32,676	34,915	2,239	6.9%
Pension Benefits	533,703	471,949	471,949	493,115	21,166	4.5%
FICA Replacement Benefits	15,813	33,284	33,284	56,318	23,034	69.2%
Group Insurance Benefits	221,554	372,368	372,368	391,387	19,019	5.1%
Transportation Subsidy	3,491	23,387	23,387	15,895	(7,492)	(32.0)%
Workers' Compensation	5,827	8,067	8,067	7,552	(515)	(6.4)%
Discretionary Contribution		174,366	174,366	156,434	(17,932)	(10.3)%
Total Personnel Expenditures	2,531,367	3,430,103	3,430,103	3,622,415	192,312	5.6%
Services & Supplies Expenditures						
Travel	26	5,000	8,000	7,350	(650)	(8.1)%
Training & Education	1,924	6,850	9,850	9,750	(100)	(1.0)%
Repair & Maintenance	111	3,200	3,768	3,200	(568)	(15.1)%
Communications	9,953	10,000	10,000	12,000	2,000	20.0%
Building Maintenance		5,800	5,800	2,800	(3,000)	(51.7)%
Utilities	29,286	22,000	22,000	22,000		
Printing & Reproduction				1,000	1,000	
Rents & Leases	322,153	320,000	320,000	340,000	20,000	6.3%
Professional Services	24,235	40,500	68,441	15,500	(52,941)	(77.4)%
Shop & Field Supplies	52,236	49,650	54,023	79,650	25,627	47.4%
Laboratory Supplies		7,500	1,500	5,000	3,500	233.3%
Minor Office Equipment				1,000	1,000	
Total Services & Supplies Expenditures	439,924	470,500	503,382	499,250	(4,132)	(0.8)%
Capital Expenditures						
Motorized Equipment		100,000	100,000	60,000	(40,000)	(40.0)%
Lab & Monitoring Equipment	5,850	55,500	57,801	90,000	32,199	55.7%
Total Capital Expenditures	5,850	155,500	157,801	150,000	(7,801)	(4.9)%
Total Expenditures	2,977,141	4,056,103	4,091,286	4,271,665	180,379	4.4%

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Charles Knoderer	
Program Purpose:	
Provide air quality and open burning forecasts, support for wildfire impacts, and collect, validate, analyze, and disseminate aerometric and meteorological data.	
Description of Program:	
The primary function of the Meteorological Section is to provide air quality forecasts, including open burn, and mandated Air Quality Index (AQI) forecasts, special forecasts for programs such as mandatory curtailment of wood burning, forecasts for wildfire smoke impacts, and episode/alert forecasts. Data review objectives include the validation, compilation and interpretation of meteorological and air quality data, and distribution of data to various data systems, including EPA's AQS database. Other objectives include evaluation of meteorological data for legal actions.	
Justification of Change Request:	
The Overtime Budget (51155) was increased to account for inflation and includes additional meetings to coordinate open burning with other agencies (such as CalFire and ARB) as well as additional forecast responsibilities due to increased wildfire impacts on local air quality.	
Activities	
Provide reliable and timely Air Quality forecasts to the Air District and the public on weekdays, weekends and holidays.	
Provide support for tracking and forecasting smoke plume impacts during wildfire events.	
Review prescribed and marsh burn plans. Issue the daily open burn decision to Regional, State, and National Fire Agencies and the public. Allocate and distribute burn acreage for prescribed, marsh, and Sonoma County stubble burning.	
Quality assure EPA mandated air quality data and provide to EPA within 90 days of the end of a quarter.	
Develop forecasting techniques for winter particulate and summer ozone seasons, including statistical regression equations and develop and maintain the databases these methods are based upon.	
Review air quality and meteorological data from the five oil refinery Ground Level Monitoring (GLM) Networks and evaluate Excess Reports for the Compliance & Enforcement Division regarding compliance with Air District Regulations 1 & 9.	
Respond to record requests for information on air quality and meteorological data from the public. Provide presentations for Air District functions including Board and Committee meetings, and community outreach and public information meetings.	
Major Objectives	Delivery Date
Provide daily air quality forecasts and burn acreage allocations to meet Air District needs. Provide additional support during wildfire impacts.	Ongoing
Submit quality assured air quality data to EPA's AQS Database.	Quarterly
Provide air quality, meteorological, and GLM data in electronic format to requestors.	Monthly
Review and approve smoke management plans submitted to the state's Smoke Management Program Software (PFIRS)	Ongoing
Continue improvements to databases for air quality and meteorological data.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	3.97	3.69	3.69	3.94	0.25	6.8%
Personnel Expenditures						
Permanent Salaries	630,504	574,540	574,540	657,421	82,881	14.4%
Overtime Salaries	542	7,500	7,500	7,650	150	2.0%
Payroll Taxes	9,477	8,156	8,156	9,390	1,234	15.1%
Pension Benefits	205,139	113,784	113,784	128,652	14,868	13.1%
FICA Replacement Benefits	5,938	7,523	7,523	13,609	6,086	80.9%
Group Insurance Benefits	82,971	74,428	74,428	88,153	13,725	18.4%
Transportation Subsidy	1,315	5,286	5,286	3,841	(1,445)	(27.3)%
Workers' Compensation	2,150	1,824	1,824	1,825	1	0.1%
Discretionary Contribution		40,213	40,213	41,887	1,674	4.2%
Total Personnel Expenditures	938,036	833,254	833,254	952,428	119,174	14.3%
Services & Supplies Expenditures						
Travel	3,723	17,100	17,100	15,000	(2,100)	(12.3)%
Training & Education				2,000	2,000	
Repair & Maintenance		12,000	12,000		(12,000)	(100.0)%
Communications	3,134	3,500	3,500	3,570	70	2.0%
Rents & Leases	1,044					
Professional Services	13,846	34,000	34,000	33,000	(1,000)	(2.9)%
Shop & Field Supplies		4,000	4,000	4,000		
Computer Hardware & Software	(439)	20,000	20,000	18,000	(2,000)	(10.0)%
Total Services & Supplies Expenditures	21,308	90,600	90,600	75,570	(15,030)	(16.6)%
Capital Expenditures						
Total Expenditures	959,344	923,854	923,854	1,027,998	104,144	11.3%

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Charles Knoderer	
Program Purpose:	
Provide independent performance evaluation services for the Air Monitoring Operations Section and evaluate equipment and siting for air quality monitoring performed by industry and/or their consultants within the Air District's boundaries.	
Description of Program:	
The primary function of the Performance Evaluation (PE) Section is to ensure the accuracy of data collected throughout the Air District's air monitoring network. The PE Section is also responsible for audits and data evaluation of the H2S and SO2 ground level monitors (GLMs) and operation of H2S and SO2 mobile sampling units for odor complaint investigations and episodic sampling. Provide episodic ambient air-sampling after incidents at local refineries and chemical plants. Measure pollutants significant enough to cause wide-spread complaints.	
Justification of Change Request:	
Not Applicable	
Activities	
Conduct performance evaluation audits on ambient air monitoring equipment as required by EPA and California Air Resources Board (CARB) regulations, and create accuracy records for reporting to EPA.	
Conduct performance evaluation audits on industry SO2 and H2S GLMs and prepare summary reports of the audits.	
Conduct performance evaluation audits on non-criteria pollutant monitors and prepare summary reports of the audits.	
Participate in inter-agency performance evaluation program conducted by EPA and CARB at Air District sites.	
Participate in interdivisional teams working on improving Air District regulations and the Manual of Procedures, special studies and customer service.	
Perform source-oriented sampling and mobile monitoring during complaint, odor, and episode conditions to provide data required for enforcement action. Between incidents, maintain the instruments and vehicles, as needed.	
Major Objectives	Delivery Date
Maintain the directory of information on network drives for Air District access to all Quality Assurance (QA) data and activities.	Ongoing
Maintain criteria pollutant calibration standards and calibrators to meet EPA requirements.	Ongoing
Revise Standard Operating Procedures (SOPs) to reflect changes in procedures.	Ongoing

Air Monitoring Instrument Performance Evaluation

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	3.21	3.11	3.11	3.31	0.20	6.43
Personnel Expenditures						
Permanent Salaries	437,219	422,961	422,961	527,207	104,246	24.6
Overtime Salaries	14,514	1,500	1,500	8,000	6,500	433.3
Payroll Taxes	6,424	5,988	5,988	7,517	1,529	25.5
Pension Benefits	135,616	88,702	88,702	108,298	19,596	22.1
FICA Replacement Benefits	3,999	6,346	6,346	11,411	5,065	79.8
Group Insurance Benefits	55,980	64,905	64,905	55,342	(9,563)	(14.7)
Transportation Subsidy	881	4,459	4,459	3,220	(1,239)	(27.8)
Workers' Compensation	1,478	1,538	1,538	1,530	(8)	(0.5)
Discretionary Contribution		32,989	32,989	33,558	569	1.7
Total Personnel Expenditures	656,111	629,388	629,388	756,083	126,695	20.1
Services & Supplies Expenditures						
Travel	3,581	4,289	4,289	4,375	86	2.0
Repair & Maintenance	3,037	6,400	9,228	6,528	(2,700)	(29.3)
Communications	2,545	1,500	1,500	2,600	1,100	73.3
Building Maintenance		11,250	11,250	11,250		
Utilities	569					
Professional Services	347	2,550	9,487	5,600	(3,887)	(41.0)
Shop & Field Supplies	18,959	16,535	20,057	16,865	(3,192)	(15.9)
Books & Journals		160	160	160		
Total Services & Supplies Expenditures	29,038	42,684	55,971	47,378	(8,593)	(15.4)
Capital Expenditures						
Lab & Monitoring Equipment	88,838	45,000	46,160	45,000	(1,160)	(2.5)
Total Capital Expenditures	88,838	45,000	46,160	45,000	(1,160)	(2.5)
Total Expenditures	773,987	717,072	731,519	848,461	116,942	16.0

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Charles Knoderer	
Program Purpose:	
Operate and maintain the Bay Area BioWatch network for the Federal Department of Homeland Security (DHS).	
Description of Program:	
The BioWatch Monitoring Program consists of a network of sample collection units located throughout the Bay Area. Filter media are collected and replaced on a daily basis. Exposed filter housing are delivered to an outside laboratory for analysis. The network operates 24-hours a day, 365 days a year. This program is fully funded by a Department of Homeland Security grant and any budgetary changes were made to more accurately reflect the grant request.	
Justification of Change Request:	
All funding changes are covered by the DHS grant award.	
Activities	
Operate and maintain BioWatch collection sites to provide exposed filter media for laboratory analysis.	
Provide training and contract oversight for the BioWatch program.	
Implement Consequence Management Plan for the BioWatch program.	
Major Objectives	Delivery Date
Provide oversight of facilities and equipment.	Ongoing
Assure program requirements for computer entry, sampling, and filter delivery are met.	Ongoing
Assure impacted Air Monitoring and contractor staff are notified in the event of positive results.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	0.05	0.07	0.07	0.01	(0.06)	(85.7)%
Personnel Expenditures						
Permanent Salaries	5,788	7,455	7,455	2,043	(5,412)	(72.6)%
Payroll Taxes	89	105	105	29	(76)	(72.4)%
Pension Benefits	2,547	1,562	1,562	389	(1,173)	(75.1)%
FICA Replacement Benefits	58	143	143	34	(109)	(76.2)%
Group Insurance Benefits	810	1,151	1,151	259	(892)	(77.5)%
Transportation Subsidy	13	100	100	10	(90)	(90.0)%
Workers' Compensation	20	35	35	5	(30)	(85.7)%
Discretionary Contribution		712	712	131	(581)	(81.6)%
Total Personnel Expenditures	9,325	11,263	11,263	2,900	(8,363)	(74.3)%
Services & Supplies Expenditures						
Rents & Leases	18,461	50,000	50,000	50,000		
Professional Services	1,267,262	1,465,542	1,767,170	1,512,439	(254,731)	(14.4)%
Shop & Field Supplies		10,000	10,000	10,000		
Computer Hardware & Software		2,000	2,000	2,000		
Total Services & Supplies Expenditures	1,285,723	1,527,542	1,829,170	1,574,439	(254,731)	(13.9)%
Capital Expenditures						
Total Expenditures	1,295,048	1,538,805	1,840,433	1,577,339	(263,094)	(14.3)%

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Jonathan P. Bower	
Program Purpose:	
Provide mobile, portable, and short-term air monitoring, oversight of air monitoring quality assurance, and management and development of air monitoring data storage and reporting systems.	
Description of Program:	
The Air Monitoring - Projects & Technology (AMPT) Section performs mobile, portable, and short-term air monitoring and sampling in support of various air monitoring projects. The section researches and develops tools, protocols, and procedures for testing and implementing air monitoring approaches to address a dynamic and growing list of uses cases, particularly at the community scale. AMPT is also responsible for oversight and development of regulatory data quality assurance systems and maintenance and development of data storage and reporting systems for air monitoring data by the Meteorology & Measurement Division. Major expenditures include air monitoring equipment and infrastructure, including a field office and air monitoring vans, software development, hardware purchases and support, and telecommunications for remote air monitoring.	
Justification of Change Request:	
Activities	
Required oversight and development of quality assurance (QA) systems: Includes heavy technical review, development, and implementation of QA documents and processes	
Required review and certification of air monitoring data	
Coordination with EPA, CARB, other PQAQs, and across multiple sections in M&M	
Maintenance of regulatory air monitoring data management system (DMS), including support for streaming semi-real time air monitoring data to the District website and other public datastores	
Collect ambient air quality data in focus communities using mobile or portable measurement platforms, providing high-quality, defensible data to data end users	
Continue to develop and document new monitoring approaches to achieve monitoring objectives	
Research, develop, and maintain systems for efficient and robust data collection; including hardware, software, communications, and documentation	
Provide technical input and project management for external air monitoring projects as needed	
Monitoring platform upgrades and repairs	
Major Objectives	Delivery Date
Collaborate on the development of monitoring plan and associated materials in East Oakland, and then perform air monitoring	Ongoing
Portable air monitoring platform development (e.g., portable lab, self-sustained systems): Coordination, installation of instrumentation, method development, data systems, and QA/QC	Ongoing
Scope an integrated data system for data collection, management, and review of data collected in mobile and portable air monitoring platforms	Ongoing
Work with contractor on development of a new, generalized system to ingest air monitoring (and associated) data	Ongoing
Coordinate and participate in EPA 2024 Technical Systems Audit (TSA) of the District's air monitoring network, and follow-up.	Ongoing
Ongoing tracking, coordinating, and implementing resolutions and projects proposed for M&M response to EPA 2021 TSA.	Ongoing

Air Monitoring - Projects & Technology

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	8.77	5.70	5.70	5.44	(0.26)	(4.6)%
Personnel Expenditures						
Permanent Salaries	1,210,590	854,342	854,342	889,395	35,053	4.1%
Overtime Salaries	3,772	5,000	5,000		(5,000)	(100.0)%
Payroll Taxes	17,861	12,137	12,137	12,681	544	4.5%
Pension Benefits	340,409	164,010	164,010	169,341	5,331	3.3%
FICA Replacement Benefits	11,122	11,641	11,641	18,746	7,105	61.0%
Group Insurance Benefits	155,761	116,540	116,540	123,751	7,211	6.2%
Transportation Subsidy	2,428	8,179	8,179	5,291	(2,888)	(35.3)%
Workers' Compensation	4,098	2,821	2,821	2,514	(307)	(10.9)%
Discretionary Contribution		61,696	61,696	56,645	(5,051)	(8.2)%
Total Personnel Expenditures	1,746,041	1,236,366	1,236,366	1,278,364	41,998	3.4%
Services & Supplies Expenditures						
Travel	6,254	8,000	8,000	10,500	2,500	31.3%
Training & Education	5,680	8,000	8,000	9,500	1,500	18.8%
Communications	38,975	24,500	33,140	44,500	11,360	34.3%
Rents & Leases	23,000		138,000	140,000	2,000	1.4%
Professional Services	6,925	420,500	440,500	260,500	(180,000)	(40.9)%
Shop & Field Supplies	86,424	122,500	130,367	102,500	(27,867)	(21.4)%
Computer Hardware & Software		52,975	52,975	52,975		
Stationery & Office Supplies	49	500	500	500		
Total Services & Supplies Expenditures	167,307	636,975	811,482	620,975	(190,507)	(23.5)%
Capital Expenditures						
Building & Grounds			40,000	40,000		
Lab & Monitoring Equipment	195,286		163,381		(163,381)	(100.0)%
Total Capital Expenditures	195,286		203,381	40,000	(163,381)	(80.3)%
Total Expenditures	2,108,634	1,873,341	2,251,229	1,939,339	(311,890)	(13.9)%

Managing Division:	
Meteorology & Measurement Division	
Contact Person:	
Katherine Hoag	
Program Purpose:	
Summarize, analyze, and interpret air monitoring data, design air monitoring studies and evaluate monitoring networks, and provide technical support to Air District programs and the public.	
Description of Program:	
The Air Quality Analysis Section's primary objective is to characterize regional and local air quality using observed meteorological and air quality data, including preparing air quality summaries, determining compliance with National or State ambient air quality standards, and analyzing long-term trends to assess progress. District air monitoring program support includes developing an annual summary of the Air District's fixed-site air monitoring network, and a long-term assessment of the network's effectiveness every five years. This section is also responsible for reviewing or designing studies to characterize community-scale air quality, impacts of specific sources, and providing analyses to assist developing air quality improvement strategies. This section also provides technical support to community-led air monitoring and data analysis projects.	
Justification of Change Request:	
Contract funds for Bay Air Center moved from 302 to 811 in FYE 2020	
Activities	
Analyze measurement data to improve understanding of regional and local-scale air quality to determine compliance with the NAAQS and for routine reports or in support of Air District programs and the public.	
Evaluate regulatory ambient air monitoring network with respect to meeting Federal and State requirements or other Air District priorities, coordinate with US EPA on monitoring network modifications.	
Develop or review internal and external monitoring plans and/or air quality reports.	
Provide technical support for community projects, including providing context to monitoring data and assisting community-based participatory research projects using air sensors.	
Air District coordinator for the Bay Air Center.	
Major Objectives	Delivery Date
Prepare Air Quality Data reports summarizing regional compliance with standards long-term trends, and community-level air quality assessments.	Ongoing
Prepare and submit Annual Air Monitoring Network Plan to EPA, CARB and the public.	Annually
Evaluate ambient monitoring network and seek EPA approval for changes as needed.	Ongoing
Complete exceptional event notifications or justification packages as needed, in coordination with CARB and EPA.	Ongoing
Oversight of Bay Air Center's technical support for community-led monitoring or data analysis projects	Ongoing
Work with CBE to implement EPA ARP Grant to design and implement source-oriented community monitoring in East Oakland; perform contract management for EPA grant	Ongoing

Ambient Air Quality Analysis

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	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	5.15	5.06	5.06	3.06	(2.00)	(39.53)%
Personnel Expenditures						
Permanent Salaries	804,363	805,961	805,961	518,886	(287,075)	(35.62)%
Overtime Salaries	907	200	200	1,000	800	400.00%
Payroll Taxes	11,680	11,468	11,468	7,423	(4,045)	(35.27)%
Pension Benefits	229,505	154,965	154,965	98,470	(56,495)	(36.46)%
FICA Replacement Benefits	7,277	10,326	10,326	10,553	227	2.20%
Group Insurance Benefits	101,993	91,581	91,581	67,638	(23,943)	(26.14)%
Transportation Subsidy	1,606	7,255	7,255	2,978	(4,277)	(58.95)%
Workers' Compensation	2,698	2,503	2,503	1,415	(1,088)	(43.47)%
Discretionary Contribution		55,456	55,456	33,073	(22,383)	(40.36)%
Total Personnel Expenditures	1,160,029	1,139,715	1,139,715	741,436	(398,279)	(34.95)%
Services & Supplies Expenditures						
Travel	10,803	19,000	24,000	39,000	15,000	62.50%
Training & Education		1,000	1,000	5,500	4,500	450.00%
Communications	4,757	1,500	1,500	3,000	1,500	100.00%
Printing & Reproduction				500	500	
Professional Services	153,904	565,000	687,970	1,721,200	1,033,230	150.19%
Computer Hardware & Software	2,762	20,000	15,000	10,000	(5,000)	(33.33)%
Stationery & Office Supplies		2,000	2,000		(2,000)	(100.00)%
Books & Journals		2,000	2,000	2,000		
Minor Office Equipment				2,000	2,000	
Total Services & Supplies Expenditures	172,226	610,500	733,470	1,783,200	1,049,730	143.12%
Capital Expenditures						
Total Expenditures	1,332,255	1,750,215	1,873,185	2,524,636	651,451	34.78%

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Planning & Climate Protection Division

The Planning and Climate Protection Division prepares plans to meet State and Federal air quality standards, leads and implements climate protection activities, and develops and implements local community emissions reduction plans per Assembly Bill 617 (AB 617). Staff partner with other Divisions to understand and address local and regional toxic air contaminants, criteria pollutants including fine particulate matter, and greenhouse gas emissions. Staff advance local and regional environmental justice by providing support for General Plan Environmental Justice Element development and implementation (per SB 1000); centering equity in climate action planning; and developing and delivering plan and policy resources such as model ordinances, technical resources, and best practices to accelerate action. Staff will continue supporting local lead agencies, regional agencies, and others in applying the Air District CEQA Thresholds and using updated Guidelines to ensure plans and projects are protective of local health and reduce climate impacts.

Managing Division:	
Planning & Climate Protection Division	
Contact Person:	
Alison Kirk	
Program Purpose:	
Program 602 Merged with Program 605	
Description of Program:	
Program 602 Merged with Program 605	
Justification of Change Request:	
Activities	
Major Objectives	Delivery Date
Track and prioritize CEQA projects for review and provide outcome-oriented comments to lead agencies in coordination with other Divisions.	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	7.75	4.88	4.88		(4.88)	(100.0)%
Personnel Expenditures						
Permanent Salaries	1,263,893	748,496	748,496		(748,496)	(100.0)%
Overtime Salaries	100					
Temporary Salaries	14,231					
Payroll Taxes	18,548	10,670	10,670		(10,670)	(100.0)%
Pension Benefits	382,915	159,619	159,619		(159,619)	(100.0)%
FICA Replacement Benefits	11,498	9,959	9,959		(9,959)	(100.0)%
Group Insurance Benefits	161,137	96,474	96,474		(96,474)	(100.0)%
Transportation Subsidy	2,545	6,997	6,997		(6,997)	(100.0)%
Workers' Compensation	4,270	2,414	2,414		(2,414)	(100.0)%
Discretionary Contribution		53,048	53,048		(53,048)	(100.0)%
Total Personnel Expenditures	1,859,137	1,087,677	1,087,677		(1,087,677)	(100.0)%
Services & Supplies Expenditures						
Travel	1,304	4,100	4,596		(4,596)	(100.0)%
Training & Education	600	3,000	3,000		(3,000)	(100.0)%
Communications	6,726					
Printing & Reproduction		11,000	6,000		(6,000)	(100.0)%
Professional Services	43,171	200,000	444,153		(444,153)	(100.0)%
Stationery & Office Supplies	182	500	993		(993)	(100.0)%
Total Services & Supplies Expenditures	51,983	218,600	458,742		(458,742)	(100.0)%
Capital Expenditures						
Total Expenditures	1,911,120	1,306,277	1,546,419		(1,546,419)	(100.0)%

Managing Division:	
Planning & Climate Protection Division	
Contact Person:	
Alison Kirk	
Program Purpose:	
Prepare and implement plans to attain and maintain State and National ambient air quality standards and address disproportionate local air pollution impacts. Provide direct support to local and regional governments to address air quality in overburdened and frontline communities.	
Description of Program:	
This program prepares and implements regional plans to attain or maintain State and National air quality standards and works closely with partners to reduce local emissions and exposure to fine particulate matter and toxic air contaminants in overburdened communities. The program provides direct support to regional and local governments, community partners, and other stakeholders on the development and implementation of air quality plans, policies, and projects; local land use and transportation plans, policies, and projects; and environmental project review (CEQA).	
Justification of Change Request:	
Activities	
Lead development and implementation of regional air quality plans in collaboration with all Divisions, MTC, ABAG, BARC, and local entities.	
Track, review and comment on new or revised ambient air quality standards; prepare analyses, plans, and documentation to meet requirements.	
Support local governments and their community partners develop and implement plans and policies to improve air quality and address health inequity and environmental injustice.	
Create and disseminate accessible and relevant air quality planning and policy tools, guidance, and resources to support regional and local governments, practitioners and community partners.	
Comment on priority CEQA projects, maintain and update CEQA Thresholds and Guidelines as necessary.	
Participate in MTC's Air Quality Conformity Task Force and provide consultation to Federal agencies on general conformity.	
Major Objectives	Delivery Date
Develop and coordinate efforts to prepare analyses, plans, and documentation to meet requirements of new or revised ambient air quality standards.	Ongoing
Maintain an easy-to-use virtual repository of air quality, CEQA, transportation and land use planning and policy tools and resources.	Ongoing
Work with local governments and their community partners to incorporate environmental justice and health equity into plans, policies, programs and projects.	Ongoing
Provide technical support and assistance to CEQA lead agencies, local governments and community partners.	Ongoing
Track and prioritize CEQA projects for review and provide outcome-oriented comments to lead agencies.	Ongoing

Implement Plans, Policies and Measures

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	5.39	3.98	3.98	7.06	3.08	77.4%
Personnel Expenditures						
Permanent Salaries	802,467	624,718	624,718	1,211,401	586,683	93.9%
Overtime Salaries	201	4,000	4,000		(4,000)	(100.0)%
Payroll Taxes	11,820	8,921	8,921	17,427	8,506	95.3%
Pension Benefits	237,588	133,079	133,079	247,699	114,620	86.1%
FICA Replacement Benefits	7,321	8,122	8,122	24,325	16,203	199.5%
Group Insurance Benefits	102,655	84,054	84,054	150,835	66,781	79.5%
Transportation Subsidy	1,612	5,707	5,707	6,865	1,158	20.3%
Workers' Compensation	2,710	1,969	1,969	3,262	1,293	65.7%
Discretionary Contribution		43,480	43,480	77,232	33,752	77.6%
Total Personnel Expenditures	1,166,374	914,050	914,050	1,739,046	824,996	90.3%
Services & Supplies Expenditures						
Travel	4,507	3,800	3,305	7,900	4,595	139.0%
Training & Education	2,320	5,000	10,000	8,500	(1,500)	(15.0)%
Printing & Reproduction		600	600	1,500	900	150.0%
Professional Services	14,600	185,000	434,231	375,000	(59,231)	(13.6)%
Computer Hardware & Software	800	1,000	1,300	1,000	(300)	(23.1)%
Stationery & Office Supplies		500	500	1,000	500	100.0%
Total Services & Supplies Expenditures	22,227	195,900	449,936	394,900	(55,036)	(12.2)%
Capital Expenditures						
Total Expenditures	1,188,601	1,109,950	1,363,986	2,133,946	769,960	56.4%

Managing Division:	
Planning & Climate Protection Division	
Contact Person:	
Abby Young	
Program Purpose:	
Prepare regional plans to accelerate climate pollutant reductions, center equity, protect public health, and address disproportionate impacts. Provide direct support to local and regional governments and their community partners to address climate impacts in overburdened and frontline communities through planning, policies, and projects. Lead and support integration of climate protection into Air District programs. Partners with local, regional, and State agencies, community organizations, and other stakeholders to advance climate protection efforts.	
Description of Program:	
This program works to accelerate the reduction of climate pollutants while advancing equity, protecting public health, and addressing disproportionate criteria and toxic air pollution emissions in overburdened and frontline communities. Program staff work in collaboration with other Divisions to integrate climate protection into Air District programs including rule development and implementation, community health protection planning (AB 617), and emissions inventory and measures estimating. The program both leads and partners on regional efforts to decarbonize existing buildings, and actively participates in statewide building decarbonization efforts. Program staff provide leadership, technical support, and resources to advance regional, local and statewide climate protection planning and policy efforts that center equity, health and air pollution co-benefits. Program staff provide guidance to local governments in developing and implementing equitable climate action plans, GHG reduction strategies, and CEQA climate impact analysis and mitigation.	
Justification of Change Request:	
Not Applicable	
Activities	
Lead the development and implementation of regional climate protection plans that center equity and focus on health protection and air pollution co-benefits.	
Lead the expansion and acceleration of regional efforts to decarbonize existing buildings.	
Provide guidance and support to local governments developing and implementing climate action plans, policies, and projects.	
Support partner implementation of asthma mitigation, energy efficiency enhancements, and electrification in at-risk households.	
Support statewide and local government efforts to decarbonize buildings.	
Lead the implementation of the Diesel Free By '33 initiative.	
Integrate climate protection into Air District programs through partnership and collaboration.	
Provide climate protection leadership through convening events, and providing networking opportunities for local governments and stakeholders to share and exchange information.	
Major Objectives	Delivery Date
Support Air District climate protection efforts by tracking, assessing, and disseminating the latest GHG science and studies.	Ongoing

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	6.23	6.69	6.69	8.35	1.66	24.8%
Personnel Expenditures						
Permanent Salaries	1,004,180	1,112,208	1,112,208	1,441,392	329,184	29.6%
Overtime Salaries	1,704					
Temporary Salaries	9,393					
Payroll Taxes	14,867	15,890	15,890	20,564	4,674	29.4%
Pension Benefits	306,577	221,214	221,214	283,844	62,630	28.3%
FICA Replacement Benefits	9,284	13,652	13,652	28,749	15,097	110.6%
Group Insurance Benefits	129,807	136,273	136,273	182,374	46,101	33.8%
Transportation Subsidy	2,182	9,593	9,593	8,114	(1,479)	(15.4)%
Workers' Compensation	3,393	3,309	3,309	3,855	546	16.5%
Discretionary Contribution		74,026	74,026	91,908	17,882	24.2%
Total Personnel Expenditures	1,481,387	1,586,165	1,586,165	2,060,800	474,635	29.9%
Services & Supplies Expenditures						
Travel	3,562	10,410	10,410	10,410		
Training & Education	4,767	6,900	6,900	6,900		
Communications	1,071					
Printing & Reproduction	278	1,200	1,200	1,200		
Professional Services	135,626	446,000	979,474	445,000	(534,474)	(54.6)%
Stationery & Office Supplies	161	500	500	500		
Books & Journals		100	100	100		
Minor Office Equipment		200	200	200		
Total Services & Supplies Expenditures	145,465	465,310	998,784	464,310	(534,474)	(53.5)%
Capital Expenditures						
Total Expenditures	1,626,852	2,051,475	2,584,949	2,525,110	(59,839)	(2.3)%

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Rules Division

The Rules Division is responsible for the development of regulations to implement Air District plans to attain federal and State air quality standards, and to protect public health. In addition to development of rules derived from planning documents, staff assists with the preparation of air quality plans. Other measures are developed under the direction of the Board of Directors to further protect public health and safety and reduce emissions of greenhouse gases. In addition, staff reviews existing regulations and develops revisions to improve clarity, efficiency and effectiveness. For each control measure, staff assesses potential emission reductions, technological feasibility, socioeconomic impacts, cost-effectiveness, and environmental impacts under CEQA. Staff conducts public workshops and other public involvement processes, prepares staff reports, and makes presentations and recommendations to the Board of Directors at public hearings and committee meetings. Staff also manages and coordinates the rule development process for other Divisions.

Managing Division:	
Rules Division	
Contact Person:	
David Joe	
Program Purpose:	
The primary purpose of this program is to develop and propose emissions reductions strategies to reduce air pollutant emissions in the Bay Area.	
Description of Program:	
The Rule Development Program is responsible for evaluating sources for potential emissions control strategies and the development of regulations to attain Federal and State air quality standards, and to protect public health. In addition, staff reviews existing regulations and develops revisions to improve clarity, efficiency and effectiveness.	
Justification of Change Request:	
Not Applicable	
Activities	
Continue to support the Implementation Working Group (IWG), which is a multiple stakeholder working group to support implementation of the amended Building Appliances Rules 9-4 and 9-6.	
Continue supporting AB 617 communities as they develop Community Emission Reduction Plans by providing staff resources to help the Steering Committee develop and prioritize emissions reduction measures	
Continue developing amendments to Regulation 11: Hazardous Pollutants, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities (11-18) to streamline and expedite regulatory implementation.	
Complete regulatory amendments to various rules to reduce fugitive dust emissions.	
Complete regulatory amendments to Regulation 6: Particulate Matter, Rule 4: Metal Recycling and Shredding Operations (Rule 6-4).	
Continue developing amendments to Regulation 6: Particulate Matter, Rule 3: Wood-Burning Devices (Rule 6-3).	
Develop a white paper on commercial cooking.	
Develop a white paper on autobody repair.	
Following approval of the Richmond-North Richmond-San Pablo Community Emissions Reduction Plan (CERP) by the California Air Resources Board, begin work on two white papers for sources identified as high priority for rulemaking in the CERP.	
Perform new source evaluations (white papers) as resources allow.	
Prioritize and begin work, as resources allow, on other minor rulemaking efforts to increase enforceability and efficiency of existing Air District rules and regulations.	
Major Objectives	Delivery Date
Finalize amendments to various rules to reduce fugitive dust emissions.	June 2025
Finalize amendments to Rule 6-4 on metal shredding operations.	June 2025
Finalize amendments to Rule 11-18	June 2025
Complete white paper on commercial cooking	December 2024
Complete white paper on autobody repair	June 2025

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	9.61	8.78	8.78	11.12	2.34	26.7%
Personnel Expenditures						
Permanent Salaries	1,563,616	1,439,257	1,439,257	1,936,988	497,731	34.6%
Overtime Salaries	19,409			16,000	16,000	
Temporary Salaries	5,302					
Payroll Taxes	23,222	20,656	20,656	27,890	7,234	35.0%
Pension Benefits	539,616	292,132	292,132	380,722	88,590	30.3%
FICA Replacement Benefits	14,513	17,917	17,917	38,277	20,360	113.6%
Group Insurance Benefits	203,235	173,523	173,523	267,026	93,503	53.9%
Transportation Subsidy	3,247	12,589	12,589	10,803	(1,786)	(14.2)%
Workers' Compensation	5,283	4,343	4,343	5,133	790	18.2%
Discretionary Contribution		96,843	96,843	123,532	26,689	27.6%
Total Personnel Expenditures	2,377,443	2,057,260	2,057,260	2,806,371	749,111	36.4%
Services & Supplies Expenditures						
Travel	494	13,000	13,000	9,500	(3,500)	(26.9)%
Training & Education	595	10,000	11,000	12,000	1,000	9.1%
Printing & Reproduction	1,834	22,000	22,000	22,000		
Professional Services	135,682	401,000	893,213	540,000	(353,213)	(39.5)%
Shop & Field Supplies		500	500	500		
Computer Hardware & Software		3,000	3,000	4,000	1,000	33.3%
Stationery & Office Supplies	14	500	500	250	(250)	(50.0)%
Books & Journals		500	500	250	(250)	(50.0)%
Total Services & Supplies Expenditures	138,619	450,500	943,713	588,500	(355,213)	(37.6)%
Capital Expenditures						
Total Expenditures	2,516,062	2,507,760	3,000,973	3,394,871	393,898	13.1%

Program 10: General Fund Program Distributions

The monitoring and tracking of expenditures related to General Fund Program Distributions is managed through a dedicated account called Program 10. This separation allows Divisions and Finance staff to effectively oversee spending on special projects apart from the normal operating program budgets. Furthermore, it enables the Finance Office to reconcile actual expenses with the allocated budget amounts. These allocations cater to various programs and initiatives, with some requiring multiple years for expenditure.

The Fiscal Year 2024-2025 Program 10 General Fund Program Distribution encompasses two programs within the Air District's Wildfire Air Quality Response Program:

The Home and School Air Filtration Program (HSAFP) was approved by the Board of Directors in July 2022 using \$1,000,000 in General Fund Reserves to support impacted communities that are vulnerable to wildfire smoke by distributing home air filtration units and filter replacements and providing air filtration upgrades to elementary schools in Richmond and San Pablo. Program partners include the Public Health Institute's ± Regional Asthma Management and Prevention (RAMP), Bay Area organizations in the California Asthma Mitigation Project (AMP), federally qualified health centers, James Cary Smith Community Grantees, and other community-based organizations partners in AB 617 communities, impacted communities and those serving outdoor workers, IQAir and West Contra Costa Unified School District.

The Board of Directors in June 2021 approved \$250,000 for staff to work with air filter manufacturers to purchase home air filters for the Home Air Filtration Program and a \$100,000 MOU agreement for a pilot program with RAMP and AMP partners to distribute air filters with the AMP partners to clients with asthma or other lung condition.

The Board of Directors in September 2021 approved an additional \$100,000 to expand the program to reach all Bay Area Counties under the Executive Officer's expenditure authority and to seek additional partners in Solano, Marin, and Napa.

The Board of Directors in November 2023 approved staff to reallocate remaining Wildfire Mitigation Designation funds towards any of the partners and project categories and to expand eligibility to any clients of partners, eliminating the need for a lung condition, and any JCS Community Grantee.

The Wildfire Management Office Emergency Supplies (WMOES) was approved by the Board of Directors in July 2021 \$1,000,000 General Fund Reserves for Air District to provide heavy-duty portable air filtration units for regional emergency management authorities throughout the San Francisco Bay Area to help communities prepare for wildfire smoke that have the potential to impact air quality in entire regions for consecutive days.

The following is the projected spending plan for the programs:

Programs	Authorized Amount	YTD Spending as of 06/30/2023	FY24 Projected Spending	FY2025 Projected Spending	Division	Program
HSAFP	1,350,000	619,706	72,439	657,855	Community Engagement	302
WMOES	1,000,000	628,981	78,072	292,946	Compliance & Enforcement	401

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Special Revenue Fund Program Narratives and Expenditure Details

SPECIAL REVENUE FUND

The Air District's Special Revenue works to support the Air District's mission of improving air quality, protecting public health, and protecting the global climate. The Special Fund revenue is principally derived from state and federal agency grants (e.g., from the California Air Resources Board and US Environmental Protection Agency), Department of Motor Vehicle Registration fees, settlement agreements, environmental mitigation fees, bond sales, and the Bay Area Clean Air Foundation.

The Air District uses monies from these revenue sources to fund a variety of programs and projects that complement its regulatory and enforcement activities: grant and incentive programs for public agencies businesses, community groups, and residents, community outreach and engagement efforts, air quality monitoring and analysis, commuter benefits and Spare the Air programs, mobile source and anti-idling enforcement activities, and others. Air District staff administrative costs related to the implementation of Air District sponsored projects and programs are mainly provided for by the revenue source. A list of the main sources of revenue is listed below and a description of the programs funded by these sources is found in the section that follows:

- California Air Resources Board
- Transportation Fund for Clean Air (TFCA)
- Mobile Source Incentive Fund (MSIF)
- Carl Moyer Program (CMP)
- Community Air Protection Program (CAP)
- Volkswagen Environmental Mitigation Trust (VW Trust)
- Funding Agricultural Replacement Measures for Emission Reductions (FARMER)
- US Environmental Protection Agency
- California Goods Movement I-Bond (CGMB)
- Ocean-Going Vessel At-berth Remediation Fund (OGV Remediation Fund)
- Bay Area Clean Air Foundation
- Settlement funds

SERVICE AREA - ENGINEERING & COMPLIANCE

Managing Division:	
Compliance & Enforcement Division	
Contact Person:	
Tracy Lee	
Program Purpose:	
Conduct enhanced inspection patrols to report smoking vehicles and to promote repair or retirement of these vehicles for the protection of public health. Conduct enhanced inspections to enforce drayage truck and related truck/mobile source regulations at, and adjacent to, the Port of Oakland.	
Description of Program:	
<p>The enhanced mobile source inspection program is conducted to reduce particulate matter (PM) emissions throughout the Bay Area, and of PM and other emissions specifically at, and adjacent to, the Port of Oakland. Enhanced enforcement patrols are conducted for smoking vehicles. All Air District inspectors patrol for smoking vehicles on the road, between performing inspections and answering complaints. Smoking vehicles are reported to Air District dispatchers and owner information is extracted from Department of Motor Vehicles (DMV) records. Letters and other compliance assistance materials are sent to owners to request that they repair or retire the respective vehicles.</p> <p>Enhanced enforcement of the truck/mobile source regulations is conducted at, and adjacent to, the Port of Oakland. Enhanced patrols and enforcement are conducted to ensure that excess idling does not occur. Compliance checks of portable equipment are also conducted to ensure compliance with State regulations. Compliance assistance materials are developed and outreach is conducted regarding specific regulatory requirements, including any compliance deadlines and the availability of Air District grants and incentives.</p>	
Justification of Change Request:	
None.	
Activities	
Smoking Vehicles: Conduct inspection patrols for smoking vehicles. Vehicle owners are identified using DMV records. Notification letters are sent to vehicle owners to inform them of the vehicle's excess emissions and to request that they repair the vehicle or contact assistance programs to retire the vehicle.	
Port Trucks Compliance Assurance: Conduct enhanced mobile source inspections at and adjacent to the Port of Oakland for compliance with the State DTR and related truck/mobile source regulations. Additional inspections are conducted and targeted at ensuring upgrades and modifications to engine model year 2010 and newer trucks in compliance with the requirements of Phase 1 and Phase 2 of the California Air Resources Board's DTR. Additional focused inspections are conducted for compliance with dray-off provisions of the regulation and to ensure that non-compliant trucks do not enter the Port. Air District staff also verify compliance with State mobile source regulations pursuant to the Air District's Mobile Source Compliance Plan.	
Port Trucks Enforcement: Conduct investigations and inspections, issue and process Notice of Violations for trucks and other mobile sources found in non-compliance.	
Port Trucks Compliance Assistance: Develop fact sheets, posters and other outreach materials to provide to Port operators and truckers on regulatory requirements, upcoming compliance dates and the availability of Air District grants. Develop compliance assistance materials for related mobile source regulatory requirements. Provide compliance assistance during inspections and following enforcement actions; provide bilingual assistance where needed. Identify and translate compliance assistance materials. Participate in Trucker Workgroup meetings at the Port, as needed.	
Major Objectives	Delivery Date
Not applicable.	Ongoing

Enhanced Mobile Source Inspections (TFCA)

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Personnel Expenditures						
Services & Supplies Expenditures						
Communications	2,271	3,000	3,000	3,000		
Postage		4,000	4,000	4,000		
Printing & Reproduction	9,035	8,500	9,195	8,500	(695)	(7.56)
Total Services & Supplies Expenditures	11,306	15,500	16,195	15,500	(695)	(4.29)
Capital Expenditures						
Total Expenditures	11,306	15,500	16,195	15,500	(695)	(4.29)

Commuter Benefits Program (TFCA)

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Managing Division:	
Compliance & Enforcement Division	
Contact Person:	
Tracy Lee	
Program Purpose:	
Implementation of the Commuter Benefits Program, per the requirements of Air District Regulation 14-1.	
Description of Program:	
As part of the implementation of the Commuter Benefits Program, staff plans to continue performing education, outreach, monitoring and tracking of approximately 10,000 Bay Area employers subject to the Program. Enforcement actions will be taken as appropriate.	
Justification of Change Request:	
None.	
Activities	
Perform outreach to affected employers.	
Continue education campaign for affected employers.	
Perform tracking and monitoring of program.	
Facilitate data reporting and storage for affected employers.	
Coordinate activities with Metropolitan Transportation Commission's 511.org.	
Prepare and implement a compliance and enforcement system.	
Major Objectives	Delivery Date
Conduct outreach and education.	Ongoing
Prepare and implement a compliance and enforcement system.	Ongoing

Commuter Benefits Program (TFCA)

319

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Personnel Expenditures						
Services & Supplies Expenditures						
Travel		6,000	6,000	6,000		
Postage		5,000	5,000	5,000		
Total Services & Supplies Expenditures		11,000	11,000	11,000		
Capital Expenditures						
Total Expenditures		11,000	11,000	11,000		

SERVICE AREA - EQUITY & COMMUNITY PROGRAMS

Special Revenue Fund

Community Engagement

The Community Engagement Office is the Air District's main point of contact with the public and engages the public in Air District programs and policies. Community Engagement staff collaborate with diverse communities and other partners to advance public health, equity, and environmental justice in the Bay Area. To that end, staff work with community members and other partners to increase community awareness and transparency of air quality issues, build capacity, implement community-identified solutions, and increase opportunities for the public to participate in Air District decision-making. Community Engagement staff particularly seek opportunities for communities that have been historically excluded, discriminated against, under-represented, or under-resourced to participate and shape Air District decisions.

Managing Division:	
Community Engagement Division	
Contact Person:	
Anna Lee	
Program Purpose:	
This program will implement a Supplemental Environmental Project (SEP) funded by the California Air Resources Board (CARB). The goal of the program is to provide high efficiency indoor air filtration systems in some of the most impacted communities in the Bay Area.	
Description of Program:	
In 2018 the Air District applied for a Supplemental Environmental Project grant from CARB and received \$2,000,000 to provide air filtration systems at sensitive receptor facilities in disproportionately impacted and disadvantaged communities in the Bay Area. The program will focus on providing filtration to public elementary schools in priority communities identified through AB 617. The Air District will manage a contract to support installation and maintenance of air filtration systems.	
Justification of Change Request:	
Program fund expended. not continue in FY 2025	
Activities	
Major Objectives	Delivery Date

Community Engagement - Special Project (Other Grant)

325

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
<i>Personnel Expenditures</i>						
<i>Services & Supplies Expenditures</i>						
Professional Services	99,958					
Total Services & Supplies Expenditures	99,958					
<i>Capital Expenditures</i>						
Total Expenditures	99,958					

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Special Revenue Fund

- Strategic Incentive Division

The Strategic Incentives Division works to achieve early emissions reductions and accelerate adoption of cleanest-available technology through the administration of voluntary incentive programs to help fleet owners to replace older highly polluting vehicles and equipment with cleaner and zero-emissions technology. This work involves the oversight and administration of Special Revenue funds from federal, state, and local sources to offer incentives that target the clean-up of mobile sources in the marine, goods movement, industrial, transportation, and agricultural sectors, implementation of trip reduction strategies such as the installation of new bikeways and secure bike parking, and the change-out residential wood-burning stoves. The programs are designed to fund projects that reduce emissions and exposure in areas where communities have been most affected by air pollution. In FYE 2025, the team will be working to award over \$100 million in new Special Revenue-funded programs and active projects that were previously awarded over the past 10 years.

Special Revenue Fund sources are used to pay for direct project costs (grant awards) and associated Air District administrative costs. These revenue sources include the Carl Moyer Program, Community Air Protection ± Incentive Program, Transportation Fund for Clean Air Fund, Mobile Source Incentive Fund, Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program, Environmental Protection Agency Targeted Airshed Program (EPA TAG), settlement funds, monies that are received from the Bay Area Clean Air Foundation, and other miscellaneous sources.

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Alona Davis	
Program Purpose:	
Under the Carl Moyer Program (CMP), Community Air Protection (CAP) Incentives program, Ocean-Going Vessel (OGV) At-berth Remediation Fund, and Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program, the Air District provides grants for eligible projects that reduce emissions and community exposure to diesel exhaust and other pollutants, primarily from mobile sources.	
Description of Program:	
<p>This program administers funding that is awarded from the California Air Resources Board (CARB), including the CMP, CAP Incentives, Ocean-Going Vessel At-berth Remediation Fund, and FARMER Program under the State's guidelines that govern each program. Annually, new revenue from each of these incentive programs is awarded to the Air District, who administers both new and prior-year revenue under this Program (#307).</p> <p>The program prioritizes most of the funding for projects that provide emissions and exposure reductions in the Bay Area's most impacted communities and supports the strategies in AB 617 community emission reduction plans. Under these programs, eligible projects include the replacement of older polluting heavy- and medium-duty vehicles and equipment (such as trucks, buses, off-road equipment, marine vessels, and locomotives) with cleaner alternatives including zero-emission technologies. Funding may also be used to provide grants for the installation of recharging and refueling infrastructure that support zero-emission equipment and vehicles and other project types that have been approved by CARB. During FYE 2025 the Air District will also continue initiatives to upgrade its data systems needed to intake and process applications, store documentation, and report results, and work with CARB to revise guidelines to create more effective programs.</p>	
Justification of Change Request:	
Not applicable.	
Activities	
Update program policies and procedures, guidance materials, and administrative operating procedures; develop solicitation packages; conduct outreach.	
Evaluate project applications, prepare recommendations for award of eligible projects for BOD approval, prepare contracts and amendments.	
Monitor projects, inspect, and audit programs and projects to assure compliance with guidelines, policies, and regulatory requirements; process reimbursement requests; maintain documentation.	
Prepare and submit reports to CARB; liaise with CARB on contract and guideline requirements.	
Prepare technical, financial, and staff reports, attend meetings, and participate in external audits.	
Coordinate with IT contractors to develop, enhance, and maintain data management systems.	
Develop a lawn and garden program and/or other program in support of community emission reduction plan strategies.	
Major Objectives	Delivery Date
Submit reports to CARB on the District's implementation of the CMP (annually), CAP and FARMER (semi-annually), and OGV At-Berth Fund (as needed)	Annually
Finalize policies and procedures for the new CMP funding cycle, consistent with CARB guidelines.	August 2024
Open a first-come first serve solicitation for equipment replacement and supporting infrastructure projects.	January 2025
Open a competitive zero-emission infrastructure solicitation.	June 2025
Meet funding source disbursement and liquidation deadlines, and priority area targets.	June 2025
Conduct RFP, bring recommendation to Board, execute a contract with selected contractor to start work on a new data management system.	June 2025

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	15.04	16.21	16.21	12.58	(3.63)	(22.4)
Personnel Expenditures						
Permanent Salaries	1,952,440	2,176,518	2,176,518	1,778,906	(397,612)	(18.27)
Overtime Salaries	431					
Payroll Taxes	28,856	30,845	30,845	25,205	(5,640)	(18.28)
Pension Benefits	612,949	437,689	437,689	351,990	(85,699)	(19.58)
FICA Replacement Benefits	17,975	33,065	33,065	43,311	10,246	30.99
Group Insurance Benefits	250,851	299,753	299,753	271,198	(28,555)	(9.53)
Transportation Subsidy	3,993	23,233	23,233	12,224	(11,009)	(47.39)
Workers' Compensation	6,596	8,014	8,014	5,808	(2,206)	(27.53)
Discretionary Contribution		171,459	171,459	112,915	(58,544)	(34.14)
Total Personnel Expenditures	2,874,091	3,180,576	3,180,576	2,601,557	(579,019)	(18.20)
Services & Supplies Expenditures						
Travel	3,060	20,000	20,000	11,550	(8,450)	(42.25)
Training & Education	46	17,000	17,000	13,500	(3,500)	(20.59)
Communications	1,566	5,000	5,000	5,000		
Postage				1,000	1,000	
Printing & Reproduction		3,000	3,000	3,000		
Professional Services	129,821	365,500	523,993	150,500	(373,493)	(71.28)
Shop & Field Supplies	145	2,000	2,000	2,800	800	40.00
Computer Hardware & Software		13,000	13,000	7,000	(6,000)	(46.15)
Stationery & Office Supplies		1,000	1,000	2,000	1,000	100.00
Books & Journals		500	500	500		
Minor Office Equipment		5,000	5,000	2,500	(2,500)	(50.00)
Total Services & Supplies Expenditures	134,638	432,000	590,493	199,350	(391,143)	(66.24)
Capital Expenditures						
Transfer In/Out	100,000					
Total Expenditures	3,108,729	3,612,576	3,771,069	2,800,907	(970,162)	(25.73)

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Minda Berbeco	
Program Purpose:	
Administer motor vehicle registration fee surcharge revenues to reduce on-road vehicle emissions.	
Description of Program:	
<p>In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within its jurisdiction to fund projects that reduce on-road motor vehicle emissions. The Air District allocates these funds to eligible projects through its Transportation Fund for Clean Air (TFCA) program and a portion of the funds collected are expended for administrative purposes. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242. Sixty percent of the funds are awarded to eligible projects within the Air District and to Air District-sponsored programs (e.g., Spare the Air). The remaining 40% is forwarded to the nine designated Bay Area county transportation agencies and distributed through the TFCA 40% Fund program (also referred to as the County Program Manager Fund).</p> <p>The TFCA provides grants to reduce emissions of criteria pollutants through the implementation of eligible trip reduction projects and clean-air vehicle- based projects.</p>	
Justification of Change Request:	
Not applicable.	
Activities	
Prepare recommendations for updates to program policies and funding allocation for consideration by the Board of Directors; update program guidance and administrative operating procedures; and develop solicitation packages and conduct outreach.	
Review and evaluate project applications to determine their eligibility, and prepare recommendations for award of eligible projects for approval by the Board of Directors.	
Prepare contracts, amendments, and correspondence; review progress reports and monitor projects, inspect, and audit programs and projects to assure compliance with District policies and statutory requirements; process reimbursement requests; and ensure project files are complete and up to date.	
Prepare technical, financial, and staff reports and attend meetings.	
Major Objectives	Delivery Date
Conduct outreach, review applications, and obtain Board of Directors approval for eligible projects; and execute agreements with grantees for the 60% Fund and the designated County agencies for the 40% Fund for the next cycle of funding.	Ongoing
Complete updates to the FYE 2026 TFCA 40% Fund policies for Board of Directors consideration and distribute guidance and application package to Program Managers.	December 2024
Prepare FYE 2024 TFCA Report on Expenditures and Effectiveness.	December 2024
Conduct audit of TFCA funded projects and programs completed by 6/30/23.	December 2024
Obtain Board of Director approval of proposed FYE 2026 expenditure reports and execute funding agreements with the nine designated county agencies.	June 2025

Transportation Fund for Clean Air Administration (TFCA)

308

	Audited Program Actual 2023	Approved Program Budget 2024	Amended Program Budget 2024	Proposed Program Budget 2025	FTE/Dollar Change \$	Percent Change %
Number of Positions (FTE)	4.00	4.72	4.72	5.37	0.65	13.8
Personnel Expenditures						
Permanent Salaries	532,155	623,426	623,426	794,907	171,481	27.51
Overtime Salaries	422					
Payroll Taxes	8,032	8,851	8,851	11,342	2,491	28.14
Pension Benefits	173,491	124,934	124,934	159,014	34,080	27.28
FICA Replacement Benefits	5,035	9,633	9,633	18,494	8,861	91.99
Group Insurance Benefits	70,129	87,342	87,342	116,679	29,337	33.59
Transportation Subsidy	1,124	6,768	6,768	5,220	(1,548)	(22.87)
Workers' Compensation	1,798	2,335	2,335	2,480	145	6.21
Discretionary Contribution		49,787	49,787	50,513	726	1.46
Total Personnel Expenditures	792,186	913,076	913,076	1,158,649	245,573	26.90
Services & Supplies Expenditures						
Travel	82	15,000	15,000	11,500	(3,500)	(23.33)
Training & Education		7,000	7,000	11,500	4,500	64.29
Communications	1,093	2,500	2,500	3,000	500	20.00
Postage				500	500	
Printing & Reproduction		1,000	1,000	1,000		
Professional Services	140,892	398,999	494,531	254,000	(240,531)	(48.64)
Shop & Field Supplies		500	500	3,000	2,500	500.00
Computer Hardware & Software		6,000	7,520	7,000	(520)	(6.91)
Stationery & Office Supplies	218	500	500	1,000	500	100.00
Books & Journals		450	450	440	(10)	(2.22)
Minor Office Equipment		2,500	2,553	5,000	2,447	95.85
Total Services & Supplies Expenditures	142,285	434,449	531,554	297,940	(233,614)	(43.95)
Capital Expenditures						
Transfer In/Out	393,089	357,920	357,920	180,911	(177,009)	(49.45)
Total Expenditures	1,327,560	1,705,445	1,802,550	1,637,500	(165,050)	(9.16)

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Minda Berbeco	
Program Purpose:	
Administer funding from motor vehicle surcharge revenues, authorized by AB 923, for emission reduction projects.	
Description of Program:	
<p>MSIF funds are used to fund the Air District’s incentives programs for heavy-duty and medium-duty vehicles and equipment for projects that are eligible under the State’s Carl Moyer Program Guidelines, to fund the Air District’s Vehicle Buy Back program, and as match funds for the Carl Moyer Program. Staff evaluate eligible projects, prepare recommendations for eligible projects and programs for approval by the Board of Directors, monitor progress in implementing funded projects, report on the use of the funds, and coordinate verification of requirements compliance. This year the Air District will also be upgrading data systems used to administer the grant programs supported by grant programs including MSIF.</p> <p>Assembly Bill 923 (AB 923 – Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge for motor vehicles within the Air District’s jurisdiction up to an additional \$2 per vehicle. The revenues from the additional \$2 surcharge are deposited in the Air District’s Mobile Source Incentive Fund (MSIF).</p>	
Justification of Change Request:	
Not applicable.	
Activities	
Recommend funding allocations to the Board of Directors.	
Update program policies and procedures, guidance materials, and administrative operating procedures; develop solicitation packages; conduct outreach.	
Review and evaluate project applications to determine eligibility and prepare recommendations for award of eligible projects for approval by the Board of Directors.	
Prepare contracts, amendments, and correspondence; monitor projects, inspect, and audit programs and projects to assure compliance with State and District guidelines, policies, and statutory and regulatory requirements; process reimbursement requests; and ensure project files are complete and up to date.	
Prepare and submit annual reports to CARB on the expenditure of MSIF funds.	
Prepare technical, financial, and staff reports, attend meetings, and participate in external audits.	
Coordinate with IT contractors to develop, enhance, and maintain data management systems.	
Major Objectives	Delivery Date
Report MSIF expenditures and project data to CARB.	August 2024
Obligate and liquidate funds by required deadlines.	Annually
Obtain Board of Directors approval of project recommendations.	Ongoing
Conduct RFP, bring recommendation to Board, execute a contract with selected contractor to start work on a new data management system.	June 2025

Mobile Source Incentive Fund (MSIF)

310

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	3.56	1.64	1.64	4.30	2.66	162.2
Personnel Expenditures						
Permanent Salaries	419,231	219,132	219,132	643,241	424,109	193.54
Overtime Salaries	22					
Payroll Taxes	6,045	3,107	3,107	9,212	6,105	196.49
Pension Benefits	58,139	43,940	43,940	127,245	83,305	189.59
FICA Replacement Benefits	3,818	3,353	3,353	14,810	11,457	341.69
Group Insurance Benefits	54,352	29,360	29,360	90,890	61,530	209.57
Transportation Subsidy	878	2,356	2,356	4,180	1,824	77.42
Workers' Compensation	1,416	813	813	1,986	1,173	144.28
Discretionary Contribution		17,363	17,363	40,885	23,522	135.47
Total Personnel Expenditures	543,901	319,424	319,424	932,449	613,025	191.92
Services & Supplies Expenditures						
Travel	46	10,500	10,500	8,000	(2,500)	(23.81)
Training & Education		18,500	18,500	11,500	(7,000)	(37.84)
Communications	2,933	2,000	2,000	2,000		
Postage				500	500	
Printing & Reproduction		3,000	3,000	3,000		
Professional Services	15,148	160,000	264,762	145,000	(119,762)	(45.23)
Shop & Field Supplies	16			1,000	1,000	
Computer Hardware & Software		17,000	17,000	7,000	(10,000)	(58.82)
Stationery & Office Supplies		800	800	800		
Books & Journals		200	200	200		
Minor Office Equipment	62	5,000	5,962	2,500	(3,462)	(58.07)
Total Services & Supplies Expenditures	18,205	217,000	322,724	181,500	(141,224)	(43.76)
Capital Expenditures						
Transfer In/Out	137,740	51,746	51,747	37,970	(13,777)	(26.62)
Total Expenditures	699,846	588,170	693,895	1,151,919	458,024	66.01

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Minda Berbeco	
Program Purpose:	
Accelerate the removal of high-emitting vehicles from the on-road motor vehicle fleet within the District's jurisdiction.	
Description of Program:	
The program removes high-emitting motor vehicles from the region's roadways by purchasing and scrapping eligible vehicles from registered owners on a voluntary basis. In FYE 2025, staff will continue working with CARB to make further program enhancements and to evaluate opportunities to significantly increase program participation.	
Justification of Change Request:	
No change.	
Activities	
Oversee contractor's purchase and scrapping of vehicles.	
Respond to inquiries regarding Vehicle Buy-Back Program.	
Oversee contractor's direct mailings.	
Acquire and update Department of Motor Vehicles (DMV) database used for direct mail annually.	
Develop and update Vehicle Buy-Back outreach materials.	
Conduct site visits of dismantling yards and dismantler offices.	
Manage suppression list and update DMV database.	
Review and approve scrapping contractor invoices.	
Review and approve direct mail contractor invoices.	
Major Objectives	Delivery Date
Implement the Vehicle Buy-Back program, monitor contractor performance, review/ pay program invoices.	Ongoing
Report program expenditures to the California Air Resources Board (CARB)	June 2025

Vehicle Buy Back (MSIF)

312

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	0.18	0.73	0.73	1.10	0.37	50.7
Personnel Expenditures						
Permanent Salaries	29,135	90,311	90,311	159,815	69,504	76.96
Payroll Taxes	453	1,278	1,278	2,283	1,005	78.64
Pension Benefits	12,220	17,936	17,936	31,199	13,263	73.95
FICA Replacement Benefits	283	1,490	1,490	3,788	2,298	154.23
Group Insurance Benefits	3,922	13,301	13,301	22,991	9,690	72.85
Transportation Subsidy	63	1,047	1,047	1,069	22	2.10
Workers' Compensation	98	361	361	508	147	40.72
Discretionary Contribution		7,608	7,608	10,151	2,543	33.43
Total Personnel Expenditures	46,174	133,332	133,332	231,804	98,472	73.85
Services & Supplies Expenditures						
Travel				1,500	1,500	
Training & Education				1,000	1,000	
Postage				1,000	1,000	
Printing & Reproduction				1,000	1,000	
Professional Services	1,846,183	7,300,000	7,864,422	11,015,000	3,150,578	40.06
Total Services & Supplies Expenditures	1,846,183	7,300,000	7,864,422	11,019,500	3,155,078	40.12
Capital Expenditures						
Transfer In/Out	11,693	31,221	31,221	9,439	(21,782)	(69.77)
Total Expenditures	1,904,050	7,464,553	8,028,975	11,260,743	3,231,768	40.25

Miscellaneous Incentive Program (Other Grant)

316

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Chengfeng Wang	
Program Purpose:	
Administer one-time pass-through funding to implement emissions reductions projects.	
Description of Program:	
<p>This program is used to manage grant revenues the Air District receives from sources such as the Bay Area Clean Air Foundation, State of California, Federal government, and settlement agreements. Monies in this program are used to administer "one-off" projects and programs that have a limited duration, e.g., 1 to 5 years.</p> <p>Funding may also be used to augment and complement funding from other Air District sources of funding.</p>	
Justification of Change Request:	
None.	
Activities	
Review and evaluate project applications to determine eligibility and prepare recommendations for award of eligible projects for approval by the Board of Directors.	
Prepare contracts, amendments, and correspondence; monitor projects, inspect, and audit programs and projects to assure compliance with grant agreements, Program guidelines, policies, and statutory and regulatory requirements; process reimbursement requests; and ensure project files are complete and up to date.	
Prepare and submit reports and funding disbursement requests to funding agencies; liaise with funding agencies on contract and guideline requirements.	
Prepare technical, financial, and staff reports, attend meetings, and participate in external audits.	
Major Objectives	Delivery Date
Meet all funding source requirements including project obligation/encumbrance and liquidation deadlines	Ongoing
Submit required reports to funding source agencies	Ongoing

Miscellaneous Incentive Program (Other Grant)

316

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	0.05	0.87	0.87	0.07	(0.80)	(92.0)
Personnel Expenditures						
Permanent Salaries	6,430	121,992	121,991	12,022	(109,969)	(90.15)
Payroll Taxes	92	1,740	1,740	178	(1,562)	(89.77)
Pension Benefits	5,563	24,588	24,588	2,409	(22,179)	(90.20)
FICA Replacement Benefits	55	1,775	1,775	241	(1,534)	(86.42)
Group Insurance Benefits	780	15,116	15,116	1,603	(13,513)	(89.40)
Transportation Subsidy	12	1,247	1,247	68	(1,179)	(94.55)
Workers' Compensation	22	430	430	32	(398)	(92.56)
Discretionary Contribution		9,284	9,284	766	(8,518)	(91.75)
Total Personnel Expenditures	12,954	176,172	176,171	17,319	(158,852)	(90.17)
Services & Supplies Expenditures						
Travel		6,300	6,300	6,300		
Total Services & Supplies Expenditures		6,300	6,300	6,300		
Capital Expenditures						
Transfer In/Out	(12,955)					
Total Expenditures	(1)	182,472	182,471	23,619	(158,852)	(87.06)

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Minda Berbeco	
Program Purpose:	
Administration of the Proposition 1B: Goods Movement Emission Reduction Program to reduce air pollution by replacing diesel equipment associated with goods movement activities.	
Description of Program:	
<p>In 2007, the California State Legislature enacted Senate Bill 88 authorizing \$1 billion in bond funding for projects to protect public health from emissions associated with goods movement activities along California trade corridors. The Proposition 1B: Goods Movement Emission Reduction Program is a partnership between the California Air Resources Board and local agencies and Air District administers this Program for the Bay Area.</p> <p>The Program currently allows funding for the replacement of old diesel off-road vehicles, equipment, and locomotives with near- and zero-emission technologies, and for shore-power electrification project for ocean-going vessel at berth.</p> <p>Air District staff conducts outreach and solicits grant applications, evaluates grant applications according to established criteria, recommends allocation of the funding, prepares contracts with grantees, monitors progress in implementing funded projects, and reports on the use of funds.</p>	
Justification of Change Request:	
Not applicable.	
Activities	
Develop/update policies and procedures for the administration of the Goods Movement Bond Program (GMP).	
Conduct outreach to interested parties and provide application assistance.	
Evaluate grant applications for eligibility with GMP guidelines.	
Conduct inspections of the baseline and funded project equipment.	
Prepare grant award recommendations and coordinate the execution of funding agreements for the selected projects.	
Administer and monitor projects that have been awarded GMP grants.	
Prepare and submit reports to the California Air Resources Board (CARB) on the implementation of the GMP.	
Monitor, inspect, and audit current and previously funded programs and projects to assure compliance with State and Air District guidelines, policies, and statutory and regulatory requirements.	
Prepare technical, financial, and staff reports.	
Major Objectives	Delivery Date
Meet all funding source requirements including project obligation/encumbrance and liquidation deadlines	Ongoing
Submit required reports to funding source agencies	Ongoing

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	1.13	1.63	1.63	0.88	(0.75)	(46.0)
Personnel Expenditures						
Permanent Salaries	165,013	228,014	228,014	127,296	(100,718)	(44.17)
Payroll Taxes	2,550	3,228	3,228	1,806	(1,422)	(44.05)
Pension Benefits	55,441	47,124	47,124	25,884	(21,240)	(45.07)
FICA Replacement Benefits	1,580	3,332	3,332	3,031	(301)	(9.03)
Group Insurance Benefits	21,916	27,650	27,650	21,721	(5,929)	(21.44)
Transportation Subsidy	348	2,341	2,341	855	(1,486)	(63.48)
Workers' Compensation	557	808	808	406	(402)	(49.75)
Discretionary Contribution		17,409	17,409	8,085	(9,324)	(53.56)
Total Personnel Expenditures	247,405	329,906	329,906	189,084	(140,822)	(42.69)
Services & Supplies Expenditures						
Travel		2,000	2,000		(2,000)	(100.00)
Training & Education		1,500	1,500		(1,500)	(100.00)
Printing & Reproduction		1,000	1,000		(1,000)	(100.00)
Professional Services	560	40,000	53,210		(53,210)	(100.00)
Shop & Field Supplies		1,000	1,000		(1,000)	(100.00)
Total Services & Supplies Expenditures	560	45,500	58,710		(58,710)	(100.00)
Capital Expenditures						
Transfer In/Out	(218,446)	(188,889)	(188,889)		188,889	(100.00)
Total Expenditures	29,519	186,517	199,727	189,084	(10,643)	(5.33)

Managing Division:	
Strategic Incentives Division	
Contact Person:	
Chengfeng Wang	
Program Purpose:	
The Volkswagen Environmental Mitigation Trust funds are used to mitigate the lifetime excess oxides of nitrogen (NOx) emissions caused by VW's use of an illegal defeat device in the State of California.	
Description of Program:	
<p>California Air Resources Board (CARB) is the designated Lead Agency acting on the State's behalf as beneficiary to implement California's \$423 million in VW Trust funds for eligible project categories. On May 25, 2018, CARB approved the VW Trust Beneficiary Mitigation Plan and approved the selection of the Bay Area Air District to administer Trust funding on a statewide-basis for two of the five project categories: 1) zero-emission freight and marine (ZEFM), and 2) light-duty zero emission vehicle infrastructure (LDI). In May 2023, CARB released a memo containing updates to the BMP, which include modifications to the projected NOx emission reduction targets, improvements to program implementation, and adjustments to align incentive funding amounts with other CARB incentive programs.</p> <p>In FYE 2025, staff will work to award the remaining \$35 million out of \$70 total million in ZEFM program funds to eligible zero-emission freight and marine projects, such as replacement of forklifts and port cargo handling equipment, airport ground support equipment, repower of ferry, tugboat, and towboats, and installation of oceangoing vessel shore power. The LDI program has previously completed the award of the allocation of \$10 million to eligible light-duty electric vehicle charging and hydrogen fueling infrastructure projects and these projects are in the implementation and operation phase.</p>	
Justification of Change Request:	
Activities	
Review and evaluate project applications to determine eligibility and prepare recommendations for award of eligible projects for approval.	
Prepare contracts, amendments, and correspondence; monitor projects, inspect, and audit programs and projects to assure compliance with grant agreements, Program guidelines, policies, and statutory and regulatory requirements; process reimbursement requests; and ensure project files are complete and up to date.	
Prepare and submit reports and funding disbursement requests to funding agencies; liaise with funding agencies on contract and guideline requirements.	
Maintain program website and program hotline.	
Prepare technical, financial, and staff reports, attend meetings, and participate in external audits.	
Coordinate with IT contractors to develop, enhance, and maintain data management systems.	
Major Objectives	Delivery Date
Award the remaining \$35 million in ZEFM funds	June 2025
Maintain grants management system, program website and hotline	Ongoing
Evaluate project applications, recommend award for funding, execute contracts with grantees, monitor project progress, review reimbursement request and process payments	Ongoing
Submit required reports and funding disbursement requests to CARB	Ongoing
Maintain contract with CARB and Implementation Manual, and update as needed	Ongoing

Volkswagen Environmental Mitigation Trust (VW Trust)

324

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	1.75	2.47	2.47	3.13	0.66	26.7
Personnel Expenditures						
Permanent Salaries	242,143	357,170	357,170	463,419	106,249	29.75
Payroll Taxes	3,613	5,064	5,064	6,585	1,521	30.04
Pension Benefits	122,483	73,058	73,058	93,760	20,702	28.34
FICA Replacement Benefits	2,245	5,048	5,048	10,780	5,732	113.55
Group Insurance Benefits	31,263	46,372	46,372	81,816	35,444	76.43
Transportation Subsidy	497	3,547	3,547	3,042	(505)	(14.24)
Workers' Compensation	818	1,223	1,223	1,446	223	18.23
Discretionary Contribution		26,551	26,551	29,448	2,897	10.91
Total Personnel Expenditures	403,062	518,033	518,033	690,296	172,263	33.25
Services & Supplies Expenditures						
Travel		13,000	13,000	13,700	700	5.38
Training & Education		2,000	2,000	3,500	1,500	75.00
Postage				500	500	
Printing & Reproduction				3,000	3,000	
Professional Services	76,072	97,229	165,137	50,800	(114,337)	(69.24)
Shop & Field Supplies				400	400	
Computer Hardware & Software				5,000	5,000	
Stationery & Office Supplies				1,000	1,000	
Books & Journals				500	500	
Minor Office Equipment				1,000	1,000	
Total Services & Supplies Expenditures	76,072	112,229	180,137	79,400	(100,737)	(55.92)
Capital Expenditures						
Transfer In/Out	35,606	233,115	155,408	265,633	110,225	70.93
Total Expenditures	514,740	863,377	853,578	1,035,329	181,751	21.29

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Special Revenue Fund

Technology Implementation Office (TIO)

The Technology Implementation Office (TIO) mission is to advance emerging, cost-effective solutions to achieve greenhouse gas emissions reductions for the transportation and industrial source sectors. TIO will connect climate technologies and customers by providing financial incentives (through grants and loans) as well as technical and matchmaking support. Climate technology areas include zero emissions vehicles and infrastructure, zero emissions energy storage and backup systems, composting, and waste-to-energy projects (co-digestion, waste treatment, anaerobic digestion, combined heat and power). By supporting the scale-up of climate technologies, TIO can help achieve state and regional greenhouse gas emissions targets, reduce emissions in impacted communities, while also making technologies cost-effective even in regions without strong climate policies.

Managing Division:	
Technology Implementation Office	
Contact Person:	
Anthony Fournier	
Program Purpose:	
Administer funding, outreach, and planning to accelerate the adoption of light-duty (passenger) electric vehicles (EVs) and EV infrastructure in the Bay Area.	
Description of Program:	
The Air District's 2017 Clean Air Plan established a goal of 90% of Bay Area vehicles being zero emissions by 2050. To support this goal, this program primarily includes incentives for the purchase and installation of EV charging infrastructure (Charge! program, CEC funding, and FHWA funding) and the Clean Cars For All program (CARB funding) which provides incentives for income-eligible residents to switch to cleaner vehicles or alternative transportation options. To complement and increase utilization of the incentives programs, this program also includes outreach, regional coordination, and planning to remove potential barriers and accelerate EV deployment throughout the Bay Area.	
Justification of Change Request:	
Grant funding from DMV revenues, the California Air Resources Board, the California Energy Commission, and the Federal Highway Administration to expand incentives for income-eligible consumers and support outreach, partnerships, and planning.	
Activities	
Administer grant programs, including updating policies and guidelines, conducting outreach, preparing program documents and communications, processing reimbursement requests, tracking project status, and conducting audits, for the Charge! program, CEC REACH grant, FHWA grant, and the Clean Cars For All program.	
Organize and participate in workgroups and events to increase awareness about EVs, support deployment, sharing best practices, and regional coordination.	
Conduct analyses and planning to inform Air District strategy and programs.	
Prepare technical, financial, and staff reports.	
Major Objectives	Delivery Date
Complete awards for the Clean Cars For All program, including outreach to eligible communities and residents.	Ongoing
Complete cycle of Charge! Program, administer the CEC REACH and FHWA funding in support of EV charging infrastructure projects.	Ongoing
Develop implementation tools based on Bay Area EV Acceleration Plan and regional and program needs	Ongoing
Organize quarterly Bay Area EV Coordinating Council meetings	Ongoing

Light Duty Electric Vehicle Program (Other Grant)

317

	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	7.67	7.99	7.99	7.94	(0.05)	(0.6)
Personnel Expenditures						
Permanent Salaries	1,026,942	1,068,282	1,068,282	1,198,844	130,562	12.22
Overtime Salaries	512	10,000	10,000	60,000	50,000	500.00
Temporary Salaries		200,000	200,000	100,000	(100,000)	(50.00)
Payroll Taxes	15,126	15,341	15,341	17,353	2,012	13.12
Pension Benefits	301,873	214,562	214,562	233,050	18,488	8.62
FICA Replacement Benefits	9,428	16,313	16,313	27,342	11,029	67.61
Group Insurance Benefits	132,101	143,185	143,185	163,412	20,227	14.13
Transportation Subsidy	2,033	11,463	11,463	7,716	(3,747)	(32.69)
Workers' Compensation	3,469	3,954	3,954	3,667	(287)	(7.26)
Discretionary Contribution		84,510	84,510	76,217	(8,293)	(9.81)
Total Personnel Expenditures	1,491,484	1,767,610	1,767,610	1,887,601	119,991	6.79
Services & Supplies Expenditures						
Travel	3,613	16,500	16,500	36,000	19,500	118.18
Training & Education	5,100	6,000	6,000	9,500	3,500	58.33
Communications	3,004	2,500	2,500	7,000	4,500	180.00
Professional Services	608,738	875,000	1,310,675	1,627,000	316,325	24.13
Computer Hardware & Software		3,000	3,000	11,000	8,000	266.67
Total Services & Supplies Expenditures	620,455	903,000	1,338,675	1,690,500	351,825	26.28
Capital Expenditures						
Transfer In/Out	423,839	265,142	163,168	566,280	403,112	247.05
Total Expenditures	2,535,778	2,935,752	3,269,453	4,144,381	874,928	26.76

SERVICE AREA - PUBLIC AFFAIRS

Special Revenue Fund

- Communication Division

The Communications Office manages advertising and outreach for Spare the Air and the Employer Programs. The Office maintains the Spare the Air website, related social media sites and the Spare the Air mobile apps. The Office represents the Air District at community events for Spare the Air throughout the region.

Office functions include production of publications and digital collateral for the general public and target audiences. This includes publishing newsletters, videos and collateral materials. The Office also provides and oversees graphic design services, social media content creation, translation services and videography.

Managing Division:	
Communications Office	
Contact Person:	
Kristina Chu	
Program Purpose:	
The Spare the Air program encourages the public to reduce their driving, a major source of Bay Area air pollution, and promotes the use of public transit, biking, walking, carpooling, trip reduction and other behavior changes that reduce pollution from transportation sources. The program also provides outreach to employers/employees through the Spare the Air Employer Program. Employers are targeted specifically due to their significant influence on the commute behaviors of their employees.	
Description of Program:	
The Spare the Air program works with the public to reduce air pollution by making clean air choices including remote work, taking public transportation, using electric vehicles, ridesharing and trip linking. The Spare the Air Program provides health alerts and informs Bay Area residents about air pollution and encourages them to reduce single occupancy driving, especially during their commute to and from work, to improve air quality.	
When air quality is forecast to be unhealthy, the Air District issues Spare the Air Alerts. Outreach to the public is conducted through an advertising and media relations campaign as well as through social media sites. Funds will be used for electronic notification systems, employer outreach and staff time associated with the Spare the Air programs and grass roots education.	
Justification of Change Request:	
Budget increase to cover costs of streamlining Spare the Air program, app re-design and website updates.	
Activities	
Prepare and issue media releases and respond to media inquiries related to the Spare the Air program.	
Conduct Spare the Air campaign to educate the public about individual choices to reduce air pollution.	
Manage Spare the Air public outreach campaigns for advertising, social media and media relations.	
Provide Spare the Air program public outreach at community events throughout the Bay Area.	
Notify the media and employers of Spare the Air Alerts through AirAlerts, press releases, websites, apps and social media sites.	
Manage employer outreach & advertising campaign.	
Manage and update Spare the Air website landing pages and provide regular updates, measurements and responses for social media sites.	
Notify the public of Spare the Air Alerts through AirAlerts, text alerts, the media, sparettheair.org, baaqmd.gov, the iPhone/Android app and social media sites.	
Provide overview of campaign to the Board of Directors.	
Major Objectives	Delivery Date
Coordinate Air District presence at public events and employer events, including community events and fairs.	Ongoing
Develop videos, news releases / statements, displays and infographics for Spare the Air program / events.	Ongoing
Manage the Spare the Air advertising, media relations and social media campaign.	Ongoing
Manage Spare the Air Employer Program.	Ongoing
Launch Spare the Air summer season.	Ongoing
Promote Spare the Air at public events.	Ongoing
Notify the media and public of Spare the Air Alerts through AirAlerts, press releases, websites, apps and social media sites.	Ongoing

Spare the Air Program (TFCA)

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	Audited Program Actual	Approved Program Budget	Amended Program Budget	Proposed Program Budget	FTE/Dollar Change	Percent Change
	2023	2024	2024	2025	\$	%
Number of Positions (FTE)	2.35	3.90	3.90	3.60	(0.30)	(7.69)
Personnel Expenditures						
Permanent Salaries	312,297	531,696	531,696	518,732	(12,964)	(2.44)
Overtime Salaries	84,134	30,000	30,000	30,000		
Temporary Salaries	202					
Payroll Taxes	4,583	7,568	7,568	7,432	(136)	(1.80)
Pension Benefits	86,048	109,602	109,602	105,547	(4,055)	(3.70)
FICA Replacement Benefits	2,869	7,962	7,962	12,381	4,419	55.50
Group Insurance Benefits	40,006	72,311	72,311	75,859	3,548	4.91
Transportation Subsidy	631	5,594	5,594	3,494	(2,100)	(37.54)
Workers' Compensation	1,055	1,930	1,930	1,660	(270)	(13.99)
Discretionary Contribution		41,402	41,402	32,943	(8,459)	(20.43)
Total Personnel Expenditures	531,825	808,065	808,065	788,048	(20,017)	(2.48)
Services & Supplies Expenditures						
Travel	2,825					
Professional Services	873,529	1,338,000	2,751,356	1,538,000	(1,213,356)	(44.10)
Total Services & Supplies Expenditures	876,354	1,338,000	2,751,356	1,538,000	(1,213,356)	(44.10)
Capital Expenditures						
Total Capital Expenditures						
Transfer In/Out	236,794	363,630	363,630	354,622	(9,008)	(2.48)
Total Expenditures	1,644,973	2,509,695	3,923,051	2,680,670	(1,242,381)	(31.67)

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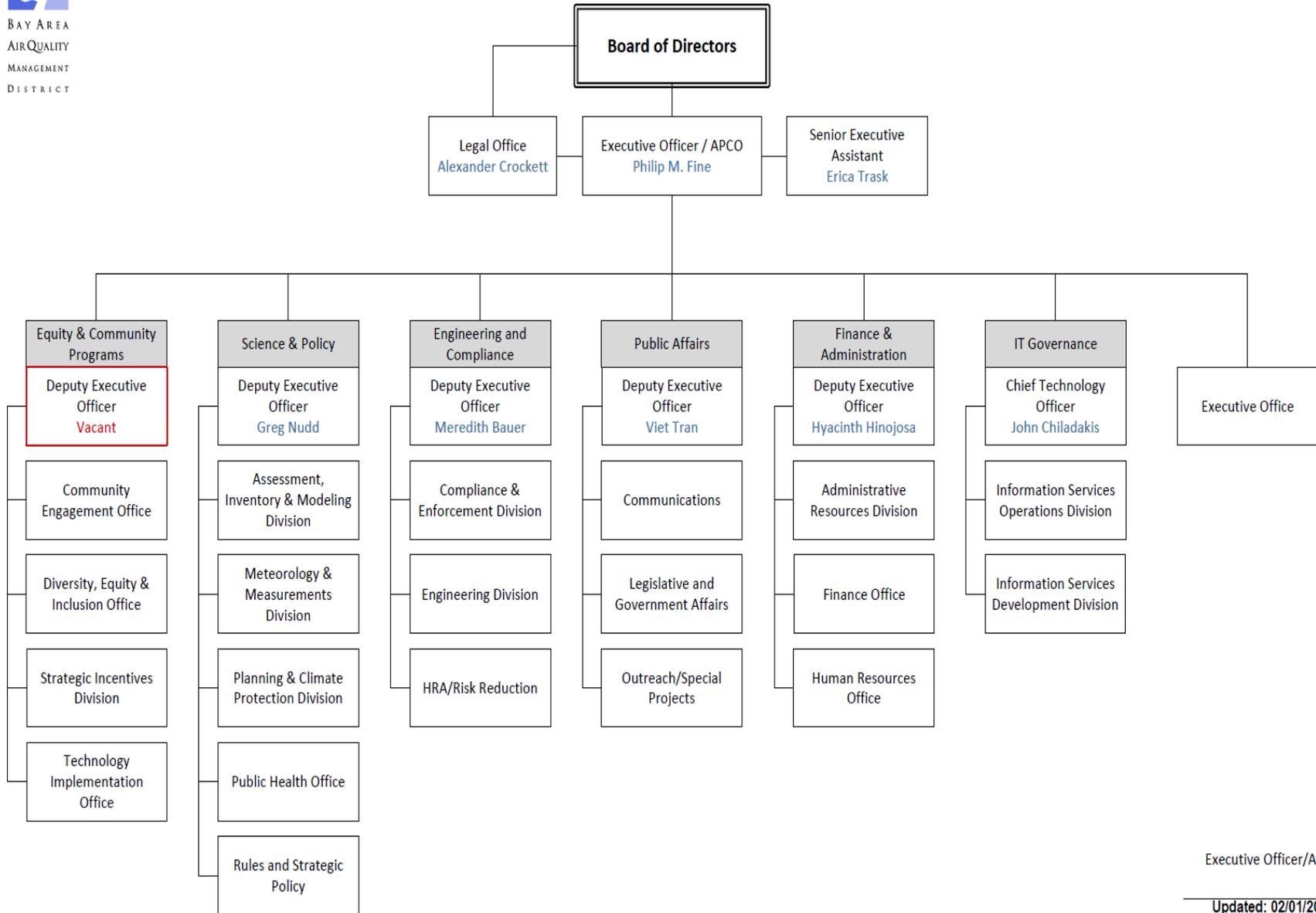
Appendices

APPENDIX A



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

Bay Area Air Quality Management District Organizational Chart



Executive Officer/APCO

Updated: 02/01/2024

APPENDIX B

SELECTED LEGAL REQUIREMENTS

The following highlights selected major legal requirements regarding the use and collection of funds that are considered when developing and reviewing the Air District's budget:

1. Federal law requires that the Air District collect fees from affected facilities to fund the implementation of Title V of the Federal Clean Air Act (42 U.S.C. Section 7401, et seq. and implementing regulations in 40 CFR Parts 60 and 70). Implementation of Title V includes all activities involved in the review, issuance, and enforcement of Title V Permits. "Affected facilities" include all major stationary sources as defined in the Federal Clean Air Act.
2. Revenue received by the Air District pursuant to *California Health and Safety Code* Section 44220, et seq. (Transportation Fund for Clean Air (TFCA)) may only be used to fund approved projects, and certain expenditures incurred for administration of the TFCA program, including audits. The expenditures for the administration of TFCA grants are contained in the Transportation Fund for Clean Air Administration.
3. Permit fee revenue may only be used to fund activities associated with the permitting, monitoring, and enforcement of regulations affecting permitted stationary sources. Past audits of District activities have shown that the Air District's programs meet this test.
4. Funding from several sources, including grants, is restricted, and thus may only be used to fund certain activities. Air District accounts are periodically audited to ensure that such funds are used appropriately.
5. *California Health and Safety Code* Section 40131(a)(3) requires that two public hearings be held regarding the adoption of the District budget. The first hearing is for the exclusive purpose of reviewing the budget and providing the public with the opportunity to comment upon the proposed budget. This hearing must be separate from the hearing at which the District adopts its budget. The adoption hearing may not be held any sooner than two weeks after the first hearing. Thirty (30) days public notice must be given before the first public hearing.
6. The Maintenance of Effort (MOE) level refers to a Federal EPA Section 105 grant condition. This condition states that, "No agency shall receive any grant under this section during any fiscal year when its expenditures of non-Federal funds for recurrent expenditures for air pollution control programs will be less than its expenditures were for such programs during the preceding fiscal year unless the Administrator, after notice and opportunity for public hearing, determines that a reduction in expenditures is attributable to a non-selective reduction in the expenditures in the programs of all Executive branch agencies of the applicable unit of Government." Depending on the expenditures reported on the Federal Status Report (FSR) at the conclusion of the federal FYE 2023, receipt of the Federal grant funds for FYE 2024 could be delayed or jeopardized because of this MOE requirement.

APPENDIX C

GENERAL FUND RESERVES AND LIABILITIES

GF FUND RESERVES	FY 2022-23 Unaudited	FY 2023-2024 Projected	FY 2024-2025 Projected
Beginning Reserve Balance	86,449,575	93,930,423	84,685,523
Operating Transfer in	11,428,386		
Fund Balance Adjustments	(3,947,538)	(3,970,000)	
Use of Reserves for Budget		(5,274,900)	(9,693,058)
Ending Reserve Balance	93,930,423	84,685,523	74,992,465
Unassigned (Reserve Designations)*			
AB617 Staffing Contingency	7,679,746	7,700,000	9,000,000
Community Benefits	3,000,000	3,000,000	3,000,000
Economic Contingency 20%	25,500,741	26,490,000	29,000,000
Incident Monitoring Program		1,000,000	1,000,000
Outside Counsel Litigation Support	1,880,000	4,655,000	2,000,000
Limited-Term Contract Employee (LTCE) Staffing		1,000,000	1,800,000
Pandemic Contingency	4,000,000	2,000,000	
Richmond Improvements (HQE)	5,000,000	5,000,000	1,000,000
Spare the Air Program		1,075,000	
Schedule X	6,109,736	6,109,736	6,109,736
Technology Implementation Office	3,350,000	3,350,000	2,850,000
Wildfire Mitigation	1,000,000	1,000,000	1,000,000
Woodsmoke Program (SID)	479,914	479,914	479,914
	\$58,000,137	\$62,859,650	\$57,239,650
Unassigned (Available Reserve Balance)	35,930,286	21,825,873	17,752,815
* Reserve Designations are subject to change at Board's discretion.			
ESTIMATED OUTSTANDING LIABILITIES			
CalPERS Pension Retirement			113,223,345
Other Post Employment Benefit Plan			6,283,387
Certificate of Participation Notes			26,230,000
TOTAL			145,736,732

APPENDIX C GENERAL FUND RESERVES AND LIABILITIES

APPENDIX C depicts the actual unrestricted reserves amount at the end of FY 2023, as well as the projected amount for FY 2024 and FY 2025. For FY 2024, a recommendation of \$5.3 million transfer from General Fund reserves to be used for capital projects/equipment and other one-time costs. For FY 2025, a recommendation of \$9.7 million transfer from General Fund Reserves, of which \$2.9 million is a short-term investment in staffing to address operational needs in several divisions. The remaining \$6.8 million is to be used for capital projects/equipment and other one-time costs. To remain fiscally prudent, the Air District established an economic contingency reserve policy (20% of General Fund operating expense) to ensure the stability of services for a period of time and the ability to set aside fund for anticipated projects and future obligations. Over the years, staff recommends reserve designations to be set aside for a specific purpose. The following is a brief description summarizing designated categories as shown in the table on the previous page. Any designated and undesignated funds are subject to change at the Board of Director's discretion.

- **AB617 Staffing Contingency** was established in FY 2022 to allow staffing continuity for the AB617 program.
- **Community Benefits** was established in FY 2022 to provide community benefits.
- **Economic Contingency** was established in FY 2008 at the request of the Board for unplanned expenditures and/or unanticipated loss in revenues. In FY 2016, the Board approved a 20% reserve policy as a funding target.
- **Outside Counsel Litigation Support** was established in FY 2023 to address potential litigations.
- **Incident Monitoring Program** was established in FY 2024 to increase capacity to characterize air quality impacts from large incidents at facilities.
- **Limited Term Staffing Contingency** was established in FY 2024 to support temporary staffing for unanticipated project work.
- **Pandemic Contingency** was established in FY 2022 to address potential operating revenue shortfall due to the COVID-19 pandemic.
- **Pension Liability** was established in FY 2018 to reduce future rate increases to pension benefits over time.
- **Richmond Improvements (HDE)** was established in FY 2023 to continue office space improvements.
- **Schedule X** was implemented in FY 2017 to establish and operate refinery-related community air monitoring systems.
- **Spare the Air Program** was established in FY 2024 to allow for continued operations in the event of unanticipated single year shortfall in the Spare the Air Program.
- **Technology Implementation Office** was established in FY 2019 to fund projects using a revolving loan arrangement to leverage funding.
- **Wildfire Mitigation** was established in FY 2022 to fund the wildfire air quality response program.
- **Woodsmoke Program** was established in FY 2018 to support funding changeout of residential heating woodburning devices.
- **Undesignated Reserves** is any remaining reserves not designated. These funds can be designated at any time.

Appendix C also includes a list of the Air District's Outstanding Liabilities:

- **Pension Retirement** ± The Air District provides a retirement pension benefit plan through California Public Employee Retirement System (CalPERS). As of 2023 valuation of the plan, that Air District's unfunded liability for the plan was \$113 million.
- **Other Post-Employment Benefits** ± The Air District provides continuation of medical, dental, vision and life insurance coverage to its retired employees through California Employers Retirement Benefit Trust (CERBT). As of the 2023 valuation of the plan, that Air District's unfunded OLDEL ~~OLWE~~ plan is \$ 6 million.
- **Certificate of Participation Notes (COP)** ± The Air District issued COPs to finance its headquarters at 375 Beale. As of June 2023, the estimated principal and interest outstanding were \$26 million.

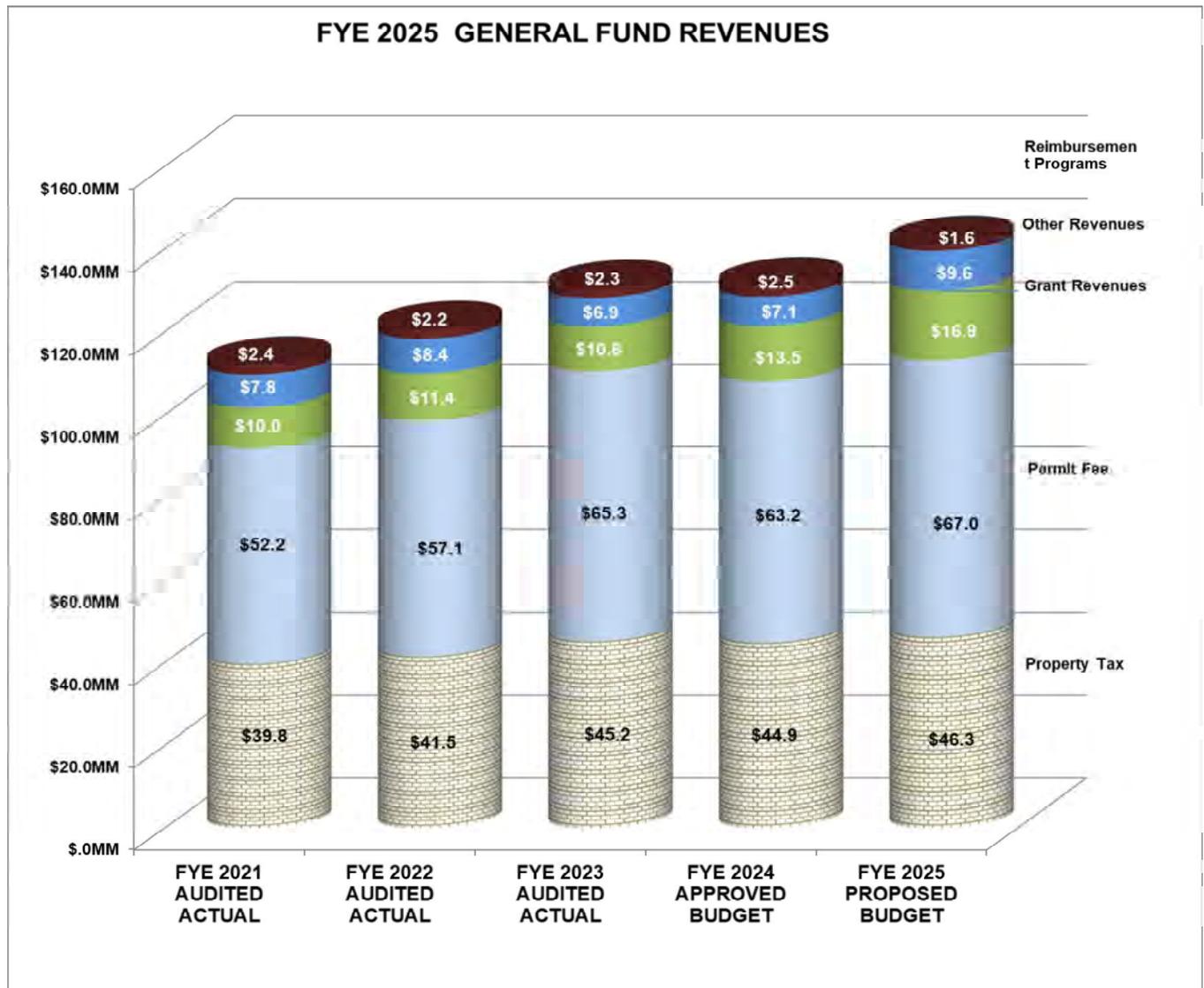
APPENDIX D

Figure 1

General Fund Revenue Trends

Figure 1 below graphically displays the trends in the sources of actual revenues used to fund actual expenditures each year from FYE 2021 through FYE 2023 along with the approved and proposed budget for FYE 2024 and FYE 2025, respectively.

As seen from Figure 1, permit fees are the Air District's largest source of revenue. Actual permit revenues fluctuate from FYE 2021 through FYE 2023 because of fee increases to each individual fee schedule based on the cost recovery policy and new fees implemented during this period. In FYE 2025 projected permit revenues are expected to have 6% increase. Actual property tax revenues maintained an increasing trend over the past three years attributed to multiple factors such as the annual statutory increases limited to 3 percent, changes in ownership and new constructions in the Bay Area. This revenue source is expected to continue to increase in FYE 2025. Other General Fund sources of revenue have experienced small fluctuations over the years.

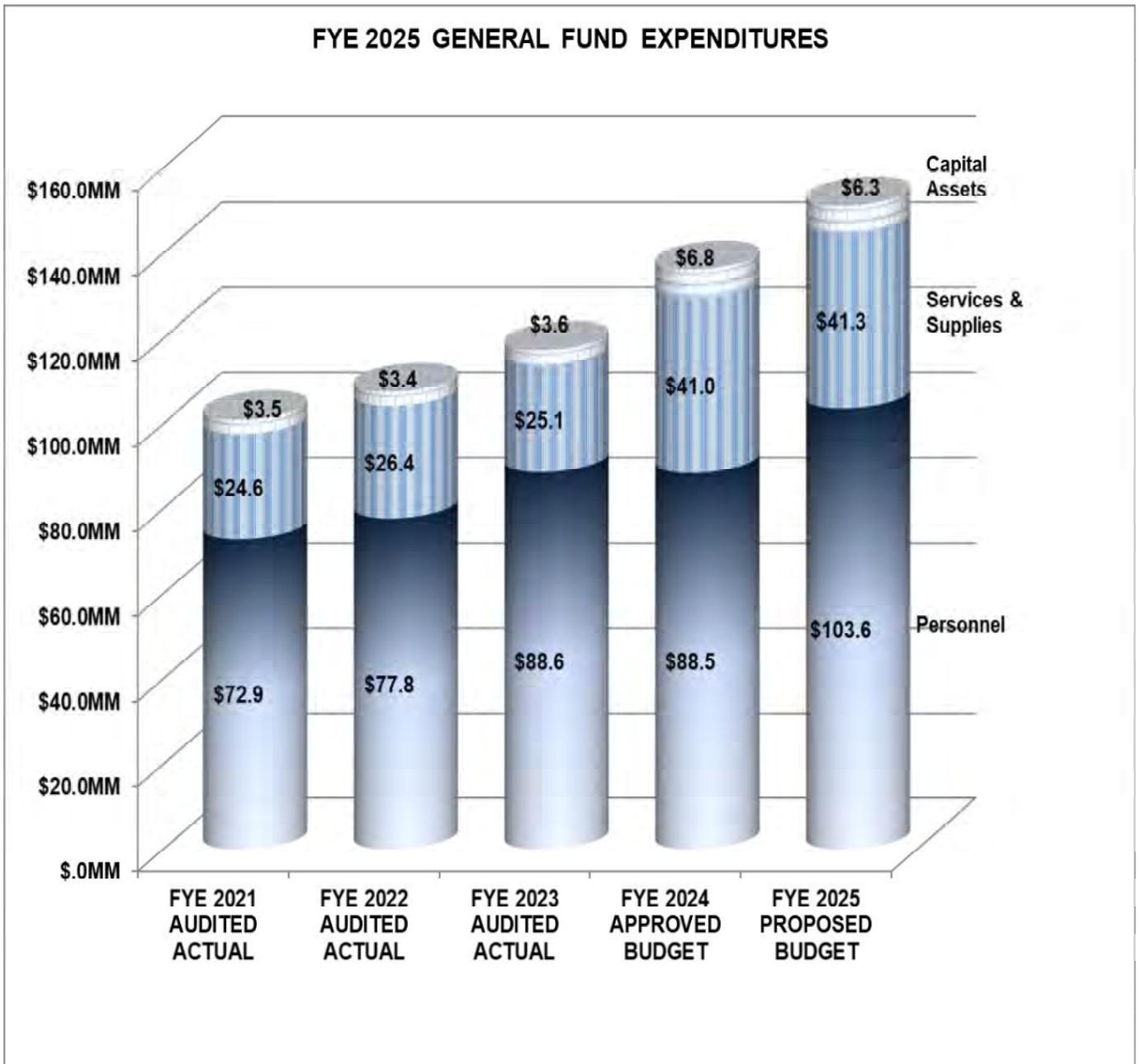


APPENDIX E

Figure 2

General Fund Expenditure Trends

Below Figure 2 shows the trends in actual expenditures from FYE 2021 through FYE 2023 along with the approved and proposed expenditure budgets for FYE 2024 and FYE 2025, respectively. From FYE 2021 through FYE 2025, the total General Fund has risen at an average rate of 8.38% per year from \$101 million to \$151.2 million due to increased Personnel Costs, Services, and Capital Programs expenditures. The FYE 2025 General Fund Proposed Budget shows a projected \$14.9 million increase in expenditures over FYE 2024. This increase is mainly due to Salaries and benefits, capital expenditures, and services and supplies increased in FYE 2025.



APPENDIX F

General Fund 5 Year Projection

Five Year Forecast - General Fund	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
REVENUE	Budget	Projected	Projected	Projected	Projected
Property Tax	\$46,306,873	\$48,159,148	\$50,085,514	\$52,088,935	\$54,172,492
Permits/Fees	\$66,980,182	\$73,195,145	\$80,345,698	\$89,343,845	\$99,734,006
Grant Revenues	\$8,517,210	\$3,397,207	\$5,006,779	\$5,056,847	\$5,107,415
AB617 Funding	\$11,985,752	\$11,300,000	\$9,000,000	\$9,000,000	\$9,000,000
Other Revenue	\$9,555,620	\$9,611,176	\$9,667,288	\$9,723,961	\$9,781,200
Transfer from Special Funds	\$1,414,855	\$1,443,153	\$1,472,016	\$1,501,456	\$1,531,486
TOTAL REVENUE	\$144,760,493	\$147,105,830	\$155,577,295	\$166,715,043	\$179,326,600
(Use of)/Transfer to Reserves	(\$9,693,058)	(\$3,494,027)	\$175,491	\$4,977,259	\$11,230,319
EXPENDITURE					
Personnel Expenditures	\$103,606,450	\$109,574,261	\$113,555,696	\$119,054,755	\$124,559,591
Services & Supplies	\$43,652,176	\$37,369,086	\$38,116,468	\$38,878,797	\$39,656,373
Capital Expenditures	\$7,194,925	\$3,656,509	\$3,729,640	\$3,804,232	\$3,880,317
TOTAL EXPENDITURE	\$154,453,550	\$150,599,856	\$155,401,804	\$161,737,784	\$168,096,281
General Fund Reserves	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Balance	\$84,685,523	\$74,992,465	\$71,498,439	\$71,673,930	\$76,651,189
(Use of)/Transfer to Reserves	(\$9,693,058)	(\$3,494,027)	\$175,491	\$4,977,259	\$11,230,319
Ending Balance	\$74,992,465	\$71,498,439	\$71,673,930	\$76,651,189	\$87,881,508
20% Minimum Reserve Policy	\$28,953,000	\$29,422,000	\$31,081,000	\$32,348,000	\$33,620,000

APPENDIX F

Figure 3 and Budget Assumptions

Revenue Assumptions

- a. **Property Tax** shows increases across the Bay Area much higher than the 2% average increase given the real estate prices in the housing markets. The five-year forecast assumes revenues will increase by 4% annually to adjust for inflationary growth.
- b. **Permit Fee** revenues are expected to increase by approximately 8-10% during the forecast period to recover more of its permit-related costs. These increases are expected to cover proposed staffing increases as the Air District continues to address staffing needs for core programs associated with permit-related activities. The Air District's Cost Recovery policy, which allows the Air District to increase its fee schedule to recover costs for permit-related activities. The current cost recovery level is above 80% and remains stable in 2025 and 2026 and drops slightly in 2026 and 2027 as the cost of the new positions in the proposed budget are recognized to all its eligible regulation fee schedule. In 2028 and 2029, cost recovery level is projected to stabilize as the permit revenue begins to increase to support these new positions.
- c. **Grant Revenues** are expected to drop significantly in 2026 to reflect adjustment of one-time grant funding and remain stable through 2029.
- d. **Assembly Bill 617** funding of approximately \$11.0 million from the State for the year 2025 and 2026 to account for the additional \$2M extra one-time funding and drops back to the annual \$9.0 million through year 2029.
- e. **Other Revenues** mainly account for Penalties, State Subvention, and interest income. These revenues are expected to remain stable through the year 2029.

Expenditure Assumptions

- a. **Personnel** costs are projected to increase for the five-year period with projected annual general wage adjustment, a slight increase in health premiums, and an additional nineteen (19) positions are projected in year 2025 to address growing demands on core programs: taking staffing levels of 472 to 491 positions for the next 5 years. The projection assumes a 7% vacancy rate in 2025 declining by 1% in year 2026 remains stable at 6% through year 2029. These projections could change if staffing levels increase during the forecast period.
- b. **Retirement Pension** costs are rising due to the discount rate returns by CalPERS and escalating unfunded liability payments. The forecast assumes implementation of the Air District's approved policy to make \$1 million in discretionary payments to CalPERS to reduce the unfunded actuarial liability (UAL).
- c. **Other Post-Employment Benefits (OPEB)** for retiree medical benefits are projected to remain above the 90% funding level for the forecast period. If this assumption holds, the \$4.0 million in discretionary funding will shift towards the CalPERS Pension Plan to reduce the UAL.
- d. **Services and Supplies** are projected to decline by approximately 10% in 2026 to adjust for one-time costs. The overall costs are projected to increase in the year 2027, assuming only an inflationary increase of approximately 2-3% for the five-year forecast.
- e. **Capital Expenditures** assumes ongoing capital equipment and one-time funding in FYE 2025 to pay for equipment purchases and information technology improvements, etc. FYE 2026-2029 assumes normal capital equipment replacement only with an inflationary increase.

General Fund Reserves are used to fund one-time costs, and to cover temporary revenue shortfalls. The Air District plan to use approximately \$9.7 million in reserves for 2025 for lab equipment, and information technology improvements and as a short-term investment to increase staffing levels to address programmatic needs, until these costs is covered by future increases to property tax revenues and permit revenues. The forecast projects use of reserves in the year 2025 and 2026 to cover the temporary revenue shortfall. Based on current assumptions, reserves are expected to stay above the minimum policy level through the year 2029 due to a healthy reserve balance. Approximately \$57 million in reserves have been designated. Please see Appendix C for a detailed list of proposed designations.

\$3 PENDIX G - FTE FY25

)< E 2025 Proposed Full-Time Equivalent (FTE) Positions

Table 1: The positions listed in Table 1, below, constitute the entirety of authorized permanent full-time positions and division assignments at the designated classifications for Fiscal Year Ending (FYE) 2024 as shown in the first column. The second column FYE 24 AMEND authorized staffing as presented below includes the staffing changes approved by the Board at its December 20, 2023 meeting. The FYE 25 column represents proposed changes to the designated classifications and/or division assignments (if any) which is reflected in the “difference” column. The total proposed staffing for FYE 2025 includes 19 additional FTEs bringing the total to 491 FTEs.

'LYLVLRQ	3RVition Classification	6DODU\ 5Dnge ID	FYE 24 25,*	FYE 24 \$0 (1')< E 25 352326('	'LIIHUHQFH
\$GPLQLVWUDWLRQ Resources						
	Director/Officer	156	1	1	1	
	Facilities Maintenance Worker	108	1	1	1	
	Manager	148	2	2	2	
	Senior Executive Assistant	134	1	1	1	
	Senior Staff Specialist	138		1	1	
FY25 Proposed	Staff Specialist I/II	130/134			1	1
	Staff Specialist I/II	130/134	6	7	7	
	Supervising Staff Specialist	142	3	1	1	
	Principal Staff Specialist	142				
\$GPLQLVWUDWLRQ Resources TRWDO			14	14	15	+1
\$Vsesment, InvHQWry & Modeling						
	Advanced Projects Advisor	144	2	2	2	
	Air Quality Engineer I/II	132/136	2	2	2	
	Air Quality Meteorologist I/II	131/135	1	1	1	
	Atmospheric Modeler	140	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	2	2	2	
	Principal Air Quality Engineer	144	3	3	3	
	Research Analyst	130	1	1	1	
	Senior Advanced Projects Advisor	148	2	2	2	
	Senior Air Quality Engineer	140	1	1	1	
	Senior Atmospheric Modeler	144	1	1	1	
	Statistician	137	1	1	1	
\$Vsesment, Inventory & Modeling TRWDO			18	18	18	
&RPPXQLFDWLRQV						
	Assistant Staff Specialist I/II	122/126	2	2	2	
	Director/Officer	156	1	1	1	
FY25 Proposed	Manager	148			1	1
	Manager	148	1	1	1	
	Public Information Officer I/II	130/134	5	5	5	
FY25 Reclass/Transfer	Staff Specialist I/II	130/134			1	1
	Senior Public Information Officer	138	1	1	1	
Communications Total			10	10	12	+2
&RPPXQLty Engagement						
	Administrative Assistant I/II	114/118	1	1	1	
	Assistant Manager	147	1	1	1	
	Assistant Staff Specialist I/II	122/126	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	2	2	2	
	Public Information Officer I/II	130/134	1	1	1	
	Senior Air Quality Engineer	140	1	1	1	
	Senior Staff Specialist	138	5	5	5	
	Staff Specialist I/II	130/134	4	4	4	
&RPPXQLty Engagement TRWDO			17	17	17	
Compliance & Enforcement						
	Administrative Assistant I/II	114/118	2	2	2	
	Air Quality Engineer I/II	132/136	1	1	1	
FY25 Proposed	Air Quality Specialist I/II	130/134			5	5
	Air Quality Specialist I/II	130/134	44	44	44	
	Air Quality Technician I/II	122/126	6	6	6	
	Assistant Air Quality Specialist I/II	122/126	2	2	2	
	Director/Officer	156	1	1	1	
	Manager	148	5	5	5	
	Principal Air Quality Specialist	142	1	2	2	
	Radio/Telephone Operator	113	4	4	4	

\$3 PENDIX G - FTE FY25

'LYLVLQRQ	3RVition Classification	6DODU\ 5Dnge ID	FYE 24 25,*	FYE 24 \$0 (1')< E 25 352326('	'LIIHUHQFH
	Radio/Telephone Operator Supervisor	119				
	Senior Advanced Projects Advisor	148	1	1	1	
	Senior Air Quality Engineer	140	3	3	3	
	Senior Air Quality Specialist	138	11	11	11	
	Senior Air Quality Technician	130	2	2	2	
	Supervising Air Quality Specialist	142	10	10	10	
Compliance & Enforcement TRWDO			93	94	99	+5
'LYersity, Equity & Inclusion						
	Director/Officer	156		1	1	
	Manager	148	1			
	Senior Staff Specialist	138		1	1	
	Staff Specialist I/II	130/134	1	1	1	
'LYersity, Equity & Inclusion TRWDO			2	3	3	
(QJLQHHTQJ						
	Administrative Assistant I/II	114/118	4	4	4	
	Air Quality Engineer I/II	132/136	21	21	21	
	Air Quality Permit Technician I/II	122/126	2	2	2	
	Air Quality Specialist I/II	130/134	3	4	4	
	Air Quality Technician I/II	122/126	5	5	5	
	Assistant Manager	147	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	5	5	5	
	Principal Air Quality Engineer	144	4	5	5	
FY25 Proposed	Principal Air Quality Engineer	144			1	1
	Senior Advanced Projects Advisor	148	1	1	1	
FY25 Proposed	Senior Air Quality Engineer	140			4	4
	Senior Air Quality Engineer	140	9	9	9	
	Senior Air Quality Technician	130	2	1	1	
	Supervising Air Quality Engineer	144	12	12	12	
	Supervising Air Quality Specialist	142	1	1	1	
	Supervising Systems Analyst	139	1	1	1	
	Toxicologist	144	1	1	1	
Engineering TRWDO			73	74	79	+5
Enterprise THFKQROR.Solutions						
	FY25 Reclass Assistant Manager	147	4	4	3	-1
	FY25 Reclass Manager	148			1	1
	Director/Officer	156	1	1	1	
FY25 Proposed	Systems Analyst	135			1	1
	Supervising Systems Analyst	139	1	1	1	
	Systems Analyst	135	1	1	1	
	Web Master	135	1	1	1	
Enterprise Technology Solutions Total			8	8	9	+1
(HFXWLN						
	Administrative Assistant I/II	114/118	1	1	1	
	Air Quality Technician I/II	122/126	1			
	FY25 Transfer Assistant Staff Specialist I/II	122/126		1		-1
	FY25 Reclass/transfer Assistant Manager	147	1	1		-1
	Clerk of the Boards	132	1	1	1	
	Deputy Air Pollution Control Officer	160	2	2	2	
	Deputy Executive Officer	169	5	5	5	
	FY25 Transfer Director/Officer	156	4	2	1	-1
	Executive Assistant I/II	128/132	2	2	2	
	Executive Officer/Air Pollution Control Officer	Contract	1	1	1	
	FY25 Transfer Manager	148	3	4	3	-1
	Principal Environmental Planner	142	1	1	1	
	Senior Advanced Projects Advisor	148	2	3	3	
	Senior Executive Assistant	134	3	4	4	
(HFXWLN&TRWDO			27	28	24	-4
External AIIDLUV						
	FY25 Transfer Director/Officer	156			1	1
	FY25 Transfer Assistant Staff Specialist I/II	122/126			1	1
	FY25 Reclass/transfer Principal Staff Specialist	142			1	1
	FY25 Reclass/transfer Manager	148				
External AIIDLUV7RWDO					3	3

\$3 PENDIX G - FTE FY25

'LYLVLQRQ	3RVition Classification	6DODU\ 5Dnge ID	FYE 24 25,*	FYE 24 \$0 (1')< E 25 352326('	'LIIHUHQFH
PLQDnce Office						
FY25 Reclass	Accountant I/II	130/134	6	6	5	-1
FY25 Reclass	Accounting Assistant I/II	122/126	3	3	4	1
	Assistant Manager	147				
	Director/Officer	156	1	1	1	
	Fiscal Services Supervisor	142	1	1	1	
	Manager	148	3	3	3	
	Senior Payroll Analyst	138	1	1	1	
	Senior Staff Specialist	138	1	1	1	
	Staff Specialist I/II	130/134	1	1	1	
	Supervising Staff Specialist	142	1			
	Systems Analyst	135	1			
	Principal Human Resources Analyst	142		1	1	
PLnance Office Total			19	18	18	
Human Resources Office						
	Assistant Manager	147				
	Director/Officer	156	1	1	1	
FY25 Proposed	Human Resources Technician II	122/126			1	1
	Human Resources Analyst I/II	130/134	1	1	1	
	Manager	148	2	2	2	
FY25 Reclass	Principal Human Resources Analyst	142	1		1	1
FY25 Reclass	Senior Human Resources Analyst	138	5	5	4	-1
Human Resources Office TRWDO			10	9	10	+1
Information Service Operations						
	Air Quality Specialist I/II	130/134	1	1	1	
	Assistant Air Quality Specialist I/II	122/126	1	1	1	
FY25 Proposed	Assistant Staff Specialist I/II	122/126			1	1
	Assistant Manager	147	1	1	1	
	Director/Officer	156	1	1	1	
	Manager	148	3	3	3	
	Programmer Analyst I/II	127/131	1	1	1	
	Staff Specialist I/II	130/134				
	Supervising Systems Analyst	139	2	2	2	
	Systems Analyst	135				
	Supervising Staff Specialist	139		1	1	
FY25 Reclass	Principal Cybersecurity Analyst	142			1	1
	Principal System Analyst (Confidential)	142		1	-1	
FY25 Reclass	Systems Analyst	135	3	3	4	1
Information Service Operations TRWDO			13	15	16	1
General Counsel						
FY25 Proposed	Assistant Counsel I/II				1	1
	Assistant Counsel I/II	149/153	8	8	8	
	Counsel	Contract	1	1	1	
	Legal Office Services Specialist	124	1	1	1	
	Senior Assistant Counsel	157	2	2	2	
	Staff Specialist I/II	130/134	4	4	4	
General Counsel TRWDO			16	16	17	+1
/HJLVODWLY						
	Director/Officer	156	1	1	1	
	Staff Specialist I	130/134	1	1	1	
/HJLVODWIZRWD			2	2	2	
OHWbriology & Measurement						
	Administrative Assistant I/II	114/118				
	Advanced Projects Advisor	144	1	1	1	
	Air Quality Engineer I/II	132/136	3	3	3	
	Air Quality Laboratory Technician I/II	122/126	1	1	1	
	Air Quality Meteorologist I/II	131/135	2	2	2	
FY25 Reclass	Air Quality Chemist I/II	130/134			1	1
	Air Quality Specialist I/II	130/134	15	14	14	
	Air Quality Technical Assistant	118				
	Assistant Air Quality Specialist I/II	122/126	4	5	5	
FY25 Reclass	Assistant Manager	147	2	2	1	-1
	Assistant Staff Specialist I/II	122/126	3	3	3	
	Director/Officer	156	1	1	1	
FY25 Reclass	Manager	148	5	5	6	1

\$3 PENDIX G - FTE FY25

'LYLVLRQ	3RVition Classification	6DODU\ 5Dnge ID	FYE 24 25,*	FYE 24 \$0 (1')< E 25 352326('	'LIIHUHQFH
	Principal Air and Meteorological Monitoring Sp	143	1	1	1	
	Principal Air Quality Chemist	142	3	3	3	
	Principal Air Quality Engineer	144	1	1	1	
	Principal Air Quality Meteorologist	143	1	1	1	
	Principal Air Quality Specialist	142	5	6	6	
FY25 Reclass	Senior Air Quality Chemist	138	2	2	1	-1
	Senior Air Quality Engineer	140	2	2	2	
FY25 Proposed	Senior Air Quality Specialist	138			1	1
	Senior Air Quality Specialist	138	10	10	10	
	Staff Specialist I/II	130/134	1	1	1	
	Supervising Air Quality Engineer	144	1	1	1	
	Supervising Air Quality Specialist	142	4	4	4	
	Systems Analyst	135	2	2	2	
0HWRURQ	Quality & Measurement TRWDO		70	71	72	+1
Planning & Climate Protection						
	Administrative Assistant I/II	114/118				
	Advanced Projects Advisor	144	1	1	1	
	Assistant Manager	147	2	2	2	
	Assistant Staff Specialist	126	1	1	1	
	Director/Officer	156	1	1	1	
	Environmental Planner I/II	130/134	3	3	3	
	Manager	148	2	2	2	
	Principal Environmental Planner	142	2	3	3	
	Senior Advanced Projects Advisor	148	1	1	1	
	Senior Air Quality Engineer	140	1	1	1	
	Senior Air Quality Specialist	138	1	1	1	
	Senior Environmental Planner	138	4	4	4	
	Senior Policy Advisor	148	1	1	1	
Planning & Climate Protection TRWDO			20	21	21	
Rules & Strategic Policy						
	Assistant Manager	147	1	1	1	
	Director/Officer	156	1	1	1	
FY25 Proposed	Manager	148			1	1
	Manager	148	1	1	1	
FY25 Reclass	Senior Air Quality Engineer	140	5	5	4	-1
FY25 Reclass	Principal Air Quality Specialist				1	1
	Senior Air Quality Specialist	138	3	3	3	
Rules TRWDO			11	11	12	+1
Strategic IncentivHV						
	Administrative Assistant I/II	114/118	1	1	1	
	Assistant Staff Specialist I/II	122/126	4	6	6	
	Director/Officer	156	1	1	1	
	Manager	148	4	4	4	
FY25 Proposed	Senior Staff Specialist	138			1	1
	Senior Staff Specialist	138	5	5	5	
	Staff Specialist I/II	130/134	12	10	10	
	Principal Staff Specialist	142		1	1	
	Supervising Staff Specialist	142	4	4	4	
Strategic Incentives TRWDO			31	32	33	+1
7HFKQRORJImplementation						
	Assistant Staff Specialist I/II	122/126	2	2	2	
	Director/Officer	156	1	1	1	
	Manager	148	1	1	1	
	Senior Staff Specialist	138	2	2	2	
	Staff Specialist I/II	130/134	4	4	4	
	Supervising Staff Specialist	142	1	1	1	
7HFKQRORJImplementation TRWDO			11	11	11	
Grand 7RWD			465	472	491	+19

\$3 PENDIX G - LTCE FY25

FYE 2025 Proposed Limited Term Contract Employee (LTCE) Positions

Table 2: The positions listed in Table 2, below, constitute the entirety of limited term contract employee positions and division assignments at the designated classifications presented during fiscal year 2024 as shown in the FYE 24 AMEND column. The FYE 25 column represents proposed changes to the designated classifications and/or division assignments (if any) which is reflected in the “difference” column. The total proposed LTCE positions for next fiscal year includes 6 additional positions as shown in FYE 25 proposed column.

'LYLVLRQ	Position Classification	6DODU\ Range ID	FYE 24 25*	FYE 24 \$0 (1'	FYE 25 352326('	'LIIHUHQFH
&RPPXQLWEngagement						
	Staff Specialist I/II	130/134		2	2	-
&RPPXQLWEngagement TRWDO			-	2	2	-
Information Service Operations						
FY25 Proposed	Systems Analyst	135	-	-	1	1
Information Service Operations TRWDO			-	-	1	+1
0HWHRUROR&Measurement						
FY25 Proposed	Air Quality Specialist I/II	130/134	-	-	1	1
FY25 Proposed	Senior Air Quality Specialist	138	-	-	1	2
0HWHRUROR&Measurement TRWDO			-	-	2	+3
Planning & Climate Protection						
	Environmental Planner	134		1	1	-
	Senior Environmental Planner	138		2	2	-
Planning & Climate Protection TRWDO			-	3	3	-
5XOHV						
	Air Quality Specialist	130/134	-	2	2	-
Rules TRWDO			-	2	2	-
7HFKQROR&Implementation						
FY25 Proposed	Assistant Staff Specialist I/II	122/126	-	-	1	1
FY25 Proposed	Staff Specialist I/II	130/134	-	-	2	2
7HFKQROR&Implementation TRWDO			-	-	3	+3
Strategic Incentives						
	Principal Staff Specialist	142	-	1	1	-
Strategic Incentives TRWDO			-	1	1	-
Grand TRWDO			-	8	14	+6

APPENDIX H

Definitions

AB 434 (Assembly Bill 434) ± This enacted bill resulted in *California Health and Safety Code* Section 44241 which authorizes the District to levy a fee on motor vehicles registered in the District. The revenue must be used to fund specified programs aimed at the reduction of air pollution from motor vehicles. The bill allows the District to allocate not more than five percent (5%) of the fees distributed for administrative costs. See TFCA (Transportation Fund for Clean Air).

AB 617 (Assembly Bill 617) This enacted bill requires the state board to develop a uniform statewide system of annually reporting of emissions of criteria air pollutants and toxic air contaminants for use by certain categories of stationary sources.

AB 923 (Assembly Bill 923) ± This enacted bill allows an additional \$2 surcharge on Motor Vehicle Registration fees for MSIF (Mobile Source Incentive Fund).

AHM (Acutely Hazardous Material) ± Those materials that have been defined as such by either State or Federal regulations as being hazardous to human health.

AIRS (Aerometric Information Retrieval System) ± Computerized information system as delineated by the EPA (Environmental Protection Agency).

APCO ± Air Pollution Control Officer ± Appointed by the Board of Directors.

Appropriation ± A legal authorization to incur obligations and to make expenditures for specific purposes.

Association of Bay Area Governments (ABAG) ± Regional agency covering the nine counties of the Bay Area, responsible for population projections, various services for local agencies, and co-lead agency for federal air quality planning.

A&WMA (Air & Waste Management Association) ± The international nonprofit organization of regulatory, business, academic and research communities for air and waste management professionals.

BACT (Best Available Control Technology) ± The lowest achievable emission rate to be applied to new and modified stationary sources pursuant to the District's New Source Review permitting program.

Board ± Board of Directors and also Hearing Board. The Board of Directors is the governing body of the District. The Hearing Board is appointed by the Board of Directors. (See Programs 121 and 122).

California Clean Air Act 1988 ± Statutory scheme to reduce air pollution from stationary and mobile sources as set forth in *California Health and Safety Code* Section 39600 et seq.

CAPCOA (California Air Pollution Control Officers Association) ± Organization comprised of local air pollution control officials; human resource and fiscal staff are also members.

Capital Expenditures ± An amount spent to acquire land, building, equipment, vehicles etc. in order to increase capacity or efficiency by the District for more than 1 year. Such purchases are capitalized or depreciated over the useful life, except for land.

Carl Moyer Program ± Provides grants to public and private entities to reduce emissions of oxides of nitrogen, reactive organic gases and particulate matter from existing heavy-duty engines by either replacing or retrofitting them.

CARB or ARB (California Air Resources Board) ± The State agency responsible for setting California Ambient Air Quality Standards (CAAQS) and motor vehicle emission standards, and for overseeing implementation of the California Clean Air Act.

CEC (California Energy Commission) ± The state agency responsible for energy policy and planning.

CEMS ± (Continuous Emissions Monitoring Systems) ± Technology that allows the District to measure certain emissions on a continuous basis.

CEQA (California Environmental Quality Act) ± State law that requires public agencies to analyze environmental impacts of proposed projects and plans. (*California Public Resources Code* Section 21000 et seq.)

CFC (Chlorofluorocarbon) ± Any of a group of compounds that contain carbon, chlorine, fluorine and sometimes hydrogen and are used as refrigerants, cleaning solvents, and aerosol propellants and in the manufacture of plastic foams.

Clean Air Act Amendments of 1990 ± Revisions to the Federal legislation governing air quality planning and control programs to meet National ambient air quality standards.

CMA (Congestion Management Agency) ± Countywide agency responsible for preparing and implementing congestion management programs.

CMAQ ± (Congestion Mitigation and Air Quality) - The District receives funding under this grant to fund the Spare the Air campaign.

Contractual Services ± Services rendered to a government by private firms, individuals, or other governmental agencies.

COLA (Cost of Living Adjustment) ± An adjustment to salaries based on the increased cost of living as defined by the percent change in the U.S. Department of Labor's Consumer Price Index.

DAPCO (Deputy Air Pollution Control Officer) ± Deputy Officer to the APCO.

Environmental Justice ± The fair treatment of people of all races and incomes with respect to development, implementation, and enforcement of environmental laws, regulations, and policies. Fair treatment implies that no person or group of people should shoulder a disproportionate share of negative environmental and economic impacts resulting from the execution of environmental programs.

EPA (Environmental Protection Agency) ± Federal agency that oversees air, water and waste management. An assistance grant is provided to various agencies in their efforts to reduce air pollution.

EPA 103 Grant ± Provides funding for all aspects of operating the PM_{2.5} fine particulate monitoring program as well as BioWatch, the National Air Toxic Trends Study (NATTS) Program and other supplemental study programs awarded by the EPA.

EPA 105 Grant ± Grant pursuant to federal Clean Air Act Section 105.

Fiscal Year ± A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization; July 1 through June 30 is the fiscal year for the District.

FICA (Federal Insurance Corporation Act) Replacement Benefits ± In 1981, District employees elected to terminate participation in Social Security. FICA costs listed in the budget reflect the replacement benefit premiums paid in lieu of Social Security.

Fixed Assets ± Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FTE (Full-time Equivalent Position) ± A position converted to the decimal equivalent of a full-time position based on 2,080 hours of work per year.

Fund ± A fiscal entity with revenues and expenditures that are segregated for the purpose of carrying out a specific purpose or activity.

Fund Reserves ± Designated ± That portion of the fund reserve designated by the governing body to indicate tentative plans for financial resource utilization in a future period.

Fund Reserves ± Reserved ± That portion of the fund reserve obligated by the issuance of purchase orders or contracts (encumbrances), or otherwise obligated and unavailable to meet the District's operating expenditures.

Fund Reserves ± Undesignated ± That portion of the unreserved fund reserve that represents the accumulated surplus which, as specified in the *California Government Code*, is restricted to the following uses: to meet cash requirements before the proceeds from revenues are available, to meet emergency expenditures, and at the end of each fiscal year to meet current year operating or subsequent year budget deficits.

Fund Reserves ± The equity accounts for the governmental fund types.

Group Insurance Benefits ± benefits provided to BAAQMD employees, including medical, dental, vision, and life insurance as well as State Disability Insurance, Section 125 cafeteria plan, Long Term Care and Long Term Disability, Section 457 deferred compensation plan, and COBRA program.

IRIS (Integrated Reporting Information System) ± The name of the District's database conversion project.

MACT (Maximum Achievable Control Technology) ± EPA standards mandated by the 1990 amendments to the Federal Clean Air Act for control of toxic air contaminants.

Metropolitan Transportation Commission (MTC) ± Bay Area regional agency responsible for transportation planning, financing and coordination; co-lead agency for Federal air quality planning.

MSIF (Mobile Source Incentive Fund) ± The Air District's grant program for allocating revenues from an additional motor vehicle registration fee surcharge for implementation of eligible projects.

NOV (Notice of Violation) ± A written citation informing a facility, or individual, that it has violated a specific air quality regulation or rule.

OVA (Organic Vapor Analyzer) ± Hand-held analyzer used to detect organic vapor leaks from valves and other chemical and refinery equipment.

PERP (Portable Equipment Registration Program) ± a program established by CARB allowing the operation of portable equipment in any air district throughout the state without individual local district permits.

PERS (Public Employees Retirement System) ± The retirement system contracted by the District to provide retirement benefits to employees

Program Budget ± A budget that allocates financial resources to functions or activities of government, rather than to specific types of expenditure, or to specific departments.

PSM (Process Safety Management) ± Federal OSHA regulation that requires industrial safety audits.

Request for Proposals (RFP) ± A document requesting bids to provide specified services or supplies.

RMPP (Risk Management and Prevention Plan) ± State Program that the District monitors to prevent accidental releases of hazardous materials.

SIP (State Implementation Plan) ± Bay Area portion of California plan to attain and maintain national ambient air quality standards.

State Subvention Revenue ± Pursuant to Part 2, Chapter 5 of the *California Health and Safety Code*, the California Air Resources Board must subvene and distribute funds to Districts engaged in the reduction of air contaminants. The distribution is based on a per-capita basis of population contained in the District.

T-BACT (Toxic Best Available Control Technology) ± The lowest achievable emission rate for toxic air contaminants at new or modified stationary sources.

TCM (Transportation Control Measure) ± A strategy to reduce vehicle trips, vehicle use, vehicle miles traveled, vehicle idling, or traffic congestion for the purpose of reducing motor vehicle emissions.

TFCA (Transportation Fund for Clean Air) ± The District's grant program for allocating revenues from a motor vehicle registration fee surcharge to public agencies for implementation of eligible projects that reduce motor vehicle emissions.

UNIX ± A computer operating system.

UTM ± A coordinate system for geographical locations.

Vehicle Buy Back ± 7Ke District's sponsored incentive program for the scrapping of 1985 and older models funded under TFCA. The program will pay eligible owners \$650 to contract with a specific auto dismantler to have their vehicle dismantled.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Authorization to Execute a Contract with Allison+Partners for the Spare the Air Advertising and Messaging Campaigns

RECOMMENDED ACTION

The Committee will consider recommending the Board of Directors authorize the Executive Officer/APCO to execute a contract with Allison+Partners, for the Spare the Air Campaigns, Advertising, Communications and Evaluation Services for up to three years at the Air District’s discretion based on the contractor’s performance and available funds, for an amount not to exceed \$1,950,000 per year during Fiscal Year Ending (FYE) 2025 and FYE 2026, and \$2,019,000 for FYE 2027.

BACKGROUND

The Air District’s Communications Office relies on contractors to assist with various aspects of its advertising and outreach programs. The Communications Office recently completed a Request for Proposal (RFP) process to solicit responses for the following services: Advertising, Media Relations, Social Media, Public Opinion Surveys and Employer Outreach services.

1. **Advertising Services:** To purchase advertising buys for broadcast, print, digital advertising and develop educational materials for the Spare the Air campaigns. The summer campaign promotes transit use and active transportation as alternatives to solo-driving and the winter campaign encourages clean heating options to deter the use of wood burning devices.
2. **Media/Public Relations Services:** To provide media relations services to promote alternative commute options, active transportation and wood burning alternatives through the media to support the Spare the Air campaigns.
3. **Social Media Services:** To provide social media content creation, monitoring and strategy development including concept development, writing, design, production, Spare the Air Alert support and technical services.

4. **Public Opinion Survey Services:** To measure the effectiveness of the Air District’s Spare the Air Summer and Winter campaigns and assess public behavior patterns/change as it relates to the reduction of vehicle miles traveled and the reduction of wood burning activities as a result of the Spare the Air campaigns.

5. **Employer Outreach Services:** To provide education and resources to local employers on the benefits of transit and active transportation options and to encourage employers in the Spare the Air Employer Program to inform their employees about air quality, notify them when a Spare the Air Alert is called and to support changes to commute behaviors that benefit air quality.

DISCUSSION

The RFP for Spare the Air Advertising, Communications & Evaluation Services was released on November 13, 2023. The RFP was posted on the Air District website for three weeks and sent to various media relations and advertising firms in the Bay Area.

The RFP received bids from seven firms:

- Allison+Partners
- Here Be Dragons LLC
- Iota Impact Company
- MIG, Inc.
- TRANSFORM DIGITAL LLC
- True North Inc.
- Wondros

Communications’ staff reviewed the seven proposals and conducted interviews of the top three firms.

The RFP selection process included an application screening (out of 100 points) and a panel interview (out of 75 points) for a total score of 175 points. After the application screening, the review panel interviewed the top three firms – Allison+Partners, MIG, Inc., and True North Inc. A summary of the cumulative scores is below:

Active Submissions

Supplier	Total / 175 pts	A - Proposal / 100 pts	B - Interview / 75 pts
Allison+Partners	160.67	92	68.67
True North Inc.	145.33	84.67	60.67
MIG, Inc.	129	87	42

Eliminated Submissions

Supplier	A - Proposal / 100 pts	B - Interview / 75 pts
Here Be Dragons LLC	67.67	-
Wondros	64.33	-
Iota Impact Company	51.33	-
TRANSFORM DIGITAL LLC	31.5	-

Through the RFP selection process, Allison+Partners received the highest total score (160.67 points out of 175) and demonstrated extensive understanding of the Air District’s Spare the Air program advertising, communications, social media, employer outreach and survey research needs.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for this contract comes from the following sources and is included in the FYE 2025 proposed budget:

- Spare the Air Summer = \$1,125,000 per contract year for FYE 2025
 - Transportation Fund for Clean Air (TFCA) - \$1,075,000
 - General Revenue - \$50,000
- Spare the Air Winter
 - General Revenue - \$825,000 per contract year for FYE 2025

Spare the Air program costs for FYE 2026, not to exceed \$1,950,000, and FYE 2027, not to exceed \$2,019,000, will be budgeted appropriately in the ordinary course of the Air District’s annual budget process.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Kristina Chu
Reviewed by: Kristine Roselius

ATTACHMENTS:

- 1. Draft Master Services Contract Allison+Partners Contract No. 2024.031

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MASTER SERVICES CONTRACT

CONTRACT NO. 2024.031

1. **PARTIES** – The parties to this Contract (“Contract”) are the Bay Area Air Quality Management District (“DISTRICT”) whose address is 375 Beale Street, Suite 600, San Francisco, CA 94105, and **Allison & Partners LLC** (“CONTRACTOR”) whose address is 40 Gold Street, San Francisco, CA 94133.
2. **RECITALS**
 - A. DISTRICT is the local agency with primary responsibility for regulating stationary source air pollution in the Bay Area Air Quality Management District in the State of California. DISTRICT is authorized to enter into this Contract under California Health and Safety Code Section 40701. DISTRICT desires to contract with CONTRACTOR for Services as defined herein. DISTRICT is entering into this Contract based on CONTRACTOR’s stated qualifications to perform the Services.
 - B. CONTRACTOR has been selected to provide advertising, communications, and public outreach services in support of DISTRICT’s Spare the Air Program beginning July 1 2024, in an amount not exceed \$1,950,000 during the period July 1, 2024, through June 30, 2025; \$1,950,000 during the period July 1, 2025, through June 30, 2026; and \$2,019,000 during the period July 1, 2026, through June 30, 2027; and not to exceed \$5,919,000 in total.
 - B. Work performed by CONTRACTOR under this Contract will be funded in part by funds from DISTRICT’s Transportation Fund for Clean Air (“TFCA”).
 - C. All parties to this Contract have had the opportunity to have this contract reviewed by their attorney.
3. **DEFINITIONS**
 - A. “Purchase Order” shall mean the written or electronic document used by DISTRICT to track payments to CONTRACTOR under this Contract.
 - B. “Services” shall mean the services to be provided by CONTRACTOR hereunder as generally described in the General Description of Services, attached hereto as Attachment A and made a part hereof by this reference, and as specifically described in Task Orders issued pursuant to this Contract.
 - C. “Task Order” shall mean a written request by DISTRICT for specific services to be performed by CONTRACTOR.
4. **PERFORMANCE REQUIREMENTS**
 - A. CONTRACTOR is authorized to do business in the State of California. CONTRACTOR attests that it is in good tax standing with federal and state tax authorities.
 - B. CONTRACTOR agrees to obtain any and all required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and pay all applicable fees.
 - C. CONTRACTOR shall comply with all laws and regulations that apply to its performance under this Contract, including any requirements to disclose potential conflicts of interest under DISTRICT’s Conflict of Interest Code.

- D. CONTRACTOR shall not engage in any performance of work during the term of this contract that is in direct or indirect conflict with duties and responsibilities set forth in the Scope of Work.
 - E. CONTRACTOR shall exercise the degree of skill and care customarily required by accepted professional practices and procedures.
 - F. CONTRACTOR shall ensure that any subcontractors, employees and agents performing under this Contract comply with the performance standards set forth in paragraphs A-E above.
5. TERM – The term of this Contract is from July 1, 2024 to June 30, 2027, unless further extended by amendment of this Contract in writing, or terminated earlier. CONTRACTOR shall not submit any invoice for services performed under this Contract until the Contract is fully executed.
6. TERMINATION
- A. The DISTRICT may terminate this Contract at any time, at will, and without specifying any reason, by notifying CONTRACTOR in writing. The notice of termination shall specify the effective date of termination, which shall be no less than thirty (30) calendar days from the date of delivery of the notice of termination, and shall be delivered in accordance with the provisions of section 13 below. Immediately upon receipt of the notice of termination, CONTRACTOR shall cease all services under this Contract, except such services as are specified in the notice of termination. CONTRACTOR shall deliver a final invoice for all remaining services performed but not billed, including any services specified in the termination notice, on or before ten (10) business days following the termination date.
 - B. Either party may terminate this Contract for breach by the other party.
 - i) Failure to perform any agreement or obligation contained in this Contract or failure to complete the services in a satisfactory manner shall constitute a breach of the Contract.
 - ii) The non-breaching party may terminate the Contract by delivery of a written notice of breach. The notice of breach shall specify the date of termination, which shall be no earlier than ten (10) business days from delivery of the notice of breach. In the alternative, at its sole discretion, the non-breaching party may require the breaching party to cure the breach. The notice of breach shall specify the nature of the breach and the date by which such breach must be cured.
 - iii) If CONTRACTOR fails to perform any obligation under this Contract, DISTRICT at its sole discretion, may perform, or cause the performance, of the obligation itself. In that event, DISTRICT shall deduct the costs to perform such obligation and any other costs to cure the breach from the payment otherwise due to CONTRACTOR for work performed under this Contract. DISTRICT's performance hereunder shall not be deemed a waiver or release of any obligation of, or default by, CONTRACTOR under this Contract.
 - iv) The notice of breach shall be provided in accordance with the notice requirements set forth in section 13.
 - v) The non-breaching party reserves all rights under law and equity to enforce this Contract and recover any damages.
7. INSURANCE
- A. CONTRACTOR shall maintain the following insurance:
 - i) Workers' compensation and employers' liability insurance as required by California law or other applicable statutory requirements.
 - ii) Occurrence-based commercial general liability insurance or equivalent form with a limit of not less than one million dollars (\$1,000,000) each occurrence. Such insurance shall include

DISTRICT and its officers, agents, and employees as additional insureds and shall be primary with respect to any insurance maintained by DISTRICT.

- iii) Business automobile liability insurance or equivalent form with a limit of not less than one million dollars (\$1,000,000) each accident. Such insurance shall include coverage for owned, hired, and non-owned vehicles. If CONTRACTOR is a sole proprietor, CONTRACTOR may meet this insurance requirement with personal automobile liability insurance carrying a business use endorsement or by demonstrating to the satisfaction of DISTRICT that business use is covered under the CONTRACTOR's personal automobile liability insurance. A CONTRACTOR using only rental vehicles in performing work under this Contract may meet this insurance requirement by purchasing automobile liability insurance in the required coverage amount from the rental agency.
- B. All insurance shall be placed with insurers acceptable to DISTRICT.
- C. Prior to commencement of work under this Contract, CONTRACTOR shall furnish properly-executed certificates of insurance for all required insurance. Upon request by DISTRICT, CONTRACTOR shall provide a complete copy of any required insurance policy. CONTRACTOR shall notify DISTRICT in writing thirty (30) days prior to cancellation or modification of any required insurance policy. Any such modifications are subject to pre-approval by DISTRICT.
- D. If CONTRACTOR fails to maintain the required insurance coverage set forth above, DISTRICT reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or to terminate this Contract for breach.

8. INDEMNIFICATION

- A. CONTRACTOR shall indemnify and hold DISTRICT, its officers, employees and agents harmless from and against any and all liability, loss, expense, including reasonable attorneys' fees, or claims for injury or damages arising out of the performance of this Contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of CONTRACTOR, its officers, agents, or employees.
- B. DISTRICT shall indemnify and hold CONTRACTOR, its officers, employees and agents harmless from and against any and all liability, loss, expense, including reasonable attorneys' fee, or claims for injury or damages arising out of the performance of this Contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of DISTRICT, its officers, agents, or employees.

9. AGREEMENT TO PROVIDE SERVICES

- A. CONTRACTOR hereby agrees to provide to DISTRICT, as DISTRICT may from time to time designate, such services as DISTRICT may order by Task Order, all in accordance with and subject to the terms, covenants and conditions of this Contract. DISTRICT agrees to pay for these services ordered by DISTRICT in accordance with and subject to the terms, covenants and conditions of this Contract.
- B. All Task Orders issued by DISTRICT to CONTRACTOR for services during the term of this Contract are subject to the provisions of this Contract as though fully set forth in such Task Order. In the event that the provisions of this Contract conflict with any Task Order issued by DISTRICT to CONTRACTOR, the provisions of this Contract shall govern. No other terms and conditions, including, but not limited to, those contained in CONTRACTOR's standard printed terms and conditions, on CONTRACTOR's order acknowledgment, invoices or otherwise, shall have any

application to or effect upon or be deemed to constitute an amendment to or to be incorporated into this Contract, any Task Order, or any transactions occurring pursuant hereto or thereto, unless this Contract shall be specifically amended to adopt such other terms and conditions in writing by the parties.

- C. Notwithstanding any other provision of this Contract to the contrary, DISTRICT shall have no obligation to order or purchase any services hereunder and the placement of any Task Order shall be in the sole discretion of DISTRICT. Without limiting the generality of the foregoing, the actual quantity of services to be purchased hereunder shall be determined by DISTRICT in its sole discretion and shall not exceed \$1,950,000 during the period July 1, 2024, through June 30, 2025; shall not exceed \$1,950,000 during the period July 1, 2025, through June 30, 2026; shall not exceed \$2,019,000 during the period July 1, 2026, through June 30, 2027; and shall not exceed \$5,919,000 in total. This Contract is not exclusive. CONTRACTOR expressly acknowledges and agrees that DISTRICT may purchase at its sole discretion, services that are identical or similar to the services described in this Contract from any third party.

10. TASK ORDERS – Each Task Order will specify the following items, as relevant: specific services requested, schedule for services, location where services are to be performed (with contact person), and cost or estimated cost of services. Each Task Order issued under this Contract shall be made part of, and be incorporated into this Contract, and shall reference this Contract on the face of each Task Order. Should any Task Order not conform to or satisfy the terms of this Contract, CONTRACTOR shall have five (5) business days after receipt to reject the Task Order. By not rejecting the Task Order within five (5) business days, CONTRACTOR will have accepted the Task Order. Acceptance by CONTRACTOR is limited to the provisions of this Contract and the Task Order. No additional or different provisions proposed by CONTRACTOR or DISTRICT shall apply. In addition, the parties agree that this Contract and accepted Task Orders constitute a contract for services and satisfy all statutory and legal formalities of a contract.

11. PRICING, INVOICES, AND PAYMENT

- A. DISTRICT shall pay CONTRACTOR for all services ordered and provided in compliance with the terms and conditions of this Contract and with Task Orders issued under this Contract.
- B. CONTRACTOR shall submit original invoices to DISTRICT in form and substance and format reasonably acceptable to DISTRICT. Each invoice, including supporting documentation, must be prepared in duplicate on CONTRACTOR's letterhead; must list DISTRICT's contract number, Purchase Order Number, and the CONTRACTOR's Social Security Number or Federal Employer Identification Number; and must be submitted to: Bay Area Air Quality Management District, 375 Beale Street, Suite 600, San Francisco, CA 94105, Attn: Contracts Manager.
- C. Except as specifically set forth in Attachment A or in Task Orders under this Contract, DISTRICT shall not be responsible for any additional costs or expenses of any nature incurred by CONTRACTOR in connection with the provision of the services, including without limitation travel expenses, clerical or administrative personnel, long distance telephone charges, etc.
- D. CONTRACTOR represents, warrants and covenants that the prices, charges and fees for services set forth in this Contract (on the whole) are at least as favorable as the prices, charges and fees CONTRACTOR charges (on the whole) to other of its customers or clients for the same or substantially similar services provided under the same or substantially similar circumstances, terms, and conditions. If CONTRACTOR agrees or contracts with other clients or customers similarly situated during the Term of this Contract, and offers or agrees to financial terms more favorable than those set forth herein (on the whole), CONTRACTOR hereby agrees that it will

reduce the prices, charges and/or fees charged to DISTRICT in respect of the services hereunder to the most favorable rates received by those other clients or customers.

12. DISPUTE RESOLUTION – A party that disputes a notice of breach must first seek mediation to resolve the dispute in accordance with the provisions set forth below.
 - A. Upon receipt of a notice of breach of contract, the party may submit a demand for mediation to resolve whether or not a breach occurred. The party must state the basis of the dispute and deliver the demand within ten (10) business days of the date of receipt of the notice of breach.
 - B. The mediation shall take place at DISTRICT’s office at 375 Beale Street, Suite 600, San Francisco, or at such other place as may be mutually agreed upon by the parties and the mediator.
 - C. The parties shall make good faith efforts to hold the mediation within thirty (30) days after receipt of the demand for mediation.
 - D. Each party shall bear its own mediation costs.
 - E. In the event the parties are unable to resolve the dispute, either party may file an action in a court of competent jurisdiction to enforce the Contract.
 - F. Maximum recovery under this section shall be limited to the total value of all Task Orders issued under this Contract. The mediation costs shall not reduce the maximum amount recoverable under this section.

13. NOTICES – All notices that are required under this Contract shall be provided in the manner set forth herein, unless specified otherwise. Notice to a party shall be delivered to the attention of the person listed below, or to such other person or persons as may hereafter be designated by that party in writing. Notice shall be in writing sent by e-mail, facsimile, or regular first class mail. In the case of e-mail and facsimile communications, valid notice shall be deemed to have been delivered upon sending, provided the sender obtained an electronic confirmation of delivery. E-mail and facsimile communications shall be deemed to have been received on the date of such transmission, provided such date was a business day and delivered prior to 4:00 p.m. PST. Otherwise, receipt of e-mail and facsimile communications shall be deemed to have occurred on the following business day. In the case of regular mail notice, notice shall be deemed to have been delivered on the mailing date and received five (5) business days after the date of mailing.

DISTRICT: Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105
Attn: Kristine Roselius

CONTRACTOR: Allison & Partners LLC
40 Gold Street
San Francisco, CA 94105
Attn: Meghan Curtis

14. ADDITIONAL PROVISIONS – All attachment(s) to this Contract are expressly incorporated herein by this reference and made a part hereof as though fully set forth.

15. EMPLOYEES OF CONTRACTOR
 - A. CONTRACTOR shall be responsible for the cost of regular pay to its employees, as well as cost of vacation leave, vacation replacements, sick leave, severance pay, and pay for legal holidays.

- B. CONTRACTOR, its officers, employees, agents, or representatives shall not be considered employees or agents of DISTRICT, nor shall CONTRACTOR, its officers, employees, agents, or representatives be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by DISTRICT to its employees.
 - C. CONTRACTOR shall assign those employees listed in the Cost Schedule to perform services under this Contract. CONTRACTOR shall not assign different employees to perform these services without the express written permission of DISTRICT, which DISTRICT will not unreasonably withhold.
 - D. DISTRICT reserves the right to review the credentials to perform the services for any of CONTRACTOR's employees assigned herein and to disapprove CONTRACTOR's assignments. CONTRACTOR warrants that it will not employ any subcontractor(s) without prior written approval from DISTRICT.
16. CONFIDENTIALITY – In order to carry out the purposes of this Contract, CONTRACTOR may require access to certain of DISTRICT's confidential information (including trade secrets, inventions, confidential know-how, confidential business information, and other information that DISTRICT considers confidential) (collectively, "Confidential Information"). It is expressly understood and agreed that DISTRICT may designate in a conspicuous manner Confidential Information that CONTRACTOR obtains from DISTRICT, and CONTRACTOR agrees to:
- A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any manner whatsoever, except that such disclosure or access shall be permitted to employees of CONTRACTOR requiring access in fulfillment of the services provided under this Contract.
 - B. Ensure that CONTRACTOR's officers, employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this section.
 - C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Contract.
 - D. Notify DISTRICT promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this section. Take at CONTRACTOR's expense, but at DISTRICT's option and in any event under DISTRICT's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of CONTRACTOR.
 - E. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information during the term of this Contract and following expiration or termination of the Contract.
 - F. Prevent access to such materials by a person or entity not authorized under this Contract.
 - G. Establish specific procedures in order to fulfill the obligations of this section.
17. INTELLECTUAL PROPERTY RIGHTS – Title and full ownership rights to all intellectual property developed under this Contract shall at all times remain with DISTRICT, unless otherwise agreed to in writing.

18. PUBLICATION

- A. DISTRICT shall approve in writing any report or other document prepared by CONTRACTOR in connection with performance under this Contract prior to dissemination or publication of such report or document to a third party. DISTRICT may waive in writing its requirement for prior approval.
- B. Until approved by DISTRICT, any report or other document prepared by CONTRACTOR shall include on each page a conspicuous header, footer, or watermark stating "DRAFT – Not Reviewed or Approved by BAAQMD," unless DISTRICT has waived its requirement for prior approval pursuant to paragraph A of this section.
- C. Information, data, documents, or reports developed by CONTRACTOR for DISTRICT, pursuant to this Contract, shall be part of DISTRICT's public record, unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information, provided DISTRICT approves use of such information in advance. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the Bay Area Air Quality Management District (District). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of the District. The District, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report."

- D. CONTRACTOR shall inform its officers, employees, and subcontractors involved in the performance of this Contract of the restrictions contained herein and shall require compliance with the above.

19. AUDIT / INSPECTION OF RECORDS – If this Contract exceeds \$10,000, pursuant to California Government Code Section 8546.7, all records, documents, conditions and activities of CONTRACTOR, and its subcontractors, related to the services provided hereunder, shall be subject to the examination and audit of the California State Auditor and other duly authorized agents of the State of California for a period of three (3) years after final payment under this Contract. CONTRACTOR hereby agrees to make such records available during normal business hours for inspection, audit, and reproduction by any duly authorized agents of the State of California or DISTRICT. CONTRACTOR further agrees to allow interviews of any of its employees who might reasonably have information related to such records by any duly authorized agents of the State of California or DISTRICT. All examinations and audits conducted under this section shall be strictly confined to those matters connected with the performance of this Contract, including, but not limited to, the costs of administering this Contract.

20. NON-DISCRIMINATION – In the performance of this Contract, CONTRACTOR shall not discriminate in its recruitment, hiring, promotion, demotion, and termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, marital status, sexual orientation, medical condition, or physical or mental disability and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, and all administrative rules and regulations issued pursuant to said Acts. CONTRACTOR shall also require each subcontractor performing services in

connection with this Contract to comply with this section and shall include in each contract with such subcontractor provisions to accomplish the requirements of this section.

21. PROPERTY AND SECURITY – Without limiting CONTRACTOR'S obligations with regard to security, CONTRACTOR shall comply with all the rules and regulations established by DISTRICT for access to and activity in and around DISTRICT's premises.
22. ASSIGNMENT – No party shall assign, sell, license, or otherwise transfer any rights or obligations under this Contract to a third party without the prior written consent of the other party, and any attempt to do so shall be void upon inception.
23. WAIVER – No waiver of a breach, of failure of any condition, or of any right or remedy contained in or granted by the provisions of this Contract shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies. Further, the failure of a party to enforce performance by the other party of any term, covenant, or condition of this Contract, and the failure of a party to exercise any rights or remedies hereunder, shall not be deemed a waiver or relinquishment by that party to enforce future performance of any such terms, covenants, or conditions, or to exercise any future rights or remedies.
24. ATTORNEYS' FEES – In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys' fees and costs.
25. FORCE MAJEURE – Neither DISTRICT nor CONTRACTOR shall be liable for or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, judicial orders, governmental controls, regulations or restrictions, inability to obtain labor or materials or reasonable substitutes for labor or materials necessary for performance of the services, or other causes, except financial, that are beyond the reasonable control of DISTRICT or CONTRACTOR, for a period of time equal to the period of such force majeure event, provided that the party failing to perform notifies the other party within fifteen calendar days of discovery of the force majeure event, and provided further that that party takes all reasonable action to mitigate the damages resulting from the failure to perform. Notwithstanding the above, if the cause of the force majeure event is due to party's own action or inaction, then such cause shall not excuse that party from performance under this Contract.
26. SEVERABILITY – If a court of competent jurisdiction holds any provision of this Contract to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them will not be affected.
27. HEADINGS – Headings on the sections and paragraphs of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.
28. COUNTERPARTS/FACSIMILES/SCANS – This Contract may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of

which together shall constitute the same contract. The parties may rely upon a facsimile copy or scanned copy of any party's signature as an original for all purposes.

- 29. GOVERNING LAW – Any dispute that arises under or relates to this Contract shall be governed by California law, excluding any laws that direct the application of another jurisdiction's laws. Venue for resolution of any dispute that arises under or relates to this Contract, including mediation, shall be San Francisco, California.
- 30. ENTIRE CONTRACT AND MODIFICATION – This Contract represents the final, complete, and exclusive statement of the agreement between the parties related to CONTRACTOR providing services to DISTRICT and supersedes all prior and contemporaneous understandings and agreements of the parties. No party has been induced to enter into this Contract by, nor is any party relying upon, any representation or warranty outside those expressly set forth herein. This Contract may only be amended by mutual agreement of the parties in writing and signed by both parties.
- 31. SURVIVAL OF TERMS – The provisions of sections 8 (Indemnification), 16 (Confidentiality), 17 (Intellectual Property Rights), and 18 (Publication) shall survive the expiration or termination of this Contract.

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

ALLISON & PARTNERS LLC

By: _____
Philip M. Fine
Executive Officer/APCO

By: _____
Meghan Curtis
General Manager

Date: _____

Date: _____

Approved as to form:

By: _____
Alexander Crockett
General Counsel

Attachment A
General Description of Services

Pursuant to Task Orders issued under the Contract, CONTRACTOR shall provide advertising, communications, and public outreach services in support of DISTRICT's Spare the Air Program in an amount not exceed \$1,950,000 during the period July 1, 2024, through June 30, 2025; \$1,950,000 during the period July 1, 2025, through June 30, 2026; and \$2,019,000 during the period July 1, 2026, through June 30, 2027; and not to exceed \$5,919,000 in total. The overall objective of the Spare the Air Campaigns is to continue to inform and motivate Bay Area residents and businesses to take actions on a continual basis that improves air quality. CONTRACTOR will participate in team meetings with DISTRICT staff on a regular basis throughout the term of this Contract. The work may include, but is not limited to, the following tasks to achieve the objectives:

1. Advertising

- a. CONTRACTOR will work with the DISTRICT Communications Office to develop, produce and implement the following Spare the Air advertising campaigns:
 - March through October - encourage transportation behavior change to reduce solo drivers on Bay Area roads and encourage remote work, transit, carpooling, walking or biking and Employer Programs, and other Spare the Air behavior change campaigns.
 - November through February - educate the public about the health effects of wood burning and how to access Spare the Air alert information.
 - Year-round - encourage employers to adopt permanent remote work options for employees, promote alternatives to driving alone (like taking transit), and provide information on wildfire smoke preparedness and associated Spare the Air alerts.
- b. CONTRACTOR will design the program and produce and implement all aspects of the advertising campaign – including but not limited to, concept, writing, design, production and media placement.

2. Media/Public Relations

- a. CONTRACTOR will work with DISTRICT's Communications Office to develop, produce and implement media/public relations that support the overall messaging goals of the Spare the Air program. Media/public relations will support each Spare the Air program through media events, news interviews, speaking engagements, Op-Eds, and other relevant messaging opportunities.
- b. CONTRACTOR will design the program and produce and implement all aspects of the media/public relations components —including but not limited to, concept, writing, design, production and media pitching.

3. Social Media

CONTRACTOR will develop and implement social media messaging plans, promotions and contests, build social media following and engagement, and manage social media accounts that encourage behavior change through the (1) Spare the Air program (summer and winter) and (2) Spare the Air Employer Program.

CONTRACTOR will:

- i. Develop social media strategies including but not limited to, concept, writing, design, production and technical services.
- ii. Create and curate engaging content for social media platforms.
- iii. Develop and manage content calendars to ensure timely publication.
- iv. Ensure digital content is engaging, relevant and supports the objectives of the Spare the Air campaigns.
- v. Implement social listening tools to monitor mentions of relevant topics.
- vi. Monitor engagement and define key performance indicators for each platform.
- vii. Work with DISTRICT staff to ensure social media efforts are consistent with DISTRICT social media outreach efforts.

4. Employer Program

- a. CONTRACTOR will continue to implement the Spare the Air Employer Program to disseminate air quality information to Bay Area employers as well as to build a network of employers who will actively participate in the Spare the Air program.
- b. CONTRACTOR will work with DISTRICT to develop and evolve strategies and activities to recruit new employers and representatives, actively engage with employers and their employee representatives, and work to improve and enhance the program.

5. Public Opinion Measurement Surveys

- a. CONTRACTOR and its subcontractor, as applicable, will measure the effectiveness of DISTRICT's Spare the Air program and assess public behavior patterns. CONTRACTOR will conduct surveys strategically year-round during Spare the Air Alert and on non-alert days when air quality is good for the Spare the Air program.
- b. CONTRACTOR will conduct in-language surveys in Spanish, Mandarin and Cantonese in the third year of the contract as a follow-up to in-language surveys conducted for the Spare the Air winter portion of the program.

CONTRACTOR will:

- i. Spare the Air Summer Program
 - Design survey methodology and work with DISTRICT staff to develop and refine survey questionnaires, as appropriate.
 - Coordinate data collection to follow Spare the Air Alerts, collect interviews, process data and produce topline results.
 - Process and weigh data, analyze results, calculate emission reductions, prepare a draft report for Air District review, and a final report based on review comments.
 - Collect 1,500 statistically significant interviews for Spare the Air and collect data, process interviews and produce topline results.
- ii. Spare the Air Winter Program
 - Design survey methodology and work with DISTRICT staff to develop and refine survey questionnaires, as appropriate.
 - Coordinate data collection for Spare the Air Alerts, collect interviews, process data, produce topline results.

- In 2026 (third year of contract), conduct in-language surveys in Spanish, Mandarin and Cantonese to follow Spare the Air Alerts, collect interviews, process data on an episode basis, and produce topline results for each episode.
- Process and weigh data, analyze results, calculate emission reductions, prepare a draft report for DISTRICT review, and prepare a final report based on review comments.
- Collect 1,300 statistically significant interviews for Spare the Air Alerts and collect data, process interviews, and produce topline results.

Hourly Rates

CONTRACTOR will bill DISTRICT for the work completed under this Contract at the following hourly rates:

Title	Hourly Rate
Global CEO / Chairman / Vice Chair	\$500
Global Partner / Global COO	\$475
Partner / President / Chief Creative Officer	\$450
Executive Director	\$425
Managing Director / General Manager / Executive Vice President / Executive Producer / Executive Creative Director	\$400
Senior Vice President / Group Creative Director / Group Director of Production / Group Strategy Director	\$375
Director of Production / Senior Creative Director	\$350
Vice President / Creative Director / Senior Content Producer / Senior Director / Strategy Director / Vice President Editorial	\$315
Account Director / Media Relations Director / Director of Photography / ACD Motion Graphics / Producer / Senior Strategist / Senior Editorial Manager / Director Community Management / Director Content Marketing / Art Director / Director Client Service / Associate Creative Director / Analytics Director / Research Director	\$250
Account Manager / Media Relations Manager / Analytics Manager / Research Manager / Senior Videographer / Senior Motion Graphic / Editor / Strategist 2 / Content Marketing Manager / Editorial Manager / Junior Art Director / Manager Client Service	\$225
Senior Account Executive / Senior Media Specialist / Senior Analyst Grade 4 / Videographer / Motion Graphics / Editor / Associate Producer / Strategist 1 / Lead Content Strategist / Senior Community Manager / Senior Designer / Senior Client Service Specialist	\$200
Account Executive / Media Specialist / Analyst Grade 3 / Associate Videographer / Associate Motion Graphics / Editor / Production Assistant / Senior Analyst / Community Manager L3 / Graphic Designer L2 / Client Service Specialist L2	\$175
Assistant Account Executive / Assistant Media Specialist / Analyst Grade 2 / Analyst L2 / Community Manager L2 / Graphic Designer L1 / Client Service Specialist L1	\$150
Account Coordinator / Media Coordinator / Community Manager L1 / Production Designer / Creative Coordinator / Analyst Grade 1 / Analyst L1	\$125
Intern	\$100

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Funding Community Benefits from Penalty Funds

RECOMMENDED ACTION

This is an action item for the Finance and Administration Committee to discuss and consider a policy to allocate penalty funds for community benefits. The policy is proposed to take effect upon approval and be retroactive to the beginning of this fiscal year. Staff requests feedback and direction regarding the proposed policy. If the Committee has no additional requests or direction, staff recommend that the Committee provide a recommendation to the Board of Directors that the Board adopt the attached policy.

BACKGROUND

The Air District collects penalties from individuals and businesses that violate our regulations. In the past five years, these funds have varied from \$700k to \$4.2M per year. These are treated as general fund revenue and are used to pay for enforcement staff and other expenses. For comparison, the staff and contract costs of the Air District's enforcement program exceeds \$16 million per year.

Civil penalties collected through an individual settlement agreement or court judgment that requires payment from a particular regulated entity are grouped as penalty packages. A package can address more than one violation but must be with an individual entity. Most of the individual penalty packages are for less than \$50,000. However, there have typically been one or more larger penalty packages that exceed \$1 million each year. Most of the penalty money collected is from these large packages. Looking at the current and past two fiscal years, all the large penalty packages were from oil refineries and related industries. Over 90% of the penalty money received during this period were from this industrial sector.

For many years, community and environmental justice advocates have asked for penalty funds to be spent in the communities where the violations occurred. In addition, it is not good practice to depend on penalty money to fund routine Air District operations as the intent of penalties is to deter violations and encourage regulatory compliance, not to raise revenue. With the Air District's recent focus on enforcement, staff anticipates that penalty collections will increase significantly. Therefore, staff believes anticipates that the Air District can allocate substantial

portions of penalty funds to community benefits without significant impacts to the operating budget.

On December 20, 2023, Air District Executive Officer Dr. Philip Fine presented an informational item to the Finance and Administration Committee regarding the use of penalty money to fund community benefits. At the meeting, Dr. Fine suggested that the Board set a policy that would automatically allocate penalty funds for community benefits. The exact nature of that allocation would depend on input from community representatives and advocates. The Committee was generally favorable to the idea and directed staff to consult with the Community Advisory Committee and other community groups including the Richmond-North Richmond-San Pablo AB 617 Community Steering Committee (CSC).

The CAC heard this item on January 18, 2024 and voted to approve the following recommendations to the Board of Directors:

- Recommend that the Air District Board of Directors create a policy, in collaboration with the Community Advisory Council, that automatically sets aside a portion of penalties for regional and local benefits.
- Recommend that the Air District Board of Directors have the Community Advisory Council conduct an annual periodic review of the program after one year to ensure that the policy is effective and equitable.
- Recommend that the Air District Board of Directors ensure, with the collaboration of the Community Advisory Council, that there is the creation of a plan for community outreach and oversight of any local or regional benefit fund spending programs.

The CAC heard this item again on March 21, 2024 and voted to approve the following additional recommendation to the Board of Directors:

- Recommend that the Board of Directors set a policy in collaboration with the Community Advisory Council that automatically allocates a portion of penalties for local (80%) and regional (20%) community benefits

Staff also presented this item to the Richmond-North Richmond-San Pablo Community Steering Committee. This is the Community Steering Committee developing the Community Emissions Reduction Plan for that area. The Richmond-North Richmond-San Pablo CSC voted to make the following policy recommendations to the Board of Directors:

1. BAAQMD Board of Directors create a policy that automatically directs 90% to a Local Benefit Fund for the most impacted community and 10% to a regional benefit fund.
2. When the source and impact are within an AB617 designated community, the Air District will work with the Community Steering Committee to create the Community Benefits Policy, per strategy FR3.9 from the Community Emissions Reduction Plan (CERP), which would inform the Local Benefit Fund. The Community Steering Committee would have local oversight of the Local Benefit Fund.

3. When the source and impact are not within an AB617 designated community, the Air District will work with the Community Advisory Council (CAC) to identify community based organizations that represent the impacted community and that would have local oversight of the Local Benefit Fund.
4. Air District will work in collaboration with the Community Advisory Council to create a regional policy to oversee and distribute the regional funds.
5. All policies and funds will include an annual review and amendment process to the program to ensure the policy's effectiveness, equity, and environmental justice principles are being met.
6. All policies and funds will have an equitable and transparent implementation plan to improve air quality and public health for impacted communities.

DISCUSSION

Staff has developed a proposed allocation method designed to accomplish the following goals:

- Ensure that significant amounts of large penalty packages go toward benefits in the community where the violation occurred.
- Avoid the creation of local benefit funds that are too small to be practically implemented.
- Address the needs of communities outside of the refinery corridor.
- Recover reasonable staffing costs for the Air District and minimize or eliminate budget risk.

This proposal is described in detail in the attached document entitled "Funding Community Benefits from Penalty Funds." Should the Board adopt the proposal, they would create Local Community Benefit Funds in communities where penalty packages greater than \$100,000 have been assessed. It would also create a Regional Community Benefit Fund to address the needs of communities overburdened with air pollution which may not have industrial sources that could be subject to large penalties.

The proposed policy also enables the Air District to continue to partially fund its enforcement program with penalty money and includes a method for addressing the historic year-to-year variability of penalty collections.

The proposed policy would allocate 80% of penalty funds over \$1,000,000 to Local Community Benefit Funds and 20% to either a Regional Benefit Fund or the Air District's general fund. This 80/20 split is consistent with the recommendation of the Community Advisory Council. The Richmond-North Richmond-San Pablo Community Advisory Council has recommended a 90/10 split.

This proposed policy only addresses funding allocation. Policies governing the management and disposition of the Community Benefit Funds will be taken up in separate Board actions after consultation with the Community Advisory Council, Community Steering Committees, and others through the Board's Community, Equity, Health, and Justice Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

This proposal will not impact the budget assumptions for the current fiscal year and is designed to mitigate budget risks in future years.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Gregory Nudd
Reviewed by: Philip M. Fine

ATTACHMENTS:

1. Policy: Funding Community Benefits from Penalty Funds
2. Letter from Richmond-North Richmond-San Pablo Community Advisory Committee of March 18, 2024
3. Draft Minutes of the March 21, 2024 Community Advisory Committee

Draft Policy: Funding Community Benefits from Penalty Funds

Definitions:

Penalty Package: Civil penalties collected through an individual settlement agreement or court judgment that requires payment from a particular regulated entity. A package can address more than one violation but must be with an individual entity.

Fiscal Year Penalty Budget Assumption: The amount of assumed general fund revenue derived from penalties in a fiscal year's adopted budget.

Fiscal Year Penalty Budget Cap: The amount needed to meet the Fiscal Year Penalty Budget Assumption for the current fiscal year, plus any shortfalls from the previous two years. A shortfall occurs when actual penalties collected in a fiscal year are less than the Fiscal Year Budget Assumption for that fiscal year. Once the Fiscal Year Penalty Budget Cap has been met, any additional penalties collected will be designated for regional community benefits as described below. Since this policy is starting in FYE 2024, the Fiscal Year Penalty Budget Cap will be \$3,000,000 which is equal to the Fiscal Year Penalty Budget Assumption for FYE 2024. Also, since there is no shortfall in penalty collections in FYE 2024, the Fiscal Year Penalty Budget Cap for FYE 2025 will also be equal to the Fiscal Year Penalty Budget Assumption for FYE 2025.

Regional Community Benefits Fund: A fund that the Board of Directors has designated to reduce air pollution or mitigate the impacts of air pollution in overburdened communities or aimed at improving health outcomes in communities impacted by air pollution in the Bay Area. The program governing the disposition of these funds will be addressed in a separate document.

Local Community Benefits Fund: Funds that the Board of Directors has designated to reduce air pollution or mitigate the impacts of air pollution or aimed at improving health outcomes in the particular community that was affected by the air quality violations leading to the Penalty Package in which the funds were collected. The program governing the disposition of these funds will be addressed in a separate document.

Method of Allocating Funds:

Beginning in the fiscal year ending June 30, 2024, and retroactive to the beginning of that fiscal year, net penalty funds collected¹ shall be allocated according to the method below.

First \$100,000: Funds shall be placed in the general fund until the Fiscal Year Penalty Budget Cap for that year is met. Once the Fiscal Year Penalty Budget Cap for that year is met, the funds from these settlements shall be placed in the Regional Community Benefits fund.

Amounts greater than \$100,000 and less than or equal to \$1,000,000: Fifty percent (50%) of the funds shall be placed in a Local Community Benefits Fund associated with the community impacted by the violations leading to the Penalty Package. Fifty percent (50%) shall be placed in the

¹ Net penalty funds collected are all penalties obtained by the Air District through settlements or court judgments, net of any external costs associated with obtaining the penalty, such as litigation costs, costs of expert witnesses or consultant, or outside attorney fees, that are not otherwise recovered.

general fund or the Regional Community Benefits Fund depending on whether the Fiscal Year Penalty Budget Cap has been met.

Amounts exceeding \$1,000,000: Eighty percent (80%) of the funds shall be placed in a Local Community Benefits Fund associated with the community impacted by the violations leading to the Penalty Package. Twenty percent (20%) shall be placed in the general fund or the Regional Community Benefits Fund depending on whether the Fiscal Year Penalty Budget Cap has been met.

Annual Report:

In May of each year, staff will provide the Community Advisory Council and the Board of Directors a review of the results of this policy for the current fiscal year. The review will include the amount allocated and expended from each community benefit fund and an assessment of the effectiveness of the policy in advancing the environmental justice and equity goals of the Air District.

Attachment A: Example Calculations

Example Allocation Scenario assuming Fiscal Year Budget Target of \$3,000,000

Amount of Penalty Package	Location	Date
\$1,150,000	Richmond	7/27/2023
\$15,500	Napa	12/04/2023
\$20,000,000	Richmond	4/1/2024
\$130,000	Berkeley	5/10/2024

This example is taken from FYE24 penalty packages, but it does not include all penalties collected.

Allocation of 7/27/2023 Package

	General Fund	Regional Benefits Fund	Richmond Fund
First \$100,000	\$100,000	\$0	\$0
\$100,000 to \$1,000,000	\$450,000	\$0	\$450,000
\$1,000,000 to \$1,150,000	\$30,000	\$0	\$120,000
Totals	\$580,000	\$0	\$570,000

Allocation of 12/04/2023 Package

	General Fund	Regional Benefits Fund	Richmond Fund
First \$100,000	\$15,500	\$0	\$0

Note that the General Fund now has \$595,500. So, an additional \$2,404,500 is required to meet the Fiscal Year Penalty Budget Cap.

Allocation of the 4/2/2024 package

	General Fund	Regional Benefits Fund	Richmond Fund
First \$100,000	\$100,000	\$0	\$0
\$100,000 to \$1,000,000	\$450,000	\$0	\$450,000
\$1,000,000 to \$20,000,000	\$1,854,500	\$1,945,500	\$15,200,000
Totals	\$2,404,500	\$1,945,500	\$15,650,000

After the 4/2/2024 package, the Fiscal Year Penalty Budget Cap has been met and the funds begin to flow into the Regional Community Benefits Fund. The Richmond Community Benefits Fund now has a total of \$16,220,000 with the contribution from the 7/27/2023 and the 4/2/2024 packages.

Allocation of the 5/10/2024 package

	General Fund	Regional Benefits Fund	Berkeley Fund
First \$100,000	\$0	\$100,000	\$0
\$100,000 to \$130,000	\$0	\$15,000	\$15,000
Totals	\$0	\$115,000	\$15,000

Since the Fiscal Year Penalty Budget Cap was met with the 4/2/2024 package, all penalty funds collected the rest of the fiscal year that do not accrue to Local Community Benefit Funds will accrue to the Regional Community Benefit Fund rather than the general fund.

The application of this policy to this example set of penalty packages had the following results:

General Fund: \$3,000,000 (Fiscal Year Penalty Budget Cap met)

Regional Benefits Fund: \$2,060,500

Richmond Community Benefits Fund: \$16,220,000

Berkeley Community Benefits Fund: \$15,000

Calculation of the Fiscal Year Penalty Budget Cap

This policy is being put in place in FYE 2024 and the Fiscal Year Penalty Budget Assumption has been met for FYE 2024. Therefore, the Fiscal Year Penalty Budget Cap for FYE 2024 will be \$3,000,000, which is equal to the Fiscal Year Penalty Budget Assumption. The Fiscal Year Penalty Budget Cap for FYE 2025 will also be equal to the FYE 2025 Fiscal Year Penalty Budget Assumption (currently proposed as \$4,000,000).

The Fiscal Year Penalty Budget Cap for FYE 2026 will be equal to the Fiscal Year Penalty Budget Cap for 2026 plus any shortfall in penalty collections in FYE 2025. The Fiscal Year Penalty Budget Cap for FYE 2027 will be equal to the Fiscal Year Penalty Budget Assumption for FYE 2027 plus any shortfall in penalty collections in FYE 2026 or FYE 2025. This two-year-lookback method will apply to future Fiscal Year Penalty Budget Caps while this policy remains in place.

Example 1 (actual Budget assumptions will be set by the Board of Directors):

Fiscal Year	2025	2026	2027
Penalty Budget Assumption	\$4,000,000	\$4,000,000	\$4,000,0000
Penalty Budget Cap	\$4,000,000	\$4,500,000	\$4,500,0000
Actual Penalties Collected	\$3,500,000	\$4,000,000	\$5,000,0000
Shortfall	\$500,000	\$0	\$0

Example 2 (actual Budget assumptions will be set by the Board of Directors):

Fiscal Year	2025	2026	2027
Penalty Budget Assumption	\$4,000,000	\$4,000,000	\$4,000,0000
Penalty Budget Cap	\$4,000,000	\$4,500,000	\$4,700,0000
Actual Penalties Collected	\$3,500,000	\$3,800,000	\$5,000,0000
Shortfall	\$500,000	\$200,000	\$0

March 18, 2024

To:

[Bay Area Air Quality Management District](#), Board of Directors

[Community Equity Health and Justice Committee](#)

BAAQMD Executive Officer, Phillip Fine

BAAQMD Community Advisory Council

Re: Penalty Policy and Process

Background:

Chevron will pay a \$20 million fine for **678 violations (separate from Rule 6-5)**. This money has been directed to the BAAQMD General Fund and Air District staff would like to earmark a certain percentage to the most immediately impacted communities.

We acknowledge that this is the first routine policy regarding penalty funds for community benefits to be developed by an Air District in all of California. This means that 1) there are no precedents in California to refer to, and 2) this is an opportunity for BAAQMD to develop a precedent that could have significant impact locally, statewide, and nationally, as California regularly sets precedents for the rest of the country.

Statement of Purpose:

Those that are being negatively impacted by PM2.5 should be the recipients of any penalty policy fund. The money should be specifically designated to create some form of justice, by alleviating the health burdens of those impacted by the violations, through funding strategies that either improve the air quality of that area or improve the health outcomes. A policy that allocates funds from Chevron's 678 air quality notice of violations to be used regionally, outside of the impacted community, is a policy that reinforces environmental injustice. It would allow other communities to prosper off the most impacted community, in this case the Richmond people who are suffering a variety of chronic health disparities by living and breathing the direct impacts of PM2.5 emissions.

Policy Recommendations:

- 1) BAAQMD Board of Directors create a policy that automatically directs 90% to a Local Benefit Fund for the most impacted community and 10% to a regional benefit fund.
- 2) When the source and impact are within an AB617 designated community, the Air District will work with the Community Steering Committee to create the Community Benefits Policy, per strategy FR3.9 from the Community Emissions Reduction Plan ([CERP](#)), which would inform the Local Benefit Fund. The Community Steering Committee would have local oversight of the Local Benefit Fund. See link and Reference section below.
- 3) When the source and impact are **not** within an AB617 designated community, the Air District will work with the Community Advisory Council (CAC) to identify community based organizations that represent the impacted community and that would have local oversight of

the Local Benefit Fund.

- 4) Air District will work in collaboration with the Community Advisory Council to create a regional policy to oversee and distribute the regional funds.
- 5) All policies and funds will include an annual review and amendment process to the program to ensure the policy's effectiveness, equity, and environmental justice principles are being met.
- 6) All policies and funds will have an equitable and transparent implementation plan to improve air quality and public health for impacted communities.

Sincerely,

Richmond-North Richmond-San Pablo AB617 Community Steering Committee

Reference:

Richmond-North Richmond-San Pablo Community Emissions Reduction Plan (CERP)

FR Action 3.9

First, Air District will partner with the CSC to develop, within 1 year of PTCA Plan adoption, a Community Benefits Policy (CBP) that invests up to 100% of penalty monies from the fuel refining sector back into the PTCA area. Then, Air District will partner with the CSC to expand the Fuel Refining Community Benefits Policy (CBP) to cover the full PTCA area. • CSC will establish a CBP Subcommittee

- Air District will work with CSC and CBP Subcommittee to facilitate public engagement during development of Air District policies regarding a CBP:
 - The CSC or its CBP Subcommittee will help the Air District gather community input
 - The CSC or its CBP Subcommittee and Air District will meet with Indigenous Tribal Leaders and/or Sogorea Te' Land Trust
 - The CSC or its CBP Subcommittee will communicate with CAC to learn about its position on the CBP

Air District and the CBP Subcommittee will develop a specific CBP for the distribution of funds in the PTCA that includes:

- Criteria for investment, tied to air quality and climate protection, including criteria incorporating Just Transition principles (Cross Reference FR Strategy 1)
- A community-driven mechanism to incorporate the community voice, including the CSC in an advisory role, with respect to:

- Mechanisms to invest in community to improve air quality and public health, including:
 - Public Transportation
 - Residential Ventilation & Air Filtration
 - Urban Greening
 - Public Health Programs & Research
- Investment Mechanisms should also draw from community investment projects included throughout the PTCA Plan, including, but not limited to, Public Health Action 1.4 - Asthma management (Cross-reference)
- The CBP will speak to the following stages of implementation:
 - Length of fuel refining focused CBP
 - Fuel refining focused CBP success evaluation (criteria, timelines, and longevity)
 - Expansion from fuel-refining CBP into a PTCA-wide CBP (Step 2 below), which would include decisions about resource needs and governance
- The CBP will establish a long-term mechanism to allow the CSC and/or CBP Subcommittee to provide consultation on CBP implementation with respect to local input
- The Fuel Refining CBP will be launched within 30 days of a policy (including CBP implementation mechanisms) being approved by the Air District Board of Directors
- The Fuel Refining Community Benefits Policy will be expanded into a PTCA-wide community benefits policy. CBP Subcommittee and Air District will:
 - incorporate successes and lessons learned from the PTCA Fuel Refining CBP.
- draft a proposal for a PTCA-wide CBP and share it through a transparent and inclusive public review process.
 - CBP Subcommittee will provide guidance on public engagement for the review.

Bay Area Air Quality Management District
375 Beale Street
San Francisco, California 94105
(415) 749-5073

DRAFT MINUTES

Community Advisory Council
Thursday, March 21, 2024

1. CALL TO ORDER - ROLL CALL

The meeting Facilitator, Randolph Belle of Randolph Belle, Artist (RBA) Creative, called the Community Advisory Council (Council) in-person meeting to order at 6:00 p.m.

Roll Call:

Present, In Person: Council Co-Chairpersons Kevin John Jefferson, Latasha Washington, and Ken Szutu; and Council Members William Goodwin, Ms. Margaret Gordon, Ariann Harrison, Joy Massey, Hana Mendoza, Rio Molina, and Violet Saena.

Participated Remotely, via Zoom (remote presence does not count for quorum, but votes are counted for all action items): Council Member Fernando Campos and Mayra Pelagio (just cause).

Absent: Council Members Dr. Juan Aguilera, Dr. John Ritterman, and Kevin G. Ruano Hernandez.

Note: Dr. Aguilera listened into the meeting remotely via Zoom as member of the public since his reason for attending remotely did not fall under exemptions for “just cause,” which allows for remote participation under Assembly Bill (AB) 2449 (Rubio, 2022). Thus, he was marked as “absent.”

2. PUBLIC COMMENT ON NON-AGENDA MATTERS

CONSENT CALENDAR

3. APPROVAL OF THE DRAFT MINUTES OF THE COMMUNITY ADVISORY COUNCIL (CAC) MEETING OF JANUARY 18, 2024

Public Comments

No requests received.

Council Comments

None.

Council Action

Co-Chair Washington made a motion, seconded by Council Member Massey, to **approve** the Draft Minutes of the Community Advisory Council Meeting of January 18, 2024, and the motion **carried** by the following vote of the Council:

AYES: Campos, Goodwin, Gordon, Harrison, Jefferson, Massey, Mendoza, Molina, Pelagio, Szutu, Washington.
NOES: None.
ABSTAIN: Saena.
ABSENT: Aguilera, Ritterman, Ruano Hernandez.

Motion Approved

ACTION ITEMS

4. COMMUNITY ADVISORY COUNCIL WORK PLAN

This item was presented by the following members of the Work Plan Ad Hoc Committee: Co-Chair Ken Szutu, Council Member William Goodwin, and Council Member Rio Molina. The presentation *Community Advisory Council Workplan* included the slides: outcome; outline; requested action; initial work plan; revised work plan (March 2023 CAC meeting); developing an updated work plan; CAC Retreat – September 2023; and current CAC Work Plan – December 2023.

Public Comments

No requests received.

Council Comments

The Council and staff discussed the desire for more action agenda items and less informational agenda items.

Council Action

Co-Chair Washington made a motion, seconded by Council Member Harrison, to **adopt** the updated Community Advisory Council 2024-2025 Work Plan; and the motion **carried** by the following vote of the Council:

AYES: Campos, Goodwin, Harrison, Jefferson, Massey, Mendoza, Molina, Pelagio, Saena, Szutu, Washington.
NOES: Gordon.
ABSTAIN: None.
ABSENT: Aguilera, Ritterman, Ruano Hernandez.

Motion Approved

5. FUNDING COMMUNITY BENEFITS FROM PENALTY FUNDS

Greg Nudd, Deputy Executive Officer, Science and Policy, gave the staff presentation *Funding Community Benefits from Penalty Funds*, including: potential presentation outcomes; proposal; previous CAC vote; remaining questions; community benefit project examples; background; about the penalties; penalty percentage allocation for local and regional community benefits - Option 1: 80-20; Option 2: 70-30; Option 3: 60-40; allocation results – Fiscal Year (FY) 24.

Public Comments

Public comments were given by the following Richmond-North Richmond-San Pablo Path to Clean Air Community Emissions Reduction Plan Community Steering Committee Members: YAnad Burell (Co-Chair), Marisol Cantú, Alfredo Angulo (Co-Chair), and Nancy Peace.

Council Comments

The Council and staff discussed concern about annual increases of penalty funds that are budgeted to partially fund the Air District’s enforcement program, and the suggestion for a ceiling; whether community benefits projects can be both regionally and locally funded; whether limits could be placed on regional benefits; whether regional or local benefits could apply to law enforcement; the request for a Council orientation on how the Air District determines violations and penalty amounts; how the Air District charges fees to permitted sources based on the type of source; the cost of corrective actions; the manner in which collected penalties would be distributed to communities (who are the recipients, and the comparison of paying regional funds versus local funds); whether the penalties collected for regional benefits can be added to the Air District’s budget target; the belief that a member of the Council had not been informed well enough to be polled about penalty allocation options; whether facilities are fined for all of their violations; the manner in which new fees are added to a facility, and whether fees can be allocated for regional or local benefits; the Council’s desire for healthy relationships with all of the designated Bay Area Community Health Protection Program (AB 617) Community Steering Committees; whether there is a statute of limitations for assessing penalties for past violations; and whether the Air District must enter into tolling agreements with penalized facilities.

Council Action

Co-Chairperson Szutu made a motion, seconded by Council Member Mendoza, to recommend that the Board of Directors **set** a policy in collaboration with the Community Advisory Council that automatically **allocates** a portion of penalties for local (80%) and regional (20%) community benefits; and the motion **carried** by the following vote of the Council:

AYES:	Campos, Goodwin, Harrison, Massey, Mendoza, Molina, Pelagio, Saena, Szutu, Washington.
NOES:	Gordon.
ABSTAIN:	Jefferson.
ABSENT:	Aguilera, Ritterman, Ruano Hernandez.

Motion Approved

THE COUNCIL RECESSED AT 7:33 P.M., AND RESUMED AT 7:45 P.M.

INFORMATIONAL ITEM

6. AIR DISTRICT STRATEGIC PLANNING UPDATE

Dr. Philip M. Fine, Executive Officer / Air Pollution Control Officer (APCO), and CAC Co-Chair, Latasha Washington, gave the presentation *Strategic Planning Update*, including: outcome; requested action; outline; Environmental Justice (EJ) plan development; inputs for development of EJ priorities; examples of EJ priorities; developing EJ strategies: January 2024 to present; Strategic Plan; early input on Strategic Plan; CAC input (survey responses); consistent engagement findings; Strategic Plan framework and definitions; Draft Revision: Air District mission, core values, 5-year vision; draft goal areas; draft strategy examples; working timelines; and next steps.

Public Comments

No requests received.

Council Comments

The Council and staff discussed appreciation for the thank you to the Council’s Environmental Justice Policy Ad Hoc Committee and Air District staff for their EJ contribution to the Strategic Plan; the manner in which small groups of Council Members may meet, regarding the Strategic Plan, without violating the Ralph M. Brown Act; the desire for distinction between EJ priorities and EJ principles; the request for a Council orientation on EJ principles so that all Council Members have the same understanding of terms and definitions; whether accountability is part of the Air District’s core values; concerns about the proposed goal of “Maintain an Effective, Efficient, and Customer-Oriented Organization”, and the suggestion of the removal of corporate-sounding language; whether the Air District’s Public Participation Plan will be relaunched; and the suggestion that the Air District hire a person to measure the success of equity initiatives.

Council Action

None; receive and file.

OTHER BUSINESS

7. ENVIRONMENTAL JUSTICE POLICY AD HOC COMMITTEE UPDATE

The Council receives an update from the Environmental Justice Policy Ad Hoc Committee from Environmental Justice Policy Ad Hoc Committee Co-Chair Washington.

Public Comments

No requests received.

8. **COMMUNITY BENEFITS FUND AD HOC UPDATE**

The Council received an update from the Community Benefit Fund Ad Hoc Committee from Community Benefit Fund Ad Hoc Committee Co-Chair Campos.

Public Comments

No requests received.

9. **COMMUNITY ADVISORY COUNCIL MEMBER SELECTION AD HOC COMMITTEE**

The Council received an update from the CAC Member Selection Ad Hoc Committee from CAC Member Selection Ad Hoc Committee Co-Chair Pelagio. 33 applications were received for the two vacant seats, and scoring will take place over the next few weeks.

Public Comments

No requests received.

Council Comments

The Council and staff discussed the anticipated timeline of the appointment of new Council Members.

10. **REPORT OF THE EXECUTIVE OFFICER / AIR POLLUTION CONTROL OFFICER**

Dr. Fine announced the following:

- Marcia Raymond, who has been Acting Deputy Executive Officer of Equity and Community Programs, is continuing in this role for a third extension. The hiring process for a permanent Deputy Executive Officer of Equity and Community Programs is ongoing.
- Air District staff appreciates the Council Members who attended the Board of Directors annual retreat on January 31, 2024.
- The Air District is currently sponsoring several bills: Senate Bill (SB) 1095 (Becker) - Cozy Homes Cleanup Act: building standards: gas-fuel-burning appliances; **AB 2298 (Hart, et al.)** – Coastal resources: voluntary vessel speed reduction and sustainable shipping program; and **AB 1465 (Wicks)** – Nonvehicular air pollution: civil penalties.

11. **COUNCIL MEMBER COMMENTS / OTHER BUSINESS**

Council Member Goodwin asked whether the Air District has a legislative policy priority platform so that interested members of the public may support and advocate for Air District-sponsored bills, or bills of interest to the Air District.

Co-Chair Jefferson thanked Dr. Fine for centering EJ as guiding principle of Air District’s work.

Council Member Gordon requested a more detailed explanation of the Air District’s harassment policy, process, procedures, and protocol. She believed that the training that the Council Members received lacked clarity.

Council Member Gordon announced the following event:

**Lau Grants for Just Climate Futures Presentation Workshops
Friday, April 5, 10 AM to 5 PM at Bauer Wurster Hall, UC Berkeley**

The College of Environmental Design will be holding presentation workshops for the Lau Grants for Just Climate Futures, featuring dialogue around climate adaptation strategies, organized by the Institute of Urban & Regional Development. Exhibitions of the five funded cross-disciplinary projects will be featured, including community partners and representatives of public agencies. At 3:00pm, there will be an exhibit called “**BAAQMAP: Bay Area Air Quality Map Analysis Project**”, which maps real-time air quality and cumulative environmental exposure. Members of the Council will be speakers at that exhibit.

Council Member Mendoza requested that hard copies of agenda packets be made available in larger font size, for those who require it.

Co-Chair Szutu registered a public harassment complaint against Co-Chair Washington for her comments made to and about him, which Co-Chair Szutu considered hostile, during Item 5 (Funding Community Benefits from Penalty Funds.) In response, Co-Chair Washington offered an apology to Co-Chair Szutu and the Council for her earlier comments, noting that she did not intend to offend Co-Chair Szutu.. Council Member Pelagio requested that staff intervene and offer proposed motion language, to assist the maker of a motion, in the future, if needed.

12. TIME AND PLACE OF NEXT MEETING

Thursday, May 16, 2024, at 6:00 p.m. at the California State University East Bay Oakland Professional Development and Conference Center, Trans Pacific Center, 1000 Broadway, Suite 109, Oakland, CA 94607. The meeting will be in-person for the Community Advisory Council members and members of the public will be able to either join in-person or via webcast.

13. ADJOURNMENT

The meeting was adjourned at 9:00 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Corrective Action Plan to Implement Recommendations from the Engineering
Performance Audit

RECOMMENDED ACTION

No action requested.

BACKGROUND

On December 20, 2023, the Finance and Administration Committee heard the findings from the Management Audit Report on Air District Engineering Functions, which focused on: timeliness of permit action, tracking, staffing and workload management, and cost recovery.

DISCUSSION

The Engineering Division of the Air District plays a crucial role in evaluating air quality permit applications and granting permits to businesses operating equipment that could potentially emit air pollutants. In recent years the number of permitted sources and the complexity of permits has increased, contributing to delays in some permit actions. For example, at the October 17, 2022 Stationary Source and Climate Impacts Committee meeting we reported that over the last decade, although the Air District issued 77% of permits within 180 days of receiving the application, permitting actions for other applications consistently extended past the deadlines required by our own regulations. In most of these cases, the applications pertained to equipment used in facilities with complex emissions sources, including refineries, landfills, composting operations, wastewater treatment facilities, and concrete & asphalt batch plants.

The Engineering Performance Audit began in May 2023 and the results, which aligned with our internal understanding of recent challenges, were reported to the Finance and Administration Committee by Sjoberg Evashenk Consulting in December 2023. The Committee directed the Executive Officer to prepare an action plan to address the Engineering Audit Report's recommendations for approval within 90 days.

Today, staff will present the Engineering Corrective Action Plan to address the key audit findings.

Key Findings:

- Timeliness/Backlog: Permit applications are not always processed in a timely manner and a backlog exists.
- Tracking: Engineering does not track all information necessary to assess efficiency of permitting processes, identify resource needs, and ensure facilities are properly permitted.
- Resource Management:
 - Staffing: Engineering has been impacted by hiring freezes, attrition, training, and loss of institutional knowledge.
 - Workload: Engineering has insufficient resources for increasingly complex permitting, increase in non-core activities, inefficiencies in permit processing and delinquent accounts.
- Cost Recovery:
 - Opportunities exist to enhance current fee schedules to better recover costs.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Portions of the Corrective Action Plan call for outside services, which will require formal competitive procurements to be considered by the Board for authorizations and contract approvals.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Pamela Leong and Meredith Bauer
Reviewed by: Philip Fine

ATTACHMENTS:

1. Staff Report - Engineering Audit

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STAFF REPORT: CORRECTIVE ACTION PLAN TO IMPLEMENT RECOMMENDATIONS FROM THE ENGINEERING PERFORMANCE AUDIT

March 20, 2024

1. Background

The Engineering Division of the Air District plays a crucial role in granting air quality permit applications and granting permits to businesses operating equipment that could potentially emit air pollutants. In recent years the number of permitted sources and the complexity of permits has increased, contributing to delays in some permit actions. For example, at the October 17, 2022 Stationary Source and Climate Impacts Committee meeting we reported that over the last decade, although the Air District issued 77% of permits within 180 days of receiving the application, permitting actions for other applications consistently extended past the deadlines required by our own regulations. In most of these cases, the applications pertained to equipment used in facilities with complex emissions sources, including refineries, landfills, composting operations, wastewater treatment facilities, and concrete & asphalt batch plants.

The Engineering Performance Audit began in May 2023 and the results, which aligned with our internal understanding of recent challenges, were reported to the Finance and Administration Committee by Sjoberg Evashenk Consulting in December 2023. The Committee directed the Executive Officer to prepare an action plan to address the Engineering Audit Report's recommendations for approval within 90 days.

Summary of Key Findings:

- **Timeliness/Backlog:** Permit applications are not always processed in a timely manner and a backlog exists.
- **Tracking:** Engineering does not track all information necessary to assess efficiency of permitting processes, identify resource needs, and ensure facilities are properly permitted.
- **Resource Management:**
 - **Staffing:** Engineering has been impacted by hiring freezes, attrition, training, and loss of institutional knowledge.
 - **Workload:** Engineering has insufficient resources for increasingly complex permitting, increase in non-core activities, inefficiencies in permit processing and delinquent accounts.

- Cost Recovery:
 - Opportunities exist to enhance current fee schedules to better recover costs.

2. Action Plan Scope

This action plan outlines the activities and high-level scheduling estimates required to implement all recommendations called for in the December 2023 Performance Audit of the Engineering Division. The report calls for seven main recommendations, some with sub-recommendations, for a total of 19 recommendations. The collection of recommendations collectively address the following six categories of findings:

- 1) Timeliness/backlog of permits
- 2) Tracking: Permit Process and Bottlenecks
- 3) Tracking: Management Time
- 4) Tracking: Accounts
- 5) Resource Management: Staffing and Workload
- 6) Cost Recovery

3. Audit Recommendation Breakdown

The Engineering Audit Report had the following recommendations:

To improve its oversight of permitting activities, management of resources, integrity of data, and ensure practices exercised by the Division are efficient, the Division should:

- 1) Develop a plan to address the permit application backlog. As part of this plan, the Division should consider the use of contractors and/or retired annuitants to supplement its existing staffing resources.
- 2) Work with the My Air Online team to ensure the New Production System records processing time data on both core and interim permit processing steps, outstanding accounts receivable information is readily available at the facility and aggregate level and reports necessary for management to assess permit process efficiency, identify bottlenecks, and assess the timeliness of payments are developed and available to Division management. As part of this, management should identify information it needs to oversee permitting activities and work with the My Air Online team to develop standardized reports with the required information. In addition, the Division should continue to work with the My Air Online team to identify and correct erroneous and corrupted data that was migrated from legacy systems and is currently recorded in the New Production System.
- 3) Work with the Human Resources Office to determine the feasibility of tracking the total hours worked by management within existing systems. If this is not feasible, management should develop an alternative process to track actual time spent to ensure it has a full understanding of resource needs and where staff are spending their time.
 - a) This analysis should be used to refine cost recovery for these positions to ensure the appropriate percentage of costs are attributed to each program.

- 4) Work with Air District management and Human Resources to implement a new job classification for entry level position for the Division.
- 5) Review existing permit and workload prioritization processes to assess whether procedures should be updated to better align with Division priorities and current practices.
- 6) Once the Division has the data it needs to assess permit process efficiency and determine current workload and resource needs, management should:
 - a) Review existing resources and determine whether resources are sufficient to not only meet workload demands, but also perform all core activities.
 - i) As part of this review, management should also review time spent by Division staff and management on non-core activities and assess the impact these activities have on resources, whether the responsibility should be transferred to another area within the Air District, and the Division's ability to meet existing workload demands and perform core functions.
 - ii) Management should review previously requested staffing that was not approved from newly adopted programs to check if the estimates are up to date to fully implement the work.
 - b) Identify permitting process inefficiencies and bottlenecks and implement process improvements to address the root-cause of the inefficiencies identified, including dependencies outside the Division.
 - c) Track and identify delinquent accounts and work with the Compliance and Enforcement Division to enforce permitting requirements and collect amounts owed.
 - i) Once the true number and amount of delinquent accounts is identified, the Air District may want to consider the use of a third-party collector to help the Air District collect past due amounts.
- 7) Work with executive management, District Counsel, and the Board to re-evaluate the existing Cost Recovery and Containment Policy and fee schedules to determine whether they should be adjusted to better align practices with the intent of Air District leadership.

These recommendations can be summarized as follows:

- 1) Develop a plan to address the permit application backlog.
- 2) Track permit process and payments
 - a) Ensure overall and interim permit processing steps are tracked in NPS
 - b) Ensure payments are tracked and accounts receivable information readily available in NPS
 - c) Create reports at aggregate and facility level to track efficiency, bottlenecks, and payments – these should be available to Division management
 - d) Identify information needed by management to oversee permitting activities and develop standardized reports
 - e) Identify and correct erroneous and corrupted data that was migrated from legacy systems and is currently recorded in the New Production System

- 3) Track total hours worked by management on permits and account for time in cost recovery allocations
- 4) Create a new job classification for an entry-level position for the Division
- 5) Review/update workload prioritization process
- 6) Assess resource needs to meet workload demands and core activities after tracking and efficiency measures have been implemented
 - a) Assess impact of non-core activities and consider transferring non-core activities where possible
 - i) Assess whether current staffing can implement work from newly adopted program
 - ii) Identify permitting process inefficiencies and bottlenecks and implement process improvements to address the root-cause of the inefficiencies identified, including dependencies outside the Division
 - b) Track, identify, and collect payments for delinquent accounts
- 7) Re-evaluate/update (as needed) Cost Recovery and Containment Policy and fee schedules

The following table maps the audit recommendations address to the audit findings.

Table 1. Crosswalk between Findings and Recommendations

Finding(s)	Recommendation(s)
Timeliness/backlog	1. Develop a backlog plan 2. Improve tracking 6(a)(1). Assess resource needs (including staffing) 6(a)(ii). Identify/resolve bottlenecks
Tracking: Permit Process and Bottlenecks	2(a). Track permit process steps 2(c). Create reports for efficiency, bottlenecks, and payments 2(d). Develop standardized reports for management 2(e). Identify/correct erroneous data migrated to NPS 6(a)(ii). Identify/resolve bottlenecks
Tracking: Management Time	3. Track and account for management time spent on permit program
Tracking: Accounts	2(b). Track payments in NPS 2(c). Create reports for efficiency, bottlenecks, and payments 6(b). Track, identify, and collect payments for delinquent accounts
Resource Management: Staffing and Workload	4. Create a new job classification for an entry-level position for the Division 5. Review/update workload prioritization process 6. Assess resource needs to meet workload demands 6(a). Assess/transfer non-core activities 6(a)(i). Assess whether current staffing can implement work from newly adopted programs

Cost Recovery	7. Re-evaluate/update (as needed) Cost Recovery and Containment Policy and fee schedules
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5. Planned Actions

All of the recommendations in the Audit Report are accounted for in the action plans provided in Figures 1-6, with the action plans addressing each of the six categories of findings (see Table 1). Figures 1-6 further show high level approximate schedules to conduct the listed activity to address the finding. At the commencement of each action, further work breakdown will be developed, if necessary, to provide better estimates of the resources required and delivery schedule.

Figure 1. Timeliness/backlog

Finding: Audit Rec. No.	Timeliness/backlog Planned Action	complete	Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
			Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
1	Staff will develop a comprehensive backlog reduction plan									
1,2	Staff will create standard metrics to report progress to the Board									
1	Staff will create a list of backlogged permits and identify the action(s) and timeline to take final action									
1	Staff will finalize action on backlogged permits									
1, 6(a)(i)	Staff will assess resource-intensive programs and identify opportunities for efficiencies, which may require rule amendments (e.g., 2-5, 12-15, 11-18, BUGs, BACT, composting)									
1	Staff will develop a rule amendment plan, including a timeline									
1	In consultation with the Board of Directors, staff will develop policy updates and/or rule amendments for Rule 11-18, Rule 12-15, Rule 2-5, BUGs, BACT, and composting, along with others that may be identified in the rule amendment plan									
1, 5, 6	Staff will create project teams for complex sources to have more streamlined coordination									
1, 6(a)(ii)	Staff will initiate a procurement for outside project management services to develop internal coordination tools and efficiency measures									
1	Staff will implement efficiency measures based on tracking corrective actions									
1, 2, 6(a)(ii)	Staff will evaluate external causes of permit delays (e.g., applicant, school notifications, CEQA, EIR) and develop a plan to address the impact on permit timelines									
1, 2, 6(a)(ii)	Staff will identify and resolve bottlenecks in the permit process based on metrics and reports developed through the tracking corrective actions									
1	Staff will complete revisions of the Permit Handbook and managers will work with staff to ensure Air District policies are efficiently implemented									
1	Staff will enhance and expand customer service tools on the permit process (e.g., tools for complete submittals, status checker, dispute resolution)									
1, 6(a)(i)	Staff will develop backlog reduction and maintenance staffing plans based on workload corrective actions									

Figure 2. Tracking: Permit Process and Bottlenecks

Finding:	Tracking: Permit Process and Backlog		Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
2(a)	Staff will map out key permit process steps, including those in other Divisions and by external entities, and known bottlenecks									
2(a), 2(c), 2(d)	Staff will initiate a procurement for outside project management services to develop standard tracking metrics and reports									
2(a), 2(c), 2(d)	Staff will develop a project plan to systematically build internal tracking tools and routine reports to management									
2(a), 2(c), 2(d)	To the extent possible, staff will build tracking and reporting tools in NPS. If needed, staff will initiate RFQ for services to build the necessary tools, in consultation with the Board of Directors.									
1, 2(a)	Staff will enhance and expand tools for applicants to track the status of individual permits									
1, 6(a)(ii)	Staff will initiate a procurement for outside project management services to develop an internal coordination plan									
2(a), 6(a)(ii)	Based on the internal coordination plan, staff will integrate key information from other Divisions into NPS (e.g., source test status, NOVs, AB617 community, unresolved/past enforcement actions), incorporate HRA process information and steps, and track title V permits									
1, 2(c), 6(a)(ii)	Staff will identify bottlenecks in the permit process based on metrics and reports developed through the tracking updates and create de-bottlenecking recommendations									
1, 6(a)(ii)	In consultation with Legal and Source Test, staff will explore options to expedite current AC permits that are awaiting source test approval									
2(e)	Staff will identify and correct erroneous data that was migrated to NPS									

Figure 3. Tracking: Management Time

Finding:	Tracking: Management Time		Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
3	In consultation with the Human Resources Office and Finance Division, staff will develop a process to track time spent by management on permit program									
3	Management will track time spent on permit program, in alignment with the new process									

Figure 4. Tracking: Accounts

Finding:	Tracking: Accounts		Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
2(b), 2(c), 6(b)	Staff will identify delinquent accounts									
6(b)	In consultation with Legal and Compliance and Enforcement, staff will determine how to expeditiously achieve compliance									
2(b), 2(c), 6(b)	In consultation with Legal and Compliance and Enforcement, staff will create and implement a standard procedure to quickly address applications with delinquent fees									

Figure 5. Resource Management: Staffing and Workload

Finding:	Resource Management - Staffing and Workload		Phase 1 - Plan			Phase 2 - Implement			Phase 3 -Adjust	
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
1, 6	Staff will hire retired annuitants									
1, 6	In consultation with Human Resources and the Employee Association, staff will develop a backlog reduction staffing plan that will consider, among other things, the use of contractors (per audit recommendation)									
1,6	Based on the backlog reduction staffing plan, in consultation with the Board, staffing levels will be adjusted in order to reduce the backlog to 2017 levels within 5 years (i.e., 2029)									
4, 6	In consultation with Human Resources, staff will identify hiring barriers (e.g., intro-level job classification)									
6, 6(a)(i)	Staff will develop long-term staffing plan (maintenance level) based on rule/policy updates, tracking data, and efficiency/de-bottlenecking measures									
6	In order to maintain adequate staffing and retain institutional knowledge, staff will develop a retention plan									
5,6	To increase efficiency, effectiveness, expertise, and consistency, staff will develop a training and collaboration plan									
6, 6(a)	Staff will assess non-core activities and, based on strategic planning priorities, develop a plan address their impact on the permit backlog									
5	Use strategic plan and tracking information to develop a prioritization process that utilizes staffing resources to meet Air District priorities									
5	Utilize tracking data to identify resource-intensive sources and develop a plan to efficiently and effectively manage projects									
1, 5, 6	Staff will create project teams for complex sources to have more streamlined coordination									
5	Staff will initiate early coordination on sensitive projects, which will be identified based on strategic planning priorities and in consultation with Legal and C&E									
6(a)(ii)	In consultation with Rules and Planning, staff will develop a process to identify unexpected impacts of new programs on permit processing, which should happen in early stages of program development									

Figure 6. Cost Recovery

Finding:	Cost Recovery		Phase 1 - Plan			Phase 2 - Implement			Phase 3 -Adjust	
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
7	Staff will initiate RFQ for service to provide a report on cost recovery methods used by other agencies and options for the Air District to consider.									
7	In consultation with the Board of Directors, consider updates to the cost recovery methodology for the Air District based on findings from the cost recover report, and that consider time spent by management and on legal and enforcement cases									
7	In consultation with Finance and the NPS Team, identify opportunities to streamline fee payment and tracking to ensure the Air District receives timely and adequate fees									
7	The NPS team will develop a plan for implementing fee payment and tracking improvements in NPS									
7	To the extent possible, staff will build fee streamlining tools in NPS. If needed, staff will initiate RFQ for services to build the necessary tools, in consultation with the Board of Directors.									

6. Overall Schedule and Delivery

The timing for developing and implementing corrective actions depends upon other efforts being undertaken at the Air District including: strategic plan development, a compensation/classification Study, rule development agenda/schedule, and the NPS upgrade schedule. Based on these and other factors, the corrective action plan schedule has been set up in three general phases.

- Phase 1: Planning
 - next 6 months
 - Develop plans for backlog reduction, tracking, staffing, work prioritization, cost recovery
 - Create metrics to report progress to Board of Directors
 - Complete concrete near-term recommendation
 - Continue on-going improvements (e.g., NPS upgrades, efficiency measures, etc.)
- Phase 2: Implementation of corrective actions and establishment of robust tracking
 - End of 2024 – 2027
- Phase 3: Adjust and maintain performance improvements
 - 2028-2029+

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 17, 2024

Re: Air District Financial Audit Report for Fiscal Year Ending (FYE) 2023

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Pursuant to Section 9.2 of the Administrative Code, the Air District is required to have an annual independent financial audit. The Independent Auditors, Simpson & Simpson, LLP completed the Financial Audit Report of the Air District's Financial Statements for the Fiscal Year Ending (FYE) 2023. The Independent Auditors also completed the Financial Audit Report of the Office of Management and Budget (OMB) Circular A-133 for FYE 2023.

DISCUSSION

The Air District's independent auditors completed their audit of the Air District's financial records and activities for the year ended June 30, 2023, and issued an "unqualified opinion" or clean opinion on the financial statements. Attached are the audit reports being presented along with a brief summary:

1. Statement of Auditing Standards (SAS) 114 Letter

This letter is provided to ensure that you, the Air District's governing body, receive sufficient information regarding the scope and results of the audit in order to provide you with timely observations arising from the audit that are relevant to your responsibilities in overseeing the financial reporting process for which management is responsible.

2. Audit Management Letter Comments

The management letter is to provide observations identified during the audit in areas where the internal control procedures can be strengthened. These comments are discussed by the auditor with the individual Air District divisions for concurrence with the stated recommendations and for the preparation of the Air District's management response for improvements.

3. Basic Financial Statements

The statements are prepared in conformity with generally accepted accounting principles. The purpose of the statements is to convey financial information to external customers/users. The statements report the Air District's annual operations and demonstrate financial compliance with legal requirements. The report on the basic financial statements is unqualified with no reportable conditions, no instances of non-compliance, and no financial statement findings noted.

4. Single Audit Report (Financial Report of the Office of Management and Budget (OMB) Circular A-133)

This report addresses the auditors' consideration of the Air District's internal control over financial reporting, and the results of auditor's tests of the Air District's compliance with provisions of laws, regulations, contract and grant agreements, and other areas in accordance with Government Auditing Standards.

A member of the independent audit firm, Simpson & Simpson LLP, will be at the meeting to present audited reports to the Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The cost for the Fiscal Year Ending June 30, 2023, was \$60,000 and is included in the Finance Office program 701 budget.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Hyacinth Hinojosa

ATTACHMENTS:

1. FY-23 - BAAQMD SAS 114 Letter
2. FY-23 - BAAQMD Management Letter Comments
3. FY-23 BAAQMD Financial Statement Audit Report
4. FY-23 BAAQMD Single Audit Report



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

March 29, 2024

To the Board of Directors
Bay Area Air Quality Management District
San Francisco, California

We have audited the financial statements of the governmental activities, and each major fund of the Bay Area Air Quality Management District (the District) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 27, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during Fiscal Year 2023.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District’s financial statements were:

Management’s estimate of deferred outflows/inflows of resources, net pension liability, net OPEB liability/asset, pension expense, and OPEB expense is based on estimates that are prepared by the California Public Employees’ Retirement System’s (CalPERS) actuary based on information provided by participating employers, and MacLeod Watts, Inc. based on information provided by management.

Management’s estimate of the useful life of capital assets used for depreciation that are prepared by the District based on information from management’s capitalization policy.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.





Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were none noted. Additionally, there were no misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 29, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



Other Matters

We applied certain limited procedures to management's discussion and analysis on pages 4 through 13 and the information on pages 48 through 54, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the supplementary information on page 55 which accompany the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Simpson & Simpson".

Simpson and Simpson, LLP

INDEPENDENT AUDITOR'S MANAGEMENT LETTER





SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

March 29, 2024

The Board of Directors
Bay Area Air Quality Management District
San Francisco, California

Members of the Board:

In planning and performing our audit of the financial statements of the **Bay Area Air Quality Management District** (the District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Although not considered to be significant deficiencies or material weaknesses, we also noted certain items during our audit, which we would like to bring to your attention. These comments are summarized in the following report to management on page 2. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.

This communication is intended solely for the information and use of the Board of Directors, District management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Current Year Management Letter Comments

ML-2023-001 – Third-Party Service Provider Security

Condition

Although providing operational efficiencies, outsourcing information technology services/operations to a third-party provider can present security, reputation, and regulatory compliance risks if shared information is not sufficiently secured and protected. Accordingly, such partnering relationships warrant effective monitoring relative to the security and protection of information shared with a third-party provider. A SSAE SOC1 Type2 report is designed to ascertain the trustworthiness of an organization's financial reporting controls as it validates that the third-party provider has designed and put the necessary, effective controls in place to protect their clients' data. However, during the course of our review, we noted the following:

- IDEAL Computer Services, the service provider that hosts IRIS, has not provided a SSAE SOC1 Type2 report to the District. Accordingly, there is no assurance of the existence and operating effectiveness of adequate information security controls for the infrastructure supporting the IRIS application system. Although we were informed that IRIS was scheduled to be replaced by the end of January 2024, the system was in operation throughout the year under audit.

Recommendation

We recommend that District management:

- Request IDEAL COMP have a SSAE SOC1 Type 2 audit performed and the report provided to the District if IDEAL Computer Services continues to provide computer operation services to the District.
- Require IT general controls and applicable application system controls be covered in SSAE SOC report(s) when the District contracts with a third-party service provider of IT services. These SOC reports should be annually requested and reviewed by the District. Applicable complementary user entity controls should be implemented by the District.

Management Response

- The Air District no longer engages IDEAL COMP as a vendor for transactional computer operation services.
- The Air District will review its Third-Party IT Management policy for inclusion of the recommended SSAE SOC reports or the equivalent.

Current Year Management Letter Comments

ML-2023-002 – Overtime Authorization

Condition

The District's Administrative Code, section 8.4, stipulates the following regarding overtime authorization:

“For definitional purposes, overtime is the necessary, assigned and authorized time worked in excess of 40 hours in a seven day week or 8 hours worked in a 24 hour day.

For the purposes of overtime assignments, a notice to an employee to work overtime is a notice in advance if the assignment is given more than 24 hours prior to the beginning of the work to be performed. Such assignments will be considered "scheduled" overtime. An assignment given less than 24 hours in advance will be considered an “unscheduled” assignment for call-back purposes. A call-back is the unscheduled, emergency, and authorized call-back to return to work after a regular shift has been completed.”

Each division within the District is responsible for maintaining supporting documentation for the authorization and pre-approval of overtime hours to be worked by its respective employees.

We sampled and tested overtime authorizations of 7 employees for select pay periods in Fiscal Year 2023. For 4 of the sampled employees, we noted that authorization of overtime before the employee incurring the hours was not properly documented, as follows:

- For 2 employees and a total of 32.5 overtime hours, a supervisor granted authorization via email for the employees to work overtime on stipulated days but did not include the total overtime hours the employees were pre-approved to work.
- For 2 employees and a total of 47 overtime hours, there was no documented authorization on file pre-approving the overtime hours worked by the employee. The division where the employees work adopts a method in which overtime requests are verbally approved, not documented.

Recommendation

We recommend that the District strengthen controls regarding overtime authorizations by incorporating specific policies and procedures requiring the documentation and retention of authorizations in its Administrative Code, in addition to stipulating that preapproved overtime must specify the days and total hours involved.

Management Response

Although the Administrative Code, Division III, Section 8.1 does state that “an employee shall not work any time in excess of his or her approved work schedule without prior approval”, and Section 8.4 states for definitional purposes, overtime is the necessary, assigned and authorized time worked in excess of 40 hours...”, management agrees with this recommendation and will include more explicit language in Section 8.4 as it revises the Air District's Human Resources Policies and Procedures. Furthermore, Management will create guidance to disseminate it to all District staff.

Current Year Management Letter Comments

ML-2023-003 – Maximum Accumulation of Annual Leave

Condition

The Memorandum of Understanding between the Bay Area Air Quality Management District and Bay Area Air Quality Management District Employees' Association, Inc. (MOU), section 12.01, item 9, stipulates the following regarding the maximum accumulation of annual leave:

“The maximum accumulation of annual leave is four hundred and sixty (460) working hours as of the end of the calendar year. After reaching that limit, no further hours shall be accumulated until the employee reduces the balance below four hundred and sixty (460) hours. On a one-time basis, the maximum accumulation of annual leave will increase to five hundred and fifty (550) hours. This provision will expire on June 30, 2023.”

The maximum accumulation (cap) of annual leave per the MOU was also extended to non-represented employees by the District's Board of Directors on December 21, 2022.

We sampled and tested annual leave payouts for a total of 7 employees who separated from the District in Fiscal Year 2023. For 3 of the sampled non-represented employees, we noted annual leave payouts that exceeded the cap of 550 hours of annual leave per the MOU, as follows:

- 1 employee was paid for a total annual leave balance of 705 hours.
- 1 employee was paid for a total annual leave balance of 649 hours.
- 1 employee was paid for a total annual leave balance of 592 hours.

It was determined that elements of how the cap is applied are not stipulated in the MOU, as follows:

- Employees who accumulate an annual leave balance of more than 550 hours will not have their balance adjusted down to the 550-hour cap. At the end of the calendar year, if their balance is over the cap, they will not be allowed to accumulate additional leave hours until their balance falls below the cap. Further, employees may maintain an annual leave balance over the cap throughout the calendar year, which will not be evaluated until the end of the calendar year.

Accordingly, the 3 employees identified were allowed to maintain and be paid for a total leave balance exceeding the CAP stipulated in the MOU.

Recommendation

We recommend that the District strengthen controls regarding the oversight and application of the maximum accumulation of annual leave by updating the MOU to reflect the manner in which these policies and procedures are applied.

Management Response

Management supports this recommendation and will collaborate with the Employee Association to revise the language in the next Memorandum of Understanding to provide clearer language regarding the vacation accrual cap that is applied at the end of each calendar year.

Current Year Management Letter Comments

ML-2023-004 – Personnel Action Forms

Condition

We sampled and tested Personnel Action Forms (PAFs) initiating payroll actions in the Ceridian Payroll System (Ceridian) of District employees.

As a result of our review, we identified the following:

- a. PAFs that did not contain the necessary Level I and Level II approvals. As a result of the District’s review of the identified PAFs, it was determined that the PAFs were appropriately approved due to circumstances present at the time in which the PAF was issued, such as:
 - i. Three (3) PAFs - A vacant position related to a necessary authorization made it not possible to obtain approval from that authorizer.
 - ii. Two (2) PAFs - The employees for which the PAFs were issued are one of the necessary authorizers. As a result, the approval of that position was not obtained, as the employee cannot be an approver of their own PAF.
 - iii. Two (2) PAFs - The PAFs pertained to a merit increase that exceeded the 30-day time requirement per the MOU. The District processed the PAFs with the Human Resources Officer's approval, confirming that the employee was entitled to the merit increase.
- b. One (1) PAF, related to an acting role of a Board-Appointed position, established the appointment and pay for the employee and was approved internally by District management with no Board approval. A Board-Appointed position’s salary must be established by the Board and not District management.
- c. Two (2) PAFs contained only two approvals from the Human Resources Officer and Executive Officer and one (1) PAF contained only one approval from the Executive Officer as the employee was already in an executive position.
- d. Twelve (12) PAFs were issued pertaining to acting position approvals. The District did not utilize the Acting Assignment Request form, which would be more appropriate to utilize for these payroll actions.

Current Year Management Letter Comments

Recommendation

We recommend the following, in line with the above findings:

- a. The District should implement the following actions pertaining to proper complete authorization of PAFs
 - i. In instances where a position associated with a necessary authorization is vacant, the District should establish a position to act as a replacement to maintain the integrity of the required authorizations. Additionally, the PAF should clearly document this as the case.
 - ii. In instances where a position associated with a necessary authorization is the position of the employee for which the PAF is being issued, the District should establish a position to act as a replacement to maintain the integrity of the required authorizations. Additionally, the PAF should clearly document this as the case.
 - iii. The District must reevaluate policies and procedures for which merit increases, which are subject to the provisions of the MOU, are reviewed and authorized, as unauthorized PAFs for such occurrences do not prevent the District from moving forward with the payroll action.
- b. The District must reevaluate policies and procedures regarding the use of PAFs for Board-Appointed positions to ensure that payroll actions for those positions are not initiated prior to Board approval.
- c. The District must reevaluate policies and procedures regarding the authorization of executive-level PAFs to ensure that such authorizations are not limited to one or two authorized personnel and to maintain the integrity of the required authorizations.
- d. The District must reevaluate policies and procedures regarding the issuance of PAFs for acting position approvals and establish a requirement that such payroll actions use the Acting Assignment Request form and maintain the integrity of the required authorizations.

Management Response

The Air District has moved to OnBase, an electronic personnel filing system, so all documents will be readily available, and we will ensure they are attached to the corresponding PAF. The Air District will designate an alternative signer for PAFs when the regularly designated signer is either unavailable or is the subject of the PAF. The reason for the alternative signer will be clearly spelled out in the notes section of the PAF.

The Air District has recently engaged an outside firm, Baker Tilly, to review, rewrite and create additional Policies and Procedures for the Human Resources division. We are sharing all recommendations from this audit with them to incorporate into the new version of the HR Policies and Procedures. Once completed, those policies and procedures will be reviewed by outside counsel. Training for all Human Resources, Payroll, and Administrative staff will follow the creation of the new Policies and Procedures.

Status of Prior Year Management Letter Comments

ML-2022-001 – IRIS User Access

Recommendation

IRIS user accounts assigned to terminated employees be deleted/removed in timely manner subsequent to the user's termination.

Current Status

Not Implemented.

During our review of IRIS User access testing for FY2023, we noted six (6) IRIS enabled accounts remain assigned to terminated personnel. However, the District has informed us that the IRIS system has been decommissioned.

ML-2022-002 – Databank and IRIS Password Security

Recommendation

District management formally assess the feasibility of implementing password security controls, e.g., failed password attempt account lockout, be implemented for Databank and IRIS. Such a control may be, depending upon considering any technical limitations, designed within Databank and IRIS program functionality (i.e., native) or an interface with AD (Active Directory).

Current Status

Not Implemented.

The IRIS system is a 30+ year old legacy computer system, and Databank is a 50+ year old legacy computer system. Both systems have extremely limited support and modification options relative to password security functionality. Both systems were scheduled for decommissioning in the last quarter of the 2023 calendar year.

ML-2022-003 – IT Disaster Recovery Testing

Recommendation

The District's IT disaster recovery plan be tested and the test documented on a periodic and regular basis (e.g., annually) to ensure that IT services can be effectively recovered, shortcomings are addressed and the plan remains relevant and current.

Current Status

Implemented.

The District conducted and documented their most recent test in March 2023.

Status of Prior Year Management Letter Comments

ML-2022-004 – JD Edwards User Access Certification

Recommendation

An annual (at a minimum) review or certification of JD Edward user access be performed and formally documented by the appropriate respective business management personnel or system data owner. District management should also consider performing similar access reviews of other mission critical accounting systems.

Current Status

Implemented.

During our review of JD Edwards User access testing for FY2023, we noted that user access certification was performed and formally documented.

ML-2022-005 – Information Security Function

Recommendation

An independent information security function be implemented, organized and assigned to personnel at a reporting level commensurate with the level of risk and sensitivity associated with BAAQMD's mission critical systems and IT infrastructure. Such an information security function will help ensure sufficient independence, resources and visibility are given to information security matters.

Current Status

Not Implemented.

We were informed by District management that the (security) positions remain under recruitment with an Anticipated start date of Q3 2024.

Status of Prior Year Management Letter Comments

ML-2021-001, ML-2020-001 – Adequate Information Technology Policy

Recommendation

We recommend the District to strengthen its controls by fully documenting and approving an IT policy over key areas that include, but are not limited to, IT network security, disaster and contingency planning, third party IT management, user access and segregation of duties, IT awareness and training, and change management.

We also recommend that District management identify other policy areas that should be covered based on a risk assessment, create a timeline for release, and provide awareness or training over the policy to District personnel.

Current Status

Implemented.

The following remaining Information Technology Policies have been documented in the draft:

- User access (provisioning)
- Segregation of duties
- Third party IT management
- IT network security

ML-2021-002, ML-2020-002, ML-2019-002 – Segregation of Duties

Access Control Management

Recommendation

We recommend that the District strengthen its segregation of duties controls over access control management in Ceridian by assigning the access control/account management activity to a security officer (or equivalent) who does not perform mission or business functions within the Human Resource Department. We also recommend that the District review all privileged roles within Ceridian (i.e. Client Administrator, Systems Administrator, etc.) to ensure that the access control/account management activity is appropriately provisioned and abides by the principle of Least Privilege.

Current Status

Implemented.

- A documented and signed District management review of assigned Ceridian access was provided for 2023.
- Ceridian access control management has transitioned from Human Resources to Information Services personnel.

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
Basic Financial Statements
With Independent Auditor's Report
For the Year Ended June 30, 2023**



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Basic Financial Statements
For the Year Ended June 30, 2023

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Independent Auditor's Report

The Board of Directors of
Bay Area Air Quality Management District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the **Bay Area Air Quality Management District** (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Bay Area Air Quality Management District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 13 and the required supplementary information on pages 48 to 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprise the supplementary information on page 55 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Los Angeles, California
March 29, 2024

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2023

This discussion and analysis of the Bay Area Air Quality Management Air District (Air District) financial performance provides an overview of the Air District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the accompanying basic financial statements and notes.

A. Financial Highlights

- At the close of the fiscal year 2022-2023, the Air District's net position is \$289,873,572. The total net position includes \$47.6 million for net investment in capital assets, \$191.4 million for restricted net position and \$50.9 million for the unrestricted net position.
- The assets and deferred outflows of resources of the Air District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2022-23, increasing the Air District's overall (net position) by \$37.7 million or 15.0%.
- The Air District's governmental funds reported a total fund balance of \$302,699,009; \$184,215,889 for the Special Revenue Fund and \$118,483,120 for the General Fund. The entire fund balance of the Special Revenue Fund in the amount of \$184,215,889 is reserved for air quality grants and projects. The \$118,483,120 General Fund balance consists of \$52,992,818 representing the assigned fund balance, \$7,173,963 restricted, \$478,672 non-spendable and the remaining balance of \$57,837,667 unassigned.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2023

A. Financial Highlights Continued

Table 1 presents the General Fund detail of fund balances as of June 30, 2023, and June 30, 2022.

Table 1. General Fund Balances as of June 30, 2023, and 2022

Category	General Fund June 30, 2023	General Fund June 30, 2022	Increase/ (Decrease)
Fund Balances:			
Nonspendable:			
Prepaid Expenses	\$ 478,672	\$ 462,276	\$ 16,396
Restricted:			
Air Quality Grants and Projects	639,505	639,505	-
Post-Employment Benefits	3,687,792	3,685,336	2,456
Debt service	2,846,666	2,670,178	176,488
Assigned:			
Pension Liability Funding	-	5,000,000	(5,000,000)
Air Quality Grants and Projects	20,492,622	15,872,793	4,619,829
Other Assigned	32,500,196	27,182,173	5,318,023
Unassigned:	<u>57,837,667</u>	<u>50,641,350</u>	<u>\$ 7,196,317</u>
Total Fund Balance	<u>\$ 118,483,120</u>	<u>\$ 106,153,611</u>	<u>\$ 12,329,509</u>

B. Overview of the Financial Statements

This discussion and analysis is designed to serve as an introduction to the Air District’s basic financial statements. The Air District’s basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required and other supplementary information in addition to the basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2023

B. Overview of the Financial Statements (continued)

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the Air District.

The government-wide financial statements are designed to provide readers with a broad overview of the Air District's finances in a manner similar to a private sector business. They provide information about the activities of the Air District as a whole and present a longer-term perspective of the Air District's finances. Government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities owed by the Air District, and deferred inflows of resources on a full accrual basis. The difference between the assets held and deferred outflows of resources, and the liabilities owed and deferred inflows of resources, is reported as Net Position. The net position total is comparable to total stockholder's equity presented on the balance sheet of a private enterprise. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Air District is improving or deteriorating. The Statement of Net Position as of June 30, 2023, is presented on page 14.

The Statement of Activities reports the net cost of the Air District's activities by category and is also prepared on a full accrual basis. Under the full accrual basis of accounting, revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of the related cash flows. The focus of the Statement of Activities is on the cost of various work programs performed by the Air District. The statement begins with a column that identifies the total cost of these programs followed by columns that summarize the Air District's program revenues by major category. The difference between expenses and revenues represents the net cost or benefit of the Air District's work programs. General revenues are then added to the net cost/benefit to calculate the change in net position. The Statement of Activities is presented on page 15.

All the Air District's activities are governmental in nature and no business-type activities are reported in these statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bay Area Air Quality Management Air District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For governmental activities, these statements tell how these services were financed in the short-term and what is left over for future spending. Fund financial statements also report the Air District's operations in more detail than the government-wide statements by providing information about the Air District's major funds. The Air District maintains two governmental funds: the General Fund and Special Revenue Fund.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2023

B. Overview of the Financial Statements (continued)

Governmental Funds

Governmental fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. Both are prepared using the modified accrual basis of accounting.

Balance Sheets prepared under the modified accrual basis of accounting have a short-term emphasis and, for the most part, measure and account for cash and other assets that can be easily converted to cash. Specifically, cash and receivables that are deemed collectible within a very short period of time are reported on the balance sheet. Capital assets such as land and buildings are not reported in governmental fund financial statements. Fund liabilities include amounts that will be paid within a very short period of time after the end of the fiscal year. Long-term liabilities such as outstanding bonds are not included. The difference between a fund's total assets, deferred outflow of resources, total liabilities, and deferred inflows of resources represents the fund balance. The unassigned portion of fund balance represents the amount available to finance future activities. The Air District's governmental funds balance sheets can be found on page 16.

The Statement of Revenues, Expenditures, and Changes in Fund Balance include only revenues and expenditures that were collected in cash or paid with cash during the fiscal year or very shortly after the end of the fiscal year. The governmental funds Statements of Revenues, Expenditures, and Changes in Fund Balances can be found on page 18.

Since a different basis of accounting is used to prepare these statements, reconciliation is required to facilitate the comparison between the government-wide statements and the fund financial statements. The reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position is on page 17. The reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities can be found on page 19.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 to 47.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Air District's other post-employment benefit (OPEB) liabilities, retirement pension liabilities held by California Public Employees Retirement System (PERS), general fund and special revenue fund budget comparison schedules, and supplementary information concerning the Air District's TFCA and Carl Moyer program expenditures on pages 48 to 55.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis
Year Ended June 30, 2023

C. Government-Wide Financial Analysis

The government-wide financial analyses focus on net position and changes in net position of the Air District's governmental activities. Table 2 below shows a condensed Statement of Net Position as of June 30, 2023, compared to the fiscal year ended June 30, 2022.

Table 2. Statement of Net Position as of June 30, 2023, and June 30, 2022

	Governmental Activities <u>June 30, 2023</u>	Governmental Activities <u>June 30, 2022</u>	Increase/ <u>(Decrease)</u>
Current & Other Assets	\$ 471,986,719	\$ 421,428,421	\$ 50,558,298
Net OPEB Assets	-	2,448,067	(2,448,067)
Capital Assets	<u>68,356,920</u>	<u>70,506,071</u>	<u>(2,149,151)</u>
Total Assets	<u>540,343,639</u>	<u>494,382,559</u>	<u>45,961,080</u>
Deferred Outflows of Resources	<u>61,020,301</u>	<u>27,420,154</u>	33,600,147
Current Liabilities	168,812,538	147,027,756	\$ 21,784,782
Noncurrent Liabilities	126,405,353	73,449,152	52,956,201
Net OPEB Liability	<u>7,242,660</u>	-	<u>7,242,660</u>
Total Liabilities	<u>302,460,551</u>	<u>220,476,908</u>	<u>81,983,643</u>
Deferred Inflows of Resources	<u>9,029,817</u>	<u>49,117,629</u>	<u>(40,087,812)</u>
Net Position			
Invested in Capital Assets	47,569,253	49,549,328	(1,980,075)
Restricted	191,389,852	177,237,981	14,151,871
Unrestricted net position	<u>50,914,467</u>	<u>25,420,867</u>	<u>25,493,600</u>
Total Net Position	<u>\$ 289,873,572</u>	<u>\$ 252,208,176</u>	<u>\$ 37,665,396</u>

On June 30, 2023, the Air District's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$289.9 million, an increase of \$37.7 million over the previous fiscal year.

As noted earlier, total net position may serve over time as a useful indicator of the Air District's financial position. Restricted net position is to be used for specific programs and purposes according to legal terms and conditions. The remaining portion of the Air District's net position is unrestricted and at the end of the fiscal year had a positive balance of \$50.9 million. This change is a combination of increases in total assets from a variety of sources such as permit fees, property tax, investment gain, and grants related to TFCA, AB617, deferred outflow of resources, and offset by increase in pension liability and OPEB liability, but decreased in deferred inflow of resources, which reflects a combination of continued contributions, investments earnings and changes to actuarial assumptions.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2023

C. Government-Wide Financial Analysis (continued)

Table 3 below provides changes in net position for the fiscal year ending June 30, 2023, compared with the fiscal year ended June 30, 2022.

Table 3. Statement of Activities for Fiscal Years 2022-23 and 2021-22

	Governmental Activities FY 2022-23	Governmental Activities FY 2021-22	Dollar Increase / (Decrease)	Percentage Increase / (Decrease)
Revenues:				
Program Revenue:				
Charges for services	75,066,319	65,937,553	9,128,766	14%
Operating grants and contributions	90,279,732	82,249,911	8,029,821	10%
Total Program Revenue	165,346,051	148,187,464	17,158,587	12%
General Revenues:				
County Apportionments	45,219,314	41,502,971	3,716,343	9%
Investment income not restricted for a specific program	1,959,313	(11,747,435)	13,706,748	-117%
Other	241,141	300,628	(59,487)	-20%
Total General Revenues	47,419,768	30,056,164	17,363,604	58%
Total Revenues	212,765,819	178,243,628	34,522,191	19%
Expenses:				
General Government	110,709,632	93,639,574	17,070,058	18%
California Goods Movement Program	1,347,965	566,268	781,697	138%
Vehicle Settlement	3,548,194	1,857,148	1,691,046	91%
Debt Service	618,261	290,461	327,800	113%
TFCA/MSIF & Other Program Distribution	36,678,305	31,445,784	5,232,521	17%
Carl Moyer Program	22,198,066	20,341,785	1,856,281	9%
Total Expenses	175,100,423	148,141,020	26,959,403	18%
Change in Net Position	37,665,396	30,102,608	7,562,788	25%
Net Position-beginning of year	252,208,176	222,105,568	30,102,608	14%
Net Position-ending of year	289,873,572	252,208,176	37,665,396	15%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2023

C. Government-Wide Financial Analysis Continued

Governmental Activities

The objective of the Statement of Activities is to report the full cost of providing government services during the fiscal year. The format also permits the reader to ascertain the extent to which each function is either self-financing or draws funds from the general funds of the government.

The Statement of Activities presents information showing how the Air District's net position changed during the fiscal year 2022-2023. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

Governmental functions of the Air District are predominately supported by fees, property taxes, subvention, grants, and penalties and settlements. The penalties and settlements are one-time revenues, which are over and above the regular revenues directly related to the programs. The primary governmental activities of the Air District are to advance clean air technology, ensure compliance with clean air rules, develop programs to achieve clean air, develop rules to achieve clean air, monitor air quality, permit review and Special Revenue Fund activities.

On June 30, 2023, the Air District's governmental activities reported ending net position of \$289,873,572, an increase of \$37,665,396 in comparison to the prior year. The primary reason is due to increases in program revenue, property taxes revenue increases, and investment gain from market fluctuations related to the San Mateo County's investment pool.

- Overall governmental revenues are \$212,765,819; an increase of \$34,522,191 from the prior year. This increase is a combination of \$9.1 million increase of Program Revenue mainly related to the TFCA, Carl Moyer, and other state grants, \$8.9 million increase of Permit Fees revenue, \$3.7 million increase of County Apportionment Revenue, and a \$12.4 million increase of fair market value adjustment in the San Mateo County investment pool to reflect market fluctuations and less earnings on investments. These increases are offset by the decrease of \$2.7M from Penalties assessment, and 600K decrease in Asbestos Fees, and, \$60K decrease Other Revenues.
- Overall governmental expenditures are \$175,100,423; an increase of \$26,959,403 over the prior year. Of the \$27 million increase, approximately \$7.9 million relates to an increase in grant activities for the following programs: Carl Moyer's AB134 community incentive program, California Goods Movement Program, and TFCA/MSIF and other programs, \$1.7 million increase in Vehicle Settlement, a \$17 million increase in the General Government Program mainly related to changes in GASB 68 pension valuation and GASB 75 other post-employment benefits, and \$327K increase in Debt Service.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis
Year Ended June 30, 2023

D. General Fund Financial Analysis

Figure 1 below provides a pie chart of the Air District's General Fund revenues (net of other financing sources) for fiscal year 2022-2023. The General Fund recognized total revenue of \$131,371,719 in fiscal year 2022-23, an increase of \$12.7 million over the fiscal year 2021-22. This increase is mainly comprised of increased revenues in permit fees due to increased fee from changes to cost recovery policy and property tax due to increased assessed valuations. Program Revenue includes Permit, AB2588, Title V, and Asbestos fees. Program revenues are the largest General Fund revenue source in fiscal year 22-23 (\$66.0 million), followed by Property Tax (\$45.2 million), Grants (\$13.1 million), Other revenues (\$4.9 million), and Penalties (\$2.1 million).

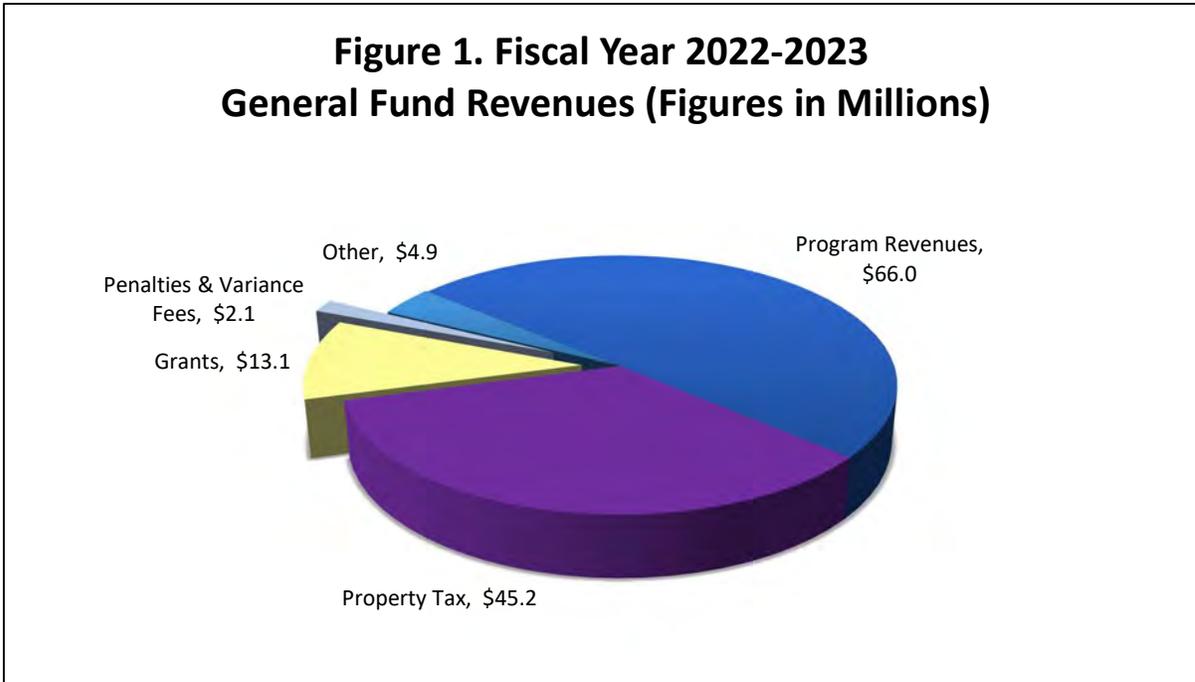
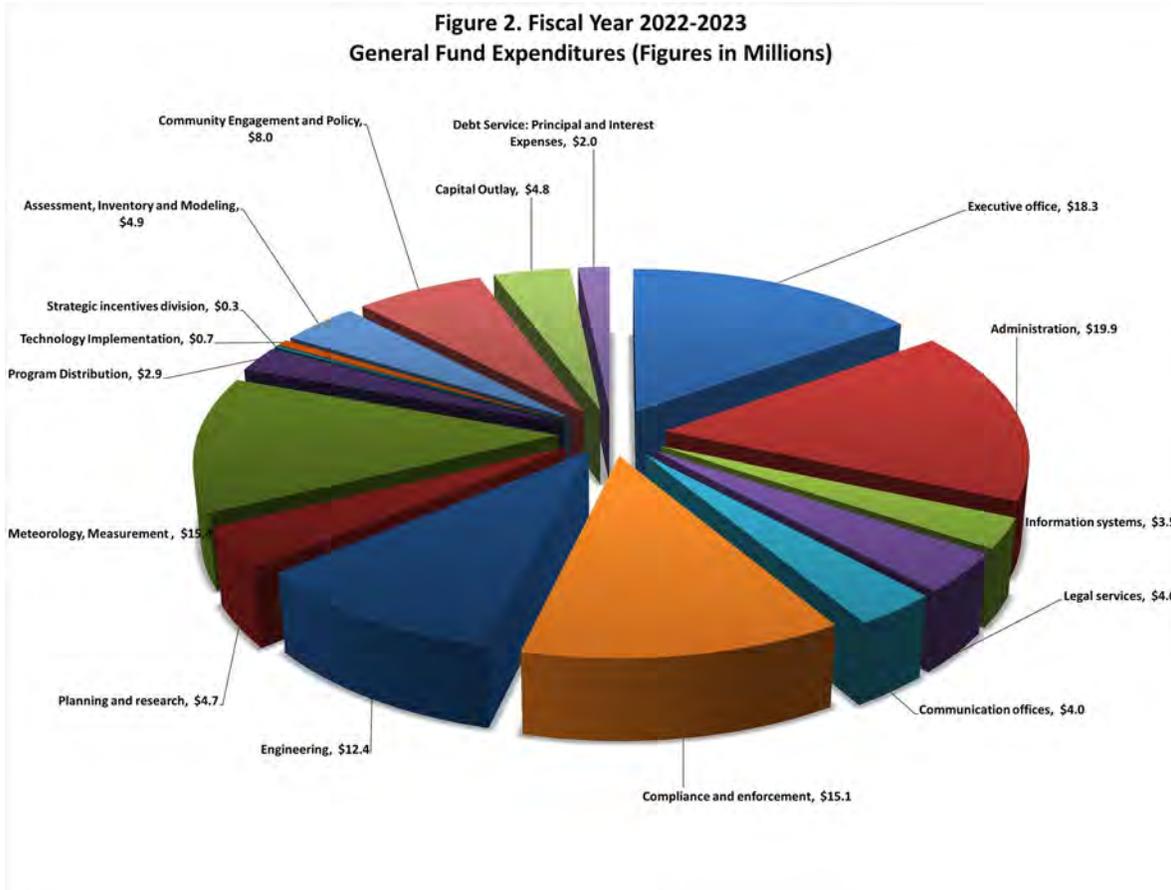


Figure 2 below provides a graph of General Fund operating expenditures (net of other financing uses) for fiscal year 2022-23. General Fund operating expenditures totaled \$121,315,682 which is an increase of \$8.9 million over fiscal year 2021-22. This increase is mainly due to increased personnel and benefit costs, increased activities related to the AB617 implementation program, climate technology program and offset by decreased in services and supplies general programs' expenditures. General Fund expenditures represent the Air District's general government operating costs categorized into the following operating divisions: Executive Division (\$18.3 million), Administration Resource (\$19.9 million), Legal Services (\$4.6 million), Communication offices (\$4.0 million), Technology Implementation (\$0.7 million), Strategic Incentives (\$0.3 million), Compliance and Enforcement (\$15.1 million), Engineering (\$12.4 million), Assessment, Inventory and Modeling (\$4.9 million), Planning & Research (\$4.7 million), Community Engagement and Policy (\$8.0 million), Information Systems (\$3.5 million), and Meteorology and Measurements (\$15.4 million). Capital Outlay (\$4.8 million), Debt Service Payments (\$2.0 million) and Program Distribution (\$2.9 million) are not operating divisions, but rather categories capturing expenditures related to capital assets, COPs financing, and special projects, respectively.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis
Year Ended June 30, 2023

D. General Fund Financial Analysis Continued



General Fund operating revenues exceeded operating expenditures by \$10.1 million in fiscal year 2022-23.

The General Fund is the operating fund of the Air District and at the end of the fiscal year, the total fund balance of the General Fund was \$118.5 million. The assigned fund balance was \$53 million, restricted \$7.1 million, non-spendable \$0.5 million, and the remaining \$57.8 million is unassigned. The unassigned fund balance represents 47.7% of the total General Fund expenditures, while the total fund balance represents 97.7% of the total General Fund expenditures. The Air District has available funds for unanticipated emergencies.

The FY 2022-23 amended budget compared to the adopted budget reflect an increase in appropriations of \$29.1 million (expenditures). The changes to the budget were the result of Governing Board actions that allocated additional funding after the budget was adopted and approved appropriations related to multi-year projects and obligations that will carry over to the next fiscal year. The FY 2022-23 actual revenues were above the final budget by \$4.9 million resulting in additional revenues related to property tax, permit-related fees, and variance fees than initially projected.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2023

E. Capital Assets

Capital assets include land, buildings, lab equipment, air monitoring stations, computers, office furniture and fleet vehicles of the Air District. As of June 30, 2023, the Air District's investment in capital assets was \$68.4 million net of accumulated depreciation, a decrease of \$2.1 million or 3.0% from the prior year. This decrease in the combination of \$7.0 million is depreciation expense; offset by approximately \$4.8 million in additional assets consisting of enterprise application, lease assets, and equipment purchases.

F. Long-Term Liabilities

At the end of the current fiscal year, the Air District had total long-term liabilities of \$133.6 million. Of this amount, \$106.2 million comprises of the Air District's Net Pension Liability, \$7.2 million is related to Net OPEB Liability; 16.7 million pertains to the Air District's outstanding Certificate of Participation (COPs); \$0.7 million is related to compensated absences; and the remaining balance of \$2.8 million is related to lease obligations. This increase is mainly related to increases in the Net Pension Liability and Net OPEB Liability (total together \$60.5 million) based on changes in the actuarial assumptions, investment earnings and contributions.

G. Economic Factors and Next Year's Budget

The FYE 2024 Approved General Fund Budget of \$138 million is balanced, reflecting a \$5.3 million transfer from General Fund reserves for capital project/equipment and one-time contracts. The Air District receives approximately 33% of its General Fund revenue from property taxes levied in nine Bay Area counties and 46% of permit fees charged to local businesses. Consequently, the Air District revenues are impacted by changes in the state and local economy. The Air District takes a fiscally conservative approach to its budget, and it strives to balance its budget within available current revenues. The Air District continues to focus on long-term financial planning to ensure the vitality and effectiveness of its programs and is in the process of developing a Strategic Plan to establish priorities and goals for the next five years.

H. Request for Information

This financial report is designed to provide a general overview of the Air District's finances for all those with an interest in the Air District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephanie Osaze, Finance Director, at 375 Beale Street, Suite 600, San Francisco, CA 94105.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Statement of Net Position

June 30, 2023

**Governmental
Activities**

Assets:	
Cash and cash equivalents	\$ 107,254,607
Restricted cash and cash equivalents	332,539,590
Receivables	25,785,748
Due from other governments	5,726,786
Prepays, deposits, and other assets	679,988
Capital assets:	
Non-depreciable	5,302,123
Depreciable	114,813,910
Lease asset	5,159,547
Less: accumulated depreciation	(56,918,660)
Total capital assets, net of depreciation	68,356,920
Total Assets	540,343,639
Deferred Outflows of Resources	61,020,301
Liabilities:	
Accounts payable	10,178,423
Accrued liabilities	3,402,867
Due to other governments	193,603
Other liabilities	1,783,595
Unearned revenue	144,540,436
Long-term liabilities	
Portion due within one year:	
Compensated absences	7,389,721
Certificates of participation	500,000
Lease obligations	823,893
Portion due after one year:	
Compensated absences	740,638
Certificates of participation	16,700,000
Lease obligations	2,763,774
Net pension liability	106,200,941
Net OPEB liability	7,242,660
Total Liabilities	302,460,551
Deferred Inflows of Resources	9,029,817
Net Position:	
Net investment in capital assets	47,569,253
Restricted for:	
Air quality grants and projects	184,855,394
Post-employment benefits	3,687,792
Debt service	2,846,666
Unrestricted	50,914,467
Total Net Position	\$ 289,873,572

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Statement of Activities
Year Ended June 30, 2023

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Primary government	\$ 110,709,632	\$ 71,482,518	\$ 14,873,192	\$ (24,353,922)
California Goods Movement Program	1,347,965	-	1,129,521	(218,444)
Vehicle settlement	3,548,194	3,583,801	-	35,607
Interest expense	618,261	-	-	(618,261)
TFCA / MSIF, CPM & other programs:				
TFCA / MSIF & other program distribution	36,678,305	-	51,978,949	15,300,644
Carl Moyer Program	22,198,066	-	22,298,070	100,004
Total Governmental Activities	<u>\$ 175,100,423</u>	<u>\$ 75,066,319</u>	<u>\$ 90,279,732</u>	<u>(9,754,372)</u>
General revenues:				
County apportionment				45,219,314
Investment income (loss) not restricted for a specific program				1,959,313
Other				241,141
Total General Revenues				<u>47,419,768</u>
Change in Net Position				37,665,396
Net Position – Beginning of Year				252,208,176
Net Position – End of Year				<u>\$ 289,873,572</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Balance Sheet

Governmental Funds

June 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental</u>
Assets:			
Cash and cash equivalents	\$ 107,254,607	\$ -	\$ 107,254,607
Restricted cash and cash equivalents	6,534,458	326,005,132	332,539,590
Receivables	16,666,096	9,119,652	25,785,748
Due from other governments	5,068,559	658,227	5,726,786
Due from other funds	8,061,987	-	8,061,987
Prepays, deposits, and other assets	668,394	11,594	679,988
Total Assets	<u>144,254,101</u>	<u>335,794,605</u>	<u>480,048,706</u>
Liabilities and Fund Balances:			
Accounts payable	2,542,214	7,636,209	10,178,423
Accrued liabilities	3,668,088	-	3,668,088
Due to other governments	-	193,603	193,603
Due to other funds	-	8,061,987	8,061,987
Other liabilities	1,670,123	113,472	1,783,595
Unearned revenue	8,966,991	135,573,445	144,540,436
Total Liabilities	<u>16,847,416</u>	<u>151,578,716</u>	<u>168,426,132</u>
Deferred Inflows of Resources:			
Unavailable revenue	8,923,565	-	8,923,565
Total Deferred Inflows of Resources	<u>8,923,565</u>	<u>-</u>	<u>8,923,565</u>
Fund Balances:			
Nonspendable:			
Prepaid items	478,672	-	478,672
Restricted:			
Air quality grants and projects	639,505	184,215,889	184,855,394
Postemployment benefits	3,687,792	-	3,687,792
Debt service	2,846,666	-	2,846,666
Assigned:			
Air quality grants and projects	20,492,622	-	20,492,622
Other assigned	32,500,196	-	32,500,196
Unassigned	57,837,667	-	57,837,667
Total Fund Balances	<u>118,483,120</u>	<u>184,215,889</u>	<u>302,699,009</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 144,254,101</u>	<u>\$ 335,794,605</u>	<u>\$ 480,048,706</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2023

Total Fund balances - Governmental Funds	\$ 302,699,009
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$120,473,547 and accumulated depreciation is \$49,967,476 .	68,356,920
Receivables that will be collected in the following year and therefore are not available soon enough to pay for current period's expenditures and therefore are not reported in the governmental funds.	8,923,565
Long-term liabilities, including legal settlements, compensated absences, COPs liability, and capital lease obligation are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(28,652,805)
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(57,537,129)
Net other post-employment benefits asset and related deferred inflow/outflow of resources are not reported in the governmental funds.	<u>(3,915,988)</u>
Total Net Position - Governmental Activities	<u><u>\$ 289,873,572</u></u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental</u>
Revenues:			
TFCA / MSIF DMV fees	\$ -	\$ 41,408,777	\$ 41,408,777
Permit fees	62,256,437	-	62,256,437
County apportionment	45,219,314	-	45,219,314
California Goods Movement	-	1,129,521	1,129,521
Carl Moyer Program	-	22,298,070	22,298,070
Federal grants	5,071,978	1,088,798	6,160,776
Penalties and variance fees	2,096,653	-	2,096,653
Asbestos fees	3,753,065	-	3,753,065
State subvention	1,728,050	-	1,728,050
State and other grants	8,073,164	9,481,374	17,554,538
Portable equipment registration program (PERP)	835,081	-	835,081
Vehicle settlement	-	3,583,801	3,583,801
Other revenues	241,141	-	241,141
Interest and investment gain (loss)	2,096,836	(137,523)	1,959,313
Total Revenues	<u>131,371,719</u>	<u>78,852,818</u>	<u>210,224,537</u>
Expenditures:			
General government:			
Program distribution	2,939,047	-	2,939,047
Executive division	18,276,972	-	18,276,972
Administration resource division	19,900,608	-	19,900,608
Information services division	3,459,073	-	3,459,073
Legal services division	4,567,603	-	4,567,603
Communication office	3,960,346	-	3,960,346
Compliance and enforcement division	15,082,145	-	15,082,145
Engineering division	12,363,276	-	12,363,276
Planning and research	4,726,573	-	4,726,573
Meteorology and measurement division	15,402,206	-	15,402,206
Strategic incentives division	300,980	-	300,980
Technology implementation office	703,935	-	703,935
Assessment, inventory and model division	4,852,602	-	4,852,602
Community engagement and policy division	8,024,835	-	8,024,835
TFCA / MSIF & other programs:			
Program distribution	-	29,744,993	29,744,993
Intermittent control	-	1,408,179	1,408,179
TFCA administration	-	934,471	934,471
Vehicle buy-back	-	1,892,357	1,892,357
Mobile source incentive	-	562,106	562,106
Miscellaneous incentive program	-	12,954	12,954
Regional electric vehicle deployment	-	2,111,939	2,111,939
Enhanced mobile source inspection	-	11,306	11,306
Carl Moyer Program			
Project funding	-	19,189,341	19,189,341
Grant administration	-	3,008,725	3,008,725
California Goods Movement Program & other			
Project funding	-	1,100,000	1,100,000
Grant administration	-	247,965	247,965
Vehicle settlement			
Project funding	-	2,969,102	2,969,102
Grant administration	-	579,092	579,092
Debt Service:			
Principal	1,335,187	-	1,335,187
Interest	618,261	-	618,261
Capital outlay	4,802,033	-	4,802,033
Total Expenditures	<u>121,315,682</u>	<u>63,772,530</u>	<u>185,088,212</u>
Excess of Revenues			
Over Expenditures	<u>10,056,037</u>	<u>15,080,288</u>	<u>25,136,325</u>
Other Financing Sources (Uses):			
Transfers in	1,107,361	-	1,107,361
Transfers out	-	(1,107,361)	(1,107,361)
Leases	1,166,111	-	1,166,111
Total Other Financing Sources (Uses)	<u>2,273,472</u>	<u>(1,107,361)</u>	<u>1,166,111</u>
Net Changes in Fund Balances	12,329,509	13,972,927	26,302,436
Fund Balances, July 1, 2022	106,153,611	170,242,962	276,396,573
Fund Balances, June 30, 2023	<u>\$ 118,483,120</u>	<u>\$ 184,215,889</u>	<u>\$ 302,699,009</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
 and Changes in Fund Balances to the Statement of Activities
 Year Ended June 30, 2023

Net Changes in Fund Balances - Governmental Funds	\$ 26,302,436
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	(2,149,151)
Proceeds of new debt and repayment on debt principal are reported as expenditures and other financing sources and uses in the governmental funds, but constitute reductions to liabilities in the statement of net position.	169,076
In the statement of activities, compensated absences are measured by the amounts the employees earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	130,644
Because certain revenues will not be collected soon enough to be considered "available" revenues for this year.	2,541,282
Actuarial pension revenue is recognized in the government wide statements and actual pension contributions are reclassified in the current year as deferred outflow of resources.	8,491,020
Actuarial OPEB revenue is recognized in the government wide statements and actual OPEB contributions are reclassified in the current year as deferred outflow of resources.	<u>2,180,089</u>
Changes in Net Position of Governmental Activities	<u><u>\$ 37,665,396</u></u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies

The Bay Area Air Quality Management District (District) was created by the California legislature in 1955. The District's structure, operating procedures, and authority are established by Division 26 of the California Health and Safety Code.

The following summary of the more significant accounting policies of the District is provided to assist the reader in interpreting the basic financial statements presented in this section. These policies, as presented, should be viewed as an integral part of the accompanying basic financial statements.

(a) Reporting Entity

The District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the Bay Area, primarily industry pollution and burning. Any company wishing to build or modify a facility in the Bay Area must first obtain a permit from the District to ensure that the facility complies with all applicable rules.

The District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds and Mobile Source Incentive funds (MSIF) derived from Assembly Bill 434 and Assembly Bill 923, respectively. TFCA and MSIF funding comes from a \$4 and \$2 surcharge, on motor vehicles registered within the District's boundaries. TFCA funding may only be used to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the 1994 Clean Air Plan. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the District to pass through no less than 40% (forty percent) of the TFCA revenues raised within a particular county to that county's eligible, designated Program Manager. The remaining 60% (sixty percent) is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the District's Board-adopted evaluation and scoring criteria. The District may receive reimbursement from TFCA funds, not to exceed 6.25% (six and a quarter percent) of total funds, for the administration of the program. TFCA activities are accounted for in the District's Special Revenue Fund.

The District is responsible for regulatory stationary sources of air pollution in seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara; and portions of two other counties: Southwestern Solano and Southern Sonoma. The District is governed by a 24 (twenty-four) member Board of Directors that includes representatives from all of the above counties.

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(b) Government-wide and Fund Financial Statements

The District's basic financial statements consist of fund financial statements and government-wide statements which are intended to provide an overall view of the District's finances. The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all District funds excluding the effect of interfund activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column.

(c) ***Basis of Accounting***

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 (sixty) days after year-end, except for revenues related to CMAQ Spare the Air, which are included in revenue if received within seven months after year-end.

Expenditures for the governmental funds are generally recognized when the related fund liability is incurred, except debt service expenditures and expenditures related to compensated absences which are recognized when payment is due. Governmental capital asset acquisitions are reported as expenditures in the governmental funds.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place.

Imposed non-exchange transaction revenues result from assessments imposed on non-governmental entities, including individuals (other than assessments imposed on exchange transactions), and the revenues are recognized in the period when the use of the resources is required or first permitted. District-imposed non-exchange transactions are the TFCA/MSIF DMV fees, Permit fees, Title V Permit fees, Asbestos fees, Penalties and Variance fees, and Settlements.

Government-mandated non-exchange transactions result from one level of government providing resources to another level of government and requiring the recipient to use the resources for a specific purpose. Voluntary non-exchange transactions result from agreements entered into voluntarily by the parties thereto. Both types of non-exchange transaction revenues are treated in the same manner. Revenues are recognized when all applicable eligibility requirements are met. District transactions of both types include the Carl Moyer program, Lower Emission School Bus program, State Subvention, EPA federal grants, OHS federal grants, CMAQ Spare the Air grants, other grants, California Goods Movement program, Shore Power program, and various agreements with the nine Counties served by the District.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

Those revenues susceptible to accrual are taxes, intergovernmental revenues, interest, charges for services, fines, and penalties, and license and permit revenues.

Under the modified accrual basis, revenue from exchange and non-exchange transactions must meet both the “measurable” and “available” criteria to be recognized in the current period. On governmental fund financial statements, receivables that will not be collected within the availability period have been offset with unavailable revenue. Unearned revenue arises when assets are received before the revenue recognition criteria have been satisfied. Grants received before eligibility requirements have been satisfied are recorded as unearned revenue in the governmental fund financial statements (see Note 6).

(d) Fund Accounting

The District’s accounting system is organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A description of the activities of the major funds is provided below:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for the specific purpose of the individual funds.

(e) Cash and Investments

Cash includes amounts in deposits with the San Mateo County Investment Fund (County Pool).

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District’s securities portfolio is held by the County of San Mateo Treasurer. All District investments are stated at fair value based on quoted market prices.

(f) Receivables

During the course of normal operations, the District carries various receivable balances for taxes, interest, and permitting operations. The District considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made.

(g) Short-term Interfund Receivables/Payables

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as “due from other funds” or “due to other funds” on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

(h) Capital Assets

Capital assets, which include land, depreciable assets, the right to use leased vehicles and buildings, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000. Donated capital assets are recorded at their estimated fair value at the date of donation.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings, grounds & improvements	15 - 20
Equipment	5 - 15

(i) Deferred Outflows / Deferred Inflows

In addition to assets, the financial statements report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District’s pension plan after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources. Additional factors involved in the calculation of the District’s pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, and differences between projected and actual investment earnings. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pension deferred outflows and inflows. In the fund financial statements, the District reports unavailable revenues as a deferred inflow of resources.

(j) Compensated Absences

The District’s policies provide compensation to employees for certain absences, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on any special event beyond the control of the District and its employees is accrued as employees earn those benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in a period in which such services are rendered or in which such events take place.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

The District's liability for compensated absences is recorded in the Statement of Net Position. District employees are allowed to accrue no more than four hundred and sixty hours of vacation as of the end of the calendar year. In the event of termination, the employees are reimbursed for all accumulated vacation at the time of separation from the District. There are no restrictions regarding the accumulation of sick leave. On termination, employees are not paid for accumulated sick leave, but the accumulated sick leave is counted as service credit by the CalPERS pension plan administered by the State of California.

(k) Pensions

The District participates in the Bay Area Air Quality Management District Miscellaneous Plan (the Plan), an agent multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS). For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the Plan, and additions to/deductions from the Plan's fiduciary net position, have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(l) Use of Management Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(m) Net Position / Fund Balance

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

The governmental fund statements utilize a fund balance presentation. Fund balances are categorized as Nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – This category presents the portion of fund balance that cannot be spent because it is either not in a spendable form or it is legally or contractually required to be maintained intact.

Restricted Fund Balance – This category presents the portion of the fund balance that is for specific purposes stipulated by constitution, external resource providers, or enabling legislation.

Committed Fund Balance – This category presents the portion of the fund balance that can be used only for the specific purposes determined by a formal action (Resolution) of the District’s highest level of decision-making authority. For the District, this level of authority lies with the Board of Directors. As of June 30, 2023, the District had no committed fund balance.

Assigned Fund Balance – This category presents the portion of the fund balance that is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. For the District, balances can be assigned by management or through the budget process. Other assigned balance represents amounts intended to be used for a Wood Burning Device, Abatement Technology, Litigation, Technology Implementation Office, Woodchip Program, and the Marin Wildfire Recovery.

Unassigned Fund Balance – This category presents the portion of the fund balance that does not fall into restricted, committed, or assigned and is spendable.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers assigned amounts to be reduced first before the unassigned amounts.

(n) New Pronouncements

GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements,” has been evaluated and has no impact on the District’s financial reporting or notes.

GASB Statement No. 96, “Subscription-based Information Technology Arrangements (SBITAs),” provides guidance on the accounting and financial reporting for SBITAs for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The pronouncement has been evaluated and has no material impact on the District’s financial reporting or notes.

GASB Statement No. 99, “Omnibus 2022,” addresses a variety of clarifications and practices, such as requirements related to derivatives, leases, public-private partnerships, and availability payment arrangements (PPPs), and SBITAs that were identified during the implementation and application of certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years. The District implemented the applicable requirements, specifically related to the Statement Nos. 87.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

(2) Cash, Cash Equivalents, and Investments

Cash and Investments

The District pools cash from multiple sources and funds so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Cash, cash equivalents, and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 107,254,607
Restricted cash and cash equivalents	<u>332,539,590</u>
Total cash, cash equivalents and investments	<u>\$ 439,794,197</u>

Cash, cash equivalents, and investments as of June 30, 2023, consist of the following:

Cash and investments in San Mateo	
Pooled Fund Investment Program	\$ 433,259,739
Cash, cash equivalents, and investments with fiscal agent	<u>6,534,458</u>
Total cash, cash equivalents and investments	<u>\$ 439,794,197</u>

Cash in County Treasury

The District is a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by the California Government Code under the oversight of the Treasury of the County of San Mateo (the Treasury). The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

The District earns Interest on a proportionate basis with all other investors. Interest is credited directly to the District's account quarterly. The pooled fund is collateralized at 102% by San Mateo County, but not specifically identified to any one depositor or in the District's name.

The District reports its investment in the County Pool at the fair value amount provided by the County. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants. As of June 30, 2023, the District recorded a total of \$12.7 million of unrealized loss to reflect investments at its fair value.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the California Government Code Section 53601 or the Treasury investment policy, which was adopted by the District, whichever is more restrictive. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Except for investments by trustees of Certificates of Participation (COPs) proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from the website at <http://tax.co.la.ca.us/>. The table below identifies some of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Government Agency / Sponsored Enterprise Securities	7 Years	100%	40%
U.S. Treasury Obligations	7 Years	100%	100%
Asset-Backed Securities	5 Years	20%	5%
Banker's Acceptances	180 Days	15%	5%
Commercial Paper	270 Days	40%	5%
Negotiable Certificates of Deposit	5 Years	30%	5%
Collateralized Certificates of Deposit	1 Year	15%	5%
Repurchase Agreements	92 Days	100%	100%
Mutual Funds	N/A	20%	10%
Corporate Bonds, Medium-Term Notes & Covered Bonds	5 Years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	Up to the state limit	Up to the state limit

Investments Authorized by Debt Agreements

The District's cash, cash equivalents, and investments with fiscal agent in the General Fund in the amount of \$2,846,666 represent funds which are restricted for specific purposes under the terms of the debt agreement at June 30, 2023.

Investments of debt proceeds held by the trustee are governed by provisions of the trust agreement rather than the general provisions of the California Government Code or the District's investment policy.

Derivative Investments

The District did not directly enter into any derivative investments, and the County Pool was not holding derivative investments at June 30, 2023.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

Disclosures Related to Interest Rate Risk and Credit Risk

Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the District's investment policy limit the District's investments in banker's acceptances, commercial paper, negotiable certificates of deposit collateralized certificates of deposit, and repurchase agreements to the rating of A-1/P-1/F-1 or better by two of the three nationally recognized rating services (Standard & Poor's, Moody's Investors Service, or Fitch Ratings). Corporate securities are required to have a rating of A or better at the time of purchase, and the amount invested in corporate securities in the A rating category shouldn't exceed 90% of permitted corporate allocation. U.S. government securities are required to have a rating of AA, long-term, or A-1, short-term, or better by two of the three rating services. Asset-backed securities are required to have a rating of AAA or higher by two of the three rating services.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District's cash, cash equivalents, and investments were categorized as follows at June 30, 2023:

	Ratings:		Maturities	Fair Value	
	Moody's	S&P			
AIG Fixed Annuity	Not Rated	Not Rated	Current	\$	3,687,792
Dreyfus Treasury Securities	Aaa-mf	AAAm	Current		2,846,666
Investments in San Mateo Pooled Fund Investment Program	Aaa to A3	AAA to BBB+	1.51 Years		433,259,739
Total cash, cash equivalents, and investments				\$	439,794,197

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$332,539,590 at June 30, 2023.

Included in this restricted balance is \$326,005,132 for air quality grants and projects, \$2,846,666 for debt service, and \$3,687,792 restricted for post-employment benefits.

Fair Value Measurement

GASB 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

The investment in San Mateo Pooled Fund Investment Pool is subject to fair value measurement; however, it is not subject to the fair value hierarchy. The Dreyfus Treasury Securities are classified as Level 2 because they are observable but do not have quoted prices in an active market. The AIG Fixed Annuity is classified as Level 3 of the fair value hierarchy because it is a contract with AIG related to the restricted portion of OPEB funding and is not available for sale or transfers on any securities exchange.

(3) Receivables

At June 30, 2023, the District had the following accounts receivable:

General Fund:		
Permit and other fees	\$	13,707,484
County apportionments		826,265
Interest		870,262
Other		1,262,085
Total General Fund		\$ 16,666,096
 Special Revenue Fund		
TFCA DMV fees	\$	4,390,096
MSIF DMV fees		2,175,627
Interest		2,553,929
Total Special Revenue Fund		\$ 9,119,652
Total Receivables		\$ 25,785,748

(4) Interfund Transactions

Current interfund balances (due to/from other funds) arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures that are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received.

At June 30, 2023, the General Fund was owed \$8,061,987 by the Special Revenue Fund.

With Board approval, resources are transferred from one fund to another. The purpose of the majority of transfers is to move approved administrative revenue charged to restricted programs in the Special Revenue Fund to the General Fund. Interfund transfers for the year ended June 30, 2023, were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Special Revenue Fund	\$1,021,361

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

(5) Capital Assets

The District's capital assets were comprised of the following at June 30, 2023:

	<u>Balance at 7/1/2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance at 6/30/2023</u>
Nondepreciable Assets:				
Land	\$ 3,974,267	\$ -	\$ -	\$ 3,974,267
Construction in progress	960,608	(754,576)	1,121,824	1,327,856
Total nondepreciable assets	<u>4,934,875</u>	<u>(754,576)</u>	<u>1,121,824</u>	<u>5,302,123</u>
Depreciable assets:				
Building	36,950,205	-	-	36,950,205
Building & Grounds	7,474,530	243,499	-	7,718,029
Leasehold Improvements	2,933,740	-	-	2,933,740
Office Equipment	445,678	-	-	445,678
Computer & Network Equipment	10,687,237	-	-	10,687,237
Enterprise application	36,407,668	2,714,354	-	39,122,022
Motorized Equip (vehicle)	445,413	-	-	445,413
Lab & Monitoring Equipment	12,663,725	310,821	-	12,974,546
Communication Equipment	3,157,215	-	-	3,157,215
Furniture	166,395	-	-	166,395
General Equipment	213,430	-	-	213,430
Lease assets	3,993,436	1,166,111	-	5,159,547
Total depreciable assets	<u>115,538,672</u>	<u>4,434,785</u>	<u>-</u>	<u>119,973,457</u>
Building	9,080,558	1,847,510	-	10,928,068
Building & Grounds	1,355,660	412,485	-	1,768,145
Leasehold Improvements	2,772,303	5,082	-	2,777,385
Office Equipment	404,379	10,401	-	414,780
Computer & Network Equipment	9,646,748	224,949	-	9,871,697
Enterprise application	11,355,308	2,427,178	-	13,782,486
Motorized Equip (vehicle)	282,215	31,063	-	313,278
Lab & Monitoring Equipment	10,957,408	374,541	-	11,331,949
Communication Equipment	2,958,074	21,416	-	2,979,490
Furniture	154,776	1,489	-	156,265
General Equipment	206,982	-	-	206,982
Lease assets	793,065	1,595,070	-	2,388,135
Total accumulated depreciation	<u>49,967,476</u>	<u>6,951,184</u>	<u>-</u>	<u>56,918,660</u>
Total depreciable assets, net	<u>65,571,196</u>	<u>(2,516,399)</u>	<u>-</u>	<u>63,054,797</u>
Total capital assets, net	<u>\$ 70,506,071</u>	<u>\$ (3,270,975)</u>	<u>\$ 1,121,824</u>	<u>\$ 68,356,920</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

Depreciation expense by function for capital assets for the year ended June 30, 2023, is as follows:

Primary Government:

My Air Online	\$	1,203,924
Administrative Services		1,478,275
Meteorology, Measurement & rules		776,248
Compliance & Enforcement		589,531
Engineering		437,193
Executive		1,212,071
Finance		198,099
Information Systems		178,185
Planning		165,891
AIM		164,886
Legal Services		130,624
Human Resources		104,881
CEP		100,230
Rule		84,477
Communications Office		63,481
TIO		21,619
Legislative		18,723
Diversity Equity & Inclusion		15,162
Strategic Incentives Division		7,682
Total depreciation expense	<u>\$</u>	<u>6,951,184</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

(6) Unearned / Unavailable Revenue

The governmental fund financial statements report unavailable revenues as a deferred inflow of resources in connection with receivables for revenues that are not available when they are not collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The District reports a liability for unearned revenue in connection with resources that have been received, but not yet earned. As of June 30, 2023, the various components of unavailable revenue and unearned revenue reported were as follows:

	<u>Unearned Revenue</u>	<u>Unavailable Revenue</u>	<u>Total</u>
General Fund:			
Permits and licenses	\$ -	\$ 8,923,565	\$ 8,923,565
Community Air Protection Program	8,966,991	-	8,966,991
Total General Fund	<u>8,966,991</u>	<u>8,923,565</u>	<u>17,890,556</u>
Special Revenue Fund:			
GMB - Administration	1,363,311	-	1,363,311
GMB - On-Road Projects	14,914,378	-	14,914,378
Shore Power Projects	6,393,622	-	6,393,622
TRUs	52,971	-	52,971
Locomotive	7,756	-	7,756
Carl Moyer Program	76,103,833	-	76,103,833
Carl Moyer Program Administration	3,458,604	-	3,458,604
Low Carbon Project Funding	4,366,408	-	4,366,408
Low Carbon Program Administration	2,335,846	-	2,335,846
Vehicle Settlement	24,036,043	-	24,036,043
Special Projects	2,540,673	-	2,540,673
Total Special Revenue Fund	<u>135,573,445</u>	<u>-</u>	<u>135,573,445</u>
Total Unearned and Unavailable Revenue	<u>\$ 144,540,436</u>	<u>\$ 8,923,565</u>	<u>\$ 153,464,001</u>

(7) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2023 are comprised of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of assumptions - Pension	\$ 8,100,535	\$ -
Changes of assumptions - OPEB	2,618,551	-
Differences between expected and actual experience - Pension	2,875,062	-
Differences between expected and actual experience - OPEB	-	9,029,817
Net differences between projected and actual earnings on plan investments - Pension	14,582,726	-
Net differences between projected and actual earnings on plan investments - OPEB	5,915,139	-
Pension contributions subsequent to measurement date	23,105,489	-
OPEB contributions subsequent to measurement date	3,822,799	-
Total	<u>\$ 61,020,301</u>	<u>\$ 9,029,817</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

(8) Long-Term Liabilities

(a) Certificate of Participation

On November 7, 2013, the District issued \$30,000,000 through a private placement of taxable Certificates of Participation (COPs) with Bay Area Headquarters Authority (BAHA) to finance its ownership interest of approximately 75,000 square feet of office space at 375 Beale Street. The COPs were held by the Bank of New York Mellon Trust Company, N.A., as Trustee, in an escrow account until the acquisition of the premises by the District which occurred in May 2017. The escrow account paid interest due during the escrow period, at an annual rate of 0.247%, using proceeds of the COPs. Upon the acquisition date, the escrow period ended, and the District began making base rental payments of \$100,000 per month beginning July 1, 2017.

The District is subject to mandatory sinking fund account payments as follows:

<u>Payment Date</u> <u>(November 1)</u>	<u>Amount</u>	<u>Payment Date</u> <u>(November 1)</u>	<u>Amount</u>
2020	\$ 400,000	2033	\$ 700,000
2021	400,000	2034	800,000
2022	500,000	2035	800,000
2023	500,000	2036	800,000
2024	500,000	2037	800,000
2025	500,000	2038	800,000
2026	500,000	2039	900,000
2027	600,000	2040	900,000
2028	600,000	2041	900,000
2029	600,000	2042	1,000,000
2030	600,000	2043	1,000,000
2031	700,000	2044	1,000,000
2032	700,000	2045	1,000,000

The District and BAHA had entered into a financing lease/sublease arrangement whereby at the date of acquisition the District leased its office space to BAHA and BAHA subleased office space back to the District to secure payment on the COPs. Under the terms of the agreement, total monthly payments have been predetermined and the amount of such payments that relate to interest will be calculated based on the Adjustable Rate Mode accrued at the Adjusted Interest Rate as provided in the lease/sublease agreement with BAHA. All payments made into the sinking fund are restricted for debt service.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

Total payments of principal and interest are structured as follows:

<u>Fiscal Year</u>	<u>Total Annual Payments</u>
2024	\$ 1,200,000
2025	1,200,000
2026	1,200,000
2027	1,200,000
2028	1,370,000
2029-2033	6,850,000
2034-2038	6,850,000
2039-2043	6,850,000
2044-2045	2,740,000
	<u>\$ 29,460,000</u>

Upon payment of all rental payments under the term of the sublease agreement, the title of the office space will transfer to the District. Future annual payments on COPs are as follows:

<u>Year Ending June 30</u>	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 500,000	\$ 701,400
2025	500,000	680,400
2026	500,000	659,400
2027	500,000	638,400
2028	600,000	613,200
2029-2033	3,200,000	2,675,400
2034-2038	3,900,000	1,911,000
2039-2043	4,500,000	1,024,800
2044-2046	3,000,000	126,000
	<u>\$ 17,200,000</u>	<u>\$ 9,030,000</u>

COPs bear a variable interest rate structure with preset interest rate caps. The interest rate is based on an agreed-upon spread of 120 basis points or 1.2% plus a commonly used interest rate index published by the Securities Industry and Financial Markets Association (SIFMA). The SIFMA index rate used to calculate the interest rate is determined by the Index Agent on (1) each Index Rate Determination Date determined by the Index Agent, plus (2) the applicable spread of 4.01%; the sum of which is subject to the preset interest rate cap as follows:

Preset Interest Rate Caps structure:

Year 1-5	3.20%
Year 6-10	4.20%
Year 11-30	5.20%

The District determined that the SIFMA rate as of the end of the fiscal year ending June 30, 2023 exceeds the preset interest rate cap of 4.20%, noted above. As such, the District utilized the preset interest rate cap applicable to Fiscal Year 2023 to calculate the interest based on the predetermined principal payment schedule above.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

(b) Leases

The District is a lessee for noncancellable leases of buildings and vehicles. The District recognizes lease liability and intangible right-to-use lease assets in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The opening balance of the lease liability was recorded in the amount of \$3.3 million. During the year, the District entered into new agreements and renewals, for an addition of \$1.2 million. Fiscal Year 2023 amortization was \$835K. As of June 30, 2023, the total value of the lease liability was \$3.6 million.

As of June 30, 2023, the total value of the right-to-use asset was recorded at a cost of \$5.2 million with accumulated amortization of \$2.4 million.

The future lease payments under lease agreements are as follows:

Year Ending June 30	Lease Obligations	
	Principal	Interest
2024	\$ 823,893	\$ 58,390
2025	610,953	45,112
2026	420,210	35,067
2027	393,574	25,783
2028	256,251	17,414
2029-2033	559,664	53,427
2034-2038	523,122	14,276
	\$ 3,587,667	\$ 249,469

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

(c) Summary of Long-Term Liabilities

A schedule of changes in general long-term debt for the year ended June 30, 2023, is shown below:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities					
Certificates of participation (COPs)	\$17,700,000	\$ -	\$ (500,000)	\$17,200,000	\$ 500,000
Compensated absences	8,218,714	5,714,064	(5,802,419)	8,130,359	7,389,721
Lease obligations	3,256,743	1,166,111	(835,187)	3,587,667	823,893
Total	<u>\$29,175,457</u>	<u>\$6,880,175</u>	<u>\$(7,137,606)</u>	<u>\$28,918,026</u>	<u>\$8,713,614</u>

The certificates of participation and long-term portion of compensated absences are liquidated by the General Fund. Lease obligations is liquidated by the General Fund and Special Revenue Fund.

(9) County Apportionment Revenue

As a result of the passage of Proposition 13 in fiscal year 1979, the District no longer has the power to calculate property tax revenues due for each county. Instead, the District now receives remittances from the counties, which are calculated in accordance with Assembly Bill Number 8. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the District in the fiscal year they are assessed, provided that they become available as defined in footnote 1(c).

Secured property tax is due in two installments, on November 1 and March 1 and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables in the fiscal year of the levy, provided that they are collected within the fiscal year or within sixty days after year-end to be consistent with the District's collection period used in the measurement of the collection period for when revenues are considered available.

County apportionment revenue recognized as of June 30, 2023, is as follows:

<u>County</u>	<u>Amount</u>
Alameda	\$ 8,276,485
Contra Costa	4,942,690
Marin	1,964,471
Napa	1,387,861
Santa Clara	12,626,230
San Francisco	6,789,385
San Mateo	6,292,058
Solano	1,007,009
Sonoma	1,933,125
Total county apportionment revenue	<u><u>\$ 45,219,314</u></u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

(10) Pension Plan

Plan Description

All District employees are eligible to participate in the Bay Area Air Quality Management District Miscellaneous Plan (the Plan), an agent multiple-employer defined-benefit pension plan administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found online at www.calpers.ca.gov.

Benefits Provided

Benefit provisions under the Plan are established by State statute and District resolution. The benefits are based on members' years of service, age, final compensation, and benefit formula. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the Plan has two benefit structures: 1) CalPERS Miscellaneous Employee "2% at 55" for members first hired prior to January 1, 2013, to perform CalPERS creditable activities (Classic members), and 2) CalPERS Miscellaneous Employee "2% at 62" for members first hired on or after January 1, 2013, to perform CalPERS creditable activities (PEPRA members). The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries.

Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits, while PEPRA members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, the Optional Settlement 2 Death Benefit, or the Special Death Benefit. The standard cost-of-living adjustment (COLA) is 2% and is applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Classic	PEPRA
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hiring date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: minimum	50	52
Monthly benefit, as a % of eligible compensation	1.43% - 2.42%	1.00% - 2.50%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	26.48%	26.48%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	346
Inactive employees entitled to but not yet receiving benefits	54
Active employees	403
Total	803

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the year ended June 30, 2023, the contributions to the Plan amounted to \$23,105,489.

Net Pension Liability

The District's net pension liability for the Plan of \$106,200,941 at June 30, 2023, is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability of the Plan is shown below. The total pension liability in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%
Mortality rate table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

All other actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2001 to 2019, including updates to salary increases, mortality, and retirement dates. The Experience Study report from November 2021 can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class ^(a)	Assumed Asset Allocation	Real Return ^(a)
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-Cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)
	100.00%	

^(a) An expected inflation of 2.30% used for this period.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

Changes in the Net Pension Liability

The changes in the net pension liability for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Balance at June 30, 2022	\$ 366,975,880	\$ 314,101,062	\$ 52,874,818
Changes recognized for the measurement period:			
Service cost	7,805,008	-	7,805,008
Interest on the total pension liability	25,737,558	-	25,737,558
Differences between expected and actual experience	781,844	-	781,844
Changes of assumptions	10,232,255	-	10,232,255
Contributions from the employer	-	11,730,043	(11,730,043)
Contributions from employees	-	3,537,042	(3,537,042)
Net investment income	-	(23,840,877)	23,840,877
Benefit payments, including refunds of employee contributions	(17,768,805)	(17,768,805)	-
Administrative expense	-	(195,666)	195,666
Net changes	<u>26,787,860</u>	<u>(26,538,263)</u>	<u>53,326,123</u>
Balance at June 30, 2023	<u>\$ 393,763,740</u>	<u>\$ 287,562,799</u>	<u>\$ 106,200,941</u>

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability for the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1.00% Decrease (5.90%)	Current Discount Rate (6.90%)	1.00% Increase (7.90%)
District's net pension liability	\$ 155,985,634	\$ 106,200,941	\$ 64,751,983

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the District recognized pension expense of \$8,491,020 for the Plan. As of June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to the Plan as follows:

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 8,100,535	\$ -
Differences between expected and actual experience	2,875,062	-
Net differences between projected and actual earnings on pension plan investments	14,582,726	-
District contributions subsequent to the measurement date	23,105,489	-
Total	\$ 48,663,812	-

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense.

The \$23,105,489 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

Year ended June 30	Deferred Outflows of Resources
2024	\$ 5,860,606
2025	5,123,565
2026	3,656,631
2027	10,917,521

Payable to the Pension Plan

The District's contribution for all members to the Plan for the fiscal year ended June 30, 2023, was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2023.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

(11) Postemployment Benefits – Health and Welfare for Retirees

Plan Description

The District contributes to an agent multiple-employer plan administered by CalPERS. The plan provides medical, dental, vision, and life insurance benefits to eligible retirees. Benefit provisions are established in accordance with the Employee Association Memorandum of Understanding (MOU) for represented employees and as adopted by Board Resolution for all other employees who retire from the District on or after attaining age 50 for classic or age 52 for PEPPRA with at least 5 (five) years of service.

The District established an irrevocable trust to prefund the other postemployment benefit annual required contribution by participating in the California Employers' Retiree Benefit Trust (CERBT) program during the fiscal year ended June 30, 2009. The funds in the CERBT are held in the trust and administered by the California Public Employees' Retirement System (CalPERS).

The CERBT fund, which is an IRC Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other postemployment benefits for retirees and their beneficiaries, (ii) investing contributed amounts and income therein, and (iii) disbursing contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other postemployment benefits in accordance with the terms of the District's OPEB plan. The District's Other Postemployment Benefits (OPEB) financial statements will be included in the CalPERS Comprehensive Annual Financial Report (CAFR). Copies of CalPERS' CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Additionally, the plan maintains a closed group of retirees receiving coverage through a separate life insurance policy with American International Group, Inc. (AIG). The District makes contributions to the AIG Retiree Life Reserve Fund on an annual basis as needed to ensure that Fund's balance is equal to the present value of expected claims for the retirees covered by the policy. The AIG Retiree Reserve Fund can only be applied toward the benefits provided under the program. As of June 30, 2023, the AIG Retiree Life Insurance Fund had a total asset balance of \$333,762, making up 0.5% of the total Plan Fiduciary Net Position of \$68,464,914. All activities of the AIG Retiree Life Reserve Fund are accounted for in the measurement of the District's net OPEB liability.

Employees Covered

As of June 30, 2021, actuarial valuation, the following current, and former employees were covered by the benefit terms under the District's OPEB Plan:

Active employees	385
Inactive employees or beneficiaries currently receiving benefits	260
Inactive employees entitled to, but not yet receiving benefits	4
Total	<u>649</u>

Contributions

The District contributions to the Plan occur as benefits are paid to retirees (pay-as-you-go basis) and/or to the OPEB trust by means of discretionary funding payments as approved by the Board.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

The District's actuary also accounts for the implicit subsidy contribution, which exists when premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In the District's program, the claims experience for active employees and retirees not covered by Medicare is co-mingled in setting premium rates for some members and gives rise to an implicit subsidy. The implicit subsidy is determined as the projected difference between (a) retiree medical and life insurance claim costs by age and (b) premiums charged for retiree coverage.

For fiscal year 2023, the District contributed a total of \$3,822,799 to the plan that includes \$696,205 identified as implicit contributions.

Net OPEB Liability

The District's net OPEB liability of \$7,242,660 at June 30, 2023, is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured using an annual actuarial valuation as of June 30, 2021. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	6.10%
Inflation	2.50%
Salary increases	3.00% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Investment rate of return	6.10%, net of plan investment expenses
Mortality improvement	MacLeod Watts Scale 2022 applied generationally from 2015
Healthcare trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen model and are assumed to be effective on the dates shown

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2023	5.6%	2067	4.7%
2024	5.5%	2068	4.6%
2025-2026	5.4%	2069	4.5%
2027-2029	5.3%	2070-2071	4.4%
2030-2051	5.2%	2072	4.3%
2052	5.1%	2073-2074	4.2%
2053-2055	5.0%	2075	4.1%
2056-2060	4.9%	2076	4.0%
2061-2066	4.8%	& later	4.0%

The healthcare trend shown above was developed using the Getzen Model 2021_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.5%; Excess Medical Growth 1.1%; Expected Health Share of GDP in 2030 20.3%; Resistance Point 25%; Year after which medical growth is limited to growth in GDP 2075.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements.

Discount Rate

The discount rate used to measure the total OPEB liability is 6.10%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for currently active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was based on CalPERS' expected return for California Employers' Retirement Benefit Trust Strategy 1.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Target Allocation	1-5 Year Expected Real Rate of Return	6-20 Year Expected Real Rate of Return
Global equity	49.00%	4.40%	4.50%
Fixed income	23.00	(1.50)	0.40
Treasury inflation protected securities (TIPS)	5.00	(1.80)	0.50
Global real estate (REITs)	20.00	3.00	3.70
Commodities	3.00	0.80	1.10
Total	<u>100.00%</u>		

To derive the expected future trust return specifically for the District, CalPERS' future return expectations was adjusted to align with the 2.5% general inflation assumption used in the actuarial assumptions. After applying the plan specific benefit payments to CalPERS' bifurcated return expectations, the actuaries determined the single equivalent long-term rate of return to be 6.10%.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

Changes in the OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning Balance at June 30, 2022	\$72,637,394	\$75,085,461	\$ (2,448,067)
Changes recognized for the measurement period			
Service cost	2,189,150	-	2,189,150
Interest on the total OPEB liability	4,455,401	-	4,455,401
Benefit payments	(3,574,371)	(3,574,371)	-
Contributions - employer	-	3,574,371	(3,574,371)
Contributions - direct	-	4,000,000	(4,000,000)
Net investment income	-	(10,600,660)	10,600,660
Other expenses - administrative expense	-	(19,887)	19,887
Net changes	<u>3,070,180</u>	<u>(6,620,547)</u>	<u>9,690,727</u>
Balance at June 30, 2023	<u>\$75,707,574</u>	<u>\$68,464,914</u>	<u>\$ 7,242,660</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2023:

	1.00% Decrease (5.10%)	Current Discount Rate (6.10%)	1.00% Increase (7.10%)
Net OPEB liability (asset)	\$ 15,888,802	\$ 7,242,660	\$ 1,813,428

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2023:

	<u>1.00% Decrease</u>	<u>Current Trend⁽¹⁾</u>	<u>1.00% Increase</u>
Net OPEB liability (asset)	\$ 2,302,656	\$ 7,242,660	\$ 12,109,421

⁽¹⁾ Refer above to actuarial assumptions for health trend rates.

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$2,180,089. At June 30, 2023, the District reported 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>
Changes of assumptions	\$ 2,618,551	\$ —
Difference between expected and actual earnings on OPEB plan investments	5,915,139	—
Difference between expected and actual experience	—	9,029,817
District contributions subsequent to the measurement date	3,822,799	—
Total	<u>\$ 12,356,489</u>	<u>\$ 9,029,817</u>

The \$3,822,799 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction in net OPEB liability in the year ending June 30, 2024.

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

<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2024	\$ (643,776)
2025	(1,021,300)
2026	(496,462)
2027	2,188,552
Thereafter	(523,141)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2023

(12) Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District manages and finances these risks by purchasing commercial insurance and has a \$1,000 to \$10,000 deductible for general and special property liability with limits of \$10 million and \$100 million, respectively.

The District has had no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's commercial insurance coverage.

As of June 30, 2023, the District had no material claims outstanding for general liability or workers' compensation cases.

(13) Commitments and Contingencies

The District is subject to litigation arising in the normal course of business. In the opinion of the District's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District receives Federal and State grant funds. The amounts, if any, of the District's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios*
For the Year Ended June 30, 2023
(unaudited)

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Total OPEB Liability						
Service cost	\$ 1,531,801	\$ 1,581,585	\$ 1,801,428	\$ 1,859,816	\$ 1,915,610	\$ 2,189,150
Interest on the total OPEB liability	4,722,673	4,980,026	5,164,087	4,698,222	4,895,975	4,455,401
Changes of assumptions	-	3,506,193	175,927	-	3,275,584	-
Differences between expected and actual experience	-	-	(7,536,242)	-	(9,030,137)	-
Benefit payments	<u>(2,600,577)</u>	<u>(2,908,537)</u>	<u>(3,161,874)</u>	<u>(3,489,527)</u>	<u>(3,653,437)</u>	<u>(3,574,371)</u>
Net change in total OPEB liability	3,653,897	7,159,267	(3,556,674)	3,068,511	(2,596,405)	3,070,180
Total OPEB liability – beginning	<u>64,908,798</u>	<u>68,562,695</u>	<u>75,721,962</u>	<u>72,165,288</u>	<u>75,233,799</u>	<u>72,637,394</u>
Total OPEB liability – ending (a)	<u>\$ 68,562,695</u>	<u>\$ 75,721,962</u>	<u>\$ 72,165,288</u>	<u>\$ 75,233,799</u>	<u>\$ 72,637,394</u>	<u>\$ 75,707,574</u>
Plan fiduciary net position						
Contributions – employer	\$ 6,600,577	\$ 6,817,699	\$ 7,161,874	\$ 3,401,469	\$ 7,653,437	\$ 7,574,371
Net investment income	3,304,360	3,139,604	2,802,806	1,897,992	15,526,284	(10,600,660)
Benefit payments	(2,600,577)	(2,908,537)	(3,161,874)	(3,489,527)	(3,653,437)	(3,574,371)
Administrative expense	<u>(17,180)</u>	<u>(73,126)</u>	<u>(9,966)</u>	<u>(26,028)</u>	<u>(21,632)</u>	<u>(19,887)</u>
Net change in plan fiduciary net position	7,287,180	6,975,640	6,792,840	1,783,906	19,504,652	(6,620,547)
Plan fiduciary net position – beginning	<u>32,741,243</u>	<u>40,028,423</u>	<u>47,004,063</u>	<u>53,796,903</u>	<u>55,580,809</u>	<u>75,085,461</u>
Plan fiduciary net position – ending (b)	<u>40,028,423</u>	<u>47,004,063</u>	<u>53,796,903</u>	<u>55,580,809</u>	<u>75,085,461</u>	<u>68,464,914</u>
Net OPEB liability – ending (a) - (b)	<u>\$ 28,534,272</u>	<u>\$ 28,717,899</u>	<u>\$ 18,368,385</u>	<u>\$ 19,652,990</u>	<u>\$ (2,448,067)</u>	<u>\$ 7,242,660</u>
Plan fiduciary net position as a percentage of the total OPEB liability	58.4%	62.1%	74.5%	73.9%	103.4%	90.4%
Covered – employee payroll	\$ 35,433,438	\$ 37,405,253	\$ 40,462,747	\$ 44,766,317	\$ 48,652,158	\$ 51,700,259
Net OPEB liability as percentage of covered – employee payroll	80.53%	76.78%	45.40%	43.90%	-5.03%	14.01%

* Fiscal year 2017-18 was the first year of implementation, therefore only six years are shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios *
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
For the Year Ended June 30, 2023
(unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Pension Liability									
Service Cost	\$ 4,509,169	\$ 4,405,494	\$ 4,402,254	\$ 5,251,175	\$ 5,588,151	\$ 5,823,771	\$ 6,236,440	\$ 6,774,300	\$ 7,805,008
Interest on total pension liability	18,144,590	19,019,896	19,929,495	20,568,801	21,332,712	22,580,042	23,680,235	24,829,261	25,737,558
Changes in assumptions	—	(4,479,434)	—	16,314,523	(1,997,101)	—	—	—	10,232,255
Differences between expected and actual experience	—	(1,508,680)	(584,236)	(2,082,303)	(643,002)	4,336,733	2,141,716	2,420,546	781,844
Benefit payments, including refunds of employee contributions	(9,459,410)	(10,371,769)	(11,526,958)	(12,131,353)	(13,197,195)	(14,663,313)	(16,065,803)	(17,005,864)	(17,768,805)
Net change in total pension liability	13,194,349	7,065,507	12,220,555	27,920,843	11,083,565	18,077,233	15,992,588	17,018,243	26,787,860
Total pension liability – beginning	244,402,997	257,597,346	264,662,853	276,883,408	304,804,251	315,887,816	333,965,049	349,957,637	366,975,880
Total pension liability – ending (a)	257,597,346	264,662,853	276,883,408	304,804,251	315,887,816	333,965,049	349,957,637	366,975,880	393,763,740
Plan fiduciary net position									
Contributions – employer	3,815,653	4,268,315	5,253,802	5,682,917	6,359,880	7,628,075	9,296,564	10,640,587	11,730,043
Contributions – employee	2,622,951	2,372,392	2,502,885	2,429,913	2,514,609	2,815,780	2,972,457	3,336,742	3,537,042
Net investment income	31,178,442	4,871,767	1,102,999	22,856,288	19,071,946	15,727,365	12,434,790	58,550,025	(23,840,877)
Plan to plan resource movement	—	—	—	—	—	—	—	—	—
Benefit payments, including refunds of employee contributions	(9,459,410)	(10,371,769)	(11,526,958)	(12,131,353)	(13,197,195)	(14,663,313)	(16,065,803)	(17,005,864)	(17,768,805)
Other miscellaneous income (expense) ⁽¹⁾	—	—	—	—	(667,255)	556	—	—	—
Administrative expense	—	(236,125)	(127,831)	(305,553)	(351,369)	(170,709)	(353,219)	(258,564)	(196,666)
Net change in plan fiduciary net position	28,157,636	904,580	(2,795,103)	18,532,212	13,730,060	11,337,754	8,284,789	55,262,926	(26,539,263)
Plan fiduciary net position – beginning	180,686,208	208,843,844	209,748,424	206,953,321	225,485,533	239,215,593	250,553,347	258,838,136	314,101,062
Plan fiduciary net position – ending (b)	208,843,844	209,748,424	206,953,321	225,485,533	239,215,593	250,553,347	258,838,136	314,101,062	287,561,799
Net pension liability – ending (a) - (b)	\$ 48,753,502	\$ 54,914,429	\$ 69,930,087	\$ 79,318,718	\$ 76,672,223	\$ 83,411,702	\$ 91,119,501	\$ 52,874,818	\$ 106,201,941
Plan fiduciary net position as a percentage of the total pension liability	81.07%	79.25%	74.74%	73.98%	75.73%	75.02%	73.96%	85.59%	73.03%
Covered – employee payroll	\$ 32,010,647	\$ 33,133,499	\$ 34,119,169	\$ 35,433,438	\$ 37,405,253	\$ 40,734,161	\$ 44,766,317	\$ 48,652,158	\$ 51,700,259
Net pension liability as percentage of covered – employee payroll	152.30%	165.74%	204.96%	223.85%	204.98%	204.77%	203.54%	108.68%	205.42%

⁽¹⁾ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to Schedule:

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021, valuation date (2022 measurement date, fiscal year 2023), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

None in 2019 - 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Required Supplementary Information
 Schedule of Contributions - Pension *
 California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
 For the Year Ended June 30, 2023
 (unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Actuarially determined contribution	\$ 4,268,315	\$ 5,365,344	\$ 5,685,584	\$ 6,407,096	\$ 7,675,962	\$ 9,374,554	\$ 10,695,192	\$ 11,786,249	\$ 23,105,489
Contributions in relation to the actuarially determined contributions	(4,268,315)	(5,365,344)	(5,685,584)	(6,407,096)	(7,675,962)	(9,374,554)	(10,695,192)	(11,786,249)	(23,105,489)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered – employee payroll	\$ 33,133,499	\$ 34,119,169	\$ 35,433,438	\$ 37,405,253	\$ 40,734,161	\$ 44,766,317	\$ 48,652,158	\$ 51,700,259	\$ 53,430,405
Contributions as a percentage of covered – employee payroll	12.88%	15.73%	16.05%	17.13%	18.84%	20.94%	21.98%	22.80%	43.24%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Asset valuation method	Actuarial value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets
Inflation	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.625% compounded annually	2.50% compounded annually	2.50% compounded annually	2.50% compounded annually
Salary increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll Growth	3.00%	3.00%	3.00%	3.00%	3.00%	2.875%	2.750%	2.750%	2.750%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.375% net of pension plan investment and administrative expenses; includes inflation.	7.25% net of pension plan investment and administrative expenses.	7.00% net of pension plan investment and administrative expenses.	7.00% net of pension plan investment and administrative expenses.	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
	Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permit fees	\$ 48,290,511	\$ 48,290,511	\$ 51,481,885	\$ 3,191,374
Criteria pollutant and toxics emissions	1,219,460	1,219,460	1,702,031	482,571
Title V permit fees	8,065,278	8,065,278	7,735,283	(329,995)
Asbestos fees	4,000,000	4,000,000	3,753,065	(246,935)
Penalties and variance fees	2,750,000	2,750,000	2,008,464	(741,536)
Hearing board fees	25,000	25,000	88,189	63,189
State subvention	1,748,876	1,748,876	1,728,050	(20,826)
AB 2588 income - toxic inventory fees	1,659,680	1,659,680	1,337,238	(322,442)
Miscellaneous	300,000	300,000	241,141	(58,859)
Federal grant -EPA	3,189,755	3,189,755	2,774,767	(414,988)
Federal grant - DHS	1,516,418	1,516,418	1,294,932	(221,486)
CMAQ Spare The Air	1,000,000	1,000,000	1,002,279	2,279
Other grants	9,000,000	9,000,000	8,073,164	(926,836)
(PERP)/Inspection Fees	475,000	475,000	835,081	360,081
Interest/Investment	1,000,000	1,000,000	2,096,836	1,096,836
County apportionment	42,197,180	42,197,180	45,219,314	3,022,134
Total revenues	126,437,158	126,437,158	131,371,719	4,934,561
Expenditures:				
Executive division	18,299,657	22,360,095	18,276,972	(4,083,123)
Administration resource division	16,183,516	24,107,619	19,900,608	(4,207,011)
Legal services division	3,269,034	5,517,848	4,567,603	(950,245)
Communication office	4,162,136	5,086,713	3,960,346	(1,126,367)
Technology implementation office	1,018,977	3,227,079	703,935	(2,523,144)
Strategic incentives division	398,864	418,029	300,980	(117,049)
Compliance and enforcement division	17,672,044	17,756,674	15,082,145	(2,674,529)
Engineering division	14,254,629	15,391,692	12,363,276	(3,028,416)
Assessment, inventory and model division	5,063,192	5,822,823	4,852,602	(970,221)
Planning and research	5,400,013	6,202,549	4,726,573	(1,475,976)
Community engagement and policy division	11,690,679	14,717,497	8,024,835	(6,692,662)
Information services division	6,406,782	5,749,190	3,459,073	(2,290,117)
Meteorology and measurement division	18,335,705	18,822,523	15,402,206	(3,420,317)
Program distribution	1,000,000	3,667,028	2,939,047	(727,981)
Vacancy savings	(5,165,856)	(5,165,856)	-	5,165,856
Total current expenditures	117,989,372	143,681,503	114,560,201	(29,121,302)
Capital outlay	6,562,177	9,082,636	4,802,033	(4,280,603)
Debt Service: Principal	1,335,187	1,335,187	1,335,187	-
Debt Service: Interest	618,261	618,261	618,261	-
Total expenditures	126,504,997	154,717,587	121,315,682	(33,401,905)
Excess of Revenues Over Expenditures	(67,839)	(28,280,429)	10,056,037	38,336,466
Other Financing Sources				
Transfers in	1,066,545	1,066,545	1,107,361	40,816
Leases	-	-	1,166,111	1,166,111
Total other financing sources	1,066,545	1,066,545	2,273,472	1,206,927
Net Change in Fund Balance	\$ 998,706	\$ (27,213,884)	12,329,509	\$ 39,543,393
Beginning Budgetary Fund Balance			106,153,611	
Ending Budgetary Fund Balance			\$ 118,483,120	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
TFCA/MSIF DMV fee	\$ 32,750,000	\$ 91,350,761	\$ 27,298,327	\$ (64,052,434)
Carl Moyer Program	55,058,440	22,298,069	22,298,070	1
Other grants/funding	7,190,000	8,433,570	9,481,374	1,047,804
Federal grants	1,000,000	1,000,000	1,088,798	88,798
California Goods Movement	5,100,000	1,129,521	1,129,521	-
Vehicle settlement	13,668,548	5,995,977	3,583,801	(2,412,176)
Total revenues	114,766,988	130,207,898	64,879,891	(65,328,007)
Expenditures:				
TFCA/MSIF & Other Programs				
Program distribution	26,238,133	83,538,536	29,744,993	(53,793,543)
Intermittent control	1,981,624	3,338,951	1,408,179	(1,930,772)
TFCA administration	1,479,590	1,555,483	934,471	(621,012)
Miscellaneous incentive program	6,300	6,300	12,954	6,654.00
Regional electric vehicle deployment	2,323,402	2,478,348	2,111,939	(366,409)
Enhanced mobile source inspection	15,000	16,390	11,306	(5,084)
Mobile source incentive	827,980	828,340	562,106	(266,234.00)
Vehicle buy-back	7,301,474	8,255,470	1,892,357	(6,363,113)
Commuter assistance	11,000	11,000	-	(11,000)
Carl Moyer Program				
Project funding	51,376,614	18,416,557	19,189,341	772,784
Grant administration	3,681,826	3,881,532	3,008,725	(872,807)
California Goods Movement Program				
Project funding	4,827,089.00	1,100,000	1,100,000	-
Grant administration	272,911	29,521	247,965	218,444.00
Vehicle settlement				
Project funding	12,551,272	4,719,785	2,969,102	(1,750,683)
Grant administration	806,228	965,140	579,092	(386,048)
Total expenditures	113,700,443	129,141,353	63,772,530	(65,368,823)
Excess of Revenues				
Over Expenditures	1,066,545	1,066,545	1,107,361	40,816
Other Financing Uses				
Transfers out	(1,066,545)	(1,066,545)	(1,107,361)	\$ (40,816)
Total other financing uses				
Net Change in Fund Balance	\$ -	\$ -	-	-
Beginning Budgetary Fund Balance			-	
Ending Budgetary Fund Balance			\$ -	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Required Supplementary Information
Year Ended June 30, 2023

Budgetary Principles

Through the budget process, the Board of Directors sets the direction of the District. The annual budget assures the most efficient and effective use of the District's economic resources and establishes the priority of objectives that are to be accomplished during the fiscal year.

The annual budget covers the period from July 1 to June 30 and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the District's performance.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The Board of Directors adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund and by program. The Board of Directors may also adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The Air Pollution Control Officer (APCO) is authorized to transfer budgeted amounts between divisions and programs within any fund.
- b) Budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles (GAAP) with the exception of recognition of certain revenue, as discussed below. Annual appropriated budgets are adopted for the General and Special Revenue funds.
- c) Supplementary budgetary revenue and expenditure appropriations were adopted by the Board of Directors during the fiscal year. These supplemental appropriations have been included in the Budgeted Amounts - Final column of the Budgetary Comparison Schedules.

Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances

The District's budgetary basis is consistent with Generally Accepted Accounting Principles (GAAP), with the exception of certain revenues that are recognized when earned in the GAAP-basis financial statements but deferred until expended on the budgetary basis. Revenues in the Budget and Actual schedules have been presented on the budgetary basis to provide a more meaningful comparison of actual results with the budget. Additionally, the unrealized loss as a result of recognizing the fair value of investments held in the San Mateo County Pool has also been excluded from the budgetary basis revenues.

The following is a reconciliation between revenues on the budgetary basis and the GAAP basis reflected in the statement of revenues, expenditures, and changes in fund balance.

	Special Revenue Fund
Revenues - Budgetary Basis	\$ 64,879,891
Revenue recognition adjustments	14,110,450
Interest and investment gain (loss)	(137,523)
Revenues - GAAP Basis	\$ 78,852,818

SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Transportation Fund for Clean Air (TFCA) Program,
Mobile Source Incentive Fund Program & Other Programs
Schedule of Expenditures
Year Ended June 30, 2023

<u>Programs</u>	<u>Salaries and Benefits</u>	<u>Services and Supplies</u>	<u>Program Distribution</u>	<u>Total</u>
Program distribution	\$ -	\$ -	\$ 29,744,993	\$ 29,744,993
Intermittent control	531,825	876,354	-	1,408,179
TFCA administration	792,185	142,286	-	934,471
Miscellaneous incentive program	12,954	-	-	12,954
Regional electric vehicles deployment	1,491,485	620,454	-	2,111,939
Enhanced mobile source inspection	-	11,306	-	11,306
Vehicle buy-back	46,174	1,846,183	-	1,892,357
Mobile source incentive	543,901	18,205.00	-	562,106
Total expenditures	<u>\$ 3,418,524</u>	<u>\$ 3,514,788</u>	<u>\$ 29,744,993</u>	<u>\$ 36,678,305</u>

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
Single Audit Reports
For the Year Ended June 30, 2023
(With Independent Auditor's Reports Thereon)**



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Single Audit Reports
For the Year Ended June 30, 2023

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SIMPSON & SIMPSON
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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors of the
Bay Area Air Quality Management District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Bay Area Air Quality Management District** (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.





Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
March 29, 2024



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors of the
Bay Area Air Quality Management District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Bay Area Air Quality Management District’s** (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.





Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements. We issued our report thereon dated March 29, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Los Angeles, California
March 29, 2024

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Environmental Protection Agency:					
Air Pollution Control Program Support	66.001	A00905622			\$ 161,182
Air Pollution Control Program Support	66.001	A00905623	\$ 920,927		2,323,910
Subtotal CFDA 66.001			<u>920,927</u>		<u>2,485,092</u>
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act					
	66.034	PM98T037010			163,099
Targeted Airshed Grant - Heat Pump Project					
Subtotal Direct Program	66.956	TA-98T16101-0			<u>58,749</u>
Total U.S. Environmental Protection Agency					<u>2,706,940</u>
U.S. Department of Homeland Security:					
Homeland Security Biowatch Program	97.091	2006-ST-091-2			1,294,932
Subtotal Direct Program					<u>1,294,932</u>
Total U.S. Department of Homeland Security					<u>1,294,932</u>
U.S. Department of Transportation:					
Passed through California Department of Transportation:					
Highway Planning and Construction	20.205	CML-6297 (008)		\$ 967,563	
Highway Planning and Construction	20.205	CML-6297 (009)		<u>652,694</u>	
Subtotal Expenditures - Highway Planning and Construction Cluster					<u>1,620,257</u>
Subtotal Pass-Through Program					<u>1,620,257</u>
Total U.S. Department of Transportation					<u>1,620,257</u>
Total Expenditures of Federal Awards			<u>\$ 920,927</u>	<u>\$ 1,620,257</u>	<u>\$ 5,622,129</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Bay Area Air Quality Management District (the District) for the year ended June 30, 2023. The District's reporting entity is defined in Note 1 of the District's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

2. Summary of Significant Accounting Policies

Basis of Accounting - Funds received under the various grant programs have been recorded within the general fund and the special revenue fund of the District. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in the general fund and the special revenue fund, which are both governmental funds, as described in Note 1 of the District's basic financial statements.

Relationship to Financial Statements - Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

Assistance Listing - The Assistance Listing numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information, and the Office of Management and Budget's Compliance Supplement.

3. Pass-through Entities' Identifying Numbers

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

4. Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial statements:

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|--|------------|
| 4. Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Identification of major programs: | |

Assistance Listing Number

66.001

Name of Federal Program

U.S. Environmental Protection Agency
– Air Pollution Control Program
Support

- | | |
|---|-----------|
| 7. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? | No |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Section II – Financial Statement Finding

No matters were reported.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II – Financial Statement Finding

There were no audit findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

Program Identification

Finding Reference Number:	F-2022-001
Assistance Listing Number:	20.205
Federal Program Titles:	Highway Planning and Construction Cluster (Significant Deficiency)
Awarding Agency / Pass-Through Entity:	U.S. Department of Transportation / California Department of Transportation
Award Number:	CML-6297 (008) / CML-6297 (009)
Compliance Requirement:	Procurement and Suspension and Debarment

Recommendation

We recommend the District strengthen its controls over the procurement process to ensure that the verification of suspension and debarment is properly documented, and that required provisions are included in contracts made with federal funds.

Current Status

Implemented.