



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 5

Authorization of Fiscal Year Ending 2024 Mid-Year Budget and Staffing Adjustments

**Finance and Administration Committee Meeting
December 6, 2023**

**Dr. Philip M. Fine
Executive Officer/APCO
pfine@baaqmd.gov**

Presentation Requested Action



This is an action item for the Finance & Administration Committee to consider recommending that the Board of Directors approve the FYE 2024 mid-year budget and staffing adjustments to:

- Authorize use of Community Air Protection Program grant for six (6) new FTEs and seven (7) new Limited-Term Contract Employees (LTCEs) to support AB 617 initiatives.
- Authorize one (1) new FTE for executive operations and reclassify vacant positions to support organizational operations.
- Authorize the transfer of \$100,000 from the Legal Division's professional services budget to the salaries budget to hire one (1) temporary staff attorney.

AB 617 Program Background



Environmental Justice Focus:

- Core program designed to tackle environmental justice concerns.
- Partnership with communities most affected by historical environmental injustices to identify and address local air pollution issues.

Resource Challenges:

- Long-standing under-resourcing of the program despite yearly addition of new communities (total of four AB 617 communities).
- State funding, while consistent for the last 8 years, lacks a guarantee.
- Current resources stretched thin, with staff handling AB 617 community engagement efforts alongside existing full-time workload.

Grant Utilization Issues:

- Annual state grants for AB 617 implementation are cautiously allocated given funding uncertainty.
- Average time to spend grants is 15 months, contributing to program challenges.
- Funds must be expended within four years

Comprehensive Approach for AB617



Community Engagement Strategies:

- Need for both intra-community and inter-community collaboration

Community Steering Committee (CSC) Support:

- Support facilitation and logistics for four CSCs.

Emission Reduction Plan Development:

- Develop community emission reduction plans and coordinate implementation.

Emission Reduction Project Prioritization:

- Focus funding to prioritize projects in AB617 communities

Technical Support for Rulemaking:

- Provide technical support to expedite rulemaking for earlier emissions reductions from completed community emissions reduction plans.

Program Management Assistance:

- Ensure inter-Division coordination, efficient resource utilization, and compliance with state requirements and reporting.



Revenue to Support Additional Positions

- Cost of six new FTEs is covered by steady level of revenue
- FY26 revenue projection assumes FY25 level of funding
- Grant funding available for Limited Term Contract Employees (LTCE)

AB 617 Program Revenue vs. Expenditures



AB 617 Budget Cost Considerations



Division	New FTE	Annual Cost
Compliance & Enforcement	1	\$213,441
Engineering	1	\$224,113
Executive Office	1	\$247,085
Meteorology & Measurement	1	\$213,441
Planning & Climate	1	\$213,441
Strategic Incentives	1	\$213,441
		Total \$1,324,962

Staffing Adjustment Cost Considerations



Department	Transfer to	Reclassification	Add	Annual Cost
Administration Services	-	2	-	-
Diversity, Equity, and Inclusion	1	1	-	\$(60,900)
Engineering	-	1	-	\$16,325
Executive Office/Community Engagement	-	2	*1	\$122,795
Finance	1	-	-	-
Information Services	2	1	-	\$18,443
Meteorology & Measurement	-	1	-	\$(31,133)
Strategic Incentives	-	2	-	\$(62,266)

*One FTE to support executive office operations

Total \$3,264

Recommended Action



Authorize FYE 2024 mid-year budget and staffing adjustments to allocate:

- Authorize use of Community Air Protection Program grant for six (6) new FTEs and seven (7) new Limited-Term Contract Employees (LTCEs) to support AB 617 initiatives.
- Authorize one (1) new FTE for executive operations and reclassify vacant positions to support organizational operations.
- Authorize the transfer of \$100,000 from the Legal Division's professional services budget to the salaries budget to hire one (1) temporary staff attorney.



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AGENDA: 6

Preliminary Financial Results for Fiscal Year Ending (FYE) 2023

Finance and Administration Committee Meeting
December 6, 2023

Stephanie Osaze
Finance Director

sosaze@baaqmd.gov

Presentation Outline



Provides a General Fund financial summary which covers the financial activities for the fiscal year (July 1, 2022 – June 30, 2023).

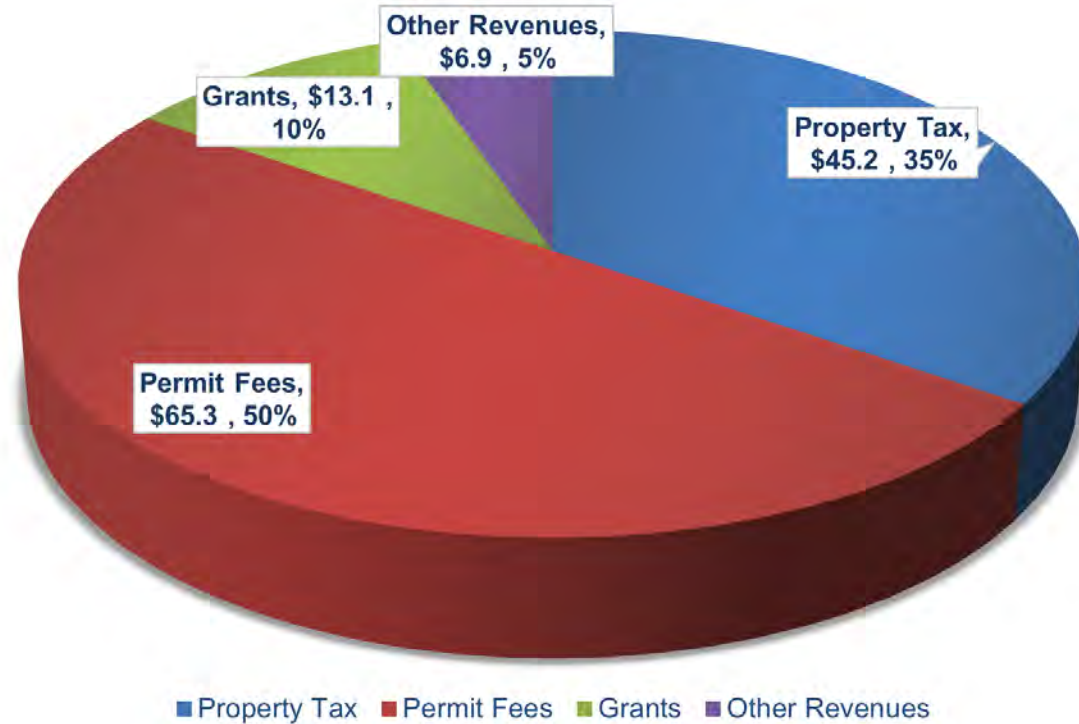
- Revenues
- Expenditures
- Cash and Investment summary
- Procurement Quarterly Report

Presentation Requested Action



- To receive and file the Fiscal Year 2022-2023 preliminary financial summary report.
- Financial audit is currently under way and audited financial report will be presented upon completion.

FYE 2023 General Fund Revenue Overview



General Fund Revenues	in Millions	% of Total
Property Tax	\$45.2	35%
Permit Fees	\$65.3	50%
Grants	\$13.1	10%
Other Revenues	\$6.9	5%
Total	\$130.6	100.0%

General Fund Revenue - Budget vs Actual



(In Millions \$)

- Overall revenue recognized for the fiscal year exceeds the budget by 3%
- The initial AB617 revenue budget was \$9M, actual revenues recognized was \$6.5M based on lower spend down rate
- Permit Fees were lower in some categories due to partial shutdown of operations to some facilities

Categories	FYE 2023 Adopted Budget	FYE 2023 Amended Budget	FYE 2023 Actual (as of 06/30/2023)	Percentage of Amended Budgeted
Property Tax	\$42.2	\$42.2	\$45.2	107%
Permit Fees*	\$63.3	\$63.3	\$65.3	103%
Grants (includes AB617)	\$14.7	\$14.7	\$13.1	89%
Other Revenues	\$6.3	\$6.3	\$6.9	110%
Total Revenues	\$126.4	\$126.4	\$130.6	103%

* Permit Fees				
Application & Renewal Fees	\$43.5	\$43.5	\$46.2	106%
Title V Permit Fees	\$8.1	\$8.1	\$7.7	96%
Asbestos Fees	\$4.0	\$4.0	\$3.8	94%
Toxic Inventory Fees	\$1.7	\$1.7	\$1.3	81%
Community Health Impact Fees	\$1.1	\$1.1	\$1.2	112%
Criteria Toxic Reporting Fees	\$1.2	\$1.2	\$1.7	140%
Greenhouse Gas Fees	\$3.3	\$3.3	\$3.0	91%
Other Fees	\$0.3	\$0.3	\$0.3	95%
Total Permit Fees	\$63.3	\$63.3	\$65.3	103%

Revenue Comparison



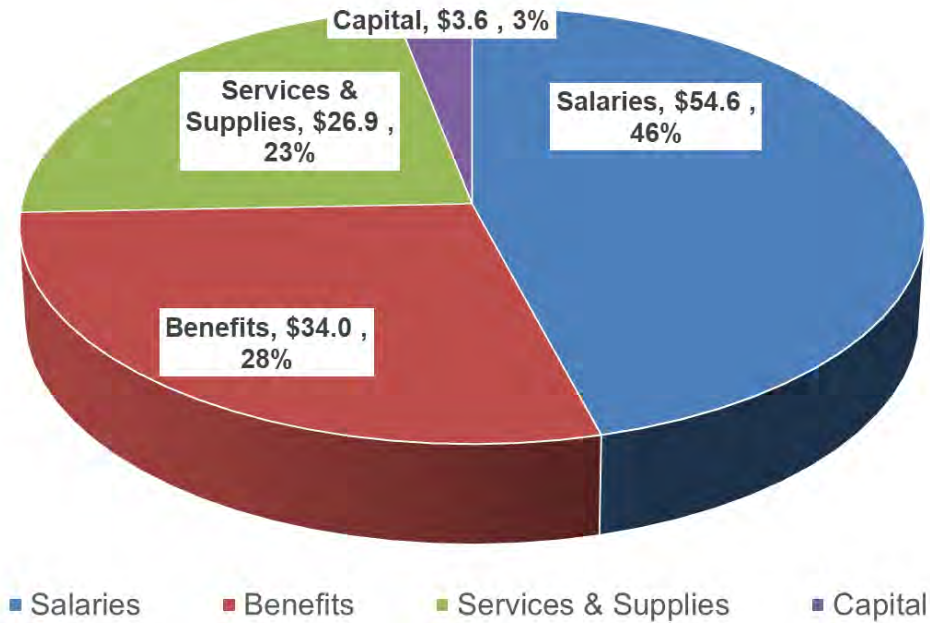
Prior Year vs. Current Year (In Millions \$)

- Property Tax higher due in FYE 2023 to increased assessed valuations
- Permit Fees higher in FYE 2023 due to Fee amendment increases approved by the Board
- Other Revenues higher in FYE 2022 due to collection of larger penalties

Major Categories	FYE 2022 (As of 6/30/2022)	FYE 2023 (As of 6/30/2023)	\$ DIFFERENCE
Property Tax	\$41.5	\$45.2	\$3.7
Permit Fees*	\$57.1	\$65.3	\$8.2
Grants (includes AB617)	\$13.6	\$13.1	(\$.4)
Other Revenues	\$8.5	\$6.9	(\$1.6)
Total Revenues	\$120.7	\$130.6	\$9.9

	FYE 2022 (As of 6/30/2022)	FYE 2023 (As of 6/30/2023)	\$ DIFFERENCE
*Permit Fees			
Application & Renewal Fees	\$38.3	\$46.2	\$8.0
Title V Permit Fees	\$7.2	\$7.7	\$.5
Asbestos Fees	\$4.3	\$3.8	(\$.6)
Toxic Inventory Fees	\$1.5	\$1.3	(\$.2)
Community Health Impact Fees	\$1.2	\$1.2	(\$.0)
Criteria Toxic Reporting Fees	\$1.3	\$1.7	\$.4
Greenhouse Gas Fees	\$3.0	\$3.0	(\$.0)
Other Fees	\$.2	\$.3	\$.1
Total Permit Fees	\$57.1	\$65.3	\$8.2

FYE 2023 General Fund Expenditure Overview



General Fund Expenditures	in Millions	% of Total
Salaries	\$54.6	46%
Benefits	\$34.0	29%
Services & Supplies	\$26.9	23%
Capital	\$3.6	3%
Total	\$119.2	100%

General Fund Expenditures – Budget vs. Actual



(In Millions \$)

➤ **Amended Budget includes:**

- a) Carryover of encumbrances from FYE 2022 for services & supplies and capital
 - b) \$5M increase to Benefits to prefund Section 115 – Pension Trust
- Total Expenditures represents 76% of the Amended Budget
- Services/Supplies are lower due to timing of payments for services rendered

Major Categories	FYE 2023 Adopted Budget	FYE 2023 Amended Budget	FYE 2023 Actual (as of 06/30/2023)	Percentage of Amended Budget
Personnel - Salaries	\$57.2	\$57.2	\$54.6	95%
Personnel - Benefits	\$29.2	\$34.2	\$34.0	99%
Operational Services and Supplies	\$39.2	\$56.3	\$26.9	48%
Capital Outlay	\$6.6	\$9.1	\$3.6	40%
TOTAL	\$132.2	\$156.8	\$119.2	76%

* Consolidated Personnel Salaries and Benefits				
Personnel - Salaries	\$60.4	\$60.4	\$59.4	98%
Personnel - Benefits	\$34.0	\$39.0	\$36.2	93%
TOTAL	\$94.4	\$99.4	\$95.6	96%

*Consolidated includes both General Fund and Special Fund

Expenditure Comparison



Prior Year vs. Current Year (in Millions \$)

- Salaries are higher in 2023 mainly due to cost-of-living adjustments and promotions
- Increase benefits payments for unfunded liability and \$5M additional pension payment

Major Categories	FYE 2022 (As of 6/30/2022)	FYE 2023 (As of 6/30/2023)	\$ DIFFERENCE
Personnel - Salaries	\$51.0	\$54.6	\$3.6
Personnel - Benefits	\$26.8	\$34.0	\$7.2
Operational Services and Supplies	\$27.2	\$26.9	(\$.3)
Capital Outlay	\$3.4	\$3.6	\$.3
Total Expenditures	\$108.3	\$119.2	\$10.9

*Consolidated Personnel Salaries & Benefits

Personnel - Salaries	\$55.3	\$59.4	\$4.1
Personnel - Benefits	\$28.7	\$36.2	\$7.5
Total Consolidated	\$84.0	\$95.6	\$11.6

*Consolidated includes both General Fund and Special Fund

CASH AND INVESTMENT SUMMARY



Cash and Investments with County Treasury:	
(Based on June 2023 Account Balance)	
	(In Millions \$)
General Fund	\$110.0
Transportation for Clean Air (TFCA)	\$135.2
Mobile Source Incentives Fund (MSIF)	\$67.0
Carl Moyer	\$84.0
CA Goods Movement	\$22.6
Air Quality Projects	\$2.6
Vehicles Mitigation	\$24.3
TOTAL	\$445.7

- Air District's \$445.7million represents 5.6% of the \$8.0 Billion in the San Mateo County Investment Pool
- June 2023 Interest Earned = 3.02%
- Annual Interest Earned = 2.2%
- Annual General Fund Interest = \$2.1M

Purchasing Reporting Requirements



Section 4.3 of the Purchasing Procedures in the prior Administrative Code still effective as of June 2023:

Recurring payments of routine business needs, such as utilities, licenses, office supplies, etc., that are more than **\$100,000** shall be presented in the Quarterly Financial Report.

- In an effort of full disclosure, list also includes benefit payments
- List of these payments can be found in Attachment A of the Staff Memo.

Feedback Requested/Prompt



Informational Only. No action needed.



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AGENDA: 6

First Quarter Financial Update Fiscal Year Ending (FYE) 2024

Finance and Administration Committee Meeting
December 6, 2023

Stephanie Osaze
Finance Director
sosaze@baaqmd.gov

Presentation Outline



Provide a General Fund financial update which covers the first quarter activities for the fiscal year ending June 30, 2024.

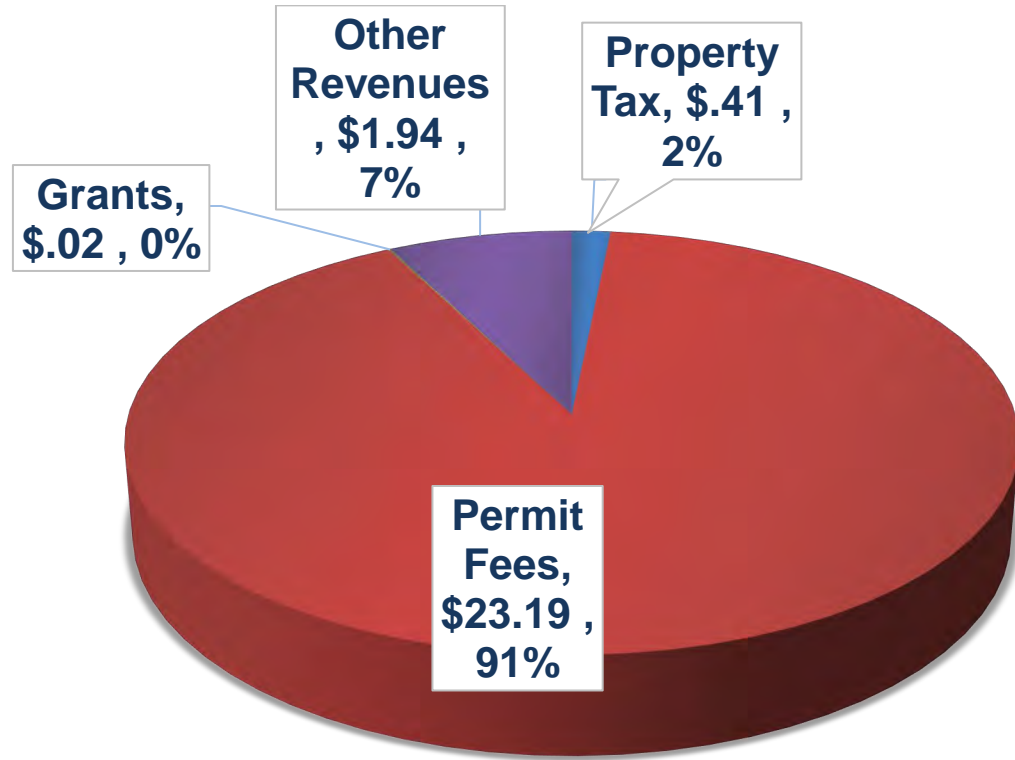
- Revenues
- Expenditures
- Cash and Investment Summary
- Procurement Quarterly Reporting

Presentation Requested Action



To receive and file the first quarter financial summary report

FYE 2024 General Fund Revenue Overview



■ Property Tax ■ Permit Fees ■ Grants ■ Other Revenues

FY 2024 Q1 (as of 9/30/2023) General Fund Revenues	in Millions \$	% of Total
Property Tax	\$.41	2%
Permit Fees	\$23.19	91%
Grants	\$.02	0%
Other Revenues	\$1.94	7%
Total	\$26.70	100%

General Fund Revenue Comparison



Prior Year vs. Current Year (In Millions \$)

- Permit Fee higher in 2024 due to Fee amendment increases approved by the Board
- Other Revenues are higher in 2024 due to collection of penalties

Major Categories	FYE 2023 (As of 09/30/2022)	FYE 2024 (As of 09/30/2023)	\$ DIFFERENCE
Property Tax	\$.4	\$.4	\$.0
Permit Fees*	\$21.2	\$23.2	\$2.0
Grants (includes AB617)	\$.0	\$.0	\$.0
Other Revenues	\$.8	\$1.9	\$1.2
Total Revenues	\$22.4	\$25.6	\$3.2

	(As of 09/30/2022)	(As of 09/30/2023)	\$ DIFFERENCE
*Permit Fees			
Application & Renewal Fees	\$17.6	\$20.1	\$2.5
Title V Permit Fees	\$1.2	\$.9	(\$.3)
Asbestos Fees	\$.9	\$.9	(\$.0)
Toxic Inventory Fees	\$.3	\$.2	(\$.1)
Community Health Impact Fees	\$.3	\$.2	(\$.1)
Criteria Toxic Reporting Fees	\$.5	\$.4	(\$.0)
Greenhouse Gas Fees	\$.4	\$.4	\$.0
Other Fees	\$.0	\$.0	(\$.0)
Total Permit Fees	\$21.2	\$23.2	\$2.0

General Fund Revenue – Budget vs Actual



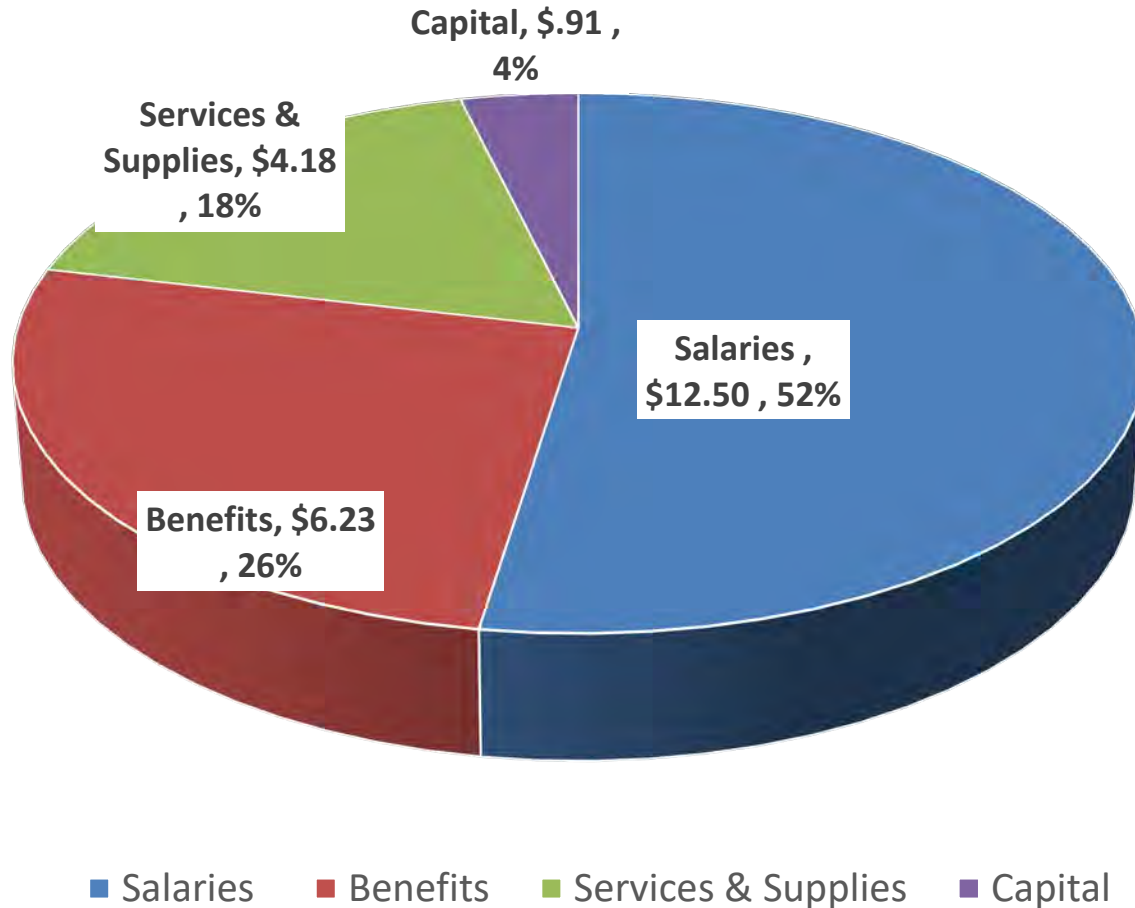
(In Millions \$)

- Overall revenue recognized for the first quarter of the fiscal year represents 20% of the budget
- Minimal property tax receipts are received in the first quarter, larger tax receipts occur in the second quarter of the fiscal year
- Grant revenues have not yet been recognized
- Permit revenue recognized is based on billing activities for the first quarter

Categories	FYE 2024 Adopted Budget	FYE 2024 Amended Budget	FYE 2024 Actual (as of 09/30/2023)	Percentage of Amended Budget
Property Tax	\$44.9	\$44.9	\$.4	1%
Permit Fees*	\$63.2	\$63.2	\$23.2	37%
Grants (includes AB617)	\$16.0	\$16.0	\$.0	0%
Other Revenues	\$7.1	\$7.1	\$1.9	27%
Total Revenues	\$131.2	\$131.2	\$25.6	19%

* Permit Fees				
Application & Renewal Fees	\$44.1	\$44.1	\$20.1	46%
Title V Permit Fees	\$7.0	\$7.0	\$.9	13%
Asbestos Fees	\$4.0	\$4.0	\$.9	23%
Toxic Inventory Fees	\$1.4	\$1.4	\$.2	16%
Community Health Impact Fee	\$1.1	\$1.1	\$.2	18%
Criteria Toxic Reporting Fees	\$1.5	\$1.5	\$.4	27%
Greenhouse Gas Fees	\$3.8	\$3.8	\$.4	11%
Other Fees	\$.3	\$.3	\$.0	13%
Total Permit Fees	\$63.2	\$63.2	\$23.2	37%

FYE 2024 General Fund Expenditure Overview



FY 2024 Q1 (as of 9/30/2023) General Fund Expenditures	in Millions \$	% of Total
Salaries	\$12.50	52%
Benefits	\$6.23	26%
Services & Supplies	\$4.18	18%
Capital	\$0.91	4%
Total	\$23.81	100%

General Fund Expenditure - Budget vs Actual



(In Millions \$)

- Amended Budget includes carryover of FYE 2023 encumbrances as authorized by the FYE 2024 budget resolution
- Total Expenditures represents 15% of the Amended Budget
- Actual Services/Supplies expenses are lower due to timing of payments for services rendered

Major Categories	FYE 2024 Adopted Budget	FYE 2024 Amended Budget	FYE 2024 Actual (as of 09/30/2023)	Percentage of Amended Budget
Personnel - Salaries	\$59.5	\$59.5	\$12.5	21%
Personnel - Benefits	\$29.0	\$29.0	\$6.2	22%
Operational Services and Supplies	\$42.3	\$58.6	\$4.2	7%
Capital Outlay	\$6.8	\$9.8	\$0.9	9%
TOTAL	\$137.6	\$156.8	\$23.8	15%

* Consolidated Personnel Salaries & Benefits				
Personnel - Salaries	\$65.1	\$65.1	\$13.7	21%
Personnel - Benefits	\$31.5	\$31.5	\$6.9	22%
Total	\$96.6	\$96.6	\$20.6	21%

* Consolidated includes both General Fund and Special Fund

Expenditures Comparison



Prior Year vs. Current Year (In Millions \$)

- Salaries expenses between the two periods are similar. Mainly due to no cost-of-living adjustments in the first quarter of FYE 2024 for represented employees and less leave cash outs
- Increase in benefit premiums offset by small decrease in unfunded pension liability payment to CalPERS in FYE 2024

Major Categories	FYE 2023 (As of 09/30/2022)	FYE 2024 (As of 09/30/2023)	\$ DIFFERENCE
Personnel - Salaries	\$12.6	\$12.5	(\$.1)
Personnel - Benefits	\$6.0	\$6.2	\$.2
Operational Services & Supplies	\$4.5	\$4.2	(\$.4)
Capital Outlay	\$.8	\$.9	\$.1
Total Expenditures	\$23.9	\$23.8	(\$.1)

*Consolidated Personnel Salaries & Benefits

Personnel - Salaries	\$13.8	\$13.7	(\$.1)
Personnel - Benefits	\$6.4	\$6.9	\$.5
Total Consolidated	\$20.2	\$20.6	\$.4

*Consolidated includes both General Fund and Special Fund

Cash and Investment Summary



Cash and Investments with County Treasury:	
(Based on Sept 2023 Account Balance)	
	(In Millions \$)
General Fund	\$96.1
Transportation for Clean Air (TFCA)	\$133.2
Mobile Source Incentive Fund (MSIF)	\$69.0
Carl Moyer	\$78.9
CA Goods Movement	\$22.6
Air Quality Projects	\$2.5
Vehicles Mitigation	\$24.9
TOTAL	\$427.3

- Air District's \$427.3 million represents 5.9% of the \$7.3 Billion in the San Mateo County Investment Pool
- September 2023 Interest Earned = 3.2%
- First Quarter GF Interest = \$836K

Procurement Reporting Requirements



- Interim Procurement Policy was implemented in August 2023 to provide clarification to the Administrative Code pending the development of a new and more comprehensive policy and procedure.
- Section 3.2.1.2 of the Interim Procurement Policy requires quarterly reporting of certain categories of goods/services when the sum of the payments exceeds \$100,000 for the preceding 36 months.

Quarterly Procurement Reporting



The Quarterly Purchasing Report should include the following The following categories for goods and services:

- Utilities
- Software Licenses
- Computer/Cloud Hosting Services
- OEM Equipment Warranties
- OEM Maintenance/Services
- Legal Services
- Equipment Lease

- ❖ **Eligible procurements are listed in Attachment B of the Staff Memo**
 - ❑ **In addition, the Quarterly Report includes the benefit payments for the first quarter.**

Feedback Requested/Prompt



Informational only. No Action needed