

BOARD OF DIRECTORS
BUDGET AND PERSONNEL
COMMITTEE MEETING

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



AGENDA

Thursday

March 27, 2025

10:00 AM

DIRECTORS

Chair
Sarah Aquino

Vice-Chair
Caity Maple

Roger Dickinson

Patrick Kennedy

Sergio Robles

ANNOUNCEMENTS

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

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

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

Zoom Meeting Link:

<https://us06web.zoom.us/j/86884266153?pwd=bLKH9ZeoGHAKAOH1aUv0X3u6AzlbnS.1>

Meeting ID: 868 8426 6153

Passcode: 500162

Call In Number

(669) 900-6833

(408) 638-0968

CALL TO ORDER/ROLL CALL

DISCUSSION CALENDAR

1. Fiscal Year 2025/26 Preliminary Budget and Fee Schedule Review

Recommendation: Provide guidance and feedback on the FY 2025/26 preliminary budget strategy and fee schedule, and direct staff to present the FY 2025/26 Proposed Budget and Fee Schedule at a public hearing to the full Board of Directors on April 24, 2025.

PUBLIC COMMENT

BOARD IDEAS AND COMMENTS

ADJOURN

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

general description and staff recommendation; however, the Board of Directors may take action other than what is recommended.

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

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

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

Meeting Date: 3/27/2025
Report Type: DISCUSSION / INFORMATION
Report ID: 2025-0327-1.

Title: Fiscal Year 2025/26 Preliminary Budget and Fee Schedule Review

Recommendation: Provide guidance and feedback on the FY 2025/26 preliminary budget strategy and fee schedule, and direct staff to present the FY 2025/26 Proposed Budget and Fee Schedule at a public hearing to the full Board of Directors on April 24, 2025.

Rationale for Recommendation: As a regular practice, District staff meets with the Budget and Personnel Committee to discuss the preliminary budget for the next fiscal year and obtain guidance and feedback related to budget development. Staff will present its budget strategy and proposed fee adjustments for FY 2025/26 and seek input from the Committee to incorporate into the FY 2025/26 Proposed Budget and Fee Schedule anticipated to be presented at a public hearing during the April 24, 2025 Board of Directors meeting.

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

Presentation: Yes

ATTACHMENTS:

Attachment 1: FY 2025/26 Preliminary Budget
Presentation: Fiscal Year 2025/26 Proposed Budget & Fee Schedule

Approvals/Acknowledgements

Executive Director or Designee: Alberto Ayala, Report Approved 3/20/2025

District Counsel or Designee: Kathrine Pittard, Approved as to Form 3/20/2025

Discussion / Justification:

The District's Budget is comprised of three major funds. The General Fund (100) contains budgets for the District's personnel, operating contracts, and fixed assets; the Internal Service Fund (400) contains the budget for operating the District's administrative building (Covell); and the Special Revenue Fund (500) contains the budget for incentive grants. A summary of the FY 2025/26 preliminary budget is below.

Details of the FY 2025/26 Proposed Budget are included in Attachment 1.

- General Fund (100) – Revenue totals \$26.0 million and expenditures are \$28.8 million, for a projected use of fund balance of \$2.8 million;
- Building Fund (400) – Revenue is \$901,000 and expenditures are \$1.1 million, for an estimated use of fund balance of \$200,000;
- Special Revenue Fund (500) – Revenue is \$35.4 million and expenditures are \$36.1 million, for a projected use of fund balance of \$700,000. Transportation incentive funds are often received in one fiscal cycle and expended in another fiscal cycle; and,
- District-wide – The three funds combined result in a FY 2025/26 Proposed Budget of \$62.3 million in revenues, \$66.0 million in expenditures, and a \$3.7 million use of fund balance.

General Fund Revenues

Revenues are decreasing by \$964,000 from FY 2024/25 to FY 2025/26, mainly due to 1) reductions in revenues in federal grants administered by the District for other air districts, offset by 2) an increase in stationary sources

permit fees.

General Fund Expenditures

Expenditures are planned to decrease by \$1.3 million from FY 2024/25 to FY 2025/26 primarily in the areas of 1) program distributions for federal grants, 2) professional services, and 3) capital expenditures, offset by 4) an increase in employee services and 5) a decrease in the administrative transfer credit.

Program Distributions for Federal Grants

As mentioned in the General Fund Revenues section above, the District administers the federal Targeted Airshed Grants (TAG) for neighboring air districts (sub-recipients). Federal grant pass-through distributions to the sub-recipients are expected to decrease by \$1.5 million in FY 2025/26. The TAG projects are multi-year in length and the decrease in revenues is due to normal variation in project expenditures by the sub-recipients. The decrease in grant distributions is offset by the decline in pass-through revenues and, accordingly, does not impact the fund balance.

Professional Services

The \$610,000 decline in professional services expenditures primarily relates to planned scope changes for contracts that support grant programs and right-sizing of operational contracts.

Capital Expenditures

The \$590,000 decrease in capital expenditures mainly pertains to air monitoring structures and fleet vehicle replacements. Both categories of capital expenditures had additions in FY 2024/25 that are not planned to recur in FY 2025/26.

Employee Services

Employee services expenditures are budgeted to increase by \$979,000 or 4.9%. The Cost of Living Adjustment (COLA), in accordance with the board-approved employee labor agreements, is 2.5%, and the combined pension contribution and group health insurance cost increased by 7.8%. The proposed full-time equivalent (FTE) funded positions total of 105.8 is unchanged from the amended FY 2024/25 Positions by Classification.

Administrative Transfer Credit

The administrative transfer credit (which is an offset to expenditures) is budgeted to decrease by about \$614,000. The transfer credit is related to the Special Revenue Fund incentive grants. These grants provide an amount to fund expenditures necessary to administer the incentive funds. The expenditures (mainly staff wages and benefits) are recorded in the General Fund and funded by the administrative transfer credit from the Special Revenue Fund. The decrease in the credit for FY 2025/26 is mainly attributable to the transfer credit being overstated in the FY 2024/25 Approved Budget.

General Fund Balance

The budgeted use of fund balance for FY 2025/26 is \$2.8 million. Of this amount, about \$2.5 million relates to the timing of AB617 grant revenues and the related expenditures. Revenue for the two-year AB 617 grant was received and recognized in FY 2023/24 and will be used for expenditures in FY 2024/25 and FY 2025/26. The ending fund balance for the General Fund at the close of the 2025/26 fiscal year is projected to be \$24.5 million.

Five-Year Forecast

A Five-Year Forecast is an informational section in the Proposed Budget and will be presented, along with key assumptions, at the April 24, 2025, Board Meeting.

Stationary Source Fees

Staff is recommending increasing the eligible Stationary Source fees by a CPI of 3.84%, as allowed by the California Health and Safety Code Section 42311(a). The fee adjustment is tied to the annual change in the California Consumer Price Index (CPI).

FY25/26 “Preliminary” Proposed Budget

Budget and Personnel Committee
March 27, 2025

Table of Contents

Budget and Personnel Committee Role.....	2
Budget Practices and Strategies	2
FY25/26 Budget Timeline.....	2
FY25/26 Proposed Budget	2
TABLE 1 – District Fund Descriptions	2
TABLE 2 – General Fund 100	3
TABLE 3 – General Fund 100: Fund Balance	5
TABLE 4 – Building Fund 400.....	6
TABLE 5 – Special Revenue Fund 500	7
Stationary Sources Fee Increase	7
Five-Year Forecast.....	8
General Fund (Fund 100) – Detailed Budget Schedules	8
Detailed General Fund (100) Revenue - Exhibit 1.....	8
Detailed General Fund (100) Services and Supplies - Exhibit 2	9
Detailed General Fund (100) Professional Services - Exhibit 3	10
Detailed General Fund (100) Capital Expenditures – Exhibit 4.....	11
Detailed General Fund (100) Positions by Classification – Exhibit 5.....	12

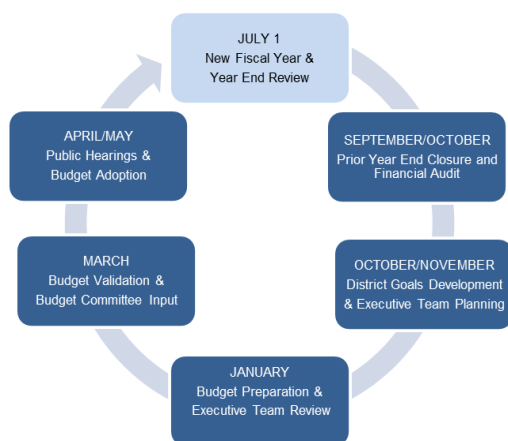
Budget and Personnel Committee Role

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

Budget Practices and Strategies

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

FY25/26 Budget Timeline



- Budget development November – March
- Budget Committee meeting in March
- Two Public Hearings – April and May
- Budget Adoption – Scheduled for May
- Budget Effective – July 1, 2025

FY25/26 Proposed Budget

Details of the FY25/26 Proposed Budget are included in the tables and narratives below.

TABLE 1 – District Fund Descriptions

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

TABLE 2 – General Fund 100

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
Revenues					
Federal	\$ 5,891,669	\$ 6,468,833	\$ 6,568,833	\$ 4,732,584	\$ (1,736,249)
Fees & Licenses	9,967,647	9,953,047	10,995,603	10,629,795	676,748
Fines/Forfeits/Penalties	374,176	250,000	200,000	300,000	50,000
Interest	664,833	250,000	250,000	500,000	250,000
Local Government	94,725	121,851	121,851	28,451	(93,400)
Other	12,866	18,524	22,298	12,500	(6,024)
Sales/Use Tax	2,624,054	2,584,321	2,584,321	2,584,321	-
State	13,366,866	7,295,528	7,314,467	7,190,060	(105,468)
Revenues Total	\$ 32,996,836	\$ 26,942,104	\$ 28,057,373	\$ 25,977,711	\$ (964,393)
Expenses					
Salaries and Wages	\$ 12,361,702	\$ 13,642,460	\$ 13,034,303	\$ 14,176,782	\$ 534,322
Employee Benefits	5,399,786	6,175,562	5,829,527	6,619,774	444,212
Services and Supplies	9,009,865	11,180,818	9,958,194	8,928,262	(2,252,556)
Capital Expense	599,993	1,168,000	1,025,720	558,000	(610,000)
Interfund Charges	(1,045,385)	(2,146,641)	(1,300,000)	(1,532,500)	614,141
Expenses Total	\$ 26,325,961	\$ 30,020,199	\$ 28,547,744	\$ 28,750,318	\$ (1,269,881)
Source / (Use) Fund Balance	\$ 6,670,875	\$ (3,078,095)	\$ (490,371)	\$ (2,772,607)	

FY25/26 Proposed General Fund Budget Highlights/Assumptions:

REVENUES

Revenues are projected to decrease by \$964,000 from FY24/25 to FY25/26.

Federal: Revenues will decrease by \$1.7 million mainly due to the Environmental Protection Agency (EPA) Targeted Air Shed grants (TAG) that the District administers on behalf of neighboring air districts (sub-recipients). These multi-year grants fund the Heavy Duty Electrification of school buses, the replacement of off-road agriculture equipment with newer, cleaner equipment, and the replacement of residential non-certified wood-burning appliances in our neighboring districts. The TAG revenues are planned to decrease by \$1.5 million mainly due to normal variation in sub-recipient disbursements to grant participants. See related comments in the Expenditures section below.

Fees: FY25/26 Stationary Sources fees are planned to increase by a total of \$700,000 due in part to a proposed Rule 301 fee increase of 3.84%. There is an additional increase for Rule 301 budgeted revenue due to the current year (FY24/25) revenue projection exceeding the budget for the year. To calculate the FY25/26 budget, the FY24/25 projection was used as the base to add the CPI rather than the FY23/24 budget revenue.

Interest: Interest income for the FY25/26 budget will increase by \$250,000 over the prior year's budget; the FY24/25 budget was understated.

State: The decrease of \$105,000 in the FY25/26 State revenue budget is mainly due to a relatively minor variance in AB617 revenue. Other FY25/26 state revenues, including DMV-allocated fees and state grants, are expected to be consistent with the prior year.

Additional Revenue Categories: Changes in revenues for Fines/Forfeits/Penalties, Local Government, Sales/Use Tax (Measure A), and Other revenue categories are expected to be nominal in FY24/25.

EXPENDITURES

Expenditures are budgeted to decrease by \$1.3 million from FY24/25 to FY25/26 primarily in Services and Supplies (mainly program distributions for federal grants and professional services) and Capital Expenditures, offset by an increase in Employee Services (Salaries/Wages and Employee Benefits) and a reduction in the Administrative Transfer Credit (an offset to expenditures).

Employee Services: Employee Services (salaries/wages, fringe benefits) will increase by \$979,000 or 4.9% for the FY25/26 Budget. Of that amount, salaries/wages are planned to increase by \$534,000. The proposed Cost of Living Adjustment (COLA), in accordance with the board-approved employee labor agreements, is 2.5%. Proposed full-time equivalent (FTE) funded positions for FY25/26 total 105.8, unchanged from the FY24/25 amended Positions by Classification.

FY25/26 Employee benefits are increasing by \$444,000 or 7.2% which is higher than the increase in salaries and wages of 3.9%. The larger increase in employee benefits is driven by higher group insurance premiums and retirement contribution rates.

Note: To more closely align the budget with actual performance and consistent with the FY24/25 budget practice, the FY25/26 budget includes a vacancy offset of \$500,000. This allowance provides for periods of recruitment when a position is vacant (e.g., retirements, etc.) and results in a more realistic budget.

Services and Supplies: FY25/26 budgeted services and supplies expenditures will decrease by \$2.3 million from the FY24/25 budget mainly due to lower program distributions of \$1.5 million for the federal TAG programs discussed in the Revenue section above. These are pass-through grants so the reduction in revenues is directly offset by the decrease in distributions to the subrecipients, with no effect on the District's General Fund balance.

In addition, Professional Services expenditures are planned to decrease by \$590,000. This reduction is due to the completion of grants in FY24/25 and planned scope changes in FY25/26 for contracts that support grant activities, and a right-sizing of operational support contracts.

Real property rent is planned to decrease by \$171,000. This is due to the District being charged rent for the portion of the building it occupies; operating costs for the vacant area of the building remain in the Building Fund. For the prior year's budget, the District paid for all building operating costs.

Capital expenditures: The FY25/26 budget for capital expenditures is expected to decrease by \$610,000 from the prior year's budget, with reduced outlays for air monitoring structures (less by \$425,000) and replacement vehicles for the District fleet (less by \$200,000). Capital

expenditures were higher in the FY24/25 budget due to the planned renovation of an air monitoring structure and the purchase of replacement vehicles for the District's fleet. Capital expenditures for air monitoring stations will be less in FY25/26 since a major air monitoring station renovation is not planned and no additional fleet vehicles are included in the FY25/26 budget.

Administrative Transfer Credit: The administrative transfer credit (Interfund Charges) is an offset to expenditures and is budgeted to decrease by about \$614,000. The transfer credit is related to the Special Revenue Fund incentive grants. These grants provide an amount to fund expenditures necessary to administer the incentive funds. The expenditures (mainly staff wages and benefits) are recorded in the General Fund and funded by the administrative transfer credit from the Special Revenue Fund. The decrease in the credit for FY25/26 is mainly attributable to the transfer credit being overstated in the FY24/25 Approved Budget.

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

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

TABLE 3 – General Fund 100: Fund Balance

GENERAL FUND 100	Actual FY21/22	Actual FY22/23	Actual FY23/24	Estimate FY24/25	Proposed FY25/26
Total	\$20,403,127	\$20,895,504	\$27,733,607	\$27,243,000	\$24,471,000

The \$6.8 million increase in fund balance in FY23/24 was mainly due to the advance receipt of a multi-year operating grant of approximately \$6.5 million in AB617 funds in that year, which will fund current and expanded AB617 activities for subsequent years. This influx of grant revenue temporarily spikes the fund balance, however, roughly half of the \$6.5 million will be expended in FY25/26 and the other half in FY25/26, reducing the fund balance back down over the two-year timeframe.

The FY25/26 General Fund reserve balance is above the District's reserve policy, which is to maintain a General Fund balance equivalent to a minimum of 120 days of General Fund expenditures. As noted above, the ending fund balance is projected to decrease by about 10% in FY25/26 due to the AB617 expenditures.

TABLE 4 – Building Fund 400

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
Revenues					
Interest	\$ 81,147	\$ 20,000	\$ 26,541	\$ 20,000	\$ -
Rents/Concessions/Royalties	1,267,352	1,055,834	1,045,495	881,736	(174,098)
Revenues Total	\$ 1,348,500	\$ 1,075,834	\$ 1,072,036	\$ 901,736	\$ (174,098)
Expenses					
Services and Supplies	\$ 505,538	\$ 512,234	\$ 511,796	\$ 538,236	\$ 26,002
Capital Expense	-	155,000	39,050	155,000	-
Debt Service	408,100	408,600	408,600	408,500	(100)
Expenses Total	\$ 913,638	\$ 1,075,834	\$ 959,446	\$ 1,101,736	\$ 25,902
Fund Balance Source / (Use)	\$ 434,861	\$ -	\$ 112,590	\$ (200,000)	

Fund 400 Budget Highlights and Assumptions:

- During FY23/24, the District evaluated several options for the headquarters facility. The Board indicated its support to sell the building and move to a smaller building (either leased or purchased) that would better meet the needs of the District. The building is listed for sale and the District is also open to a third-party tenant lease for currently vacant office space in the building. The FY25/26 budget assumes a status quo scenario since neither a purchase agreement nor a third-party lease are in place at this time.
- Rent revenue is planned to decrease by \$174,000 due to a change in planning assumptions for FY25/26. The District will be charged rent for the space that it occupies and the building costs for the vacant space will remain in the Building Fund. The Proposed Budget does not assume any rent revenue for a new tenant in FY25/26.
- Services and Supplies is budgeted to increase by \$26,000, primarily related to building maintenance & repairs and parking services. Capital expense is assumed to be consistent with the prior year's budget.
- Debt service for FY25/26 will total \$409,000; the bonds will be paid off at the time of the sale of the building or by the end of the debt payment schedule in 2027, whichever comes first.

TABLE 5 – Special Revenue Fund 500

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
Revenues					
Federal	\$ 1,528,512	\$ 3,205,960	\$ 1,500,000	\$ 3,000,000	\$ (205,960)
Fines/Forfeits/Penalties	5,700	-	-	-	-
Interest	2,256,109	750,000	750,000	750,000	-
Other	138,085	66,438	66,438	66,438	-
State	38,481,373	26,999,796	30,952,707	31,570,247	4,570,451
Revenues Total	\$ 42,409,779	\$ 31,022,194	\$ 33,269,145	\$ 35,386,685	\$ 4,364,491
Expenses					
Interfund Charges	\$ 1,045,385	\$ 2,146,641	\$ 1,300,000	\$ 1,532,500	\$ (614,141)
Services and Supplies	21,227,204	34,354,781	24,564,733	34,581,976	227,195
Expenses Total	\$ 22,272,589	\$ 36,501,422	\$ 25,864,733	\$ 36,114,476	\$ (386,946)
Fund Balance Source / (Use)	\$ 20,137,190	\$ (5,479,228)	\$ 7,404,412	\$ (727,791)	

Fund 500 Budget Highlights and Assumptions:

- The Special Revenue Fund serves to track restricted revenue sources, primarily various incentive programs, which include emission-reduction technology and community air protection grants. These are generally multi-year agreements with the grant funds received in one year and incentive disbursements made to project participants over several years. As a result, significant fluctuations may occur in year-over-year revenues and expenditures.
- FY25/26 proposed revenues are planned to increase by \$4.4 million over the FY24/25 budgeted revenues. The increase is mainly due to additional funding for the Clean Cars for All grant and increased activity in the CalSTA grant for a hydrogen locomotive project, offset by a decrease in Moyer grant funding.
- Incentive disbursements will increase by \$227,000 for incentives and are offset by a \$614,000 decrease in the Administrative Transfer Credit (Interfund Charges-which are additional expenditures for the Special Revenue Fund). See the discussion of the Administrative Transfer Credit in the General Fund narrative.

Stationary Sources Fee Increase

The FY25/26 proposed rate adjustment for fees, effective July 1, 2024, is 3.84% based on the California Consumer Price Index (CPI). The CPI increase is expected to increase Rule 301 fee revenue by approximately \$200,000 over the projected fee revenue for FY24/25. The fee adjustments approved for prior fiscal years are as follows:

Stationary Sources Fee Increase	Actual FY21/22*	Actual FY22/23*	Actual FY23/24	Actual FY24/25	Proposed FY25/26
Total	2.65%	5.65%	7.67%	4.17	3.84%

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

Five-Year Forecast

The Five-Year Forecast is an informational section in the Proposed Budget and will be presented, along with key assumptions, at the April 24, 2025, Board Meeting.

General Fund (Fund 100) – Detailed Budget Schedules

Detailed General Fund (100) Revenue - Exhibit 1

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
Revenues					
Federal					
EPA 103	\$ 199,290	\$ 128,000	\$ 128,000	\$ 128,000	\$ -
EPA 105	1,195,014	1,199,943	1,199,943	1,133,979	(65,964)
Federal	3,686,081	4,440,890	4,540,890	2,792,869	(1,648,021)
FHW-CMAQ	811,284	700,000	700,000	677,736	(22,264)
Subtotal Federal	5,891,669	6,468,833	6,568,833	4,732,584	(1,736,249)
Fees & Licenses					
Ag Burn	20,089	12,000	11,500	16,000	4,000
Asbestos	240,226	218,000	162,000	162,000	(56,000)
Fees & Licenses	18,520	22,292	24,600	26,495	4,203
Mitigation Fees	87,348	150,000	150,000	150,000	-
Rule 301	9,177,008	9,100,000	9,600,000	9,800,000	700,000
SEED Loan-Non Labor	39,597	36,051	644,714	37,100	1,049
SEED Renewal	67,935	64,704	72,789	88,200	23,496
Title V	89,000	120,000	100,000	120,000	-
Toxics AB2588	227,923	230,000	230,000	230,000	-
Subtotal Fees & Licenses	9,967,647	9,953,047	10,995,603	10,629,795	676,748
Fines/Forfeits/Penalties					
Fines/Forfeits/Penalties	374,176	250,000	200,000	300,000	50,000
Subtotal Fines/Forfeits/Penalties	374,176	250,000	200,000	300,000	50,000
Interest					
Interest Earned	664,833	250,000	250,000	500,000	250,000
Subtotal Interest	664,833	250,000	250,000	500,000	250,000
Local Government					
Local Government	94,725	121,851	121,851	28,451	(93,400)
Subtotal Local Government	94,725	121,851	121,851	28,451	(93,400)
Other					
Other	12,866	18,524	22,298	12,500	(6,024)
Subtotal Other	12,866	18,524	22,298	12,500	(6,024)
Sales/Use Tax					
Sales/Use Tax	2,624,054	2,584,321	2,584,321	2,584,321	-
Subtotal Sales/Use Tax	2,624,054	2,584,321	2,584,321	2,584,321	-
State					
ARB Oil & Gas	42,000	42,000	42,000	42,000	-
ARB PERP	255,402	260,000	266,712	280,000	20,000
ARB Subvention	361,664	362,000	361,644	362,000	-
DMV	4,986,921	5,260,000	5,260,000	5,260,000	-
State	7,720,880	1,371,528	1,384,111	1,246,060	(125,468)
Subtotal State	13,366,866	7,295,528	7,314,467	7,190,060	(105,468)
Revenues Total	\$ 32,996,836	\$ 26,942,104	\$ 28,057,373	\$ 25,977,711	\$ (964,393)

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

Classification Account	FY23/24 Actual	FY24/25 Budget	FY24/25 Projection	FY25/26 Budget	Variance FY26 Budget / FY25 Budget
Services and Supplies					
Advertising, Comm & Outreach	\$ 1,142,330	\$ 1,028,236	\$ 815,500	\$ 1,020,736	\$ (7,500)
Alternative Transit	20,357	25,550	17,682	19,833	(5,717)
Audio-Video	4,199	-	-	-	-
Banking & Finance	276	2,435	1,250	2,469	34
Books/Periodicals/Subscriptions	26,886	32,173	23,735	33,983	1,810
Breakroom Supplies	1,780	1,800	2,000	2,200	400
Business Meetings	149,931	233,400	160,560	252,870	19,470
Collaborations	79,127	102,000	100,726	103,000	1,000
Document Storage & Handling	35,698	33,200	35,000	35,200	2,000
Education & Training	40,424	144,900	68,450	134,060	(10,840)
Food	273	-	35	-	-
Fuel & Lubricants	12,992	16,680	10,400	12,720	(3,960)
Graphic Design	-	-	462	-	-
Internship	7,375	8,000	8,000	-	(8,000)
IS Data Processing Services	42,746	49,400	48,700	54,820	5,420
IS Hardware	74,380	146,444	148,489	168,184	21,740
IS Internet	35,205	36,232	36,192	37,708	1,476
IS Mobile Devices/Services	52,502	51,962	51,944	60,280	8,318
IS SaaS-Software as a Service	524,917	717,499	749,259	755,191	37,692
IS Software	75,105	87,337	68,309	80,650	(6,687)
IS Supplies	8,334	15,564	12,000	15,564	-
Lab Analysis	61,297	106,000	40,200	90,000	(16,000)
Laboratory Equipment & Supplies	52,208	68,000	50,000	63,500	(4,500)
Legal Services	11,532	33,000	12,834	24,000	(9,000)
Legislative Advocacy	66,000	66,250	66,250	66,250	-
Maintenance & Repairs	26,768	27,000	16,600	32,000	5,000
Medical Services	796	3,000	3,000	3,000	-
Membership Dues	32,780	64,140	60,340	63,653	(487)
Mileage/Parking	31,231	32,510	31,470	33,610	1,100
Miscellaneous	(11,106)	100	-	-	(100)
Office Equipment/Furniture	2,576	8,500	6,100	8,500	-
Office Services	493	1,000	500	1,000	-
Office Supplies	1,976	8,500	6,925	9,025	525
Postage/Shipping/Messenger	11,572	18,950	20,800	25,600	6,650
Printing	8,047	10,200	4,850	14,000	3,800
Prof Svc-Consulting	1,636,076	2,420,650	1,670,000	1,830,310	(590,340)
Program Distribution-EPA Grant	3,100,113	3,863,031	3,863,031	2,341,800	(1,521,231)
Property & Liability Insurance	252,050	298,700	292,700	320,700	22,000
Property Management	5,270	25,000	2,000	25,000	-
Public Notices	10,412	28,750	33,370	34,050	5,300
Recognition	11,561	21,300	23,742	30,960	9,660
Recording Fees	50	200	-	200	-
Recruitment	36,508	10,000	10,000	10,000	-
Rent/Lease-Equipment	72,969	79,835	41,118	82,276	2,441
Rent/Lease-Real Property	1,012,728	1,005,834	1,000,874	835,204	(170,630)
Safety Supplies	18,504	5,000	6,870	7,850	2,850
Stipends	13,400	63,600	44,700	82,200	18,600
Telephone Services	25,416	24,936	24,936	17,532	(7,404)
Temporary Staffing	38,369	80,000	198,400	5,000	(75,000)
Tools/Small Equipment	4,229	6,120	6,591	10,170	4,050
Utilities	19,215	20,400	18,000	21,504	1,104
Debt Service/SBITA - Subscription Principal Expen	76,037	-	-	-	-
Debt Service/SBITA - Subscription Interest Expens	2,083	-	-	-	-
Vehicle Maintenance	43,864	47,500	43,300	49,900	2,400
Subtotal Services and Supplies	9,009,865	11,180,818	9,958,194	8,928,262	(2,252,556)
FA-General Equipment	-	-	9,470	-	-
FA-Lab Equipment	247,584	231,000	175,000	246,000	15,000
FA-Monitoring Structures	42,870	655,000	610,000	230,000	(425,000)
FA-Vehicles	309,539	200,000	190,250	-	(200,000)
Subtotal Capital Expense	599,993	1,168,000	1,025,720	558,000	(610,000)
Transfer-In	(1,045,385)	(2,146,641)	(1,300,000)	(1,532,500)	614,141
Subtotal Interfund Charges	(1,045,385)	(2,146,641)	(1,300,000)	(1,532,500)	614,141
Expenses Total	\$ 26,325,961	\$ 30,020,199	\$ 28,547,744	\$ 28,750,318	\$ (1,269,881)

Detailed General Fund (100) Professional Services - Exhibit 3

Professional Services/Consulting	FY25/26 Budget
CSE/CC4A Case Management/G048(12M)	\$ 300,000
TBD/Facilitation/G052	150,000
Experis/ECD AiriA/A012	108,500
Sonoma Technology Inc./CMAQ / G04C	100,000
TBD/CEQA for CERP/G052	100,000
Sonoma Technology Inc. / CBYB PM2.5 / G11P	90,000
STI CBYB	90,000
BERC/Compliance Assistance	90,000
AECOM/CPRG CCAP/G044	61,900
CivicThread/Active Modes Tech Support	55,000
Fluxx/CC4A Grant Management/G048	55,000
CSE/CC4A Case Management/G058	50,000
ESA/General TCC assistance	50,000
ESA/Technical Supp Svcs-Nonrecurring Projects	50,000
TBD/Air Monitoring Data Conference/TBD	50,000
TBD/Financial Audit Services	48,410
Experis/TCC AiriA/A012	46,500
Bruns Auri/Car Share Assistance/G012	42,000
ORSAT? / Help Set-Up Auto G.C. / G11P	40,000
Public Health Institute/CivicSpark/Urban Heat Island	35,000
ERG Rule Development Support Contract	30,000
TBD/CC4A Reporting/G048	25,000
TBD/Microsoft Security Service for EndPoint Management	21,000
Upgrade of Switch environment	20,000
ESATCC General Technical Services	15,000
TBD/Scanning Services	15,000
Sonoma Technology Inc./Ceilometer data / G11P	11,000
TBD/SharePoint Support and Upgrade of Servers	10,500
TBD/Simplivity Install for DR Site	10,500
Hosting service for SACOG website migration	10,000
Live Interpretation Contract	10,000
Nyhart Actuarial Valuation and 6/30/25 Report	10,000
Teams Phone project (migration from Ring Central)	10,000
Vendor TBD/Automation Projects (PR Interface, OH Alloc, etc	10,000
Tyler Technologies/IS Support Services - ERP: Tyler Out of S	5,000
Undesignated/Human Resources	5,000
Professional Services Total	\$ 1,830,310

Detailed General Fund (100) Capital Expenditures – Exhibit 4

Project Description	FY25/26 Budget
Air Monitoring Stations Capital	\$ 230,000
Simplivity node - IS	60,000
Auto GC Parts - Install	40,000
Dilution Calibrator	35,000
Non-Methane hydrocarbon analyzer	26,000
FEM BAM1020	25,000
Non-FEM BAM1020	25,000
CO Analyzer	18,000
Chart recorder	17,000
Storage array - IS	16,500
Ozone analyzer	15,000
Zero air generator	15,000
Data logger	10,000
H2 generator	10,000
N2 generator	10,000
Storage server for storage array - IS	5,500
Capital Expenditures Total	\$ 558,000

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

Classification	FY23/24 Amended	FY24/25 Approved	FY24/25 Amended	Change	FY25/26 Approved
AUTHORIZED					
Regular					
Accountant	-	1.0	1.0	-	1.0
Administrative Assistant	-	-	1.0	-	1.0
Administrative Specialist	4.0	4.0	4.0	-	4.0
Administrative Supervisor/Clerk of Board	1.0	1.0	1.0	-	1.0
Air Pollution Control Officer	1.0	1.0	1.0	-	1.0
Air Quality Engineer	21.0	21.0	21.0	-	21.0
Air Quality Instrument Specialist	3.0	3.0	3.0	-	3.0
Air Quality Planner/Analyst	10.0	11.0	11.0	-	11.0
Air Quality Scientist (previously Statistician)	-	-	-	1.0	1.0
Air Quality Specialist	22.8	23.8	23.8	-	23.8
Communication & Marketing Specialist	2.0	2.0	2.0	-	2.0
Controller	1.0	1.0	1.0	-	1.0
District Counsel	1.0	1.0	1.0	-	1.0
Division Director	4.0	4.0	4.0	-	4.0
Financial Analyst	1.0	1.0	1.0	-	1.0
Human Resource Technician	1.0	1.0	1.0	-	1.0
Human Resources Officer	1.0	1.0	1.0	-	1.0
Information Systems Analyst	3.0	3.0	3.0	-	3.0
Information Systems Manager	1.0	1.0	1.0	-	1.0
Legal Assistant	1.0	1.0	1.0	-	1.0
Office Assistant	3.0	5.0	4.0	-	4.0
Program Manager	5.0	5.0	5.0	-	5.0
Program Supervisor	12.0	12.0	12.0	-	12.0
Senior Accountant	1.0	1.0	1.0	-	1.0
Statistician	1.0	1.0	1.0	(1.0)	-
Limited Term				-	-
Air Quality Engineer/Specialist/Planner	1.0	-	-	-	-
AUTHORIZED Total	101.8	105.8	105.8	-	105.8

FISCAL YEAR 2025/26 PROPOSED BUDGET & FEE SCHEDULE

Budget and Personnel Committee

March 27, 2025

Presenter: Patty Kepner, Controller

SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

Presentation Outline

- FY 2025/26 Strategy (Goals, Priorities & Staffing)
- FY 2025/26 Proposed Budget
 - General Fund
 - Planning approach
 - Notable Changes from FY 2024/25
 - Building Fund
 - Special Revenue Fund
 - Fund Balance Trends
- FY 2025/26 Proposed Fee Schedule
- Committee Direction and Feedback

FY 2025/26 Proposed Budget District Goals

- Meeting and Maintaining Federal Air Quality Standards and Other State and National Actions Supporting Clean Air
- AB 617 Community Air Protection Program
- Core Programs: Permitting, Enforcement, Air Monitoring, Land Use CEQA Review and Clean Transportation Initiatives
- Regional Partnerships
- Operational Efficiencies



FY 2025/26 Proposed Budget Budget Priorities

- Facilitate the development the AB 617 Community Emissions Reduction Plan (CERP)
- Streamline and refine the Annual Reporting program for stationary sources
- Increase incentive distributions
- Complete implementation of AiriA software solution (mainly related to mobile sources)

FY 2025/26 Proposed Staffing Strategy

- No change from FY 2024/25 approved full-time equivalents (FTE) of 105.8
- Three positions vacant as of today
- Executive Team review process to assess filling of vacancies (e.g., retirements, resignations, etc.)
- Four interns planned
- Cost of Living Adjustment – 2.5%

FY 2025/26 Proposed Budget All Funds

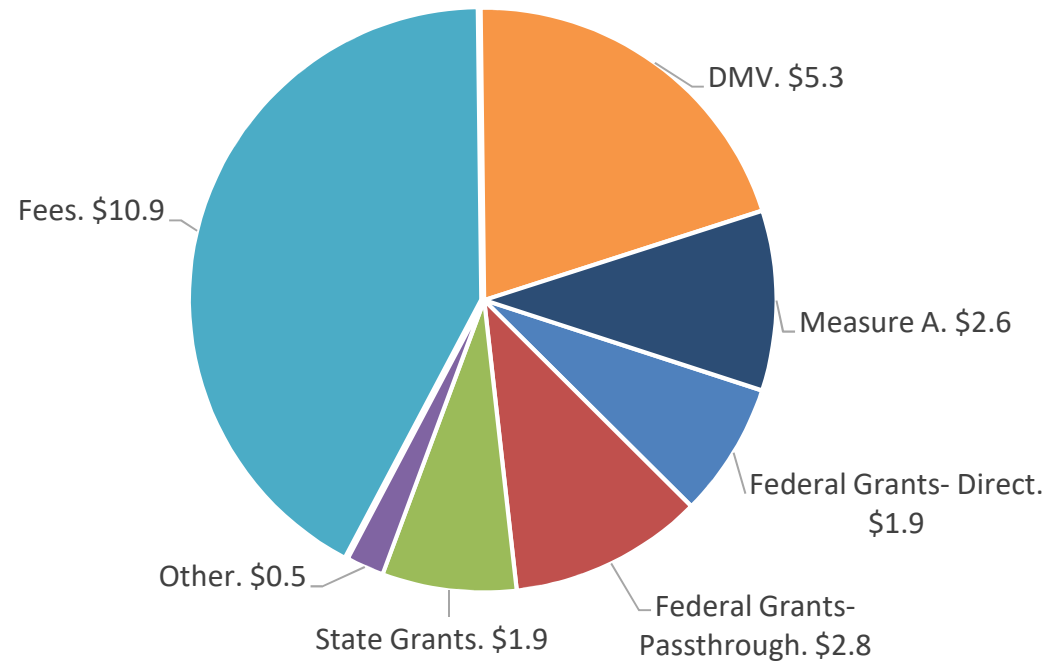
FUND	Revenues	Expenditures	Fund Balance Source/(Use)	Fund Balance at 6/30/26
General	\$25,977,711	\$28,750,318	\$ (2,772,607)	\$ 24,470,629
Proprietary (Covell Building)	901,736	1,101,736	(200,000)	5,844,455
Special Revenue (Incentives)	35,386,685	36,114,476	(727,791)	83,493,376
Total	\$62,266,132	\$65,966,530	\$ (3,700,398)	\$113,808,460

FY 2025/26 Proposed Budget Planning Approach-General Fund

- Followed a conservative “status quo” approach
- Assumed existing revenue streams planned to continue; no new sources included in FY 2025/26
- Included essential expenditures at realistic amounts; excluded lower priority line items
- Funded FY 2025/26 CERP expenditures from fund balance (grant revenues received and recognized in prior fiscal years)
- Developed contingency plan to deploy if federal direct funding decreases

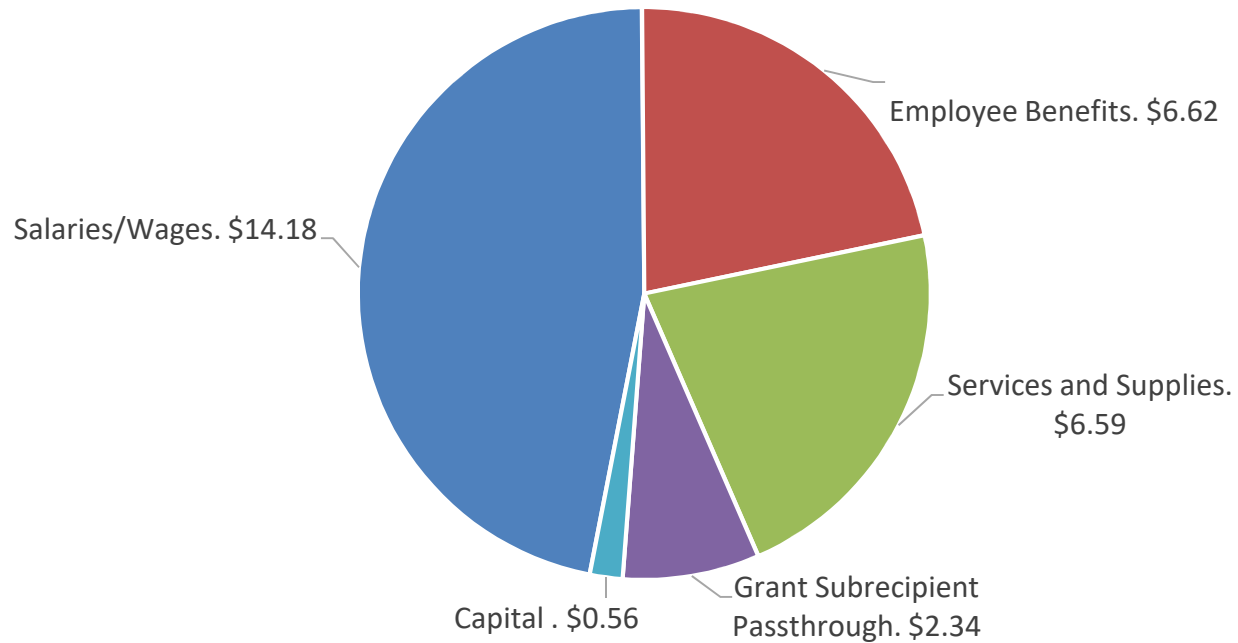
FY 2025/26 Budget Revenue - General Fund

\$ in millions



FY 2025/26 Budget Expenditures – General Fund

\$ in millions



General Fund Notable Changes

FY 2024/25 Approved to FY 2025/26 Proposed

REVENUES

- Increases: Stationary Sources fees (CPI 3.84%)
- Decreases: Federal grant subrecipient pass through revenues

EXPENDITURES

- Increases: 2.5% COLA, retirement and group insurance contributions
- Decreases: Professional services, rent, capital expenditures (monitoring structures and fleet vehicles), federal grant subrecipient passthrough distributions

FY 2025/26 Proposed Budget General Fund

GENERAL FUND	FY24/25 Approved	FY24/25 Projected	FY25/26 Proposed	Budget-to-Budget Change
Revenue	\$ 26,942,104	\$ 28,057,373	\$ 25,977,711	\$ (964,393)
Expenditures	30,020,199	28,547,744	28,750,318	(1,269,881)
Surplus /(Deficit)	\$ (3,078,095)	\$ (490,371)	\$ (2,772,607)	\$ (305,488)
Ending Fund Balance*	\$ 24,655,512	\$ 27,243,236	\$ 24,470,629	\$ (184,883)

* Audited ending fund balance as of 6/30/24: \$27.7 million

Proprietary (Building) Fund Notable Changes FY 2024/25 Approved to FY 2025/26 Proposed

Building is listed for sale and FY 2025/26 budget assumes tenant vacancy remains

REVENUES

- Decrease: Lease revenue (District charged for occupied space-not vacant square footage)

EXPENDITURES

- Increase: Minor increase in operating expenses (repairs & maintenance, parking services, security, etc.)

FY 2025/26 Proposed Budget Proprietary (Building) Fund

PROPRIETARY FUND	FY24/25 Approved	FY24/25 Projected	FY25/26 Proposed	Budget-to- Budget Change
Revenue	\$ 1,075,834	\$ 1,072,036	\$ 901,736	\$ (174,098)
Expense	1,075,834	959,406	1,101,736	25,902
Surplus /(Deficit)	\$ -	\$ 112,590	\$ (200,000)	\$ (200,000)
Ending Fund Balance*	\$ 5,931,865	\$ 6,044,455	\$ 5,844,455	\$ (87,410)

* Audited ending fund balance as of 6/30/24: \$5.9 million

Special Revenue Fund Notable Changes FY 2024/25 Approved to FY 2025/26 Proposed

Grant revenues and expenditures fluctuate based on incentive activity

REVENUES

- Increase: State (Clean Cars for All, CalSTA H2 locomotive)
- Decrease: State (Moyer)
- No Change: DMV\$2

EXPENDITURES

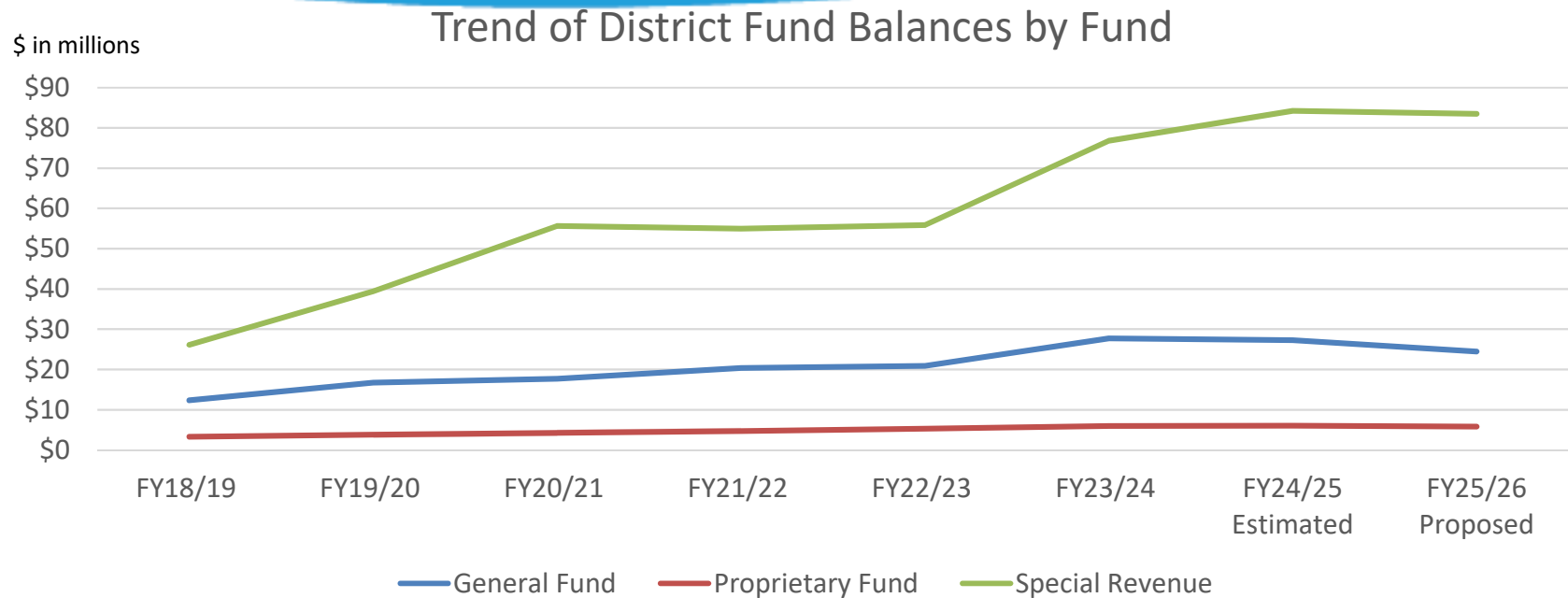
- Increases: Incentive activity (CC4A, Cal STA H2 locomotive)
- Decreases: Incentive activity (Moyer, CAAP), admin transfer credit

FY 2025/26 Proposed Budget Special Revenue Fund

SPECIAL REVENUE FUND	FY24/25 Approved	FY24/25 Projected	FY25/26 Proposed	Budget-to- Budget Change
Revenue	\$ 31,022,194	\$ 33,269,145	\$ 35,386,685	\$ 4,364,491
Expenditures	36,501,422	25,864,733	36,114,476	(386, 946)
Surplus /(Deficit)	\$ (5,479,228)	\$ 7,404,412	\$ (727,791)	\$ (4,751,437)
Ending Fund Balance*	\$ 71,337,527	\$ 84,221,167	\$ 83,493,376	\$ 12,155,849

* Audited ending fund balance as of 6/30/24: \$76.8 million

Fund Balance Trends *



- Proposed General and Building Fund Balances comply with the District's policy of an Operating Reserve equivalent to a minimum of 120 days of expenditures

FY 2025/26 Proposed Budget Fee Schedule

- CPI adjustment to various fees allowed by Rules
- Adjusted based on California CPI, All Urban Consumers
- Proposed FY 2025/26 increase of 3.84% effective July 1, 2025

Next Steps

- Request Budget and Personnel Committee to provide:
 - Guidance and feedback on the preliminary budget strategy and fee schedule
 - Direction to present the FY 2025/26 Proposed Budget and Fee Schedule at a public hearing of the full Board of Directors on April 24, 2025

Thank You