



Fiscal Year 2025-26 Proposed Budget & Work Program

Public Consultation Committee Meeting
April 8, 2025

Agenda:

- General Fund Budget Summary
- Expenditure Comparison
- Expenditures by Activity
- Revenue Comparison
- Revenue and Expenditure Uncertainties
- Estimate & Five-Year Projection
- Regulation III-Fees
- Annual Budget Timetable

General Fund Budget Summary

	Fiscal Year 2024-25			Fiscal Year 2025-26
(\$ in millions)	Adopted	Amended *	Estimate	Proposed
Revenue	\$209.5	\$213.1	\$213.6	\$216.5
Program Cost	<u>\$211.4</u>	<u>\$216.6</u>	<u>\$219.7</u>	<u>\$219.6</u>
Change to Fund Balance	<u>-\$1.9</u>	<u>-\$3.5</u>	<u>-\$6.1</u>	<u>-\$3.1</u>
* Board approved changes through February 2025.				

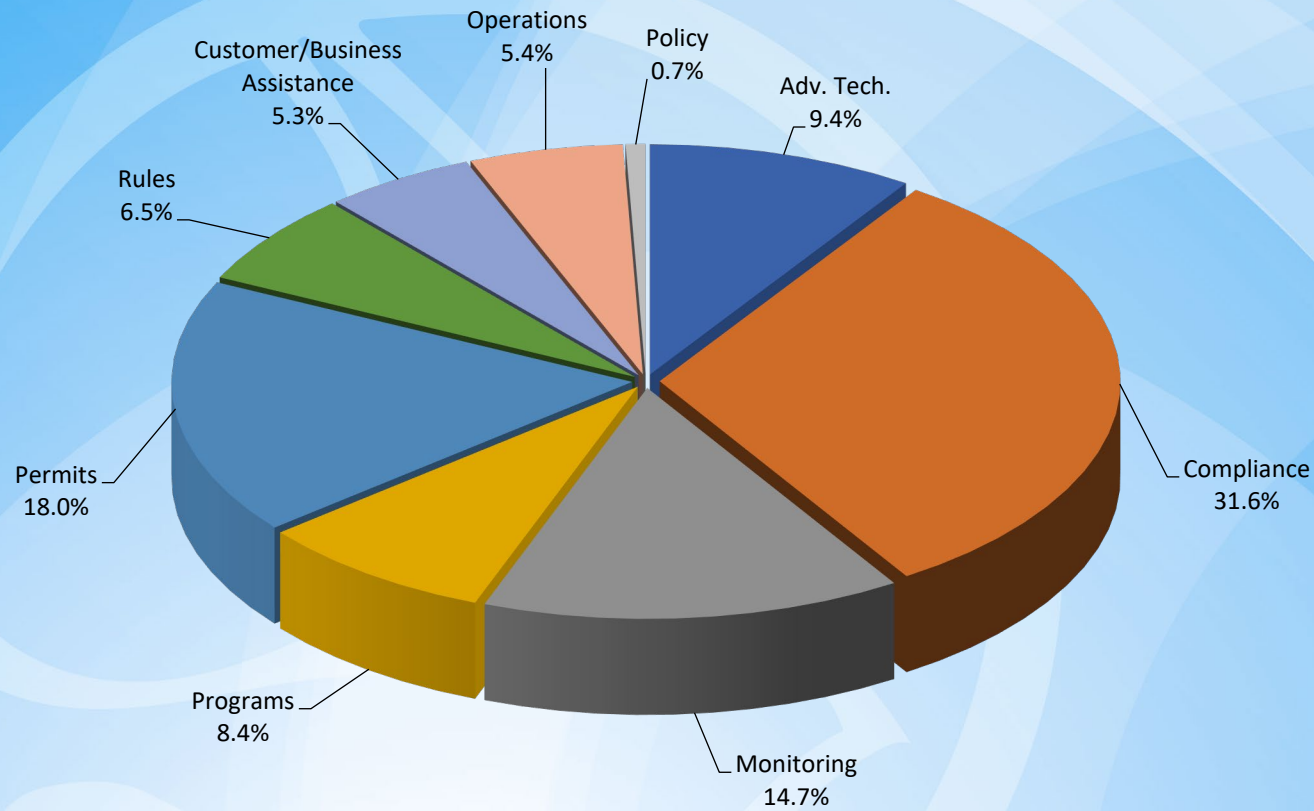
Expenditure Comparison

FY 2024-25 Budget vs. FY 2025-26 Proposal

(\$ in millions)	Fiscal Year 2024-25			Fiscal Year 2025-26
	<u>Adopted</u>	<u>Amended*</u>	<u>Estimate</u>	<u>Proposed</u>
Salaries & Benefits	\$174.5	\$175.2	\$178.2	\$183.4
Services & Supplies	31.5	34.6	34.6	32.7
Capital Outlays	3.4	4.8	4.8	1.5
Transfers Out	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total	<u>\$211.4</u>	<u>\$216.6</u>	<u>\$219.7</u>	<u>\$219.6</u>
Staffing (FTEs)	1,008	1,029		1,034
* Board approved changes through February 2025.				

Expenditures by Activity

FY 2025-26 Proposed Budget



Program	Activities
Compliance	Inspections, Investigations, PERP, Arch Coatings
Customer/Business Asst	Billings Services, Outreach, Public Records
Programs	AQMP, CEQA, Transportation
Rules	Rulemaking, Modeling
Monitoring	PM Sampling, Ambient Network/Air Analysis
Permits	Permit Processing/Services
Operations	Bldg Maint/Systems, IM, Fin, HR, Purchasing, Training
Policy	Outreach, Legislation, Advisory Groups/Governing Board
Advanced Technology	Mobile Sources/Carl Moyer, Clean Fuels, Prop 1B, MSRC

Revenue Comparison

FY 2024-25 Budget vs. FY 2025-26 Proposal

(\$ in millions)	Fiscal Year 2024-25			Fiscal Year 2025-26
<u>Revenue Type</u>	<u>Budget</u>	<u>Amended*</u>	<u>Estimate</u>	<u>Proposed**</u>
Emission Fees	\$21.9	\$21.9	\$21.6	\$22.0
Annual Renewal Fees	81.3	81.3	80.6	87.1
Permit Processing Fees	19.9	19.9	20.9	21.0
Area Sources	2.1	2.1	2.1	2.2
Mobile Sources	33.9	33.9	33.3	34.5
Transportation Programs	0.9	0.9	0.9	0.9
Other ***	<u>49.5</u>	<u>53.1</u>	<u>54.2</u>	<u>48.8</u>
Total	<u>\$209.5</u>	<u>\$213.1</u>	<u>\$213.6</u>	<u>\$216.5</u>

* Amended Budget includes Board approved mid-year funding increases through February 2025. These increases are from state/federal grant revenue and transfers in from Clean Fuels Program Fund (MATES VI).

** FY 2025-26 Proposed revenue includes a 3.0% CPI fee increase with the second year of an additional 1.5% increase for annual operating and permit processing fees, approved in FY 2024-25.

*** Other Revenue includes revenues from Federal & State Grants, State Subvention, Penalties/Settlements, "Hot Spots", Interest, PERP, Hearing Board, Source Test/Lab Analysis, Leases, Subscriptions, and Misc.

Revenue & Expenditure Uncertainties

- Retirement Cost
- AB 617 Ongoing Funding
- Federal/State Funding
- Penalties/Settlements
- Inflation Impact on the Economy

FY 2024-25 Estimate and Five-Year Projection

(\$ in millions)	FY 24-25 Estimated	FY 25-26 Proposed	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected	FY 29-30 Projected
Authorized Staffing *	1,029	1,034	1,034	1,034	1,034	1,034
Vacancy Rate	13%	13%	13%	13%	13%	13%
Funded Staffing	895	900	900	900	900	900
Revenues **	\$213.6	\$216.5	\$217.8	\$219.8	\$222.0	\$224.6
Program Costs	\$219.7	\$219.6	\$229.9	\$235.0	\$236.0	\$236.5
Changes in Fund Balance	\$(6.1)	\$(3.1)	\$(12.1)	\$(15.2)	\$(14.0)	\$(11.9)
Unreserved Fund Balance (at Year-End)	\$84.9	\$81.8	\$69.7	\$54.5	\$40.5	\$28.6
% of Revenue	40%	38%	32%	25%	18%	13%
* Includes a net 5 positions added in the FY 2025-26 Proposed Budget.						
** CPI projections include the following: : FY 2025-26 – 3.0% & 1.5% on Annual Operating & Permit Fees; FY 2026-27 – 2.5%; FY 2027-28 – 2.6%, FY 2028-29 – 2.6% & FY 2029-30 2.6%.						



Annual CPI-Based Fee Increase (Rule 320)

- Fees adjusted based on Consumer Price Index (CPI) pursuant to Rule 320 – Automatic Adjustment
 - $\text{CPI} = 3.0\% ^1$
 - Applicable to fee rates in Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, 316, and 316.2
- Some fees excluded
 - Rates set by state law
 - Return check fees, Enforcement Inspection Fees for PERP Program, Maximum Fees for Small Businesses, and State-specific Facility Fees
 - Air Quality Investment Program Fees
 - Rule 1180/1180.1 Community Air Monitoring System Annual O&M Fees

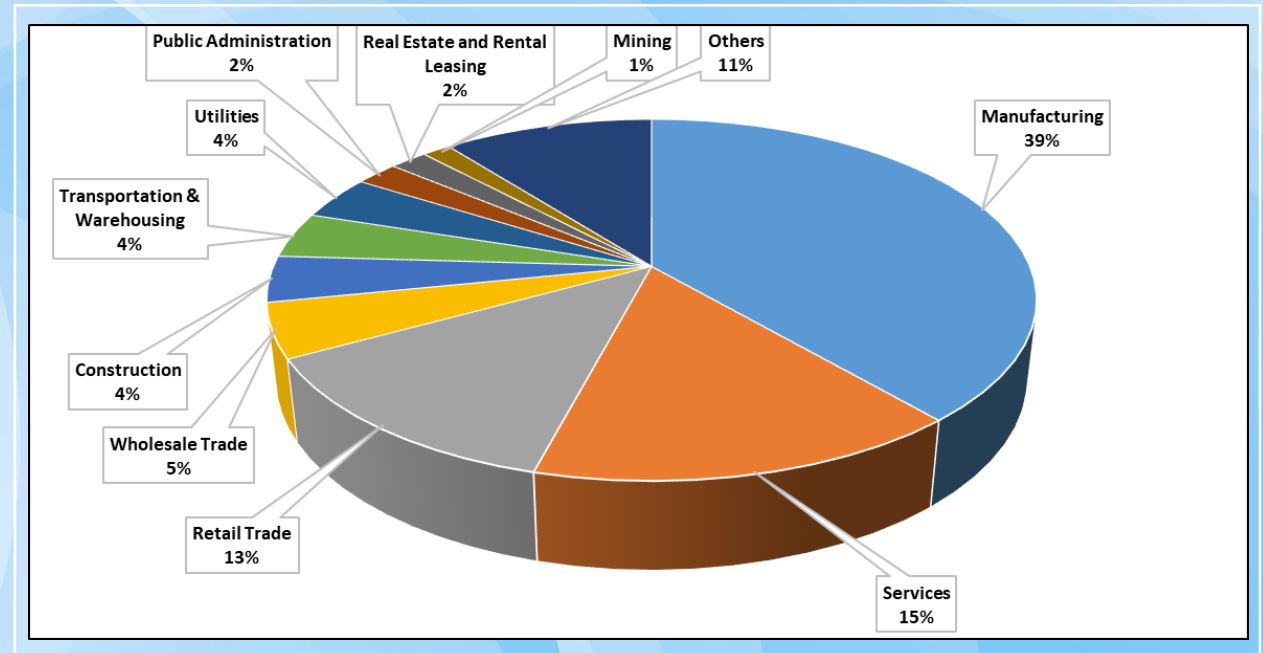
1. <https://www.dir.ca.gov/oprl/capriceindex.htm>



Socioeconomic Impacts

- Impacts of 3.0% increase analyzed in Draft Socioeconomic Report
 - Released on March 14, 2025
- FY 2023-24 fee revenue*
 - Emission-based fees: \$20.5 million
 - Permit processing/renewal fees: \$88.6 million
- Fees paid by industry is small relative to these industries' regional economic output
 - $\leq 0.01\%$ overall
- Estimated to increase revenue by approximately \$3.64 million

FY 2023-2024 Share of All Major Fee Revenue by Sector



* Source: March 2025 Draft Socioeconomic Report for Adjustment Based on Consumer Price Index for Regulation III – Fees, Tables 2 and 3, <https://www.aqmd.gov/docs/default-source/finance-budgets/fy-2025-26/draft-socioeconomic-report-for-adjustment-based-on-consumer-price-index-for-regulation-iii---fees.pdf>



Overview of Fee Amendments



Refinery Community
Air Monitoring System
Annual Operating And
Maintenance Fees
(Rules 1180 and
1180.1)



Rule 212(c) Public
Notice Distribution Fee



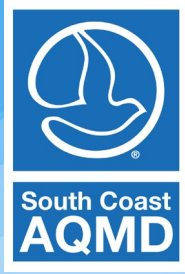
Post-Reporting Deadline
Fee for Warehouses
under Rule 2305



Rule 1180 and 1180.1 Refinery Community Air Monitoring System

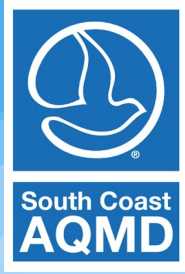
- **Background**
 - Rules 1180 and 1180.1 require petroleum refining facilities in the Basin to fund the Operating and Maintenance (O&M) cost of community air monitoring stations through fees established as part of Rule 301
 - Fees to be re-assessed every three years (last assessment in FY 2022-23)





Rule 1180 and 1180.1 Refinery Community Air Monitoring System (cont'd)

- **Background**
 - Recent Rule 1180 amendments:
 - New requirements for air toxics, metals, and PM monitoring
 - Monitoring to commence in July 2025
 - Annual O&M fees for seven major refineries shall be increased to account for the additional work associated with addition of pollutants
 - Requires the five new refinery-related facilities to share installation and ongoing O&M costs for two additional community air monitoring stations
 - Rule 1180.1 requires three other refineries to fund three additional community air monitoring stations
 - New stations are expected to be commissioned by July 2026



Rule 1180 and 1180.1 Refinery Community Air Monitoring System (cont'd)

- **Key Proposed Changes**
 - Increase Rule 1180 ongoing and annual O&M fees by 22.9% for the seven major refineries to fund reasonable costs associated with:
 - Existing community air monitoring network
 - Adding the monitoring of air toxic metals, PM, and naphthalene
 - Establish O&M fees for five new community monitoring stations funded by:
 - Five refinery-related facilities newly subject to Rule 1180
 - Three other refineries newly subject to Rule 1180.1



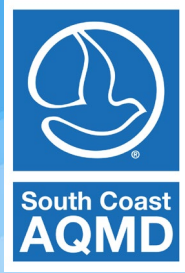
Rule 212 Public Notice Distribution Fee

- **Background**

- Rule 212(c) requires that projects meeting specific criteria distribute public notices to addresses and/or parents of children at schools near a project
- This process can be confusing and time-consuming resulting in delays in permit approval
- An option was provided to use staff to prepare and distribute the notice
- Amendment provides for cost recovery when applicants elect this option

- **Key Proposed Changes**

- Rule 301(j)(4) will provide applicants the option to pay a flat fee of \$761.75 plus postage for staff to prepare and distribute the notice



Post Reporting Deadline Fee for Warehouses

○ Background

- Rule 316 includes fees related to implementation of Rule 2305 – Warehouse Indirect Source Rule
 - About 4,355 warehouses expected to file an Annual WAIRE Report
 - About 5,392 warehouses expected to file a one-time Initial Site Information Report
 - About 4,007 warehouses expected to file a Warehouse Operations Notification

Key Proposed Changes

- Fee is proposed for each report filed after the required deadline (on top of original fee)

Report or Notification	Additional Post-Reporting Deadline Fee
Annual WAIRE Report	\$539.66
Initial Site Information Report	\$193.43
Warehouse Operations Notification	\$40.57



Summary of Fee Impacts

Proposed Amendments	FY 2025-26 (in millions)	FY 2026-27 (in millions)	FY 2027-28 (in millions)
Amend Rule 301: Rule 1180 and 1180.1 Refinery Community Air Monitoring System Annual O&M Fees	\$1.09	\$4.02	\$4.02
Amend Rule 301: Optional Rule 212(c) Public Notice Distribution Fee	\$0.09	\$0.09	\$0.09
Amend Rule 316 Post Reporting Deadline Fee for Warehouses	\$3.00	\$0.24	\$0.24
Total	\$4.18*	\$4.35	\$4.35

*Excludes the remaining 1.5% additional increase to permit related fees (beyond California CPI for FY 2025-26) as approved by Governing Board on May 3, 2024

Fiscal Year 2025-26 Budget Timeline

Date	Activity
Friday, March 14 th	Socio Economic Report (CPI only) Posted
Tuesday, April 1 st	Budget Document Completed/Posted
Wednesday, April 2 nd	Budget Advisory Committee (BAC) Meeting
Friday, April 4 th	Governing Board Budget and Fee Workshop
Tuesday, April 8 th	Public Consultation Meeting
Tuesday, April 15 th	Public Comments/BAC Recommendations due to Governing Board
Friday, May 2 nd	Governing Board Meeting - Budget Adoption