

Long-Range Fiscal Strategy 2023-2028

South Central Coast
Basinwide Coordinating Council

December 21, 2023

Aeron Arlin Genet
Executive Director / APCO

@OurAirSBC  

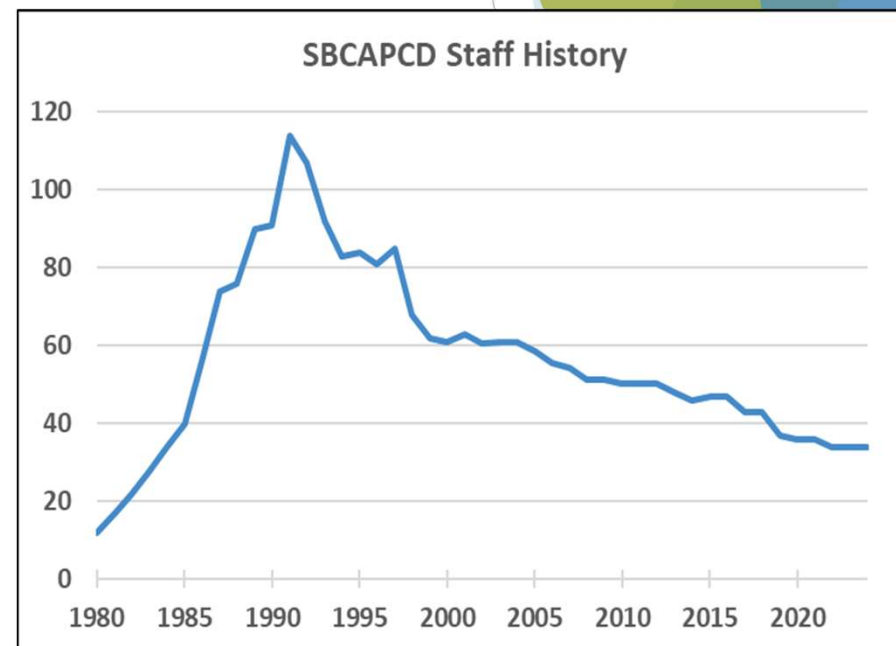


Long-Range Fiscal Strategy

Fiscal Years 2023-28

Background

- ▶ **Evolution of Agency**
 - Formed 53 years ago
 - 71% reduction in staff since 1991
- ▶ **FY 2018-19 Reorganization**
 - Consolidated number of staff (43 to 34 FTEs)
 - Streamlined leadership structure: 1 sup/division
 - Invested in efficiency measures
- ▶ **Continued expenditure reductions**
 - FY 23/24 reduced services & supplies by 10%
 - Continued reduction in office footprint
- ▶ **Fees have not increased since 1991**
- ▶ **Achieved a balanced budget**



Today's Challenges

► Fiscal Instability:

- Revenue sources continue to evolve
 - Over the next 5 years, oil and gas revenue anticipated to drop by \$785,000, or almost 8%
 - Many sources are under-paying for services
- Matrix Consulting Group conducted a Cost Recovery and Fee Analysis Study (Fee Study)
 - Found significant shortfall in revenue received for fee-based services (e.g., permit issuance and inspections)
 - District currently only recovering 47% of its costs to implement fee-based programs
- Salary & benefit costs continue to increase

► Workload Management:

Air Quality Programs Continue to Grow	
Air Toxics Hot Spots	Greenhouse Gas Mandates
Community Air Protection / EJ	Wildfire Smoke Response

Today's Challenges (continued)

► Staff Recruitment & Retention:

- High rate of staff turnover
 - Approx. 11% of workforce leaves District annually
 - Median years of service = 7.5 years (41% of staff have less than 5 years of service)
- Benefit costs are increasing
 - Pension cost currently \$1.7 million, and increasing annually
 - Health insurance costs increased 42% in the last 5 years
- High cost of living
- Importance of succession planning & enhanced retention measures

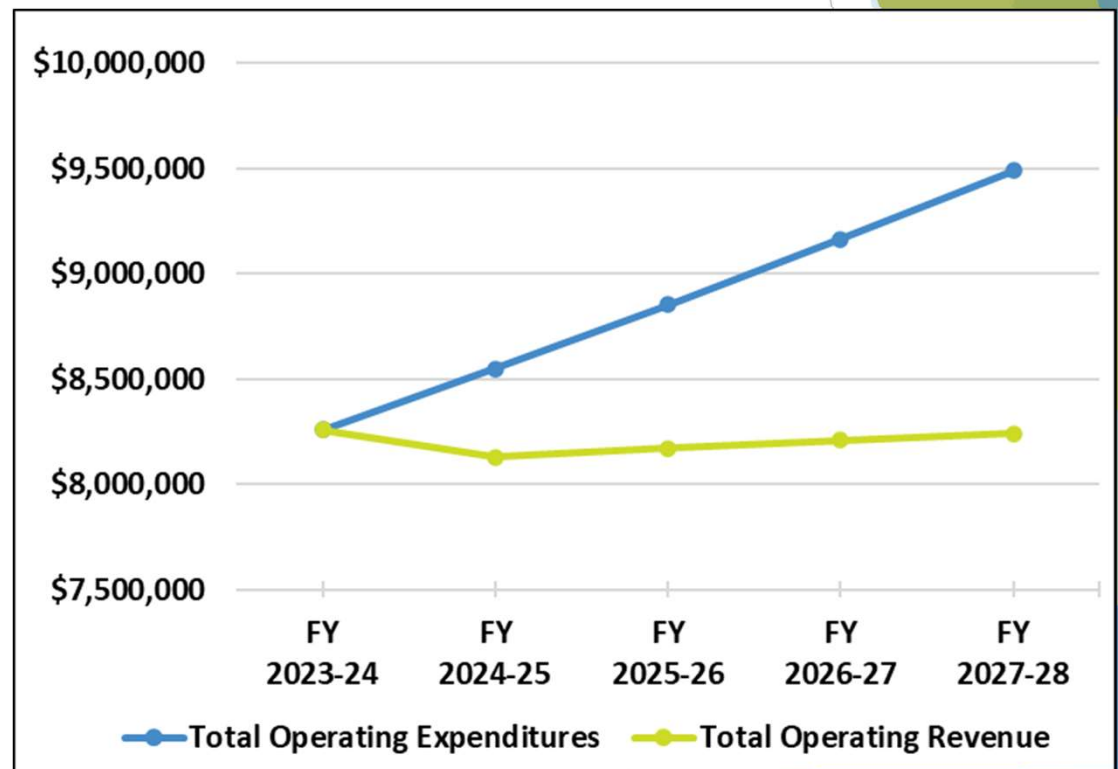
Annual Cost Recovery Analysis Provided by Matrix Consulting

Fee Schedule	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
A - Equipment / Facility	\$1,157,439	\$1,923,856	(\$766,417)	60%
B - Air Toxics	\$113,970	\$259,352	(\$145,382)	44%
B - Air Quality Planning	\$344,135	\$428,347	(\$84,212)	80%
C - Source Testing	\$105,321	\$178,882	(\$73,561)	59%
F - Miscellaneous	\$327,537	\$1,525,322	(\$1,197,785)	21%
Agricultural Diesel Engines	\$24,360	\$70,701	(\$46,341)	34%
TOTAL	\$2,072,763	\$4,386,460	(\$2,313,697)	47%

Results of 5-Year Forecast*

- ▶ \$419,903 shortfall in FY 2024-25
 - 4% of total budget
- ▶ Grows to \$1.2M shortfall in FY 2027-28
 - 12% of total budget

* Assumptions are based on 5 years of historical data



Long-Range Fiscal Strategies

► October 2023 Board of Directors Meeting

- Presented on the Long-Range Fiscal Strategy
- Matrix Cost Recovery Study

► Key Measures in Fiscal Strategy

- Maintain annual CPI
- Develop a Cost-Recovery Policy of 85%
- Rule 210 amendments
- Multi-year phase-in of 12% fee increase per fee schedule
- Develop Fund Balance Policy of 15 - 20% operating budget

Next Steps

- ▶ **85% Cost-Recovery Policy - January 2024 APCD Board Meeting**
- ▶ **Rule 210**
 - Proposed amendments posted November 30
 - Workshop held on December 14
 - Community Advisory Council meeting January 10
 - Targeting March & May APCD Board meetings
- ▶ **Fund Balance Policy - June 2024 APCD Board meeting**

Thank you!

