




air pollution control district  
SANTA BARBARA COUNTY

Agenda Item: E-7  
Agenda Date: October 15, 2020  
Agenda Placement: Admin.  
Estimated Time: N/A  
Continued Item: No

## Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Kristina Aguilar, CPA, Administrative Division Manager, (805) 961-8813

SUBJECT: Financial Status Update for 1<sup>st</sup> Quarter of Fiscal Year 2020-2021, Ending September 30, 2020

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### RECOMMENDATION:

Receive and file the Budget to Actual Report for the 1<sup>st</sup> quarter of fiscal year 2020-2021, period ending September 30, 2020.

### DISCUSSION:

The onset of the COVID-19 pandemic occurred during the APCD's budget development and adoption process. This unforeseen scenario brought considerable economic uncertainty to the region. The economic effects of stay-at-home orders and closure of non-essential businesses, along with reduced consumer demand will impact the businesses that the District regulates. In response, the District is closely monitoring revenues and expenditures to ensure long-term stability of the agency. This update is intended to provide the Board with a snapshot of where the agency is after the first three months of the fiscal year and the important revenue indicators that are being tracked during this time.

The attached Budget to Actual Report for the period ending September 30, 2020 summarizes the first three months of the 2020-21 fiscal year (which represents 25% of the budget year). Each year, the District starts the fiscal year off slow, regarding revenue, because some of the agency's revenue streams are cyclical (reevaluation fees). There are other revenue streams that are not recognized until the second half of the year, due to timing of those activities (i.e., annual emission fees and air quality attainment planning fees). The Budget to Actual Report includes all revenue sources except pass-through grant incentive funds. With that being said, the District's operations are showing a deficit of about \$65,000 through September 30, 2020, this represents less than 1% of the District's operating revenue.

Aeron Arlin Genet, Air Pollution Control Officer

It should be noted that the deficit identified above is not a result of revenue downturn associated with COVID-19, but rather the agency's Engineering Division being temporarily short-staffed, with three vacant positions during this period. Due to limited staffing resources, permit reevaluations were not completed in a timely fashion. This situation has been resolved and two Air Quality Engineers were hired in August and are in the process of being trained. Once up to speed, the Engineering Division will be able to get back on track and is expected to meet or exceed their annual budget goals, including permit reevaluations.

Revenue:

Year-to-date operating revenues total approximately \$1,036,461 or 14% of the total annual operating revenue budget. There are three revenue streams that we would expect to be particularly low this first quarter and those are Re-evaluation fees, Source Test fees and Reimbursable labor due to the staff vacancies noted above. Implementation funds of \$94,191 for Community Air Protection Program funding has been received as well as \$144,277 of EPA federal funding for the 105 Clean Air Grant. Department of Motor Vehicle (DMV) revenue received is \$357,000, which is 24% of total budget.

Expenditures:

Year-to-date operating expenditures of approximately \$1,429,500 represents 14% of the total annual operating expenditure budget. Salaries and benefits were \$1,074,600 through September 30, 2020 representing 18% of the total budget for that expenditure category. Services and supplies is approximately \$283,300 or 14.7%.

For non-operating expenditures, fixed assets expenditures were \$44,832 which includes an air toxic module to be added to the District's portable Airpointer monitor.

Other Revenue Indicators:

The District is tracking a multitude of indicators that could be impacted by an economic downturn associated with the COVID-19 pandemic. Permit applications are a reflection of new businesses entering the area or expansion/modifications to existing facilities. The District received an average of 27 permit applications per month since the onset of the pandemic. This is compared to the five-year average of 31 applications per month – roughly 87% of the five-year average submittal. Application fee revenues after the first three months of the fiscal year is 33% of total budget. It should also be noted that permit cancelations are below the historical five-year average since the onset of the pandemic.

Other revenue indicators being tracked include asbestos notification and application fees, permit application source type, CEQA project review, and DMV registrations. To date, no significant reductions in these categories have resulted due to COVID-19.

The District will continue to monitor revenues and expenditures closely and will bring back the second quarter financial reports to your Board at the January 2021 meeting, scheduled for January 21, 2021.

**ATTACHMENT:**

A. Budget Report for period ending September 30, 2020

# ATTACHMENT A

Budget Report for period ending September 30, 2020

October 15, 2020

Santa Barbara County Air Pollution Control District  
Board of Directors

260 San Antonio Road, Suite A  
Santa Barbara, California 93110



Santa Barbara County  
Air Pollution Control District

# Budget Report

For Fiscal: 2020-2021 Period Ending: 09/30/2020  
(25% of budget)

	Total Budget	Actuals For Quarter Ending 9/30/20	Variance Favorable (Unfavorable)	Percent Used
<b>Revenue</b>				
Licenses & Permits	3,555,421.00	600,762.14	(2,954,658.86)	16.90%
Use of Money	150,000.00	(2,894.30)	(152,894.30)	1.93%
Federal, State and Other Governments	2,600,417.00	645,055.54	(1,955,361.46)	24.81%
Charges for Services	1,065,278.39	89,631.02	(975,647.37)	8.41%
Miscellaneous Revenue	12,348.00	10,885.69	(1,462.31)	88.16%
Restricted Fund Balance - Unrealized Gains/Losses	-	21,021.13	21,021.13	0.00%
Committed Fund Balance	2,190,931.31	-	(2,190,931.31)	0.00%
<b>Revenue Total:</b>	<b>9,574,395.70</b>	<b>1,364,461.22</b>	<b>(8,209,934.48)</b>	<b>14.25%</b>
<b>Expense</b>				
Salaries & Benefits	5,982,901.74	1,074,606.41	4,908,295.33	17.96%
Services & Supplies	1,928,657.00	283,310.61	1,645,346.39	14.69%
Other Charges	171,575.00	26,769.26	144,805.74	15.60%
Fixed Asset	2,008,000.00	44,832.50	1,963,167.50	2.23%
Deposit into Committed Fund Balance	95,549.00	-	95,549.00	0.00%
<b>Expense Total:</b>	<b>10,186,682.74</b>	<b>1,429,518.78</b>	<b>8,757,163.96</b>	<b>14.03%</b>
<b>Total Surplus (Deficit):</b>		<b>(65,057.56)</b>		

**Footnote:**

This report includes all revenue and expenditures except for pass-through grant incentives. Due to this, total budget revenue does not balance with total budget expenditures. This is because the grant program is slated to use fund balance revenue for projects that were granted in the previous year but will be paid out this fiscal year. When incentive funds are included, budgeted revenue and budgeted expenditures agree.