




air pollution control district
SANTA BARBARA COUNTY

Agenda Item: F-6
Agenda Date: January 21, 2021
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 

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SUBJECT: Financial Status Update for 2nd Quarter of Fiscal Year 2020-2021, Ending December 31, 2020

RECOMMENDATION:

Receive and file the Budget to Actual Report for the 2nd quarter of fiscal year 2020-2021, period ending December 31, 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 six 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 December 31, 2020 summarizes the first six months of the 2020-21 fiscal year (which represents 50% 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 (i.e., re-evaluation fees) and do not occur until the 3-year permit renewal is due. 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 \$917,000 through December 31, 2020, this represents approximately 9% of the District's operating revenue.

It should be noted that the deficit identified above is not a result of revenue downturn associated with COVID-19, but rather the timing of the revenue streams. Many of the District's large revenue

Aeron Arlin Genet, Air Pollution Control Officer

sources are not scheduled to be received until the 4th quarter of the fiscal year (i.e. annual emission fees, re-evaluation fees, and the federal 105 grant funding). In assessing the fiscal ramifications the District is experiencing due to COVID-19, approximately 2% of the deficit is a direct relationship to COVID-19 implications. These impacts are the result of two factors: 1) staff limitations to inspect facilities with confined spaces and 2) interest received for the agency's fund balance accounts are underperforming and not being realized as budgeted.

Revenue:

Year-to-date operating revenues total approximately \$2,525,942 or 26% of the total annual operating revenue budget. 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 \$700,000, which is 47% of total budget. Evaluation fees and application filing fees received through December 31, 2020 are at 67% and 79% respectively, of proposed budget.

Expenditures:

Year-to-date operating expenditures of approximately \$3,443,652 represents 34% of the total annual operating expenditure budget. Salaries and benefits were \$2,534,372 through December 31, 2020 representing 42% of the total budget for that expenditure category. Services and supplies is approximately \$686,305 or 36%.

For non-operating expenditures, fixed assets expenditures were \$87,808 which includes an air toxic module to be added to the District's portable Airpointer monitor and a MicroPHAZIR that will be used by the District's Compliance staff.

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 33 permit applications per month since the onset of the pandemic. This is compared to the five-year average of 31 applications per month – roughly 106% of the five-year average submittal. Application fee revenues after the first six months of the fiscal year is 79% 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 third quarter financial reports to your Board at the May 20, 2021 meeting.

ATTACHMENT:

- A. Budget Report for period ending December 31, 2020

ATTACHMENT A

Budget Report for period ending December 31, 2020

January 21, 2021

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: 12/31/2020
(50% of budget)

	Original Total Budget	Actuals for Qtr. Ending 12/31/20	Variance Favorable (Unfavorable)	Percent Used
Revenue				
Licenses & Permits	3,555,421.00	1,104,368.62	(2,451,052.38)	31.06%
Use of Money	150,000.00	(9,415.49)	(159,415.49)	6.28%
Intergovernmental Revenue - State	1,797,417.00	858,733.66	(938,683.34)	47.78%
Intergovernmental Revenue - Federal	513,000.00	144,277.00	(368,723.00)	28.12%
Intergovernmental Revenue - Other	290,000.00	113,035.94	(176,964.06)	38.98%
Charges for Services	1,065,278.39	228,385.37	(836,893.02)	21.44%
Miscellaneous Revenue	12,348.00	48,127.28	35,779.28	389.76%
Restricted Fund Balance - Unrealized Gains/Losses	-	38,429.72	38,429.72	0.00%
Committed Fund Balance	2,190,931.31	-	(2,190,931.31)	0.00%
Revenue Total:	9,574,395.70	2,525,942.10	(7,048,453.60)	26.38%
Expense				
Salaries & Benefits	5,982,901.74	2,534,372.33	3,448,529.41	42.36%
Services & Supplies	1,928,657.00	686,305.70	1,242,351.30	35.58%
Other Charges	171,575.00	135,165.97	36,409.03	78.78%
Fixed Asset	2,008,000.00	87,808.17	1,920,191.83	4.37%
Deposit into Committed Fund Balance	95,549.00	-	95,549.00	0.00%
Expense Total:	10,186,682.74	3,443,652.17	6,743,030.57	33.81%
Report Surplus (Deficit):		(917,710.07)		

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 grants program is slated to use fund balance revenue for projects that were granted in previous years but will be paid out this fiscal year. When incentive funds are included budgeted revenue and budgeted expenditures agree.