

**SAN DIEGO COUNTY**  
**AIR POLLUTION CONTROL DISTRICT**  
**FISCAL YEAR 2025 – 2026**  
**RECOMMENDED BUDGET SUMMARY**  
**&**  
**SCHEDULE OF FEES**



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# **FY 2025-26 RECOMMENDED BUDGET**

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# **FY 2025-26 RECOMMENDED BUDGET**

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## **SECTION 1 – APCO RECOMMENDED BUDGET TRANSMITTAL**

April 8, 2025

Dear San Diego County Air Pollution Control District Board, County residents, and stakeholders:

This document represents the San Diego County Air Pollution Control District's (District or SDAPCD) Recommended Budget for Fiscal Year (FY) 2025-26, covering the period July 1, 2025, through June 30, 2026. The budget adoption process is specified in California Health and Safety Code Section 40131 and includes requirements for posting this Budget Summary and Fee Schedule 30 days in advance of two public hearings to receive and consider adopting the recommended budget; the two public hearings are scheduled for May 8, 2025, and June 12, 2025. The Recommended Budget is balanced and reflects a proposed total of \$155.4 million (M) in revenues and expenditures for FY 2025-26 to advance the District's Vision of Clean Air for All, and Mission to improve air quality to protect public health and the environment. This includes 178 staff positions, \$93.7M in pass-through grant funds for projects that accelerate improvements to air quality and public health, and pursuant to Governing Board direction, an Operating Fund Balance Reserve equal to an estimated two (2) months of District operating expenditures (\$5.8M). Program accomplishments, highlights and summaries for the Recommended Budget are included in this document.

The District has continued to expand upon its programs to promote its goals of **Air Quality, Public Health, Environmental Justice and Equity, Public Engagement and Transparency, and Operational Excellence**. During FY2024-25 District staff worked diligently as part of a coordinated regional response to help address the unprecedented environmental crisis resulting from the continued transboundary flow of untreated wastewater impacting communities in the Tijuana River Valley. Thanks to the tireless efforts of our dedicated staff, this emergency response effort complemented our continuing work of monitoring air quality; regulating smog-forming and toxic air contaminant emissions from stationary sources; inspecting a wide variety of air pollution sources; responding to public complaints; developing plans to achieve air quality standards; adopting rules to implement those plans; and providing financial incentives to small businesses and individuals to encourage a faster transition to low or zero-emission equipment.

Looking ahead to FY 2025-26, this Recommended Budget will provide the District with the resources needed to maintain its clean air programs and embrace new challenges and opportunities. As we approach the end of the current fiscal year, District staff continue to monitor the evolving landscape at the federal level as well as ongoing labor negotiations at the County of San Diego to proactively adapt to any potential changes that could impact the Recommended Budget for FY2025-26. Despite these uncertainties, we stand ready to diligently continue our work in unwavering pursuit of our vision, mission and goals.

Respectfully,



Paula Forbis, Air Pollution Control Officer

## **DISTRICT DESCRIPTION**

The SDAPCD protects the public from the harmful effects of air pollution, which include heart and lung disease, by seeking to attain and maintain the California and National Ambient Air Quality Standards throughout the San Diego region. These standards define the maximum amount of an air pollutant that can be present in the outdoor air without threatening the public's health. To meet these health-protective standards the SDAPCD measures, reports, and forecasts air quality throughout the region, and enforces air quality rules within its jurisdiction, ensuring the public has clean, healthful air to breathe.



The SDAPCD is mandated by Federal and State law to regulate stationary (i.e., fixed) sources of air pollution such as factories, power plants, gasoline stations and other facilities in the region. The SDAPCD issues permits to approximately 4,000 local businesses and public agencies, with permit conditions that limit or require specific actions to reduce air pollutant emissions and associated health risks. The SDAPCD also conducts over 15,000 inspections each year to verify permitted facilities and other regulated sources are in compliance, and to respond to public complaints about air pollution and reduce associated health risks. Additionally, the SDAPCD provides millions of dollars in incentive grants to businesses and public agencies for projects that reduce air pollutant emissions and associated health risks from high-polluting on-road and off-road equipment.



## **SDAPCD's VISION AND MISSION**



## FY 2024-25 ACCOMPLISHMENTS

### Air Quality

Improve air quality in the region to attain all State and Federal air quality standards.

- *Responded to an unprecedented air quality crisis by handling nearly 3,000 air quality complaints related odors from transboundary wastewater flows in the Tijuana River Valley—three times our annual average for all sources combined. By mobilizing resources quickly, we ensured thorough investigations and upheld air quality protections for impacted communities.*
- *Amended [Rule 69.6 Natural Gas-Fired Fan-Type Central Furnaces](#) to lower the allowable emission limits, resulting in reductions of approximately 256 tons per year of smog forming nitrogen oxide (NOx) emissions. Upon full implementation, the rule is estimated to avoid as many as 617 cases of negative health endpoints and/or lost work or minor restricted activity days on an annual basis, which will contribute as much as \$13.1 million to the economy annually from avoided health care costs and lost productivity.*
- *Established a Hydrogen Sulfide (H<sub>2</sub>S) monitoring network in the Tijuana River Valley area to monitor H<sub>2</sub>S levels in the air resulting from transboundary sewage contamination in the Tijuana River. H<sub>2</sub>S is a gas that produces foul odors that affect people's health and quality of life.*
- *Funded or in the process of paying out in excess of \$12.5 million on 21 incentive projects that reduce emissions from non-stationary sources. The projected lifetime emission reductions from these projects are the equivalent of taking almost 200 million miles of heavy-duty truck traffic off the road.*
- *Worked with the California Air Resources Board to determine San Diego County's attainment designation for the new federal 2.5 micron particulate matter (PM<sub>2.5</sub>) standard. District staff will continue to monitor actions at the federal level related to this health-protective standard in the coming year.*
- *This fiscal year our compliance team is on track to conduct 15,000 field inspections, issue 1,200 Notices of Violation, and collect \$1 million in civil penalties—ensuring accountability and reinforcing our commitment to clean air enforcement.*

### Public Health

Promote healthy communities by reducing risks from air toxics emissions that can create adverse health effects.

- *Contributed to the expansion of urban forestry efforts for cleaner air by investing over \$500,000 in a Supplemental Environmental Project which required the planting of 966 trees across underserved communities. This included 95 trees in Barrio Logan, Logan Heights, Sherman Heights, Grant Hill, and Stockton; 121 trees in San Ysidro; and 750 trees in Mt. Hope, Mountain View, Shelltown, and Southcrest. These trees are contributing to an estimated 3,843 Metric tons of carbon dioxide equivalent (MTCO<sub>2</sub>e) reduction this fiscal year—improving both air quality and community well-being.*
- *Advanced clean transportation for underserved communities by spearheading the creation of a new zero-emission micro transit service in Mt. Hope, made possible through a Supplemental Environmental Project. Expected to launch in June 2025, this all-electric, on-demand service will provide a critical link to public transit, reducing emissions and offering a sustainable mobility option for Southeastern San Diego residents.*
- *Continued implementing air quality regulations through permitting and risk reduction by successfully issuing 375 Authorities to Construct and 417 Permits to Operate, ensuring compliance with air quality regulations. We also completed 243 emission inventories and processed 2,820 emission data requests for emissions that occurred in 2024.*
- *In alignment with Rule 1210, we continued requiring risk reduction measures, approving three risk reduction plans from stationary sources this fiscal year. These plans will reduce particulate matter, including silica and arsenic, from sand and aggregate plants and cut formaldehyde emissions from landfill*

gas combustion. Since the 2021 amendment to Rule 1210, our efforts have resulted in enhanced health protections for 2,157 residences, 78 businesses, and 1 park, significantly reducing cancer risks and other health hazards for impacted communities.

- Initiated the [Air Improvement and Relief Effort \(AIRE\) program](#) that aims to provide up to 10,000 no-cost air purifiers and replacement filters for residents of the Tijuana River Valley impacted by hydrogen sulfide odors.

## Environmental Justice and Equity

Lift and address the needs of communities most impacted by air pollution by integrating environmental justice and equity across all services we provide.

- Engaged with the [Portside](#) and [International Border](#) Community Steering Committees on a monthly basis to implement their respective Community Emission Reduction Plans (CERPs) and Community Air Monitoring Plans. Through these efforts the community receives updates on air quality in their neighborhoods and progress made on implementing emission reduction strategies by partner agencies and industry.
- The [SDAPCD Office of Environmental Justice](#) was recognized by the San Diego Chapter of the American Planning Association for their work on the International Border CERP by receiving an award for best resilience and sustainability plan.
- Partnered with eight Community-based Organizations as part of the Environmental Justice Partnership—a collaboration between government agencies and impacted communities to improve air quality and protect community health. SDAPCD co-developed educational material for public engagement and facilitated eight workshops in communities disproportionately burdened by air pollution across the region. Participants learned about air pollution in their communities, its effects on health, and ways to improve air quality.

## Public Engagement and Transparency

Support informed decision-making and stakeholder confidence by promoting meaningful public engagement and transparency.

- Launched an [online dashboard](#) to report historical and real-time H<sub>2</sub>S levels in the South Bay communities impacted by odors from transboundary sewage flows in the Tijuana River. Impacted communities can consult the dashboard 24/7 and are also alerted through our email subscription service when H<sub>2</sub>S levels surpass certain thresholds and are provided with guidance on how to reduce their exposure.
- Adopted [CEQA guidelines](#) to promote transparency, providing clearer guidance on environmental review processes and strengthening public access to information on air quality impacts including integration of environmental justice principles and practices.
- Successfully implemented enhancements to the [Hot Spots mapping tool](#), providing detailed visualization of health risks associated with air toxics emissions from individual facilities. The tool now clearly illustrates cancer risk levels above 10 in a million within designated impact zones, allowing for greater public awareness, informed decision-making, and stronger protections against air pollution risks
- Connected in-person with approximately 3,000 individuals while participating in 26 community events in environmental justice communities throughout the County. Staff created and implemented hands-on STEAM (Science, Technology, Engineering, Art and Math) learning resources that focus on air pollution and understanding the Air Quality Index. Staff also developed popular education materials and integrated [Air Quality Fundamentals](#) into the SDAPCD webpages.
- Facilitated ten meetings of the [Warehouse Working Group](#) (WWG) to support in-depth, technical conversations about indirect source emissions. Over 90 stakeholders were invited, including key local community, environmental, industrial, and government stakeholders to collect varying perspectives from a wide variety of stakeholders.

## Operational Excellence

Ensure superior service delivery by providing innovative technology and appropriate resources, supported by resilient processes and controls, to accomplish our mission.

- Continued progress towards maximum cost recovery for permitting, source testing, and asbestos programs by updating our fees and decreasing reliance on other revenue sources to cover the costs of providing these services. Cost recovery efforts create potential opportunities to maximize the use of limited revenue sources to support clean air programs and advance the District's Vision of Clean Air for All.
- Successfully upgraded the Complaint Inspector Field App, enhancing mapping accuracy, streamlining inspection reports, and improving real-time data collection. These improvements increase efficiency in investigations, allowing our team to respond more effectively to community concerns.
- Implemented extensive updates to the SDAPCD's [Emission Inventory System](#) (EIS) enhancing compatibility with the California Air Resources Board (CARB) CEIDARS database and the U.S. EPA National Emissions Inventory (NEI). These improvements allow for more accurate and efficient emissions reporting, supporting state and federal regulatory programs while providing critical data for air quality modeling.
- Implemented various process improvement efforts, such as automated invoice generation, to help streamline processes for staff.
- The District's vacancy rate decreased from approximately 9% to 5%, roughly returning to pre-pandemic levels. This has enhanced productivity and allowed us to increase our skilled workforce and better serve our stakeholders.
- SDAPCD incorporated neurodivergence consideration into our hiring practices to create a more inclusive and diverse workforce. This includes avoiding jargon and complex language that could discourage candidates from applying. Virtual interviews continue to be an option, as well as providing a structured interview process with clear timelines and questions to help candidates feel more comfortable.
- Based on the feedback received from previous employee engagement survey and internal workgroups, an Employee Resource SharePoint Page was created and rolled out in February 2025. The site is the go-to site for SDAPCD employees to find policies, procedures, training, events, resources and links.
- Increased effectiveness and confidence in supervisors by hosting Bi-monthly HR Roundtables for supervisors on topics of interest to help them understand the various policies and procedures and allow opportunities to share best practices with peers.



## FY 2025-26 GOALS AND OBJECTIVES

### Air Quality

Improve air quality in the region to attain all State and Federal air quality standards.

#### Objectives

- Invest in projects to incentivize the transition to cleaner mobile equipment such as heavy-duty trucks, agricultural tractors, school buses, off-road equipment, and marine vessels. These investments are projected to reduce emissions of harmful air pollutants such as nitrogen oxide, reactive organic gases, and particulate matter by 200 tons over the lifetime of these projects.
- Re-establish a regional monitoring station in Escondido to ensure continued air quality monitoring is covered in this area of the county.
- Invest in acquiring a vehicle and equipment to have mobile monitoring capabilities for hydrogen sulfide.
- Continue collaborating with stakeholders to explore strategies to reduce indirect source emissions. Indirect emission sources are places that attract mobile sources of pollution like trucks, which may impact air quality in the community.
- Maintain readiness to investigate air quality complaints, adapt enforcement strategies to evolving conditions, and address transboundary pollution impacts as needed.

### Public Health

Promote healthy communities by reducing risks from air toxics emissions that can create adverse health effects.

#### Objectives

- Process health risk assessments for facilities subject to [California's Air Toxic "Hot Spots" Program](#) and implement all applicable public notifications, public meetings, and risk reduction requirements to protect communities from elevated health risks.
- Oversee the implementation of community-focused projects, such as the zero-emission micro transit service and urban forestry programs, to enhance localized air quality benefits.
- Continue to expand opportunities to incorporate information on health outcomes into various District programs and projects to better inform the public about the benefits associated with actions that reduce emissions of harmful air pollutants.

### Environmental Justice and Equity

Lift and address the needs of communities most impacted by air pollution by integrating environmental justice and equity across all services we provide.

#### Objectives

- Continue expanding the Community Air Protection Program monitoring network by establishing two new monitoring sites in National City and pursuing establishment of additional sites in the San Ysidro/Otay Mesa area. Expanding the network will allow SDAPCD and community stakeholders to have a better understanding of air pollution impacts and monitor the success of emission reduction strategies in these communities.
- Continue implementation of the [International Border Community Emissions Reduction Program \(CERP\)](#) and continue implementing the [Portside CERP](#) by engaging and supporting partner agencies to carry out strategies prioritized by the Community Steering Committees.
- Continue working with SDAPCD Divisions to integrate environmental justice principles and practices in guidelines and operations.

## Public Engagement and Transparency

Support informed decision-making and stakeholder confidence by promoting meaningful public engagement and transparency.

### Objectives

- *Continue expanding tools available to the public to provide meaningful data, such as information regarding enforcement actions, air quality data, and communities that might be exposed to elevated health risks to enhance accountability, empower communities, and facilitate informed decision-making processes.*
- *Expand CEQA program enhancements to provide clearer guidance on environmental review processes and improve public access to air quality and risk assessment data.*
- *Continue conducting outreach in environmental justice communities to ensure that SDAPCD is consistently engaging with communities that have been historically overburdened by air pollution.*

## Operational Excellence

Ensure superior service delivery by providing innovative technology and appropriate resources, supported by resilient processes and controls, to accomplish our mission.

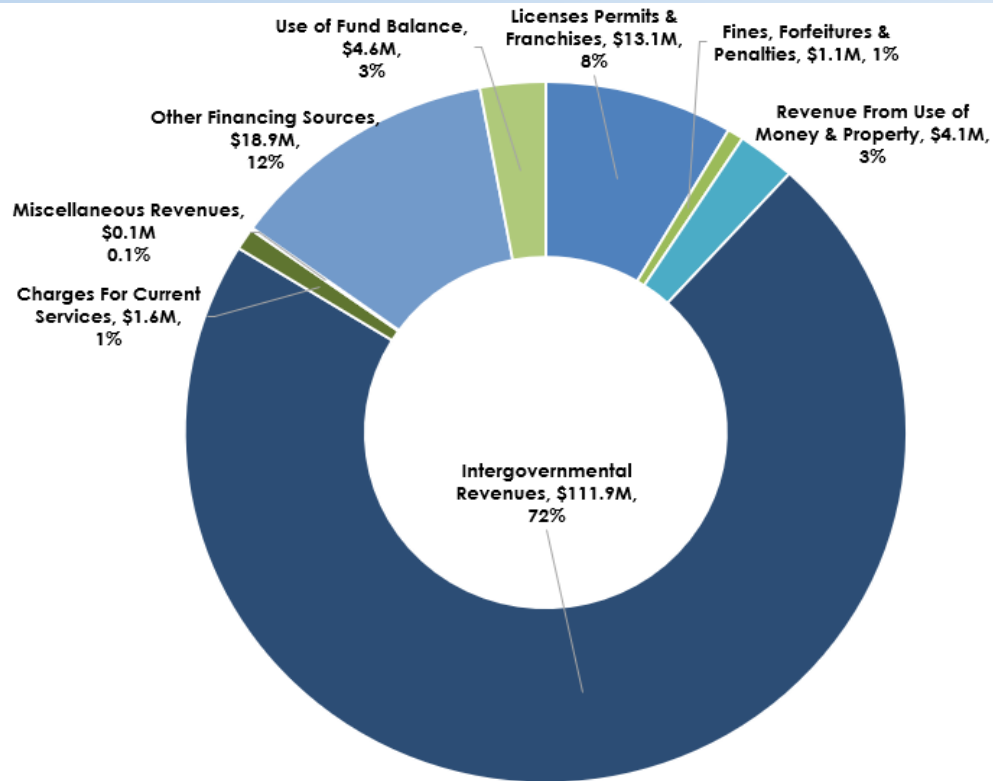
### Objectives

- *Work with partners at the County Department of General Services and SDG&E to complete the installation of additional electric vehicle (EV) charging stations at the SDAPCD office for fleet, employee, and public use. This project is expected to be completed in the first quarter of FY 2025-26.*
- *Reduce the organization's dependence on fund balance by bringing forward a transparent cost recovery package aimed at closing the revenue gap and increasing fee-related cost recovery compared to the previous year.*
- *Improve employee engagement to promote a more motivated and productive workforce.*
- *Continue refining the [Emission Inventory System](#) (EIS) for improved data accuracy and alignment with state and federal reporting requirements.*
- *Implement process improvements to business practices related to applications, invoicing, and permitting to help streamline processes for customers and staff.*



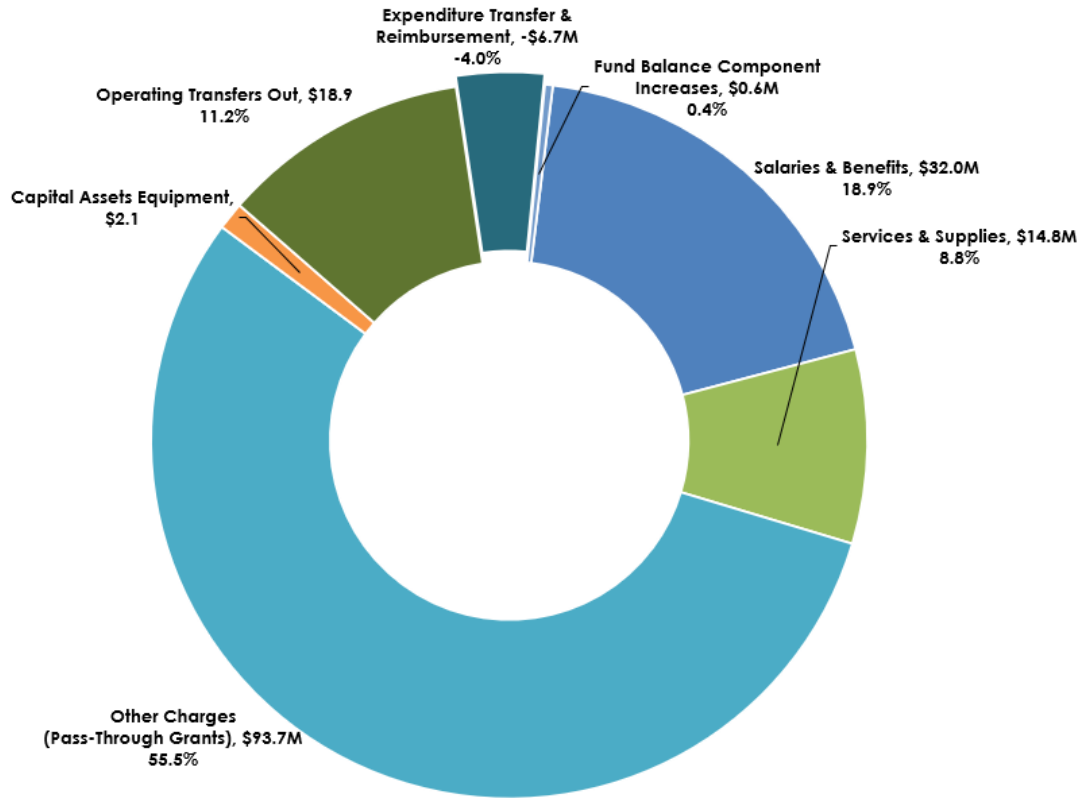
## SECTION 2 – BUDGET FINANCIAL STATEMENTS

### REVENUES BY CLASSIFICATIONS (\$155.4 MILLION)



Budget by Revenue Category				
Revenue Detail	FY23-24 Adopted Budget	FY24-25 Adopted Budget	FY25-26 Recommended	% Difference
Licenses Permits & Franchises	10,441,300	11,375,000	13,130,000	15.4%
Fines, Forfeitures & Penalties	1,314,600	1,319,600	1,125,000	(14.7)%
Revenue From Use of Money & Property	220,200	2,530,000	4,060,000	60.5%
Intergovernmental Revenues	81,823,100	84,672,500	111,893,300	32.1%
Charges For Current Services	1,373,000	1,720,800	1,560,800	(9.3)%
Miscellaneous Revenues	46,600	54,600	154,600	183.2%
Other Financing Sources	16,592,200	17,665,000	18,895,700	7.0%
Use of Fund Balance	4,303,500	900,000	4,550,000	405.6%
<b>Total</b>	<b>116,114,500</b>	<b>120,237,500</b>	<b>155,369,400</b>	<b>29.2%</b>

## EXPENDITURES BY CLASSIFICATIONS (\$155.4 MILLION)



Budget Detail	FY23-24 Adopted Budget	FY24-25 Adopted Budget	FY25-26 Recommended Budget	% Difference
Salaries & Benefits	27,853,300	29,492,300	31,970,800	8.4%
Services & Supplies	15,761,800	15,185,800	14,787,233	(2.6)%
Other Charges	59,456,600	60,001,500	93,720,600	56.2%
Capital Assets Equipment	2,017,000	1,400,000	2,095,000	49.6%
Expenditure Transfer & Reimbursements	-6,466,400	-4,407,100	-6,699,933	52.0%
Operating Transfers Out	16,592,200	17,665,000	18,895,700	7.0%
Fund Balance Component Increases	900,000	900,000	600,000	(33.3)%
<b>Total</b>	<b>116,114,500</b>	<b>120,237,500</b>	<b>155,369,400</b>	<b>29.2%</b>

## **BUDGET VARIANCE EXPLANATIONS**

### **REVENUES & SOURCES VARIANCE EXPLANATIONS**

#### **Licenses, Permits, & Franchises (Applications & Permit Renewals)**

Increase of \$1.8M, or 15.4%, based on latest Fiscal Year 2024-25 fee for service revenue projections compared to adopted budget and projected revenue increases, consistent with the Fiscal Year 2025-26 Cost Recovery plan.

#### **Fines, Forfeitures & Penalties**

Decrease of \$0.2M, or 14.7%, for an estimated total of \$1.1M, based on a three-year average of prior year actuals.

#### **Revenue from Use of Money & Property (Interest)**

Increase of \$1.5M, or 60.5%, due to projected interest revenue on incentive grant fund balances based on an increase of expected State incentive grant funding and fund balance reserve usage for pass-through incentive grant projects.

#### **Intergovernmental Revenues (Federal & State Pass-through Grants)**

Net increase of \$27.2M, or 32.1%, due to increases in State grant funding for the Advanced Technology Demonstration and Pilot Project: Zero Emission Sustainable Transportation (ZEST) Program (\$15.3M); Clean Cars 4 All (CC4A) (\$8.4M); AB 617 Community Air Protection Program and Community Air Protection Incentives (\$3.7M), Goods Movement Emission Reduction Program (GMERP) (\$2.2M); and Carl Moyer (\$1.5M). These are offset by an expected decrease for the Diesel Emissions Reduction Act (DERA) (-\$2.6M); Funding Agricultural Replacement Measures for Emission Reductions (FARMER) (-\$0.8M); Environmental Protection Agency Clean Air Act Section 105 (-\$0.5M)

#### **Charges for Current Services**

Decrease of \$0.2M, or 9.3%, based on the projected Asbestos fee revenue consistent with the Fiscal Year 2025-26 Cost Recovery plan.

#### **Miscellaneous Revenues**

Increase of \$0.1M, or 183.2%, due to funding anticipated activities that achieve emissions reductions in communities impacted by excess emissions from vessels at berth.

#### **Other Financing Sources (Operating Transfers in from District Special Revenue Funds)**

Net increase of \$1.2M, or 7%, due to an increase in operating transfers from various State Incentive Grants (\$1.1M) and Vehicle License Registration Fees (\$0.1M) to administer pass-through incentive grant projects.

#### **Use of Fund Balance**

Increase of \$3.65M for the following one-time FY 2025-26 projects:

- \$3.1M – Increase of Fund Balance use in the AB 617 Funds “interest earned” to fund programs and projects that benefits AB 617 communities.

- \$0.3M – Decrease in Operations Fund Uncommitted Fund Balance use by moving \$0.6M to the “*Committed for Operating Reserve Fund Balance*” account, for a total balance of \$5.8M which is an estimated two months of operating expenditure reserve.
- \$0.5M – Increase in the “*Committed for Financial and Data Management Systems Replacement and Upgrade Fund Balance*” use, for a total balance of \$2.5M, to pay for anticipated costs associated with permitting system upgrades.
- \$0.35M – Increase in the “*Committed for Facilities*” use, for a total balance of \$0.65M, to pay for anticipated costs associated with the facility boiler replacement and electrification.

### **EXPENDITURES & USES VARIANCE EXPLANATIONS**

#### **Salaries & Benefits**

Increase of \$2.5M, or 8.4%, due to anticipated step increases, update in retirement contribution rates and standard assumptions subject to change due to ongoing labor negotiations.

#### **Services & Supplies (e.g., Professional Services, Utilities, Equipment, and Overhead)**

Decrease of \$0.4M, or 2.6%, primarily due to the early termination of the EPA Environmental Justice Government-to-Government (EJG2G) grant.

#### **Other Charges (Grant Funded Pass-through Projects)**

Increase of \$33.7M, or 56.2%, due to the newly awarded State ZEST grant (\$15.3M) and new and increased funding in existing State pass-through incentive grants (\$18.4M) primarily in the CC4A and AB 617 Incentives grant programs.

#### **Capital Assets**

Net increase of \$0.7M, or 49.6%, due to the procurement of Hydrogen Sulfide (H<sub>2</sub>S) monitoring equipment and monitoring station construction (\$0.6M); facility boiler replacement and electrification (\$0.35M); projected completion of the electric vehicle charging station construction at the SDAPCD office (\$0.2M). This is offset by a decrease in fleet vehicle procurements (-\$0.4M)

#### **Expenditure Transfer Reimbursement (Administrative Overhead Costs Applied to District Programs)**

Increase of \$2.3M, or 52%, due to an increase in overhead costs allocated between programs which is offset in Services & Supplies Cost Applied to External Entity.

#### **Operating Transfers Out (Operating Transfers from Special Revenue Funds to District Funds)**

Increase of \$1.2M, or 7%, due to an increase in operating transfers from State Incentive Grants primarily for District costs to administer projects funded under the Community Air Protection Program (AB 617).

#### **Fund Balance Component Increases (Funding for One-Time Expenditures)**

Decrease of \$0.3M due to the transfer of Fund Balance from the Operations Fund Uncommitted Fund Balance to the “*Committed for Operating Reserve Fund Balance*” as mentioned above.

## FUND BALANCE SUMMARY

Fund Name	6/30/2025 Projected Fund Balance	FY25-26 Recommended Budget	6/30/2026 Projected Fund Balance	% Difference
<b>Operations</b> - Unassigned Fund Balance	4,389,900	(600,000)	3,789,900	-13.7%
<i>Committed Fund Balance for Operating Reserve</i>	<i>5,200,000</i>	<i>600,000</i>	<i>5,800,000</i>	<i>11.5%</i>
<i>Committed Fund Balance for Financial and Data Management Systems Replacement and Upgrade</i>	<i>3,000,000</i>	<i>(500,000)</i>	<i>2,500,000</i>	<i>-16.7%</i>
<i>Committed Fund Balance for Facilities/Fleet Maintenance and Repair</i>	<i>1,000,000</i>	<i>(350,000)</i>	<i>650,000</i>	<i>-35.0%</i>
<b>Total Operations Fund Balance</b>	<b>13,589,900</b>	<b>(850,000)</b>	<b>12,739,900</b>	<b>-6.3%</b>
<b>AB2766 Motor Vehicle Fee (MVF)</b> - Unassigned Fund Balance	4,238,923	-	4,238,923	0.0%
<b>Subtotal Operations &amp; MVF Fund Balance</b>	<b>17,828,823</b>	<b>(850,000)</b>	<b>16,978,823</b>	<b>-4.8%</b>

### Fund Balance Changes

In Fiscal Year 2024-25 the District did not include the usage of fund balance in the adopted budget to fund District operations. The Governing Board did approve the movement of \$900,000 from the Operations General Fund to three committed funds; \$350,000 to Committed for Operating Reserves, \$300,000 to Committed for Facilities, and \$250,000 to Committed for Financial and Data Management Systems. Throughout the fiscal year adjustments are made based on actual revenues and expenditures, and it is anticipated in addition to the movement of the approved \$900,000 the District will need to draw down \$1.4M in Fiscal Year 2024-25 to cover revenue shortfalls, resulting in a projected year-end unassigned fund balance of \$4.4M. As part of the Fiscal Year 2025-26 Recommended Budget, SDAPCD is requesting to move \$600,000 from the Operations General Fund to the Committed for Operating Reserves Fund to ensure we have two months' worth of operating reserves, for a projected Operations General Fund balance of \$3.8M at the end of Fiscal Year 2025-26. During Fiscal Year 2025-26 the District anticipates two large one-time projects, the replacement and electrification of the boiler system and the upgrade of the permitting IT system of record. Consequently, the District is proposing to use \$350,000 from the Committed Fund Balance for Facilities/Fleet Maintenance and Repair for the boiler replacement and electrification leaving a balance of \$650,000 and \$500,000 for the IT system upgrade from the Committed Fund Balance for Financial and Data Management Systems Replacement and Upgrade leaving a balance of \$2.5M. There is however no proposed use of fund balance to fund ongoing District operations included in the Fiscal Year 2025-26 Recommended Budget.

## STAFFING SUMMARY (FULL-TIME EQUIVALENT OR FTE)

STAFFING SUMMARY				
Program	FY23-24 Adopted Budget	FY24-25 Adopted Budget	FY25-26 Recommended Budget	Recommended - Adopted
Administration	13	10	11	1
Compliance	44	44	44	0
Engineering	27	27	27	0
Governing Board	2	2	2	0
Mobile Incentives	12	12	12	0
Monitoring	42	37	37	0
Office Of Environmental Justice		9	9	0
Rule Development	5	5	5	0
Source Testing	6	6	6	0
Support Services	26	26	25	-1
<b>Total</b>	<b>177</b>	<b>178</b>	<b>178</b>	<b>0</b>

### Staffing Changes from FY 2024-25 (Adopted) to FY 2025-26 (Recommended)

As SDAPCD continues to ensure fiscal stability, the Fiscal Year 2025-26 Recommended Budget includes 178 total staff years (full-time equivalent or FTE). This includes 178 FY 2024-25 Adopted Positions and no new proposed staffing increases.



## BUDGET SUMMARY BY PROGRAM

Budget by Program				
	FY23-24 Adopted Budget	FY24-25 Adopted Budget	FY25-26 Recommended Budget	% Difference
<b>Program</b>	<b>38,951,200</b>	<b>41,898,500</b>	<b>56,821,500</b>	<b>35.6%</b>
Administration	3,292,900	2,736,800	2,986,000	9.1%
Compliance	7,192,600	7,723,800	7,960,600	3.1%
Engineering	4,963,000	5,318,500	5,016,300	(5.7)%
Governing Board	495,400	505,500	531,100	5.1%
Hearing Board	37,900	10,700	3,900	(63.6)%
Mobile Incentives	4,140,800	5,163,400	17,936,100	247.4%
Monitoring	8,765,800	7,442,900	8,680,400	16.6%
Office Of Environmental Justice		2,375,600	1,867,900	(21.4)%
Rule Development	960,300	1,068,600	1,073,200	0.4%
Source Testing	1,281,500	1,367,200	1,377,900	0.8%
Support Services	7,821,000	8,185,500	9,388,100	14.7%
<b>Special Revenue Fund</b>	<b>77,163,400</b>	<b>78,339,000</b>	<b>98,547,900</b>	<b>25.8%</b>
AB617 Implementation Ab423		4,469,000	4,715,900	5.5%
Air QI Community Ab 617	28,632,300	35,800,000	43,800,000	22.3%
Air QI Farmer Program	2,961,000	980,000	132,000	(86.5)%
Air QI Proposition 1B GMERP	2,100,000	1,250,000	3,400,000	172.0%
Air Quality Clean Cars 4 All	5,024,500	5,140,000	13,765,000	167.8%
Air Quality Moyer Program	25,648,300	19,030,000	20,800,000	9.3%
Apc Air Qual Improv Trust	12,797,300	11,670,000	11,700,000	0.3%
Supplemental Environmental Project			135,000	
Vessels At Berth Remediation Ab423			100,000	
<b>Total</b>	<b>116,114,600</b>	<b>120,237,500</b>	<b>155,369,400</b>	<b>29.2%</b>

Note: The FY25-26 Recommended Budget by Program removes the overhead costs allocated via Expenditure Transfer & Reimbursement to show a program specific representation of each program's revenues and costs.

### SPECIAL REVENUE FUND SUMMARY AND BUDGET

#### AB 617 Community Air Protection (CAP) Incentives Fund - \$43.8M

This fund is legally restricted for District administration of the Community Air Protection Incentives Program to support annual program staffing and provide incentive funding to reduce the emissions of air pollutants within identified under-resourced communities. Revenue is received annually from the California Air Resources Board (CARB) through the State budget process and is derived from the carbon auction proceeds pursuant to the Statewide Cap and Trade program.



### **AB 617 Community Air Protection Program (CAPP) Implementation Fund - \$4.7M**

This fund is legally restricted for District administration of the Community Air Protection Implementation Program, to identify potential areas to participate in the program, and monitor and improve air quality in communities that are disproportionately impacted by air pollution due to environmental, health, and socioeconomic factors. Revenue is received annually from the California Air Resources Board (CARB) through the State budget process and is derived from the carbon auction proceeds pursuant to the Statewide Cap and Trade program. This fund supports annual program staffing, capital expenditures for air monitoring equipment, services and supplies as necessary to measure air pollutants within the identified disadvantaged communities, ongoing community engagement, and the implementation of community developed emission reduction plans.

### **Carl Moyer Program Fund - \$20.8M**

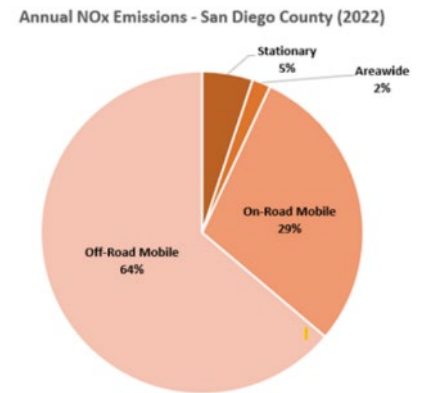
This fund is legally restricted for projects that reduce emissions and associated health risks from portable and mobile sources and equipment in advance of regulatory requirements, and for program administration under the Carl Moyer Program. Revenue is received annually from CARB through an application process that considers the County's total population and air quality attainment status. Revenue is derived from annual smog abatement



fees paid by owners of vehicles that are up to 8 model-years old and thus exempt from smog check requirements. The Fund is used to provide one-time grants for District approved projects to incentivize the accelerated retirement and replacement of older, highly polluting diesel engines ahead of deadlines set by State law. Qualifying projects are solicited annually through a competitive proposal process, evaluated, and selected pursuant to State guidelines. Disbursements to an individual project are completed after the awardee has entered into a contract with the District and submitted proof of payment for the replacement equipment, which can take one to four years. Any funding not disbursed in the current year is rolled forward to the next annual grant cycle.

### **AB2766 Motor Vehicle Fee (Air Quality Improvement Trust) Fund - \$11.7M**

This fund is used to support District programs for the reduction of motor vehicle emissions and for related planning, monitoring, enforcement, and technical studies necessary to implement the California Clean Air Act or for the attainment or maintenance of state or federal ambient air quality standards. Revenue is received quarterly from the Department of Motor Vehicles (DMV) and is derived from a \$4 vehicle registration levy paid annually to the District (via the DMV) by San Diego County motorists. The fund is also used to fulfill the required local match requirements for other programs and grants. The fund also supports the District's Mobile Source Compliance Program, which is the only one of its kind in California that enforces mobile source regulations pursuant to a Memorandum of Understanding with CARB. Finally, to a lessening extent, these funds have also been used to offset administrative costs of the District's regulatory program for stationary sources, due to the fact that the region's air quality non-attainment status is largely driven by motor vehicle emissions.



### **Clean Cars 4 All (CC4A) Fund - \$13.8M**

This fund is legally restricted for projects that provide lower-emission vehicles or transportation alternatives such as transit passes or electric bicycles for lower income residents in disadvantaged communities who trade in their higher polluting vehicles. The program operates on a first come first served basis and the District contracts with a local community-based organization for project outreach and administration. Any funding not disbursed in the current year is rolled forward to the next fiscal year to support the program.



### **Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER) Fund – \$0.1M**

This fund is legally restricted for projects that reduce air pollution and greenhouse gas emissions in the agricultural sector. This fund is used to provide one-time grants to District approved projects to incentivize the accelerated retirement and replacement or upgrade of older, higher-polluting on-road and off-road agricultural equipment including tractors, harvesting equipment, irrigation pump engines, utility terrain vehicles, heavy-duty trucks, and other equipment used in agricultural operations. Qualifying projects are solicited through a competitive proposal process, evaluated, and selected pursuant to State guidelines. Disbursements to an individual project are completed after the awardee has entered into a contract with the District and submitted proof of payment for the replacement vehicle, which can take one to four years. Any funding not disbursed in the current year is rolled forward to the next annual grant cycle.



### **Goods Movement Emission Reduction Program (GMERP) Fund - \$3.4M**

This fund is legally restricted for projects that reduce emissions and associated health risk from freight movement, and for program administration by the District. The revenue was received from CARB and was derived from \$1 billion in Statewide bond funding as approved by California voters in 2006 (Proposition 1B). All bond funding has been allocated by the State. Accordingly, this fund is to be closed upon disbursement of all project funds.



## **PROGRAM DESCRIPTIONS AND BUDGET**

### **Monitoring - \$8.7M**

- Operates a regional network of outdoor air monitoring stations pursuant to State and Federal requirements to measure air quality and track the region's progress toward attaining and maintaining clean air standards.
- Issues daily air quality forecasts and reports and, if necessary, air pollution health advisories and alerts.
- Performs air pollutant modeling for permit applications to determine air quality compliance.



### **Support Services - \$9.4M**

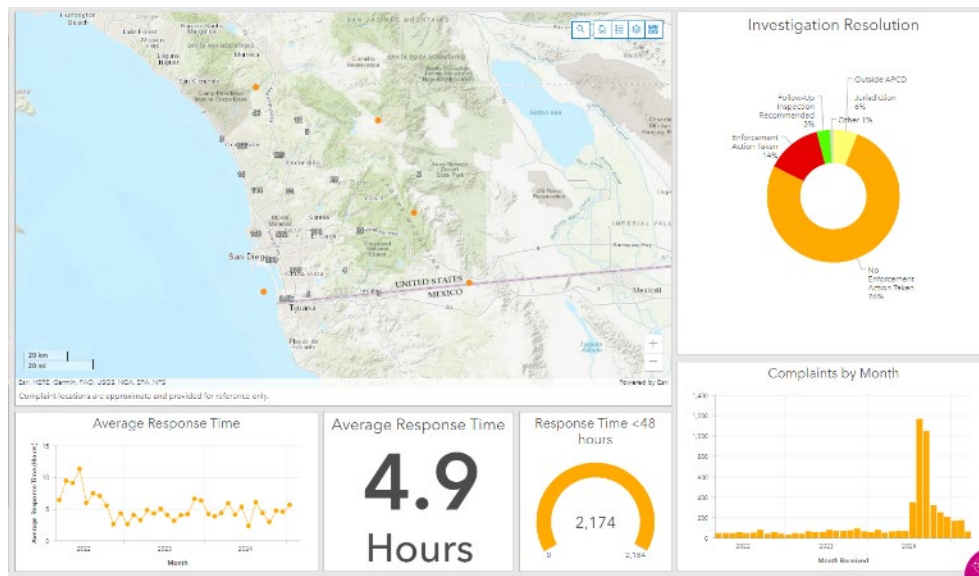
- Provides administrative support and services to internal and external customers and stakeholders, including fee payers, internal divisions, and employees.
- These services are provided through five distinct units: Accounting, Administrative Services, Budget/Fiscal, Information Technology (IT), and Permit Processing:
  - Accounting is responsible for accounts receivable, accounts payable, revenue posting, asset management, and financial reporting.
  - Administrative Services is responsible for Public Records Act requests, subpoenas, and records retention.
  - Budget/Fiscal is responsible for budget preparation, implementation, reporting and monitoring, grants management, audits, and management of facilities and fleet including acquisition.
  - Information Technology is responsible for overall planning, administration, and coordination of all IT activities.
  - Permit Processing is responsible for intake and processing of new applications and permits to operate and permit renewals.

## Compliance - \$8.0M

The Compliance team is responsible for verifying compliance with air quality regulations through field inspections, investigating air quality complaints reported by the public, and taking appropriate enforcement actions when necessary.

- Verifies compliance with Federal, State, and local air pollution control requirements via unannounced inspections of regulated stationary facilities as well as some mobile source operations under a Memorandum of Understanding with the California Air Resources Board.
- Conducts inspections of building renovation and demolition operations where asbestos may be present.
- Issues enforcement documents when violations are documented.
- Administers a Violation Settlement Program to resolve air quality violations.
- Provides education and outreach to ensure regulated entities fully understand how to comply with air quality regulations.
- Responds to air quality complaints.

District inspectors conduct approximately **15,000** inspections per year



*Air Quality Complaints Interactive Mapping Tool*

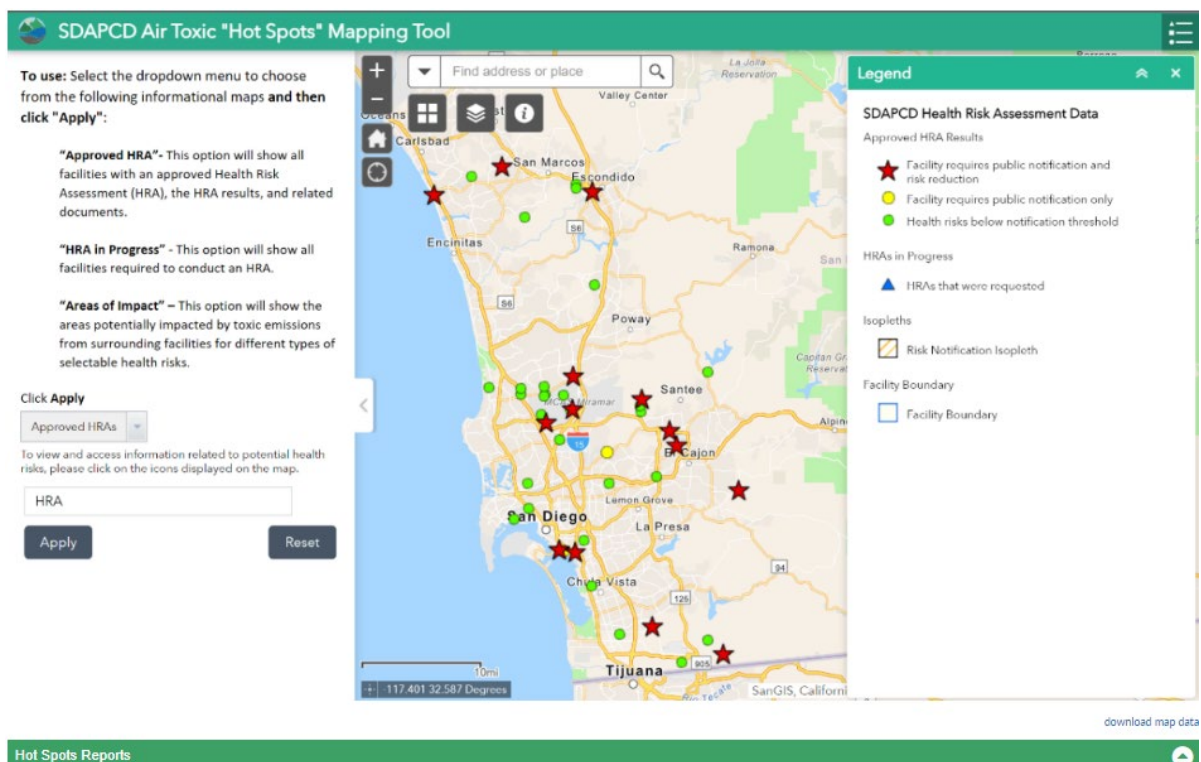


[www.sdapcd.org/complaints](http://www.sdapcd.org/complaints)

## Engineering - \$5.0M

The Engineering team is composed of engineers, air quality specialists, and support staff who collaborate to assess and regulate air pollution, ensuring the protection of public health and the environment.

- Evaluates permit applications from businesses and facilities that emit air pollutants, issuing facility-specific permits that establish emission limits and compliance requirements.
- Quantifies air pollutant emissions from various sources to support the SDAPCD's efforts in prioritizing control measures and emission reduction strategies.
- Implements the State-mandated Air Toxics Hot Spots Program to identify and reduce toxic emissions from facilities, minimizing associated health risks in affected communities.



*Hot Spots Program Interactive Mapping Tool*



<https://url.ly/sdhotspotsmap>

### **Mobile Incentives & Planning - \$18.0M**

- Allocates grant funding to assist businesses, public agencies, and residents to voluntarily replace their higher polluting vehicles and equipment with new low or zero-polluting versions in advance of regulatory requirements. Projects are solicited, evaluated, and funded by SDAPCD pursuant to State guidelines.
- Prepares plans to attain and maintain Federal and State clean air standards throughout the region.



### **Administration - \$3.0M**

- Provides executive / management services to all divisions and programs within the District.
- Services include Government and Public Relations, Human Resources (HR), legal services, employee safety and wellness, legal compliance, and general oversight related to the District's employees.

### **Source Testing - \$1.4M**



- Measures air pollutant emissions from permitted facilities, known as source testing, to verify compliance with emission limits.
- Witnesses' independent contractors performing source testing to ensure compliance with methods, rules, and emission limits stated in the facilities' permit to operate. This also includes reviewing the independent contractor's source testing report to ensure its accuracy and completeness.
- Performs or witnesses required source testing for permit applications to determine initial compliance and to facility specific emission factors.
- Reviews test data related to facility health risk reduction plans.

### **Rule Development - \$1.1M**

- Develops rules to implement state and federal air quality attainment plans and reduce emissions from stationary sources.
- Assists with development of air quality attainment plans by researching air pollution control technologies and regulations of other air agencies to evaluate potential feasibility for implementation via local rules.
- Conducts outreach and workshops to solicit information and feedback from regulated industries, residents, and other stakeholders on potential new or revised rules.

### **Governing Board & Hearing Board - \$0.5M**

- Clerk of the Board provides operational support to both the SDAPCD Governing Board and Hearing Board including serving as meeting parliamentarian, managing meeting agendas and minutes, and maintaining official records for both the SDAPCD Governing Board and Hearing Board.

### **Office of Environmental Justice - \$1.9M**

- The Office of Environmental Justice develops strategies to engage environmental justice stakeholders and disadvantaged communities in SDAPCD policy, budget development and priority-setting, and supports development and implementation of the Community Air Protection Program to monitor and improve air quality in communities that experience disproportionate burdens from exposure to air pollution.

Additional monitoring sites are planned in National City, and Otay Mesa in Fiscal Year 25/26



## **SECTION 3 – APPENDICES**

### **APPENDIX A: BASIS OF BUDGETING**

The District's basis of budgeting is modified accrual, which is recognized as the generally accepted method of accounting for State and Local Governments. Using this method of accounting, revenues are recognized when they are measurable and available, and expenditures are recorded when they are incurred. Modified accrual accounting can also divide available funds into separate programs within the District to ensure the money is spent where it was expected.

### **APPENDIX B: GLOSSARY**

**Adopted Budget:** The annual budget as formally adopted by the Governing Board for a specific fiscal year.

**Balanced Budget:** A budget in which the planned expenditures and the means of financing them are equal.

**Budget:** A financial plan for a single fiscal year that includes expenditures and the means of financing them. The SDAPCD budget is voted upon by the Governing Board.

**Capital Assets Equipment:** Includes physical assets or property (e.g., vehicles, lab equipment, furniture, software, etc.) that are used in operations and that have initial useful lives extending beyond a single reporting period.

**Carry Forward:** The budget that captures encumbrances and appropriations related to the encumbrances, at the end of one fiscal year, that is carried over into the next fiscal year.

**Charges for Current Services:** Includes revenues received because of fees charged for certain services provided to residents and other public agencies. This group of revenue accounts includes revenues resulting from asbestos notification and Portable Equipment Registration Program (PERP) fees. These fees can only be used to cover the costs of the services provided.

**Committed for Facilities and Fleet Fund Balance Account:** This committed account within the General Fund, could be used for facilities and fleet improvements and replacement as necessary, as determined by District Management with Governing Board approval. The limitations of use are imposed by the highest level of decision-making (i.e., the Governing Board) and requires formal action at the same level to remove.

**Committed for Financial and Data Management Systems Fund Balance Account:** This committed account within the General Fund, could be used for financial or data management systems upgrade or replacement as necessary, as determined by District Management with Governing Board approval. The limitations of use are imposed by the highest level of decision-making (i.e., the Governing Board) and requires formal action at the same level to remove.

**Committed for Operating Reserve Fund Balance Account:** This committed account within the General Fund, includes approximately two months of operating expenditure reserves that could be used, if necessary, to maintain core programs and services in cases of unforeseen economic revenue shortfalls and/or unanticipated expenditures, as determined by District Management with Governing Board approval. The limitations of use are imposed by the highest level of decision-making (i.e., the Governing Board) and requires formal action at the same level to remove.

**Employee Benefits:** The portion of an employee compensation package that is in addition to wages. Included are the employer's share of costs for Social Security and various pension, medical and life insurance plans.

**Encumbrance:** A commitment within SDAPCD to use funds for a specific purpose.

**Expenditure:** A decrease in net financial resources. Expenditures include current operating expenses that require the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements, and shared revenues.

**Expenditure Transfer & Reimbursement:** Transfer of costs for services provided between programs/budget units within the same governmental type of fund. The cost of the services is transferred to the revenue earning programs with an equal reduction in cost to the programs providing the services.

**Fines, Forfeitures, & Penalties:** A group of revenue accounts that includes revenue derived from fines paid by violators of air quality regulations.

**Fiscal Year (FY):** A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. SDAPCD's fiscal year is July 1 through June 30.

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and equities or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance:** The difference between fund assets and fund liabilities of governmental funds. Fund Balance may be used in the budget for the upcoming fiscal year as a funding source for one-time projects/services.

**Fund Balance Component Increases/Decreases:** An expenditure or revenue account group that indicates that a fund balance component is to be augmented (increased) or used as a funding source (decreased). These two categories are used only for adjustments to Committed Fund Balance.

**Intergovernmental Revenues:** Revenue received from other governmental entities such as State and Federal grant monies, most of which is pass-through funding for projects to improve air quality and public health in communities throughout the region. Intergovernmental Revenues make up most of the District's revenue and is primarily used for incentives to encourage emission reductions in the region, air quality monitoring, and environmental justice efforts.

**Licenses, Permits & Franchises:** Revenue accounts that include revenue derived from permit application fees, permit renewal fees, and other fees paid by customers for District services in accordance with Rule 40 (Permit and Other Fees). These fees can only be used to cover the costs of the services provided.

**Miscellaneous Revenues:** A group of revenue accounts that includes other sales, settlements and other monetary donations from private agencies, persons, or other sources.

**Objects (line items):** A summary classification (or "roll-up" account) of expenditures and revenues based on type of goods or services (Salaries & Benefits, Services & Supplies, Capital Assets, etc.) or by type of revenue (Fines, Forfeitures & Penalties, Licenses, Permits & Franchises, etc.).

**Operating Budget:** A plan of current expenditures and the recommended means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

**Operating Transfers:** Operating transfers result when one fund provides a service on behalf of another fund. The providing fund budgets the amount required by the other fund in the "Operating Transfer Out" expenditure account. The receiving fund budgets the amount in one of the "Operating Transfer In" revenue accounts. An example is the transfer of funds between District accounts such as a transfer of funds out of the Air Quality Improvement Trust Fund and into to the Operations Fund to recover SDAPCD's costs for motor-vehicle related operations and other programs necessary for the attainment or maintenance of state or federal ambient air quality standards.

**Operations General Fund:** This fund is legally restricted for operations of the Air Pollution Control District. Revenue is derived primarily from permits, applications and other fees paid by local industrial sources, Federal grant funding from the Environmental Protection Agency (EPA), State subvention funding from the California Air Resources Board (CARB), the Department of Motor Vehicles (DMV) Registration Fees, and fines paid by violators of air quality regulations. This fund is primarily used to finance District operations and for one time uses each year.

**Other Charges:** A group of expenditure accounts that includes pass-through contributions to governmental and non-governmental entities primarily to account for grant awards to businesses and other entities to incentivize voluntary emission reductions from mobile sources and other equipment.

**Other Financing Sources:** An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. Examples include transfers of funds between District accounts to cover District costs to support programs and administer projects.

**Program:** A set of activities directed to attaining specific purposes or objectives.

**Program Revenue:** Revenue generated by programs and/or dedicated to offset a program's costs.

**Recommended Budget:** The budget document developed SDAPCD and formally approved by the Governing Board to serve as a basis for public hearing and deliberations prior to the determination of the adopted budget.

**Revenue from Use of Money & Property:** Interest revenue earned on fund balances.

**Salaries & Benefits:** A group of expenditure accounts that includes payroll costs associated with full and part-time employees which includes wages, supplemental pay, retirement / pension, Social Security, Medicare, and Flex Credit used to offset medical and/or dependent care.

**Services & Supplies:** A group of expenditure accounts that includes, but is not limited to, professional contracted services (e.g., audit, legal and consulting services), utilities, lab equipment and supplies, and information technology costs.

**Special District:** An independent unit of local government set up to perform a specific function or a restricted number of related functions. A special district might be composed of cities, townships, or counties, or any part of combination of these.

**Special Revenue Fund:** A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Trust Fund:** A fund used to account for assets held by a government unit in a trustee capacity or as an agent for the others and which, therefore, cannot be used to support the government's own programs.

**Use of Fund Balance:** The amount of fund balance used as a funding source for one-time projects/services, primarily to fund specific one-time expenditures in general support of District programs, such as air monitoring and lab equipment purchases and fleet vehicle replacements.

## **APPENDIX C: BUDGET DETAIL**

[See San Diego County Air Pollution Control District Budget Website](#)

## **APPENDIX D: SCHEDULE OF FEES**

[See Rule 40 & Rule 42](#)