



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

**AGENDA: 4**

# **Proposed Fiscal Year End 2015 Budget**

## **Budget and Finance Committee**

**April 23, 2014**

**Jeff McKay**

**Deputy Air Pollution Control Officer**



# OUTLINE

- Overview of Revenue and Expenditure FYE 2015
- OPEB
- Detailed Review of Revenue and Expenditure



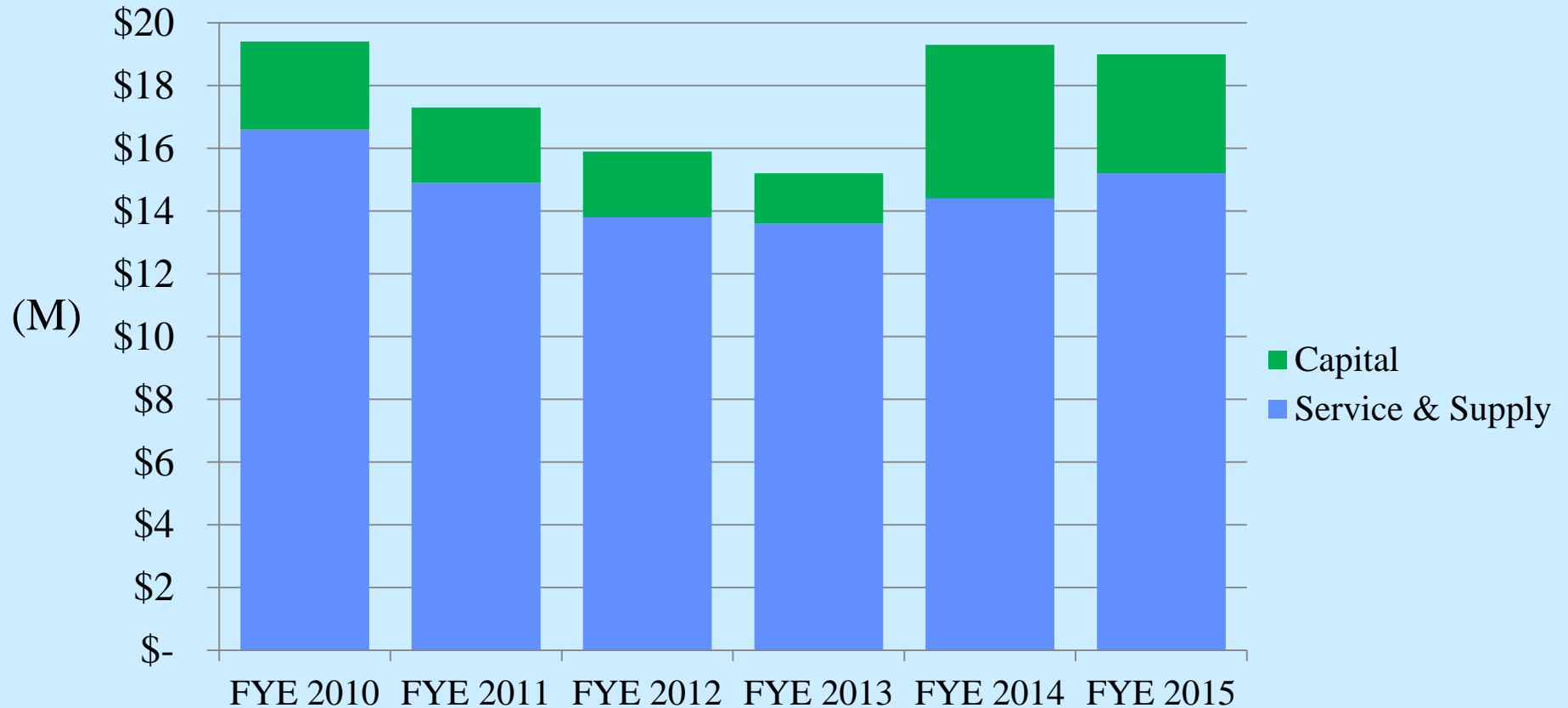
# OVERVIEW

## Proposed Budget for FYE 2015

- \$ 65.6 M General Fund Budget
- Incorporates Cost Recovery Policy
- New GHG Funding for 4 new positions
- Hire Staff: From 310 to 329 filled positions
- Addresses Retirement Liabilities
- Anticipates new EA Contract
- Reserves Allocated for some Capital Items



# EXPENSE and CAPITAL

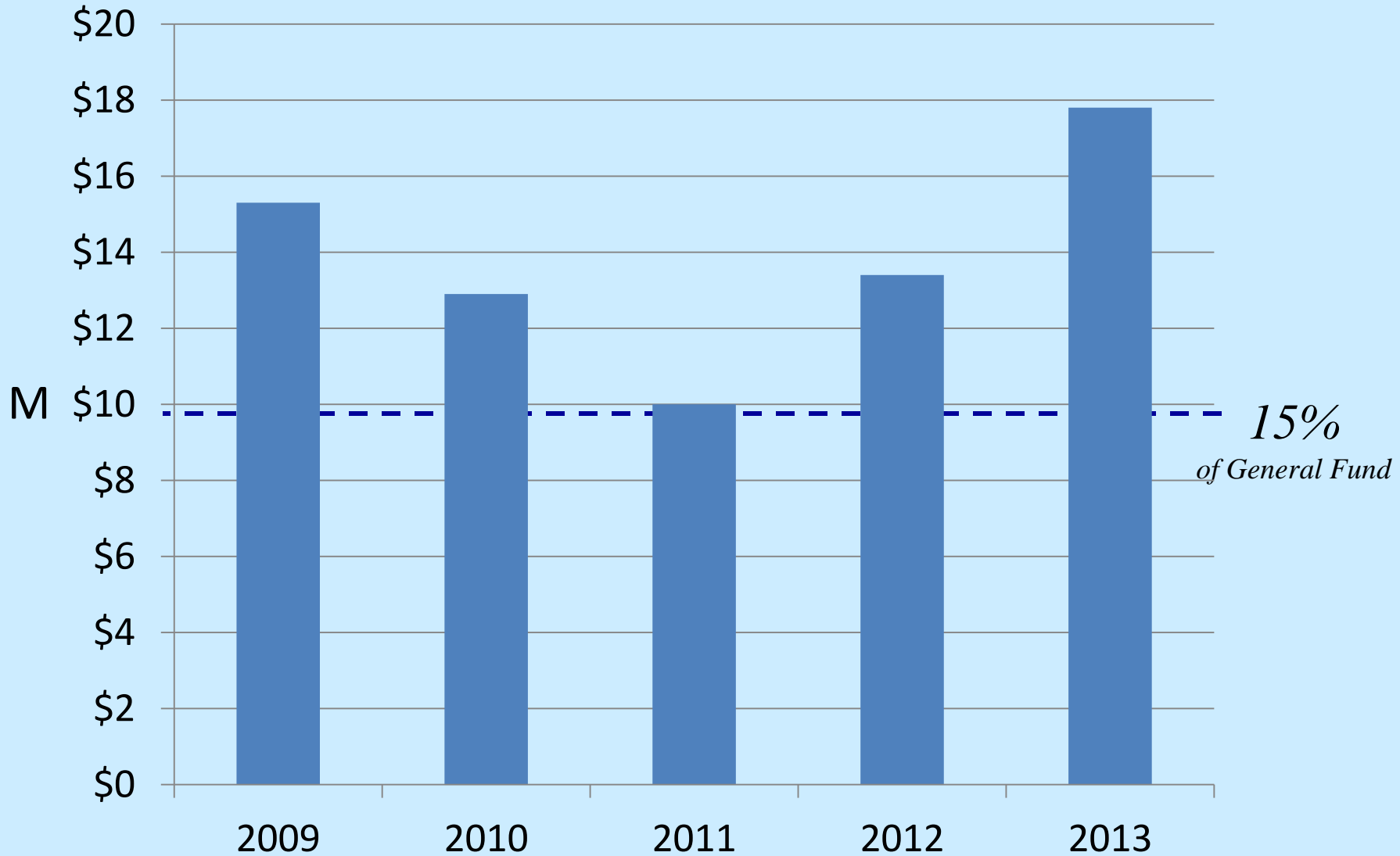


	<u>FYE 2010</u>	<u>FYE 2011</u>	<u>FYE 2012</u>	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>
<b>Service &amp; Supply</b>	\$ 16.6	\$ 14.9	\$ 13.8	\$ 13.6	\$ 14.4	\$ 15.2
<b>Capital</b>	\$ 2.8	\$ 2.4	\$ 2.1	\$ 1.6	\$ 4.9	\$ 3.8
<b>Total</b>	<b>\$ 19.40</b>	<b>\$ 17.30</b>	<b>\$ 15.90</b>	<b>\$ 15.20</b>	<b>\$ 19.30</b>	<b>\$ 19.00</b>



# DISTRICT RESERVE FUNDS

## Audited Values



# RESERVES DESIGNATED FOR SPECIFIC CAPITAL ITEMS

JD Edwards Software Upgrade	\$ 1,000,000
IT-Desktop Equipment	\$ 500,000
IT-Event Response	\$ 500,000
GHG Monitoring Equipment	\$ 360,900
Meteorological Network Equipment	\$ 417,100
Mobile Monitoring Instruments	\$ 450,000



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# CURRENT STAFFING LEVELS

Total Authorized	365
Current Level	310
Current Vacancies	55



# STRATEGIC STAFFING PRINCIPLES

- Ensure mandated programs are supported
- Hire for positions that will enhance operational efficiencies in the future
- Hire to advance policy direction from the Board
- Implement 10-Point Climate Action Work Plan
- Identify shared services efficiencies for upcoming move
- Continually evaluate priorities





# STAFFING CONSIDERATIONS

- Reviewed the Agency from the ground up
- Executive Management Input
- Evaluated needs to meet our goals and decided to fill 15 vacancies



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# FILLED VACANCIES FOR FYE 2015

<b>Division</b>	<b>Title</b>
Planning	Rule Development Manager
Planning	Senior Advanced Projects Advisor
Technical	Administrative Secretary
Technical	Air Quality Instrument Specialist
Compliance & Enforcement	Air Quality Inspector <b>(5)</b>
Compliance & Enforcement	Secretary
Administration	Human Resources Analyst
Engineering	Air Quality Engineering Manager
Engineering	Senior Air Quality Engineer
Information Services	Information Services Manager
Information Services	Air Quality Instrument Specialist



# CLIMATE PROGRAM STAFFING

- Implementation of the Air District's 10-Point Climate Action Work Plan
- The Air District's ground breaking GHG Fee will be modified in FYE 2015 Budget
  - An increase of 4.6 cents per ton of GHG
- 4 Positions
  - Planning (2)
  - Inspection (1)
  - Technical (1)



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# STAFFING LEVELS IN FYE 2015

<b>Current Filled Positions</b>	<b>310</b>
<b>Fill Current Vacant Positions</b>	<b>15</b>
<b>Climate Protection Positions</b>	<b>4</b>
<b>Total Budgeted Positions</b>	<b>329</b>



# FEES

- Third year of Cost Recovery Policy
- Average 6.4% Fee increase in FYE 2015 budget
- Additional GHG Fees to cover new programs
- Strong involvement by Regulated Community



# UNFUNDED LIABILITIES

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- CalPERS Retirement
  - \$220 M Obligation
  - \$59 M Unfunded
  
- OPEB Medical
  - \$51 M Obligation
  - \$32 M Unfunded



# UNFUNDED LIABILITIES RESPONSE

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- CalPERS may increase required contributions from about 12% of salary to about 20% of salary over five years.
- OPEB Medical – District has increased contribution to \$3 M.



# PRE-FUNDED OPEB MOTIVATION

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- Lower Total Costs
- Risk Mitigation
- Credit Rating (390 Main Street funding)





# ILLUSTRATION PRE-FUNDED OPEB

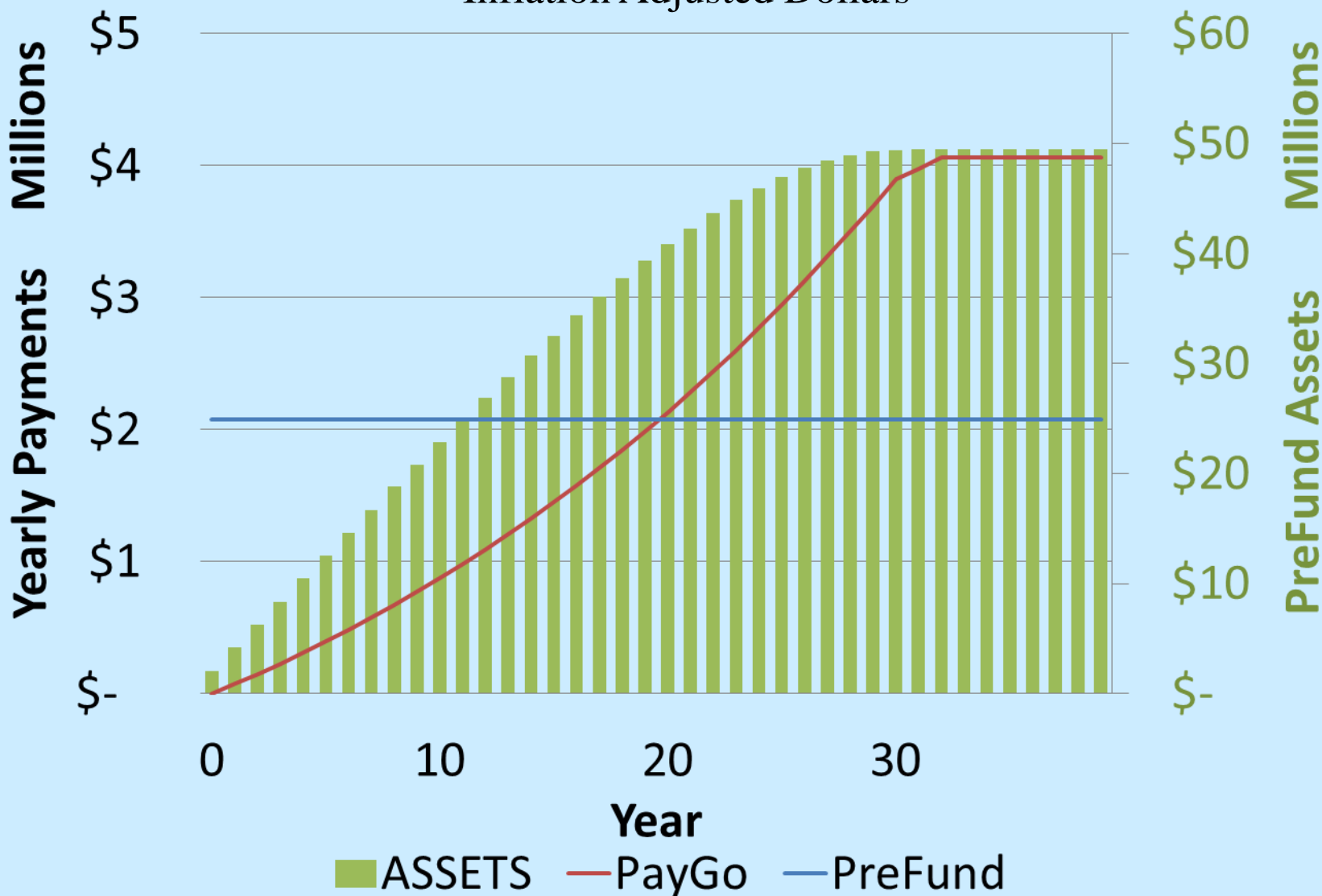
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- Prefund Retiree Payments constant \$ 2M/yr
- PayGo Retiree Payments rise to \$ 4M/yr
- Assumptions
  - CalPers earnings 4% above inflation
  - Medical costs grow 2% per year above inflation for another 10 years



# ILLUSTRATION PRE-FUNDED OPEB

Inflation Adjusted Dollars





# PRE-FUNDED OPEB RECOMENDATION

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- Continue with present funding level
- Expected full funding in approximately 15 years
- Monitor progress yearly



# SUMMARY

## Budget FYE 2015

- Budget balanced
- Current 310 positions increased to 329 in Budget
- Other Post-Employment Benefits (OPEB):
  - Contribution increased to \$3 M



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# Bay Area Air Quality Management District

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**Budget & Finance Committee Meeting**

**April 23, 2014**

**Third Quarter Financial Report  
Fiscal Year Ending 2014**

**Stephanie Osaze  
Finance Manager**



# 3rd Quarter Results FYE 2014

## General Fund - Revenues

Major Categories	FYE 2014 Budget	FYE 2014 Actual (as of 3/31/2014)	Percentage of Budgeted Revenues
County receipts	\$ 21,780,888	\$ 13,283,311	61.0%
Permit Fees	\$ 27,397,000	\$ 24,192,573	88.3%
Title V Permit Fees	\$ 3,690,000	\$ 3,379,635	91.6%
Asbestos Fees	\$ 1,900,000	\$ 2,017,466	106.2%
Toxic Inventory Fees	\$ 600,000	\$ 438,995	73.2%
Penalties and Settlements	\$ 1,700,000	\$ 2,310,963	135.9%
Miscellaneous Revenue	\$ 100,000	\$ 112,944	112.9%
Interest Revenue	\$ 277,695	\$ 462,829	166.7%
<b>Total Revenues</b>	<b>\$ 57,445,583</b>	<b>\$ 46,198,715</b>	<b>80.4%</b>



# Revenue Comparison

## Prior Year vs. Current Year

	<b>FYE 2013</b> <b>(As of March 31, 2013)</b>	<b>FYE 2014</b> <b>(As of March 31, 2014)</b>	<b>\$ DIFFERENCE</b>
County receipts	\$ 13,219,610	\$ 13,283,311	\$ 63,701
Permit Fee receipts	\$ 22,900,614	\$ 24,192,573	\$ 1,291,959
Title V Permit Fees	\$ 3,268,056	\$ 3,379,635	\$ 111,579
Asbestos Fees	\$ 1,803,201	\$ 2,017,466	\$ 214,265
Toxic Inventory Fees	\$ 548,661	\$ 438,995	\$ (109,666)
Penalties and Settlements	\$ 1,056,361	\$ 2,310,963	\$ 1,254,602
Miscellaneous Revenue	\$ 50,380	\$ 112,944	\$ 62,565
Interest Revenue	\$ 176,235	\$ 462,829	\$ 286,594
<b>TOTAL REVENUES</b>	<b>\$ 43,023,117</b>	<b>\$ 46,198,715</b>	<b>\$ 3,175,598</b>



# 3rd Quarter Results FYE 2014

## General Fund - Expenses

Major Categories	FYE 2014 Budget	FYE 2014 Actual (as of 3/31/2014)	Percentage of Budgeted Revenues
* Personnel - Salaries	\$ 34,014,360	\$ 24,659,651	72.5%
* Personnel - Fringe Benefits	\$ 14,798,826	\$ 8,621,011	58.3%
Operational Services and Supplies	\$ 18,515,912	\$ 9,585,311	51.8%
Capital Outlay	\$ 5,198,701	\$ 2,370,226	45.6%
<b>Total Expenditures</b>	<b>\$ 72,527,799</b>	<b>\$ 45,236,199</b>	<b>62.4%</b>

\* Consolidated (Includes Special Funds)





# Expenditure Comparison

## Prior Year vs. Current Year

	FYE 2013 (As of March 31, 2013)	FYE 2014 (As of March 31, 2014)	\$ DIFFERENCE
*Personnel - Salaries	\$ 24,107,235	\$ 24,659,651	\$ 552,416
*Personnel - Fringe Benefits	\$ 10,412,399	\$ 8,621,011	\$ (1,791,388)
Operational Services and Supplies	\$ 9,465,387	\$ 9,585,311	\$ 119,924
Capital Outlay	\$ 1,314,074	\$ 2,370,226	\$ 1,056,152
<b>TOTAL EXPENDITURES</b>	<b>\$ 45,299,095</b>	<b>\$ 45,236,199</b>	<b>\$ (62,895)</b>

\*Consolidated includes Special Funds



# 2nd Quarter Results FYE 2014

## Investments

<b>Cash and Investments with County Treasury:</b>	
( Based on the March 2014 Account Balance)	
General Fund	\$26,668,132
TFCA	\$70,225,511
MSIF	\$42,670,900
Carl Moyer	\$1,483,806
CA Goods Movement	\$32,818,233
<b>TOTAL</b>	<b><u>\$173,866,582</u></b>



# General Fund - Fund Balance

<b>FUND BALANCES</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2014</b>
	<b>Audited</b>	<b>Budget</b>	<b>Projected</b>
Building, Facilities	5,478,276	5,234,766	500,000
PERS Funding	2,016,169	1,926,550	800,000
Radio Replacement	100,808	-	
Capital Equipment	1,639,573	1,566,694	4,228,000
Worker's Compensation	1,344,113		1,000,000
Post Employment Benefits	2,688,226	2,568,734	1,000,000
Prop 1A Loan Repayment*	-	-	860,200
Economic Uncertainties	175,622	1,548,301	10,114,309
<b>TOTAL SPECIAL RESERVES</b>	<u>\$ 13,442,787</u>	<u>\$ 12,845,044</u>	<u>\$ 18,502,509</u>
<b>UNDESIGNATED</b>	<u>5,059,722</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u><u>\$ 18,502,509</u></u>	<u><u>\$ 12,845,044</u></u>	<u><u>\$ 18,502,509</u></u>

\* District remitted payment to the State



# Purchasing Reporting Requirements

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- **Section 4.3 of the Purchasing Procedures states:**

Recurring payments of routine business needs such as utilities, licenses, office supplies etc. that are more than \$70,000 shall be presented in the Quarterly Financial Report.

- In an effort of full disclosure, list also includes benefit payments.



# Contract Limitations

## Cumulative Vendor Payments in Excess of \$70,000 without Board Review

	VENDOR NAME	AMOUNT PAID (July 1, 2013 through March 31, 2014)	Explanation
1	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	4,583,611	Health Insurance Plan
2	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	6,018,864	Retirement Benefits & 457 Supplemental Plan
3	CAPCOA	670,473	EPA 105 Pass through grant
4	COMCAST	91,205	Internet Connections
5	CERIDIAN	75,997	Payroll Processing Services
6	CSAC EXCESS INSURANCE AUTHORITY	556,557	Life Insurance Plan
7	CUBIC TRANSPORTATIONS SYSTEMS	232,931	Clipper Transit Subsidy
8	EMPLOYEE BENEFIT SPECIALISTS	165,807	Medical & Dependent Care Flexible Spending Plan
9	ENTERPRISE FLEET SERVICES	472,280	Fleet Leasing and Maintenance services
10	ENVIRONICS INC.	87,024	Calibration Equipment
11	HARTFORD LIFE INS. CO.	313,997	Life Insurance Plan
12	MET ONE INSTRUMENTALS INC.	112,781	PM 2.5 Instrumentation
13	PACIFIC GAS & ELECTRIC COMPANY	290,104	Utilities
14	PREFERRED BENEFIT INSURANCE AD	610,279	Dental Insurance Plan
15	RENNE SLOAN HOLTZMAN & SAKAI	202,524	Human Resources Consulting Services
16	SHELTER ONE, INC.	102,561	Relocatable Air Monitoring & Source Test Instrumentation
17	TYLEDYNE	74,821	Instrumentation for woodsmoke studies
18	THERMO ENVIRONMENTAL INSTRUMENTS	116,748	Air monitoring and source test instrumentation
19	U.S. BANK CORP.	106,903	District Credit Cards for various purchases
20	VERIZON WIRELESS	120,343	Cell phone services
21	WRIGHT EXPRESS FLEET SERVICES	109,213	Fuel for Fleet