



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 4

Fiscal Year Ending 2017 Proposed Air District Budget

Budget and Finance Committee

April 27, 2016

**Jeff McKay
Deputy Air Pollution Control Officer**



OUTLINE

- Status of Current Year (Fiscal Year Ending 2016)
- Overview of Revenue and Expenditure FYE 2017
- Detailed Review of Revenue and Expenditure



PROJECTIONS FOR CURRENT FISCAL YEAR ENDING 2016

Out of \$72.5 M Budget

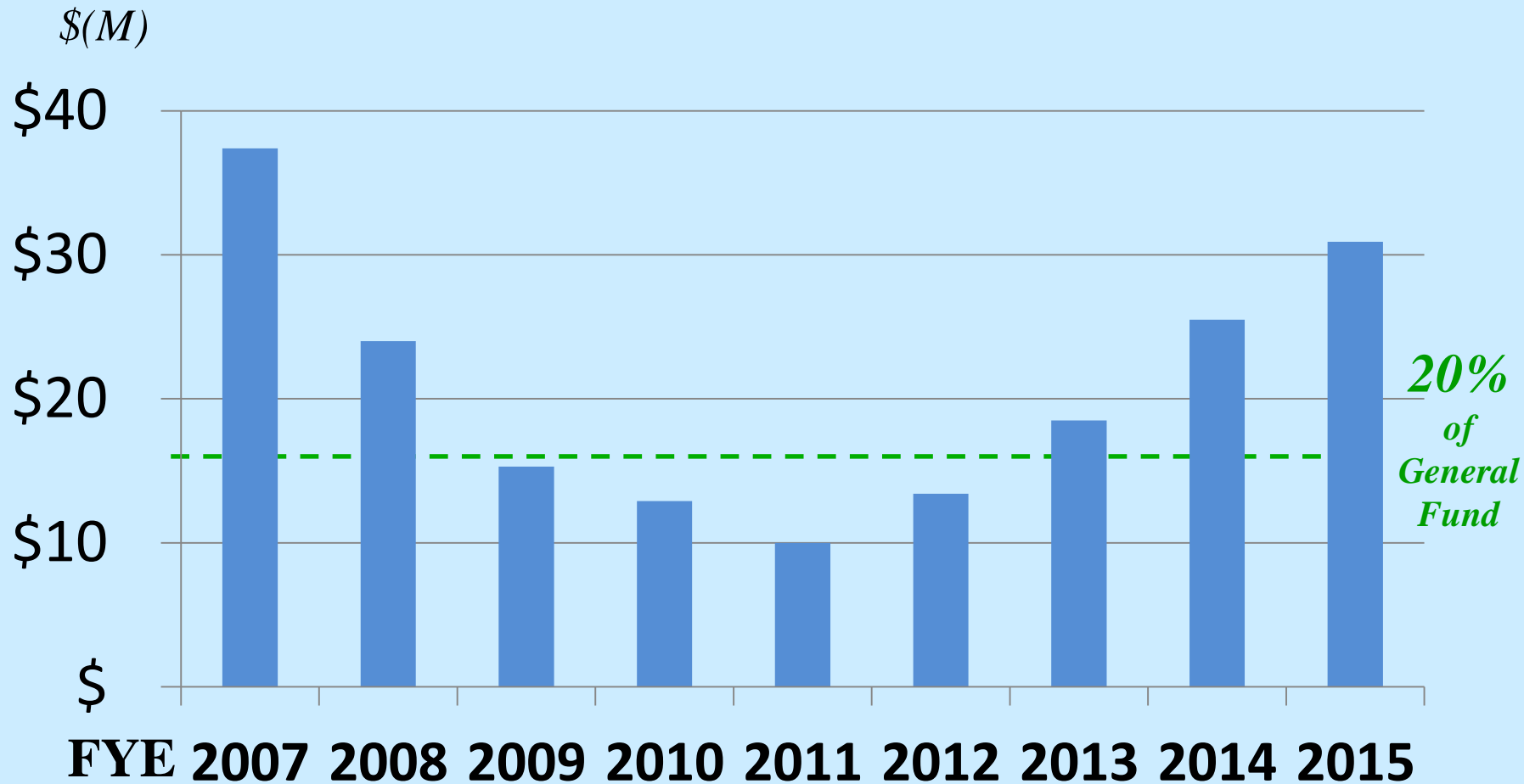
As of March 2016:

- Permit Fee revenue on target
- Property Tax revenue on target
- Expenditures on target



DISTRICT RESERVE FUNDS

Audited Values Excluding Building Proceeds





APPROVED RESERVE TRANSFERS FYE 2016

- During FYE 2016 Board Approved Transfers:
 - \$1.3 M for Information Technology & Lab Equipment
 - \$3 M for Wood Smoke Program
 - \$3 M for Parking Infrastructure
 - \$1.4 M for IT Technology Infrastructure
 - \$200 K for Wood Smoke Outreach



OVERVIEW

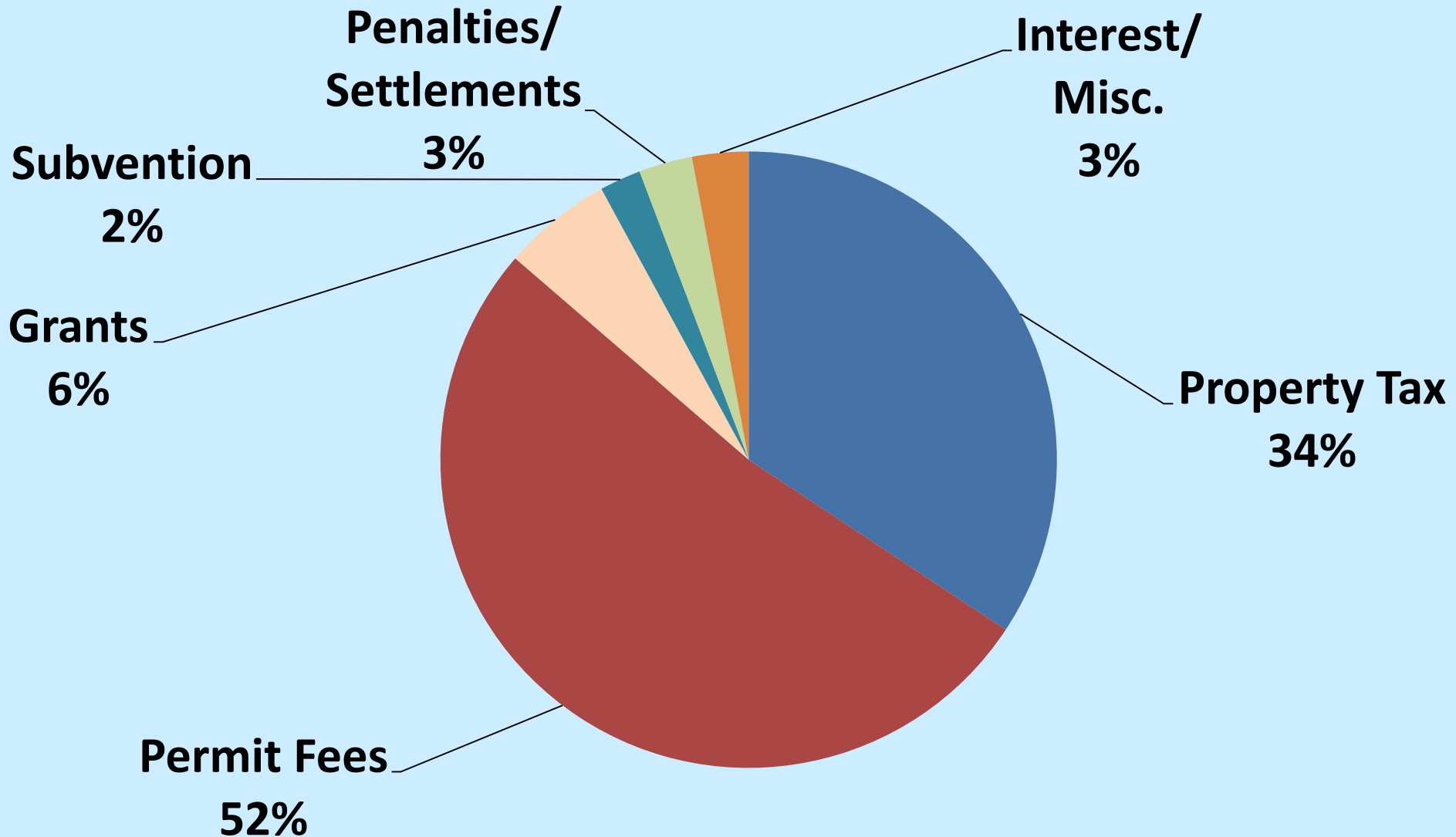
Proposed Budget for FYE 2017

- \$ 78.4 M General Fund Budget
- Incorporates Cost Recovery Policy
- 375 Beale Cost Commitments
- Hire Staff: From 334 to 345 filled positions
- Addresses Retirement Liabilities
- Includes 2.2% COLA
- Use of Reserves for Capital Equipment



GENERAL FUND REVENUE SOURCES

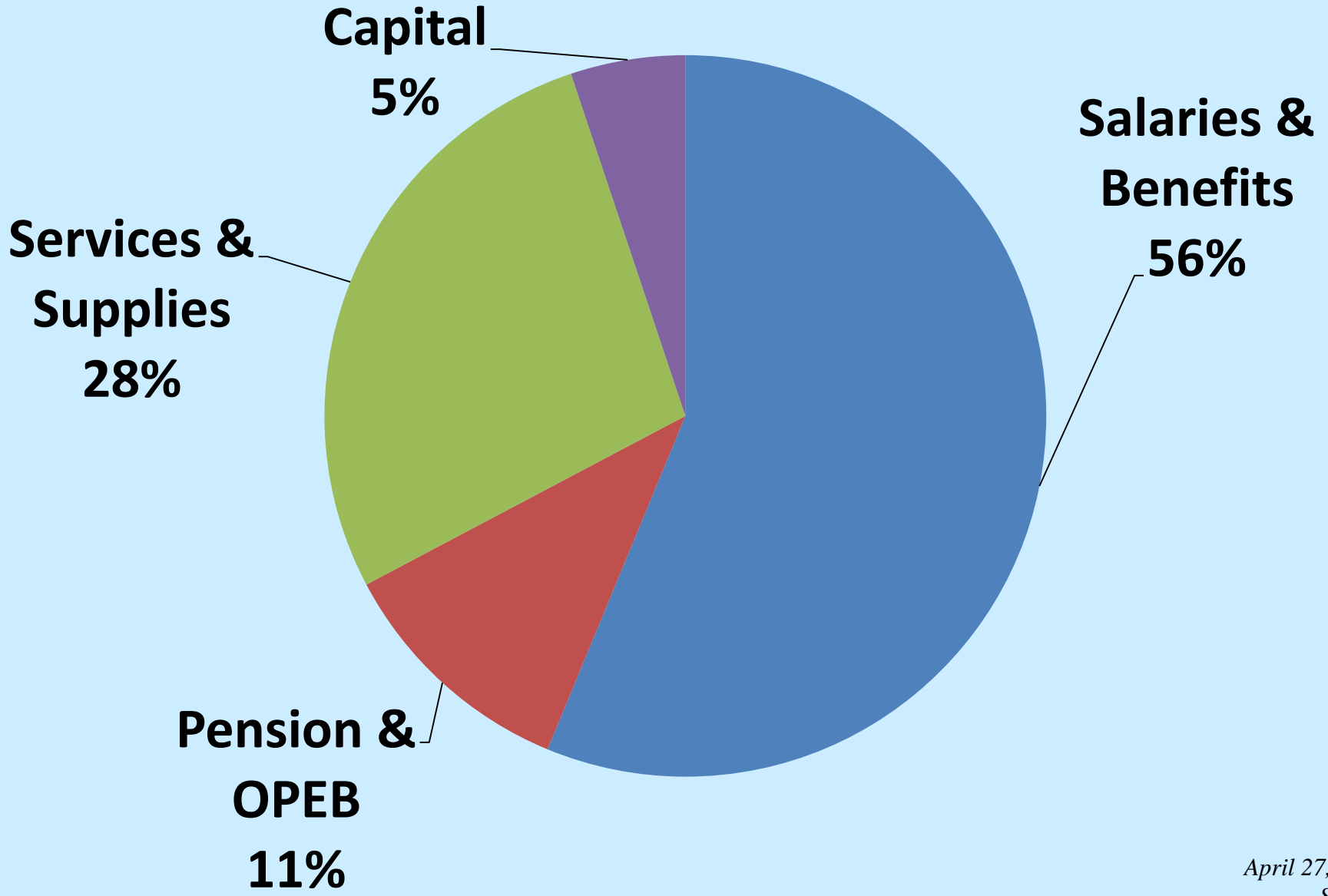
(FYE 2017 Proposed Budget)





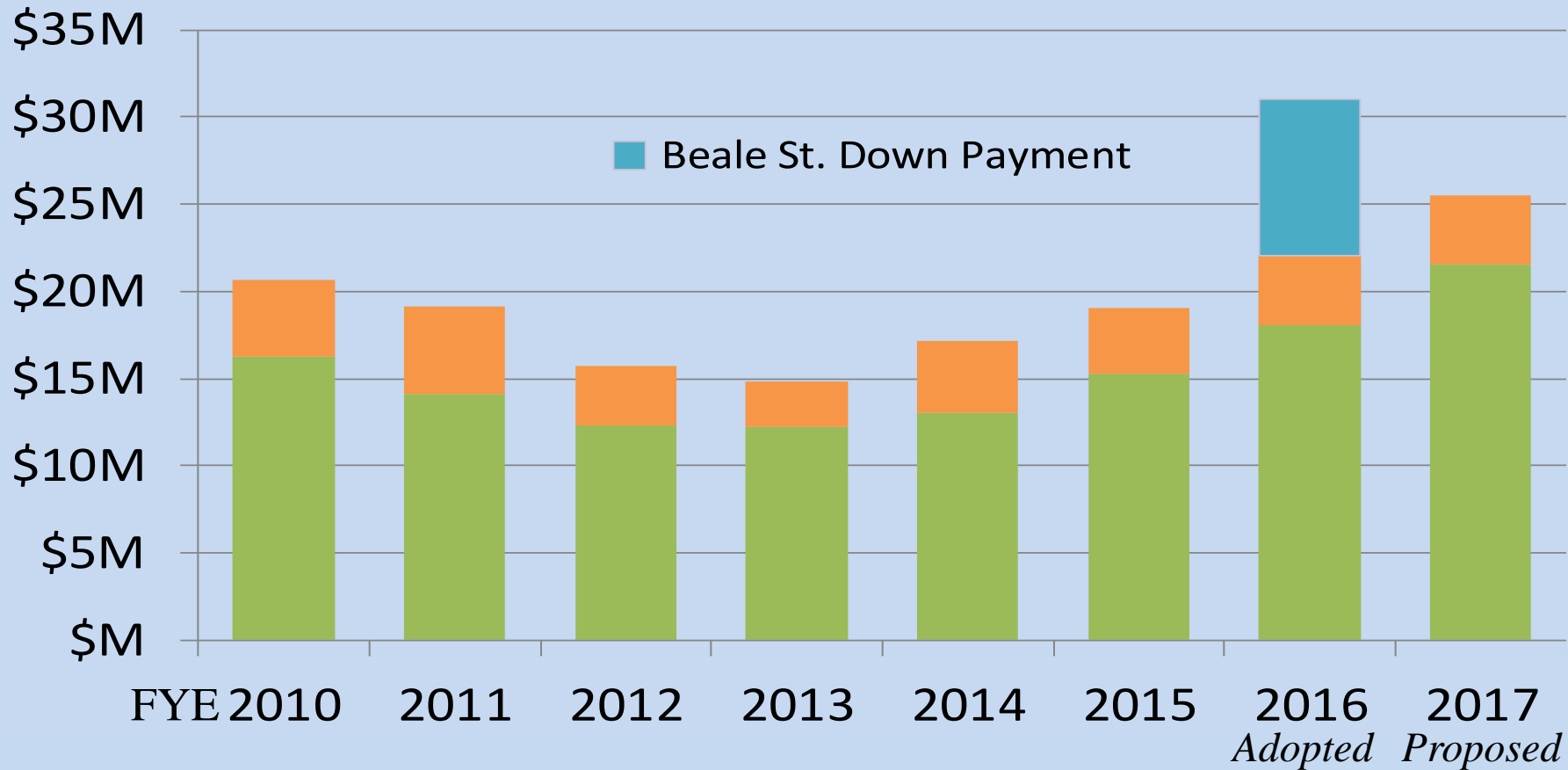
GENERAL FUND EXPENDITURES

(FYE 2017 Proposed Budget)





SERVICES & SUPPLIES and CAPITAL



Beale St.							\$9.0	
Capital	\$4.5	\$5.0	\$3.4	\$2.6	\$4.2	\$3.8	\$4.0	\$4.0
Svs & Supplies	\$16.2	\$14.1	\$12.3	\$12.3	\$13.0	\$15.3	\$18.1	\$21.5
Total	\$20.7	\$19.1	\$15.7	\$14.8	\$17.2	\$19.0	\$31.1	\$25.5



FYE 2017 PROPOSED FEES

- Fifth year of Cost Recovery Policy
 - Average 6.2% Fee increase in FYE 2017 budget
 - Two new Fee Schedules
 - Strong involvement by Regulated Community



FYE 2017 FTE STAFFING LEVEL

FYE 2016 Budgeted Positions	334
FYE 2017 Recommended Positions	11
Total Budgeted Positions	345



ADDITIONAL STAFFING

- 11 Positions
 - Enforcement (3)
 - Meteorology, Measurement & Rules (4)
 - Community Engagement (1)
 - Information Technology (1)
 - Legal (1)
 - Administration (1)



FYE 2017 FUND BALANCE SUMMARY

FUND BALANCES	6/30/2015 Audited	6/30/2016 Projected	6/30/2017 Projected
Reserve for Capital Equipment Contingency	\$1,000,000	\$1,360,000	\$860,000
Reserve for Economic Contingency	\$10,114,309	\$15,159,959	\$15,754,025
Reserve for IT-Desktop Equipment	\$500,000		
Reserve for IT- Event Response	\$500,000	\$500,000	\$500,000
Reserve for Parking Infrastructure		\$500,000	\$500,000
Reserve for Pension & Post Employment Liability	\$1,800,000	\$1,600,000	\$800,000
Reserve for Tech- Meterological Network Equipment	\$417,100	\$417,100	\$417,100
Reserve for Tech- Mobile Monitoring Instruments	\$450,000	\$450,000	\$450,000
Reserve for GHG Abatement Technology Study		\$1,500,000	\$1,500,000
Reserve for Worker's Comp Self -Funding	\$1,000,000	\$1,000,000	\$1,000,000
	\$15,781,409	\$22,487,059	\$21,781,125
Use of Fund Balance		(\$8,416,825)	(\$705,934)
Undesignated Fund Balance	\$15,122,475	\$8,416,825	\$705,934
TOTAL SPECIAL RESERVES	\$30,903,884	\$22,487,059	\$21,781,125
Building Proceeds	\$14,168,200	\$5,168,200	\$5,168,200
TOTAL BUILDING PROCEEDS	\$14,168,200	\$5,168,200	\$5,168,200
TOTAL FUND BALANCE	\$45,072,084	\$27,655,259	\$26,949,325



FYE 2017 USE OF FUND BALANCE

LAB AND MONITORING EQUIPMENT \$ 705,934

- Twenty-five (25) Toxic Samplers
- Five (5) Calibrators
- Two (2) Carbon Monoxide Analysers
- Two (2) BTEX Analysers
- Four (4) Source Test Analysers
- One (1) Particulate Testing Van
- Two (2) Photometric Ozone Calibrators
- One (1) Performance Evaluation Vehicle
- Three (3) TVA 2020 FID, enhance probe & water filter



FUND BALANCE POLICY

- Fund Balance Policy: 20% of General Fund Expenditures
 - FYE 2017 Budget of \$78M => \$16M (minimum)
 - 2017 Projected Fund Balance = \$26.4M
(including remaining Building Sale proceeds)



UNFUNDED LIABILITIES

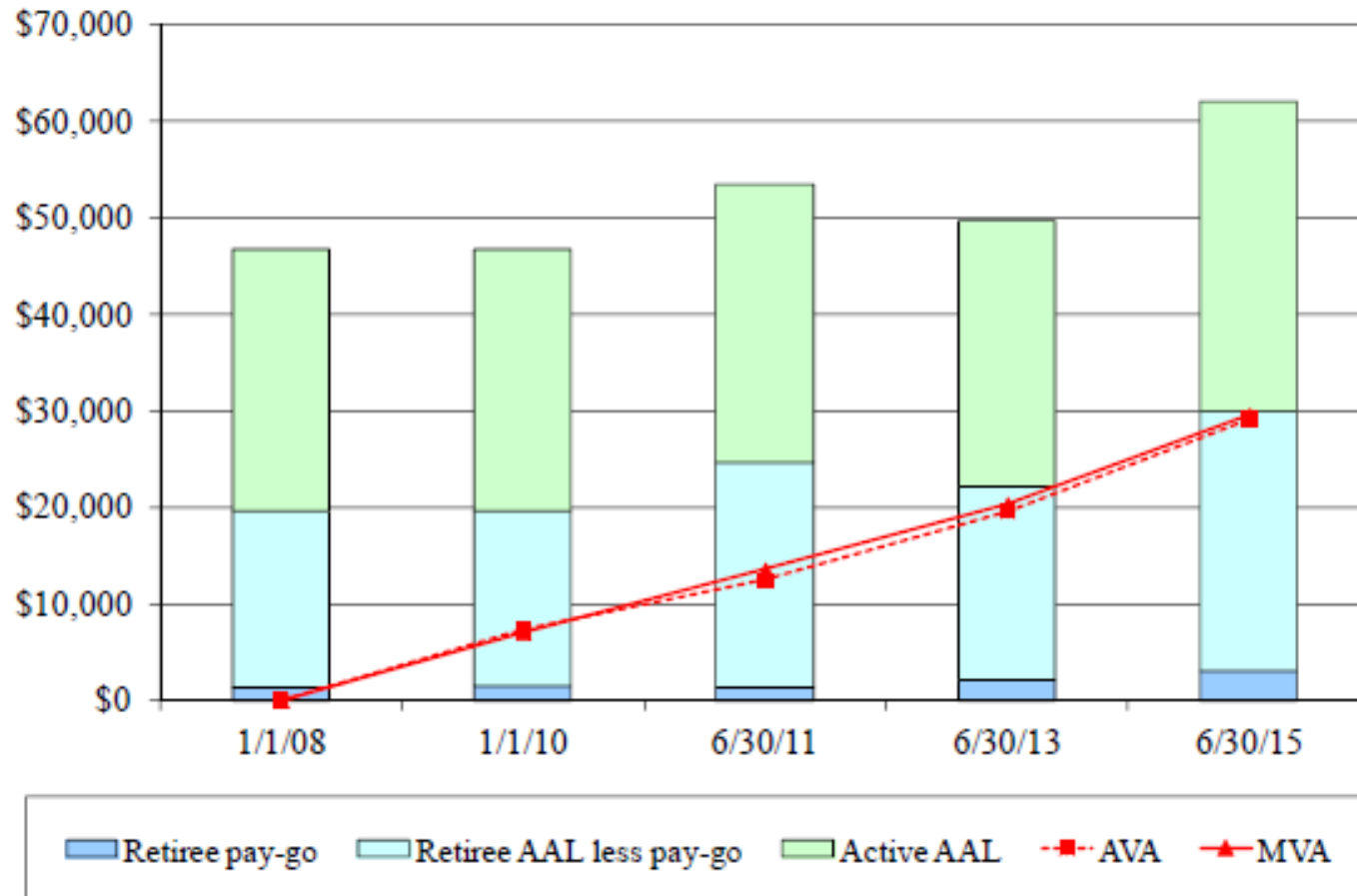
- **CalPERS Retirement (6/30/14 Valuation)**
 - \$256 M Obligation – 81% Funded
 - \$48 M Unfunded

- **OPEB Medical (6/30/15 Valuation)**
 - \$62 M Obligation – 47% Funded
 - \$33 M Unfunded



RETIREMENT MEDICAL OPEB LIABILITY

Historical Funded Status
(000's Omitted)





UNFUNDED LIABILITIES

RESPONSE for OPEB

- Unfunded Liability = \$33M
- Propose continuation of prefund amount = \$3M
- Adopted Policy: 90% minimum target funded level



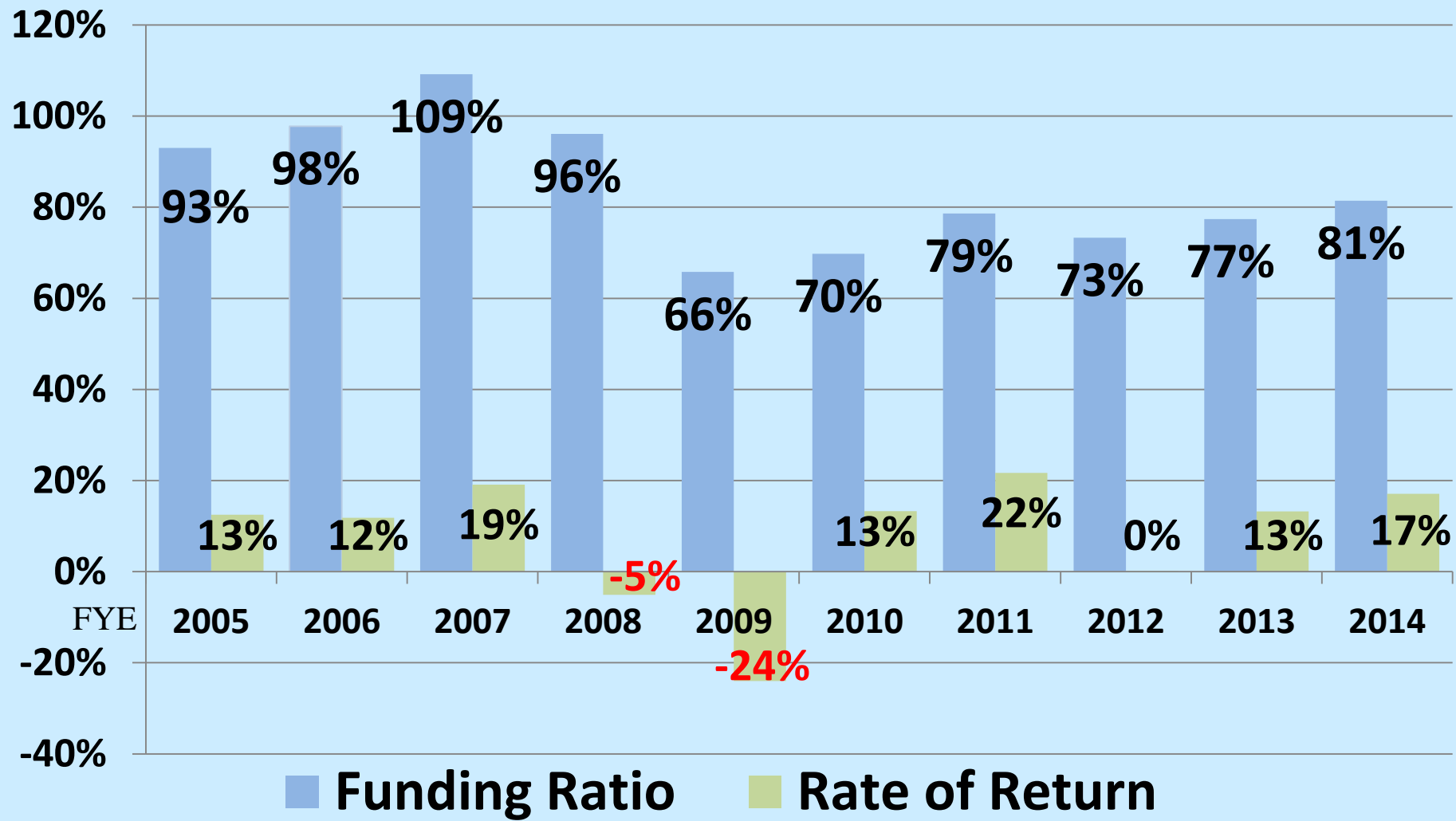
UNFUNDED LIABILITIES RESPONSE for CalPERS PENSION

- CalPERS contributions will increase from about 17% of salary to 21% of salary over five years.
- Required contribution FYE 2017 = \$6 M
- Proposed FYE2017 Prefund = \$280,000:
105% of required contribution = \$6.3 M



UNFUNDED LIABILITIES

CalPERS Funding Ratio vs. Rate of Return





PROPOSED FUNDING POLICIES

for CalPERS PENSION

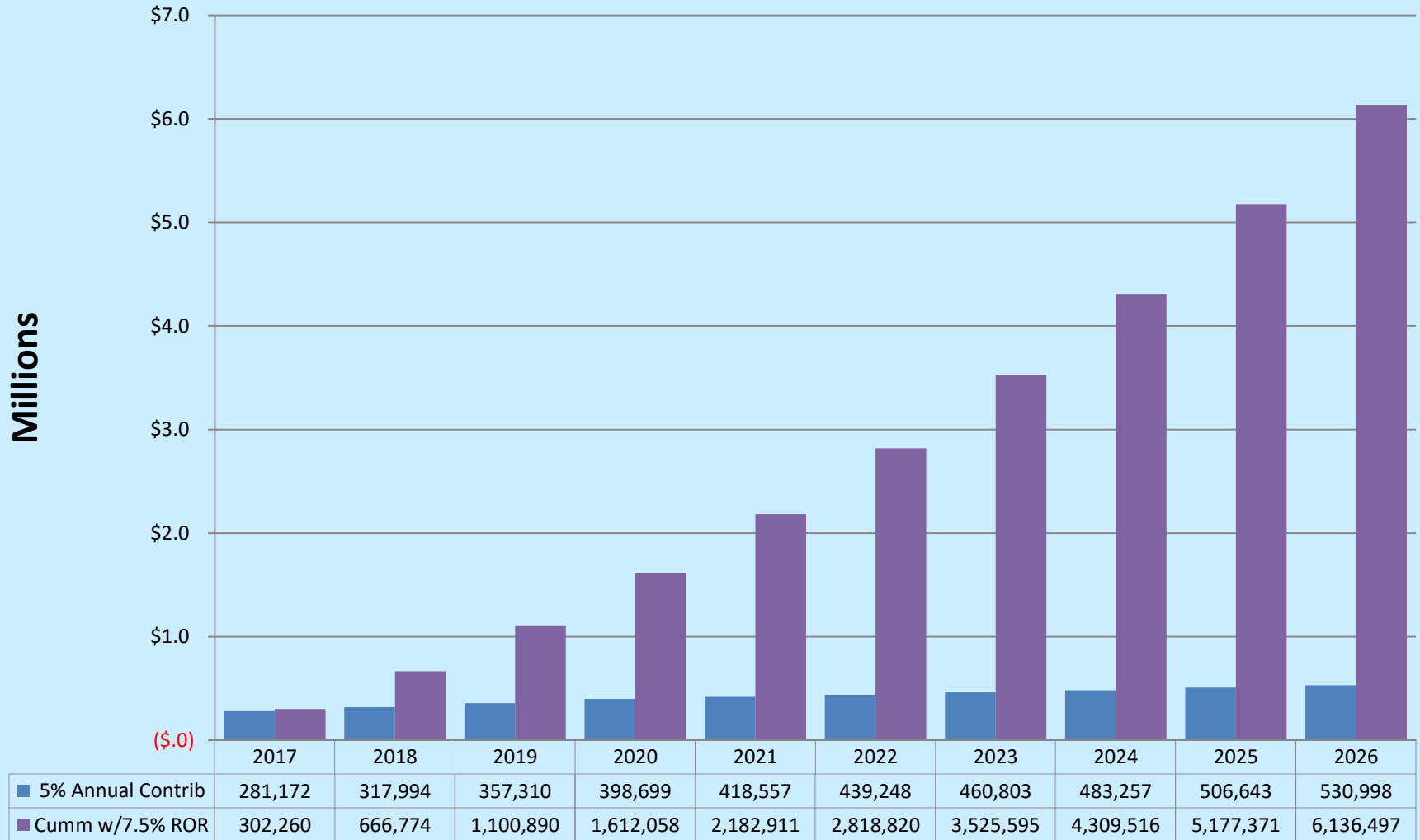
- Minimum Funding Target Level: 90%
- Pay 105% of the Annual Required Contribution



PROPOSED PENSION POLICY

105% OF ARC

Proposed Policy over 10 Years





OFFICE BUILDING OBLIGATIONS

- 375 Beale projected Move-in date: May 2016
 - Contribution of \$9M; reducing obligation
 - Monthly Mortgage Payment (COP) is \$100,000

- 939 Ellis Street monthly lease of \$114,906
 - Ellis lease ends June 29, 2016



SUMMARY

Budget FYE 2017

- Budget balanced
- Reserve drawdown of \$706K
- Budgeted positions increased to 345
- Other Post-Employment Benefits (OPEB):
 - Contribution remains at \$3M
 - 90% Funding Target
- CalPERS Pension
 - 105% of ARC
 - 90% Funding Target



RECOMMENDATIONS

- Consider recommending that the Board of Directors:
Adopt the FYE 2017 Proposed Budget



NEXT STEPS

- April 20 - Held 1st Public Hearing on Proposed Fees

- May 18 – 1st Public Hearing on Proposed Budget

- June 15 – 2nd Public Hearing and Adoption of:
 1. Proposed Fees

 2. Proposed Budget



BAY AREA
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DISTRICT

AGENDA: 5

Bay Area Air Quality Management District

Budget & Finance Committee Meeting

April 27, 2016

Third Quarter Financial Report

Fiscal Year Ending 2016

Stephanie Osaze

Finance Manager



OVERVIEW

General Fund Reporting on 3rd Quarter financial results (July 1, 2015 – March 31, 2016):

- Revenues
- Expenditures
- Investments
- General Fund Balance
- Purchasing Report Requirements



BAY AREA
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3rd Quarter Results FYE 2016

General Fund - Revenues

Major Categories	FYE 2016 Budget	FYE 2016 Actual (as of 3/31/2016)	Percentage of Budgeted Revenues
County receipts	\$ 24,479,345	\$ 15,859,657	65%
Permit Fees	\$ 28,975,000	\$ 28,986,268	100%
Title V Permit Fees	\$ 4,325,000	\$ 4,636,534	107%
Asbestos Fees	\$ 2,400,000	\$ 2,855,744	119%
Toxic Inventory Fees	\$ 555,000	\$ 287,968	52%
Penalties and Settlements	\$ 2,000,000	\$ 5,917,183	296%
Interest Revenue	\$ 200,000	\$ 185,842	93%
Miscellaneous Revenue	\$ 200,000	\$ 37,875	19%
Total Revenues	\$ 63,134,345	\$ 58,767,071	93%



BAY AREA
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Revenue Comparison

Prior Year vs. Current Year

Major Categories	FYE 2015 (As of March, 2015)	FYE 2016 (As of March, 2016)	\$ DIFFERENCE
County receipts	\$ 14,779,767	\$ 15,859,657	\$ 1,079,890
Permit Fee receipts	\$ 27,783,688	\$ 28,986,268	\$ 1,202,580
Title V Permit Fees	\$ 4,039,072	\$ 4,636,534	\$ 597,462
Asbestos Fees	\$ 2,387,824	\$ 2,855,744	\$ 467,920
Toxic Inventory Fees	\$ 361,854	\$ 287,968	\$ (73,886)
Penalties and Settlements	\$ 1,866,499	\$ 5,917,183	\$ 4,050,684
Interest Revenue	\$ 244,955	\$ 185,842	\$ (59,112)
Miscellaneous Revenue	\$ 42,260	\$ 37,425	\$ (4,835)
TOTAL REVENUES	\$ 51,505,919	\$ 58,766,621	\$ 7,260,703



3rd Quarter Results FYE 2016

General Fund - Expenses

Major Categories	FY 2016 Budget	FYE 2016 Actual (as of 3/31/2016)	Percentage of Budgeted Expenditures
* Personnel - Salaries	\$ 37,224,776	\$ 26,064,945	70%
* Personnel - Fringe Benefits	\$ 17,167,450	\$ 13,726,549	80%
Operational Services and Supplies	\$ 18,060,988	\$ 12,895,521	71%
Capital Outlay	\$ 4,000,615	\$ 5,834,442	146%
Office Acquisition	\$ 9,000,000	\$ -	0%
Total Expenditures	\$ 85,453,829	\$ 58,521,457	68%
* Consolidated (Includes Special Funds)			



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Expenditure Comparison

Prior Year vs. Current Year

	FYE 2015 (As of March 31, 2015)	FYE 2016 (As of March 31, 2016)	\$ DIFFERENCE
*Personnel - Salaries	\$ 24,972,745	\$ 26,064,945	\$ 1,092,200
*Personnel - Fringe Benefits	\$ 12,499,141	\$ 13,726,549	\$ 1,227,409
Operational Services and Supplies	\$ 11,197,482	\$ 12,895,521	\$ 1,698,040
Capital Outlay	\$ 2,621,384	\$ 5,834,442	\$ 3,213,058
TOTAL EXPENDITURES	\$ 51,290,751	\$ 58,521,457	\$ 7,230,706
*Consolidated includes Special Funds			



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3rd Quarter Results FYE 2016

Investments

Cash and Investments with County Treasury:	
(Based on the March 2016 Account Balance)	
General Fund	\$58,384,528
TFCA	\$78,310,617
MSIF	\$31,646,609
Carl Moyer	\$5,003,236
CA Goods Movement	\$8,114,757
BikeShare	\$2,930,969
TOTAL	<u>\$184,390,716</u>



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General Fund - Fund Balance

	6/30/2014	6/30/2015	6/30/2016
FUND BALANCES	Audited	Audited	Projected
Reserve for Building and Facilities	500,000	-	-
Reserve for Capital Equipment Contingency	1,000,000	1,000,000	1,360,000
Reserve for Economic Contingency	10,114,309	10,114,309	15,159,959
Reserve for IT-Desktop Equipment	500,000	500,000	-
Reserve for IT- Event Response	500,000	500,000	500,000
Reserve for Parking Infrastructure	-	-	500,000
Reserve for JD Edwards Software Upgrade	1,000,000	-	-
Reserve for Pension & Post Employment Liability	1,800,000	1,800,000	1,600,000
Reserve for Tech- GHG Monitoring Equipment	360,900	-	-
Reserve for Tech- Meterological Network Equipment	417,100	417,100	417,100
Reserve for Tech- Mobile Monitoring Instruments	450,000	450,000	450,000
Reserve for GHG Abatement Technology Study	-	-	1,500,000
Reserve for Worker's Comp Self -Funding	1,000,000	1,000,000	1,000,000
Total Designated Reserves	\$ 17,642,309	\$ 15,781,409	\$ 22,487,059
Undesignated Fund Balance	7,404,751	15,122,475	8,416,825
Use of Fund Balance	-	-	(8,416,825)
TOTAL RESERVES	\$ 25,047,060	\$ 30,903,884	\$ 22,487,059
Building Proceeds	14,668,200	14,168,200	5,168,200
TOTAL BUILDING PROCEEDS	\$ 14,668,200	\$ 14,168,200	5,168,200
TOTAL FUND BALANCE	\$ 39,715,260	\$ 45,072,084	\$ 27,655,259



Purchasing Reporting Requirements

- **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.



FYE 2016 Vendor Payments

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

	VENDOR NAME	AMOUNT PAID (July 2015 - March 2016)	Explanation
1	ALLIANT INSURANCE SERVICES	386,450	Various Business Insurance Policies
2	BENEFITS COORDINATORS CORP.	551,642	Life Insurance Plan & LTD Insurance
3	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	6,845,580	Health Insurance Plan
4	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	5,158,477	Retirement Benefits & 457 Supplemental Plan
5	CAPCOA	699,063	Pass through EPA grants
6	CEREDIAN CORP	76,528	Payroll Processing Services
7	COMCAST	129,653	Internet Connections
8	COMPUCOM SYSTEM	191,601	Microsoft License Agreement
9	CSAC EXCESS INSURANCE AUTHORITY	65,863	Life Insurance Plan & LTD Insurance
10	CUBIC TRANSPORTATIONS SYSTEMS	273,755	Clipper Transit Subsidy
11	EMPLOYEE BENEFIT SPECIALISTS	201,693	Medical & Dependent Care Flexible Spending Plan
12	ENTERPRISE FLEET SERVICES	445,443	Fleet Leasing and Maintenance services
13	HARTFORD LIFE INS. CO.	441,452	457 Supplemental Insurance
14	PACIFIC GAS & ELECTRIC COMPANY	399,280	Utilities
15	PREFERRED BENEFIT INSURANCE AD	504,177	Dental Insurance Plan
16	RENNE SLOAN HOLTZMAN SAKAI	116,803	Human Resources Consulting Services
17	VERIZON WIRELESS	139,115	Cell phone services