



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 4

Bay Area Air Quality Management District

Budget & Finance Committee Meeting

December 16, 2016

Fourth Quarter Financial Report

Fiscal Year Ending 2016

Stephanie Osaze
Finance Manager



OVERVIEW

General Fund Reporting on 4th Quarter financial results (July 1, 2015 – June 30, 2016):

- Revenues
- Expenditures
- Investments
- General Fund Balance & Unfunded Liabilities
- Purchasing Report Requirements



4th Quarter Results FYE 2016

General Fund - Revenues

Major Categories	FYE 2016 Budget	FYE 2016 Actual (as of 06/30/2016)	Percentage of Budgeted Revenues
County receipts	\$ 24,479,345	\$ 28,218,286	115%
Permit Fees	\$ 29,575,000	\$ 31,935,188	108%
Title V Permit Fees	\$ 4,325,000	\$ 5,120,624	118%
Asbestos Fees	\$ 2,400,000	\$ 3,869,468	161%
Toxic Inventory Fees	\$ 555,000	\$ 261,483	47%
Penalties and Settlements	\$ 2,000,000	\$ 6,121,023	306%
Interest Revenue	\$ 200,000	\$ 437,670	219%
Miscellaneous Revenue	\$ 200,000	\$ 90,337	45%
Total Revenues	\$ 63,734,345	\$ 76,054,079	119%



Revenue Comparison

Prior Year vs. Current Year

Major Categories	FYE 2015 (As of June, 2015)	FYE 2016 (As of June, 2016)	\$ DIFFERENCE
County receipts	\$ 25,859,397	\$ 28,218,286	\$ 2,358,889
Permit Fee receipts	\$ 29,211,406	\$ 31,935,188	\$ 2,723,782
Title V Permit Fees	\$ 4,490,995	\$ 5,120,624	\$ 629,629
Asbestos Fees	\$ 3,247,403	\$ 3,869,468	\$ 622,065
Toxic Inventory Fees	\$ 408,666	\$ 261,483	\$ (147,183)
Penalties and Settlements	\$ 2,712,385	\$ 6,121,023	\$ 3,408,638
Interest Revenue	\$ 364,056	\$ 437,670	\$ 73,614
Miscellaneous Revenue	\$ 119,682	\$ 90,337	\$ (29,345)
TOTAL REVENUES	\$ 66,413,990	\$ 76,054,079	\$ 9,640,089



4th Quarter Results FYE 2016

General Fund - Expenses

Major Categories	FY 2016 Budget	FYE 2016 Actual (as of 06/30/2016)	Percentage of Budgeted Expenditures
* Personnel - Salaries	\$ 36,235,462	\$ 36,112,180	100%
* Personnel - Fringe Benefits	\$ 18,156,764	\$ 17,857,342	98%
Operational Services and Supplies	\$ 18,060,988	\$ 18,016,251	100%
Capital Outlay	\$ 4,000,615	\$ 8,979,477	224%
Office Acquisition	\$ 9,000,000	\$ -	0%
Total Expenditures	\$ 85,453,829	\$ 80,965,250	95%
* Consolidated (Includes Special Funds)			



Expenditure Comparison

Prior Year vs. Current Year

	FYE 2015 (As of June 30, 2015)	FYE 2016 (As of June 30, 2016)	\$ DIFFERENCE
*Personnel - Salaries	\$ 34,905,106	\$ 36,112,180	\$ 1,207,073
*Personnel - Fringe Benefits	\$ 16,580,634	\$ 17,857,342	\$ 1,276,708
Operational Services and Supplies	\$ 15,585,701	\$ 18,016,251	\$ 2,430,551
Capital Outlay	\$ 4,102,505	\$ 8,979,477	\$ 4,876,972
TOTAL EXPENDITURES	\$ 71,173,946	\$ 80,965,250	\$ 9,791,304
*Consolidated includes Special Funds			



4th Quarter Results FYE 2016

Investments

Cash and Investments with County Treasury:

(Based on the June 2016 Account Balance)

General Fund	\$57,849,712
TFCA	\$79,534,148
MSIF	\$32,380,630
Carl Moyer	\$1,581,890
CA Goods Movement	\$8,127,526
BikeShare	\$1,739,476
TOTAL	<u>\$181,213,382</u>



BAY AREA
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Fund Balance and Unfunded Liabilities

	6/30/2014	6/30/2015	6/30/2016
FUND BALANCES	Audited	Audited	Unaudited
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 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	\$ 21,987,059
Undesignated Fund Balance	7,404,751	15,122,475	11,474,620
TOTAL RESERVES	\$ 25,047,060	\$ 30,903,884	\$ 33,461,679
Building Proceeds	14,668,200	14,168,200	4,668,200
TOTAL FUND BALANCE	\$ 39,715,260	\$ 45,072,084	\$ 38,129,879
UNFUNDED LIABILITIES (Based on 2015 Actuarial Valuation Report)			
CalPERS Pension Retirement			59,242,771
Other Post Employment Benefits			32,954,000
TOTAL UNFUNDED LIABILITIES			\$ 92,196,771



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 - June 2016)	Explanation
1	ALLIANT INSURANCE SERVICES	426,852	Various Business Insurance Policies
2	BENEFITS COORDINATORS CORP.	765,126	Life Insurance Plan & LTD Insurance
3	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	6,309,141	Health Insurance Plan
4	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	10,033,100	Retirement Benefits & 457 Supplemental Plan
5	CALIFORNIA VISION SERVICE PLAN	71,763	Vision Insurance Plan
6	CAPCOA	747,610	Pass through EPA grants
7	CANON SOLUTIONS	80,727	Copier lease and maintenance services
8	CEREDIAN CORP	102,287	Payroll Processing Services
9	COGENT COMMUNICATIONS, INC	70,454	Telephone & internet service provider services
10	COMCAST	145,231	Internet Connections
11	COMPUCOM SYSTEM	191,601	Microsoft License Agreement
12	CUBIC TRANSPORTATIONS SYSTEMS	396,312	Clipper Transit Subsidy
13	EMPLOYEE BENEFIT SPECIALISTS	226,377	Medical & Dependent Care Flexible Spending Plan



FYE 2016 Vendor Payments

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

	VENDOR NAME	AMOUNT PAID (July 2015 - June 2016)	Explanation
14	ENTERPRISE FLEET SERVICES	582,010	Fleet Leasing and Maintenance services
15	DIRECT MAIL CENTER	101,593	Public Notice Mailing Services
16	HARTFORD LIFE INS. CO.	586,494	457 Supplemental Insurance
17	M. BROOK ASSOCIATES, INC	76,187	Computer network support services
18	MAGENIC TECHNOLOGIES, INC.	75,535	Record retention services
19	PACIFIC GAS & ELECTRIC COMPANY	604,608	Utilities
20	PREFERRED BENEFIT INSURANCE AD	768,501	Dental Insurance Plan
21	RENNE SLOAN HOLTZMAN SAKAI	168,214	Human Resources Consulting Services
22	SHEPPARD, MULLIN, RICHTER & HA	74,115	Legal services
23	THERMO ENVIRONMENTAL INSTRUMENTS	273,759	Air monitoring and source rest instrumentation
24	TRI-STAR OFFICE MOVING	74,202	Office move and storage services
25	VERIZON WIRELESS	209,980	Cell phone services



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MANAGEMENT
DISTRICT

AGENDA: 5

Bay Area Air Quality Management District

Budget & Finance Committee Meeting

December 16, 2016

First Quarter Financial Report

Fiscal Year Ending 2017

Stephanie Osaze
Finance Manager



OVERVIEW

General Fund Reporting on 1st Quarter financial results (July 1, 2015 – September 30, 2016):

- Revenues
- Expenditures
- Investments
- General Fund Balance & Unfunded Liabilities
- Purchasing Report Requirements



1st Quarter Results FYE 2017

General Fund - Revenues

Major Categories	FYE 2017 Budget	FYE 2017 Actual (as of 09/30/2016)	Percentage of Budgeted Revenues
County receipts	\$26,869,727	\$40,429	0.2%
Permit Fees	\$33,109,586	\$16,770,384	51%
Title V Permit Fees	\$4,687,437	\$2,840,740	61%
Asbestos Fees	\$2,600,000	\$1,140,903	44%
Toxic Inventory Fees	\$392,953	\$182,852	47%
Penalties and Settlements	\$2,200,000	\$1,869,035	85%
Interest Revenue	\$200,000	\$0	0.0%
Miscellaneous Revenue	\$150,000	\$52,589	35%
Total Revenues	\$70,209,703	\$22,896,933	33%



Revenue Comparison

Prior Year vs. Current Year

Major Categories	FYE 2016 (As of Sept, 2015)	FYE 2017 (As of Sept, 2016)	<u>\$ DIFFERENCE</u>
County receipts	\$ 283,089	\$ 40,429	\$ (242,660)
Permit Fee receipts	\$ 14,406,028	\$ 16,770,384	\$ 2,364,357
Title V Permit Fees	\$ 1,728,073	\$ 2,840,740	\$ 1,112,667
Asbestos Fees	\$ 1,039,791	\$ 1,140,903	\$ 101,113
Toxic Inventory Fees	\$ 133,107	\$ 182,852	\$ 49,745
Penalties and Settlements	\$ 4,513,809	\$ 1,869,035	\$ (2,644,774)
Interest Revenue	\$ 85,226	\$ -	\$ (85,226)
Miscellaneous Revenue	\$ 16,422	\$ 52,589	\$ 36,167
TOTAL REVENUES	\$ 22,205,545	\$ 22,896,933	\$ 691,388



1st Quarter Results FYE 2017

General Fund - Expenses

Major Categories	FY 2017 Budget	FYE 2017 Actual (as of 09/30/2016)	Percentage of Budgeted Expenditures
* Personnel - Salaries	\$ 38,663,662	\$ 8,020,184	21%
* Personnel - Fringe Benefits	\$ 17,909,638	\$ 6,776,223	38%
Operational Services and Supplies	\$ 21,538,490	\$ 3,057,109	14%
Capital Outlay	\$ 3,965,934	\$ 740,854	19%
Total Expenditures	\$ 82,077,724	\$ 18,594,369	23%
* Consolidated (Includes Special Funds)			



Expenditure Comparison

Prior Year vs. Current Year

	FYE 2016 (As of Sept 30, 2015)	FYE 2017 (As of Sept 30, 2016)	<u>\$ DIFFERENCE</u>
*Personnel - Salaries	\$ 7,884,475	\$ 8,020,184	\$ 135,708
*Personnel - Fringe Benefits	\$ 6,683,155	\$ 6,776,223	\$ 93,067
Operational Services and Supplies	\$ 2,687,542	\$ 3,057,109	\$ 369,567
Capital Outlay	\$ 453,443	\$ 740,854	\$ 287,411
TOTAL EXPENDITURES	\$ 17,708,616	\$ 18,594,369	\$ 885,754
*Consolidated includes Special Funds			



1st Quarter Results FYE 2017

Investments

Cash and Investments with County Treasury:

(Based on the Sept 2016 Account Balance)

General Fund	\$57,594,911
TFCA	\$82,663,613
MSIF	\$32,507,601
Carl Moyer	\$7,399,821
CA Goods Movement	\$8,137,264
BikeShare	\$1,058,554
TOTAL	<u>\$189,361,765</u>



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Fund Balance and Unfunded Liabilities

	6/30/2015	6/30/2016	6/30/2017
FUND BALANCES	Audited	Unaudited	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	-	-	-
Reserve for Pension & Post Employment Liability	1,800,000	1,600,000	800,000
Reserve for Tech- GHG Monitoring Equipment	-	-	-
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
Total Designated Reserves	\$ 15,781,409	\$ 21,987,059	\$ 21,281,125
Undesignated Fund Balance	15,122,475	11,474,620	11,474,620
TOTAL RESERVES	\$ 30,903,884	\$ 33,461,679	\$ 32,755,745
Building Proceeds	14,168,200	4,668,200	4,668,200
TOTAL BUILDING PROCEEDS	\$ 14,168,200	\$ 4,668,200	\$ 4,668,200
TOTAL FUND BALANCE	\$ 45,072,084	\$ 38,129,879	\$ 37,423,945
UNFUNDED LIABILITIES (Based on 2015 Actuarial Valuation Report)			
CalPERS Pension Retirement			59,242,771
Other Post Employment Benefits			32,954,000
TOTAL UNFUNDED LIABILITIES			\$ 92,196,771



Purchasing Reporting Requirements

- **Amended 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 **\$100,000** shall be presented in the Quarterly Financial Report.

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



FYE 2017 Vendor Payments

Cumulative Vendor Payments in Excess of \$100,000 without Board Review

	VENDOR NAME	AMOUNT PAID (July 2016 - September 2016)	Explanation
1	ALLIANT INSURANCE SERVICES	182,107	Various Business Insurance Policies
2	BENEFITS COORDINATORS CORP.	215,833	Life Insurance Plan & LTD Insurance
3	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	1,387,260	Health Insurance Plan
4	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	2,276,202	Retirement Benefits & 457 Supplemental Plan
5	ENTERPRISE FLEET SERVICES	157,170	Fleet Leasing and Maintenance services
6	HARTFORD LIFE INS. CO.	146,793	457 Supplemental Insurance
7	PACIFIC GAS & ELECTRIC COMPANY	127,516	Utilities
8	PREFERRED BENEFIT INSURANCE AD	130,577	Dental Insurance Plan



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AGENDA: 6

Budget and Finance Committee Meeting

375 Beale Street Acquisition Update

December 16, 2016

Jeff McKay
Deputy Air Pollution Control Officer



Outline

1. Lease Purchase Agreement
2. Financing
3. Condominium
4. Additional Purchase
5. District Reserves



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375 Beale Street





1.) Lease Purchase Agreement

Lease with Option to Purchase (Furnished)

- Lease at \$1.9 M / Year plus Common Area Expenses
 - Agreement to apply lease payments to purchase
- Purchase Years 1-10 at \$385 / Square Foot
- Purchase Years 11+ : Actual Cost or Market Survey
- BAHA has first right of refusal if the Air District sells
- BAHA may recover its actual costs if the Air District sells



2.) Financing (1 of 3)

- The Air District portion is approximately 77,000 square feet priced at \$385 per square foot (\$30 M)
- Not less than \$9 M from the sale of 939 Ellis Street will be applied to the approximate \$30 M cost
- The Air District will own and occupy this space under the terms of a Condominium agreement
- The Air District will accrue no interest obligation, capitalized or otherwise, prior to purchase



2.) Financing (2 of 3)

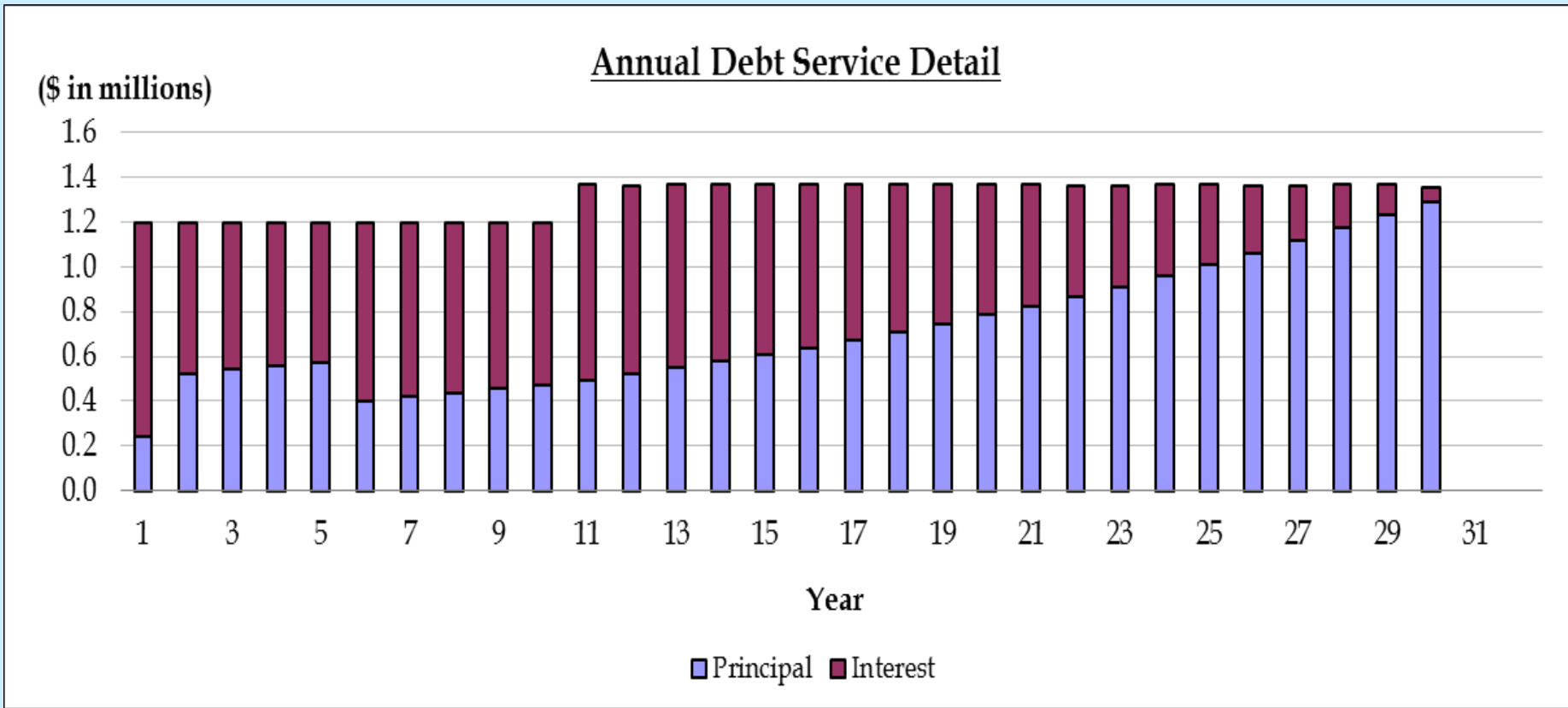
The interest rate will be based on a short-term tax-exempt index (SIFMA (currently = 0.55%)) +1.25%

- The interest rate resets weekly with the following caps
 - Years 1-5: 3.20 %
 - Years 6-10: 4.20%
 - Years 11-30: 5.20%
- The annual payment (interest and principal) will be:
 - Years 1-10: \$1,200,000
 - Years 11-(30): \$1,370,000
- Any remarketing of the obligation leaves the interest rate caps and maximum annual payments unchanged



2.) Financing (3 of 3)

Debt Service with Interest Rate Caps in Immediate Effect



3.) Condominium (1 of 2)

- Initial condo owners: BAAQMD, BAHA/MTC, ABAG
- Commercial occupants lease their space from BAHA
- Owners allocate operating expenses by owned square footage
- Owners share access to designated “*jointly used space*”



3.) Condominium (2 of 2)

Considerations for Liquidity of the Asset

- Board membership limited to one member per affiliated organization
- Obligation to share “*jointly-used space*” terminates on sale to non-governmental entity
- Most Board actions are required to be unanimous
- One vote per Board member



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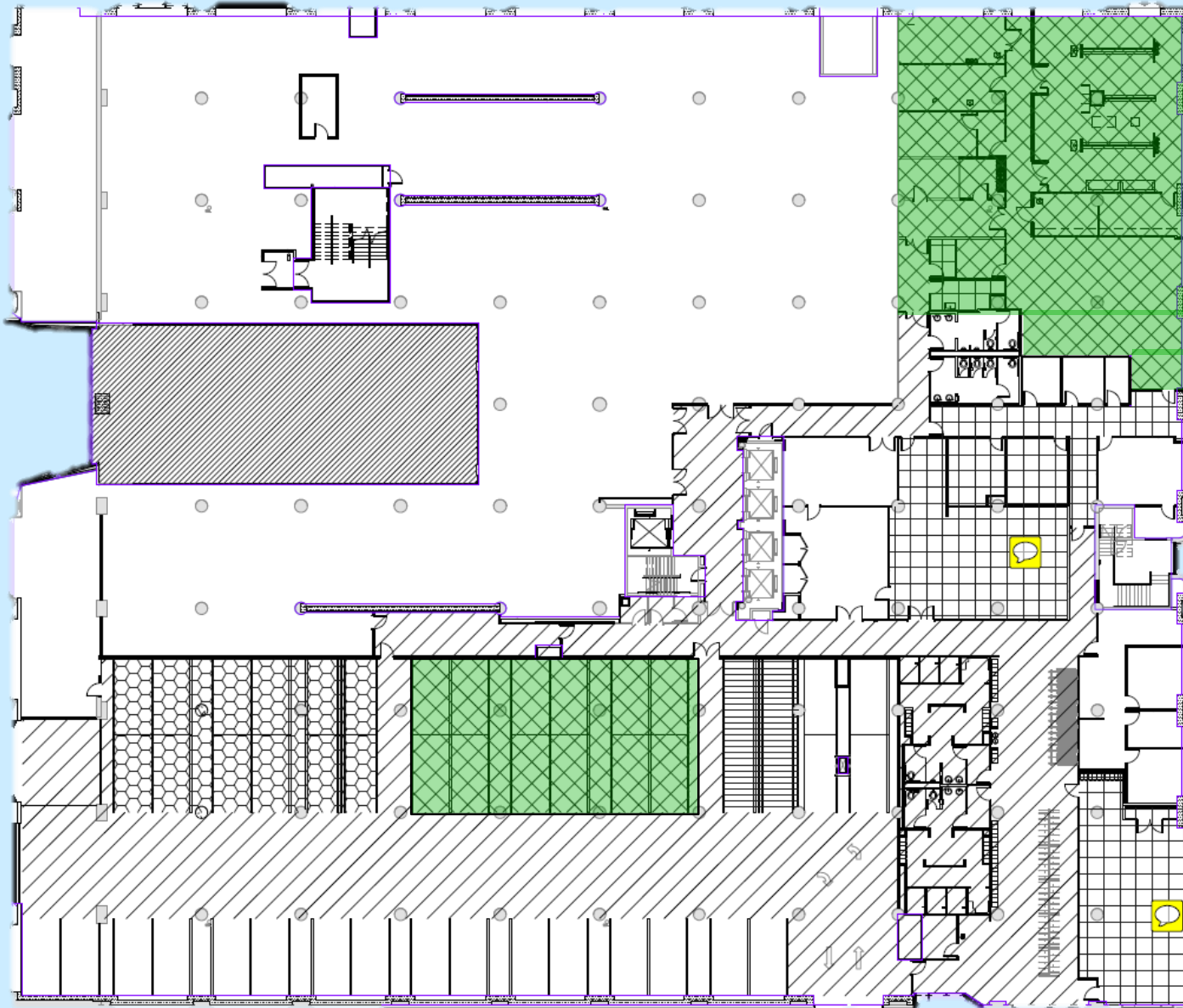
First Floor





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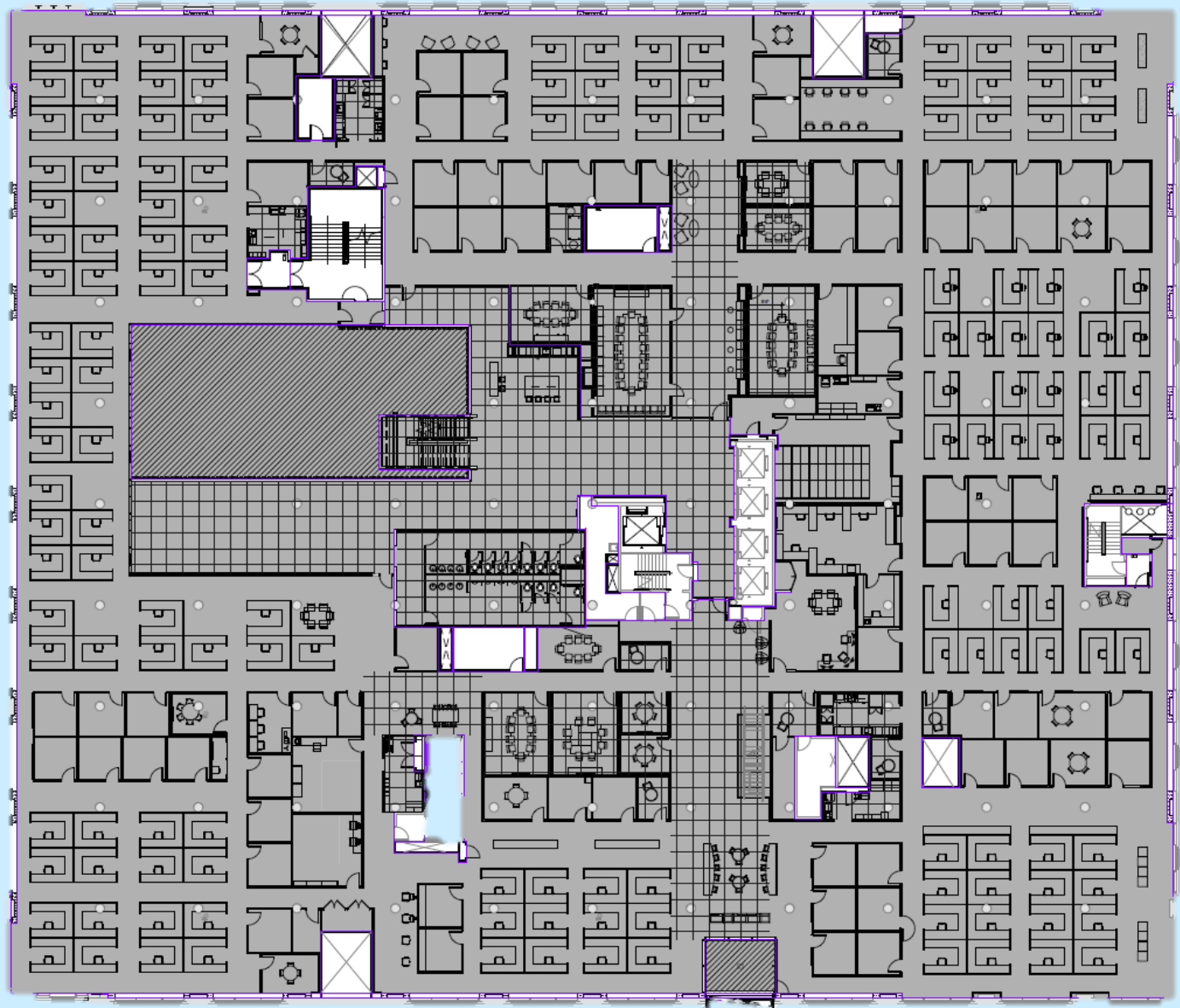
Floor 2 - Lab





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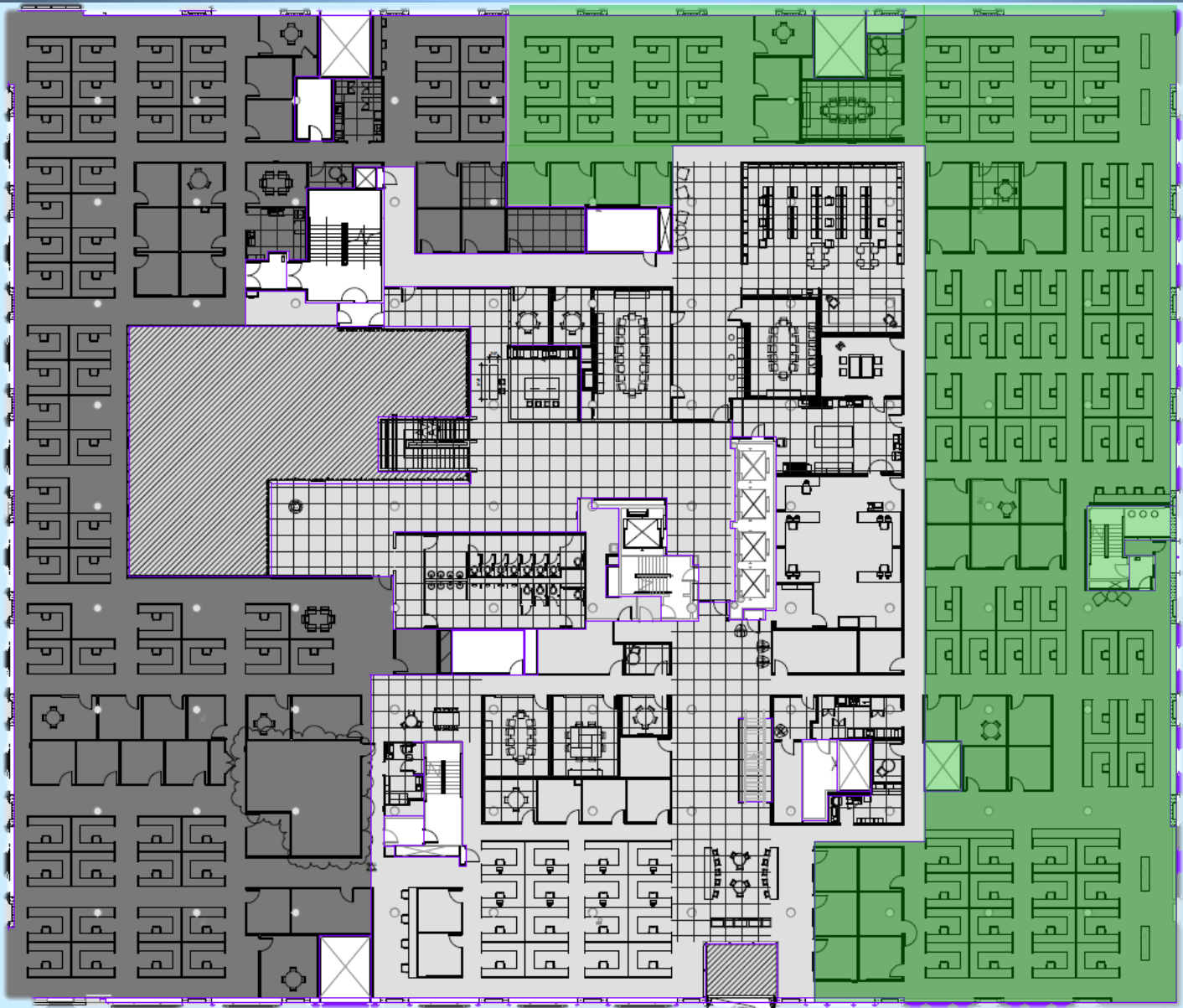
Floor 6





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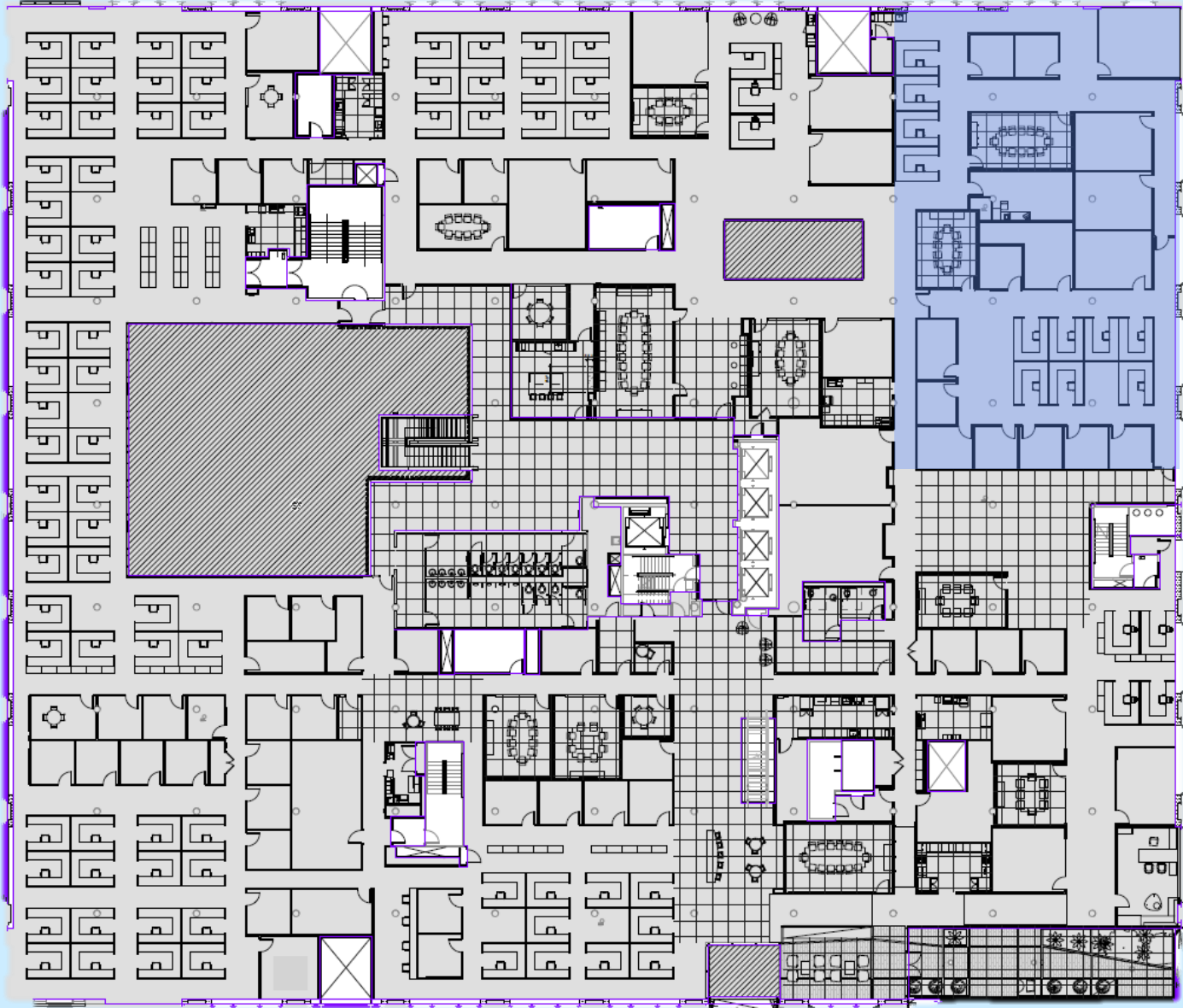
Floor 7 - Planning





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Floor 8





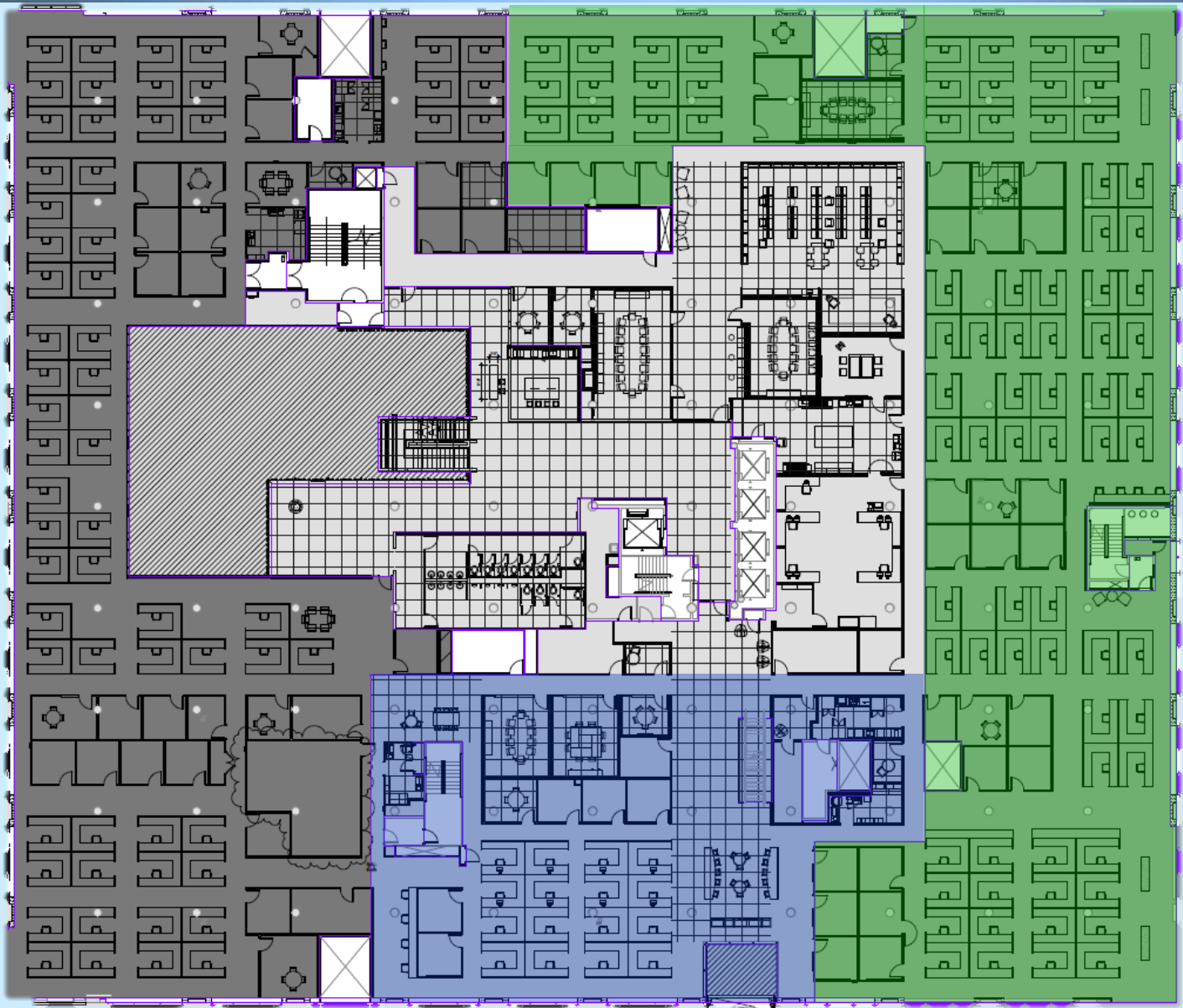
4.) Additional Purchase

- Staff may bring a recommendation for a subsequent transaction to the Air District Board
- The purchase is anticipated to be approximately 10,000 square feet at \$385 / square foot totaling approximately \$ 4M
- The proposed transaction would be a cash purchase
- The purchased space is expected to be on the 7th floor
- The space would continue to be occupied by MTC



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Floor 7 - Planning



5.) District Reserves

Minimum Reserve Guidance = \$16 M

- Designated Reserves: \$22 M
- Undesignated Reserves: \$9 M
- Remaining Reserves from building sale: \$14 M
- Total available Reserves \$45 M