



AGENDA: 4

**Continued Discussion of Fiscal Year Ending
2018 Proposed Air District Budget and
Consideration to Recommend Adoption**

**Budget and Finance Committee
April 26, 2017**

**Stephanie Osaze
Finance Manager**



OUTLINE

- Fiscal Year 2018 Proposed Budget Overview
- Response to questions from previous meeting
- Recommendation



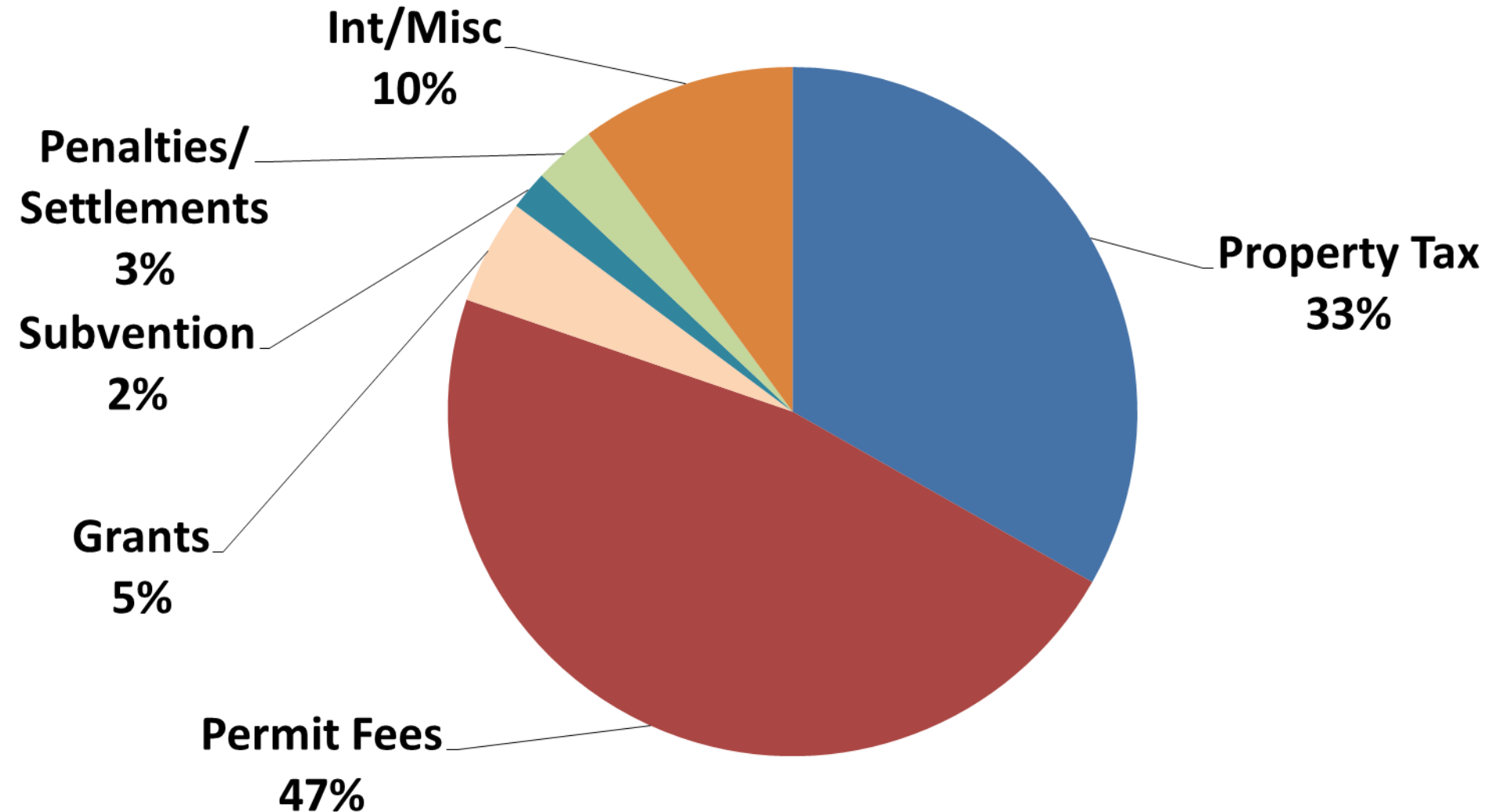
OVERVIEW

Proposed Budget for FYE 2018

- \$94.8 M General Fund Budget
- Use of Reserves \$7.8 M
- Incorporates Cost Recovery Policy
- Staff Level: From 347 to 359 FTE
- Addresses Retirement Liabilities (*Prefund \$5M*)
- Includes 2.7% COLA (*pending negotiations*)

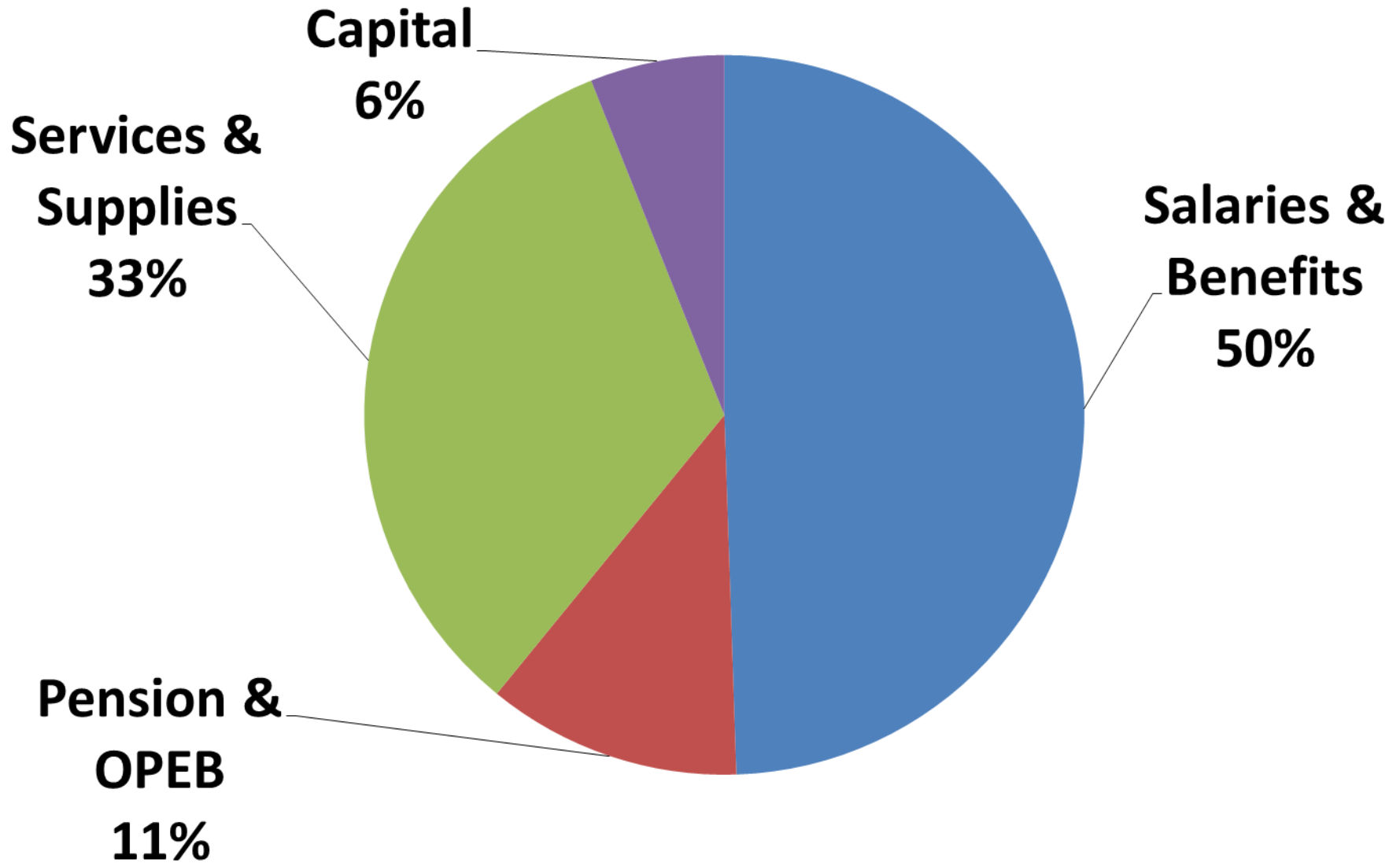


GENERAL FUND REVENUE SOURCES (FYE 2018 Proposed Budget)





GENERAL FUND EXPENDITURES (FYE 2018 Proposed Budget)





FYE 2018 PROPOSED FEES

- Sixth year of Cost Recovery Policy
- Average 6.4% Fee increase in FYE 2018 budget
- New Proposed Fee for Reg. 11-18
- Strong involvement by Regulated Community



FYE 2018 FTE STAFFING LEVEL

FYE 2017 Budgeted Positions	347
FYE 2018 Recommended Positions	12
Total Budgeted Positions	359



RESERVES POLICY

- Reserves Policy: **20%** of General Fund Budget
 - FYE 2018 Budget of \$87 M => **\$17 M minimum**
(excludes \$7.8 M use of reserves)
 - 2018 Projected Reserves = **\$31 M**
(includes remaining Building Sale Proceeds)

FUND BALANCE & UNFUNDED LIABILITY

FUND BALANCE	6/30/2018 Projected
DESIGNATED: *	
Economic Contingency	17,390,311
IT- Event Response	500,000
Litigation	500,000
Pension & Post Employment Liability	440,000
Technology Implementation Office	3,350,000
Tech- Meterological Network Equipment	417,100
Tech- Mobile Monitoring Instruments	450,000
GHG Abatement Technology Study	1,500,000
Woodchip Program	150,000
Woodsmoke Grants	1,000,000
Diversity, Equity & Inclusion	100,000
Worker's Comp Self -Funding	1,000,000
TOTAL DESIGNATED	\$26,797,411
UNDESIGNATED	7,850,000
Use of Fund Balance	(7,850,000)
TOTAL UNDESIGNATED	\$0
TOTAL DESIGNATED & UNDESIGNATED	\$26,797,411
BUILDING PROCEEDS:	4,668,200
TOTAL FUND BALANCE	\$31,465,611
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

* Designated Fund Balances are subject to change at Board's discretion.



FYE 2018 USE OF RESERVES

Use of Reserves of \$7,850,000: Multi-year expenditures

- \$4.5 M Implementation of Clean Air Plan
- \$1.7 M Meteorology Equipment
- \$1.0 M Permit Processing & Health Risk Assessment
- \$650 K Technology Implementation Office



UNFUNDED LIABILITIES

CALPERS PENSION RETIREMENT



CALPERS PENSION

Overview

- CalPERS Retirement (6/30/15 Valuation)
 - \$269 M Obligation – 78% Funded
 - \$59 M Unfunded

- Funding Policy: 90%
 - No Target Date
 - FYE 2018 Pre-fund: **\$1 M**



UNFUNDED LIABILITIES

OTHER POST RETIREMENT BENEFITS (OPEB)



OPEB OVERVIEW

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

- Funding Policy: 90% Funding Level
 - No Target Date
 - FYE 2018 Proposed Pre-Fund: **\$4 M**
 - Consider diversifying investment with PARS



2018 PROPOSED BUDGET

Previous Questions

- Why is the budget increase from FYE 2017 large ?
(\$ 16.8 M)
- How much of the \$16.8 M increase is covered by Reserves versus Recurring Revenue?
- How do the 12 new positions map to the Divisions and Position Titles?
- What are the headcount funding sources?



2018 PROJECTED BUDGET INCREASE (Response to Previous Question)

- **Q:** \$ 16.8 M increase from 2017 seems large
- **A:** \$ 7.8 M of the increase is use of reserves
- Recurring expense increases are 100% covered by increases in recurring revenues
- One-time expenses are 77% covered by use of reserves and 23% by increases in recurring revenues
- More detail on next two slides.....



2018 PROJECTED BUDGET INCREASE (Response to Previous Question)

RECURRING REVENUES:	\$ (Million)
Property Taxes	4.6
Permit Fees	3.8
Penalties/Settlements	0.6
	9.0
RECURRING EXPENSES:	
12 Additional Staff with Benefits	1.9
2.7% COLA & Benefits	1.8
Increase in OPEB Prefunding	1.0
Increase in Pension Prefunding	0.7
Diversity, Equity & Inclusion Office	0.5
Other Services (50 programs)	0.8
	6.7



2018 PROJECTED BUDGET INCREASE (Response to Previous Question)

ONE TIME REVENUES:	\$ (Million)
Use of Reserves	7.8
	7.8
ONE TIME EXPENSES:	
Records Management System	0.9
Permit Processing & Health Risk Assessment	2.3
Implementation of Clean Air Plan	4.5
Meteorology Equipment	1.7
Technology Implementation Office	0.7
	10.1



12 NEW POSITIONS (Response to Previous Question)

NEW POSITIONS	<i>Communication</i>	<i>Enforcement</i>	<i>Engineering</i>	<i>Executive</i>	<i>Information Services</i>	<i>Rule Development</i>	<i>Planning</i>	<i>FTE Total</i>
Air Quality Engineer I			1					1
Air Quality Inspector I		1						1
Assistant Manager							1	1
Database Specialist			1					1
Health Officer				1				1
Information Systems Manager					1			1
Principal Air Quality Engineer							1	1
Public Information Officer II	1							1
Staff Specialist II				1				1
Supervising Air Quality Engineer			1					1
Senior Air Quality Engineer						2		2
FTE Total	1	1	3	2	1	2	2	12



FTE ALLOCATION BY FUNDING SOURCE

(Response to Previous Question)

FYE 2018	
FUNDING SOURCE	FTE COUNT
General Fund	330
Carl Moyer	3
Mobile Source Incentive Fund	4
Goods Movement Bond	3
Transportation Fund for Clean Air	19
TOTAL	359



BUDGET SUMMARY

FYE 2018

- Budget balanced
- Use of Reserves of \$7.8 M
- Budgeted positions increased to 359
- Includes 2.7% COLA (pending negotiations)
- Other Post-Employment Benefits (OPEB):
 - Contribution increased to \$4 M
- CalPERS Pension Pre-funding
 - Contribution of \$1M (to PARS Pension Trust?)



NEXT STEPS

- April 19 – Held 1st Public Hearing on Proposed Fees
- May 17 – 1st Public Hearing on Budget
- June 21– 2nd Public Hearing & Adoption of:
 1. **Proposed Fees**
 2. **Proposed Budget**



RECOMMENDATIONS

➤ *Consider recommending that the Board of Directors:*

Adopt the FYE 2018 Proposed Budget

Pension Rate Stabilization Program (PRSP) and OPEB Pre-Funding using 115 Trust

April 12, 2017

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



Contacts



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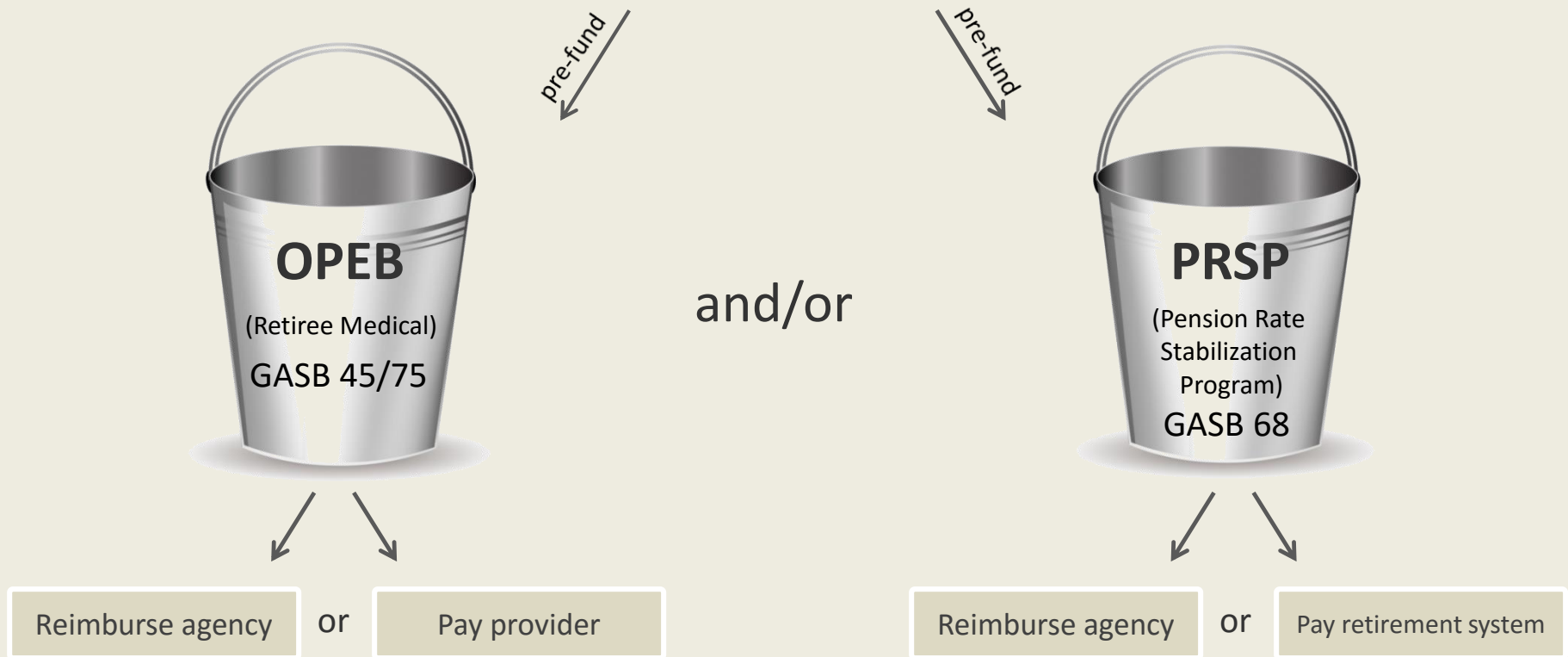
(415) 705-7605

115 OPEB/Pension Trust Team



Role	Trust Administrator & Consultant	Trustee	Investment Manager
	<ul style="list-style-type: none"> Recordkeeping/Sub-trust accounting Actuarial Coordination Monitor Contributions/Process Disbursements Monitor Plan Compliance Ongoing Client Liaison Pre-fund Pension Option 	<ul style="list-style-type: none"> Safeguard plan assets Oversight protection Plan Fiduciary Custodian of assets 	<ul style="list-style-type: none"> An investment sub-advisor to U.S. Bank Open architecture Investment policy assistance
Corporate Experience	33 years (1984 – 2017)	154 years (1863 – 2017)	98 years (1919 – 2017)
OPEB Experience	21 years	12 years	21 years
Plans under Administration	1,400+ plans for 700+ public agencies		
Dollars under Administration	More than \$2.2 billion	More than \$4 trillion	More than \$15.2 billion under management

PARS IRS-Approved Combination 115 Trust



- Assets are sub-accounted for separately
- Pre-fund one now and the other later
- Addresses unfunded liabilities
- Can choose different investment risk tolerance levels for each

- Can access funds at anytime; OPEB for OPEB and pension for pension
- Assets (OPEB and Pension) aggregate and reach lower fees on tiered schedule sooner – saving money!
- No cost to set up; no fees until assets are added

More than 250 OPEB/PRSP Clients, including these Bay Area Agencies

Cities & Towns

Alameda	Novato
Brisbane	Palo Alto
Capitola	Richmond
Colma	Rohnert Park
Daly City	San Leandro
Half Moon Bay	Santa Clara
Hercules	Sausalito
Livermore	Tiburon
Morgan Hill	Union City
Napa	Yountville

Counties

Contra Costa
San Benito
Solano

Educational Districts

Santa Rita Union School District
Calistoga Joint Unified School District
San Bruno Park School District
Campbell Union High School District
Cotati-Rohnert Park Unified School District

Special Districts

Central Contra Costa Sanitary District
Central Contra Costa Transit Authority
Coastside Fire Protection District
Contra Costa Mosquito & Vector Control District
Hayward Area Recreation & Park District
Housing Authority of the County of Contra Costa
Menlo Park Fire Protection District
Mid-Peninsula Water District
Metropolitan Transportation Commission (Brian Mayhew)
Moraga-Orinda Fire Protection District
Napa County Mosquito Abatement District
Novato Sanitary District
San Mateo County MVCD
Southern Marin Fire Protection District
Superior Court of CA, County of Contra Costa
Superior Court of CA, County of Marin
Superior Court of CA, County of San Mateo
Vallejo Sanitation & Flood Control District
West Bay Sanitary District
West County Wastewater District

Air Quality Management Districts

Great Basin Unified Air Pollution Control District
Mojave Desert Air Quality Management District
Monterey Bay Unified Air Pollution Control District

PRSP

Pension Rate Stabilization Program

Pension Actuarial Results

In response to the lack of options, PARS developed a Section 115 Trust program to enable public agencies to pre-fund retirement obligations through a locally controlled trust.

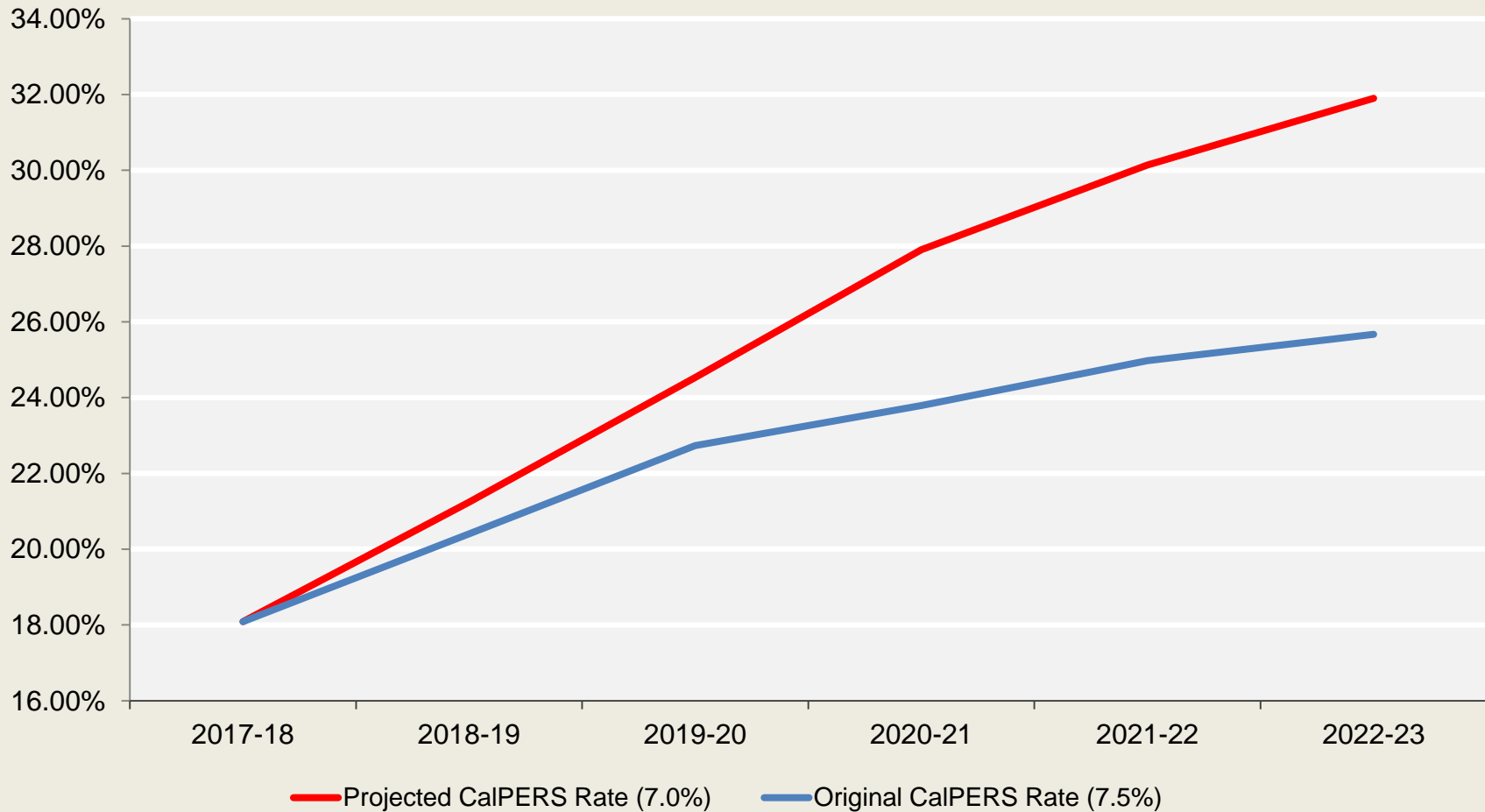
As of June 30, 2015, Bay Area Air Quality Management District's CalPERS pension plan is as follows:

Actuarial Liability	\$268.7 M
Assets	\$209.4 M
Unfunded Liability	\$59.2 M
Funded Ratio	78.0%
Total Employer Contribution Amount for FYE 2018	\$6.3 M
Projected Employer Contribution Amount for FYE 2023*	\$13.0 M, (106.3%)

* Data from Agency's 2015-16 CalPERS Actuarial valuation, with midpoint adjustments for discount rate projections

Projected Future CalPERS Contributions – Misc.

Employer Misc. Contributions are projected to increase from **\$6.3 M to \$13.0 M** over 6 years* (106.3% ↑)



* Data from Agency's 2015-16 CalPERS Actuarial valuation, with midpoint adjustments for discount rate projections

Summary:

Why Prefund Pension in a Separate Trust?

1. Local control of reserve funds
2. Diversified Investing/Potential for Greater Return than General Fund
3. Addresses future pension liabilities
4. Helps offset pension rate increases or underperformance by retirement system
5. Rainy Day Fund: Emergency source of funds when Employer revenues are impaired based on when conditions dictate
6. Can use these funds for pension obligations at anytime
7. Can choose less aggressive investment strategy than retirement system
8. Assets (OPEB and Pension) will aggregate and reach lower fees on tiered schedule sooner – saving money!

OPEB

Other Post-Employment Benefits

OPEB Actuarial Results – Financial Summary

Valuation Date: June 30, 2015	Pre-Funding Discount Rate: 7.25%
Total Present Value of Future Benefits	\$73,889,000
Actuarial Accrued Liability (AAL)	\$62,103,000
Actuarial Value of Assets	\$29,149,000
Unfunded Actuarial Accrued Liability (UAAL)	\$32,954,000

Rule of thumb: For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.

Advantages of Program

PARS

- **Greater** investment performance net of all fees
- **Transparency of holdings:** HighMark discloses their holdings and fund level expenses
- **Dedicated Portfolio Manager** with onsite reviews, investment policy assistance and cell phone access
- **Choice of 5 risk tolerance levels** (active or passive platforms) **or custom**
- PARS can reimburse up to **2 years of OPEB expenses**
- The **PARS IRS approved Combo Trust** is capable of prefunding either **OPEB and/or Pension**. Using one portfolio manager brings economies of scale, efficiencies and lower fees due to our tiered fee schedule

CalPERS

- *See page 13*
- *CalPERS does not*
- *N/A*
- *3 models only; no choice of active or passive or custom*
- *CalPERS will reimburse for only 1 year*
- *CalPERS does not offer pension prefunding in a separate trust from retirement system*

Net Performance/Fee Analysis Annualized Returns

As of December 31, 2016*

PARS/HighMark

CalPERS CERBT

Over 1 Year			
PARS/HighMark Capital Appreciation Strategy (24% Fixed Income)	8.81%	CalPERS CERBT Strategy 1 (27% Fixed Income)	7.62%
Minus Weighted PARS Admin Fee	(-) 0.25%	Minus Fees	(-) 0.10%
Minus Weighted HM Investment Management Fee*	(-) 0.31%		
1-Year Net Return	8.25%	1-Year Net Return	7.52%
Over 3 Years			
PARS/HighMark Capital Appreciation Strategy (24% Fixed Income)	4.79%	CalPERS CERBT Strategy 1 (27% Fixed Income)	3.48%
Minus Weighted PARS Admin Fee	(-) 0.25%	Minus Fees	(-) 0.10%
Minus Weighted HM Investment Management Fee*	(-) 0.31%		
3-Year Net Return	4.23%	3-Year Net Return	3.38%
Over 5 Years			
PARS/HighMark Capital Appreciation Strategy (24% Fixed Income)	9.53%	CalPERS CERBT Strategy 1 (27% Fixed Income)	7.85%
Minus Weighted PARS Admin Fee	(-) 0.25%	Minus Fees	(-) 0.10%
Minus Weighted HM Investment Management Fee*	(-) 0.31%		
5-Year Net Return	8.96%	5-Year Net Return	7.75%

* Utilizing 12/31/16 Fee Schedule

** Subject to change due to rebalancing.

*** Past performance does not guarantee future results.

PARS/HighMark Capital Management Annualized Returns

As of December 31, 2016

Risk Tolerance Portfolios	% Equity	1-Year Returns	3-Year Returns	5-Year Returns
Capital Appreciation	65-85%	8.81%	4.79%	9.53%
Balanced	50-70%	6.82%	3.81%	8.12%
Moderate	40-60%	6.44%	3.77%	7.24%
Moderately Conservative	20-40%	4.93%	3.20%	5.51%
Conservative	5-20%	4.18%	2.77%	4.07%

*Past performance does not guarantee future results.

OPEB/Pension Pre-funding Fee Schedule

Trust Administration/Consulting Fees

Company Name	Plan Set Up Fee	Ongoing
PARS	None	0.25% for assets under \$5 million 0.25% for assets \$5-10 million 0.20% for assets \$10-15 million 0.15% for assets \$15-50 million 0.10% for assets over \$50 million (\$300 monthly minimum) (WAIVED)

Discretionary Trustee/Investment Management Fees

Company Name	Plan Set Up Fee	Ongoing
U.S. Bank/ HighMark Capital	None	Ranges from 0.25% to 0.31% (at first tier for HighMark PLUS portfolios; depending on risk tolerance level; net after fee waivers)* 0.35% for assets under \$5 million 0.25% for assets \$5—\$10 million 0.20% for assets \$10—\$15 million 0.15% for assets \$15—\$50 million 0.10% for assets over \$50 million

* Fees as of December 31, 2016. Subject to change due to rebalancing.

PARS does not receive any compensation from the investments or any commissions, back-end loads, or any other forms of compensation.

HighMark Capital Management Investment Program Presentation

FIRM OVERVIEW

LONGEVITY

Managing assets for clients since **1919***

TALENT

53 investment professionals
30 professionals hold the Chartered Financial Analyst® (CFA) designation
22 years average industry experience

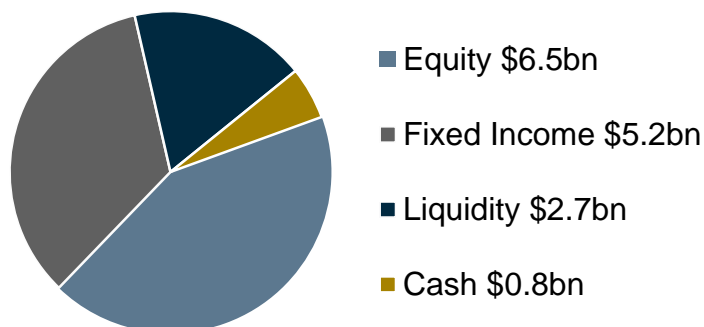
STABILITY

Investment boutique structure headquartered in San Francisco backed by **global strength** within MUFG Union Bank, N.A. and Mitsubishi UFJ Financial Group

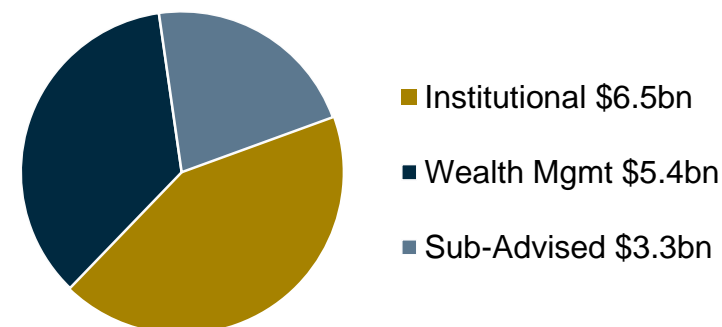
ASSETS UNDER MANAGEMENT

\$15.2 Billion as of 12/31/2016

Asset Class (\$B)

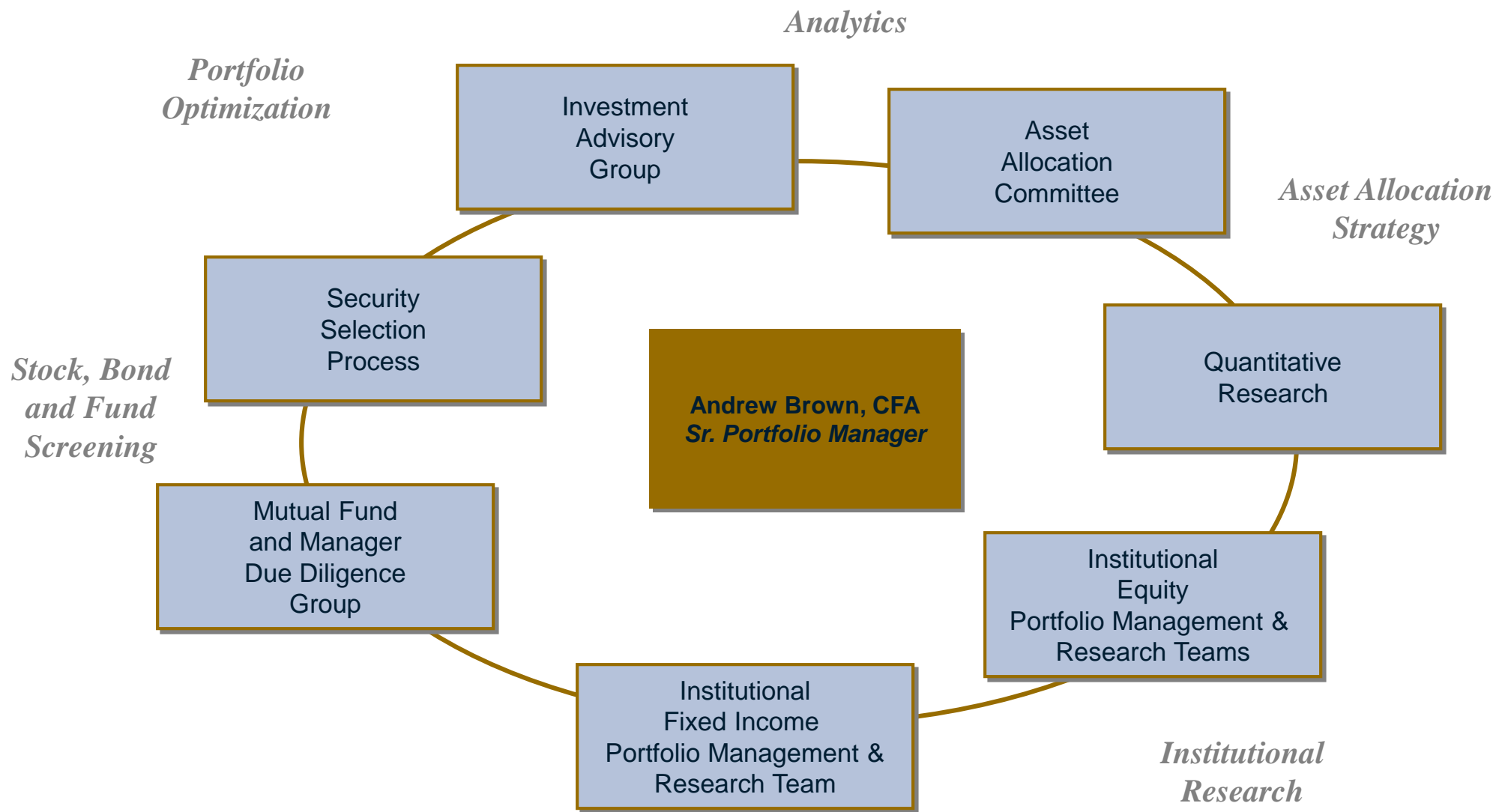


Client Base (\$B)



OUR INVESTMENT CAPABILITIES

Our Senior Portfolio Managers are supported by deep investment resources and unique processes.



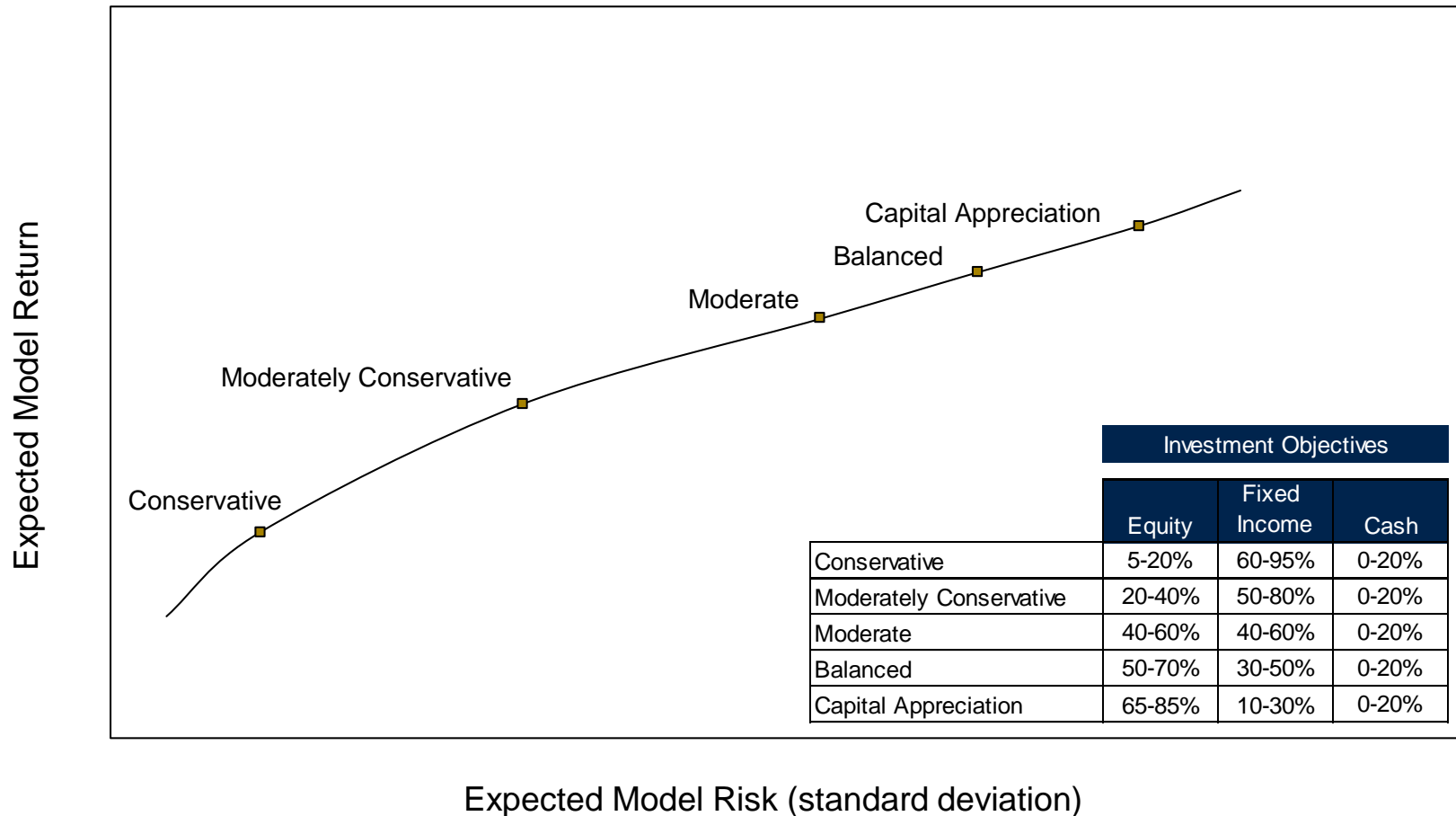
1. ESTABLISH: DETERMINE YOUR STRATEGIC ASSET ALLOCATION STRATEGY

Efficient Frontier:

Equity

Fixed Income

Cash



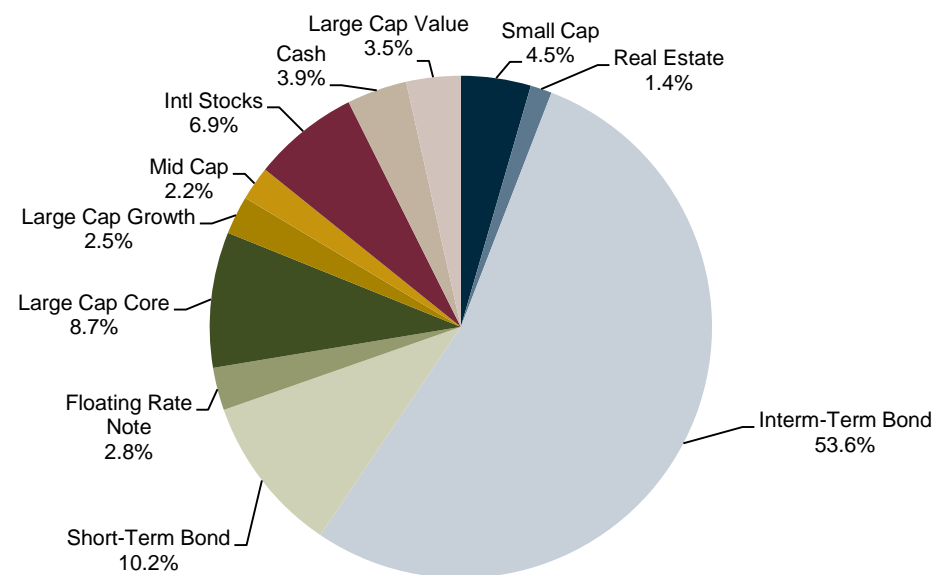
Each Investment Objective is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

Moderately Conservative Objective

Strategic Ranges	
Equity	20-40%
Fixed Income	50-80%
Cash	0-20%
Tactical Allocation	
Equity	30.00%
Fixed Income	66.00%
Cash	4.00%

Asset Allocation	
Equity	
Large Cap Core	8.72%
Large Cap Value	3.50%
Large Cap Growth	2.47%
Mid Cap Value	0.60%
Mid Cap Blend	1.60%
Real Estate	1.38%
Small Cap Value	2.82%
Small Cap Growth	1.68%
International	5.30%
Emerging Markets	1.55%
Fixed Income	
Interm-Term	53.56%
Short-Term	10.19%
Floating Rate Note	2.75%
Cash	
	3.87%



*Each strategy represented in the Sample Portfolio is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information. Data is as of 12.31.2016.

3. CONSTRUCT YOUR PORTFOLIO: SAMPLE PORTFOLIO

PARS Moderately Conservative			
		Ticker	Actively Managed Mutual Funds Fund Name
Equity	<40% equity		
Large Cap Core	2.89%	SMGIX	COLUMBIA CONTRARIAN CORE-Z
Large Cap Core	5.83%	VGIAX	VANGUARD GROWTH & INCOME-ADM
Large Cap Value	3.50%	DODGX	DODGE & COX STOCK FUND
Large Cap Growth	1.24%	HACAX	HARBOR CAPITAL APPRECIATION-INST
Large Cap Growth	1.24%	PRUFX	T ROWE PRICE GROWTH STOCK-I
Mid Cap Blend	1.60%	IWR	ISHARES RUSSELL MID-CAP ETF
Mid Cap Value	0.60%	IWS	ISHARES RUSSELL MID-CAP VALUE
Real Estate	1.38%	FARCX	NUVEEN REAL ESTATE SECUR-I
Small Cap Value	2.82%	UBVLX	UNDISC MGRS BEHAV VAL-L
Small Cap Growth	1.68%	PRJIX	T ROWE PRICE NEW HORIZONS-I
International	2.50%	NWHMX	NATIONW BAILRD INT EQ-INST
International	1.40%	DODFX	DODGE & COX INTL STOCK FUND
International	1.40%	MQGIX	MFS INTL GROWTH-I
Emerging Markets	1.55%	SEMNX	HARTFORD SCHR EM MRKT EQ-I
	29.63%		
Fixed Income			
Short Term Bond	10.19%	VFSUX	VANGUARD S/T INVEST GR-ADM
Interm Term Bond	14.44%	PTTRX	PIMCO TOTAL RETURN FUND-INST
Interm Term Bond	16.75%	PTRQX	PRUDENTIAL TOTAL RETRN BND-Q
Interm Term Bond	22.37%	NWJIX	NATIONW HIGHMARK BND-INST
Floating Rate Note	2.75%	EIFHX	EATON VAN FL RT & HI INC-INS
	66.50%		
Cash	3.87%	FGZXX	FIRST AM GOV OBLIG-Z
TOTAL	100.00%		

PARS Moderately Conservative			
		Ticker	Passively Managed Mutual Funds Fund Name
Equity	<40% equity		
Large Cap Blend	8.72%	IVV	ISHARES CORE S&P 500 ETF
Large Cap Value	3.50%	IVE	ISHARES S&P 500 VALUE ETF
Large Cap Growth	2.47%	IVW	ISHARES S&P 500 GROWTH ETF
Mid Cap Blend	1.60%	IWR	ISHARES RUSSELL MID-CAP ETF
Mid Cap Value	0.60%	IWS	ISHARES RUSSELL MID-CAP VALUE
Real Estate	1.38%	VNQ	VANGUARD REIT ETF
Small Cap Value	2.82%	IWN	ISHARES RUSSELL 2000 VALUE E
Small Cap Growth	1.68%	IWO	ISHARES RUSSELL 2000 GROWTH
International	5.30%	EFA	ISHARES MSCI EAFE ETF
Emerging Markets	1.55%	VWO	VANGUARD FTSE EMERGING MARKE
	29.63%		
Fixed Income			
Short Term Bond	10.19%	VFSUX	VANGUARD S/T INVEST GR-ADM
Intermediate Term Bond	53.56%	AGG	ISHARES CORE U.S. AGGREGATE
Floating Rate Note	2.75%	BKLN	POWERSHARES SENIOR LOAN
	66.50%		
Cash	3.87%	FGZXX	FIRST AM GOV OBLIG-Z
TOTAL	100.00%		

Securities shown here may change from time to time, at the discretion of HighMark. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

INVESTMENT BIOGRAPHY



Andrew Brown, CFA, Director and Senior Portfolio Manager

Andrew Brown joined HighMark Capital Management, the investment management subsidiary of MUFG Union Bank, N.A., in November of 1997. As Senior Portfolio Manager, Andrew is responsible for managing investment portfolios on behalf of high net worth investors, trusts, retirement plans, foundations, and not-for-profit organizations. In addition, he is a member of HighMark's Manager Review Committee (MRC). Andrew began his career in the investment management industry in 1994. Prior to joining HighMark, Andrew's work experience includes three years as a Japanese Equity Specialist at Wako Securities (America). His duties there included designing and implementing a marketing program to sell Japanese stocks to institutional investors. He also performed securities analysis for Japanese equities and made buy/sell recommendations on Nikkei 225 and OTC equities.

Andrew received a Bachelor of Arts degree in International Relations, concentrating in Asia-Politics/Economy, from the University of Southern California, and a Master's degree in Business Administration with an emphasis in Finance/Marketing from the University of Southern California. In addition, Andrew is a CFA charterholder.



PENSION SUMMARY

- 2% at 55 for Classic Employees – 7% contribution
- 2% at 62 for PEPPRA* Employees – 50% of normal cost (5.5% contribution)
- Vesting schedule is 5 years for both

*Public Employees Pension Reform Act



OTHER POST EMPLOYMENT BENEFITS SUMMARY

- Employees hired before July 1, 2010
 - 100% of maximum benefit allowance at time of retirement
- Employees hired after July 1, 2010
 - Maximum benefit allowance at time of retirement based on vesting schedule below:

Credited Years of Service	Percentage of Benefit Allowance
10	50%
11	60%
12	70%
13	80%
14	90%
15	100%



Bay Area Air Quality Management District

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

Third Quarter Financial Report Fiscal Year Ending 2017

Budget & Finance Committee Meeting
April 26, 2017

Stephanie Osaze
Finance Manager



OVERVIEW

General Fund Reporting on 3rd Quarter financial results (July 1, 2016 – March 31, 2017):

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



3rd Quarter Results FYE 2017

General Fund - Revenues

Major Categories	FYE 2017 Budget	FYE 2017 Actual (as of 03/31/2017)	Percentage of Budgeted Revenues
County receipts	\$26,869,727	\$16,698,101	62%
Permit Fees	\$33,489,586	\$30,870,732	92%
Title V Permit Fees	\$4,687,437	\$4,653,797	99%
Asbestos Fees	\$2,600,000	\$3,030,181	117%
Toxic Inventory Fees	\$239,348	\$168,113	70%
Penalties and Settlements	\$2,200,000	\$2,517,392	114%
Interest Revenue	\$200,000	\$256,543	128%
Miscellaneous Revenue	\$150,000	\$75,483	50%
Total Revenues	\$70,436,098	\$58,270,342	83%



Revenue Comparison

Prior Year vs. Current Year

Major Categories	FYE 2016 (As of 03/31/2016)	FYE 2017 (As of 03/31/2017)	\$ DIFFERENCE
County receipts	\$16,306,294	\$16,698,101	\$391,807
Permit Fee receipts	\$28,999,475	\$30,870,732	\$1,871,257
Title V Permit Fees	\$4,636,534	\$4,653,797	\$17,263
Asbestos Fees	\$2,855,744	\$3,030,181	\$174,437
Toxic Inventory Fees	\$215,872	\$168,113	(\$47,759)
Penalties and Settlements	\$5,917,183	\$2,517,392	(\$3,399,791)
Interest Revenue	\$178,177	\$256,543	\$78,366
Miscellaneous Revenue	\$39,973	\$75,483	\$35,510
TOTAL REVENUES	\$59,149,253	\$58,270,342	(\$878,911)



3rd Quarter Results FYE 2017

General Fund - Expenses

Major Categories	FY 2017 Budget	FYE 2017 Actual (as of 03/31/2017)	Percentage of Budgeted Expenditures
* Personnel - Salaries	\$37,229,701	\$26,580,883	71%
* Personnel - Benefits	\$19,342,599	\$14,361,433	74%
Operational Services and Supplies	\$21,538,490	\$13,317,126	62%
Capital Outlay	\$3,965,934	\$2,733,616	69%
Total Expenditures	\$82,076,724	\$56,993,058	69%

* Consolidated (Includes Special Funds)



Expenditure Comparison

Prior Year vs. Current Year

Major Categories	FYE 2016 (As of 03/31/2016)	FYE 2017 (As of 03/31/2017)	\$ DIFFERENCE
*Personnel - Salaries	\$26,063,897	\$26,580,883	\$516,987
*Personnel - Benefits	\$13,930,322	\$14,361,433	\$431,111
Operational Services and Supplies	\$13,046,025	\$13,317,126	\$271,100
Capital Outlay	\$5,834,915	\$2,733,616	(\$3,101,300)
TOTAL EXPENDITURES	\$58,875,160	\$56,993,058	(\$1,882,102)

*Consolidated includes Special Funds



3rd Quarter Results FYE 2017

Cash and Investments with County Treasury:

(Based on the March 2017 Account Balance)

General Fund	\$73,236,606
TFCA	\$86,313,059
MSIF	\$36,672,835
Carl Moyer	\$4,783,613
CA Goods Movement	\$8,349,154
BikeShare	\$1,063,615
TOTAL	<u>\$210,418,883</u>



Fund Balance and Unfunded Liabilities

FUND BALANCES	6/30/2015 Audited	6/30/2016 Audited	6/30/2017 Projected
DESIGNATED: *			
Economic Contingency	11,114,309	16,519,959	16,614,025
IT- Desktop Equipment	500,000	0	0
IT- Event Response	500,000	500,000	500,000
Pension & Post Employment Liability	1,800,000	1,600,000	800,000
Tech- Meterological Network Equipment	417,100	417,100	417,100
Tech- Mobile Monitoring Instruments	450,000	450,000	450,000
GHG Abatement Technology Study	0	1,500,000	1,500,000
Worker's Comp Self -Funding	1,000,000	1,000,000	1,000,000
TOTAL DESIGNATED	\$15,781,409	\$21,987,059	\$21,281,125
UNDESIGNATED	15,122,475	13,366,286	13,366,286
TOTAL UNDESIGNATED	\$15,122,475	\$13,366,286	\$13,366,286
TOTAL DESIGNATED & UNDESIGNATED	\$30,903,884	\$35,353,345	\$34,647,411
BUILDING PROCEEDS:	14,168,200	4,668,200	4,668,200
TOTAL FUND BALANCE	\$45,072,084	\$40,021,545	\$39,315,611
* Designated Fund Balances are subject to change at Board's discretion.			
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 **\$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 - March 2017)	Explanation
Alliant Insurance Services	\$436,359	Various Business Insurance Policies
Benefits Coordinators Corp.	\$648,505	Life Insurance Plan & LTD Insurance
CA Public Employee Retirement System	\$4,171,370	Health Insurance Plan
CA Public Employee Retirement System	\$9,175,002	Retirement Benefits & 457 Supplemental Plan
CAPCOA	\$644,042	Pass through EPA grants
Cubic Transportations Systems	\$277,612	Clipper Transit Subsidy
Direct Mail Center	\$112,299	Public Notice Mailing Services
Employee Benefit Specialists	\$236,446	Medical & Dependent Care Flexible Spending Plan
Enterprise Fleet Services	\$367,095	Fleet Leasing and Maintenance services
Hartford Life Ins Co.	\$444,601	457 Supplemental Insurance
Preferred Benefit Insurance AD	\$510,868	Dental Insurance Plan
Renne Sloan Holtzman Sakai	\$129,464	Human Resources Consulting Services
Thermo Environmental Instrument	\$141,740	Air monitoring and source test instrumentation
Verizon Wireless	\$146,796	Cell phone services