



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 3

Fourth Quarter Financial Report Fiscal Year Ending (FYE) 2020

**Budget and Finance Committee Meeting
November 23, 2020**

**Stephanie Osaze
Finance Manager**



General Fund Reporting on 4th Quarter Financial Results (July 1, 2019 – June 30, 2020):

- Revenues
- Expenditures
- Investments
- General Fund Balance and Outstanding Liabilities
- Purchasing Report

4th Quarter Results FYE 2020



Major Categories	FYE 2020 Budget	FYE 2020 Actual (as of 06/30/2020)	Percentage of Budgeted Revenues
County receipts	\$36,186,420	\$37,482,345	104%
Permit Fees	\$38,969,795	\$44,533,338	114%
Title V Permit Fees	\$5,982,811	\$6,112,355	102%
Asbestos Fees	\$3,250,000	\$4,493,319	138%
Toxic Inventory Fees	\$65,000	\$580,338	893%
Penalties and Settlements	\$2,750,000	\$1,352,778	49%
Interest Revenue	\$979,660	\$1,382,733	141%
Miscellaneous Revenue	\$100,000	\$457,380	457%
Total Revenues	\$88,283,686	\$96,394,586	109%

Revenue Comparison



Prior Year vs. Current Year

Major Categories	FYE 2019 (As of 06/30/2019)	FYE 2020 (As of 06/30/2020)	\$ DIFFERENCE
County receipts	\$35,823,934	\$37,482,345	\$1,658,411
Permit Fee receipts	\$41,420,976	\$44,533,338	\$3,112,362
Title V Permit Fees	\$6,597,440	\$6,112,355	(\$485,084)
Asbestos Fees	\$4,434,539	\$4,493,319	\$58,780
Toxic Inventory Fees	\$475,140	\$580,338	\$105,198
Penalties and Settlements	\$2,123,615	\$1,352,778	(\$770,838)
Interest Revenue	\$1,503,779	\$1,382,733	(\$121,046)
Miscellaneous Revenue	\$500,419	\$457,380	(\$43,038)
TOTAL REVENUES	\$92,879,842	\$96,394,586	\$3,514,744

4th Quarter Results FYE 2020 (cont.)



General Fund - Expenditures

Major Categories	FY 2020 Budget	FYE 2020 Actual (as of 06/30/2020)	Percentage of Budgeted Expenditures
* Personnel - Salaries	\$47,601,274	\$47,266,818	99%
* Personnel - Benefits	\$22,515,904	\$20,996,053	93%
Operational Services and Supplies	\$27,278,966	\$30,788,924	113%
Capital Outlay	\$9,404,116	\$6,804,017	72%
Total Expenditures	\$106,800,260	\$105,855,812	99%

* Consolidated (Includes Special Funds)

Expenditure Comparison



Prior Year vs. Current Year

Major Categories	FYE 2019 (As of 06/30/2019)	FYE 2020 (As of 06/30/2020)	\$ DIFFERENCE
*Personnel - Salaries	\$42,855,571	\$47,266,818	\$4,411,247
*Personnel - Benefits	\$22,852,038	\$20,996,053	(\$1,855,986)
Operational Services and Supplies	\$23,677,660	\$30,788,924	\$7,111,264
Capital Outlay	\$17,104,098	\$6,804,017	(\$10,300,080)
TOTAL EXPENDITURES	\$106,489,367	\$105,855,812	(\$633,555)

***Consolidated includes Special Funds**

4th Quarter Results FYE 2020 (cont.)



Investments

Cash and Investments with County Treasury:

(Based on June 2020 Account Balance)

General Fund	\$81,745,113
TFCA	\$117,735,644
MSIF	\$51,366,177
Carl Moyer	\$87,118,737
CA Goods Movement	\$20,979,038
AQ Projects	\$2,821,017
Vehicles Mitigation	\$2,457,095
TOTAL	<u>\$364,222,821</u>

Fund Balance and Outstanding Liabilities



FUND BALANCES	6/30/2018 Audited	6/30/2019 Audited	6/30/2020 Projected
DESIGNATED: *			
Diversity Equity & Inclusion	100,000	0	0
Economic Contingency	17,390,311	19,084,769	20,082,966
IT- Event Response	500,000	0	0
Litigation	500,000	0	0
Napa/Sonoma Fireplace Replacement Grar	1,000,000	1,000,000	0
Pension & Post Employment Liability	1,000,000	2,000,000	2,000,000
Tech- Meterological Network Equipment	131,100	0	0
Tech- Mobile Monitoring Instruments	80,000	0	0
Technology Implementation Office	3,350,000	0	3,350,000
GHG Abatement Technology Study	1,500,000	0	0
Woodchip Program	150,000	0	0
Woodsmoke Grant	1,000,000	1,000,000	1,000,000
Worker's Comp Self -Funding	1,000,000	0	0
TOTAL DESIGNATED	\$27,701,411	\$23,084,769	\$26,432,966
UNDESIGNATED	18,101,141	22,332,894	12,443,898
TOTAL UNDESIGNATED	\$18,101,141	\$22,332,894	\$12,443,898
TOTAL DESIGNATED & UNDESIGNATED	\$45,802,552	\$45,417,663	\$38,876,864
BUILDING PROCEEDS:	4,668,200	209,489	0
TOTAL FUND BALANCE	\$50,470,752	\$45,627,152	\$38,876,864
* Designated Fund Balances are subject to change at Board's discretion.			
OUTSTANDING LIABILITIES			
CalPERS Pension Retirement			86,309,901
Other Post Employment Benefits			18,840,854
Certificate of Participation Notes			27,130,400
TOTAL OUTSTANDING LIABILITIES			\$132,281,155

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 2020 Vendor Payments



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

	VENDOR NAME	AMOUNT PAID (July 2019 - June 2020)	Explanation
1	Accountemps	\$214,643	Temporary Staffing Services
2	Acterra	\$107,500	Public Outreach & Other Services
3	Alliant Insurance Services	\$580,575	Various Business Insurance Policies
4	BAAQMD Employee Association	\$110,382	Employee Union Dues
5	Bay Area Headquarters Authority	\$2,570,999	Shared Services & Common Areas
6	BAAQMD Employee Association	\$110,382	Employee Union Dues
7	Benefits Coordinators Corp.	\$1,099,315	Life Insurance Plan & LTD Insurance
8	CA Public Employee Retirement System	\$7,445,891	Health Insurance Plan
9	CA Public Employee Retirement System	\$9,374,554	Retirement Benefits & 457 Supplemental Plan
10	CAPCOA	\$643,152	Pass through EPA grants
11	CDW Government	\$256,822	Computer equipment
12	Ceridian	\$200,526	Payroll Processing Services
13	Comcast Cable Communications	\$164,408	Ethernet Services
14	Cubic Transportation Systems	\$560,058	Clipper Transit Subsidy

FYE 2020 Vendor Payments (cont.)



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

	VENDOR NAME	AMOUNT PAID (July 2019 - June 2020)	Explanation
15	Enterprise Fleet Services	\$631,081	Fleet Leasing and Maintenance services
16	E-N-G Mobile System	\$104,340	Field Sampling Vehicle Customization Services
17	EPLUS Technology	\$310,126	Cisco computer network equipment warranty
18	Hartford Life Ins Co.	\$852,299	457 Supplemental Insurance
19	Office Team	\$230,995	Temporary Staffing Services
20	P & A Administrative Services	\$224,408	Flexible Spending & Cobra Benefit Services
21	Preferred Benefit Insurance AD	\$722,932	Dental Insurance Plan
22	Precott-Joseph Center	\$101,000	Sponsorship
23	Pacific Gas & Electric	\$201,216	Utility services
24	Regents of the University of California	\$103,306	Sponsorship
25	Sloan Sakai Yeung & Wong LLP	\$360,624	Human Resources Consulting Services
26	TSI Incorporated	\$116,414	Ambient Monitoring Repair Services
27	Verizon Wireless	\$230,678	Cell phone services
28	Wang Brothers Investment, LLC	\$497,291	Richmond Site Lease
29	Wright Express Universal	\$159,203	Fuel for fleet



BAY AREA
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AGENDA: 4

First Quarter Financial Report Fiscal Year Ending (FYE) 2021

**Budget and Finance Committee Meeting
November 23, 2020**

**Stephanie Osaze
Finance Manager**



General Fund Reporting on 1st Quarter Financial Results (July 1, 2020 – Sept 30, 2020):

- Revenues
- Expenditures
- Investments
- General Fund Balance and Outstanding Liabilities
- Purchasing Report

1st Quarter Results FYE 2021



Major Categories	FYE 2021 Budget	FYE 2021 Actual (as of 09/30/2020)	Percentage of Budgeted Revenues
County receipts	\$38,770,162	\$951,725	2%
Permit Fees	\$33,544,227	\$11,898,338	35%
Title V Permit Fees	\$5,085,389	\$1,288,039	25%
Asbestos Fees	\$1,625,000	\$1,121,781	69%
Toxic Inventory Fees	\$628,357	\$204,377	33%
Penalties and Settlements	\$1,500,000	\$307,791	21%
Interest Revenue	\$832,711	\$308,291	37%
Miscellaneous Revenue	\$100,000	\$7,144	7%
Total Revenues	\$82,085,846	\$16,087,485	20%

Revenue Comparison



Prior Year vs. Current Year

Major Categories	FYE 2020 (As of 09/30/2019)	FYE 2021 (As of 09/30/2020)	\$ DIFFERENCE
County receipts	\$309,911	\$951,725	\$641,814
Permit Fee receipts	\$13,141,305	\$11,898,338	(\$1,242,967)
Title V Permit Fees	\$1,357,024	\$1,288,039	(\$68,985)
Asbestos Fees	\$1,401,272	\$1,121,781	(\$279,491)
Toxic Inventory Fees	\$195,422	\$204,377	\$8,955
Penalties and Settlements	\$382,486	\$307,791	(\$74,695)
Interest Revenue	\$386,870	\$308,291	(\$78,580)
Miscellaneous Revenue	\$155,897	\$7,144	(\$148,753)
TOTAL REVENUES	\$17,330,185	\$16,087,485	(\$1,242,701)

1st Quarter Results FYE 2021 (cont.)



General Fund - Expenditures

Major Categories	FYE 2021 Budget	FYE 2021 Actual (as of 09/30/2020)	Percentage of Budgeted Expenditures
* Personnel - Salaries	\$53,540,565	\$10,094,070	19%
* Personnel - Benefits	\$23,674,011	\$10,422,224	44%
Operational Services and Supplies	\$27,243,515	\$3,526,066	13%
Capital Outlay	\$4,236,448	\$1,778,934	42%
Total Expenditures	\$108,694,539	\$25,821,294	24%

*** Consolidated (Includes Special Funds)**

Expenditure Comparison



Prior Year vs. Current Year

Major Categories	FYE 2020 (As of 09/30/2019)	FYE 2021 (As of 09/30/2020)	\$ DIFFERENCE
*Personnel - Salaries	\$9,727,760	\$10,094,070	\$366,309
*Personnel - Benefits	\$9,035,441	\$10,422,224	\$1,386,783
Operational Services and Supplies	\$4,035,126	\$3,526,066	(\$509,060)
Capital Outlay	\$1,470,771	\$1,778,934	\$308,163
TOTAL EXPENDITURES	\$24,269,099	\$25,821,294	\$1,552,195

***Consolidated includes Special Funds**

1st Quarter Results FYE 2021



Investments

Cash and Investments with County Treasury:

(Based on Sept 2020 Account Balance)

General Fund	\$68,593,776
TFCA	\$120,534,841
MSIF	\$52,907,649
Carl Moyer	\$86,881,175
CA Goods Movement	\$21,061,702
AQ Projects	\$1,590,518
Vehicles Mitigation	\$2,468,705
TOTAL	<u>\$354,038,365</u>

Fund Balance and Outstanding Liabilities



FUND BALANCES	6/30/2019 Audited	6/30/2020 Projected	6/30/2021 Projected
DESIGNATED: *			
Economic Contingency	19,084,769	20,082,966	21,294,922
Napa/Sonoma Fireplace Replacement Grant	1,000,000	0	0
Pension & Post Employment Liability	2,000,000	2,000,000	2,000,000
Technology Implementation Office	0	3,350,000	3,350,000
Woodsmoke Grant	1,000,000	1,000,000	1,000,000
TOTAL DESIGNATED	\$23,084,769	\$26,432,966	\$27,644,922
UNDESIGNATED	22,332,894	12,443,898	6,072,260
TOTAL UNDESIGNATED	\$22,332,894	\$12,443,898	\$6,072,260
TOTAL DESIGNATED & UNDESIGNATED	45,417,663	38,876,864	33,717,182
BUILDING PROCEEDS:	209,489	0	0
TOTAL FUND BALANCE	\$45,627,152	\$38,876,864	\$33,717,182
* Designated Fund Balances are subject to change at Board's discretion.			
OUTSTANDING LIABILITIES			
CalPERS Pension Retirement			86,309,901
Other Post Employment Benefits			18,840,854
Certificate of Participation Notes			27,130,400
TOTAL OUTSTANDING LIABILITIES			\$132,281,155

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FYE 2021 Vendor Payments



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

	VENDOR NAME	AMOUNT PAID (July 2020 - Sept 2020)	Explanation
1	Alliant Insurance Services	\$223,753	Various Business Insurance Policies
2	Benefits Coordinators Corp.	\$265,712	Life Insurance Plan & LTD Insurance
3	CA Public Employee Retirement System	\$2,059,145	Health Insurance Plan
4	CA Public Employee Retirement System	\$1,938,615	Retirement Benefits & 457 Supplemental Plan
5	Enterprise Fleet Services	\$101,936	Fleet Leasing and Maintenance services
6	Hartford Life Ins Co.	\$202,718	457 Supplemental Insurance
7	Preferred Benefit Insurance AD	\$124,324	Dental Insurance Plan
8	Wang Brothers Investment LLC	\$122,082	Richmond Site Lease



BAY AREA
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AGENDA: 5

Request to Amend Fiscal Year Ending (FYE) 2021 Budget to Increase Staffing

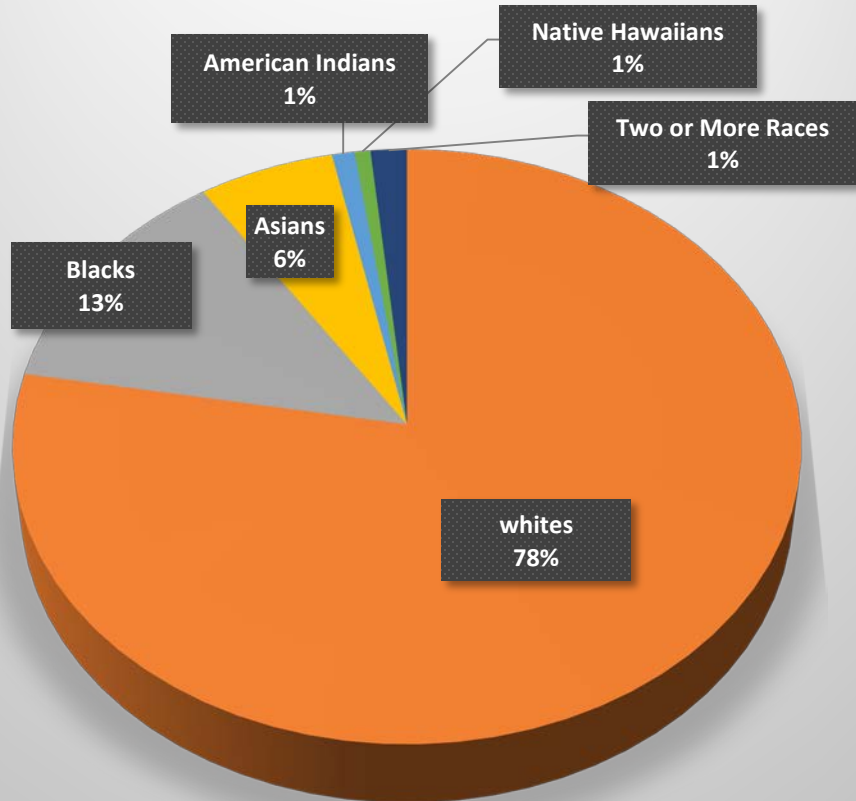
**Budget and Finance Committee Meeting
November 23, 2020**

**Jack P. Broadbent
Executive Officer/APCO**

US Labor Force Composition and Racial Makeup

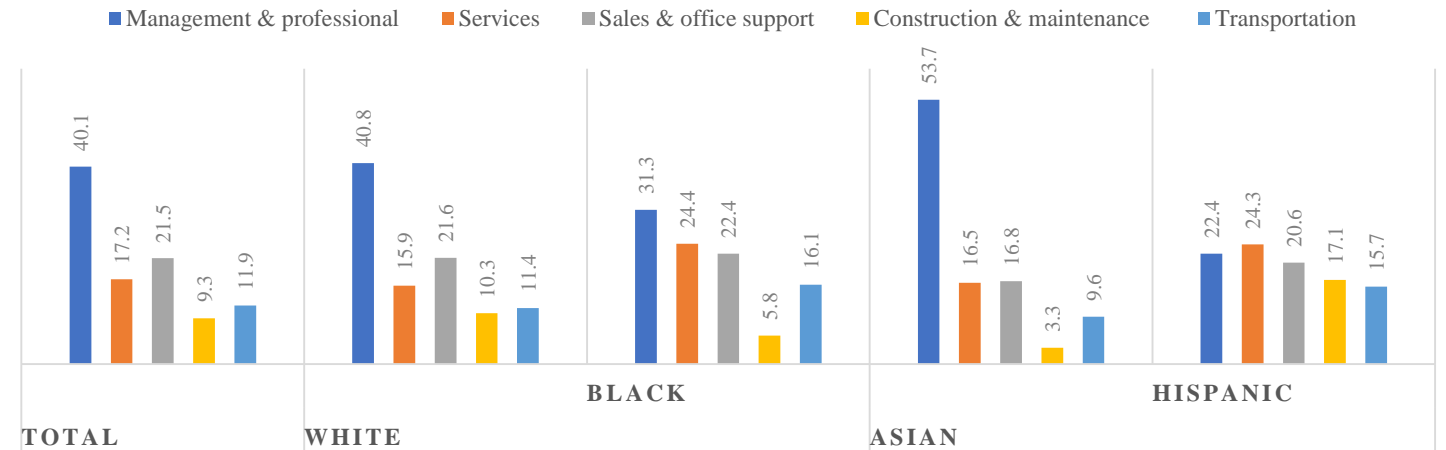


US Labor Force Composition by Race, 2018

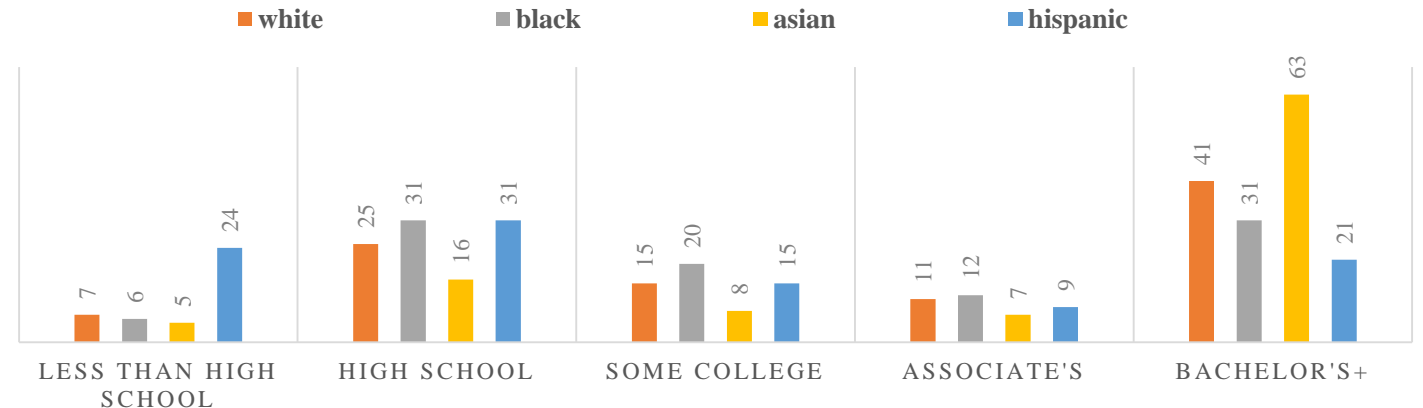


Source: US Bureau of Labor Statistics

US LABOR FORCE OCCUPATIONS BY RACE, 2018



US LABOR FORCE EDUCATIONAL ATTAINMENT BY RACE, 2018

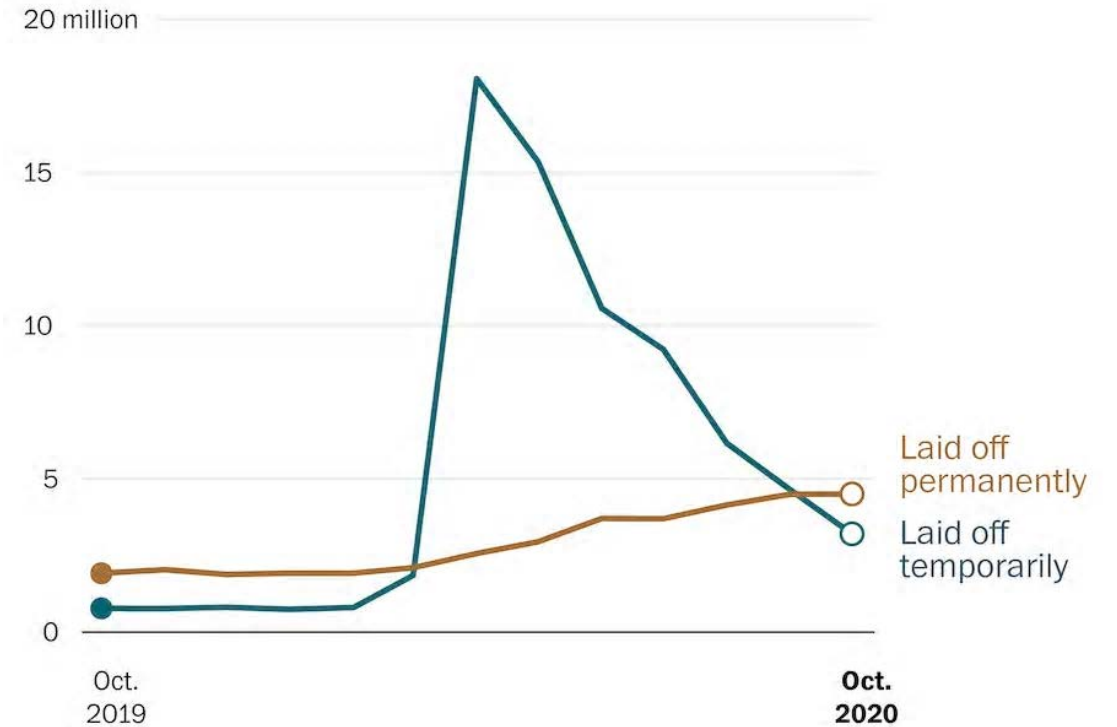


US Employment Recovery Post COVID



- US October 2020 Unemployment Rate down to 7.9% as payrolls rose by 638,000
 - Highest: Hawaii, 15.1%
 - Lowest: Nebraska, 3.5%
 - **California: 3rd highest at 11%**
- Payrolls in California increased sharply in September 2020 (**by 96,000 jobs**) in contrast to earlier in the year
- However, compared to September 2019, California lost a total of **1,488,900 jobs** – the most in the nation
- Increasing permanent layoffs across the nation a rising concern
- Most job losses with the slowest recovery are concentrated in **leisure and hospitality and other services** sectors
- Workers with either only a **high school diploma or less than high school** are most affected by the job losses

U.S. unemployment by type

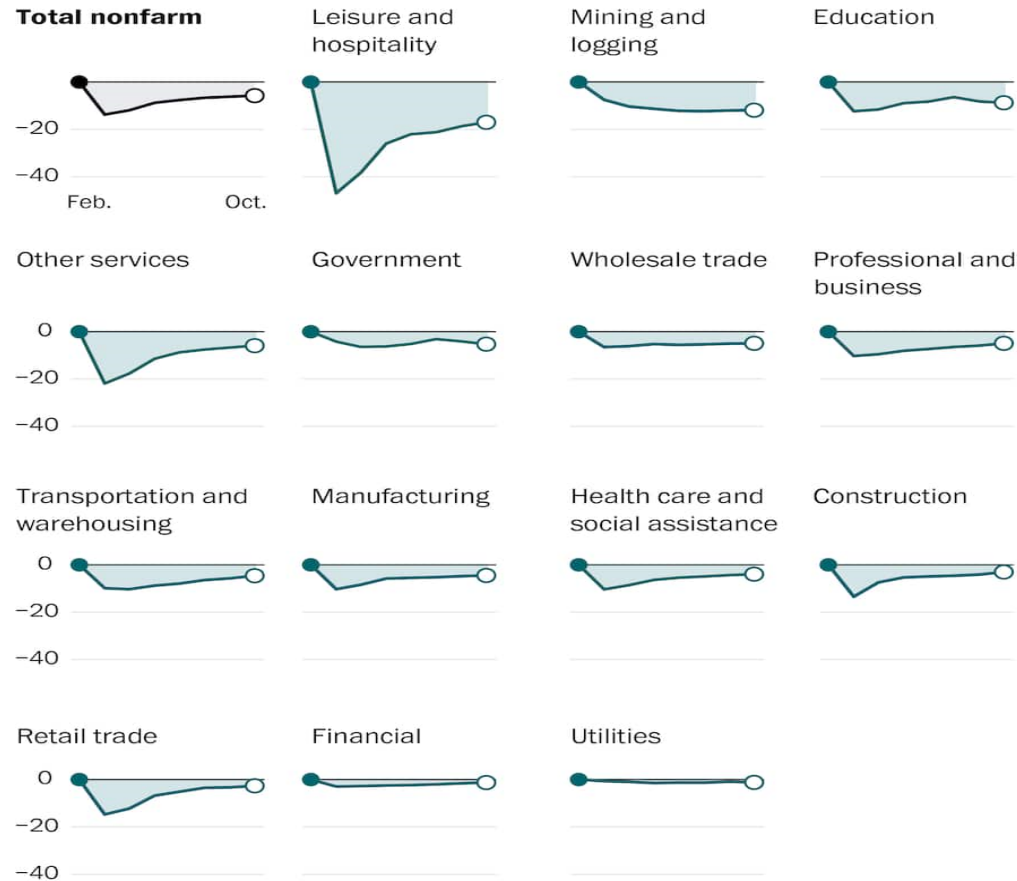


Notes: seasonally adjusted; temporary layoffs include those who have completed temporary jobs
Source: Labor Department THE WASHINGTON POST

Impact on Workers by Occupation and Educational Attainment



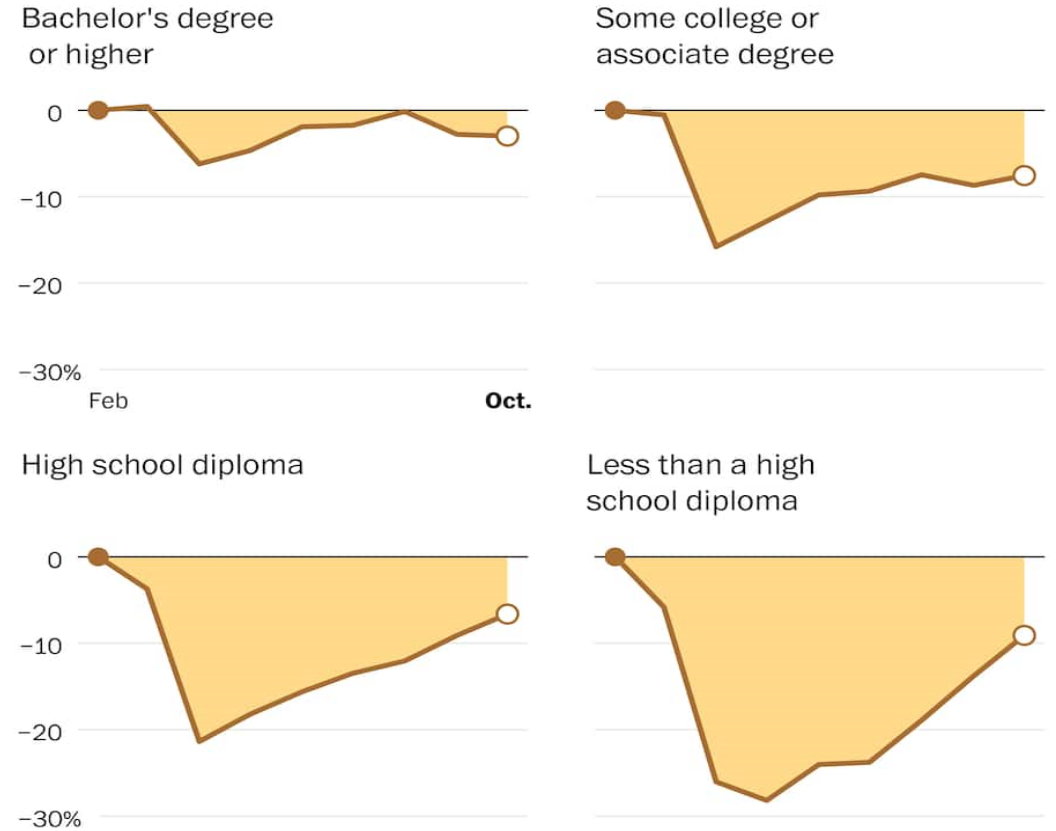
Job loss since February, by industry



Note: seasonally adjusted
Source: Labor Department

THE WASHINGTON POST

Job loss since February, by educational attainment



Note: seasonally adjusted; includes adults age 25 or older
Source: Labor Department

THE WASHINGTON POST

Background



- On December 4, 2019, the Board of Directors (Board) approved the Personnel Committee recommendation to authorize 10 additional staff (from 405 to 415)
- The additional positions were needed to backfill Engineering, Compliance and Enforcement, and Meteorology and Measurement resources diverted to cover Assembly Bill (AB) 617 work
- Due to COVID-19, increases were postponed, and the approved FYE 2021 budget included funding for only 405 positions
- Staff advised the Board that there could be a mid-year request to reconsider funding for some of the positions

Additional Background



- To support AB 617, at its October 21, 2020 meeting, the Executive Committee recommended that the Board approve an increase to the FYE 2021 budget to include five of the 10 full-time regular positions previously approved by the Board
- Based on input received at the recent meeting of the Ad Hoc Committee on Equity, Access, and Inclusion, staff is proposing an additional four positions over those already recommended by the Executive Committee. Therefore, the total proposed augmentation of the FYE 2021 budget is for nine of the 10 positions that were previously approved by the Board

Community Engagement and Equity Staffing Augmentation



- Develop and Accelerate Concrete Pathway to Racial Equity
 - Cultural and Language Competency
- New Programs
 - Community Advisory Council
 - Community Benefit Fund
- AB 617
 - Richmond Plan
 - West Oakland Plan
 - Lay Groundwork for New Communities

Nine Positions



- Five positions needed to support monitoring and modeling work associated with the AB 617 Program
- An additional four positions needed to support Community Engagement

<u>Full-Time Equivalent Count</u>	<u>Position</u>	<u>Division/Office/Section</u>
1	Advanced Projects Advisor	Assessment, Inventory, and Modelling
4	Manager (1), Specialist (3)	Compliance and Enforcement and Meteorology and Measurement
4	Officer (1), Manager (1) Specialist (2)	Community Engagement

FYE 2021 Approved Budget Overview

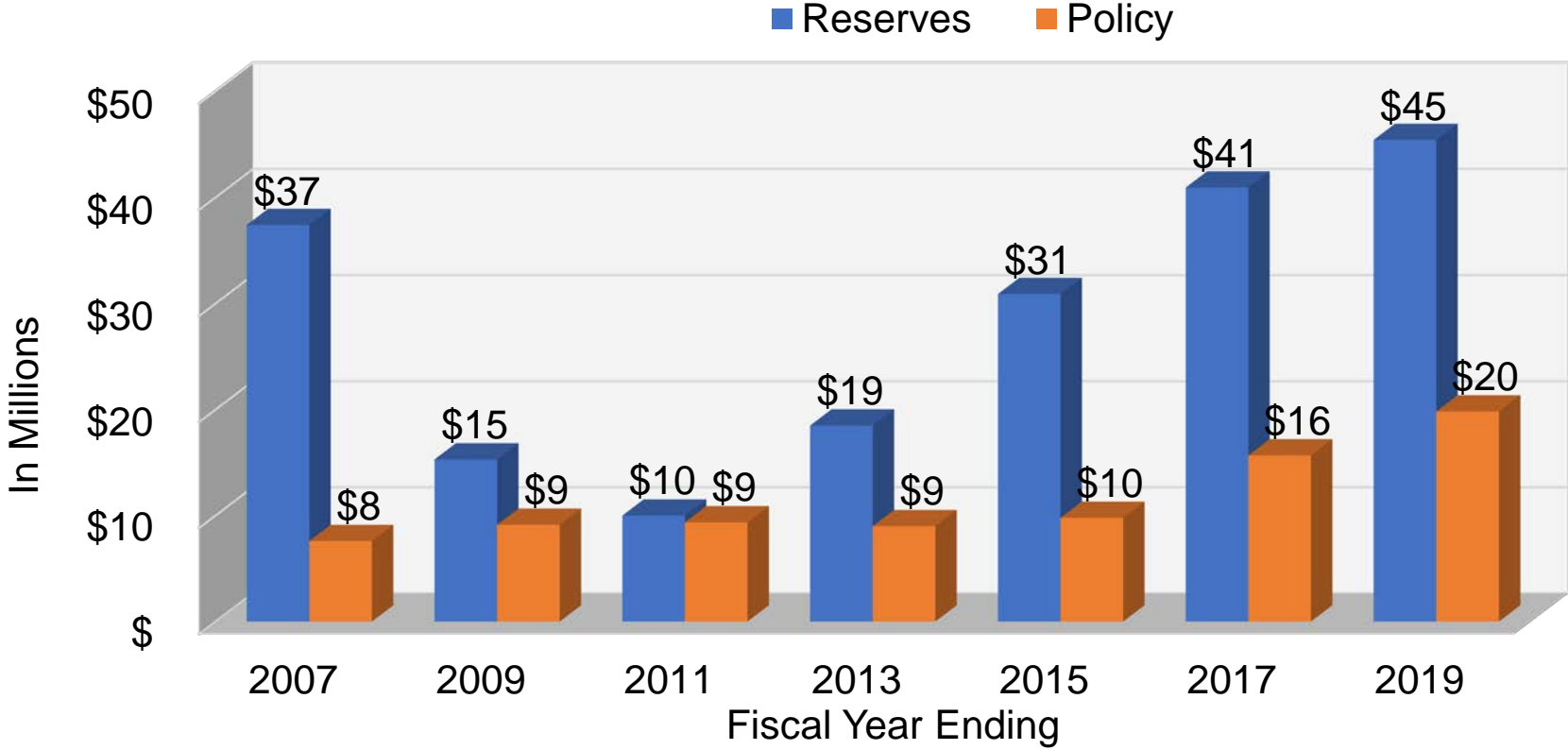


- \$106 Million (M) General Fund Budget, decrease of \$16 M
- Includes Use of Reserves of \$ 5 M
- No Amendment to Existing Fee Schedules
- New Fee Schedule (AB 617) \$1 M / year
- Budget 405 of the previously approved 415 FTE
- No Increase in Services and Supplies
- Addresses Retirement Liabilities
- Includes 3.1% Cost of Living Adjustment (COLA)

Actual Reserves and Policy (Excludes Building Proceeds)



GENERAL FUND RESERVES COMPARED WITH POLICY



Funding Requirements: Fees Cost Recovery



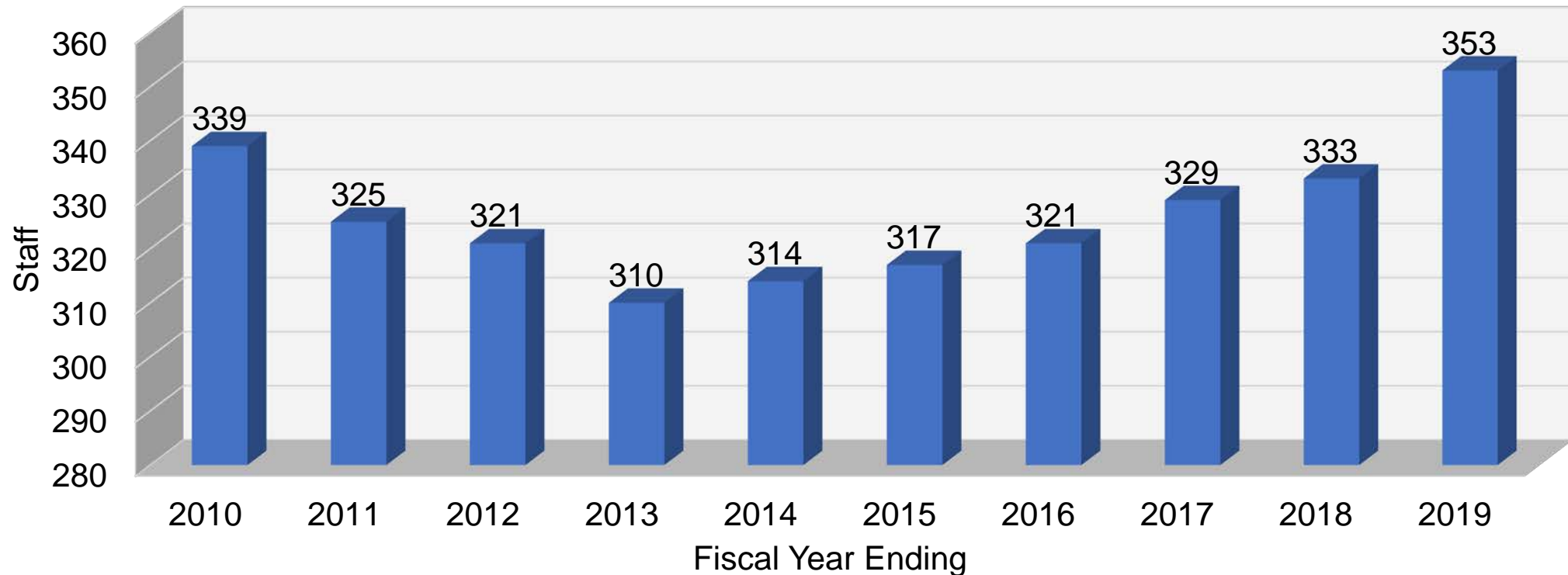
- Nine additional staff add approximately \$1,800,000 to the annual budget
- Maintenance of staffing in the range of 405 to 414 FTE requires either a reinstatement of the Cost Recovery Policy or a reduction in Service and Supply expenditures

Staffing Trend-Filled Positions



In November 2019, staff requested an additional 10 positions, bringing total approved to 415 FTE

ACTUAL STAFFING LEVELS



Recommendation



Recommend the Board of Directors:

- Approve the addition of 9 positions to the FYE 2021 budget, bringing the total FTE to 414



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AGENDA: 6

Funding for Other Post-Employment Benefit (OPEB) Obligations

Budget and Finance Committee Meeting
November 23, 2020

Jack P. Broadbent
Executive Officer/APCO

Background

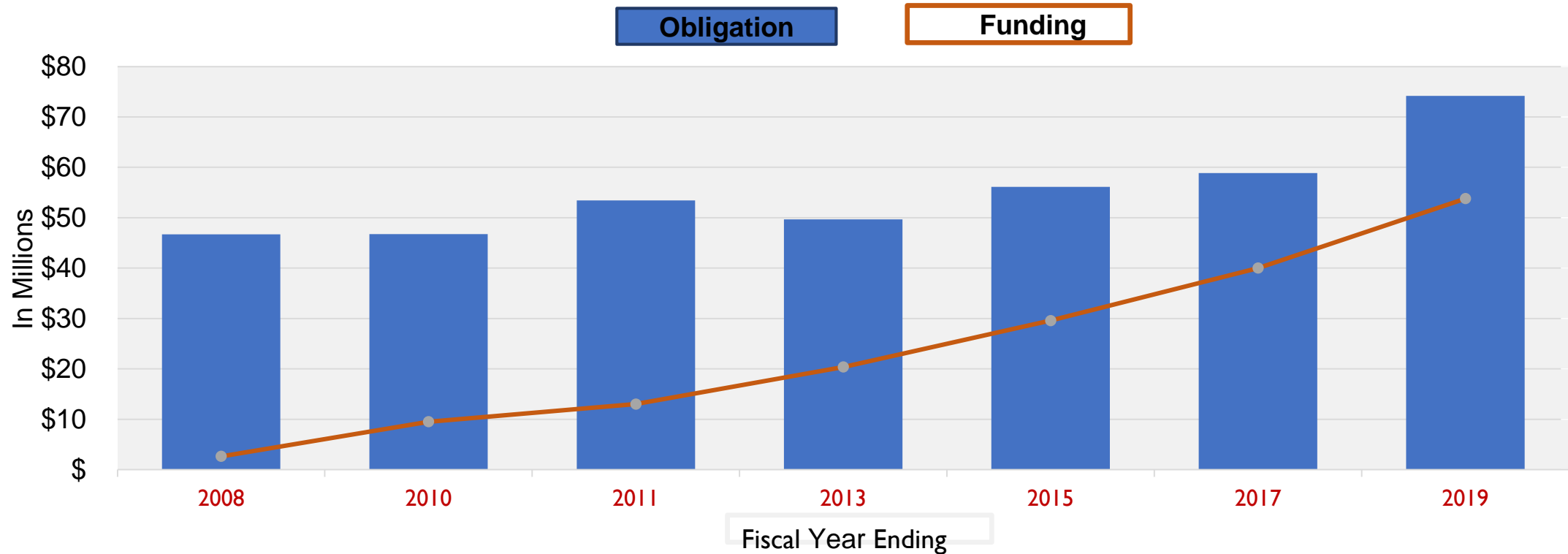


- The Board of Directors (Board) approved \$4 million to fund Other Post-Employment Benefit (OPEB) in the Fiscal Year Ending (FYE) 2021 budget. This funding was consistent with past budgets
- Unlike prior years, the Board directed that the funds be left in reserves, rather than be invested in the OPEB trust, pending further Board direction

Medical Retirement Other Post-Employment Benefits



OPEB HISTORICAL FUNDED STATUS



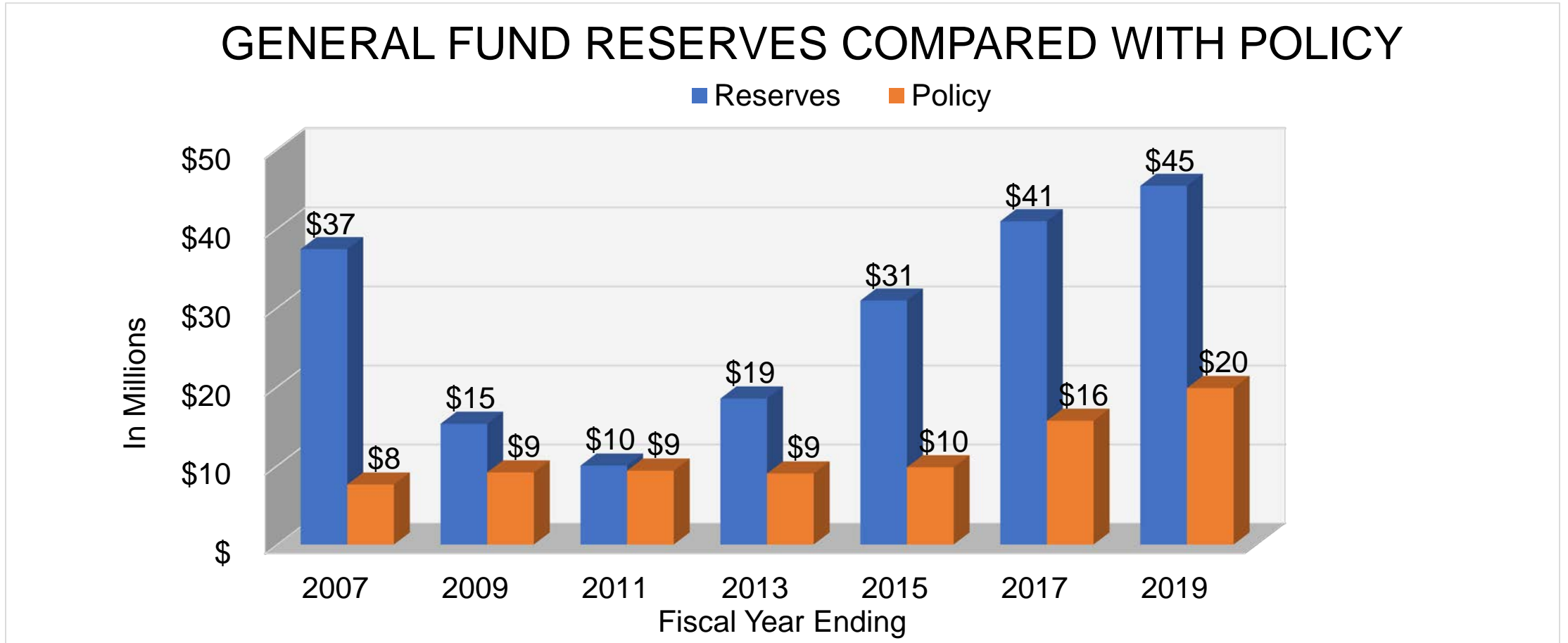
Medical Retirement Plan



- Other Post-Retirement Benefit
 - Obligation: \$72 M*
 - Funded: \$54 M (75%)
 - Unfunded: \$18 M (25%)
- Funding Policy: 90% Funded Level
 - Three-Year Target Date (FYE 2022)
 - \$4 M Annual Contribution

*Actuarial valuation as of June 30, 2019

Actual Reserves and Policy (Excludes Building Proceeds)



General Fund Reserves



Reserves Policy: 20% of General Fund Budget

FYE 2021 Budget of \$105 M
= \$21 M

FYE 2021 Projected Reserve Designations = \$27 M

FYE 2021 Available Reserves = \$6 M

Probable Reserve Designations *	
	\$M
Balance at June 30, 2019	45
<u>Less: Designations</u>	
Pension Liability	2
Woodsmoke Grants	1
Revolving Loan Program	3
Economic Contingency (20% of Budget)	21
Total Designations	27
<i>*Designations subject to change at Board's Direction</i>	
<u>Use of Reserves in FY 2020 and 2021</u>	
Legal Settlement	3
Richmond Facility Improvements	4
To Balance FY2021 Budget	5
Total Use of Reserves	12
AVAILABLE GF RESERVES	6

Recommendation



Recommend the Board of Directors:

- Approve the transfer of the \$4 M allocated to OPEB in the approved FYE 2021 budget to the existing OPEB investment trust