

September 8, 2011

Board of Directors  
Eastern Kern APCD  
2700 "M" Street, Suite 302  
Bakersfield, CA 93301

**SUBJECT:** Hearing to Consider Adoption of Eastern Kern Air Pollution Control District's  
Fiscal Year 2011-2012 Budget

Honorable Board:

Section 40131 of the California Health and Safety Code requires each air pollution control district to hold an initial public hearing at which its proposed budget for the next fiscal year is presented for discussion. On July 14, 2011 the initial hearing was held. This second hearing is where the final budget is considered for adoption.

Proposed Budget

Included in your packet is a copy of District's Final Fiscal Year (FY) 2011-2012 Budget. This document consists of three parts:

Breakdown of Budget:

- a. Budget unit financing summary comparing last year's budget to this year (Page 3);
- b. Budget unit financing analysis comparing last year's budget to this year (Pages 4-5);  
and
- c. Expense keys 7500 and 7545 (professional and specialized services) (Pages 6-7).

Budget Narrative Summary

The District has prepared the FY 2011-2012 Budget. There is no direct cost to the County of Kern or the three incorporated cities in the District from this proposed budget.

The FY 2011-2012 Budget has recommended expenditures of \$2,705,200 including \$1,569,400 for actual District operations, salaries and benefits (58% of budget). Expenditures for all budget expenses in FY 2011-2012 Budget are proposed to decrease from the approved FY 2010-2011 Budget by \$37,000. The decrease in expenditures for District operations is \$106,000. Staff is budgeted at 10 full time positions in the proposed Budget, the same number of staff positions authorized in the FY 2010-2011 Budget.

The expenditures for non-District operations (grants) are \$1,135,800, an increase of \$69,000 from last year in Account 7545, Professional & Specialized Services for Contracts (PSS

Contracts). This account is used to fund special projects for other entities and comes from two different grant funding sources. These funding sources are the surcharge on motor vehicles collected by the Department of Motor Vehicles (DMV), and the Carl Moyer Program funds distributed to the District by the California Air Resources Board (ARB).

The FY 2011-2012 Budget projects a revenue shortfall of \$299,200 that can be funded from the District's reserves and special funds. The decrease in District operational costs is primarily from reductions in the capital expenditures for air monitoring equipment/shelter, contingencies, and County Cost Allocation. The \$43,100 increase in salaries and benefits resulted primarily from increases in retirement costs (\$31,400), and a minor increase in salaries due to step raises (\$10,300). The \$48,000 projected decrease in revenues in the Proposed FY 2011-2012 Budget comes primarily from projected decreases in revenues from District fees, and interest on deposits.

Staff will be developing a fee rule for major sources of greenhouse gases and will also propose an adjustment of the District's annual permit fees later this year. Additional revenues from those fees that may be collected before the end of the FY 2011-2012 were not included in revenue projections. During this fiscal year, staff will also be investigating alternatives to the current structure of the District to identify if a more effective structure is feasible while maintaining quality service.

#### Reserves

The unallocated general reserves are estimated to be \$1,056,700; after adjusting for the FY 2011-2012 proposed deficit funding.

**IT IS RECOMMENDED** your Board open hearing; receive public comment; close hearing and adopt Fiscal Year 2011-2012 Budget.

Sincerely,

David L. Jones  
Air Pollution Control Officer

DLJ: dm  
Attachment