



Eastern Kern

Air Pollution Control District

Glen E. Stephens, P.E.
Air Pollution Control Officer

July 26, 2018

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

SUBJECT: Hearing to Present and Receive Comments on Eastern Kern Air Pollution Control District's Proposed Fiscal Year 2018-2019 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. The second hearing at which the final budget is considered for adoption is scheduled to be held at the September 6, 2018 Governing Board Meeting.

Requirements

At least thirty days before the first hearing, the Eastern Kern Air Pollution Control District (District) must make a summary of its proposed budget available for public examination, and the District must notify each person, upon whom a fee was imposed the preceding year, of the availability of the proposed budget summary and the hearing date.

The District Staff fulfilled these mandates with the following actions:

1. Fiscal Year (FY) 2018/19 Budget was publically noticed in the Mojave Desert News on June 22, 2018; The Bakersfield Californian on June 15, 2018; The Tehachapi News on June 20, 2018, and The Ridgecrest Daily Independent on June 16, 2018;
2. Proposed FY 2018/19 Budget was made available on our website (www.kernair.org) and at our Bakersfield office since June 25, 2018;
3. A written notice was sent to each person having paid a permit fee in FY 2017/18; and
4. Also, public notice sent to newspapers circulated in Eastern Kern, served to notify persons who paid a DMV registration fee surcharge during FY 2017/18.

Proposed Budget

Included in your packet is a copy of District's Proposed FY 2018-2019 Budget in three parts:

1. Organizational chart (Page 2);
2. Department functional statement (Page 3);
3. Breakdown of Budget;
 - a. Budget unit financing summary comparing last year's budget to this year (Page 5);
 - b. Budget unit financing analysis comparing last year's budget to this year (Pages 6 – 7);
 - c. List of definitions for terms used in budget unit 9149 (Pages 8 – 9); and
 - d. Expense keys 7500 and 7545 (professional and specialized services) (Pages 10 – 11);

Budget Narrative Summary

District Staff has prepared the Proposed Budget for FY 2018-2019. Please note, there is no direct cost to the County of Kern or the three incorporated cities in the District from this proposed budget.

The Proposed FY 2018/19 Budget has recommended expenditures of \$4,171,100. There is a proposed expenditure increase of \$94,300 (29.1%) for all budget expenses in this Proposed FY 2018/19 Budget from the previous year Budget. Forecast expenditures for Non-District operations (Account 7545, Professional & Specialized Services for Contracts {PSS Contracts}) are \$1,941,900 (46.6% of the proposed budget). This is an \$885,100 increase for this pass-through account. This account is used to fund special projects for other entities and comes from three different grant funding sources. These funding sources are: motor vehicle registration fee surcharge collected by the Department of Motor Vehicles (DMV), the Carl Moyer Program funds distributed to the District by the California Air Resources Board (ARB) and Cap-and-Trade Funds distributed to the District ARB.

The Proposed Budget for actual District operations, salaries and benefits is \$1,435,700 (34.4 % of budget). The District operations budget represents a proposed \$13,400 increase in District operational cost. Staff replacement salary decreases are the main sources of the cost decrease.

Reserves

The FY 2017/18 Budget includes an allocation of \$178,000 to the General Reserve. Increased Application and Permit to Operate fees collected in FY 2017/18, an unutilized \$20,000 contingency, and a reduction in salaries account for the bulk of the budget surplus. Based on the above preliminary estimates, FY 2018/19 budget is expected to include a deduction of \$113,400 from the General Reserve. Therefore, 2017/18 and 2018/2019 operations are expected to increase the general fund by \$64,600.

IT IS RECOMMENDED your Board open hearing; receive public comment; close hearing and direct staff to consider all comments received in preparation of its final Proposed Fiscal Year 2018-2019 Budget for Board consideration at the September 2018 Governing Board Meeting.

Sincerely,

Glen E. Stephens, P.E.
Air Pollution Control Officer

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Attachment