



Eastern Kern

Air Pollution Control District

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

July 23, 2020

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 2020-2021 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 3, 2020 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) 2020/21 Budget was publically noticed in The Bakersfield Californian on June 13, 2020.
2. Proposed FY 2020/21 Budget was made available on our website (www.kernair.org) and at our Bakersfield office since June 22, 2020.
3. A written notice was sent to each person having paid a permit fee in FY 2019/20; 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 2019/20.

Proposed Budget

Included in your packet is a copy of District's Proposed FY 2020-2021 Budget in three parts:

1. Organizational chart (Page 3);
2. Department functional statement (Page 4);
3. Breakdown of Budget;
 - a. Budget unit financing summary comparing last year's budget to this year (Page 6);
 - b. Budget unit financing analysis comparing last year's budget to this year (Pages 7 – 8);
 - c. List of definitions for terms used in budget unit 9149 (Pages 9 – 10); and
 - d. Expense keys 7500 and 7545 (professional and specialized services) (Pages 11 – 12);

Budget Narrative Summary

District Staff has prepared the Proposed Budget for FY 2020-2021. 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 2020/21 Budget has recommended expenditures of \$4,426,488. There is a proposed expenditure decrease of \$871,992 (19.7%) for all budget expenses in this Proposed FY 2020/21 Budget from the previous year Budget. Forecast expenditures for Non-District operations (Account 7545, Professional & Specialized Services for Contracts {PSS Contracts}) are \$2,409,871 (36% of the proposed budget). This is a \$751,780 decrease 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 (CARB) and Cap-and-Trade Funds distributed to the District from CARB.

The Proposed Budget for actual District operations, salaries and benefits is \$1,595,499 (32.4 % of budget). The District operations budget represents a proposed \$122,071 decrease in District operational cost. Staff decreasing from 11 to 10 is the main reason for the cost decrease.

Reserves

The FY 2019/20 Budget currently includes a reduction of \$114,896 to the General Reserve. FY 2019/20 Budget proposed a decrease of \$356,450. Decreased salary cost (understaffing during the year), increased permit revenue, and an unutilized \$20,000 contingency account for the bulk of the budget actual and proposed differential. Based on preliminary estimates, FY 2020/21 budget is expected to include a deduction of \$95,432 from the General Reserve. Therefore, based on preliminary reports, the 2019/20 and 2020/21 operations are expected to decrease the general fund by \$210,328. Current General Reserve stands at approximately \$2.33-million. The proposed budget will reduce the General Reserve to approximately 2.12-million.

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 2020-2021 Budget for Board consideration at the September 2020 Governing Board Meeting.

Sincerely,

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

GES: kl
Attachment