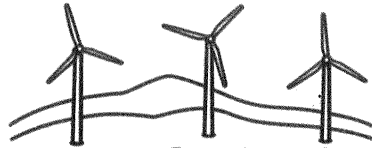


Eastern Kern Air Pollution Control District



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Hearing

David L. Jones
Air Pollution Control Officer

July 14, 2011

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 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. The second hearing at which the final budget is considered for adoption will be held at the September 8, 2011 Governing Board Meeting.

Requirements

Thirty days in advance of the first hearing, the Eastern Kern Air Pollution Control District (District) must have available for public examination, a summary of its proposed budget, 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. District staff fulfilled these mandates. The Proposed Fiscal Year (FY) 2011-2012 Budget was noticed and released June 14, 2011. Copies of the Proposed FY 2011-2012 Budget were made available on our website and at our Bakersfield office. A written notice was sent to each person having paid a permit fee in FY 2010-2011, and a press release was sent to newspapers circulated in Eastern Kern for purposes of notifying persons who paid a DMV registration fee surcharge during FY 2010-2011.

Proposed Budget

Included in your packet is a copy of District's Proposed FY 2011-2012 Budget. This document consists of three parts:

1. Organizational chart (Page 1);
2. Department functional statement (Page 2);
3. 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);
 - c. List of definitions for terms used in budget unit 9149 (Pages 6-7); and
 - d. Expense keys 7500 and 7545 (professional and specialized services) (Pages 8-9);

Budget Narrative Summary

The District has prepared the Proposed Budget for FY 2011-2012. 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 2011-2012 Budget has recommended expenditures of \$2,705,500 including \$1,569,700 for actual District operations, salaries and benefits (58% of budget). Expenditures are proposed to decrease \$106,000 for District operations and \$37,000 for all budget expenses in this Proposed FY 2011-2012 Budget from the approved FY 2010-2011 Budget. 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 are \$1,135,800, an increase of \$69,000 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 Proposed FY 2011-2012 Budget projects a revenue shortfall of \$308,162 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 \$42,100 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 \$56,600 projected decrease in revenues in the Proposed FY 2011-2012 Budget comes primarily from projected decreases in revenues from District fees, fines, and interest on deposits.

The FY 2010-2011 shortage of revenue to expenditures is expected to be about \$9,000 less than projected based on preliminary numbers. The shortage in revenues for FY 2010-2011 was already covered by budgeted reserves. The final numbers will not be available until August and will be part of the Final Budget presented at the September Board meeting.

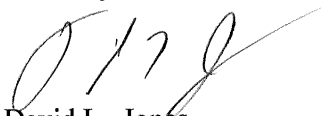
Staff will discuss options for increasing revenues and decreasing expenditures at the hearing. The proposed budget does not assume any increase from these options.

Reserves

The unallocated general reserves are estimated to be \$1,037,100; after adjusting for the FY 2010-2011 shortfall and the FY 2011-2012 proposed deficit funding.

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 2011-2012 Budget for Board consideration at the September 2011 Board Meeting.

Sincerely,



David L. Jones
Air Pollution Control Officer

DLJ: dm
Attachment