



Eastern Kern

Air Pollution Control District

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

September 14, 2018

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

SUBJECT: Hearing to Consider Adoption of the Eastern Kern Air Pollution Control District's
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. On August 9, 2018, the initial hearing was held. This is the second hearing where the final budget is considered for adoption.

Proposed Budget

Included in your packet is a copy of District's Final Fiscal Year (FY) 2018-2019 Budget. This document consists of three parts:

Breakdown of Budget;

- a. Budget unit financing summary comparing last year's budget to this year (Page 2);
- b. Budget unit financing analysis comparing last year's budget to this year (Pages 3 – 4);
and
- c. Expense keys 7500 and 7545 (professional and specialized services) (Pages 5 – 6).

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 \$4,214,300. There is a proposed expenditure increase of \$983,500 (23.3%) 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 (46.1% 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 (CARB) and Cap-and-Trade Funds distributed to the District by CARB.

The Proposed Budget for actual District operations, salaries and benefits is \$1,449,900 (34.4 % of budget). The District operations budget represents a proposed \$800 increase in District operational cost. Staff replacement salary increases are the main sources of the cost increase.

Additional Items

Based on comments received from the District Board of Directors, District Staff will utilize \$75,000 of District funds to analyze and propose effective methods to reduce dust emission in the District. Also, District Staff has reserved \$150,000 in District funds to assist residences in the District jurisdiction with road paving projects, with the assistance of the Kern County Roads Department.

Reserves

The FY 2017/18 Budget includes an allocation of \$179,971 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 \$135,000 from the General Reserve. Therefore, 2017/18 and 2018/2019 operations are expected to increase the general fund by \$44,971.

IT IS RECOMMENDED your Board open hearing; receive public comment; close hearing and adopt the Budget for Fiscal Year 2018/2019.

Sincerely,

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

GES:tf
Attachment