

MINUTES
LANE REGIONAL AIR PROTECTION AGENCY

BUDGET COMMITTEE MEETING

THURSDAY MARCH 12th, 2015
SPRINGFIELD JUSTICE CENTER-EOC (*Emergency Operation Center Room*) 230 4th STREET,
SPRINGFIELD, OR 97477

ATTENDANCE:

Board: Mike Fleck, Chair; - (At-Large General); Jeannine Parisi, Vice Chair; Bill Brommelsiek—At-Large (Springfield Area); –Eugene; Dave Ralston-Springfield; Clare Syrett-Eugene; Scott Lucas–Eugene; Joseph Gonzales–Eugene; Jay Bozievich - Lane County

Budget Committee: Maurie Denner; Tom Musselwhite; Randy Hledik; Gary Carl

Staff: Merlyn Hough–Director; Debby Wineinger; Nasser Mirhosseyni; Max Hueftle; Colleen Wagstaff; Beth Davis

1. **OPENING:** Fleck called the meeting to order at 11:04 a.m.
2. **INTRODUCTIONS:**
3. **ACTION ITEM:** Election of Chair and Vice-Chair for 2015

MOTION: Fleck MOVED to appoint Randy Hledik as Budget Committee Chair; Ralston SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS

MOTION: Parisi volunteered for the position of Budget Committee Vice-Chair; VOTE ON MOTION: UNANIMOUS

4. **INFORMATION ITEM:** Presentation of Draft FY 2015/16 Budget Document

Mirhosseyni submitted the affidavit of publication to the records for the budget document. And he noted there was an error with a date for the May 2015 meeting printed 2014 vs 2015.

He continued with presenting the Draft FY 2015/16 Budget Document.

Fleck mentioned that the local dues request are to increase by 1.6% (CPI) and noted that the increase was not reflected in the document. **Mirhosseyni** said he would make the correction for the next meeting on April 9, 2015.

Mirhosseyni added that, starting with FY'17 LRAPA will include in its requests a 5% annual increase in the next five years with the hopes to regain about 25% in local dues from the partner agencies.

Mirhosseyni informed the Committee about the one net loss for Title V sources, **Hueftle** added that Monaco was closing, Seneca Sustainable would be added as title V, and The Swanson Mill will be rebuilding.

Fleck wanted to know the current status with the Everybody Wins program, it is still listed on the budget. **Mirhosseyni** said the program was finalized in 2012, but the budget law requires to show 3 years of history. The program will come off of the budget next year.

Lucas wanted to know if LRAPA researched (compared costs) for new health insurance providers each year. **Mirhosseyni** said in 2012 we did a rate comparison, and we weren't able to even come close to the rates we were receiving from CIS (City County Insurance Services) and we are certain this fact holds true even today.

Syrett asked if the current FTE was sufficient to maintain operations, and build reserves. **Hough** said that we could sustain with 15, and still get the most critical work done.

Syrett wanted to know if LRAPA adopted a policy on the reserves. **Mirhosseyni** said the board didn't place a mandate, but did set a target of 120 days.

Syrett asked what made up the \$100,000.00 contingency line item. **Mirhosseyni** said about \$50,000.00 was for vehicle replacement reserves and the other \$50,000.00 was for software upgrade. He also said the numbers will be moved into the proper categories for the next meeting.

Syrett asked what LRAPA anticipated in the state funding increase. **Mirhosseyni** said around \$14,000.00.

Syrett questioned if the 2% market rate increase was across the board for salaries. **Mirhosseyni** said it was.

Brommelsiek asked where the information was for the air toxic monitoring. **Mirhosseyni** said it was in two categories, postage (for samples shipping cost) and the lab supplies for analysis. **Brommelsiek** wanted to see a comment or something added that shows the dollars allocated in 2014/2015 and 2015/2016 for air toxic monitoring. **Fleck** said this was an "LB" form that goes to the state which does not include details, and didn't think that could be done. **Brommelsiek** asked for it to be in the overview or somewhere where it is spelled out. **Lucas** agreed, and thought pictures and a write up about it should also be included.

Musselwhite wanted to know if the air toxics monitoring was going to be done every three years, coinciding with other things regionally/nationally. If so we should highlight it so people know when it is happening.

Mirhosseyni said air toxic monitoring program funding strategy would be included in the executive summary as the program is a 12 months cycle that crosses two fiscal years.

Parisi thought when the reserves were set at 120 days the agency had more risks. And asked if we should consider having maybe a 100 days now. **Hough** said the auditors recommendations have been 90 – 180 days. And the board went with 120 days. It would only provide about a one-time 30 day fund usage. **Mirhosseyni** added that the board decided on a target rather than a mandate. The majority of local governments have a mandate, which make the funds restricted. On the other hand, we have to remember the MOE (maintenance of effort) and any added expenditure has to remain sustainable for future years, in the view of EPA. **Lucas** asked how much money is in the 120 day

reserve. **Mirhosseyni** said about \$435,000.00. **Lucas** said that would get a one-time amount of \$72,500.00 by reducing to 100 days. **Bozievich** didn't think it was prudent to change the 120 day reserve. There is a reason why the auditors had that range in mind. Every agency keeps a prudent reserve for cash flow and emergencies. When you start spending your reserve on a recurring expense your instantly in deficient the following budget year and with less reserve.

Bozievich mentioned that one thing stands out variance wise in the general fund material and services. Was there a \$680,000.00 federal grant pass-thru that we only received half? **Mirhosseyni** said the Northwest Airquest is a two year program, and we didn't know if the program would be front or back loaded. The recommendation was to budget the total amount. **Hough** said it was a Pacific Northwest project that offers a combination of services. They provide modeling and forecasting. States have taken turns administrating this contract. It is viewed as the most cost effective way to do these type joint analysis. It is Oregon's turn to administer the contract and the State has a very cumbersome contracting procedure. It was decided if LRAPA took this on the State would pay LRAPA's share of about \$11,000.00 per year.

Bozievich asked **Hough** how long he has been the director. **Hough** said since 2005 and for the latter part of 2005 as the acting director and he became officially the director as of January 2006. **Bozievich** wanted to know if he had any projected retirement dates. **Hough** said a little over 3 years from now. He would like to still be here for LRAPA's 50th anniversary. **Bozievich** thought maybe there should be a succession plan and establish an assistant director position. Maybe just talk about it this year and next year and start planning. **Lucas** asked if in the year prior to Hough leaving you would rise the FTE from 15 to 16, one year overlap. **Lucas** questioned what a national search would cost. **Bozievich** said someone of that caliber would be expensive. **Fleck** thought somewhere around \$50,000.00 or \$60,000.00. **Lucas** believed this should be on a future board agenda. **Ralston** qualified that because of the size of operations there was a big difference between Lane County and LRAPA who only has 15 employees. He didn't think it would be any problem to conduct a search and replace the director. Also he didn't think we need to worry about it now, and it shouldn't cost that much.

Musselwhite wanted to clarify some points, LRAPA will continue to do air toxics monitoring once every 3 years. **Hough** said that is the plan and will be in the budget, about \$40,000.00 per year would allow us to do it on the recommended cycle. **Musselwhite** asked if PM2.5 would be ongoing. **Hough** said it would be, because PM2.5 is very critical monitoring component.

Musselwhite asked if NW Airquest would help with coal trains. **Hough** said that would be general regional modeling. Coal trains were looked at by the LRAPA CAC, and they reported their findings to the LRAPA Board. And the board didn't feel it was in their jurisdiction, it may be more appropriate for the cities or county to take a position on it. **Musselwhite** said he wasn't looking for LRAPA to take a position, but if air quality is an issue people are going to look at LRAPA. **Denner** said there was a report he could share, it showed that Lane County represented about 5% of the miles traveled.

Brommelsiek asked how the projections in Airmetrics sales were made. **Mirhosseyni** said the last few months have been great months for Airmetrics. He used the last 2 months as a good indicator for a good year ahead and expanded for 12 months for FY'16. **Brommelsiek** said it has a projected \$700,000.00 fund balance for 2015/2016. To him it seemed high, maybe we should consider using some of the money for Oakridge projects. **Mirhosseyni** said the fund balance was a combination of

cash and inventory. About \$400,000.00 is cash. **Hough** believed there may be some dollars there for a critical project. There have been conversations with the city of Oakridge. Talks about strategic planning with Lane Electric incentives.

Ralston said the Airmetrics fund balance is only a projection, it could be better or worse. **Mirhosseyeni** said yes it is a projected number, but we are confident in saying it is within the program's reach.

Fleck asked if Airmetrics was an enterprise fund. **Mirhosseyeni** said it was. **Fleck** then said doesn't state budget law say you are to treat this as a business unto itself. He didn't think you could just transfer funds without a cost allocation. **Mirhosseyeni** said if the board decides to transfer additional funds we could do it because of the nature of the program. And it would have to be accounted for, but it is not restricted.

Parisi thought it would be best with the Oakridge strategies to find out what was the project. And how we are leveraging with partners. And have staff give us a proposal with the best way to fund it.

Denner understood there is \$480,000.00 in general fund contingency. Title V and Airmetrics do not have any contingency. Is it possible to assign contingency into those funds and create more money on the general fund side. **Mirhosseyeni** said the only restriction on Title V funds is it has to be spent on the project itself. But it is possible with the Airmetrics Enterprise fund to use the funds for other LRAPA programs. **Denner** said if Title V is focused on Title V that's where I would put the contingency for it. **Bozievich** wanted clarification about what Maurie Denner was referring to. Looking at General Fund, Title V, and Airmetrics he doesn't see line items for contingency in all of them. The contingency for general fund is \$100,000.00, which is for vehicles and software. **Denner** said it was the ending fund balance he was looking at. **Bozievich** said there is ending fund balances in all the funds. If you take Airmetrics ending fund balance that equals out to 120 days for Airmetrics. There appears to be a reserve in each one. Everyone agreed to keep the reserves at 120 days. **Hledik** asked Nasser to summarize this information and provide some options for the next meeting. Pros and cons regarding transferring of funds.

Hledik added everyone is encouraged to email their questions to Nasser Mirhosseyeni. And he will broadcast replies each Friday. Final questions need to be received by April 2nd. In order to reply by Friday April 3rd.

The meeting adjourned at 12:40 a.m. The next meeting of the LRAPA Budget Committee is scheduled for Thursday April 9, 2015, 11:00 a.m. location: **SPRINGFIELD JUSTICE CENTER-EOC (Emergency Operation Center Room) 230 4th STREET, SPRINGFIELD**

Respectfully submitted,

Debby Wineinger
Recording Secretary