



MINUTES
LANE REGIONAL AIR PROTECTION AGENCY
BUDGET COMMITTEE MEETING

April 8, 2021

VIA - ZOOM

ATTENDANCE:

Board: Joe Pishioneri – Board Chair - Springfield; Kathy Holston – Vice Chair- Oakridge; Jeannine Parisi - Eugene; Gabrielle Guidero- Budget Committee Vice Chair – Springfield; Mysti Frost – Eugene; Howard Saxion – Eugene; Mike Fleck - Cottage Grove; Matt Keating – Eugene

Board Absent: Joe Berney – Lane County

Budget Committee: Kathy Lamberg- Chair-Lane County; Robert Houston-Springfield; Kevin Cronin-Eugene; Adam Rue-Eugene; Iva Pfeifer-Cottage Grove; Marianne Dugan-Eugene; Lisa Arkin-Eugene

Budget Committee Absent: Chrissy Hollett-Oakridge; Zack Gosa-Lewis- Springfield

Staff: Steve Dietrich – LRAPA Director; Debby Wineinger; Nasser Mirhosseyni; Beth Erickson; Travis Knudsen; Max Hueftle; Robbye Robinson; Lance Giles

Guest: Merlyn Hough- LRAPA Former Director

1. **CALL TO ORDER:**
Budget Chair Lamberg called the meeting to order at 11:09 a.m.
2. **PUBLIC PARTICIPATION - None**
3. **ACTION ITEM:** Approval of Budget Minutes of March 11, 2021 Meeting

MOTION: Fleck MOVED to approve the Minutes; Pishioneri SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS

4. **DISCUSSION:** Brief Overview of Previous Questions/Answers (Friday Updates) - **Nasser Mirhosseyni:**

Mirhosseyni submitted the affidavit of publication for the record.

FRIDAY EMAIL UPDATED:

Continuing the tradition, on each Friday until Friday April 2, 2021, we will respond to the Budget Committee members' inquiries and the responses will be broadcast to the Committee and we will review these responses at the next meeting on April 8, 2021 at 11:00am. The staff responses will be provided in "RED" so they will be distinguished from the inquiries. LRAPA staff would like to thank all the members for your extraordinary efforts to meet the challenges of online meetings. The next meeting will be similar arrangements. Therefore, LRAPA staff will continue to work to accommodate everyone's needs (Budget Committee members and the Public) so the meeting of April 8th, 2021 can happen without a delay, despite the COVID-19 limitations. At the meeting of March 11, 2021, Councilor **Keating** inquired about the cost benefit analysis of adding a fulltime position to the LRAPA staff complement with the express task of grant writing. Because of the time limitation the meeting was adjourned before additional discussions could take place hence, the staff response is as follows:

"Last fiscal year the staff explored a similar option and concluded that LRAPA collaborations and partnership with LCOG and Good Company was very successful in securing the TAG Grant". LRAPA's collaboration with LCOG and the project specific knowledge of Oakridge by Good Company helped to secure the TAG Grant. We anticipate that similar collaborations are possible for future grant opportunities. The necessary funds will be obtained through existing resources or the contingency line item. Between LRAPA staff and LCOG we continue to seek grant opportunities that fit within the mission of the agency (similar to those of the TAG program). Please do not hesitate call me or Merlyn if any questions or you should need additional information. Nasser Mirhosseyni, Finance/HR Manager.

COMMENTS DURING TODAY'S MEETING:

Mirhosseyni said this was the only Friday update. **Keating** said he was looking forward to hopefully having a larger conversation about it. But it sounds like there is a plan in place that seems to be working. And so, if it is not broke, do not fix it. But if we are in a position to grow, he thinks that it would be fiscally responsible to do so. With someone in house who has the expertise to tackle grant writing exclusively for LRAPA. And or maybe share with a partner agency.

Parisi commented that EWEB does something very similar. They contract with Lane Council of Governments for grant writing support. They found it challenging to have a dedicated position, even an organization their size just for grant writing, and that does seem to support our needs. So just as additional context, that seems to work fairly well.

5. DISCUSSION OF PROPOSED FY 2021/2022 BUDGET DOCUMENT:

Keating referred to page 24, of the budget document, He said the reason given to them for the decrease in Title V fees are the permanent closures of sources and one could make a correlation that's COVID related. However, in the 2019/2020 fiscal year, that would only be about three months of COVID related activity that may affect business and industry. With the five-year projection you were alluding to the Title V fees going significantly north. He strongly suspects that the decline in fees is not because business and industry are suddenly adhering to quality air standards. Moreover, the permanent closure of sources as denoted on page 25 is the chief reason for the decrease in revenue for Title V. He would like to hear more about the five-year projection and Title V.

Mirhosseyni said we lost a number of sources. And that is why the fees are going to reduce significantly. The correlation between revenues and expenses, and how that relates to our five-year projection, Basically, this is what we do annually, we project what is available to the program, and we allocate staff time. We are not going to sacrifice the program integrity, but at the same time we transfer some of those costs to general fund ACDP sources, to catch up some of the backlog. **Hueftle** reiterated that we did have Title V sources that closed down last year, and it was unrelated to COVID. Arauco, the MDF plant formerly called Flakeboard, ceased operations, and terminated their permit in 2020. And then Winnebago, which was the former Country Coach facility, a motorhome manufacturer in Junction City, they were a long time coming in their closure. They were operating at very reduced levels until they decided to cease their operations as well.

Saxion asked about Airmetrics. It is unusual or uncommon, that a government agency manufacturers and sells air pollution sampling equipment and services. Is there a profit on the sale and servicing of equipment or supplies? How does that relate to the overall LRAPA budget? Also how does LRAPA staff project cost increases? Do you look at increasing costs to make sure you are recovering increases in overhead labor, labor costs, all those kind of things. Because it is almost like you are an agency operating what would normally be a commercial enterprise and it is kind of unusual from his perspective. When he purchased air monitoring equipment it was not from an agency it was a commercial business, He would really like to understand how this fits into the overall LRAPA budget. If you are trying to make this break-even or is there an opportunity to be profitable.

Mirhosseyni said he agreed it is pretty unusual for a government entity to have profit, or a for profit enterprise. The devices are desirable, either by the research institutions or other entities which are interested in the product. The goal is not to make profits, the goal is to meet a need, and we really do not manufacture it, we assemble it. The parts are purchased, and then we assemble. The operation basically, is manned by one individual. We would like to continue, so long as there is a demand. As far as the budget is concerned, the goal is to have a break-even point.

Saxion said he gets what you are saying. How does LRAPA staff project what the costs are going to be for the coming year. How do you price the equipment he understands you assemble it. How does that enter into the budget projection.

Mirhosseyni said we do project what the costs might be. We have just one entity which provides most of our raw material, or sub-assemblies. And then we put those into another full assembly. The staff in charge of Airmetrics Operation knows when there will be an increase and that increase will be included in our projections to make sure that program is at least not on the losing side. And if you look at our financials for this month, we show a little bit of loss and that is because of the vehicle be purchased. Not so much the operation is in the loss, because we maintain the goal of break-even as the target.

Houston said he is employed with the Oregon Department of Geology and Mineral Industries State Agency. His agency historically has provided a fee for our products, scientific reports to the public's because the cost to produce those were not covered either in general fund or by a grant. There are these other models out there in state agencies where this cost recovery model is just as an example.

Knudsen said there was a question from **Pfeifer** via chat. She asked about the Title V budget materials and services, many are reduced quite a bit from historical expenditures. Is this truly doable? And she points to an example of the postage in 2021 fiscal year projected \$4,300 versus only \$1,590 in 2022 fiscal year? **Mirhosseyni** said the goal is to keep the program sustainable. The staff time allocation is going to reduce, then the overall operation will reduce at the same time.

Keating said looking at the general fund balance from 2018/2019 and looking forward to projected 2020/2021 we are in the black. We were at 14 FTE right now. Does this budget document reduce, expand, or keep the same level of staffing services? For the next fiscal year?

Mirhosseyni said page 12 is the summary of all operations, the detailed information on each of the funds can be found on related pages to include General Fund, Title V, TAG program, or Airmetrics. The proposed budget is based on LRAPA five-year projection and it is assumed the 19 FTE would be maintained throughout the five-year projected numbers. We can project that it will be retained the same amount of staffing services at 19 FTE for the next five years.

Keating asked about a document in the executive summary and expenditure classifications, we have salaries, fringe benefits, material, and services, and capitol building improvements, under the fringe benefits category, we include social security, unemployment insurance, health care, dental, and 401k. He fundamentally believes but could be wrong, they are benefits. And then there are fringe benefits used to attract talent. He would like to see those numbers broken out differently. And then whatever are fringe benefits. He thinks there is a fundamental difference.

Mirhosseyni said the difference between those two categories is mandated such as social security. The practice has been to categorize those as condensed as possible. The only one which is singled out, is health insurance, but others are combined. We can expand on that if it is the desire of the Board.

Parisi said she was assuming that staff are continuing to largely work from home and wondered if this budget makes any assumptions about any kind of building improvements that would be necessary for people to be working in their offices. It is a lot of communal space. She was curious if that is projected in any way, shape, or form, or if that would be considered a onetime expense that we could use reserves for in case there needs to be building modifications or investments for people to be in their offices and available to support customers?

Mirhosseyni said we did actually improve the air quality in our building, installing MERV 13 filters making sure the air is cleaner than it used to be. We can tap into the \$100,000 contingency. And if needed tap into our reserves later on. But we are limited by 10% under the budget law, if it exceeds 10%, then it requires to have a budget hearing.

Kathy Lamberg reminded everyone of the time and the agenda schedule.

Arkin said she appreciated all the questions that are being asked. It is a shame that we have a tight schedule for a very important vote. She had a general question, even though she knows it has been touched on, but she was not satisfied yet. On page 12, which Councilor Keating was walking us through. We have a bottom line that is in the negative by almost half a million dollars if she is reading that correctly. She has never been asked to vote on a budget that is showing a negative balance.

Mirhosseyni said the budget is always a balanced budget, and that negative balance is basically showing there is either an increase in the fund balance or decrease because then, we have the reserves to cover, we always do better than what the budget numbers are. Budget numbers are the best estimates.

Lamberg said she would like to see more about how things get moved from reserves to the budget.

Keating said to Lisa Arkin's point, it is a sound observation. Where are the reserves mentioned in this budget? He did not see those. And what is our reserve bank? Is it a six-month bank? Is it a three-month bank, a nine-month bank? What percentage of our general fund are we holding in reserves? Is it that we hold back 10%?

Mirhosseyni said top of page 12, it shows the beginning fund balance, these are all reserves, close to \$3,533,000. From that, we are going to use about \$400,000. Top line is the beginning fund balance and bottom lines, our ending fund balance it just basically for ending fund balance for general fund, we actually do much better, because we start about \$2 million, and we go to about \$3 million.

Lamberg asked for guidance and noted they are at the end of their time on the agenda. Is it allowable to go over meeting time before a vote? **Pishioneri** said it is better to cover what we need to here and start a little later with the board meeting. We can adjust the agenda. He appreciated trying to watch timelines. But he thinks we are in a kind of a critical juncture here and he did not want to appear to the public that we are rushing through and missing things. So that is more important. **Lamberg** said she appreciated the guidance.

Houston said a budget is not approved that projects going negative, maybe this is not the right sheet to be looking at. Maybe it does not include all the line items to show a balanced budget. He was very concerned about his role approving a negative balance on the budget.

Mirhosseyni said LRAPA is not mandated to have a reserve. It is a goal and a targeted reserves. These funds (reserves) are available for LRAPA to spend. And this reason it is considered a balanced budget. The reserves are available for the agency to do what they need to keep a balanced budget, we are not under the mandated reserves that we have to keep those reserves at certain levels.

Fleck said this is the state's form that is required under state budget law. It is called the LB form. And there is several different LB numbers that go along with different sections and have different LB numbers. This is actually what is required under state law. In a larger jurisdiction, you would see reserve funds as their own fund, as opposed to this where we are a smaller agency and seeing it all on one sheet. But this is actually very normal. His concern is not as much that we are going in reserves other than the sustainability of it. He would be willing try to work on making them a little easier to read. He thinks that is something that would make this body and the Board as a whole feel a little better. He thinks most of the time Nasser and he are saying the same things, but just saying a little differently.

Guidero commented that some of the Board have felt that there were excess and if what is absolutely necessary. And seeing us dip into reserves a little bit in a tighter year is exactly what we want to see because it does not put us into the specific amount kept making sure that we can keep going if things get bad, they're just a little bit tight and seeing us use our reserves as opposed to going into potentially

looking at increases in fees or fines is exactly where she wants to see us going. And on the bottom page 12 you see it says net fund decrease/increase. So that is only the fund, not the agency. She hopes that we can see that it is not the agency going in the reserve, it is only that fund and a half million is only going down by a little over \$400,000. So, we are doing well, as far as stability.

Dugan said this is her eighth year on the budget committee. This comes up almost every year. It is extremely frustrating, because we have the same conversation, it takes up all this time. And we are not borrowing money. We are simply dipping into reserves. And for a nonprofit or a government entity there are actually accounting rules and ethical rules that require us to spend our money, not sit on it. And so, she heartily approves of doing this.

Pishioneri said we are not going to let the ship sink. It is really just a process. It is very complicated. And again, every year, there are some new folks on board that have got the same questions each year, and it is a little bit frustrating. And he would like to see people that look at the budget and have questions about process that there is a training session. LRAPA should provide this to the budget committee prior to these meetings so that way, these basic budgetary questions can be answered, or at least some background, such as policies.

Keating said he would respectfully request that we create a space when we have new budget members and in what is clearly a tight budget year that we welcome inquiry, we welcome dissent, it is healthy for small democracy. And the more we could reiterate some of those facts that are understood by those who have been serving in this capacity for much longer than some of us newer folks, then the more likely it is that the public at large, will be able to fully understand and appreciate that not only the process, but the incredible amount of work and detail that went into creating this budget. He errs on the side of wanting to peel back layers of the onion and shed some sunlight on the budget, hence his inquiries. He hopes that we can note that this is a space where those inquiries are wholly welcome, as they are germane to passing such a significant budget, which he is prepared to do. Because he is satisfied with the answers. He was not wholly satisfied with some of the process. He thinks a lot of it could be a little clearer, In the future, it is improved upon. He did not want to hold up the good work that was done. It sits a little awkwardly with him when he hears it is what we have done in the past.

6. Approval of Budget Document and Forwarding to Board for Public Hearing- Adoption:

MOTION: Fleck MOVED to approve the 2021/2022 budget; Keating SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS

7. ADJOURNMENT OF BUDGET COMMITTEE MEETING:

The meeting adjourned at 12:18 p.m.

Respectfully submitted,

Debby Wineinger
Recording Secretary