Fiscal Year 2012-13 Proposed Budget
June 21, 2012

260 North San Antonio Road, Suite A
Santa Barbara, CA 93110
805-961-8800
www.sbcapcd.org

Dave Van Mullem
Air Pollution Control Officer
Budget Adoption Process

• Release of draft budget — April 6
• Public workshop — April 17
• Industry and Union Meetings — various dates
• First Board Hearing — May 17

• **Second Board Hearing & Adoption — June 21**
  - Budget Resolution
  - Salary/Staffing Resolution
  - Revised Job Class Specifications
  - 401(h) Retiree Medical Contribution Resolution
Adjustments to the May Proposal

- Propose use of Operational Activities designations of $50,000 as a replacement for imposing a 3-day furlough

- Update explanation for decrease in Salaries and Benefits under the Administration Division section

- Update job class table for a typographical error in APCO Monthly Equivalent Salary Range

- Update other related expenditures, revenues, and designation charts, graphs, tables, and narratives for the above changes
FY12/13 Revise at a Glance

• May Proposed Staffing: 48.00
• June Proposed Staffing: 48.00
• May Proposed Budget: $9,158,240
• June Proposed Budget: $9,158,240
• Proposed 1-time use of Operational Activities designations of $50,000 in lieu of proposed 3-day furlough
4 Focus Topics

1. Casa Nueva lease – floor space study
2. Reference to $150,000 Gift Card in Admin Salary & Benefits
3. Services & Supplies budgeted higher than actuals – Innovative Technologies Group (ITG) funds
4. Review Notice of Violation (NOV) budget
1: Casa Nueva

• Current lease – a sweet deal
  - 30-year fixed term starting 5/1/2003
  - 14,139 square feet, guaranteed at $1.29/sq ft for 21 more years

• Opportunities for cost reduction
  - If County refinances with lower interest rate, base rent will be reduced
  - Can give space back, but must be in a functional block, and 1-year advance notice
1: Casa Nueva (con’t)

- Action:
  - Accurately assessed vacant space
  - Explored options with County Real Estate
  - Researched feasibility of giving up one of the blocks with current staffing levels

- Conclusion:
  - It is not feasible to return a functional block to the County at this time
  - Will conduct periodic feasibility re-looks
2: $150,000 in Budget Admin Section

- Reviewed details of Admin Section of Salary and Benefits:
  - Found Gift Cards were included in FY10/11 budget
  - Referenced in the FY11/12 budget
  - FY12/13 referenced Gift Cards in error

- Action: Corrected the narrative

- Conclusion: No budget impacts from error
3: S&S Regarding ITG Projections

• Moyer dollars are based on 2-year spend cycles

• Budget maximizes grant funding potential
  ♦ Includes spending all revenue estimated, plus what is left over from previous year
  ♦ Program interest increasing and gaining momentum
  ♦ APCD projects minimal dollars left over at FY12/13 year-end

• Action: Continue to budget to maximize funding potential

• Conclusion: Staff recommends no change in proposed budget level for ITG
4: Review NOV Budget - History

Total NOVs FY 00/01 to FY 11/12 ($)

- All Other NOVs
- Greka, ExxonMobil, Venoco

Total: $3.5 million
Average: $302,331/year
4: Review NOV Budget - History

- $290,908
- $175,000
- $74,174
4: Review NOV Budget - Trends

- Trends over the last 12 years reveal: Greka, Exxon, Venoco combined average is $182,000 per year, however ...
  - Last 4 years trend rapidly moving down
  - FY11/12 combined total is only $68,000
- Average total for all other NOVs is $120,640, however ...
  - With FY11/12 anomalies (two NOV outliers) removed, the 12-year trend is only $96,000
- NOV amounts year-to-year are volatile
4: Review NOV Budget - Projection

- Using 12-year trend data FY12/13 total NOV estimated to be $68K + $96K = $164K
- Note $164K is close to $175K budget, however ...
  - APCD has large backlog of NOVs to settle
  - Estimated backlog final settlement = $80,000
  - Plus unforeseen anomalies spiking NOV funds
- Total FY12/13 Projected NOV estimated at $244,000
4: Review NOV Budget - Options

FY12/13 budget options for NOV revenue:

• Maintain previous APCO NOV amount of $175K
  • Amounts over at year-end spill into designated account
  • Note: Additional NOV income at year-end are designated for use in lieu of FY12/13 furlough

• Increase FY12/13 budget by NOV adjustment
4: Review NOV Budget - Recommendation

• Staff recommends that NOV revenue projection for FY12/13 budget remain at $175,000
  - Does not establish perception of a quota system
  - Inspectors use their best judgment – no pressure
  - Recognizes NOV (red zone) is trending down
  - Budget not subject to stress of a low NOV year
  - Additional NOV funds at year-end can be designated for future use
Questions?