

OLYMPIC REGION CLEAN AIR AGENCY  
2940 LIMITED LANE NW  
OLYMPIA WA 98502

Finance Committee Meeting

April 8, 2020  
9:00 am

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***Be courteous – Please silence all cell phones***

1. **CALL TO ORDER**
  
2. **APPROVAL OF AGENDA**  
(Ask for any corrections, additions/omissions)
  
3. **APPROVAL OF MINUTES**  
  
Minutes of April 1, 2020
  
4. **FINANCE REPORT**
  1. Fiscal Year 2021 Draft Budget
  
5. **ADJOURN**

OLYMPIC REGION CLEAN AIR AGENCY  
2940 Limited Lane NW  
Olympia, Washington 98502

**Finance Committee Meeting**

April 1, 2020

Members present      Cynthia Pratt, City of Lacey (Chair)  
                                 Jim Cooper, City of Olympia  
                                 Randy Neatherlin, Mason County  
                                 Tye Menser, Thurston County (915am)

Members absent

Staff Present              Fran McNair, Executive Director, Lynn Harding, Administrative Services  
                                 Manager, and Debbie Moody, Office Manager and Recorder

The meeting was conducted via ZOOM.

The meeting was called to order at 9:06 am.

Pratt asked for approval of the Agenda. Cooper moved approval, the motion was seconded and carried unanimously.

Pratt asked for approval of the Minutes. Cooper moved approval of the Minutes, the motion was seconded and carried unanimously.

**FINANCE REPORT**

Fiscal Year 2020 – Third Quarter Report

Harding gave a brief update of the third quarter, noting we have received 87% of our revenues, compared to 77% last year at this time. Harding explained we are doing well on most line items, but there are a few that have dropped a bit in activity, such as asbestos, which we anticipated. We expect to get our grant funds and we have been receiving our rents as scheduled.

Harding stated we anticipate using our Title V reserve due to a heavier workload in that program. Pratt asked if we had heard anything from our renters with regards to payment, if they can't work. Harding noted our tenants had been conducting business up through last week and we have received most of April's rent. Cooper noted, next month may be different. Pratt asked if we foresee any problems. Harding stated we are not anticipating any issues with our projected revenues.

McNair added it appears we won't be using any of our reserves, other than Title V. Menser signed in at 9:15am and staff gave him a very brief update to get him up to date.

Fiscal Year 2021 Draft Budget

McNair explained we have a draft budget with 3 options. There are three scenarios: No COLA/No fee increase; 1.5% COLA/1.5% increase in fees; and, our initial projected 2.9% COLA/2.9% increase in fees. McNair stated we don't really know what next year is going to look like. We expect staff will be working from home through the month of April. Some of our larger sources continue to work, in fact, Ascensus has increased production. However, we have heard a reduction in work from some as well. Our expectation is a reduction in land clearing, asbestos and possibly Notices of Construction. We hope to know more by June. We left the same revenue for state and federal, across the scenarios because we haven't heard anything different.

Assessments and Registration are the only line items that are really affected by the CPI, as the other revenues (asbestos, land clearing, etc.) are based on workload. The Assessment is currently \$0.815 and if we go with the 2.9% it will be about \$0.83. McNair stated we wanted to offer options and get the committees' perspective on a direction to go with the budget. McNair reminded the committee we need to bring the budget to the Board in May and open the public hearing at that time. We will hold it open until June, but it must be passed at that meeting or we can't operate as of July 1st.

Cooper asked McNair to explain the operational challenge we would be under in each scenario. McNair stated she doesn't see any major challenges at this time. Cooper asked what if we did 0% fee increase. McNair stated we wouldn't be able to give the staff an increase if we don't increase fees, other than use our contingency funds. Cooper asked if staff are still going out on complaints. McNair stated they are. Cooper asked if they are receiving hazard pay, and if so, how will that affect the budget. McNair explained they are not getting out of vehicles. They are doing what they can from their vehicles in order to maintain safety. They are not receiving hazard pay. There was some additional discussion regarding staff priorities and how they are functioning.

Cooper was not comfortable with 2.9% and was leaning toward no increase or 1.5%. His reason was based on economic development capability for many of our businesses. Cooper didn't feel we would know the full impact of this until perhaps fall. Menser noted there are so many unknowns and he is fiscally conservative and will likely be swayed by the more conservative approach. Neatherlin agreed with Cooper but asked if it is possible to have a mid-year change. McNair stated our assessments and registration fees must go out based on our rules. Registration is sent out in August. For assessments, the letter must go out in June, so the jurisdictions have the amount for their budgets. The invoices are sent in January. Pratt stated she is not typically conservative; however, we can't afford to do something if we don't know what the outcome of this will be. Pratt stated she is also leaning toward the 0% or 1.5%. Cooper stated we need to consider our entire jurisdiction, thinking they may have to resort to layoffs this year. A large portion of jurisdiction income is sales and business/occupation taxes. It makes sense to keep things lower.

McNair noted we several of our staff will be receiving normal step increases, whether there is a COLA or not. McNair stated she hopes to have more information and a better sense of things by the May meeting.

After further discussion among the members it was decided to bring forth, to the next meeting, budget options showing:

- 1.5% pay and fee increase;
- 0% pay and fee increase;
- 1.5% pay and fee increase, but 0% for public (assessments)

McNair moved on to the 5-year forecast and noted it is based on the 2.9%. McNair noted it is no longer correct but will give you an idea of where things are going fiscally. We can update this once the committee decides on a draft budget to move forward with. Cooper did ask why there was such a large drop in 2025. Harding noted we included \$250,000 for a new database. Neatherlin stated there are options to fund that at a full amount. It could be a one-time assessment, or something similar, to equalize this budget up. McNair did note we are covered by law if we need to do something like that. Neatherlin stated he would like to have that information, to prepare his county, if it comes to that.

Pratt asked to move to Personnel Costs. McNair explained we have broken down the salary and benefits. These numbers also reflect the same 3 scenarios as the budget; 0%, 1.5% and 2.9%. The cost, per FTE, is listed in the far column and shows the changes from 2008 on.

Hearing nothing more on the personnel costs, Pratt moved on to the building maintenance plan. McNair noted we have added the cost estimates and the years we expect to accomplish many of the items. Harding explained some of the improvement costs are included in the 5-year forecast, which is another reason for the fund balance changes. McNair explained we are hoping to get 5 more years out of our roof. Cooper suggested a metal roof. McNair and Harding stated the cost would be

several times more. Cooper added the life expectancy is much longer. Cooper asked if there is enough money going into the building reserve, over the next 5 years, to pay for these projects. Harding explained they will be paid for out of our general fund. Harding explained the new accounting requirements don't allow us to have reserve funds any longer. After discussing the difference between reserve, unreserve and contingency funds, McNair stated staff would send information to the committee explaining these new rules. Cooper noted, regardless of the terminology, there must be a way to obligate the funds. Neatherlin stated we can establish them by policy. Harding explained how she has allocated the funds for the building items throughout the 5-year plan. After discussion Cooper stated he would like to have an internal capital budget with a policy document. We need to be able to plan and he expects us to continue doing business in such a way we can see the reserves and what they are intended for.

McNair stated we have also included the Building Amortization sheet. We have made our payment principle payment this year and have the interest payment due in June. We will pay the building off in the fall of 2022.

There was nothing further of the committee. McNair reminded the committee we have a Board meeting April 8 at 10:00am and the Personnel committee will meet at 9:00am prior to the Board meeting. McNair stated, other than the those present today, staff will not be at the Board meeting. Moody will send out the information for each department but will not have staff going over them. We hope to have staff on Zoom, if possible, to answer questions.

The meeting adjourned at 10:26 am.

#### **CERTIFICATION**

I hereby certify this is a true and correct copy of the minutes of the meeting of the ORCAA Finance Committee held on April 1, 2020, in Olympia, Washington.

ATTEST:

\_\_\_\_\_  
 Francea L. McNair, Executive Director  
 Olympic Region Clean Air Agency

\_\_\_\_\_  
 Cynthia Pratt, Chair  
 ORCAA Finance Committee

DATED: \_\_\_\_\_

**OLYMPIC REGION CLEAN AIR AGENCY**  
**REVENUE & SURPLUS**  
 For The Fiscal Year Ending ...

	Column 1	Column 2	Column 2a	No Fee Increase No Pay Increase	w/1.5% Fee Increase 1.5% Pay Increase	w/1.5% Fee Increase except Assessments 1.5% Pay Increase
	Actual FY 2019	Current Budget 2020	YTD thru 03/31/2020	Column 3	Column 3a	Column 3b
				Proposed FY 2021	Proposed FY 2021	Proposed FY 2021
<b>GRANTS</b>						
Core-Federal	\$ 188,374.00	\$ 187,774.00	\$ 107,391.00	\$ 187,094.00	\$ 187,094.00	\$ 187,094.00
Core-State	134,737.50	134,737.50	77,767.00	135,372.00	135,372.00	135,372.00
<b>PM Agreements:</b>						
Ecology Monitoring	13,889.34	13,500.00	13,500.00	13,500.00	13,500.00	13,500.00
CPO Project w/EPA-Maintenance & Operations	96,608.93	86,077.00	80,402.14	86,077.00	86,077.00	86,077.00
Community Scale Air Toxics	144,083.03	90,400.00	154,066.49	34,000.00	34,000.00	34,000.00
Woodstove Reduction & Bounty Program w/Ecology	66,271.34	125,000.00	113,669.00	125,000.00	125,000.00	125,000.00
Woodstove Grant	11,017.00	11,017.00	6,836.00	9,939.00	9,939.00	9,939.00
<b>FEES</b>						
Assessments	\$ 426,528.90	\$ 445,380.00	\$ 446,188.00	\$ 451,908.00	\$ 458,687.00	\$ 451,908.00
AOP (Title V)	390,871.13	378,086.00	358,898.25	381,790.00	381,790.00	381,790.00
EFSEC	63,677.95	35,532.00	29,363.00	26,565.00	26,565.00	26,565.00
Ecology Oversight	10,936.97	15,000.00	12,326.00	12,000.00	12,000.00	12,000.00
Annual Registration	375,065.71	380,000.00	395,301.40	392,814.00	397,944.00	397,944.00
NOC - NSR	139,635.63	110,000.00	98,559.35	105,000.00	107,000.00	107,000.00
NOI - Major/Minor	4,364.00	2,000.00	7,261.00	4,000.00	4,500.00	4,500.00
Outdoor Burning	-	-	-	-	-	-
Asbestos	157,106.00	135,000.00	97,435.00	120,000.00	122,000.00	122,000.00
Land Clearing	28,218.00	15,000.00	20,056.75	15,000.00	15,500.00	15,500.00
<b>OTHER</b>						
Fines	\$ 62,327.08	\$ 55,000.00	\$ 49,461.78	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
Investment Interest	33,128.00	20,000.00	23,380.79	25,000.00	25,000.00	25,000.00
Miscellaneous Income	6,244.00	2,000.00	592.66	1,000.00	1,000.00	1,000.00
Building Income	53,518.00	60,708.00	45,190.00	60,708.00	61,300.00	61,300.00
<b>CONTINGENCY FUNDS</b>						
General Contingency Fund	\$ -	\$ 200,290.23	\$ -	\$ 259,531.00	\$ 268,694.00	\$ 275,473.00
Contingency-Title V	-	(32,181.00)	-	-	-	-
<b>TOTAL REVENUE &amp; SURPLUS</b>	<b>\$ 2,406,602.51</b>	<b>\$ 2,470,320.73</b>	<b>\$ 2,137,645.61</b>	<b>\$ 2,501,298.00</b>	<b>\$ 2,527,962.00</b>	<b>\$ 2,527,962.00</b>
<b>OLYMPIC REGION CLEAN AIR AGENCY EXPENDITURES</b>						
	Column 1	Column 2	Column 2a	Column 3	Column 3a	Column 3b
	Actual FY 2019	Current Budget 2020	YTD thru 03/31/2020	Proposed FY 2021	Proposed FY 2021	Proposed FY 2021
<b>PAYROLL</b>						
Salaries	\$ 1,368,666.47	\$ 1,474,673.00	\$ 1,112,085.61	\$ 1,475,002.00	\$ 1,497,127.00	\$ 1,497,127.00
Employee Benefits	461,128.01	553,910.18	378,716.43	555,088.00	559,627.00	559,627.00
<b>TOTAL P/R EXPENSES</b>	<b>\$ 1,829,794.48</b>	<b>\$ 2,028,583.18</b>	<b>\$ 1,490,802.04</b>	<b>\$ 2,030,090.00</b>	<b>\$ 2,056,754.00</b>	<b>\$ 2,056,754.00</b>
<b>NON-PAYROLL</b>						
Office Supplies/Sm Supply Purchases/Safety	\$ 4,802.97	\$ 6,300.00	\$ 3,106.86	9,414.00	9,414.00	9,414.00
Gasoline Vehicles	4,319.38	5,600.00	3,800.87	5,400.00	5,400.00	5,400.00
Computer Hard/Soft./Supplies	11,741.71	13,098.00	6,981.12	13,422.00	13,422.00	13,422.00
Bd. Prof. Ser. & Travel Reimb.	1,218.36	3,600.00	759.58	1,200.00	1,200.00	1,200.00
Staff Training & Conferences & Travel	15,228.66	11,155.00	8,867.24	13,000.00	13,000.00	13,000.00
Professional Srs.	40,866.94	43,800.00	31,162.73	43,800.00	43,800.00	43,800.00
Telephone	11,362.74	14,000.00	8,346.74	14,000.00	14,000.00	14,000.00
Database	-	-	-	-	-	-
Postage	3,968.36	4,600.00	3,939.17	4,600.00	4,600.00	4,600.00
Insurance (Bldg, Veh, Staff)	28,427.00	29,000.00	30,138.00	32,000.00	32,000.00	32,000.00
Wellness Program	488.64	400.00	236.27	400.00	400.00	400.00
Public Education	9,840.49	10,360.00	9,443.83	10,000.00	10,000.00	10,000.00
Miscellaneous	1,759.59	900.00	56.83	900.00	900.00	900.00
Dues & Subscriptions	1,502.79	3,500.00	2,745.81	3,300.00	3,300.00	3,300.00
Audit/Acctg	20,929.08	7,500.00	4,515.34	23,000.00	23,000.00	23,000.00
Printing (included with Public Education)	-	300.00	-	-	-	-
Rent-Satellite Office	2,400.00	2,400.00	2,000.00	2,400.00	2,400.00	2,400.00
Maintenance - Copier	1,398.89	1,800.00	1,090.91	1,800.00	1,800.00	1,800.00
Vehicle Purchase	28,500.00	-	-	20,000.00	20,000.00	20,000.00
Maintenance - Vehicles	921.01	3,500.00	1,365.55	2,000.00	2,000.00	2,000.00
<b>Sub-Total Administrative Expenses</b>	<b>\$ 189,676.61</b>	<b>\$ 161,813.00</b>	<b>\$ 118,556.85</b>	<b>\$ 200,636.00</b>	<b>\$ 200,636.00</b>	<b>\$ 200,636.00</b>
<b>OFFICE BLDG. OPERATING</b>						
Interest Expense & Principal - Office Bldg.	\$ 44,483.31	\$ 45,500.00	\$ 42,969.78	\$ 45,500.00	\$ 45,500.00	\$ 45,500.00
Utilities/Alarm Monitoring	15,300.92	16,000.00	11,012.99	16,000.00	16,000.00	16,000.00
Janitorial Supplies	604.99	600.00	5,300.42	10,200.00	10,200.00	10,200.00
Maintenance Office Bldg.	5,804.66	6,000.00	5,277.36	6,000.00	6,000.00	6,000.00
Leasehold Improvements	5,222.85	14,000.00	-	30,000.00	30,000.00	30,000.00
<b>Sub-Total Office Building Operating</b>	<b>\$ 71,416.73</b>	<b>\$ 82,100.00</b>	<b>\$ 64,560.55</b>	<b>\$ 107,700.00</b>	<b>\$ 107,700.00</b>	<b>\$ 107,700.00</b>
<b>NON-ADMINISTRATIVE-OPERATING</b>						
Woodstove Reduction Program/Bounty	\$ 76,400.00	\$ 100,000.00	\$ 106,400.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
DOE Oversight Fees	10,937.00	15,000.00	12,326.00	12,000.00	12,000.00	12,000.00
Monitoring Program - CPO	38,765.14	33,400.00	26,000.96	33,400.00	33,400.00	33,400.00
Community Scale Air Toxics	96,884.14	44,400.00	49,531.46	12,447.00	12,447.00	12,447.00
Monitoring Programs	4,483.35	5,025.00	628.46	5,025.00	5,025.00	5,025.00
Security Deposit Refunds	-	-	584.13	-	-	-
<b>Sub-Total Non-Administrative - Operating</b>	<b>\$ 227,469.63</b>	<b>\$ 197,825.00</b>	<b>\$ 195,471.01</b>	<b>\$ 162,872.00</b>	<b>\$ 162,872.00</b>	<b>\$ 162,872.00</b>
<b>GRAND TOTAL EXPENDITURES</b>	<b>\$ 2,318,357.45</b>	<b>\$ 2,470,321.18</b>	<b>\$ 1,869,390.45</b>	<b>\$ 2,501,298.00</b>	<b>\$ 2,527,962.00</b>	<b>\$ 2,527,962.00</b>
	Population	540,910	547,470	554,488	554,488	554,488
	Per Capita Assessment	0.79	0.815	0.815	0.827	0.815

**OLYMPIC REGION CLEAN AIR AGENCY**  
**FUND BALANCE**  
 For The Period Ending ...

No Fee Increase	1.5% Fee Increase	1.5% Fee Increase except Assessments
No Pay Increase	1.5% Pay Increase	1.5% Pay Increase

	YTD				
	Actual	Budget	Proposed	Estimate	Estimate
	FY 2019 General Fund	FY 2020 General Fund	FY 2021 General Fund	FY 2021 General Fund	FY 2021 General Fund
BEGINNING Fund Balance.....	\$ 1,570,163	\$ 1,658,408	\$ 1,926,663	\$ 1,926,663	\$ 1,926,663
Plus: Revenue Fiscal Year	\$ 2,406,603	\$ 2,137,646	\$ 2,241,767	\$ 2,259,268	\$ 2,252,489
Less: Expenditures Fiscal Year	\$ (2,318,357)	\$ (1,869,390)	\$ (2,501,298)	\$ (2,527,962)	\$ (2,527,962)
<b>ENDING Fund Balance 06/30/20xx</b>	<b>\$ 1,658,408</b>	<b>\$ 1,926,663</b>	<b>\$ 1,667,132</b>	<b>\$ 1,657,969</b>	<b>\$ 1,651,190</b>
General Fund Contingency applied to FY Budget & Title V Funds applied to FY Budget	\$ -	\$ 168,109	\$ 259,531	\$ 268,694	\$ 275,473
<b>Fund Balance ALLOCATIONS</b>					
<b>Contingency &amp; Capital Funds</b>					
Less: Expense Contingency (20% FY Budget less Title V Exps)	\$ 389,790	\$ 418,447	\$ 302,098	\$ 429,234	\$ 429,234
Less: Title V (10% Est.)	\$ 41,140	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
Less: Tenants Security Deposits	\$ 5,875	\$ 5,925	\$ 5,925	\$ 5,925	\$ 5,925
<b>Capital Funds</b>					
Less for Office Building	\$ 30,000	\$ 30,000	\$ 60,000	\$ 60,000	\$ 60,000
Less for Monitoring Equipment	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Less for Database/Equipment	\$ 75,000	\$ 110,000	\$ 160,000	\$ 160,000	\$ 160,000
Less for Vehicle	\$ -	\$ -	\$ -	\$ -	\$ -
Less for Vacation/Sick Leave	\$ 155,715	\$ 153,000	\$ 155,000	\$ 155,000	\$ 154,000
Sub-Total Contingency Funds	\$ 717,520	\$ 737,372	\$ 713,023	\$ 840,159	\$ 839,159
<b>Ending UNRESERVED Fund Balance Year End</b>	<b>\$ 940,888</b>	<b>\$ 1,189,291</b>	<b>\$ 954,109</b>	<b>\$ 817,810</b>	<b>\$ 812,031</b>

Year End            6/30/2019            6/30/2020            6/30/2021            6/30/2021            6/30/2021

ORCAA Long Term Liabilities...	Balance 6/30/19	Balance 6/30/2020	Balance 6/30/2021
-Office Building, Promissory Note to be paid 12/1/2022 Interest rate 2.491%, no penalty early payoff	\$180,475	\$135,579	\$90,706
-Dept. of Retirement Systems, Pension Liability Proportionate share of collective pension amounts	\$657,906	\$655,000	\$600,000

"Operating Reserve Funds" defined..... An amount established by board direction and placed in reserve Revised Res #269 dated May 2016 with 20% reserve less Title V.

"Capital Reserve Funds" defined..... An amount established by board direction to save for long-term

"Fund Balance" defined..... \*Funds that are held in our bank account with Thurston County

\*The total Fund Balance includes all funds on deposit at the bank.