

Olympic Region Clean Air Agency FY2024 Budget Assumptions

This summary outlines ORCAA's FY2024 budget and accompanies the following budget documents:

- Revenue, Expenditures and Appropriations from Contingency Reserves
- Fund Balance
- List of planned building maintenance and leasehold improvements
- COLA & Dependent Coverage Contribution history
- Proposed New Salary Step Structure
- Draft Fee Schedule
- Resolutions

For reference we've also included ORCAA Resolutions #274 and #275 referring to the process for adjusting fees and per-capita assessments based on the Consumer Price Index (CPI).

FY2024 Overall Highlights:

- ◆ Applying the CPI for the year ending December 2022 of 6.3% to Fee Programs
Staff completed a workload analysis for all fee programs (registration, asbestos, outdoor burning, notice of construction, notice of intent, and Title V) consistent with Resolution #274 approved by the Board providing for adjustments to fee schedules
- ◆ The budget includes 17 FTE's
Staff will bring a recommendation for a new position of Finance Assistant to the Finance Committee by January 2024
- ◆ Ambient Monitoring and Outdoor Burning programs rely on Federal/State CORE support
- ◆ The budget draws on Unreserved Fund Balance to balance the budget
- ◆ Continue to set aside funds for board approved contingency and capital funds
 - ✓ Office Building
 - ✓ Monitoring Equipment
 - ✓ Database/Equipment
 - ✓ Vacation/Sick Leave
- ◆ Assumes 100% occupancy in rental income

Summary of Revenue:

- ◆ Budget Revenues are projected at \$3.1 million, about 12% higher than 2023.
- ◆ Grant revenues represent 23%, Fees and Assessments 63%, Penalties 5%, Rents/Miscellaneous 2%, and Contingency Draw 7%
- ◆ No major increases/decreases of on-going funding in existing Local, State, and Federal Grants; CORE, PM2.5, CPO, Woodstove Education & Enforcement, Woodsmoke Reduction, EFSEC
 - ✓ Grants are multi-year contract terms ranging from 2-5 years
- ◆ Fee programs include the 6.3% CPI

- ◆ Title V fees will have a slight reduction (less than 1%) in FY2024. This is due to a lower ending fund balance where workload was closer to budgeted costs, whereas in prior years, expenses exceeded revenue. The Title V fees fund ORCAA's 11 major sources in our six-county region

Summary of Expenses:

- ◆ Agency expenses are estimated at \$3.1 million, about 12% higher than 2023
- ◆ Payroll expenditures, the largest portion of expenses, represent 77%; non-payroll (supplies, postage, hardware/software) 9%; Building-Maintenance and Operations 4%; Direct Operating 10% (Woodsmoke Reduction vendor payments, Ecology Oversight fees, CPO operations & maintenance)
- ◆ Implementation of a new Salary Step Structure, 5% increase from AWC Employee Benefit Trust, and a stable rate for DRS pension contributions
- ◆ Continue contract with Compensation Connections for HR-Ad-Hoc assistance for ~ \$3,000
- ◆ Hiring a contractor for updating the agency Strategic Plan with a cost of \$8,000
- ◆ Annual contract with website designer for on-going maintenance of 'new' website at \$2,250
- ◆ Hardware/Software purchases of additional laptops for staff, and software for cybersecurity/cloud/storage needs
- ◆ Include costs for reconfiguring the conference room and other office space, estimated at \$12,000
- ◆ Continue contracting with ADP for payroll processing saving the agency \$25,000/year
- ◆ ORCAA will undergo the next bi-annual audit with SAO in December 2024
- ◆ Continuation of the EPA- American Rescue Plan (ARP) grant of \$131,500, the grant comes with no administrative dollars, funds were approved in FY2023 and will roll-over into FY2024. Contracts have been awarded to purchase a monitoring trailer and provide site improvements at Cheeka Peak (CPO) in Neah Bay
- ◆ Invest in maintenance and improvements of office, building, HVAC, siding, exterior painting, flooring replacements
- ◆ Paid-off office building in December 2022
- ◆ Does not include satellite office in Pacific County

Contingency & Capital Funds:

Contingency Funds represent balances set aside for a specific project, Board directed and authorized, and/or emergencies.

The adequacy of reserves are determined by our risks, though we cannot identify all, some risks include: revenue volatility (CORE grant-major funding), economic downturn, rental income loss, increased pension costs by DRS, increased medical costs, staff turnover and costs of retraining, and others.

Our General Fund Contingency set-aside is equivalent to approximately two months of administrative and operations costs. An adequate fund balance is critical, and though we cannot identify all risks, having adequate contingency reserves helps reduce large fee increases.

Undesignated Fund Balance can be used for any lawful purpose and have not been designated for specific operating purposes.

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

	Column 1 Actual FY 2022	Column 2 Approved Budget FY 2023	Column 2a ESTIMATED	Column 3 Approved FY 2024	Column 4 Projected FY 2025
REVENUE					
		5.20%		6.30%	
				4.00%	
GRANTS					
Core-Federal	\$ 198,556	\$ 188,399	\$ 210,000	\$ 193,000	\$ 193,000
Core-State	139,985	136,427	150,000	137,000	137,000
PM2.5 - Ecology Monitoring	13,500	13,500	13,500	13,500	13,500
CPO Project w/EPA-Maintenance & Operations	76,748	86,077	95,059	90,462	90,462
ARP Grant with EPA	-	131,500	-	131,500	-
Woodstove Reduction & Bounty Program w/Ecology	58,019	170,000	148,007	140,000	140,000
Woodstove Grant	10,682	10,682	10,682	10,682	10,682
FEES					
Assessments	\$ 464,353	\$ 498,697	\$ 498,697	\$ 533,771	\$ 555,122
Annual Registration	375,302	384,000	391,314	410,911	427,347
Title V	603,614	686,752	686,752	678,222	666,963
NOC - NSR	140,433	163,060	65,500	104,377	108,552
NOI - Major/Minor	2,912	1,022	3,658	3,500	3,640
EFSEC	26,019	38,385	44,250	57,283	59,255
Ecology Oversight	12,948	15,000	13,162	15,500	15,700
Outdoor Burning	-	-	-	-	-
Asbestos	138,637	132,860	134,000	139,000	144,560
Land Clearing	36,659	26,300	44,157	44,500	46,280
OTHER					
Penalties (NOV)	\$ 217,550	\$ 75,000	\$ 203,669	\$ 185,000	\$ 195,000
Investment Interest	13,146	10,000	24,479	20,256	17,000
Miscellaneous Income	1,882	1,000	1,995	2,200	2,300
Building Income	59,794	59,592	48,676	46,362	49,744
Total Revenue before Contingency Draw(s)	\$ 2,590,739	\$ 2,828,253	\$ 2,787,557	\$ 2,957,026	\$ 2,876,107
Appropriation from Contingency Funds					
General Fund Contingency Draw	\$ -	\$ 274,915	\$ 129,664	\$ 216,522	\$ 185,558
TOTAL REVENUE & CONTINGENCY	\$ 2,590,739	\$ 3,103,168	\$ 2,917,221	\$ 3,173,548	\$ 3,061,665
General Fund Contingency Draw	\$ -	\$ 274,915	\$ 129,664	\$ 216,522	\$ 185,558
Title V Contingency Build & General Fund Reimbursement	\$ 35,320	\$ 109,445	\$ 92,492	\$ 46,527	\$ 10,000
Actual Revenue	\$ 2,590,739	\$ 2,828,253	\$ 2,787,557	\$ 2,957,026	\$ 2,876,107
Actual Expenses	\$ 2,412,940	\$ 2,828,253	\$ 2,824,729	\$ 3,127,021	\$ 3,051,665

Breakdown of Title V - AOP Fees:	FY2023	FY2024	FY2025
Fiscal Year Workload:	\$ 577,733	\$ 631,693	\$ 656,963
Repayment to General Fund:	\$ 109,019	\$ 16,527	\$ -
Contingency Fund:	\$ -	\$ 30,000	\$ 10,000
	\$ 686,752	\$ 678,222	\$ 666,963

**OLYMPIC REGION CLEAN AIR AGENCY
REVENUE & EXPENSES**

	Column 1 Actual FY 2022	Column 2 Approved Budget FY 2023	Column 2a ESTIMATED	Column 3 Approved FY 2024	Column 4 Projected FY 2025
EXPENSES					
				4.00%	
PAYROLL					
Salaries	\$ 1,612,198	\$ 1,695,305	\$ 1,667,852	\$ 1,838,036	\$ 1,861,897
Employee Benefits	499,282	566,475	537,600	608,529	620,700
Sub-Total P/R Expenses	\$ 2,111,480	\$ 2,261,780	\$ 2,205,452	\$ 2,446,565	\$ 2,482,597
NON-PAYROLL					
Office Supplies/Sm Supplies/Safety	\$ 8,448	\$ 8,300	\$ 10,000	\$ 21,567	\$ 8,500
Gasoline Vehicles	4,391	6,000	5,736	6,200	6,400
Computer Hard/Soft./Supplies:					
-General HW/SW	23,204	30,085	31,000	13,659	16,000
-GovQA	-	6,500	6,559	6,560	6,700
-KnowBe4, Inc.	-	-	-	2,400	-
Board of Directors Travel Reimb.	-	1,200	-	-	-
Staff Training, Conferences, Travel	5,675	17,390	20,331	20,868	22,000
Professional Services:					
-Legal (Attorney)	49,296	50,000	53,236	60,000	65,000
-Process Services	-	4,500	1,900	4,500	4,700
-Salary Survey/Ad-Hoc Support	-	5,000	11,200	-	-
-HR/Ad-Hoc Support	-	-	2,000	3,500	3,500
-Strategic Plan Update	-	8,000	-	8,000	-
Telephone	12,480	15,500	14,684	17,000	17,500
Database	-	-	-	-	-
Postage	4,833	5,000	6,069	6,200	6,500
Insurance (Bldg, Veh, Staff)	35,872	38,000	39,264	40,835	42,468
Wellness Program	437	450	500	500	525
Public Education and Outreach:					
-Education & Outreach (Printing, special mailings, etc)	8,816	11,560	18,892	21,790	22,000
-Website Maintenance	-	25,000	33,750	2,250	2,250
Miscellaneous	301	550	469	550	550
Dues & Subscriptions	3,842	4,300	4,100	5,332	5,400
Audit/Acctg	6,599	16,000	17,100	2,500	19,000
Placeholder					
Rent-Satellite Office	800	-	-	-	-
Maintenance - Copier / Purchase	10,947	2,400	2,321	2,400	2,500
Vehicle Purchase	-	26,000	30,000	31,000	31,000
Maintenance - Vehicles	2,333	3,950	4,964	5,200	5,200
Sub-Total Administrative Expenses	\$ 178,274	\$ 285,685	\$ 314,075	\$ 282,811	\$ 287,693
OFFICE BLDG. OPERATING					
Interest Expense & Principal - Office Bldg.	\$ 330	\$ 44,000	\$ 43,964	\$ -	\$ -
Utilities/Alarm Monitoring	18,038	19,000	19,674	19,000	20,000
Janitorial Supplies	11,643	13,568	12,260	14,111	14,675
Maintenance Office Bldg.	9,220	18,200	39,716	17,050	10,000
Landscaping Services	-	4,000	-	-	-
Leasehold Improvements	-	23,000	21,000	52,000	75,000
Sub-Total Office Building Operating	\$ 39,231	\$ 121,768	\$ 136,614	\$ 102,161	\$ 119,675
NON-ADMINISTRATIVE-OPERATING					
Woodsmoke Reduction/Recycle Program	\$ 41,550	\$ 138,000	\$ 112,000	\$ 105,000	\$ 105,000
ARP - EPA - Operational	-	131,500	-	131,500	-
Ecology Oversight Fees	12,948	15,000	13,163	15,500	15,700
Monitoring Program - CPO	26,960	34,500	31,000	35,000	35,500
Monitoring Programs	2,192	5,490	6,724	6,484	5,500
OlyMAP Project	-	-	4,000	2,000	-
Security Deposit Refunds	305	-	1,701	-	-
Sub-Total Non-Administrative - Operating	\$ 83,955	\$ 324,490	\$ 168,588	\$ 295,484	\$ 161,700
TOTAL EXPENDITURES	\$ 2,412,940	\$ 2,993,723	\$ 2,824,729	\$ 3,127,021	\$ 3,051,665
Net Surplus (Deficit) w/Title 5	\$ 177,799	\$ (165,470)	\$ (37,172)	\$ (169,995)	\$ (175,558)

Breakdown of Net Surplus (Deficit):	FY 2022	FY 2023	FY 2024	FY 2025
Net Surplus (Deficit) to General Fund FY2022	\$ 142,479			
Net Surplus (Deficit) to General Fund FY2023		\$ (274,915)	\$ (129,664)	
Net Surplus (Deficit) to General Fund FY2024			\$ (216,522)	
Net Surplus (Deficit) to General Fund FY2025				\$ (185,558)
Net Surplus (Deficit) to Title V Contingency FY2023 & Payback	\$ 35,320	\$ 109,445	\$ 92,492	
Net Surplus (Deficit) to Title V Contingency FY2024 & Payback			\$ 46,527	
Net Surplus (Deficit) to Title V Contingency FY2025				\$ 10,000
	\$ 177,799	\$ (165,470)	\$ (37,172)	\$ (175,558)
Population	562,170	567,992	577,675	
Per Capita Assessment	0.826	0.869	0.924	0.961

Expenses exceeding 10% of a budget category (within each sub-category: P/R, Non-P/R, Bldg, Operating) requires board approval.

OLYMPIC REGION CLEAN AIR AGENCY

FUND BALANCE

For The Period Ending ...

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		Estimate			
		Actual	Previous Budget	APPROVED	Projected
		FY 2022 General Fund	FY 2023 General Fund	FY2024 General Fund	FY 2025 General Fund
		July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024
BEGINNING Fund Balance.....		\$ 1,848,692	\$ 2,026,491	\$ 1,989,319	\$ 1,819,324
Plus: Revenue Fiscal Year		\$ 2,590,739	\$ 2,787,557	\$ 2,957,026	\$ 2,876,107
Less: Expenditures Fiscal Year		\$ (2,412,940)	\$ (2,824,729)	\$ (3,127,021)	\$ (3,051,665)
ENDING Fund Balance 06/30/20xx.....		\$ 2,026,491	\$ 1,989,319	\$ 1,819,324	\$ 1,643,766
Year End		6/30/22	6/30/23	6/30/24	6/30/25
General Fund Contingency Draw applied to FY Budget		\$0.00	\$ 129,664	\$ 216,522	\$ 185,558
Fund Balances (Fiscal Year-End):					
Contingency & Capital Funds					
*SAO	Less: Expense Contingency (20% FY Budget less Title V Exps	\$ 368,929	\$ 445,106	\$ 488,438	\$ 478,235
Classifications:	Less: Title V Contingency	See Below	See Below	\$ 30,000	\$ 40,000
Committed	Less: Tenants Security Deposits	\$ 5,600	\$ 4,350	\$ 4,350	\$ 4,350
Restricted	Capital Funds				
Assigned	Less for Office Building	\$ 90,000	\$ 120,000	\$ 120,000	\$ 120,000
Committed	Less for Monitoring Equipment	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Committed	Less for Database/Equipment	\$ 180,000	\$ 215,000	\$ 250,000	\$ 285,000
Unassigned	Less for Vacation/Sick Leave	\$ 136,453	\$ 150,000	\$ 120,000	\$ 120,000
Committed/Restricted/Designated Funds		\$ 800,982	\$ 954,456	\$ 1,032,788	\$ 1,067,585
Contingency Fund					
Title V Program (due General Fund)		\$ (109,019)	\$ (16,527)	\$ -	\$ -
UNDESIGNATED Fund Balance		\$ 1,334,528	\$ 1,051,390	\$ 786,536	\$ 576,181
Year End		6/30/22	6/30/23	6/30/24	6/30/25

ORCAA Long Term Liabilities

	Balance 6/30/22	Balance 6/30/23
-Office Building, Promissory Note to be paid 12/1/2022	\$43,954	\$0
Interest rate .703%, no penalty early payoff		

"Operating Contingency Funds" defined..... An amount established by board direction and placed in reserve Revised Res #269 dated May 2016 with 20% reserve less Title V. (Formerly: Resolution #178 dated August 1999 refers to board direction to maintain a 25% reserve level annually.)

"Capital Funds" defined..... An amount established by board direction to save for long-term capital expenditures (bldg, equipment, database). Res. #251 dated 06/13/12; Res. #260 dated 11/12/14

"Fund Balance" defined..... *Funds that are held in our bank account with Thurston County Treasurer's Office. ORCAA has one fund with Thurston County and is referred to as the "General Fund".

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

ORCAA

Office Building Maintenance / Leasehold Improvements

Fiscal Year 2024 includes the following maintenance and leasehold improvements:

		<u>Estimates</u>	
	<u>Leasehold:</u>		
LHI	Upgrade oldest HVAC unit in Ste #101 and #102	\$ 27,000	
LHI	New Siding (East Wall, South wall completed Sept 2019)	10,000	
LHI/M	Paint exterior (3 walls, south wall completed in Sept 2019)	15,000	
		<hr/>	\$ 52,000
	<u>Maintenance:</u>		
M	Sunrise Pest Control, annual contract	\$ 1,100	
M	Air Handlers, annual contract HVAC, maintenance parts	4,000	
M	gravel parking lot	750	
M	paint interior walls (copier room, conference room)	400	
M	electrical, plumbing, small replacements, miscellaneous maintenance (door closers)	2,250	
M	clean and paint exterior hand rails (east side stairwell, west side Ste B entrance)	500	
M	roof maintenance (May & September)	850	
M	window cleaning	400	
M	replace flooring in restrooms (est. 4-6 floors)	5,300	
M	landscape maintenance (tools-pressure washer, flowers, ground cover, bark, supplies)	1,500	
		<hr/>	\$ 17,050
			<hr/>
			\$ 69,050

5/4/2023