

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

Finance Committee Meeting

May 8, 2019

Members present: Cynthia Pratt, City of Lacey (Chair)
Wes Cormier, Grays Harbor County
Randy Neatherlin, Mason County
Jim Cooper, City of Olympia

Members absent:

Staff Present: Fran McNair, Executive Director; Lynn Harding, Administrative Services; and
Debbie Moody, Recorder

The meeting came to order at 9:00 am.

Pratt asked for approval of the Agenda. Cormier moved approval of the Agenda, 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

Executive Director's Salary

McNair explained she did not yet receive complete information for the upcoming year, but noted she is only looking at air agencies that are comparable in size. She stated she is currently at \$11,250/mo; Southwest is at \$12,285/mo; Northwest is at \$13,786/mo; and Lane County is at \$11,794/mo.

McNair stated Northwest will be getting an increase of 3.2% (\$14,228); Lane County wasn't sure what the new salary would be, however it would be between his current \$141,000 and \$148,000. We have not yet heard back from Southwest. McNair explained she didn't compare to Puget Sound as they are much larger, and on the east side of the state it is different situation. McNair reminded them we have applied the CPI to salaries and the budget includes the director's salary with that increase.

Cooper asked for the information to be sent via e-mail so they can take a better look. After some discussion the committee requested the last five years of the director's salary. He did request the last few years of the director's salary, along with the new information given today. Pratt asked when the decision needs to be made. McNair noted the budget needs to be passed by the June meeting.

Neatherlin, noting he is new to the Board, requested additional information. Neatherlin requested a copy of the salary schedule, all the other directors' salaries, and the number of employees they have. He also requested any specific duties our director has that others may not have. Pratt added, we don't want our director to always be at the bottom, we'd prefer the director to be comparable or middle of the road. Neatherlin stated he wasn't sure, it depends on what we are looking at. Cooper noted it is important to be competitive as well.

Neatherlin also requested a copy of McNair's contract.

Draft Fiscal Year 2020 Budget

Cormier asked if the fees attached were all tied to the CPI. McNair stated they were.

Harding noted there weren't many changes since the last meeting. We did have to update the AOP after a final analysis, based on workload, determined some changes were necessary. The previous month, we had \$350,000 and have increased that to \$378,000. This also affects the reserve level we need to maintain for that program. Last month we estimated a use of our reserves at \$212,000, with the increase for the AOP, that is now estimated at \$216,000.

Harding stated there were no changes to the expenditures. Harding moved on to the Fund Balance, noting the changes she described are reflected on this page. Harding explained the \$2,286,000 is the revenue coming in but does not include the transfers from the reserve funds. The expenditures are at \$2.4 million, so we estimate in June 2020 we will have a fund balance of \$1.4 million. Of that balance, we will use \$216,000, from the general fund, to balance our budget. The other board established reserve funds are listed out as well.

Cooper, noting they are reviewing their reserve practices at the city, wondered if our reserve levels are too high. Harding noted we do talk with the auditors who look to see that we have adequate reserve levels. Pratt asked if the auditors are comfortable with our levels. Harding stated they are.

Neatherlin noted it is important, as a finance committee, to look at what it takes to balance our budget. Neatherlin asked if we have ever seen options of what it would like to tighten our belt. We can continue to move the reserves, but it isn't fixing the actual issue. Cooper noted we don't actually ever use the reserves, or much of it. Each year they budget the use of the reserves and then they don't use it.

McNair did remind them if we do run low on funds, the RCW dictates we go back to our local jurisdictions to get the funds needed. Neatherlin noted there is another option. McNair stated we can't lay off staff. We are at minimum staffing level and we made it through the recession without laying any staff off. We didn't add a COLA for a couple of years, but if we were to lay off staff, we could not get our work done. Neatherlin noted he hears that all the time, but it is still an option, and we need to consider all options not just raising fees.

Neatherlin stated the finance committee should look at fees as well. The committee agreed, noting they have looked at them in the past. Neatherlin noted anything we do should be covered by our fees and we shouldn't be running backwards, you need money to offset the fees. Cormier added that is his reason for supporting assessments, more than fees. Fees can be up and down year to year, but the assessments are a requirement of our cities and counties to pay to ORCAA and he feels that is where we should be making up the differences. Neatherlin felt it should be a last resort.

Pratt added we may want to look at various options to narrow the gaps. Cooper would like to see a scenario where it balances. The committee agreed.

McNair briefly went over the fees, noting they have been increased by 2.9% (except agricultural fees). Periodically, McNair explained, we do reevaluate the fees to make sure we are charging correct amounts. Neatherlin stated he would like to see options in the future, making sure we are covering all costs regardless of the CPI. We want to make sure we are not going backwards. Neatherlin requested recommendations regarding the fees that staff may feel need to increase to cover the costs. Cooper agreed, noting the expenditure line, perhaps 2.9% isn't enough. We have the adjustment, but the expenses have gone up about 5.1% and it is the Board's discretion to adjust the fees to reflect reality. Harding explained the different funds ORCAA receives to offset the cost of our fee-based programs.

Pratt noted we might want to consider raising the fees by 3.5 or 4% to see what it looks like. Neatherlin agreed, as long as it is justified. Pratt noted she understood the fees are based on

workload, however the CPI doesn't appear to be covering the costs. Pratt felt there may be a gap between the actual cost and the cost of doing business. Harding noted she felt she was hearing the committee request we allocate the \$216,000 we will be using from the reserves into the fees. Neatherlin and Cooper agreed stating, as much is reasonable. Cormier asked what the intent of the assessments is, noting he thought he knew. McNair explained it is to be used to pay for things that go back to the communities (community complaints regarding odors, air monitoring, outdoor burning, etc.). McNair stated it was her opinion the assessments need to go back to the community. Cormier noted, technically, you could disburse every form of expenditure into a permit fee (electricity, etc.), but he felt the assessments were meant to be used for indirect costs that are not fee eligible.

Pratt noted we need to move forward with the Agenda.

5-Year Forecast

Harding gave a brief explanation of the forecast. The committee looked over the forecast and determined there was no need for further discussion at this time.

Revenue History

Harding gave a brief explanation of the revenue history, noting the final column does not have an anticipated use of reserves. The committee looked over the revenue history and determined there was no need for further discussion at this time.


There was nothing further of the committee.

The meeting adjourned at 9:58 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 May 8, 2019, in Olympia, Washington.

ATTEST:


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


 Cynthia Pratt, Chair
 ORCAA Finance Committee

DATED: 6/12/2019