

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

Finance Committee Meeting

October 13, 2021
9:00 am

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 September 8, 2021

4. **FINANCE REPORT**
 1. Draft Budget Amendment
 2. FY2022 First Quarter Report

5. **ADJOURN**

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

Finance Committee Meeting – via zoom

September 8, 2021

Members present Cynthia Pratt, City of Lacey (Chair)
 Jim Cooper, City of Olympia
 Randy Neatherlin, Mason County

Members absent Bill Peach, Clallam County (alternate)

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

The meeting was called to order at 9:01 am.

Pratt asked for approval of the Agenda. Neatherlin 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

FY2021 Year End Report

Harding stated we have a good year end report. Under revenues, Harding stated, we collected \$2,577,199, slightly over the budgeted amount of \$2,562,000. Harding briefly went over the line items that impacted our budget. Harding explained we lost one AOP source, but gained another, we also had one source that had under reported their emissions and this resulted in an additional invoice. In the end, the AOP program brought in additional funds over what we had originally budgeted. For our Notice of Construction program, we collected \$166,000 more than we had anticipated.

Cooper asked if this was our biggest construction year. After looking through her records, Harding stated this is the highest year since she started here. Harding continued going over the revenue line items, noting we came in a bit higher on both Asbestos, Land Clearing and Fines. McNair noted we did receive a large fine of \$50K which brought us over our budgeted amount.

Harding stated the balance of core monies were received after the end of the fiscal year. At year end, Harding continued, we will be adding \$127K to our general funds. Cooper asked if the lag in the woodstove program had to do with monies coming in after the end of the year. Harding stated that was correct and added we did turn back \$1250 to Ecology in that program.

Moving on to expenditures, Harding explained we were underspent in Payroll due to a 3-month vacancy in our compliance division, as well as savings under our benefit premiums. Harding went over the general expenditure line items, highlighting a few that came in underbudget. It was noted

we had budgeted to purchase a vehicle but did not. Cooper asked if the money for the vehicle was carried over to the new budget. Harding stated it was.

There was some discussion regarding the purchase of electric or hybrid vehicles in the future. Harding stated she thought there was some directive from the Governor to change fleets to electric. Cooper asked if ORCAA has charging stations on site. We do not, McNair stated, and it is her understanding there are not many on our route from here to Cheeka Peak, for instance. Cooper felt there are quite a few more on the peninsula. Neatherlin noted they have been putting them in Mason County as well, including North Mason. Cooper suggested contacting PSE to see about Solar Power and Electric Charging stations on site prior to changing our fleet out to electric.

Harding continued going over line items. We underspent by \$113K Harding stated. Cooper noted staff did a great job. McNair wanted to share all staff did a phenomenal job, whether they were working from home or here in the office.

Harding moved on to the Fund Balance. We started our year with \$1,721,000, with our revenue and expenditures, we ended the year with \$1,848,692. Harding explained, of that \$1.8 we have set aside, \$830,000 in contingency and capital funds. This leaves an unreserved balance of \$1,162,000. Harding also noted the balance of the debt service with Thurston County for our building is \$44,273. This will be paid December 2022.

Harding also noted we have a notation regarding the Department of Retirement Pension Liability of \$495,663. This has nothing to do with the \$1.8 million balance. This is just on the balance sheet.

Cooper wanted to know if we are comfortable with our reserves and the policies. He also stated, if there are major projects, such as the solar and HVAC system projects, it would be great to get those things underway so the new director can focus on the operations.

Harding stated the resolutions we have in place for the contingency funds are good. The staff cannot use any of the contingency funds without Board approval. It takes Board action to change the funds in any way as well.

McNair noted she is working on a transition plan for the new director. She stated her feeling was to wait on the larger dollar items until we are no longer making a mortgage payment, as that would free up \$40K a year. Cooper wanted McNair to add a paragraph regarding the budgeting process and how the staff team can come in under budget almost every year. McNair stated the communication and ability of staff to work together makes it all possible.

Harding stated it would be nice to wait on the HVAC until the new director is on board. The solar and the roof project would have to be done in tandem. Her feeling is it would be a good thing for the new director to review. There was some additional discussion regarding the projects, but no action was taken. Harding stated we will need to come to the board for a payout when McNair leaves, as we will need to pay her vacation and sick leave. Harding suggested we discuss this at the October Finance meeting.

McNair explained she would like to wait to see who we get for candidates because that affects the transition plans. She noted she has several ideas on how she would transition out but would like to see what the pool looks like and she can share with Harding some options.

Pratt asked if when people retire is there always this cost to pay out vacation, etc. do you have a contingency fund for these things. Harding stated we do; we are prepared for it. It is in a

contingency fund so we would need to have the Board release those funds. Cooper noted the importance of that contingency fund as we have several staff getting close to retirement. Harding explained that fund is based on accrual payouts for staff.

There was nothing further for the committee.

The meeting adjourned at 9:45 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 September 8, 2021, in Olympia, Washington.

ATTEST:

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

Cynthia Pratt, Chair
ORCAA Finance Committee

DATED: _____

ORCAA

Executive Director Position: Budget Impacts

ORCAA Summary	Approved Budget	Additions	Surplus (Deficit)
Total Funding			
Grants, Fees, Other	\$ 2,512,118.00	\$ -	\$ 2,512,118.00
Contingency Draw	\$ 209,092.00	\$ 92,359.00	\$ 301,451.00
Additional Funding	\$ -	\$ -	\$ -
	\$ 2,721,210.00	\$ 92,359.00	\$ 2,813,569.00
Total Expenses			
Payroll	\$ 2,085,753.00	\$ 92,359.00	\$ 2,178,112.00
Non-Payroll	\$ 200,922.00	\$ -	\$ 200,922.00
Office Bldg	\$ 115,695.00	\$ -	\$ 115,695.00
Non Admin-Operating	\$ 174,990.00	\$ -	\$ 174,990.00
Transfer to Gen. Fund (Title V)	\$ 143,850.00	\$ -	\$ 143,850.00
	\$ 2,721,210.00	\$ 92,359.00	\$ 2,813,569.00
Revenue Less Expenses	\$ -	\$ -	\$ -

Balanced budget after Amendment #1

Impacts to FY2022 Budget...	Budget Adjustment	Less Existing Budget Authority	Surplus (Deficit)
Executive Director-F. McNair			
Salary Adjustment 10/1/2021-03/22/2022	\$ 7,500.00	\$ -	\$ 7,500.00
Benefits	\$ 1,383.00	\$ -	\$ 1,383.00
Payment of Sick (478), Vacation (00)	\$ 41,366.00	\$ -	\$ 41,366.00
Benefits	\$ 3,300.00	\$ -	\$ 3,300.00
Total	\$ 53,549.00	\$ -	\$ 53,549.00
Executive Director-New EE			
Scheduled Start Date 02/01/2022	\$ 68,750.00	\$ (41,250.00)	\$ 27,500.00
Benefits @ 32%	\$ 22,000.00	\$ (10,690.00)	\$ 11,310.00
Other	\$ -	\$ -	\$ -
Total	\$ 90,750.00	\$ (51,940.00)	\$ 38,810.00
Other			
UI Claim (SS)	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
Total Adjustments	\$ 144,299.00	\$ (51,940.00)	\$ 92,359.00

Bd Approval to \$180,000 effective 10/01/2021; \$1,250 x 6mos.

FICA, Retire, LTD, PFML @18.44%

Hours estimated at 478 to be paid in April 2022 : \$180k / 2080 x 478/hrs

FICA, PFML, etc. to be paid in April 2022 @ 8%

Assumes salary of \$165,000 / 12 x 5mos., starting 02/01/2022

Other expenses for new EE

Over expended, requires budget amendment

Olympic Region Clean Air Agency
Comparative Summary of Agency Budget, Revenues, & Expenditures

For the Period Ending September 2021

Comparison
 FY2022 | FY2021
 3-mos = 75%

Revenue	Fiscal Year 2021	Fiscal Year 2022	7/1/2021-09/30/2021	Difference	%	
	Fiscal Year Actuals	Approved Annual Budget	Year-To-Date Actual		FY2022	FY2021
AOP (Title V)	\$ 426,144.79	\$ 601,075.00	\$ 327,186.76	\$ (273,888.24)	54%	48%
NOC - Major/Minor	273,873.02	140,000.00	60,097.08	(79,902.92)	43%	47%
NOI - Major/Minor	8,820.00	1,000.00	929.00	(71.00)	93%	6%
Annual Registration	388,362.09	387,000.00	360,981.12	(26,018.88)	93%	90%
Assessments	451,908.59	464,582.00	0.00	(464,582.00)	0%	0%
ECY Oversight	11,500.00	15,000.00	0.00	(15,000.00)	0%	0%
Asbestos	145,342.54	125,000.00	32,702.00	(92,298.00)	26%	29%
Land Clearing	33,736.50	20,000.00	0.00	(20,000.00)	0%	4%
Woodstove Education Grant	9,939.00	9,939.00	0.00	(9,939.00)	0%	0%
Woodsmoke Reduction Grant	156,622.08	150,000.00	13,600.00	(136,400.00)	9%	23%
Ecology Monitoring (PM2.5)	13,500.00	13,500.00	4,701.93	(8,798.07)	35%	7%
EPA - Cheeka Peak Grant	77,093.09	86,077.00	25,630.41	(60,446.59)	30%	16%
Community Scale Air Toxics	37,732.79	0.00	0.00	0.00	0%	26%
CORE-Federal	164,703.00	187,095.00	33,385.00	(153,710.00)	18%	3%
CORE-State	119,152.00	135,371.00	20,380.00	(114,991.00)	15%	3%
EFSEC	24,379.58	47,395.00	3,498.75	(43,896.25)	7%	25%
Fines (Public Education)	159,408.79	55,000.00	36,323.50	(18,676.50)	66%	52%
Investment Income	15,673.95	15,000.00	2,961.79	(12,038.21)	20%	15%
Miscellaneous Revenue	938.80	500.00	268.35	(231.65)	54%	21%
Building/Rental Income	58,369.00	58,584.00	14,967.00	(43,617.00)	26%	24%
General Fund Contingency	0.00	209,092.00	0.00	(209,092.00)	0%	0%
Title V Contingency	0.00	0.00	0.00	0.00	0%	0%
Total Revenue	\$ 2,577,199.61	\$ 2,721,210.00	\$ 937,612.69	\$ (1,783,597.31)	34%	30%

		YTD
		FY2022
		Revenue
87%	Fees	\$ 818,219.46
11%	Grants*	101,196.09
0%	Assessments	0.00
2%	Other	18,197.14
0%	Contingency	0.00
100%		\$ 937,612.69
* Grants-Fed		63,717.34
* Grants-State		37,478.75

Expenditures	Fiscal Year 2021	Fiscal Year 2022	7/1/2021-09/30/2021	Difference	%	
	Fiscal Year Actuals	Approved Annual Budget	Year-To-Date Actual		FY2022	FY2021
Salaries	\$ 1,486,547.29	\$ 1,553,906.00	\$ 385,787.00	\$ (1,168,119.00)	25%	25%
Employee Benefits, Payroll Taxes	507,685.14	531,847.00	121,945.26	(409,901.74)	23%	22%
Total Payroll	1,994,232.43	2,085,753.00	507,732.26	(1,578,020.74)	24%	24%
Office Supplies/Sm Equip.	\$ 5,523.62	\$ 6,045.00	\$ 662.24	\$ (5,382.76)	11%	13%
Gasoline Vehicles	3,187.14	5,200.00	1,096.61	(4,103.39)	21%	14%
Computer Hard/Soft.	16,480.11	15,707.00	1,663.84	(14,043.16)	11%	33%
Bd. Prof. Ser. & Travel Reimb.	0.00	1,200.00	0.00	(1,200.00)	0%	0%
Training & Conferences	4,528.62	15,000.00	(135.00)	(15,135.00)	-1%	2%
Professional Srs.	54,376.69	56,200.00	13,354.58	(42,845.42)	24%	36%
Telephone	13,187.09	15,000.00	2,742.02	(12,257.98)	18%	16%
Postage	4,844.15	4,800.00	1,462.47	(3,337.53)	30%	29%
Insurance (Bldg. Veh. Staff)	33,509.00	35,520.00	35,872.00	352.00	101%	105%
Wellness Program	400.06	400.00	90.00	(310.00)	23%	0%
Public Education	3,331.64	7,250.00	793.75	(6,456.25)	11%	13%
Miscellaneous	149.40	600.00	0.00	(600.00)	0%	2%
Dues & Subscriptions	3,677.59	3,900.00	127.00	(3,773.00)	3%	0%
Audit/Acctg	22,518.75	8,100.00	1,729.26	(6,370.74)	21%	8%
Printing	0.00	0.00	0.00	0.00	0%	0%
Rent-Satellite Office	2,400.00	2,400.00	600.00	(1,800.00)	25%	25%
Maintenance - Copier	1,156.55	1,600.00	324.52	(1,275.48)	20%	17%
Vehicle Purchase	0.00	20,000.00	0.00	(20,000.00)	0%	0%
Maintenance - Vehicles	1,575.71	2,000.00	752.68	(1,247.32)	38%	3%
Total Non-P/R	170,846.12	200,922.00	61,135.97	(139,786.03)	30%	32%
Principal/Interest - Office Bldg	\$ 88,949.63	\$ 45,109.00	\$ 0.00	\$ (45,109.00)	0%	0%
Alarm Monitoring/Security	1,301.76	2,000.00	323.04	(1,676.96)	16%	16%
Utilities	14,636.19	15,000.00	3,153.20	(11,846.80)	21%	21%
Janitorial & Supplies	10,319.86	12,386.00	2,469.00	(9,917.00)	20%	24%
Maintenance - Office Bldg.	4,108.06	11,200.00	2,458.32	(8,741.68)	22%	3%
Leasehold Improvements	0.00	30,000.00	0.00	(30,000.00)	0%	0%
Total Bldg. Oper./Maintenance	119,315.50	115,695.00	8,403.56	(107,291.44)	7%	5%
WoodSmoke Reduction/Bounty	\$ 119,400.00	\$ 120,000.00	\$ 0.00	\$ (120,000.00)	0%	35%
ECY Oversight Fees	11,500.00	15,000.00	0.00	(15,000.00)	0%	0%
Monitor. Equip./CPO	28,920.45	34,500.00	2,792.62	(31,707.38)	8%	8%
Community Scale Air Toxics	168.01	0.00	0.00	0.00	0%	1%
Monitoring-General	4,930.42	5,490.00	458.78	(5,031.22)	8%	3%
Security Deposit Refunds	271.00	0.00	305.00	305.00	n/a	n/a
Total Non-Admin. Operational	165,189.88	174,990.00	3,556.40	(171,433.60)	2%	23%
Grand Total Expenditures	\$ 2,449,583.93	\$ 2,577,360.00	\$ 580,828.19	\$ (1,996,531.81)	23%	24%
Net Surplus (Deficit)	\$ 127,615.68	\$ 143,850.00	\$ 356,784.50			

		YTD
		FY2021
		Expenditures
87%	Payroll	507,732.26
11%	Non Payroll	61,135.97
1%	Bldg/Capital	8,403.56
1%	Operating	3,556.40
100%	Total	\$ 580,828.19

Breakdown of Net Surplus (Deficit):	FY 2021	FY 2022
Net Surplus (Deficit) to General Fund FY2021	\$ 127,615.68	
Net Surplus (Deficit) to General Fund FY2022		\$ 143,850.00
		TBD

Notes:

Expenses exceeding 10% of a budget category (within each sub-category: P/R, Non-P/R, Bldg, Operating) requires board approval.
 FY2022 Net Surplus (following year-end reconciliation) to reimburse General Fund due to Title V over-spending

OLYMPIC REGION CLEAN AIR AGENCY
FUND BALANCE - Actual - Fiscal Year 2022
For The Period Ending September 30, 2021

	General Fund
BEGINNING Fund Balance 07/01/2021	\$ 1,848,692
Plus : Revenue Fiscal Year	\$ 937,613
Less : Expenditures Fiscal Year	\$ (580,828)
ENDING Fund Balance 09/30/2021	\$ 2,205,477
General Fund Contingency Draw applied to FY Budget	Zero
Title V Funds applied to FY Budget	Zero

*SAO Classifications:	Fund Balance ALLOCATIONS-	Acctg Chart of Accts #	
	Contingency Funds & Capital Funds		
Committed	Less: Expense Contingency (20% FY Budget less Title V)	1021	\$ 387,076
Restricted	Less: Title V	1025	See Below
Assigned	Less: Tenants Security Deposits	1040	\$ 5,300
Committed	Less for Office Building	1022	\$ 90,000
Committed	Less for Monitoring Equipment	1023	\$ 20,000
Committed	Less for Database / Equipment	1024	\$ 180,000
Unassigned	Less for Vacation/Sick Leave/Comp	1027	\$ 213,510
	Contingency Fund		
Unassigned	Title V Contingency (due General Fund)	(Actual)	\$ (144,339)
Unassigned	Ending UNRESTRICTED Fund Balance		\$ 1,453,930

Contingency & Capital Funds
\$ 895,886

		9/30/2021
ORCAA Long Term Liabilities...		Balance 6/30/21
-Office Building, Promissory Note to be paid 12/1/2022, P&I		\$44,273
Interest rate 0.703%, no penalty early payoff		
-Dept. of Retirement Systems, Pension Liability		\$495,663
Proportionate share of collective pension amounts-ESTIMATED		

"Operating Contingency Funds" defined..... An amount established by board direction.

"Capital Funds" defined..... An amount established by board direction to save for specific long-term capital expenditures (bldg, equipment, database).

"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".

10/7/2021 *The total Fund Balance includes all funds on deposit.

*06/30/2020 SAO established five new categories for reporting cash and investments