

BOARD MEETING DATE: April 4, 2014

AGENDA NO. 8

PROPOSAL: Authorize Mid-Year Budget Adjustments, Transfers, and Purchase of Equipment, Vehicles, and Licenses

SYNOPSIS: Mid-year budget adjustments, a transfer to the Infrastructure Improvement Fund, a transfer to the Emission Reduction and Outreach Fund, and the purchase of equipment and vehicles are being requested to reflect revised revenue projections for the remainder of the fiscal year (FY 2013-14) and to address operational needs. These items are key to the development of the General Fund FY 2014-15 Draft Budget.

COMMITTEE: Administrative, March 14, 2014, Recommended for Approval

RECOMMENDED ACTIONS:

1. Transfer \$1,515,000 from the General Fund Undesignated Fund Balance to the Infrastructure Improvement Fund (Fund 2) and increase FY 2013-14 General Fund revenues for upcoming building infrastructure projects described in Table 1,
2. Appropriate \$812,000 in the FY 2013-14 General Fund Budget and increase revenues for necessary replacement of equipment, vehicles, and licenses as described in Table 2,
3. Transfer an amount of \$133,470 from the General Fund Undesignated Fund Balance to the Emission Reduction and Outreach Fund (Fund 53) and increase revenues for the Air Quality Institute (AQI),
4. Authorize the Executive Officer to issue RFP/RFQ's, and authorize the Chairman or the Executive Officer, depending on whether the amount exceeds \$75,000, to execute subsequent purchase order(s)/contract(s) for equipment, vehicles, and licenses not to exceed the amounts listed in Table 2,
5. Remove appropriations of \$540,000 from the FY 2013-14 District General Budget, Capital Outlay Major Object, Capital Outlay account, and transfer \$540,000 from the General Fund (Fund 1) Undesignated Fund Balance to the Infrastructure Improvement Fund (Fund 2), to fund three building infrastructure projects described in Table 3.

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Executive Officer

Background

SCAQMD's General Fund budget was balanced for Fiscal Year (FY) 2013-14, with annual revenues projected to equal annual expenditures. A key component in providing the Governing Board with this balanced budget was the use of unexpected one time revenues and other areas of cost savings to fund one-time expenditure items during the final quarter of Fiscal Year 2012-13. These one-time expenditure items included the: 1.) early prepayment of the SCAQMD Diamond Bar Headquarters Facility, 2.) creation of an Infrastructure Improvement Fund (Fund 2), 3.) transfer of funds from the General Fund (Fund 1) to the Infrastructure Improvement Fund (Fund 2) for the purpose of financing the audio/visual upgrade (completed in 2014), the phone system replacement (projected completion in 2015) and the cooling tower replacement (projected completion in 2014), and 4.) replacement of 32 vehicles with extensive mileage and expiring CNG tanks.

During the current FY, it is projected that one-time revenues will exceed budget by approximately \$4,000,000. Consistent with last year, staff is recommending that these one-time revenues be used to fund upcoming one-time expenditures that are necessary, but were not able to be funded in the existing budget. These items include the: 1) replacement of high mileage vehicles that are nearing CNG tank expiration within the next twelve months, 2) funding of additional infrastructure improvement projects, 3) funding of one outreach project that will come before the Governing Board in the near future, and 4) purchase of equipment used in analysis and compliance activities.

The use of these one-time revenues is key to the operations of SCAQMD and the development of the FY 2014-15 General Fund Budget.

Finally, the current FY 2013-14 Budget includes funds for various building infrastructure projects to replace original equipment items that were installed when the building was constructed 25 years ago. During the past year, several critical and unexpected building projects have taken precedence over other planned projects, requiring staff to reprioritize their work schedule. Because building infrastructure projects involve an RFQ or RFP process, it will not be possible for staff to encumber the funds for three projects prior to the end of the current fiscal year. Therefore, it is necessary to preserve the funds for these projects by transferring \$540,000 from the General Fund (Fund 1) to the Infrastructure Improvement Fund (Fund 2).

Proposal

This action is to increase the General Fund (Fund 1) revenue budget by \$2,460,470 due to unexpected one-time revenues. These revenues will be used to replace up to 20 high mileage CNG vehicles with near term CNG tank expirations, fund infrastructure improvement projects fund one outreach project, and allow the purchase of equipment used in analysis and compliance activities.

Table 1 below, describes the infrastructure improvement projects that will be funded in the Infrastructure Improvement Fund through this item.

Table 1

Proposed Transfer from the General Fund (Fund 1) to the Infrastructure Improvement Fund (Fund 2)

Description	Qty	Amount
Replace Air Handler Fan Walls/AC Cooling Coils	5	\$ 425,000
Replace Centrifugal Chillers	2	900,000
Upgrade Energy Management System	1	150,000
Replace Security System DVRs	2	40,000
Total		\$ 1,515,000

Table 2 below, describes the list of equipment items that will be funded out of the General Fund through this item.

Table 2

Proposed FY 2013-14 Appropriation to the General Fund (Fund 1)

Description	Qty	Amount	Major Object
Fleet Vehicles	20	600,000	Capital Outlay
Internet Filter Appliance	1	63,000	Capital Outlay
Network Server Upgrade	10	75,000	Capital Outlay
Portable Toxic Vapor Analyzer/Flame Ionization Detectors	1	24,000	Capital Outlay
Regional Modeling Computer Upgrades		50,000	Capital Outlay
Total		\$812,000	

Table 3 below describes three FY 2013-14 building-related projects to be postponed until FY 2014-15 upon approval of this item.

Table 3

Proposed Transfer from the FY 2013-14 General Fund (Fund 1) Budget to the Infrastructure Improvement Fund (Fund 2)

Description	Qty	Amount
Replace Air Handler Fan Walls	2	\$ 160,000
Replace Liebert Air Conditioning Units (Computer Room)	6	300,000
Replace Gaylord Air Scrubbers	2	80,000
Total		\$ 540,000

Resource Impacts

Projects and equipment identified in this Board letter, not to exceed \$2,460,470 will be funded using one-time revenues. The estimated cost of \$1,515,000 related to SCAQMD headquarters building infrastructure projects will be transferred from the General Fund (Fund 1) to the Infrastructure Improvement fund (Fund 2). Funding for the Air Quality Institute will be transferred from the General Fund (Fund 1) to the Emission Reduction and Outreach Fund (Fund 53). Future RFQ/RFP issuance and purchase order/contract execution will be brought before the Governing Board at a later date.

Funds for the purchase of equipment and items listed in Table 2 will be included in the FY 2013-14 Budget upon approval of this Board letter. RFP/RFQ's will be issued by the Executive Officer and subsequent purchase order(s)/contract(s) will be executed by the Chairman or the Executive Officer in accordance with Procurement Policy and Procedures and, in amounts not to exceed those shown in the table.

Funds for building-related projects listed in Table 3 are already available in the current FY 2013-14 General Fund Budget and will be transferred to the Infrastructure Improvement Fund (Fund 2) upon approval of this Board letter. Future RFQ/RFP issuance and purchase order/contract execution will be brought before the Governing Board at a later date.