

A G E N D A S

LANE REGIONAL AIR PROTECTION AGENCY
BUDGET COMMITTEE MEETING
MONTHLY BOARD OF DIRECTORS MEETING
THURSDAY APRIL 9, 2020

Note Location → VIA ZOOM

(Note: Start times for agenda items are approximate.)

BUDGET COMMITTEE MEETING

1. (11:00 a.m.) Call to Order of Budget Meeting
2. (11:01 a.m.) Public Participation (time limited to three minutes per speaker)

ACTION ITEM:

3. (11:10 a.m.) Approval of *Budget* Minutes of March 12, 2020 Meeting [VIEW MATERIAL](#)

DISCUSSION:

4. (11:15 a.m.) Brief Overview of Previous Questions/Answers (Friday Updates)
5. (11:25 a.m.) Discussion of Proposed FY 2020/2021 Budget Document

ACTION ITEM:

6. (1:00 p.m.) Approval of Budget Document and Forwarding to Board for Public Hearing-Adoption
7. (1:10 p.m.) Adjournment of Budget Committee

10 Minute Break

BOARD OF DIRECTORS MEETING

1. (1:20 p.m.) Call to Order of Board Meeting
2. (1:23 p.m.) Adjustments to Agenda
3. (1:25 p.m.) Public Participation (time limited to three minutes per speaker)

A. Comments on an Item on Today's Agenda

B. Comments on a Topic Not Included on Today's Agenda (Note: This is an opportunity for the public to bring up unscheduled items. The board may not act at this time but, if it deems necessary, place such items on future agendas. Issues brought up under this agenda item are to be limited to three minutes' speaking time by the person raising the issue. If additional time is necessary, the item may be placed on a future agenda.)

C. Comments from Board Members (Note: This is an opportunity for Board Members to bring up unscheduled items regarding today's public comments, and/or written/electronic comments they have received. The board may not act at this time but, if it deems necessary place such items on future agendas.)

ACTION ITEM: Consent Calendar

4. (1:30 p.m.) A. Approval of Board Minutes of March 12, 2020 Meeting [VIEW MATERIAL](#)
B. Approval of Expense Reports March 2020 – **Delayed**

REPORTS:

5. (1:35 p.m.) Status Report on Oakridge Woodsmoke Mitigation Project
6. (1:50 p.m.) Advisory Committee – No Meeting March 2020
7. (1:55 p.m.) Director's Report of Agency Activities for March 2020 [VIEW MATERIAL](#)

DISCUSSION:

8. (2:05 p.m.) Old Business - Succession planning update
9. (2:15 p.m.) New Business
10. (2:20 p.m.) Adjournment

If you have questions regarding items on this agenda, would like to request a copy of backup material for an agenda item, or would like to be added to the mailing list to receive the agendas for the monthly LRAPA Board of Directors meetings, please call Debby Wineinger at (541)736-1056 Ext. 219.

Location is wheelchair accessible (WCS). American Sign Language (ASL) interpretation is available with 48 hours' notice. Please call Debby Wineinger at (541)736-1056 Ext. 219. Or email – debby@lrpa.org

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MINUTES
LANE REGIONAL AIR PROTECTION AGENCY

BUDGET MEETING

APRIL 9, 2020

VIA - ZOOM

ATTENDANCE:

Board: Joe Pishioneri – Board Chair - Springfield; Kathy Holston – Vice Chair Oakridge; Jeannine Parisi - Eugene; Gabrielle Guidero – Springfield; Joe Berney – Lane County; Mike Fleck - Cottage Grove

Board Absent: Mysti Frost - Eugene; Betty Taylor – Eugene; Charlie Hanna - Eugene

Budget

Committee: Adam Rue; Kathy Lamberg; Robert Houston; Marianne Dugan; Ruth Duemler

Budget

Committee

Absent: Iva Pfeifer; Kevin Cronin; Zack Gosa-Lewis; Chrissy Hollett

Staff:

Merlyn Hough; Debby Wineinger; Nasser Mirhosseyni; Max Hueftle; Colleen Wagstaff; Lance Giles; Travis Knudson; Beth Erickson; Robbye Robinson

1. **OPENING:** Rue called the meeting to order at 11:15 a.m.

Guidero noted correction to the agenda date 4/9/2020

2. **PUBLIC PARTICIPATION - None**

3. **ACTION ITEM:** Approval of Budget Minutes March 12, 2020 Meeting

MOTION: Fleck MOVED to approve the minutes; Pishioneri SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS

4. **DISCUSSION:** Brief Overview of Previous Questions/Answers (Friday Updates) (Nasser Mirhosseyni)

Mirshosseyni submitted affidavits of publication to the records.

Friday Updates:

From: Marianne Dugan March 12, 2020

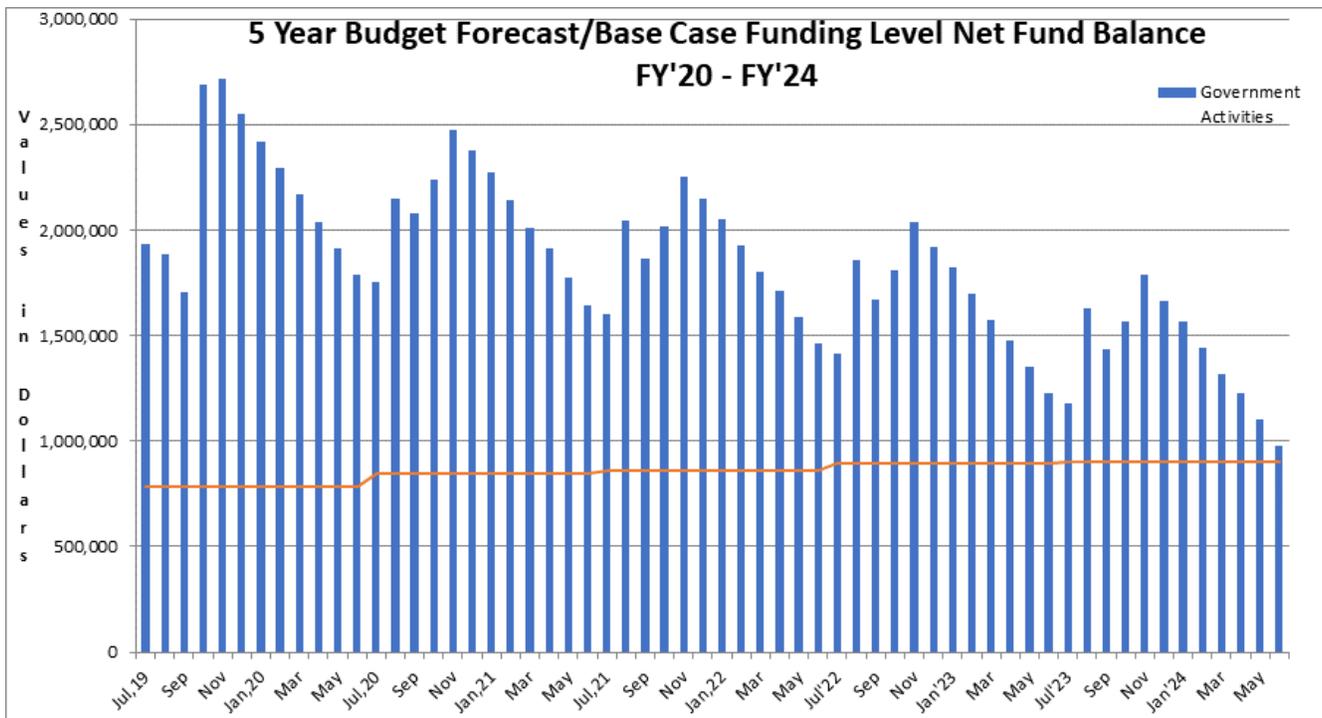
Thanks all for the lively, and efficient, presentation and Q&A today. I have a sort of lengthy set of thoughts to share. I would have spoken today but saw we were not going to have enough time to address everything.

One point of clarification I'd appreciate that I think might allay some of Mr. Pishioneri's concerns -- My understanding from looking at the prior years (for example, on page 19) is that the "contingency" line item of \$100K is generally a "zero" in actual figures at the end of each year -- in other words, the contingency line item has not actually been utilized, at least not in recent memory. **Correct!!**

It does, however, serve as sort of a "reserve" that, because not used, it does carry forward to the next year. In other words, if we had zero reserves but did have that \$100K line item, which was not used, at the end of the year we would have \$100K to carry over. **You are correct if the \$100,000 was not part of the reserves on the chart in your hand outs. However, the numbers in the chart is based on the actual expenditures which does not include the \$100,000 contingencies as it was noted on page 19 that \$100,000 was not as part of the projected expenditures hence it contributes to the next year's fund balance.**

Because we have also built in a buffer of 120 days of operating funds, **(As noted above, the 120 days in fund balance is always calculated based on the actual expenditures and it does not include the \$100,000 contingencies)** the actual carryover is always much higher. But the purpose of the \$100K line item is to allow for some unforeseen expenditure of up to \$100K during the year that can go forward without reworking the budget. (And then there is also the general rule that the budget can be modified by up to 10% without a need for approval of an entirely new budget -- for example, if one of the expenditure line items ended up being a bit higher than expected, or some revenues were lower than expected). **The Oregon Budget Law caps the expenditure from contingencies and LRAPA follows these limitations if/when such needs arise. LRAPA Budget has always been within the limits of the budget in the specific categories so there has not been no need to necessitate the use of the contingencies. LRAPA Auditors recommend to maintain a building reserve so in an emergency LRAPA can access those funds. We believe LRAPA builds sufficient protection in its mechanical systems so LRAPA does not have to be burdened by the unknowns. For instance, LRAPA HVAC system is under a maintenance and replacement agreement and LRAPA was able to negotiate the agreement without an increase in the normal cost of the maintenance.**

All of that said, a long time ago I did note what Ms. **Guidero** noted first off today -- that even in the "leanest" month (September - on the bar chart on what is labeled page "9" of the stapled handout of what was shown on the screen) -- the actual funds in hand (if that's what's being shown by the blue bar) are about double the 120 day buffer amount (the red line). So (as I noted a long time ago) we do seem to have at any given time much more than 120 days reserve -- more like 240 days reserve in our leanest month. **As it was noted at the meeting, during the 5 year forecast that was presented to the Board in January 2020 and at the end of the 5 years, the reserves were projected within the margins of the 120 days as provided below. What has contributed to the current reserves balance has been to keep the staff complement as lean as possible and delivering on the mandates of LRAPA mission. Optimally, LRAPA would like to eventually get closer to the 23.3FTE and FTE history for the last 16 years depicts the goal of doing more with less. When LRAPA staff sees financially feasible and it is a viable option and can be sustained as part of a 5-year forecast then, the staff adds positions in its proposed budget for approval.**



I don't necessarily have a problem with that. I have been on many nonprofit boards and attended many nonprofit financial trainings (not exactly like government agency management, but similar), and have heard CPAs who work with nonprofits highly recommend a year of reserves in case of unforeseen hard times. In general, having MORE than a year's reserves is considered to be potentially "hoarding" of funds. (In one training we were told that the American Red Cross had gotten in trouble for that).

However, it does seem this "double reserve" reality should be acknowledged - or, if I and Ms. **Guidero** are incorrect -- the correct analysis should be provided.

Thanks again to you all for your hard work.

Mirhosseyani also responded to an email from Mike **Fleck** this morning. Regarding Title V Fund balance reducing by \$79,000. **Fleck** asked if it would be taking money from general fund? Nasser said basically when necessary staff's time will be allocated to other programs, that should cover any shortfalls. **Fleck** said his concern was a very low reserve in Title V. You are going to run out of money in Title V if you do not do something about it. You may have to transfer from other funds. Nasser said it would not be transferring money but allocating staffs time to other projects. **Hough** agreed it is not transferring dollars, but how staff time is allocated. More time towards Cleaner Air Oregon and it is on the general fund side of things. **Fleck** said the way he understands how the funds work, you cannot comingle other funds with it because it is federal funds. But not having a reserve seems silly. You could end up with a backlog like you have had over the last several years with Title V permitting. Nasser said he hopes make it so that the \$79,000 will be a safety net over five years.

5. DISCUSSION: Discussion of Proposed FY 2020/2021 Budget Document

Duemler noted that Oakridge is funded to reduce their air pollution problems, she wanted to know where they stood with problems. **Hough** said they have been meeting standards 2016-2019 as long as long as EPA approves the exceptional events for wildfires impacts. The new program (TAG) is getting organized and started. We probably will not see emissions reductions for another year or two.

There will be a report from Good Company during today's Board meeting. They are the contractor working on the coordination along with us. **Duemler** asked how they were hired and what was their expertise? **Hough** said they have been working with Oakridge and LRAPA for a number of years. They were the successful applicant during the request for proposals process. **Duemler** also asked about a clean air action day. **Hough** said he did not think it was relevant to the Budget committee discussion. **Duemler** said it was mentioned in a budget report. And we are spending money on it. **Hough** said "cleaner air Oregon" is part of the budget and we collect fees for the program. It is funded and being implemented.

Pishioneri said it was mentioned earlier wanting to get up to 23 FTE. He is not interested in increasing staff especially with the current economy. **Hough** said there was not an issue getting back to 23 FTE. But we want to be able to address our permitting backlog and have full compliance program. There was not anything magic about the number 23. It could go lower or higher in the future. Joe said it seemed like that number has memorialized, and we should be looking day by day, and see what the demand is. **Hough** agreed.

Holston said she was not a numbers person, but she was a bigger picture person. We are in a unique time right now, and she thinks it is important to talk about results about time, and how it will leave us in a unknow situation as far as the economy of the county, cities, and rural areas. She things there should be a freeze on the 2% staff MRA. She did not know about any plans for the building other than general maintenance. She had heard at some point there was. Now is a good time to put a freeze on that also. Our response during this time and should be reflected in the budget, the whole county and every indivial in the county is going to take a hit with this. The state and everyone is. We need to be proactive in our budget and looking at ways we can hold on to money as far as reduce expenditures as much as possible without jeopardizing our mission. Also beware of the amount of reserves which she thinks is asborant, she does understand the five year discussion. She did not know if she was being alarming, but it is really important that we pass a budget that is reflecting where we are right now. And what is going to happen in the next year. There is no way anyone can say it will be business as usual in the next twelve months.

Pishioneri sadly agreed with the content of what **Holston** said. Springfield is now in a spending freeze; it is not that we are not going to buy things in the future but for now everything is on hold. We are going to change our spending habits or planned spending. We are looking at auto purchases, and he thinks LRAPA should be doing the same. We should be looking at ways we can save money. And he also agrees with the amount of money in the reserves, it is good now that we have that. Because he did not know how this was going to impact LRAPA.

Berney wanted to thank **Holston** for speaking about it. He thinks there is wisdom in her words. He also thinks the reality of pursuing the mission of LRAPA combined with the optics of what is going on with the rest of the community. He feels we are in a budget process that is crashing with this new reality we are living in. The county is dipping into their reserves now, and not maintaining them. We are doing our best to not lay anyone off, we are doing what we call a hiring chill. We are doing everything in our power to honor existing relationships with our employees. He thinks LRAPA needs to be equally as serious. This is time we all have to tighten our belts.

Fleck said he agrees with the comments. He thinks state revenue is important. Maybe the wisest course is to pass the budget as presented but give direction to the Director that we need to be watching what the revenue forecast is. What is proposed is much smaller than he expected. He thinks raises should be put off until there is a better handle on the fiscal outlook. Both Merlyn and Nasser have managed the funds well for the many years he has been on the board. He thinks the budget should be passed as presented and give verbal direction as a consensus.

Duemler thought the budget should be put off for another three to four months and come back to vote. She is really concerned about what the money is being spent on, need to study it a little more. **Mirhosseyeni** said that in accordance to the budget law there has to be a budget in place by July 1st.

Parisi asked what the market rate adjustment and merit assumptions were. **Mirhosseyeni** said most of the staff were at the end of their range on merit increases. **Parisi** asked when the market rate adjustment replaced the COLA (cost of living adjustment). **Mirhosseyeni** thought it was around 2012 or 2013. For the overall agency it is about \$20,000 and change. **Parisi** said we need to be looking at everything that has been discussed. And she agreed with **Fleck** to pass the budget as is. Keep an eye on things over the next few months and make a decision prior to July when the market rate adjustments would go into effect.

Holston thanked everyone that commented on this. She appreciated the discussion about holding off. But cannot hold off it is required that we do this. She did agree with approving the budget and have the board put in some strict guidance toward what we should be doing right now with this budget. She agreed with putting a “chill” on raises and maybe come July everything will be open and back to business. LRAPA is a service agency and we need to take a service attitude. To her it is really important that when you pass this budget then the board put out some real strong guidance in as to what we want to see happen, as well as craft some good public statement.

Houston asked if the staff is represented (Union). **Mirhosseyeni** said they are not.

Ruth asked how much of the budget is to go to the Good Company. **Mirhosseyeni** said they fall under the TAG program and it is a separate five year program. The funds are provided from the EPA. **Duemler** said she cannot support the budget that includes Good Company, she will be voting against the budget.

Parisi said besides the loss of Arauco. That is reflected in the budget are there any unknow changes we should be planning for related to the COVID crisis. **Mirhosseyeni** said that the state budget is already in place and we are good until 2021. Title V sources are committed to pay their fees. Any lose would impact 2021/2022. **Hough** said Nasser was technically correct, we did have issues back in 2008 or so, there was a 10% reduction across the board for recession funding. So, it is possible even with a commitment from the State we could be affected also. **Parisi** said we have healthy reserves and that is a good thing right now. Should we be thinking about what work would be a priority if there was a 10% reduction. **Hough** said we are in contingency planning right now. Travis put out a news release when we closed outdoors to direct public access. As far as some of the essential things we are continuing there to do. We can use some of the things we did during the recession, but this has the potential of having a bigger impact.

Berney said one of the questions is what do we not know. And he things the answer is we do not know what we do not know. He has never lived through anything where we just close down. He guesses this will also impact the fees people pay because they are not doing as much business. It is foolish to anticipate what the scenario might be like 10% across the board. He thinks the staff is lean should not be spending their time mapping out different scenarios when we do not know. He agrees with Kathy and Mike to approve the budget with strong guidance from the board as it relates to the flexible position and process which we will modify either upward or downward based upon real circumstances not anticipated scenarios.

Fleck moved to approve FY 2020/2021 budget as presented and noted when this is adopted by the board and put out a motion to “chill” wage increases until a revenue forecast can be done. It needs to come back to the board on the wage increases. That allows medical increase and others go forward but allows us to have some control over the actual wage increases.

Parisi supported the motion. And looking at potential expenditures to see about tightening the budget. Looking broader at the wage increases.

Fleck said his motion is to only approve the budget as presented at the proposed budget level. We can make whatever modifications when the board approves.

Pishioneri agreed with salary freeze along with all critical capital expenses which can be done as a board. He agrees with the motion to approve the budget as presented.

Duemler is very concerned about having an association with the Good Company, they were responsible for approving Seneca and they are by far our largest polluters and made a lot of people very ill. She is voting against the budget. **Fleck** said the budget just reflects the money that is going to be spent, it does not reflect who we do or do not contract with. Ruth's concerns could come to the board under public comments. He is not sure what her concerns are, and we would have to disagree with her regarding Seneca they use state of the art controls, and I think there is some misinformation there. Regardless this is about the budget and the grant monies need to be spent. **Berney** said he had a conversation with Good Company regarding the long term relationship between EWEB and Seneca but separate from that LRAPA would not have received the money from this company if it wasn't for Good Company's long term relationship with the City of Oakridge.

6. ACTION ITEM: Approval of Budget Document and Forwarding to Board for Public Hearing-Adoption:

MOTION: Fleck MOVED to approve the budget as presented; Holston SECONDED THE MOTION. VOTE ON MOTION: 10 yea– 1 nay (Duemler)

The meeting adjourned at 12:35 p.m.

Respectfully submitted,

Debby Wineinger
Recording Secretary