

**MINUTES OF THE GOVERNING BOARD  
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT  
VICTORVILLE, CALIFORNIA**

*AGENDA ITEM 4*

**DATE:** November 23, 2009

**RECOMMENDATION:** Authorize an amendment to the FY 10 Budget to: 1) Allocate \$572,000 of Operating Cash Reserves to increase the budget appropriations for Legal Services in the amount of \$400,000, increase budget appropriations for Structures and Improvements in the amount of \$172,000; and 2) Allocate \$100,000 of Compensated Absences Reserves to increase appropriations to Operating Transfers Out in the amount of \$100,000 to fund an irrevocable trust.

**SUMMARY:** This action will authorize the allocation of designated reserve funds for legal services, facility improvements, and fund an irrevocable trust for other post employment benefits.

**CONFLICT OF INTEREST:** None

**BACKGROUND:** The Budget Committee (Charley Glasper, Robert Crain and Ed Pack) met on October 8, 2009 and reviewed staff recommendations. The Committee recommends that a portion of the Operating Cash Reserves be used to fund Legal Services and Facility Improvements as follows:

Legal Services: The financial impact of the District's efforts to resolve litigation requires budget increases for legal expenses. This action will increase appropriations for Specialized Legal Services in the amount of \$400,000.

Facility Improvements: On September 13, 2009, an inline water filter on a water cooler failed and sprayed water covering approximately 1500 square feet of office space and damaging carpet, flooring, and drywall in about fifteen rooms. The District has settled the insurance claim with Special Districts Risk Management Authority for \$33,650.80, (less the deductible of \$2,000.00). Repairing the damage impacts the entire facility. Staff recommends proceeding with overall facility renovation by replacing carpet, furniture, and furnishings. This action will increase appropriations for Fixed Assets – Structure and Improvements in the amount of \$172,000.

The Budget Committee also recommends that the funds designated in the Compensated Absences Reserves be used as follows:

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Irrevocable Trust for Other Post Employment Benefits (OPEB): This action will allow the use of the Compensated Absences Reserves and increase appropriations for Operating Transfers Out in the amount of \$100,000. These funds will be used to fund an irrevocable trust for other post employment benefits. The District established this designated reserves anticipating high dollar payouts for accruals owned by long time employees planning to retire. Most of those who owned highly valued accruals have retired and budget practices now include estimating potential cash payouts.

**REASON FOR RECOMMENDATION:** Governing Board action is required to amend the budget and authorize the use of funds from designated reserves.

**REVIEW BY OTHERS:** This item was reviewed by Karen Nowak, District Counsel as to legal form and by Eldon Heaston, Executive Director on or before November 6, 2009. The Governing Board Budget Committee met and reviewed this item on October 8, 2009.

**FINANCIAL DATA:** This item amends the FY 10 Budget allocating a portion of the Operating Cash Reserves, increasing the budget appropriations for legal services in the amount of \$400,000 and Structures and Improvements in the amount of \$172,000; and allocating the Compensated Absences Reserves to increase budget appropriations to Operating Transfers Out in the amount of \$100,000.

**PRESENTER:** Jean Bracy, Director of Administrative Services