



## GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT

157 Short Street, Bishop, California 93514-3537

Tel: 760-872-8211 www.gbuapcd.org

April 28, 2020

Mr. Nelson O. Mejia  
Manager of Owens Lake Dust Mitigation Program  
Los Angeles Department of Water and Power  
111 N. Hope Street  
Los Angeles, CA 90012-2607

Dear Mr. Mejia:

Thank you for the comments submitted to the District regarding the Great Basin Unified Air Pollution Control District's (District) 2020-2021 Fiscal Year Budget which includes the SB 270 budget and assessment. The Los Angeles Department of Water and Power (LADWP) raised several issues (in bold), and the District's response is below each comment.

- **Page 13, Table 4: Final line of table shows SB270 full-time-equivalent employees change, from FY 2019-20 to 2020-21, as -0.98 percent. LADWP calculation indicates -1.01 percent.**

LADWP is correct. The cell reference was wrong.

- **Page 14, Table 5: Total Keeler Dunes, FY 2013-19, Actuals show \$10,582,404 on the final budget report. LADWP calculations \$10,582,406.**
- **Page 14, Table 5: Total Keeler Dunes total shows \$11,623,691 on the final budget report. LADWP calculates \$11,623,692.**

These are from prior years' rounding and not significant.

- **Page 12, Table 3: The FY year should be changed from FY 2018-19 to 2020-21, or remove the reference.**

This is a typographical error.

- **Page 7: The report refers to Table 9. Included with the report are Tables 1-8, Table 9 is not included.**

This is a typographical error and should be Table 8

**The following comments refer to Pages 15 and 17, Tables 6 and 7:**

- **FY 2019-20's Fee Assessment Due was changed in the current budget report with variance of \$106,388 (overstated). If the amount in the current budget report is incorrect, the percentages of change on Tables 6 and 7 will be changed for all related line items.**

There was a budget amendment in FY 2019-2020 increasing the SB270 budget by \$106,388 for the MOUs. While the Board didn't "assess" the increase to DWP and chose to utilize SB 270 reserves, it is appropriate that this amount be reflected in the FY 2019-2020 expenses for comparison.

- **We are not able to obtain the historical data of the Reserve Balance and the actual vs. budget; as a result, we are uncertain whether this year's budget increase is necessary or not, because if there was a 11.4%, or \$695K, surplus last year, should we still increase this year's budget? We recommend you obtain the historical actual vs. budget and reconcile the Reserve Balance; meanwhile, have a trend analysis year by year.**

A similar question was raised in your February 18, 2020 correspondence regarding the draft budget and the District responded on February 24, 2020 in section 2.b. The data is regularly sent to LADWP in the District Board's packets. The District does not have or maintain the type of analysis you are requesting, but the data has been given to you on a regular basis should you choose to create the analysis. As stated in section 2.a. of the February 24, 2020 response, the reserve balance is reconciled internally on a monthly basis with the Inyo County Treasurer's Office and reported to the Governing Board quarterly. Additionally, the fund is verified yearly by our independent auditor.

Any surplus in a given year falls to the reserve. That reserve balance then determines if/how much of a credit is given. However, the surplus (if there is one) is not recorded until the budget two years later (i.e., a 2015-16 surplus is reflected in the 2017-2018 budget/assessment) due to the timing of the certification by the independent auditor (i.e. late 2016) and the fact that we create the budget so early (i.e., the 2015-2016 surplus being certified in late 2016 means it is not accounted for in the 2016-2017 budget prepared in January 2016 but rather the 2017-2018 budget prepared in January 2017).

It is important to note that, while the FY 2020-2021 SB 270 budget represents an increase of approximately \$350,000 over the same budget last year, the normal operating costs (Employee, Operating & Compliance, and Capital Outlay) are budgeted to decrease by approximately \$200,000. The net increase in the total SB 270 budget is due to an increase in the Owens Lake Scientific Advisory Panel costs, which are anticipated to increase by approximately \$550,000 over Fiscal Year 2019-2020.

Thank you for your comments. Please let me know if I can provide further clarification.

Sincerely,

A handwritten signature in blue ink, appearing to read "Phil Kiddoo", with a long horizontal flourish extending to the right.

Phillip L. Kiddoo  
Air Pollution Control Officer

Cc (via email):

Mr. Arrash Agahi, LADWP  
Ms. Ann Logan, GBUAPCD  
Ms. Susan Cash, GBUAPCD



April 27, 2020

Mr. Phillip L. Kiddoo  
Air Pollution Control Officer  
Great Basin Unified Air Pollution Control District  
157 Short Street  
Bishop, CA 93514-3537

Dear Mr. Kiddoo:

Subject: Los Angeles Department of Water and Power – Audit Review of Great Basin Unified Air Pollution Control District 2020-21 Fiscal Year SB270 Budget

The Los Angeles Department of Water and Power (LADWP) has conducted a cursory review of the Fiscal Year (FY) 2020-21 SB 270 Budget that included performing basic variance analysis, recalculating the amounts, and identifying any discrepancies, and would like to provide the following comments:

- **Page 13, Table 4:** Final line of table shows SB270 full-time-equivalent employees change, from FY 2019-20 to 2020-21, as -0.98 percent. LADWP calculation indicates -1.01 percent.
- **Page 14, Table 5:** Total Keeler Dunes, FY 2013-19, Actuals show \$10,582,404 on the final budget report. LADWP calculates \$10,582,406.
- **Page 14, Table 5:** Total Keeler Dunes total shows \$11,623,691 on the final budget report. LADWP calculates \$11,623,692.
- **Page 12, Table 3:** The FY reference at the bottom of the page should be changed from FY 2018-19 to 2020-21, or remove the reference.
- **Page 7:** The report refers to Table 9. Included with the report are Tables 1-8, Table 9 is not included.

The following comments refer to **Pages 15 and 17, Tables 6 and 7:**

- FY 2019-20's Fee Assessment Due was changed in the current budget report with a variance of \$106,388 (overstated). If the amount in the current budget report is incorrect, the percentages of change on Tables 6 and 7 will be changed for all related line items.

Mr. Phillip L. Kiddoo  
Page 2  
April 27, 2020

- We are not able to obtain the historical data of the Reserve Balance and the actual vs. budget; as a result, we are uncertain whether this year's budget increase is necessary or not, because if there was an 11.4 percent, or \$695K, surplus last year, perhaps the increase is not necessary. We request historical actuals vs. budgeted numbers to reconcile the Reserve Balance.

If you have any questions, please contact me at (213) 367-1138, or Mr. Arrash Agahi, Manager of the Owens Lake Regulatory Compliance Group, at (213) 367- 0818.

Sincerely,



Nelson O. Mejia  
Manager of Owens Lake Dust Mitigation Program

CEK: mt  
c: Ms. Ann Logan, GBUAPCD  
Mr. Arrash Agahi

bc: Clarence E. Martin  
Adam Perez  
Nelson O. Mejia  
Lizbeth Calderon  
Jaime Valenzuela  
Clint E. Kautsky