

Texas Commission on Environmental Quality

INTEROFFICE MEMORANDUM

To: Dorca Zaragoza-Stone *DZ for OBS* **Date:** August 18, 2015
Deputy, Office of Administrative Services

From: Liz Day *LJD*
Chief Financial Officer

Elizabeth Sifuentez Koch *ESK*
Director, Budget and Planning Division

Subject: Agency's FY 2016 Operating Budget

Issue:

Consideration and Approval of the Agency's FY 2016 Operating Budget.

Background and Current Practice:

The agency was appropriated funds during the 84th Legislative Session in the 2016/2017 General Appropriations Act. We would like to present the recommended operating budget for FY 2016 for consideration and approval by the Commission.

The information is arranged in the agency's organizational structure and includes budget comparisons between FY 2015 and FY 2016. Each year the agency develops a financial plan which determines how those appropriations will be distributed across the agency.

Texas Commission on Environmental Quality



Summary of the FY 2016 Recommended Operating Budget

August 28, 2015

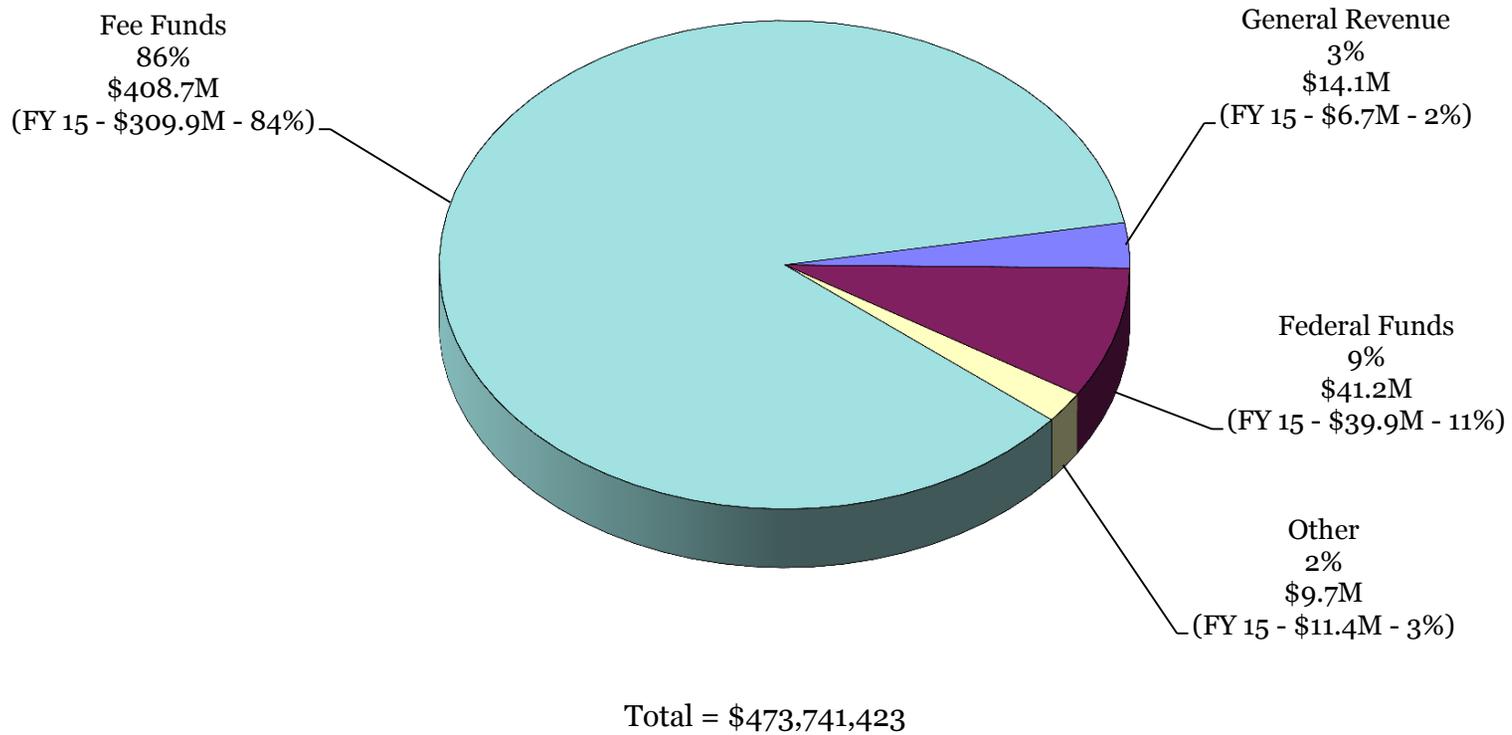
**Texas Commission on Environmental Quality
FY 2016 Operating Budget**

Appropriation Summary

	FY 2015		FY 2016	
	Budget	FTE	Budget	FTE
Baseline Appropriations				
Article VI - Baseline	\$ 355,303,189	2,766.2	\$ 461,944,916	2,767.2
Rider Appropriations				
Article VI, Rider 29: Fee Revenue for Newly-Created Watermaster Program	595,977	0.0	0	0.0
Article VI, Rider 30: Expedited Processing of Permit Applications	0	0.0	475,000	0.0
	595,977	0.0	475,000	0.0
Other Appropriations and Reductions				
Article IX, Section 8.02 Federal Funds	6,319,900	0.0	4,549,544	0.0
Article IX, Section 8.03: Reimbursements and Payments	136,920	0.0	0	0.0
Article IX, Section 17.06: Salary Increase for State Employees	4,870,595	0.0	0	0.0
Article IX, Section 17.08: Data Center Services	707,246	0.0	0	0.0
Article IX, Section 18.02: Salary Increase for State Employees	0	0.0	4,027,372	0.0
Article IX, Section 18.11: HB 788 Permtting of Greenhouse Gas	726,682	10.0	0	0.0
Article IX, Section 18.15: HB 1600 Transfer of CCN and Rates to PUC	(1,613,818)	(20.0)	0	0.0
Article IX, Section 18.17: HB 942 Hazardous Chemicals (DSHS transfer)	0	0.0	1,044,591	13.0
Article IX, Section 18.31: HB 7 Closed Battery Recycling	0	0.0	1,700,000	0.0
Article IX, Section 18.57: SB 1756 Expedited Processing of Applications	897,000	0.0	0	0.0
	12,044,525	(10.0)	11,321,507	13.0
Total Appropriations	\$ 367,943,691	2,756.2	\$ 473,741,423	2,780.2

**Texas Commission on Environmental Quality
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Method of Finance



**Texas Commission on Environmental Quality
FY 2016 Operating Budget**

Table I - FTE Comparison Summary

Office	FY 2015	FY 2016	Difference
Commissioners	69.00	68.00	(1.00)
Executive	109.80	109.80	0.00
Office of Administrative Services	360.00	360.00	0.00
Office of Compliance & Enforcement	992.70	1,012.70	20.00
Office of Legal Services	139.90	139.90	0.00
Office of Waste	320.80	320.80	0.00
Office of Water	386.20	400.20	14.00
Office of Air	368.80	368.80	0.00
Agency Wide	<u>9.00</u>	<u>0.00</u>	<u>(9.00)</u>
Agency Total	<u><u>2,756.20</u></u>	<u><u>2,780.20</u></u>	<u><u>24.00</u></u>

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Table II - Budget Comparison Summary

Office	FY 2015	FY 2016	Difference	% Change
Commissioners	\$ 5,899,490	\$ 6,126,306	\$ 226,816	3.84%
Executive	13,564,736	15,046,551	1,481,815	10.92%
Office of Administrative Services	54,645,775	54,799,604	153,829	0.28%
Office of Compliance & Enforcement	69,756,847	76,161,398	6,404,551	9.18%
Office of Legal Services	9,408,011	9,658,259	250,248	2.66%
Office of Waste	54,300,600	56,759,130	2,458,530	4.53%
Office of Water	48,003,786	55,369,539	7,365,753	15.34%
Office of Air	105,844,808	194,007,559	88,162,751	83.29%
Agency Wide	6,519,638	5,813,077	(706,561)	(10.84%)
Agency Total	<u><u>\$ 367,943,691</u></u>	<u><u>\$ 473,741,423</u></u>	<u><u>\$ 105,797,732</u></u>	<u><u>28.75%</u></u>

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Table III - Budget Category Comparison

Budget Category	FY 2015	FY 2016	Difference	% Change
Salaries				
Salaries	\$ 158,117,178	\$ 166,271,532	\$ 8,154,354	5.16%
Salary Enhancements	3,450,000	3,450,000	-	0.00%
Subtotal	<u>\$ 161,567,178</u>	<u>\$ 169,721,532</u>	<u>\$ 8,154,354</u>	<u>5.05%</u>
Oth Professional/Temporary	37,654,269	41,389,300	3,735,031	9.92%
Travel In-State	1,733,613	1,632,350	(101,263)	(5.84%)
Travel Out-of-State	310,814	349,138	38,324	12.33%
Training	1,780,186	1,578,950	(201,236)	(11.30%)
Rent-Building	5,519,617	5,294,405	(225,212)	(4.08%)
Postage	805,694	768,973	(36,721)	(4.56%)
Telephone & Utilities	1,607,232	1,852,222	244,990	15.24%
Supplies	835,609	727,469	(108,140)	(12.94%)
Capital (not limited to LAR Capital)	3,830,772	6,207,774	2,377,002	62.05%
Other Operating Costs	11,329,358	9,244,338	(2,085,020)	(18.40%)
Fuels & Lubricants	751,824	499,213	(252,611)	(33.60%)
Rent-Machine and Other	957,430	934,551	(22,879)	(2.39%)
Facilities, Furnishings & Equipment	4,505,268	4,617,803	112,535	2.50%
Subtotal	<u>\$ 71,621,686</u>	<u>\$ 75,096,486</u>	<u>\$ 3,474,800</u>	<u>4.85%</u>
Rer Other Remediation, Reimbursements & Grants	68,898,785	119,523,555	50,624,770	73.48%
Texas Emissions Reduction Plan Grants	69,856,042	109,399,850	39,543,808	56.61%
Subtotal	<u>\$ 138,754,827</u>	<u>\$ 228,923,405</u>	<u>\$ 90,168,578</u>	<u>64.98%</u>
Agency Total	<u><u>\$ 371,943,691</u></u>	<u><u>\$ 473,741,423</u></u>	<u><u>\$ 101,797,732</u></u>	<u><u>27.37%</u></u>

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Table IV - Remediation, Reimbursement and Grant (RRG) Contracts

Remediation, Reimbursement and Grant Contracts

Air Quality and Monitoring Grants	\$ 13,907,341
Drinking Water Quality and Standards Grants	3,711,098
Dry Cleaning Facilities	3,264,715
Estuary Programs	1,239,754
Local Air Grants - Federal	862,500
Local Air Grants - State	1,826,751
Low Income Vehicle Repair Program	48,043,825
Misc RRG Contracts	1,209,937
Other Remediation	2,031,798
Petroleum Storage Tank Program	15,086,366
Solid Waste Management Grants	5,493,162
Superfund	9,747,832
Texas Emission Reduction Plan Grants	109,399,850
Water Quality and Monitoring Grants	8,848,186
Water Quality Clean Rivers	4,250,290
Agency Total	<u><u>\$ 228,923,405</u></u>

**Texas Commission on Environmental Quality
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Table V - Capital Budget Comparison

	FY 2015	FY 2016	Difference
Information Technology			
Data Center Consolidation	\$ 11,493,942	\$ 11,663,310	\$ 169,368
Personal Computer & Printer Replacement	500,434	-	(500,434)
TCEQ Records Management Project	300,000	-	(300,000)
Technology Operation & Security Infrastructure	437,924	619,253	181,329
Personal Computer Replacement	-	672,754	672,754
Printer Replacement	-	97,501	97,501
Telecommunications Migration and Regional Phone Replacement	-	750,000	750,000
Total Acquisition of Information Resource Technology	<u>\$ 12,732,300</u>	<u>\$ 13,802,818</u>	<u>\$ 1,070,518</u>
Vehicle Replacement			
Replacement Vehicles for Agency Fleet	<u>504,000</u>	<u>1,426,000</u>	<u>922,000</u>
Total Vehicle Replacement	<u>\$ 504,000</u>	<u>\$ 1,426,000</u>	<u>\$ 922,000</u>
Acquisition of Capital Equipment and Items			
Air Monitoring and Analysis Equipment	723,784	-	(723,784)
Water Monitoring and Analysis Equipment	318,750	-	(318,750)
Monitoring and Analysis Equipment	<u>-</u>	<u>2,660,590</u>	<u>2,660,590</u>
Total Acquisition of Capital Equipment and Items	<u>\$ 1,042,534</u>	<u>\$ 2,660,590</u>	<u>\$ 1,618,056</u>
Houston Lab Leasehold Improvements	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ (600,000)</u>
Total Houston Lab Leasehold Improvements	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ (600,000)</u>
Agency Total	<u><u>\$ 14,878,834</u></u>	<u><u>\$ 17,889,408</u></u>	<u><u>\$ 3,010,574</u></u>

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Table VI - Information Technology Project Descriptions

Project Name	Project Description	FY 2016
Data Center Consolidation	The project consists of existing information technology infrastructure assets and functions in the scope of the Data Center Services Contract. Services include provision and management of application and utility servers, storage, system software, backup and recovery, and most utility and application software except for mission-specific applications. Service functions include system administration, physical database administration, procurement, and technical support.	\$ 11,663,310
Personal Computers	This project replaces personal computer workstations throughout the agency on an approximate 6 year lifecycle. The agency replaces approximately 20% of the agency's workstations each year and purchase a 4-year extended warranty with each system.	672,754
Technology Operation & Security Infrastructure	The Technology Operations and Security Infrastructure includes network and security hardware, software and management components, as well as providing for agency communications through internet video and mobility services. This plan replaces, adds capacity or capability to all aspects required to maintain agency wide technology demands and provides relevant security levels to the agency's technology and data needs. Major data and security hardware components have a typical life cycle between 5 and 7 years.	619,253
Printer Replacement	This project purchases new and replacement printers on an approximate 8 year lifecycle. The agency replaces approximately 10% of its printers each year. The agency has a printer management plan that establishes a ratio of 4 staff member to 1 printer in order to maximize printer resources effectively.	97,501
Telecommunications Migration and Regional Phone Replacement	This project will assist the agency to in moving towards migrating to a centralized telecommunications platform based on newer technology. This process will consist of adding new servers for unified communications, conferencing and call session management to the core of the Park 35 system. Many of the existing public branch exchanges (PBX) in the regional offices are end-of-life and will be replaced with telephone gateways that can be managed via the Park 35 system. The branch gateways will be configured to be survivable should the Park 35 system be disrupted.	750,000
Total Information Technology Projects		<u>\$ 13,802,818</u>