



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

BOARD OF DIRECTORS  
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

JULIA MILLER - CHAIRPERSON  
HAROLD BROWN  
JERRY HILL  
DENA MOSSAR  
MARLAND TOWNSEND

CHRIS DALY - VICE CHAIRPERSON  
ROBERTA COOPER  
JAKE MCGOLDRICK  
GAYLE UILKEMA

WEDNESDAY  
APRIL 23, 2003  
9:30 A.M.

4TH FLOOR  
CONFERENCE ROOM

**AGENDA**

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** *(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to five (5) minutes each.*
3. **APPROVAL OF MINUTES OF FEBRUARY 26, 2003**
4. **DISTRICT FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2001/2002** **W. Tanaka 5066**  
[wtanaka@baaqmd.gov](mailto:wtanaka@baaqmd.gov)  
*A partner from the CPA firm Izabal, Bernaciak & Company will present the Audit Report for FY 2001/2002. This is an information item only.*
5. **CRASH & AIR QUALITY RATING DATA ON HYBRID VEHICLES** **W. Tanaka /5066**  
[wtanaka@baaqmd.gov](mailto:wtanaka@baaqmd.gov)  
*Staff will present a report on the crash ratings on the Toyota Hybrid vehicles as determined by the National Highway Traffic Safety Administration. This will be an informational item only.*
6. **COST ANALYSIS OF VEHICLE LEASE PROGRAM VS. PURCHASING** **W. Tanaka 5066**  
[wtanaka@baaqmd.gov](mailto:wtanaka@baaqmd.gov)  
*Staff will present information on the cost effectiveness of the vehicle lease program vs. purchasing. This is an informational item only.*
7. **PRESENTATION OF FISCAL YEAR 2003/2004 PROPOSED BUDGET**  
**W. Tanaka 5066**  
[wtanaka@baaqmd.gov](mailto:wtanaka@baaqmd.gov)  
*Wayne Tanaka, Administrative Services Division Director, will present the proposed Fiscal Year 2003/2004 Budget for discussion and consideration.*

8. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

*Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)*

9. **TIME AND PLACE OF NEXT MEETING – MAY 28, 2003, 939 ELLIS STREET - SF, CA**

10. **ADJOURNMENT**

**CONTACT CLERK OF THE BOARDS - 939 ELLIS STREET  
SAN FRANCISCO, CA 94109**

**(415) 749-4965  
FAX: (415) 928-8560  
BAAQMD homepage:  
[www.baaqmd.gov](http://www.baaqmd.gov)**

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities (notification to the Clerk's Office should be given in a timely manner, so that arrangements can be made accordingly).

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
939 ELLIS STREET  
SAN FRANCISCO, CALIFORNIA 94109**

**DRAFT MINUTES**

Summary of Board of Directors  
Budget & Finance Committee Meeting  
9:30 a.m., Wednesday, February 26, 2003

1. **Call to Order:** Chairperson Miller called the meeting to order at 9:34 a.m.

**Roll Call:** Julia Miller, Chair, Harold Brown, Roberta Cooper, Chris Daly, Jerry Hill, Marland Townsend.

**Absent:** Jake McGoldrick, Dena Mossar, Pam Torliatt.

**Also Present:** Scott Haggerty, Mark Ross, Gayle Uilkema.

2. **Public Comment Period:** There were none.

3. **Approval of Minutes of December 11, 2002:** Director Townsend moved approval of the minutes; seconded by Director Hill; carried unanimously by acclamation, with Director Cooper and Director Miller abstaining.

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Chairperson Miller thanked Mr. Haggerty for appointing her Chair of this Committee and welcomed Director Daly as its Vice-Chair. Chairperson Miller extended her thanks to Teresa Lee, Director of Public Information, for her support on the Public Outreach Committee and congratulated Director Ross for taking over as Chairperson of that Committee.

4. **Second Quarter Financial Report for Fiscal Year 2003:** *The Financial report for the Second Quarter of Fiscal Year 2002/2003 was presented. This is an informational item only.*

Wayne Tanaka, Director of Administrative Services, presented the report and reviewed the General Fund Budget Statement of Revenue, Statement of Expenditures and the Transportation Fund for Clean Air Fund Statement of Income and Expenditures. Mr. Tanaka highlighted the Comparison of Budget to Actual Revenue and Comparison of Budget to Actual Expenditures.

**Committee Action:** None, this report submitted for information only.

5. **Consider Request to Increase Fiscal Year 2002/2003 Budget:** *The Committee considered approval of the staff request that the District's FY 02/03 budget be increased to reflect additional Penalty and Settlement revenue received (\$1,020,000), and an estimated increase of \$990,000 to county revenue. Staff also requested FY 02/03 budget increases to Capital*

*Expenditure accounts in the following Divisions: Technical Services \$554,645, Administrative Services \$432,355 – 20 Hybrid vehicles, \$528,000 for additional HVAC upgrade work and Information System Services \$495,000.*

Mr. Tanaka presented the report and stated that the District will receive some unexpected additional funds that were not anticipated during the fiscal year 2002/2003 budget process. The receipt of these funds should be recognized in a mid-year budget adjustment. The adjustment of \$1,020,000 in the Penalty and Settlement revenue budget is a one-time event. The adjustment to County revenue is based on increased values of residential real estate activity in certain Bay Area cities and counties. Mr. Tanaka stated that the District would like to purchase some capital items this year and that it is prudent to make these purchases this year.

Mr. Tanaka reviewed the capital items to be purchased, which include 20 Hybrid vehicles (\$432,355), HVAC work (\$528,000), air monitoring equipment for Technical Services (\$554,645), and ERP related software and hardware for ISS (\$495,000).

There was discussion on the District's automobile lease program with Enterprise; the issue of high-mileage vehicles; the safety of the Hybrid vehicles; and the technology of the air monitoring equipment being current. The Committee requested that staff provide a report on the District's lease program for vehicles versus purchasing vehicles. There was also a discussion on the status of the District's reserves.

**Committee Action:** Director Hill moved that the Committee recommend that the Board of Directors approve staff's recommendation to increase the District's FY 02/03 Budget; seconded by Director Cooper.

During discussion, Director Daly reminded staff to prepare a report on fleet lease versus purchase and look at some air quality data (hybrid vs. electric vehicles vs. CNG's etc.). The motion then carried unanimously by acclamation.

6. **Consider Request to Participate on Oversight Executive Committee of the Regional Goods Movement Study and Financial Support in the Amount of \$50,000:** *The Committee considered approval of request from the Metropolitan Transportation Commission, the Regional Transportation Initiative Employer Coalition, and the Economic Development Alliance for Business to participate on the Oversight Executive Committee of the Regional Goods Movement study and a financial contribution to provide for this expenditure in the amount of \$50,000. Approval of a transfer of funds from Professional Services Program 104 was also requested.*

**Committee Action:** Director Townsend moved that the Committee approve the staff recommendation; seconded by Director H. Brown; carried unanimously by acclamation.

7. **Consider Funding Feasibility Study for Traveling Air Quality Education Program for Youth:** *The Committee considered approval of staff request to fund a \$19,500 contract with Communications West to research the feasibility of a mobile exhibit and education program for youth. The feasibility study will address costs and possible sources of funding for this program.*

**Committee Action:** Director Townsend moved that the Committee approve the staff recommendation; seconded by Director H. Brown; carried unanimously by acclamation.

8. **Consider and Discuss Personalized Versions of Air Currents:** *The Committee considered the financial feasibility of directing staff to prepare personalized versions of the District's Air Currents publication.*

Teresa Lee, Director of Public Information and Outreach, presented the report and reviewed the Metropolitan Transportation Commission (MTC) publication, the number of staff and time needed, and the Fair Political Practices Commission (FPPC) limit of up to 200 per Board member. Ms. Lee stated that it would cost about \$66,000 for the Air District to produce the personalized versions of *Air Currents* (1/2 a staff person, plus printing costs).

After discussion, the Committee came to a consensus that a recommendation be made to the Board that the District not incur the \$66,000 expense at this time for personalized versions of *Air Currents*.

9. **Committee Member Comments/Other Business.** Director Townsend discussed information he saw on Stored Hydraulic Energy Processing (SHEP) that is being worked on by the Ford Motor Company.
10. **Time and Place of Next Meeting:** 9:30 a.m., Wednesday, March 26, 2003, 939 Ellis Street, San Francisco, CA.
11. **Adjournment:** The meeting adjourned at 10:40 a.m.

Mary Romaidis  
Clerk of the Boards

mr

**BUDGET & FINANCE COMMITTEE**

**Follow-up Items for Staff**

**February 26, 2003**

1. The Committee requested that staff provide a report on the District's lease program for vehicles versus purchase vehicles; including air quality data.
2. The Committee requested that staff research insurance statistics of the Hybrid vehicles with respect to how safe they are and what happens when they are in a head-on collision.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
Interoffice Memorandum

To: Chairperson Miller and Members  
of the Budget and Finance Committee

From: Wayne Tanaka  
Director of Administrative Services

Date: April 2, 2003

Re: District Financial Audit Report for Fiscal Year 2001/2002

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

The audit report confirms that the District's financial reports' "...present fairly, in all material respects, the financial position of the Bay Area Air Quality Management District as of June 30, 2002, and as a result of its operations for the year then ended in conformity with generally accepted accounting principles". The Independent Auditors report shows that an unqualified audit report was issued. The Report on Supplementary Information states, "...the information is fairly stated in all material aspects in relation to the general purpose financial statements taken as a whole". Report on compliance in accordance with OMB Circular A-133 states "In our opinion, Bay Area Air Quality Management District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002".

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted

Wayne Tanaka  
Director of Administrative Services

Prepared by: Wayne Tanaka

FORWARDED \_\_\_\_\_

**BAY AREA AIR QUALITY MANGEMENT DISTRICT**  
Interoffice Memorandum

To: Chairperson Miller and Members  
of the Budget and Finance Committee

From: Wayne Tanaka  
Director of Administrative Services

Date: April 1, 2003

Re: Crash & Air Quality Rating Data on Hybrid Vehicles

RECOMMENDED ACTION:

Information report. Receive and file.

BACKGROUND

At the November 1999 Budget and Finance Committee, a policy on District Vehicle replacement was presented and recommended for approval to the full Board. The policy calls for acquiring the most fuel efficient vehicles with the lowest emissions while meeting the business needs of the District. In keeping with that policy, the Board of Directors at the March 5, 2003 meeting approved the purchase of 20 Toyota Hybrid vehicles that are Super Ultra Low Emissions Vehicle (SULEV) rated by the California Air Resources Board. At the February 26, 2003 Budget and Finance Committee meeting, staff was requested to provide information on the crash ratings and air quality of these vehicles.

DISCUSSION

The National Highway Traffic Safety Administration provides “star” ratings on all vehicles sold in the United States. These ratings, one to five stars, are for front impacts, side impacts and rollover resistance rating. The 2003 Toyota Hybrid has the following ratings:

- Front impact, drivers side \*\*\*
- Front impact, passenger side \*\*\*\*
- Side impact, drivers side \*\*\*
- Side impact, passenger side, \*\*\*
- Rollover resistance \*\*\*\*

For comparison purposes, the cars being replaced have the following ratings:

1996 Ford Aerostar Van

- Front impact, drivers side \*\*\*\*
- Front impact, passenger side \*\*\*
- Side impact, both sides *not tested*
- Rollover resistance *not rated*



1996 Ford Taurus

- Front impact impact both sides \*\*\*\*
- Side impact both sides *not tested*
- Rollover resistance *not rated*

1990 Chevrolet Corsica

- Front impact, drivers side \*\*
- Front impact, passenger side *no data*
- Side impact, both sides *not tested*
- Rollover resistance *not rated*

The California Air Resources Board has rated the emissions of vehicles sold in the state with the following ratings:

		REDUCTIONS		
		HC	CO	NO <sub>x</sub>
➤	<b>ZEV</b> Zero Emissions Vehicle	100%	100%	100%
➤	<b>SULEV</b> Super Ultra Low Emissions Vehicle	96%	70%	95%
➤	<b>ULEV</b> Ultra Low Emissions Vehicle	85%	50%	50%
➤	<b>LEV</b> Low Emissions Vehicle	70%	NR	50%

The Toyota Prius has been rated SULEV, the second highest rating. The highest rating, ZEV, is generally given to Electric Vehicles (EV). For comparison purposes, the ratings given to the CNG Crown Victoria's is ULEV. The ULEV rating is also given to other vehicles such as some Honda Accords, certain BMW models, and Toyotas. Late model CNG Honda Civic's are rated SULEV as are some models of BMW, Nissan, Volkswagen, and Volvo. The only domestic SULEV rated vehicle is the 2003 2.3L Ford Focus. The current fleet of leased Taurus sedans, are rated ULEV or LEV.

#### BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on current year budget.

Respectfully submitted,

Wayne Tanaka  
Director of Administrative Services

Prepared by: Wayne Tanaka

FORWARDED \_\_\_\_\_

**BAY AREA AIR QUALITY MANGEMENT DISTRICT**  
Interoffice Memorandum

To: Chairperson Miller and Members  
of the Budget and Finance Committee

From: Wayne Tanaka  
Director of Administrative Services

Date: April 1, 2003

Re: Cost Analysis of Vehicle Lease Program vs. Purchasing

RECOMMENDED ACTION:

Information report. Receive and file.

BACKGROUND

At the February 26, 2003 Budget and Finance Committee meeting, staff was requested to provide information on the cost effectiveness of the vehicle lease program versus purchasing.

DISCUSSION

The attached spreadsheet shows costs associated for three years from 1999/2000 to 2001/2002. The actual data is used and was compiled on the districts operating vehicle fleet. Assumptions used for costs in the columns for *PURCHASE/NO LEASE* are indicated on the spreadsheet.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on current year budget.

Respectfully submitted,

Wayne Tanaka  
Director of Administrative Services

Prepared by: Wayne Tanaka

FORWARDED \_\_\_\_\_

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

	<u>1999/2000</u>		<u>2000/2001</u>		<u>2001/2002</u>	
<b>PLANNED REPLACEMENTS</b>	20	20	27	27	25	25
<b>UNITS IN FLEET</b>	120	120	139	139	133	133
	<b>LEASE</b>	<b>PURCHASE</b>	<b>LEASE</b>	<b>PURCHASE</b>	<b>LEASE</b>	<b>PURCHASE</b>
	<b>W/ LEASE</b>	<b>PURCHASE</b>	<b>W/ LEASE</b>	<b>PURCHASE</b>	<b>W/ LEASE</b>	<b>PURCHASE</b>
	<b>20 VEH.</b>	<b>NO LEASE</b>	<b>47 VEH.</b>	<b>NO LEASE</b>	<b>73 VEH.</b>	<b>NO LEASE</b>
	<b>91/FMX</b>		<b>118/FMX</b>		<b>111/FMX</b>	
	<b>29/Out Mx</b>	<b>120/Out Mx</b>	<b>21/Out Mx</b>	<b>139/Out Mx</b>	<b>22/Out Mx</b>	<b>133/Out Mx</b>
SALARY & BEN.	\$130,762.00	\$130,762.00	\$134,684.00	\$134,684.00	\$138,726.00	\$138,726.00
OUT. MAINTENANCE	\$48,236.28	\$199,598.40	\$36,013.32	\$238,373.88	\$38,895.00	\$235,138.68
MNGR. SALARY/BEN	\$40,624.00	\$40,624.00	\$41,844.00	\$41,844.00	\$43,099.20	\$43,099.20
<b>1</b> → FULL MAINTENANCE	\$55,226.64		\$92,008.56		\$93,560.88	
<b>SUBTOTAL</b>	<b>\$274,848.92</b>	<b>\$370,984.40</b>	<b>\$304,549.88</b>	<b>\$414,901.88</b>	<b>\$314,281.08</b>	<b>\$416,963.88</b>
<b>2</b> → AVG. CAP. COST	\$0.00	\$371,246.62	\$0.00	\$547,484.42	\$0.00	\$619,715.64
LEASE PAYMENT*	\$144,146.16	\$0.00	\$329,263.20	\$0.00	\$507,722.04	\$0.00
INSURANCE	\$55,354.00	\$55,354.00	\$64,116.00	\$64,116.00	\$74,779.00	\$74,779.00
<b>SUBTOTAL</b>	<b>\$199,500.16</b>	<b>\$426,600.62</b>	<b>\$393,379.20</b>	<b>\$611,600.42</b>	<b>\$582,501.04</b>	<b>\$694,494.64</b>
RESALE GAIN**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
C.O.E. SAVINGS***	-\$44,770.97	\$26,862.58	-\$46,113.92	\$27,668.46	-\$47,497.34	\$28,498.51
<b>BUDGET TOTAL</b>	<b>\$429,578.11</b>	<b>\$824,447.60</b>	<b>\$651,815.16</b>	<b>\$1,054,170.76</b>	<b>\$849,284.78</b>	<b>\$1,139,957.03</b>
<b>3</b> → ACTUAL ANNUAL MILES	1,398,073	1,398,073	1,396,566	1,396,566	1,306,324	1,306,324
COST/MILE	\$0.3073	\$0.5897	\$0.4667	\$0.7548	\$0.6501	\$0.8726
<b>ANNUAL SAVINGS</b>	<b>\$394,869.49</b>		<b>\$402,355.60</b>		<b>\$290,672.25</b>	
<b>ADJUSTED SAVINGS</b>	<b>\$354,245.49</b>		<b>\$360,511.60</b>		<b>\$247,573.05</b>	
<b>SAVINGS W/ 5% INT.</b>						

\* Note: Lease Payment includes monthly use tax for total cost comparison purposes.

\*\*Note: Resale gain not used, sale of district owned vehicles not used to offset lease costs.

\*\*\*Note: Cost of Effort Savings calculated based on C.O.E. analysis with a 3%/yr. COLA increase to match inflation.

1. Cost based on Enterprise Full Maintenance Program. 2. Actual cost for leased vehicles plus 8.25% use tax.

3. 2001/2002 actual miles. Same mileage used for comparison purposes.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Interoffice Memorandum

To: Chairperson Miller and Members  
of the Budget and Finance Committee

From: Wayne Tanaka  
Director of Administrative Services

Date: April 2, 2003

Re: Proposed Budget for Fiscal Year 2003/2004

RECOMMENDED ACTION:

The Executive Officer/APCO requests that the Budget and Finance Committee receive this report for review and make any recommendations prior to May 14, 2003. This will allow staff the necessary time to make the changes for a second review by the Committee and the first public hearing date tentatively set for June 4, 2003.

BACKGROUND:

As directed by Chairperson Haggerty at the April 16, 2003 regular Board meeting, the Fiscal Year 2003/2004 Budget document was referred to the Budget and Finance Committee for review and recommendations. Additional copies will be available at the Committee meeting.

DISCUSSION:

Staff will present the proposed budget for Fiscal Year 2003/2004. The proposed budget is balanced. General Fund Revenues, Supplemental State Subvention, TFCA Indirect Cost Recovery and TFCA Revenues are \$47.1 million and match proposed consolidated expenditures. Proposed capital requests are at \$2,816,430. There is a .41 FTE decrease.

Staff will have published prior to May 5, 2003, a notice to the general public that the first of two public hearings on the budget will be conducted on June 4, 2003 and that the second hearing will be conducted on June 18, 2003. Staff recommends that the Budget and Finance Committee complete its review and take action on the proposed budget prior to May 14, 2003. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing date.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for FY 2003/2004 is \$47,058,377.

Respectfully submitted

Wayne Tanaka, Director  
Administrative Services Division

Prepared by: Wayne Tanaka

FORWARDED \_\_\_\_\_