



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

## BOARD OF DIRECTORS BUDGET AND FINANCE COMMITTEE MEETING

### COMMITTEE MEMBERS

JULIA MILLER -CHAIRPERSON - CHRIS DALY - VICE CHAIRPERSON  
HAROLD BROWN ROBERTA COOPER  
JERRY HILL PATRICK KWOK  
MARLAND TOWNSEND GAYLE UILKEMA

THURSDAY  
SEPTEMBER 30, 2004  
9:45 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 AUGUST 4, 2004**
4. **FOURTH QUARTER FINANCIAL REPORT FOR FISCAL YEAR 2003/2004**

**W. Tanaka/5066**  
[wtanaka@baaqmd.gov](mailto:wtanaka@baaqmd.gov)

*The financial report for the fourth quarter of FY 2003/2004 will be presented. This will be an informational item only.*
5. **CONSIDERATION OF CONTRACTOR TO PERFORM COST RECOVERY ANALYSIS**

**B. Bateman/4653**  
[bbateman@baaqmd.gov](mailto:bbateman@baaqmd.gov)

*The Committee will consider staff recommendation on the selection of a contractor to complete a cost recovery study for the District.*
6. **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)*
7. **TIME AND PLACE OF NEXT MEETING – OCTOBER 27, 2004, 939 ELLIS STREET - SF, CA**
8. **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 at least three working days prior to the date of the meeting 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  
9:45 a.m., Wednesday, August 4, 2004

1. **Call to Order:** Chairperson Julia Miller called the meeting to order at 9:46 a.m.  
  
**Roll Call:** Julia Miller, Chair; Harold Brown, Roberta Cooper, Jerry Hill, Patrick Kwok, Gayle Uilkema.  
  
**Absent:** Chris Daly, Marland Townsend.  
  
**Also Present:** Scott Haggerty, Pam Torliatt (10:02 a.m.).
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of May 17, 2004:** Director Hill moved approval of the minutes; seconded by Director Kwok; carried unanimously without objection.
4. **Status Report on Cost Recovery Analysis:** *Staff gave a status report to the Committee on the development of a request for proposal to conduct a cost recovery analysis for future budgetary utilization.*

Brian Bateman, Director of Engineering, presented the report and stated that, like many other agencies, the Air District depends on fees for revenue. Under state law, the Air District is given the authority to collect fees to recover the reasonable cost of running the District's regulatory programs.

Mr. Bateman noted that the 1999 KPMG Cost Recovery Study found that fee revenues were significantly less than program activity costs and the Study recommended regular adjustments to fees each year to keep pace with inflation. Mr. Bateman pointed out that permit fees account for almost one half of the District's revenues. The objectives for the update to the Cost Recovery Study include the following:

- Establishing a standard methodology to determine direct and indirect program costs.
- Compile revenue and cost data at the level of individual fee schedules.
- Identify factors that may be appropriate to consider in assessing the equity of individual fee schedules.
- Make recommendations for adjusting fees to recover cost of regulatory programs.

Mr. Bateman stated that the District will use a contractor to complete the cost recovery study and that there will be a collaborative process that involves input from Air District staff and

from a Steering Committee. The funds for the study are in the budget and the contractor costs are not expected to exceed \$200,000.

There was discussion on the following: 1) the makeup of the Steering Committee; 2) the geographic area of the representatives on the Steering Committee; 3) having a transportation interest on the Steering Committee; 4) fees apply only to stationary sources; 5) there has been a 50% increase in fees overall since the 1999 Study was implemented; and 6) the District should try to recover 100% of costs at some point in the future.

Board Chairperson Haggerty requested staff have a representative from Alameda County on the Steering Committee.

A draft of the Request for Proposals (RFP) for the cost recovery study was distributed to the Committee. Mr. Bateman reviewed the timetable for the study.

**Committee Action:** None. This report provided for information only.

5. **Consider Proposed Amendments to Administrative Code Section 3.6(c), Division II, Administrative Policies and Purchasing Procedures:** *The Committee considered recommendation to amend Section 3.6(c), Division II: Fiscal Policies and Purchasing Procedures of the District's Administrative Code.*

Wayne Tanaka, Director of Administrative Services, presented the report and stated that staff has been reviewing the Policies and Procedures and recommending amendments as necessary. Currently, Section 3.4(c) requires Board approval for refunds in excess of \$10,000. The amendment to Section 3.4(c) would streamline the process and allow the Air Pollution Control Officer (APCO) to approve refunds in excess of \$50,000. Mr. Tanaka noted that the funds in question do not belong to the District and should be refunded as soon as possible. Staff recommended Board approval of the proposed amendments to Administrative Code Division II, Section 3.4(c), Fiscal Policies and Purchasing Procedures.

**Committee Action:** Director Brown moved the staff recommendation; seconded by Director Kwok. Director Uilkema added a friendly amendment to the motion that any action taken is to appear as a Consent Calendar item on the Board Agenda. Both Director Brown and Director Kwok accepted the amendment. The motion then passed unanimously without objection.

6. **Consider Request to Amend Fiscal Year 2004/2005 Budget:** *The Committee considered approval of staff request to revise the District's FY 2004/2005 General Fund Budget as a result of a potential \$1,592,000 revenue shortfall upon approval of the State budget.*

Jack Broadbent, Executive Officer/APCO, stated that with the final State budget, the Air District will have a 10% reduction in property tax revenue. The proposed changes to the District's budget are before the Committee and these changes address the shortfall.

Mr. Tanaka added that as of today, there have not been any trailer bills or blue line items that would reduce the revenue shortfall even further. Staff has identified revenue items that can be deferred or eliminated to make up for the shortfall. The following amendments are proposed to the District's fiscal year 2004/2005 budget:

- A \$363,000 reduction of Personnel Costs through deferred hiring.
- A \$308,800 reduction in Services and Supplies.
- A \$374,400 reduction in Capital Expenditures

In addition, the following augmentations are proposed:

- A \$250,000 increase in Penalties and Settlements Revenue.
- A \$295,800 transfer from the Reserve for Furniture Replacement to partially fund Capital Expenditures for the building.

Mr. Tanaka recommended that the Board consider approval of the amendments to the District's fiscal year 2004/2005 General Fund Budget and approve the transfer of \$295,800 from the Reserve for Furniture Replacement to Capital Expenditures.

**Committee Action:** Director Hill moved approval of the staff recommendation; seconded by Director Brown; carried unanimously without objection.

**7. Status Report of Community Outreach Efforts:** *Staff reported on the resources devoted to Community and Title V Outreach meetings.*

Peter Hess, Deputy APCO, presented the report and reviewed the breakdown of costs associated with two meetings – one held in Martinez to receive input on Supplemental Environmental Project (SEP) funds for the community and one on a Title V public hearing held in the Bayview/Hunters Point community in San Francisco.

Mr. Hess noted that the District has about 40 community meetings a year and reminded the Committee that there will also be public meetings on the 2004 Ozone Strategy Plan in the near future. The community meetings and public hearings are conducted in the most economical way possible.

**Committee Action:** None. This report provided for information only.

**8. Committee Member Comments/Other Business.** Director Uilkema discussed the Environmental Working Group Report that came out recently and her experience with the press. Director Uilkema requested some guidelines to follow in the future. Mr. Broadbent suggested that, for consistency, the calls be referred to the Air District and a determination would be made on how the call should be handled, in particular if the press is seeking technical information.

Mr. Broadbent noted that as part of the state budget, the Governor signed SB1107, which re-authorizes the Carl Moyer Program. Statewide there will be \$69 million in the Program. The Air District should receive approximately \$9 million of the funds.

In response to a question from Chairperson Miller, Mr. Broadbent stated that the Spare the Air ad campaign has not ended even though there have been no Spare the Air days. Because there have been no Spare the Air days, the money for the free BART days has not been spent as yet.

9. **Time and Place of Next Meeting:** Chairperson Miller cancelled the August 25, 2004 meeting. The next regularly scheduled meeting will be at 9:45 a.m., Wednesday, September 22, 2004, 939 Ellis Street, San Francisco, CA 94109.
10. **Adjournment:** The meeting adjourned at 10:43 a.m.

Mary Romaidis  
Clerk of the Boards

mr

**Budget and Finance Committee**

**Follow-Up Items for Staff**

**August 4, 2004 meeting**

1. Board Chairperson Haggerty requested staff have a representative from Alameda County on the Cost Recovery Steering Committee.

**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: September 22, 2004

Re: Fourth Quarter Financial Report

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$15,165,532, budget was \$15,527,000. As usual, Alameda, San Mateo and Santa Clara counties accounted for the majority of the receipts received.
- Permit Fee receipts were \$16,746,396, budget was \$17,086,130.
- Asbestos Fees were \$1,634,409, budget was \$1,270,000.
- Penalties and Settlements were \$2,391,932, budget was \$1,700,000.
- Federal Grants Current & Prior Yrs were \$1,557,507, budget was \$1,415,000.
- CMAQ Funding was \$1,213,627, budget was \$1,228,000.
- State Subvention was \$1,748,051, budget was \$1,863,870.
- Interest Income receipt was \$580,374, budget was \$475,000.
- Miscellaneous Revenue receipts were \$ 276,107, budget was \$375,000

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$28,927,673 , budget was \$30,490,736.
- Operational Services and Supplies were \$8,236,580, budget was \$9,607,561.
- Capital Outlay was \$2,639,097, budget was \$2,922,255.



TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$4,551,385, budget was \$5,958,118.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$1,142,159, budget was \$1,349,448.
- Operational Services and Supplies were \$3,409,176, budget was \$4,608,670.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on Fiscal Year 2003/2004 budget.

Respectfully submitted,

Wayne Tanaka  
Director of Administrative Services

FORWARDED \_\_\_\_\_

Prepared by: Wayne Tanaka

**STATEMENT OF REVENUE  
GENERAL FUND  
As of June 30, 2004 and June 30, 2003**

<b>REVENUES</b>	<b>Budget FY 2004</b>	<b>Received to Date June 30, 2004</b>	<b>Receipts as % of Budget FY 2004</b>	<b>Received to Date June 30, 2003</b>	<b>Variance Received to Date FY 2004 vs FY 2003</b>	<b>% of Variance</b>
County Revenue						
Alameda County	2,825,000	2,866,194	101%	2,702,890	163,304	6%
Contra Costa County	1,900,000	1,981,864	104%	1,842,077	139,787	7%
Marin County	755,000	782,492	104%	735,344	47,148	6%
Napa County	465,000	506,813	109%	467,902	38,911	8%
San Francisco County	2,050,000	1,804,472	88%	1,956,207	(151,735)	-8%
San Mateo County	2,350,000	2,088,042	89%	1,944,451	143,591	7%
Santa Clara County	4,020,000	3,909,747	97%	3,916,102	(6,355)	0%
Solano County	402,000	419,424	104%	364,504	54,920	13%
Sonoma County	760,000	806,484	106%	757,069	49,415	6%
<b>Sub Total</b>	<b>15,527,000</b>	<b>15,165,532</b>	<b>98%</b>	<b>14,686,546</b>	<b>478,986</b>	<b>3%</b>
Permit, Title V & AB 2588 Fees	17,086,130	16,746,396	98%	16,586,900	159,496	1%
Asbestos Fees	1,270,000	1,634,409	129%	1,281,805	352,604	22%
Soil Aeration Fees	6,000	1,038	17%	1,962	(924)	-89%
Hearing Board Fees	35,000	55,210	158%	80,195	(24,985)	-45%
Penalties & Settlements	1,700,000	2,391,932	141%	2,250,123	141,809	6%
Federal Grant Current & Prior Year	1,415,000	1,557,507	110%	2,049,756	(492,249)	-32%
Federal - 103 Grant/Supplemental Funding	776,065	764,375	98%	199,700	564,675	74%
CMAQ Funding	1,228,400	1,213,627	99%	1,429,535	(215,908)	-18%
State Subvention	1,863,870	1,748,051	94%	1,766,288	(18,237)	-1%
CEC/Carl Moyer/Other Grants	285,000	395,100	139%	250,000	145,100	37%
Interest Income	475,000	580,374	122%	610,222	(29,848)	-5%
Miscellaneous Revenue	375,000	276,107	74%	232,259	43,848	16%
District Service Revenue	15,000	9,974	66%	12,709	(2,735)	-27%
<b>Sub Total Other General Fund</b>	<b>26,530,465</b>	<b>27,374,100</b>	<b>103%</b>	<b>26,751,454</b>	<b>622,646</b>	<b>2%</b>
<b>TOTAL GENERAL FUND</b>	<b>42,057,465</b>	<b>42,539,632</b>	<b>101%</b>	<b>41,438,000</b>	<b>1,101,632</b>	<b>3%</b>
<b>Transfers In</b>						
Reserve for Office Equipment	105,825	105,825	100%	0	0	0%
Reserve for Contingencies/General Reserve	297,500	297,500	0%	319,500	(22,000)	-7%
TFCA Cost Recover	564,610	513,957	91%	513,303	654	0%
<b>TOTAL TRANSFER IN</b>	<b>967,935</b>	<b>917,282</b>	<b>95%</b>	<b>832,803</b>	<b>84,479</b>	<b>9%</b>
<b>Transfer Out</b>						
Fund Balance Available	(4,848)	0	0%	0	0	0%
<b>TOTAL REVENUE &amp; TRANSFERS</b>	<b>43,020,552</b>	<b>43,456,914</b>	<b>101%</b>	<b>42,270,803</b>	<b>1,186,111</b>	<b>3%</b>

**STATEMENT OF EXPENDITURES  
GENERAL FUND  
As of June 30, 2004 and June 30, 2003**

**EXPENDITURES**

	Budget FY 2004	Expended to Date June 30, 2004	Expended as % of Budget FY 2004	Expended to Date June 30, 2003	Variance Expended to Date FY 2004 vs 2003	% of Variance
<b>Personnel Expenditures</b>						
Permanent Salaries	24,498,795	23,315,392	95%	23,006,005	309,387	1%
Overtime Salaries	147,979	130,948	88%	155,767	(24,819)	-19%
Temporary Salaries	104,059	50,553	49%	72,690	(22,137)	-44%
Payroll Taxes	276,792	261,266	94%	255,796	5,470	2%
PERS	9,263	14,553	157%	15,126	(573)	-4%
FICA Replacement Benefits	1,078,275	1,006,345	93%	1,084,744	(78,399)	-8%
Group Insurances	3,333,997	3,152,876	95%	2,398,670	754,206	24%
Employee Transportation Subsidy	204,059	203,041	100%	181,670	21,371	11%
Worker Compensation	724,477	708,249	98%	349,195	359,054	51%
Fees	113,040	84,450	75%	107,753	(23,303)	-28%
<b>TOTAL PERSONNEL EXPENDITURES</b>	<b>30,490,736</b>	<b>28,927,673</b>	<b>95%</b>	<b>27,627,416</b>	<b>1,300,257</b>	<b>4%</b>
<b>Operation Expenditures</b>						
Transportation and Travel	203,458	121,578	60%	125,476	(3,898)	-3%
Training & Education	296,569	213,039	72%	69,067	143,972	68%
Maintenance of Equipment	338,511	349,843	103%	397,509	(47,666)	-14%
Communications	436,588	426,318	98%	327,356	98,962	23%
Maintenance of Building	283,140	269,337	95%	239,818	29,519	11%
Utilities	372,066	341,752	92%	321,357	20,395	6%
Postage	187,916	111,394	59%	142,421	(31,027)	-28%
Printing & Reproduction	479,565	265,939	55%	255,045	10,894	4%
Rental of Equipment	224,276	191,877	86%	143,078	48,799	25%
Rents & Leases	883,280	881,866	100%	845,318	36,548	4%
Professional Services	4,447,605	3,885,490	87%	4,004,949	(119,459)	-3%
Insurance	393,500	312,829	79%	388,170	(75,341)	-24%
Shop & Field Supplies	238,387	210,388	88%	179,862	30,526	15%
Laboratory Supplies	95,426	97,373	102%	52,766	44,607	46%
Fuels	229,280	148,570	65%	139,280	9,290	6%
Computer Hardware & Software	184,927	161,718	87%	232,350	(70,632)	-44%
Office Supplies	164,748	151,809	92%	159,831	(8,022)	-5%
Books, Journals & Subscriptions	104,668	55,404	53%	47,251	8,153	15%
Minor Office Equipment	43,651	40,056	92%	33,565	6,491	16%
Depreciation and Amortization	0	0	0%	0	0	0%
Allocated Indirect Cost	0	0	0%	0	0	0%
<b>TOTAL OPERATION EXPENDITURES</b>	<b>9,607,561</b>	<b>8,236,580</b>	<b>86%</b>	<b>8,104,469</b>	<b>132,111</b>	<b>2%</b>
<b>Capital Budget</b>						
Office Equipment	205,825	213,769	104%	4,413	209,356	100%
Computer Equipment	1,708,000	1,421,996	83%	774,703	647,293	46%
Bulding & Grounds	878,830	873,761	99%	324,513	549,248	63%
Vehicle Fleet	129,600	129,571	100%	445,912	(316,341)	-244%
Laboratory & Monitoring Equipment	0	0	0%	798,436	(798,436)	100%
Communications Equipment	0	0	0%	0	0	0%
<b>TOTAL CAPITAL BUDGET EXPENDITURES</b>	<b>2,922,255</b>	<b>2,639,097</b>	<b>90%</b>	<b>2,347,977</b>	<b>291,120</b>	<b>11%</b>
<b>TOTAL EXPENDITURES</b>	<b>43,020,552</b>	<b>39,803,350</b>	<b>93%</b>	<b>38,079,862</b>	<b>1,723,488</b>	<b>4%</b>

**STATEMENT OF REVENUE and EXPENDITURES**  
**TRANSPORTATION FUND FOR CLEAN AIR**  
**As of June 30, 2004 and June 30, 2003**

<b>REVENUES</b>	<b>Budget FY 2004</b>	<b>Received to Date June 30, 2004</b>	<b>Received as % of Budget FY 2004</b>	<b>Received to Date June 30+H26, 2003</b>	<b>Variance Received to Date FY 2004 vs 2003</b>	<b>% of Variance</b>
AB 434 Administrative Income	950,854	736,507	77%	901,233	-164,726	-22%
AB 434 Project Income	5,007,264	3,814,878	76%	3,511,602	303,276	8%
<b>TOTAL REVENUE</b>	<b>5,958,118</b>	<b>4,551,385</b>	<b>76%</b>	<b>4,412,835</b>	<b>138,550</b>	<b>3%</b>

<b>EXPENDITURES</b>	<b>Budget FY 2004</b>	<b>Expended to Date June 30, 2004</b>	<b>Received as % of Budget FY 2004</b>	<b>Expended to Date June 30, 2003</b>	<b>Variance Received to Date FY 2004 vs 2003</b>	<b>% of Variance</b>
<b>Personnel Expenditures</b>						
Permanent Salaries	1,103,114	927,780	84%	1,009,472	(81,692)	-9%
Temporary Salaries	22,420	10,306	46%	17,956	(7,650)	-74%
Overtime Salaries	0	0	0%	0	0	0%
Payroll Taxes	10,853	9,779	90%	11,033	(1,254)	-13%
FICA Replacement Benefits	61,098	44,206	72%	45,992	(1,786)	-4%
Group Insurances	114,487	113,582	99%	96,725	16,857	15%
Employee Transit Subsidy	8,881	8,068	91%	7,886	182	2%
Workers Compensation	28,595	28,438	99%	15,465	12,973	46%
<b>TOTAL PERSONNEL EXPENDITURES</b>	<b>1,349,448</b>	<b>1,142,159</b>	<b>85%</b>	<b>1,204,529</b>	<b>(62,370)</b>	<b>-5%</b>

**Operation Expenditures**

Transportation & Travel	12,160	1,098	9%	2,137	(1,039)	-95%
Training & Education	3,550	944	27%	855	89	9%
Communications	5,200	7,368	142%	3,386	3,982	54%
Postage	16,840	0	0%	9,112	(9,112)	0%
Printing & Reproduction	94,000	61,697	66%	25,796	35,901	58%
Rental of Equipment	0	0	0%	0	0	0%
Professional & Special Services	4,470,570	3,335,704	75%	3,166,778	168,926	5%
Shop & Field Supplies	700	0	0%	0	0	0%
Computer Hardware & Software	0	0	0%	0	0	0%
Office Supplies	200	0	0%	200	(200)	0%
Books & Journals	450	345	77%	42	303	88%
Minor Office Equipment	5,000	2,020	0%	0	2,020	100%
Depreciation and Amortization	0	0	0%	0	0	0%
Allocated Indirect Cost	0	0	0%	0	0	0%
<b>TOTAL OPERATION EXPENDITURES</b>	<b>4,608,670</b>	<b>3,409,176</b>	<b>74%</b>	<b>3,208,306</b>	<b>200,870</b>	<b>6%</b>

**Capital Outlay**

Motorized Equipment & Radio	0	0	0%	4,500	(4,500)	0%
<b>TOTAL CAPITAL OUTLAY</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>TOTAL EXPENDITURES</b>	<b>5,958,118</b>	<b>4,551,335</b>	<b>76%</b>	<b>4,412,835</b>	<b>138,500</b>	<b>3%</b>



**BAY AREA AIR QUALITY MANGEMENT DISTRICT**

Inter Office Memorandum

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

From: Brian Bateman  
Director of Engineering

Date: September 23, 2004

Re: Selection of a Contractor for Cost Recovery Study

RECOMMENDED ACTION:

Recommend that the Board of Directors approve a contract for professional services to complete a Cost Recovery Study. Staff is currently evaluating the single proposal submitted for this project, and will have a recommendation regarding whether it should be accepted at the Budget and Finance Committee meeting scheduled for September 30, 2004.

BACKGROUND

The District collects fees to help pay for the costs of implementing and enforcing air pollution control programs. A study of fee revenue, and regulatory program activity costs, was completed for the District in 1999 by KPMG. The District plans to update this cost recovery study, so that the results can be used in preparing fee amendments to the District's fee regulation for the upcoming fiscal year, FY 2005-2006, and beyond.

DISCUSSION

The District intends on using a contractor to complete the cost recovery study through a collaborative process involving input from District staff and a Steering Committee consisting of a variety of interested stakeholders. The Steering Committee consists of the following individuals:

Dennis Bolt, Western States Petroleum Association  
Margaret Bruce, Silicon Valley Manufacturing Group  
Fred Glueck, General Contractor member of District's Advisory Council  
John Holtzclaw, Conservation Organization member of the District's Advisory Council  
Mary Ortendahl, Economic Development Alliance for Business  
Marti Russell, Peninsula Dry Cleaning Association  
Cindy Tuck, California Council for Environmental and Economic Balance

A Request for Proposals (RFP), which included a statement of the study objectives, tasks, and deliverables, was prepared by District staff with input from the Steering Committee and was issued on August 19, 2004. Notice of the RFP was provided on the District's website, in newspapers in each of the nine Bay Area counties, and by mail to 49 separate companies. A bidders conference was held at the District office on August 27, 2004. District staff also completed additional outreach regarding the RFP by telephone. Proposals were required to be submitted by the close-of-business on September 17, 2004.

The District received a single proposal to complete the cost recovery study, submitted by Stonefield Josephson, Inc. Stonefield Josephson, Inc. is a California-based certified public accounting and business advisory firm with over 100 staff members. The proposal indicates that 10 staff members would be committed to complete the District's cost recovery study. Nanette Lee Miller, CPA, would be the overall engagement manager for the project, and Ellen Garvey (former District Executive Officer/APCO) would be the technical manager.

District staff and the Steering Committee are currently evaluating the Stonefield Josephson, Inc. proposal based on the criteria established in the RFP. Copies of the proposal have been provided to the Steering Committee members, and a committee meeting is scheduled for Friday, September 24, 2004 to complete the evaluation. Representatives of Stonefield Josephson, Inc. have been asked to attend this meeting in order to be interviewed by District staff and the Steering Committee. District staff is also conducting reference checks for listed team members.

Staff expects to complete its evaluation of the Stonefield Josephson, Inc. proposal by next Tuesday, September 28, 2004, and provide a recommendation as to whether it should be accepted at the Budget and Finance Committee meeting scheduled for Thursday, September 30, 2004.

#### BUDGET CONSIDERATION/FINANCIAL IMPACT

Funds to complete the cost recovery study were included in the adopted FY 04-05 budget. The Stonefield Josephson, Inc. proposal included a fixed fee bid for a total of \$180,000 (the RFP specified a maximum limit on bids of \$200,000.)

Respectfully submitted,

Brian Bateman  
Director of Engineering

FORWARDED \_\_\_\_\_

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