

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

APPROVED MINUTES

Summary of Board of Directors
Budget & Finance Committee Meeting
9:45 a.m., Monday, May 17, 2004

1. **Call to Order:** Chairperson Julia Miller called the meeting to order at 9:47 a.m.

Roll Call: Julia Miller, Chair; Harold Brown, Roberta Cooper (9:49 a.m.), Chris Daly (9:57 a.m.), Patrick Kwok, Marland Townsend.

Absent: Jerry Hill, Gayle Uilkema.

Also Present: Scott Haggerty, Pam Torliatt (9:49 a.m.).

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

3. **Approval of Minutes of April 28, 2004:** Director Townsend moved approval of the minutes; seconded by Director Brown. Director Kwok requested his name be added to page three in the item regarding the concerns on the decrease in training and education. The minutes were approved as corrected and the motion carried unanimously by acclamation.

4. **Discussion of the Governor's May Revision of the State Budget:** *Staff provided the Committee with information on implications to the District revenues of the Governor's May Revision of the State Budget.*

Tom Addison, Advanced Projects Advisor, stated that part of the Governor's May Revision that came out on May 13th is an agreement between local governments that puts \$1.3 billion in a new Educational Reimbursement Augmentation Fund (ERAF) Shift of property taxes from cities, counties, local districts, and redevelopment agencies. The \$1.3 billion is split with \$350 million coming from cities, \$350 million from counties, \$350 million from special districts, and \$250 million from redevelopment agencies. This shift of property tax money from local government to the state will be for two years.

A sidebar agreement to the proposal is how the special districts would split up the \$350 million. The primary distinction is between enterprise districts and non-enterprise districts and \$200 million will come from enterprise districts and \$150 million will come from non-enterprise districts. The Air District is a non-enterprise district. Special districts that have police or fire fighting responsibilities will contribute significantly less. Mr. Addison stated that if this agreement upholds, and this becomes part of the budget that is enacted, the Air District would lose approximately \$4 million for the next two years (the 2004/2005 fiscal year and 2005/2006 fiscal year).

Historically, the multi-county special districts have been exempt from these shifts; there are five large multi-county special districts in the Bay Area: East Bay Regional Park District, BART, AC Transit, East Bay Mud and the Air District. Over the last three years there has been a coalition with all of these special districts. The coalition is still in place and will meet with Senator Torlakson on May 18th to explore an alternative way of distributing the allocation that was proposed in the past.

In response to a question from Director Brown, Jack Broadbent, Executive Officer/APCO, stated that the District is looking at some cost savings within the District. Also, the staff will take a look at possible transfers from the reserves if necessary. Wayne Tanaka, Director of Administrative Services, added that the District has sufficient reserves in the unspecified account that could be moved. In addition, there are designated reserves and these could also be shifted to the undesignated reserve. The District would have enough operating reserves this next fiscal year and the following fiscal year just by using reserves and not addressing any other issues, however, the District is reviewing several different venues to help balance the budget when the District knows what the final cuts will be.

Director Haggerty requested that Mr. Broadbent contact the Employees' Association (EA) to discuss what actions the EA might consider to help during this crisis. Director Haggerty also expressed concern about using the reserves. There was discussion by staff and Committee members that this shift could go beyond two years.

Mr. Broadbent noted that the budget would be before the Board on June 2, 2004 for the first public hearing. Once the budget is adopted, if there are additional cuts that would need to be made, staff would then come back to the Board with amendments. Mr. Broadbent also noted that he would need some time to contact and talk with the EA. Director Haggerty stated that staff should look at areas in the budget that could be cut before the budget is presented to the Board on June 2nd.

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

5. Continued Discussions on the Proposed FY 2004/2005 Budget: *The Committee continued discussions on the proposed FY 2004/2005 budget with staff.*

Mr. Broadbent presented his report and reviewed three key initiatives: 1) update and enhance the Plan; 2) conduct Bay Area Community Air Risk Evaluation ("CARE") Program; and 3) enhance the efficiency of the District. Mr. Broadbent also reviewed the proposed positions for fiscal year 2004/2005, which include another Deputy APCO, an Air Quality Program Manager that would coordinate and facilitate the District's community outreach efforts, and an Atmospheric Modeler.

Mr. Tanaka reviewed changes made to the budget based on the direction the Committee provided to staff at its April 28th meeting. Mr. Tanaka stated that the proposal for the Title V fees is to shift most of this additional revenue from annual Title V fees to Title V application fees. The application fees will provide a greater equity in the distribution of revenue among some of the facilities based on a "fee-for-service" model.

Dennis Bolt of the Western States Petroleum Association (WSPA) spoke briefly on the Title V fee issue.

Continuing, Mr. Tanaka stated that the travel expenses have been reduced to the current fiscal year 2004 amounts and the training and education expense has been restored to Program 705.

Committee Action: Director Townsend moved the Committee recommended referral of the proposed fiscal year 2004/2005 budget to the Board of Director's for the first of two public hearings. In addition, the Committee requested staff look at areas in the proposed budget that could be reduced prior to its presentation to the Board at the first public hearing on June 2nd; seconded by Director Kwok; carried unanimously without objection.

The final hearing and adoption of the proposed budget is scheduled for June 16, 2004.

6. Third Quarter Financial Report for Fiscal Year 2003/2004: *The Financial Report for the Third Quarter of Fiscal Year 2003/2004 was presented. This is an informational item only.*

Mr. Tanaka reviewed the General Fund Budget Statement of Revenue and Statement of Expenditures. A comparison of budget to actual revenue and actual expenditures was also reviewed. Mr. Tanaka reviewed the Transportation Fund for Clean Air fund statement of income and expenditures and noted there are no capital expenditures allowed under TFCA funding.

Director Townsend requested that a spreadsheet be provided with the report.

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

- 7. Committee Member Comments/Other Business.** Director Townsend requested that the Mobile Source Committee look at the impact of people using the wrong grade of fuel in their automobiles, in particular those with larger engines.
- 8. Time and Place of Next Meeting:** The June 23, 2004 meeting is cancelled. The next regularly scheduled meeting will be at 9:45 a.m., Wednesday, July 28, 2004, 939 Ellis Street, San Francisco, CA 94109.
- 9. Adjournment:** The meeting adjourned at 10:57 a.m.

/s/ Mary Romaidis
Mary Romaidis
Clerk of the Boards

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Budget and Finance Committee

Follow-Up Items for Staff

May 17, 2004 meeting

1. Mr. Broadbent to contact the Employees' Association to see what the members might consider to help during this crisis.
2. Director Haggerty requested staff look at possible areas in the budget that could be cut before the proposed budget is before the Board on June 2nd.
3. Director Townsend requested that the Quarterly Financial Report also include a spreadsheet.
4. Director Townsend requested that the Mobile Source Committee look at the impact of people using the wrong grade of fuel in their automobiles, in particular those with larger engines.