



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

JULIA MILLER - CHAIRPERSON
HAROLD BROWN
SCOTT HAGGERTY
PATRICK KWOK
GAYLE B. UILKEMA

CHRIS DALY - VICE CHAIRPERSON
ROBERTA COOPER
JERRY HILL
MARK ROSS

WEDNESDAY
MARCH 2, 2005
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 JANUARY 26, 2005**
4. **SECOND QUARTER FINANCIAL REPORT FOR FISCAL YEAR 2004/2005** W. Tanaka/5066
wtanaka@baaqmd.gov
The Financial Report for the Second Quarter of Fiscal Year 2004/2005 will be presented. This will be an informational item only.
5. **UPDATE ON THE COST RECOVERY STUDY** B.Bateman/4653
bbateman@baaqmd.gov
Staff will provide a status report on the Cost Recovery Study. This is an informational item only.
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 – 9:45 a.m. APRIL 27, 2005, 939 ELLIS STREET, SAN FRANCISCO, CA**
8. **ADJOURNMENT**

CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, CA 94109

(415) 749-4965
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BAAQMD homepage:
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 3 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, January 26, 2005

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

Roll Call: Julia Miller, Chair; Chris Daly (10:03 a.m.), Jerry Hill, Mark Ross, Gayle B. Uilkema.

Absent: Harold Brown, Roberta Cooper, Scott Haggerty, Patrick Kwok.

Also Present: Marland Townsend.
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of December 20, 2004:** Director Hill moved approval of the minutes; seconded by Director Ross; carried unanimously without objection.
4. **Analysis of the Governor's Proposed 2005/2006 State Budget:** *Staff provided the Committee with information on the Governor's proposed State budget.*

Jack Broadbent, Executive Officer/APCO, stated that the Governor recently released his initial budget proposals and staff is in the process of reviewing it.

Thomas Addison, Advanced Projects Advisor, reviewed the time line for the state budget as follows:

- On January 10th the Governor released his first proposed budget for fiscal year 2005/2006.
- The legislature will meet over the next several months to come up with their version of the budget.
- This will be followed by the Governor's second proposed budget in May.
- The budget is due June 15th.

Mr. Addison stated that there is no initial proposal to cut subvention funds this year nor is there a proposal to further reduce the property taxes the District receives. Mr. Addison noted that funding for the California Air Resource Board (CARB) is slated to be increased. The proposed increase is based on new assignments and projects being handled by CARB.

In response to a question from Director Uilkema, Mr. Broadbent stated that the budget will come before the Board in April, at which time it will be referred to the Budget and Finance Committee for review and discussion.

In response to a question from Director Ross, Mr. Addison stated that there may be a proposal in the Legislature that would look at the level of reserves and what districts are doing in that respect. Because the Air District does not receive a lot of funding from the state, it is difficult for the state to propose further cuts for special districts. Mr. Addison noted that it is possible that the final adopted budget could have less subvention funds.

In response to a question from Chairperson Miller, Mr. Addison stated that in this budget year, cities and counties are not further vulnerable on the property tax issue.

Director Chris Daly arrived at 10:03 a.m.

Mr. Broadbent stated that the Cost Recovery Study would have some recommendations regarding the budget and it is anticipated that the information from the Study would be brought before the Board in mid-March.

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

5. Consider Phase One Implementation of Video-Conferencing Equipment and Installation in the 4th Floor Conference Room: *The Committee considered recommending Board of Director approval of phase one implementation of video-conferencing equipment in the 4th floor conference room.*

Mr. Broadbent stated that this item has been before several Committees. Mr. Broadbent noted that staff has estimated the number of times a year the video-conferencing system would be used and the potential reduction in vehicle trips that would occur as a result of its use. Mr. Tanaka reviewed the potential cost savings of \$10,000 for the Board of Directors and \$20,000 for District staff.

Brian Bunger, Legal Counsel, discussed the Ralph M. Brown Act issues associated with video-conferencing and the off-site locations.

There was discussion on buying used equipment; possible scheduling conflicts when using the remote locations; the cost per hour for using staff and equipment at the remote locations; and tele-conferencing versus video conferencing.

Mr. Tanaka explained that the District specifically requested that the bids from the vendors be broken down so there were separate costs for the Board Room and the 4th Floor Conference Room. In response to a question from Director Daly, Mr. Tanaka stated that staff would be able to use the video-conferencing system also.

Committee Action: Director Hill moved the Committee recommend Board approval of staff's recommendation to implement phase one of video-conferencing in the 4th floor conference room; seconded by Director Ross.

After a brief discussion, the motion passed with Director Uilkema abstaining.

6. Consider Funding and a Transfer of Funds from Reserves for Contingencies to Fund the 2005 Lawn Mower Buy-Back Program: *The Committee considered recommending*

Board of Director approval of funding and the transfer of funds for the 2005 lawn mower buy-back program.

Teresa Lee, Director of Public Information and Outreach, presented the report and provided background information on the program to the Committee. Ms. Lee noted that due to budget cuts last year, all funding for the law mower buy-back programs in 2005 were eliminated. Ms. Lee reported that the Public Outreach Committee has recommended that the program be continued in 2005 and that no more than \$100,000 be allocated for the program.

There was discussion on a scaled back program, staff is contacting local waste management companies for funding, staff costs could be cut, and the event(s) could run for more than one day.

Committee Action: Director Miller moved the Committee recommend Board approval of a transfer of not more than \$100,000 from the Reserve for Contingencies to fund the Spring 2005 Lawn Mower Buyback Program; seconded by Director Daly; passed unanimously without objection.

The Committee directed staff to work out the details of the Program and to continue to pursue funding from the waste management companies.

7. **Committee Member Comments/Other Business.** There were none.
8. **Time and Place of Next Meeting:** 9:45 a.m., Wednesday, February 23, 2005, 939 Ellis Street, San Francisco, CA 94109.
9. **Adjournment:** The meeting adjourned at 11:00 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Inter Office Memorandum

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

From: Wayne Tanaka
Director of Administrative Services

Date: February 14, 2004

Re: Second 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 \$7,242,935 (51%) of budgeted revenue. Alameda, San Francisco, and Santa Clara counties accounted for the majority of the receipts received.
- Permit Fee receipts were \$12,214,825 (66%) of budgeted revenue.
- Asbestos Fees were \$770,599 (59%) of budgeted revenue.
- Penalties and Settlements receipts were \$1,019,346 (51%) of budgeted revenue.
- State Subvention, 1st apportionment was \$874,026, 47% of budgeted revenue.
- Interest Income receipts were \$222,004 (45%) of budgeted revenue.
- Miscellaneous Revenue was \$274,560 (157%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$15,381,867 (47%) of estimated expenditures.
- Operational Services and Supplies were \$4,543,748 (49%) of estimated expenditures.
- Capital Outlay was \$492,089 (14%) of estimated expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$1,726,831, (28%) of estimated revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$806,939 (52%) of estimated expenditures.
- Operational Services and Supplies were \$919,892 (20%) of estimated expenditures.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on current year budget.

Respectfully submitted,

Wayne Tanaka
Director of Administrative Services

FORWARDED _____

**STATEMENT OF REVENUE
GENERAL FUND
As of December 31, 2004 and December 31, 2003**

REVENUES	Budget FY 2005	Received to Date		Variance Received		
		December 31, 2004	Receipts as % of Budget FY 2005	Received to Date December 31, 2003	to Date FY 2005 vs FY 2004	% of Variance
County Revenue						
Alameda County	2,606,040	1,572,930	60%	1,592,024	(19,094)	-1%
Contra Costa County	1,752,750	878,903	50%	1,063,302	(184,399)	-21%
Marin County	696,420	422,940	61%	422,393	547	0%
Napa County	428,940	0	0%	0	0	0%
San Francisco County	1,891,080	1,034,571	55%	1,055,622	(21,051)	-2%
San Mateo County	2,167,830	970,884	45%	1,086,424	(115,540)	-12%
Santa Clara County	3,708,215	1,718,204	46%	1,770,533	(52,329)	-3%
Solano County	370,800	235,494	64%	208,243	27,251	12%
Sonoma County	701,100	409,009	58%	390,135	18,874	5%
Sub Total	14,323,175	7,242,935	51%	7,588,676	345,741	-5%
Permit, Title V & AB 2588 Fees	18,488,500	12,214,825	66%	11,862,850	351,975	3%
Asbestos Fees	1,300,200	770,599	59%	704,362	66,237	9%
Hearing Board Fees	37,000	9,354	25%	21,985	(12,631)	-135%
Penalties & Settlements	2,000,000	1,019,346	51%	1,281,722	(262,376)	-26%
Federal Grant Current & Prior Year	1,407,000	520,606	37%	482,405	38,201	7%
Federal - 103 Grant/Supplemental Funding	1,120,300	0	0%	0	0	0%
CMAQ Funding	1,228,400	0	0%	666,785	(666,785)	0%
State Subvention	1,863,870	874,026	47%	855,000	19,026	2%
CEC/Carl Moyer/Other Grants	0	0	0%	84,600	(84,600)	0%
Interest Income	490,000	222,004	45%	306,433	(84,429)	-38%
Miscellaneous Revenue	175,000	274,560	157%	190,118	84,442	31%
District Service Revenue	10,000	2,633	26%	8,096	(5,463)	-207%
Sub Total Other General Fund	28,120,270	15,907,953	57%	16,464,356	(556,403)	-3%
TOTAL GENERAL FUND	42,443,445	23,150,888	55%	24,053,032	(902,144)	-4%
Transfers In						
Reserve for Best of Breed	1,600,000	0	0%	0	0	0%
Reserve for PERS Superfunding	486,637	0	0%	0	0	0%
Reserve for Capital Expenditures	295,800	0	0%	0	0	0%
Reserve for Contingencies	250,000	0	0%	0	0	0%
TFCA Cost Recover	618,725	0	0%	0	0	0%
TOTAL TRNSFER IN	3,251,162	0	0%	0	0	0%
Transfer Out						
Fund Balance Available	0	0	0%	0	0	0%
TOTAL REVENUE & TRANSFERS	45,694,607	23,150,888	51%	24,053,032	(210,662)	-4%

**STATEMENT OF EXPENDITURES
GENERAL FUND
As of December 31, 2004 and December 31, 2003**

EXPENDITURES

	Budget FY 2005	Expended to Date December 31, 2004	Expended as % of Budget FY 2005	Expended to Date December 31, 2003	Variance	
					Expended to Date FY 2005 vs 2004	% of Variance
Personnel Expenditures						
Permanent Salaries	24,883,150	11,806,029	47%	11,446,387	359,642	3%
Overtime Salaries	197,425	35,565	18%	74,215	(38,650)	-109%
Temporary Salaries	194,066	11,792	6%	29,248	(17,456)	-148%
Payroll Taxes	243,570	112,954	46%	135,160	(22,206)	-20%
PERS	1,749,387	822,987	47%	7,008	815,979	99%
FICA Replacement Benefits	1,410,395	544,815	39%	553,587	(8,772)	-2%
Group Insurances	3,609,438	1,724,162	48%	1,392,977	331,185	19%
Employee Transportation Subsidy	240,742	109,651	46%	94,583	15,068	14%
Worker Compensation	282,389	185,962	66%	258,013	(72,051)	-39%
Fees	114,768	27,950	24%	29,700	(1,750)	-6%
TOTAL PERSONNEL EXPENDITURES	32,925,330	15,381,867	47%	14,020,878	1,360,989	9%
Operation Expenditures						
Transportation and Travel	203,508	50,253	25%	29,432	20,821	41%
Training & Education	293,619	176,769	60%	16,327	160,442	91%
Maintenance of Equipment	359,016	102,063	28%	112,756	(10,693)	-10%
Communications	334,054	136,776	41%	172,052	(35,276)	-26%
Maintenance of Building	296,040	173,319	59%	127,991	45,328	26%
Utilities	356,066	156,253	44%	171,702	(15,449)	-10%
Postage	137,916	41,793	30%	71,272	(29,479)	-71%
Printing & Reproduction	413,345	84,742	21%	80,499	4,243	5%
Rental of Equipment	183,841	35,877	20%	66,781	(30,904)	-86%
Rents & Leases	925,343	438,673	47%	439,127	(454)	0%
Professional Services	4,219,115	2,225,043	53%	1,368,403	856,640	38%
Insurance	517,295	401,698	78%	305,788	95,910	24%
Shop & Field Supplies	248,962	108,170	43%	64,507	43,663	40%
Laboratory Supplies	66,012	42,974	65%	28,005	14,969	35%
Fuels	198,000	64,470	33%	62,887	1,583	2%
Computer Hardware & Software	206,637	169,583	82%	46,545	123,038	73%
Office Supplies	178,050	85,048	48%	66,886	18,162	21%
Books, Journals & Subscriptions	96,812	27,441	28%	26,719	722	3%
Minor Office Equipment	40,140	22,803	57%	4,938	17,865	78%
Depreciation and Amortization	0	0	0%	0	0	0%
Allocated Indirect Cost	0	0	0%	0	0	0%
TOTAL OPERATION EXPENDITURES	9,273,771	4,543,748	49%	3,262,617	1,281,131	28%
Capital Budget						
Office Equipment	0	0	0%	0	0	100%
Computer Equipment	2,610,200	176,843	7%	505,017	(328,174)	-186%
Bulding & Grounds	652,640	169,856	26%	397,948	(228,092)	-134%
Vehicle Fleet	156,570	117,060	75%	86,471	30,589	26%
Laboratory & Monitoring Equipment	76,096	28,330	0%	0	28,330	100%
Communications Equipment	0	0	0%	0	0	0%
TOTAL CAPITAL BUDGET EXPENDITURES	3,495,506	492,089	14%	989,436	(497,347)	-101%
TOTAL EXPENDITURES	45,694,607	20,417,704	45%	18,272,931	2,144,773	11%

STATEMENT OF REVENUE and EXPENDITURES
TRANSPORTATION FUND FOR CLEAN AIR
As of December 31, 2004 and December 31, 2003

REVENUES	Budget FY 2005	Received to Date		Received as % of Budget FY 2005	Variance Received to Date FY 2005 vs 2004		% of Variance
		December 31, 2004	December 31, 2003		2004		
AB 434 Administrative Income	974,244	368,878		38%	343,848	25,030	7%
AB 434 Project Income	5,189,671	1,357,953		26%	1,466,604	-108,651	-8%
TOTAL REVENUE	6,163,915	1,726,831		28%	1,810,452	(83,621)	-5%

EXPENDITURES	Budget FY 2005	Expended to Date		Received as % of Budget FY 2005	Variance Received to Date FY 2005 vs 2004		% of Variance
		December 31, 2004	December 31, 2003		2004		
Personnel Expenditures							
Permanent Salaries	1,199,230	632,890		53%	479,583	153,307	24%
Overtime Salaries	12,547	18,204		145%	3,611	14,593	80%
Payroll Taxes	11,633	6,222		53%	4,945	1,277	21%
PERS	84,824	34,444		41%	0	34,444	100%
FICA Replacement Benefits	69,103	28,050		41%	22,082	5,968	21%
Group Insurances	148,777	68,798		46%	55,971	12,827	19%
Employee Transit Subsidy	13,497	5,880		44%	4,686	1,194	20%
Workers Compensation	14,044	12,451		89%	12,718	(267)	-2%
TOTAL PERSONNEL EXPENDITURES	1,553,655	806,939		52%	583,596	223,343	28%

Operation Expenditures							
Transportation & Travel	12,110	823		7%	1,436	(613)	-74%
Training & Education	3,500	0		0%	250	(250)	0%
Communications	5,200	4,116		79%	3,861	255	6%
Postage	17,000	0		0%	3,560	(3,560)	0%
Printing & Reproduction	85,000	31,117		37%	54,350	(23,233)	-75%
Rental of Equipment	0	0		0%	0	0	0%
Professional & Special Services	4,482,700	883,778		20%	1,163,224	(279,446)	-32%
Shop & Field Supplies	200	0		0%	0	0	0%
Computer Hardware & Software	4,000	0		0%	0	0	0%
Office Supplies	100	58		58%	105	(47)	-81%
Books & Journals	350	0		0%	70	(70)	0%
Minor Office Equipment	100	0		0%	0	0	0%
Depreciation and Amortization	0	0		0%	0	0	0%
Allocated Indirect Cost	0	0		0%	0	0	0%
TOTAL OPERATION EXPENDITURES	4,610,260	919,892		20%	1,226,856	(306,964)	-33%

Capital Outlay							
Motorized Equipment & Radio	0	0		0%	0	0	0%
TOTAL CAPITAL OUTLAY	0	0		0%	0	0	
TOTAL EXPENDITURES	6,163,915	1,726,831		28%	1,810,452	(83,621)	-5%

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: February 22, 2005

Re: Status Update on Cost Recovery Study

RECOMMENDED ACTION:

Receive and file. Staff will provide an update on the Cost Recovery Study that is currently underway to the Budget and Finance Committee meeting on March 2, 2005.

BACKGROUND

The District collects fees to help pay for the costs of implementing and enforcing air pollution control programs. The District has the authority to collect fees sufficient to recover the direct and indirect costs associated with regulatory program activities. In October of 2004, the District contracted with the firm Stonefield Josephson, Inc. to complete a Cost Recovery Study that examines fee revenue and regulatory program activity costs.

Stonefield Josephson, Inc. has recently completed the data analysis phase of the Cost Recovery Study, and a draft report should be issued soon. The report will be finalized after District staff and the study's Steering Committee have had the opportunity to review and comment. The District intends on using the results of this study in preparing fee amendments to the District's fee regulation for the upcoming fiscal year. The consultants will present the final report to the Budget and Finance Committee at its next meeting.

Respectfully submitted,

Brian Bateman
Director of Engineering

FORWARDED _____

Prepared by: Brian Bateman
Reviewed by: Peter Hess