



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CHRIS DALY - CHAIRPERSON
HAROLD BROWN
DAN DUNNIGAN
JERRY HILL
TIM SMITH

PATRICK KWOK - VICE CHAIRPERSON
ROBERTA COOPER
ERIN GARNER
MARK ROSS

WEDNESDAY
MARCH 01, 2006
9:45 A.M.

FOURTH FLOOR CONFERENCE ROOM
DISTRICT OFFICES

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 three (3) minutes each.
3. **APPROVAL OF MINUTES OF DECEMBER 5, 2005**
4. **SECOND QUARTER FINANCIAL REPORT** **J. MCKAY/4629**
jmckay@baaqmd.gov
Staff will present to the Committee the second quarter financial report for Fiscal Year 2005-06.
5. **ANALYSIS OF STATE AND FEDERAL PROPOSED 2006-07 BUDGETS** **J. BROADBENT/5052**
jbroadbent@baaqmd.gov
Staff will provide an overview to the Committee on the State and Federal budgets and any impact to the District.
6. **CEILING REPLACEMENT AND ASBESTOS ABATEMENT FOR HVAC REPLACEMENT - TRANSFER/EXPENDITURE** **J.**
MCKAY/4629
jmckay@baaqmd.gov
Consider recommending that the Board of Directors amend the Fiscal Year 2005-06 Budget by increasing the Penalties and Settlements General Fund Revenue by \$132,000, increase the Capital Outlay budget for Building Maintenance by \$132,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$82,000.
7. **CARPET AND FURNITURE ACQUISITION** **J.**
MCKAY/4629
jmckay@baaqmd.gov
Consider recommending that the Board of Directors amend the Fiscal Year 2005-06 Budget by increasing the Penalties and Settlements General Fund Revenue by \$120,000, as well as increase the Capital Outlay budget for the Building Maintenance Program by \$120,000.

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 – AT THE CALL OF THE CHAIR**

10. **ADJOURNMENT**

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

(415) 749-4965
FAX: (415) 928-8560
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

Memorandum

To: Chair Daly and Members of the Budget and Finance Committee
From: Jack P. Broadbent
Executive Officer/APCO
Date: January 17, 2006
Re: Budget and Finance Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of December 5, 2005.

DISCUSSION

Attached for your review and approval are the draft minutes of the December 5, 2005 Budget and Finance Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**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., Monday, December 5, 2005

1. **Call to Order:** Chairperson Julia Miller called the meeting to order at 9:45 a.m.

Roll Call: Julia Miller, Chair; Harold Brown, Roberta Cooper (9:48 a.m.), Chris Daly, Scott Haggerty, Patrick Kwok, Mark Ross.

Absent: Jerry Hill, Gayle B. Uilkema.

Also Present: Marland Townsend.
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of October 26, 2005:** Director Daly moved approval of the minutes; seconded by Director Kwok; carried unanimously without objection.
4. **Replacement of the District Payroll System:** *The Committee considered recommending that the Board of Directors amend the FY 2005/2006 Budget by transferring \$102,000 from the Reserve for Contingencies to the Payroll Budget (Program 106), and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$102,000 to Ceridian Corporation to replace the District's payroll system.*

Jeff McKay, Chief Financial Officer, presented the report and provided background information on the Air District's payroll service provider. Mr. McKay stated that, as of July 1, 2006, Automatic Data Processing, Inc. (ADP) will no longer support the District's payroll product.

Director Roberta Cooper arrived at 9:48 a.m.

Mr. McKay summarized the three responses received on the Request for Proposal (RFP). The payroll provider that would best fit the District's needs is Ceridian. Mr. McKay advised the Committee that the \$102,000 is the cost to implement and integrate the new system.

Mr. McKay stated that staff recommends that the Committee recommend that the Board of Directors amend the fiscal year 2005/2006 Budget by transferring \$102,000 from the Reserve for Contingencies to the Payroll Budget (Program 106), and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$102,000 to Ceridian Corporation.

Committee Action: Director Brown moved that the Committee recommend approval of the staff recommendation to the Board of Directors; seconded by Director Ross.

There was a discussion on the yearly cost savings of \$7,000. The motion then passed unanimously without objection.

5. **Consider Approval of Funding for Phase II Development of a New Data Management System for Ambient Air Quality and Meteorological Data:** *The Committee considered recommending that the Board of Directors amend FY 2005/2006 Budget by accepting a \$278,935 EPA grant from the National Environmental Information Exchange Network and awarding a \$278,935 contract to Sonoma Technology, Inc. for Phase II Development of a new Data Management System for Ambient Air Quality and Meteorological Data.*

Gary Kendall, Director of Technical Services, presented the report and stated that staff is requesting that the Committee recommend that the Board of Directors amend the fiscal year 2005/2006 Budget to recognize a grant in the amount of \$278,935 and to award a contract to Sonoma Technology in the same amount. This grant will be used to replace equipment that is about 25 years old. Mr. Kendall noted that the new equipment will reduce the time required to submit data to the Environmental Protection Agency (EPA) from 90 to 45 days. Mr. Kendall stated that staff did look at several contractors and determined to stay with the same contractor. Sonoma Technology, Inc. is a California Air Resources Board (CARB) and EPA approved contractor.

Committee Action: Director Haggerty moved that the Committee recommend approval of the staff recommendation to the Board of Directors; seconded by Director Kwok; carried unanimously without objection.

6. **Committee Member Comments/Other Business.** There were none.
7. **Time and Place of Next Meeting:** Chairperson Miller announced that the December 28, 2005 meeting is cancelled. The next meeting is scheduled for 9:45 a.m., Wednesday, January 25, 2006, 939 Ellis Street, San Francisco, California 94109
8. **Adjournment:** The meeting adjourned at 10:06 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 14, 2006

Re: Second Quarter Financial Report – Fiscal Year 2005-06

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$7,511,294 (49.9%) of budgeted revenue.
- Permit Fee receipts were \$12,668,239 (74.5%) of budgeted revenue.
- Title V Permit Fees were \$981,768 (48.7%) of budgeted revenue.
- Asbestos Fees were \$800,036 (49.5%) of budgeted revenue.
- Toxic Inventory Fees were \$330,825 (64.9%) of budgeted revenue.
- Penalties and Settlements were \$1,469,750 (73.5%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$260,696 (144.8%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$19,046,610 (50.9%) of estimated expenditures.
- Operational Services and Supplies were \$4,488,444 (49.1%) of estimated expenditures.
- Capital Outlay was \$160,038 (38.9%) of estimated expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$3,966,444 (39.0%) of estimated revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$756,833(39.4%) of estimated expenditures.
- Operational Services and Supplies were \$3,209,611 (38.9%) of estimated expenditures.

FUND BALANCES

FUND BALANCES	6/30/2004 Audited	6/30/2005 Projected	6/30/2006 Projected
SPECIAL RESERVES:			
Reserve for Imprest Cash (Cash Revolving Fund)	1,200	1,200	1,200
Reserve for Building and Facilities	2,894,175	2,894,175	2,186,035
Reserve for PERS Funding	3,500,000	3,500,000	3,100,000
Reserve for Radio Replacement	3,500,000	3,500,000	3,500,000
Reserve for State Ozone Modeling Plan	350,000	350,000	0
Reserve for Production System (Best of Breed)	2,100,000	1,960,000	1,710,000
Reserve for Prior Year Adjustments	15,000	15,000	15,000
Reserve for Capital Equipment	378,000	378,000	925,500
Reserve for Contingencies	265,000	265,000	298,000
Reserve for Workers Compensation Self Funding	1,000,000	1,000,000	1,000,000
TOTAL SPECIAL RESERVES:	<u>14,003,375</u>	<u>13,863,375</u>	<u>12,735,735</u>
UNRESERVED:			
Undesignated	8,125,285	8,125,285	7,143,814
TOTAL FUND BALANCES	<u><u>22,128,660</u></u>	<u><u>21,988,660</u></u>	<u><u>19,879,549</u></u>

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on Fiscal Year 2005/2006 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael White
Reviewed by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 14, 2006

Re: Analysis of State and Federal Proposed 2006-07 Budgets

RECOMMENDED ACTION:

Receive and file.

DISCUSSION:

Last month Governor Schwarzenegger released his initial budget proposal for California's 2006-07 fiscal year, as well as his Strategic Growth Plan. Staff have reviewed both proposals, and highlight the aspects most relevant to the District below. Note however, that both documents are merely initial proposals from the Administration. A second budget proposal (the "May Revise") will likely be issued over three months from now. The final budget is due to be adopted by June 15, 2006 (although in practice the actual adoption date is typically weeks or months later). The budget ultimately adopted is the result of negotiations between the Legislature and the Governor. Similarly, content of the Strategic Growth Plan is the subject of legislative hearings currently, and what ultimately is presented to the electorate will be a result of negotiation between the Legislature and the Administration.

On the budget front, local air districts historically receive state funding to carry out the districts' mission. These funds, called state subvention, come from the Motor Vehicle Account of the State Transportation Fund. The Governor's proposal would continue the Air District's state subvention at the same level as for the last four years.

In the lean budget years of 2004-05 and 2005-06, 10% of the property tax revenues the District received were taken by the State. Per changes to the State constitution made by Proposition 1A of the November 2004 ballot, this 10% takeaway is scheduled to end in the upcoming fiscal year. Accordingly, the Governor's budget includes no State taking of the District's local property tax revenues. While expected, this is still very positive financial news for the District.

The Air Resources Board (ARB) fares quite well in the Governor's budget proposal. ARB is slated to receive roughly 42 new positions, focused on reducing climate change emissions, enforcement, and cutting goods movement emissions.

The Strategic Growth Plan has been the subject of extensive press coverage, and extensive testimony and debate in the Legislature. Staff notes that the \$107 billion plan contains \$2

billion to cut goods-movement related pollution, with an emphasis on air pollution from moving cargo, particularly through the ports. Of the \$2 billion, half is planned to be raised through bond funds, while the additional half is in as-yet undefined matching funds. It is also not yet clear if the \$1 billion in bond funds would be generated in the first bond proposal before the voters, or if it is a cumulative figure to be generated over time through multiple proposals. Staff has heard from ARB management that these funds are planned for a Carl Moyer-like program to be administered by ARB rather than local air districts.

The President released a draft Federal Fiscal Year 2006-07 budget last week. Staff notes that this is also only a preliminary document, and adoption of a Federal budget is many months away. However, the President's budget would cut Federal air quality grants to state and local air agencies by 16%. Federal funding for fine particle monitoring through Section 103 grants would be cut, as well as Section 105 grants. Since the District currently receives roughly \$2.23 million in Section 103 and 105 grants, the President's proposal could potentially cut district funding by \$357,000.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact on current (2005-06 budget). Potential impacts on next year discussed above.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Addison
Reviewed by: Brian Bunger

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 22, 2006

Re: Ceiling Replacement and Asbestos Abatement for HVAC Replacement

RECOMMENDED ACTION:

Consider recommending that the Board of Directors amend the FY 2005/2006 Budget by increasing the Penalties and Settlements General Fund Revenue by \$132,000 and correspondingly increase the Capital Outlay budget for Building Maintenance (Program 102) by \$132,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$82,000 to Ben Bolles.

BACKGROUND

The District is in the fourth and final phase of its multi-year HVAC upgrade. This work includes the replacement of old junction ductwork with variable volume air mixing boxes. These boxes reside in the ceilings of the areas they service. However, the ceiling on the second floor west is a fixed ceiling and it must be replaced with a suspended ceiling to allow installation and servicing of the boxes.

In addition, a recent asbestos survey of the roof area shows that asbestos abatement is required for the demolition associated with the HVAC replacement.

DISCUSSION**Ceiling**

New variable volume air mixing boxes will be installed along with new ductwork. A T-bar drop-in ceiling is the most economic replacement for the existing hard ceiling and offers ease of access to service the new mixing boxes. In addition, the new light fixtures associated with the new ceiling will be brighter with fewer fixtures and will meet Title 24 of the State Energy Savings Standard. Cost for this work will not exceed \$82,000.

Asbestos Abatement

A survey of the demolition area shows that there is asbestos associated with the HVAC ducting. A vendor will be retained to perform abatement of asbestos containing material. This work will occur over approximately ten days. Costs associated with this work are estimated at \$50,000.

Funding

Current year Penalties and Settlements collections already exceed the full year budget of \$2 million by over \$500,000.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Capital Outlay budget for Building Maintenance (Program 102) will be increased by \$132,000 with a corresponding increase of \$132,000 to the FY 2005/2006 Penalties and Settlements General Fund Revenue budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 22, 2006

Re: Carpet and Furniture Acquisition

RECOMMENDED ACTION:

Consider recommending that the Board of Directors amend the FY 2005/2006 Budget by increasing the Penalties and Settlements General Fund Revenue by \$120,000 and correspondingly increase the Capital Outlay budget for Building Maintenance (Program 102) by \$120,000.

BACKGROUND

The District has substantial deferred requirements for maintenance to office space over the years. In particular, cubicle, furniture and carpet replacement will be featured in the District's five year capital plan presented with the budget for the new fiscal year. Therefore, District staff has prepared for standardization and centralization of furniture and carpet purchasing. Current-year office space needs provide the first opportunity to use these negotiated cost savings.

DISCUSSION

Carpet

The District has historically used a light-to-medium duty broadloom woven carpet. Substantial savings can be obtained with an alternate selection. In particular, the District intends to use high stain resistant, high-to-extreme duty carpet squares. There are multiple sources of savings with this selection. The cost of the carpet itself is substantially less. No padding is required. The cost of installation is less. The life of the carpet (lifetime guarantee) is much greater. The cost of repair and replacement is less. A summary table of these attributes is presented below.

(\$ per yard)	<u>Cost</u>	<u>Pad</u>	<u>Installation</u>	<u>Grade</u>	<u>Total</u>
Broadloom (recent 7th floor)	36.31	3.00	25.00	Light-to-Medium	64.31
Mannington Carpet Squares	22.62	-	22.31	High-to-Extreme	44.93

The cost for the carpet squares was negotiated directly with the manufacturer and is below the General Services Administration (GSA) cost of \$25.33 per square yard.

Furniture Sets

The District has historically used multiple sources to meet its furniture requirements. However, District requirements for both standard offices and cubicles can be met by a single vendor. A furniture set includes a corner desk, a 30" return, a 72" credenza, two under mount filing cabinets

(pedestals size), two overhead storage bins, a personal storage tower, a task light (mounted under overhead storage bins), and a tack board (mounted under overhead storage bins).

After negotiation with various vendors the District considered three offerings presented below.

(\$ / office or cubical)	Cost
Sierra Furniture	3,217
Corner Office	2,264
Commercial Services Group	2,024

Commercial Services Group was selected based on cost and superior support infrastructure. The product supplied is Allsteel brand with a lifetime warranty. The negotiated cost is 64% off list. GSA cost is 63.5 % off list.

Funding

Current year Penalties and Settlements collections already exceed the full year budget of \$2 million by over \$500,000.

Application of Funds

These funds will provide furniture for up to twelve offices and nine cubicles, and will also provide carpet for one half of the west half of the 6th floor and several offices.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Capital Outlay budget for Building Maintenance (Program 102) will be increased by \$120,000 with a corresponding increase of \$120,000 to the FY 2005/2006 Penalties and Settlements General Fund Revenue budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay