



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CHRIS DALY - CHAIRPERSON
HAROLD BROWN
ERIN GARNER
JANET LOCKHART
TIM SMITH

PATRICK KWOK - VICE CHAIRPERSON
DAN DUNNIGAN
JERRY HILL
MARK ROSS

MONDAY
OCTOBER 30, 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 SEPTEMBER 27, 2006**
4. **REVIEW OF REALLOCATION OF RESERVES FOR FUNDING OF CLIMATE PROTECTION GRANT PROGRAM**

J. McKay/4629
jmckay@baaqmd.gov

The Committee will consider a designation of Reserve for Climate Protection Grant program and funding the new reserve with a transfer of \$3,000,000.00 from Reserve for Radio Replacement.
5. **CONSIDER AMENDING FISCAL YEAR 2006/2007 APPROVED BUDGET**

J. McKay/4629
jmckay@baaqmd.gov

The Committee will consider amending the FY 2006/2007 approved budget to recognize revenue from Climate Protection Summit sponsors.
6. **REPLACEMENT OF FIELD COMMUNICATIONS SYSTEM FOLLOW-UP**

K. Wee/4760
kwee@baaqmd.gov

Staff will respond to requests for information regarding the replacement of the Field Communications System from the Committee at its last meeting.
7. **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).

8. **TIME AND PLACE OF NEXT MEETING – NOVEMBER 22, 2006 – 939 ELLIS STREET, SAN FRANCISCO, CA 94109**

9. **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: Chairperson Daly and
Members of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 20, 2006

Re: Budget and Finance Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of September 27, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the September 27, 2006 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
9:45 a.m., Wednesday, September 27, 2006

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 9:48 a.m.

Roll Call: Chris Daly, Chair; Harold Brown, Dan Dunnigan, Jerry Hill, Mark Ross, Tim Smith.

Absent: Erin Garner, Patrick Kwok.

Also Present: Gayle B. Uilkema.

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

3. **Approval of Minutes of May 30, 2006:** Director Smith moved approval of the minutes; seconded by Director Hill; carried unanimously without objection.

4. **Fourth Quarter Financial Report – Fiscal Year 2005-2006:** *Staff presented to the Committee the fourth quarter financial report for Fiscal Year 2005-06.*

Jeff McKay, Chief Financial Officer, presented the report and reviewed the General Fund statement of revenue and statement of expenditures; the Transportation Fund for Clean Air (TFCA) fund statement of revenue and expenditures; and the fund balances. There were no public comments on this agenda item.

The Committee discussed the designation of Carl Moyer funds for the inter-district projects from the passage of SB 225. Projects for these funds will be identified at a later date. In discussion of the penalty settlements that the Air District received, Brian Bunger, Counsel, stated that there were no Supplemental Environmental Projects (SEPs) associated with the Tesoro settlement. Board Chair Uilkema requested staff provide a report on the SEP fund at a future meeting. Chair Daly requested staff bring information back to the Committee as the money is accumulated in the mitigation fund.

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

5. **Deferred Maintenance: Carpet, Furniture, Server Space and ADA Compliance of Restroom:** *The Committee considered recommending that the Board of Directors approve the transfer of \$961,860 from the Reserve for Building and Facilities and approve an increase in the Fiscal Year 2006/2007 Building Maintenance Capital Outlay budget of*

\$961,860, and authorize the Executive Officer/APCO to issue purchase orders not to exceed \$961,860 for deferred maintenance of building.

Mr. McKay presented information on the deferred maintenance and indicated that the furniture and carpeting will be standardized for easier replacement in the future. Mr. McKay reviewed the cost comparison of several vendors for the carpet and furniture. The scope of the deferred maintenance includes prioritizing five of tens wings for furniture and carpet replacement, upgrading the 7th floor restroom to meet the requirements of the American's with Disabilities Act (ADA), and installing a secondary server room on the 6th floor. A cost breakdown was provided on the work being done on each wing of the building.

Committee Action: Director Brown moved that the Committee recommend that the Board of Directors approve the staff recommendation to transfer \$961,860 from the Reserve for Building and Facilities and approve an increase in the Fiscal Year 2006/2007 Building Maintenance Capital Outlay budget of \$961,860, and authorize the Executive Officer/APCO to issue purchase orders not to exceed \$961,860; seconded by Director Ross; carried unanimously without objection.

6. **Consider Amending FY 2006/07 Budget to Recognize Increased Revenue from Homeland Security Grant:** *The Committee considered recommending that the Board of Directors amend the FY 2006/07 Budget by increasing the Department of Homeland Security (DHS) Grant Revenue from \$1,943,818 to a total of \$2,087,103, and correspondingly increase the budget for Bio Watch (Program 809), and authorize the Executive Officer/APCO to issue a purchase order for monitoring equipment not to exceed \$143,285.*

Gary Kendall, Director of Technical Services, presented the report and stated that this grant will allow the purchase of monitoring equipment for possible future expansions into indoor transportation hubs and to provide back-up equipment for the existing network. Staff recommended that the Committee recommend that the Board of Directors amend the Fiscal Year 2006/2007 Budget by increasing the DHS Grant Revenue from \$1,943,818 to a total of \$2,087,103, and correspondingly increase the budget for BioWatch (Program 809), and authorize the Executive Officer/APCO to issue a purchase order for monitoring equipment not to exceed \$143,285.

Committee Action: Director Hill moved the staff recommendation; seconded by Director Dunnigan; carried unanimously without objection.

7. **Replacement of the Field Communications System:** *The Committee considered recommending that the Board of Directors transfer \$425,000 from the reserve for radio replacement and approve an increase in the FY 2006/2007 Communications Equipment Capital Outlay Budget by \$425,000, and authorize the Executive Officer/APCO to issue purchase orders not to exceed \$425,000.*

Kelly Wee, Director of Compliance and Enforcement, presented the report and stated that the current Field Communications System was constructed in the mid-1970's. A reserve account for the replacement of the system was established several years ago and has now reached \$3.5 million. Mr. Wee presented an overview of the communications systems now in place; the Request for Proposals (RFP) timeline and rating criteria; and a comparison of the RFP's from Telepath, Sprint, and IP Mobile. Mr. Wee noted that none of the bids received

integrated both voice communications and data transmission. A review of the multiplatform systems costs was also presented.

Mr. Wee discussed options regarding the FCC frequencies the Air District uses, such as selling them to the California Office of Emergency Services. In addition, the leases on the towers currently being used by the Air District would be terminated. The District's equipment would be removed from the towers. Staff recommended that the Committee consider recommending that the Board of Directors transfer \$425,000 from the Reserve for Radio Replacement and approve an increase in the Fiscal Year 2006/2007 Communications Equipment Capital Outlay budget by \$425,000, and authorize the Executive Officer/APCO to issue purchase orders with a total not to exceed \$425,000.

Director Uilkema requested staff provide information on the life expectancy of the new system. Director Dunnigan requested staff to bring in one of the hand-held's. The Committee directed staff to investigate the issue of terminating the leases on the towers currently in use by the District and the radio frequencies used by the District.

Committee Action: Director Ross moved the staff recommendation and, in addition, staff is requested to report back to the Committee at its next meeting regarding the issue of terminating leases on towers that are currently being used and use of the District's current FCC radio frequencies; seconded by Director Uilkema.

There were no public comments on this agenda item. The motion then carried unanimously without objection.

8. **Committee Member Comments/Other Business.** There were none.
9. **Time and Place of Next Meeting:** The next Committee meeting will be at the Call of the Chair.
10. **Adjournment:** The meeting adjourned at 10:39 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 25, 2006

Re: Review of Reallocation of Reserves for Funding of Climate Protection
Grant Program

RECOMMENDED ACTION:

Consider recommending that the Board of Directors designate a Reserve for the Climate Protection Grant Program and fund the new Reserve with a transfer of \$3,000,000.00 from the Reserve for Radio Replacement.

BACKGROUND

The Ad Hoc Committee on Climate Protection met on Thursday, October 12, 2006 to consider recommending Board of Directors' approval for the establishment of a Climate Protection Grant program with an initial allocation of \$2,000,000.00 subject to review by the Budget and Finance Committee with regard to the redesignation of requested funds.

The Ad Hoc Committee on Climate Protection recommended that the Board of Directors establish the Climate Protection Grant program with an initial allocation of \$3,000,000.00 and a review by the Budget and Finance Committee for additional funding. The formalized creation of a new Standing Committee on Climate Protection was also recommended for approval. The new Committee would have the authority to make grant program award recommendations to the Board of Directors. The Program would fund projects beyond those covered by current District grant programs.

The Board of Directors at its October 18, 2006 meeting approved the Committee's recommendations to establish a Climate Protection Grant program with an initial allocation of \$3,000,000.00 with concurrence from the Budget and Finance Committee and the formalization of a new Climate Protection Committee. The Board of Directors further directed the Budget and Finance Committee's consideration of whether funds may be available to increase the allocation amount to \$5,000,000.00.

DISCUSSION

Staff will present the recommended Reserve transfer and its effect on District Reserve funds.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

The transfer will have no budget impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 22, 2006

Re: Consider Amending Fiscal Year 2006/2007 Budget to Recognize Revenue from
Climate Protection Summit Sponsors

RECOMMENDED ACTION:

Consider recommending that the Board of Directors add a line item to the FY 06/07 Planning and Research Professional Services Program 608 in the amount of \$300,000 for the Climate Protection Summit, and increase the Planning and Research Professional Services Program 608 in the amount of \$200,000, and correspondingly add a revenue line item of \$200,000 to recognize sponsorship income for this event, with the balance of the cost covered by the current budget.

DISCUSSION

The District will receive additional funds exceeding those projected during development of the FY 06/07 budget. In keeping with proper budgeting and accounting practices, the receipt of these funds should be recognized in a mid-year budget adjustment. In the past, staff has recommended mid-year budget adjustments when necessary.

The costs related to the Climate Protection Summit, including planning, speaker's fees, venue rental, catering and the like are expected to be approximately \$300,000. As previously discussed with the Board of Directors, the District is in the process of soliciting sponsorship for this event which is expected to defray a portion of the costs. The balance of the costs will be covered by the current budget.

BUDGET CONSIDERATION/FINANCIAL IMPACT

This action will increase the FY 06/07 Planning and Research Professional Services Program 608 in the amount of \$200,000, and correspondingly add a revenue line item of \$200,000 to recognize sponsorship income for this event.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 19, 2006

Re: Replacement of Field Communications System Follow-Up

RECOMMENDED ACTION:

Informational Report.

BACKGROUND

On September 27, 2006, the Budget and Finance Committee considered and approved staff's proposal to replace the Field Communication System and recommended the Board of Directors transfer \$425,000 from the Reserve for Radio Replacement, approve an increase in the FY 2006/2007 Communications Equipment Capital Outlay budget by \$425,000, and authorize the Executive Officer/APCO to issue purchase orders with a total not to exceed \$425,000 for the Field Communications System replacement project. The Board of Directors considered and approved the Committee's recommendation during their regularly scheduled meeting on October 4, 2006. Several issues and questions about the residual value of radio assets were raised by Budget and Finance Committee Members and the Board of Directors. Staff was directed to report back to the Budget and Finance Committee on October 30, 2006 with responses to the questions.

DISCUSSION

Staff has examined several issues raised by Board Members during discussions about the replacement of the Field Communications System. Responses are presented below.

Issue: Analog versus Digital

No digital area-wide systems that incorporate multiple repeater sites are commercially available at this time. Only recently was a single repeater digital system made available by Motorola. Another reason the District chose an analog system is that it has a greater range (distance) compared to digital. This feature is important because a better coverage area was one of the main criteria for the new system.

Issue: Sub-Leasing of Tower Sites

Staff has reviewed all the repeater tower leases, contacted the tower owners, and concluded there are no tower availability issues that would suggest that the District sub-lease current tower leases. Of the six tower sites, one is leased equipment and at the other five the District owns the equipment and leases space operated with. Of those five, three are privately owned, commercial towers with current vacancies. Two towers are leased from the County of Alameda and the County will not allow sub-leases. The County has space available on its towers currently and has indicated that if the District desired to lease tower space in the future, there would not be any problem reinstating the leases as long as the District’s equipment does not interfere with the County system. The table below provides information about the current radio transmitter tower sites leased by the District.

Inventory of Leased Tower Sites – Existing Field Communications System

Radio Tower Site	Tower Ownership	Tower Equipment	Availability Status
Big Rock Ridge	Private	District Owned	Space available
Mt. Diablo	Private	Leased	Space available
Mt. Vaca	Private	District Owned	Space available
Sunol Ridge	Alameda County	District Owned	Space available
San Leandro Hills	Alameda County	District Owned	Space available
San Bruno Mountain	Private	District Owned	Space available

Issue: Life Expectancy of New Equipment

The vendor, Telepath, has a 10-year life expectancy for the dispatch consoles in their RFP. The car radios can also experience a similar useful life depending on use. Telepath also guarantees that if a product such as the console is discontinued, it will provide service for 10 years after that point in time.

Issue: Value of District-Owned FCC Licensed Frequencies

Staff has been advised that retaining the FCC license and frequencies and leasing the use of the frequencies may be more beneficial than trying to sell them through an auction sale. Although the license and frequencies are valuable in theory, only emergency agencies may be able to use them. An auction may not return the full potential value if only a few agencies are interested and have limited funding to bid. This scenario could result in low bids that are below the potential value of the license.

Issue: Interoperability with First Responders (Police and Fire)

The proposed system is interoperable with first responders provided they approve the District's use of their alternative frequency.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Prepared by: Kelly Wee