



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

TUESDAY  
DECEMBER 19, 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 OCTOBER 30, 2006**
4. **FIRST QUARTER FINANCIAL REPORT FOR FISCAL YEAR 2006/2007** J. McKay/4629  
[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)  
  
*The financial report for the first quarter of fiscal year 2006/2007 will be presented. This will be an informational item.*
5. **PRODUCTION SYSTEM PROJECT PLAN AND FUNDING** J. McKay/4629  
[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)  
  
*The Committee will consider recommending that the Board of Directors' approve staff's recommendation to transfer \$1,000,000 from the Undesignated Reserve into the Reserve for Production System and authorize the Executive Officer/APCO to issue purchase orders from previously appropriated funds with a total not to exceed \$1,400,000.*
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 – JANUARY 24, 2007 - 9:45 A.M. – 939 ELLIS STREET, SAN FRANCISCO, CA 94109**
8. **ADJOURNMENT**

**CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, 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 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: November 1, 2006

Re: Budget and Finance Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of October 30, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the October 30, 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., Monday, October 30, 2006

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 9:45 a.m.  
  
**Roll Call:** Chris Daly, Chair; Jerry Hill, Patrick Kwok, Mark Ross, Tim Smith.  
  
**Absent:** Harold Brown, Dan Dunnigan, Erin Garner, Janet Lockhart.  
  
**Also Present:** Scott Haggerty, Pamela Torliatt (9:50 a.m.), Gayle B. Uilkema.
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of September 27, 2006:** Director Uilkema moved approval of the minutes; seconded by Director Hill; carried unanimously without objection.
4. **Review of Reallocation of Reserves for Funding of Climate Protection Grant Program:**  
*The Committee considered 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.*

Jeff McKay, Chief Financial Officer, presented the report and stated that the Ad Hoc Committee on Climate Protection recommended \$3,000,000 as an initial allocation to establish a Climate Protection Grant Program. In addition, a request was made that if funds become available in the future, the allocation amount would be increased to \$5,000,000.

Mr. McKay reviewed the typical guidance for Unreserved Funds, which call for 10% to 25% of General Fund revenue. The District's \$9 million in the Unreserved Fund is 19% of the General Fund revenue. Mr. McKay stated that the radio room replacement came in under budget, which leaves \$3 million available to be re-designated. Mr. McKay reviewed the current reserves. Staff recommended that the Committee 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 from the Reserve for Radio Room Replacement.

Kelly Wee, Director of Compliance and Enforcement, responded to questions and provided information on technology and other changes that reduced the cost of the radio room replacement.

Director Pamela Torliatt arrived at 9:50 a.m.

There was discussion with regard to staff continuing to look for an additional \$2 million to add to the initial \$3 million for this program. There was also discussion on the establishment of a Foundation. Jack Broadbent, Executive Officer/APCO indicated that the new standing Committee on Climate Protection would review ways to develop a Foundation.

**Committee Action:** Director Hill moved the staff recommendation; seconded by Director Uilkema.

There was a brief discussion on the process for changing the Administrative Code to establish the new standing committee.

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

5. **Consider Amending Fiscal Year 2006/2007 Approved Budget:** *The Committee considered amending the FY 2006/2007 approved budget to recognize revenue from Climate Protection Summit sponsors.*

Mr. McKay presented the report and stated that the Air District succeeded in obtaining sponsorship for the Climate Protection Summit and the projected amount of sponsorship is \$200,000. Currently there is \$100,000 budgeted for this event. Staff recommended that the Committee recommend that the Board of Directors add a line item to the fiscal year 2006/2007 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.

In response to questions, Mr. Broadbent stated that when the budget was prepared, the Air District anticipated receiving sponsorships for the Summit.

**Committee Action:** Director Smith moved the staff recommendations; seconded by Director Kwok.

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

6. **Replacement of Field Communications System Follow-Up:** *Staff responded to requests for information regarding the replacement of the Field Communications System from the Committee at its last meeting.*

Kelly Wee, Director of Compliance and Enforcement, presented information regarding the replacement of the Field Communications System. Topics reviewed included:

- Analog versus digital
- Sub-leasing of tower sites
- Life expectancy of new equipment
- Value of District-owned FCC licensed frequencies

- Interoperability with First Responders (police and fire)

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

7. **Committee Member Comments/Other Business.** There were none.
8. **Time and Place of Next Meeting:** 9:45 a.m., Wednesday, November 22, 2006 – 939 Ellis Street, San Francisco, CA 94109
9. **Adjournment:** The meeting adjourned at 10:15 a.m.

Mary Romaidis  
Clerk of the Boards

**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: December 6, 2006

Re: First Quarter Financial Report – Fiscal Year 2006-07

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$21,883 (.12%) of budgeted revenue. The District will receive the bulk of this revenue in January and June.
- Permit Fee receipts were \$6,894,638 (37.2%) of budgeted revenue.
- Asbestos Fees were \$408,847 (25.3%) of budgeted revenue.
- Title V Permit Fees were \$940,850 (40.6%) of budgeted revenue.
- Toxic Inventory Fees were \$198,083 (37.0%) of budgeted revenue.
- Penalties and Settlements receipts were \$195,350 (9.8%) of budgeted revenue.
- Interest Income was \$277,156 (46.2%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$74,815 (40.9%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$9,205,764 (24.1%) of estimated expenditures.
- Operational Services and Supplies were \$1,630,690 (14.6%) of estimated expenditures.
- Capital Outlay was \$214,856 (15.8%) of estimated expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$2,177,426 (20.0%) of estimated revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$443,395 (22.6%) of estimated expenditures.
- Operational Services and Supplies were \$1,734,031 (19.4%) of estimated expenditures.

FUND BALANCES

<b>FUND BALANCES</b>	<b>6/30/2005 Audited</b>	<b>6/30/2006 Unaudited</b>	<b>6/30/2007 Projected</b>
<b>SPECIAL RESERVES:</b>			
Reserve for Imprest Cash (Cash Revolving Fund)	1,200	1,200	500
Reserve for Building and Facilities	2,894,175	2,772,175	1,810,315
Reserve for PERS Funding	3,500,000	3,100,000	2,700,000
Reserve for Radio Replacement	3,500,000	3,500,000	75,000
Reserve for Climate Protection Grant Program	0	0	3,000,000
Reserve for State Ozone Modeling Plan	350,000	0	0
Reserve for Production System (Best of Breed)	500,000	250,000	250,000
Reserve for Prior Year Adjustments	15,000	15,000	15,000
Reserve for Capital Equipment	378,000	297,925	297,925
Reserve for Encumbrances	1,760,075	2,000,000	2,000,000
Reserve for Contingencies	400,000	400,000	400,000
Reserve for Workers Compensation Self Funding	1,000,000	1,000,000	1,000,000
<b>TOTAL SPECIAL RESERVES:</b>	<b>14,298,450</b>	<b>13,336,300</b>	<b>11,548,740</b>
<b>MULTI-YEAR APPROPRIATIONS:</b>			
Appropriation – Production System	1,485,743	1,555,667	1,555,667
Appropriation - Other	37,053	183,325	205,500
<b>TOTAL MULTI-YEAR APPROPRIATIONS:</b>	<b>1,522,796</b>	<b>1,738,992</b>	<b>1,761,167</b>
<b>UNDESIGNATED:</b>	<b>8,991,610</b>	<b>9,300,950</b>	<b>9,950,900</b>
<b>TOTAL FUND BALANCES</b>	<b>24,812,856</b>	<b>24,376,242</b>	<b>23,260,807</b>

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on Fiscal Year 2006/2007 budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Michael White  
Reviewed by: Jeffrey 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: December 10, 2006

Re: Production System Project Plan and Funding

RECOMMENDED ACTION:

Consider recommending that the Board of Directors: (1) approve staff's recommendation to transfer \$1,000,000 from the Undesignated Reserve into the Reserve for Production System; and (2) authorize the Executive Officer/APCO to issue purchase orders from previously appropriated funds with a total not to exceed \$1,400,000.

DISCUSSION

After a careful phase of scoping and pilot work on the Production System Project characterized by a very low rate of expenditure, the District has created a detailed Project Plan and proposes to begin execution of the plan. Execution of the plan will be accompanied by detailed reports on the status of actual costs as compared to projected costs, and by detailed reports on the status of actual accomplishments as compared to projected accomplishments. Staff will present a description of the Project Team structure, a description of the anticipated timeline, and an estimate of the cost.

The Project is composed of nine remaining phases. The cost of the first four phases is firmly targeted at \$2.8M in total. The cost of the remaining five phases is expected to total an equal amount (\$2.8M). Further refinement of the cost target for the final five phases will be facilitated by completion of the first four phases.

Completion of the first two phases will require \$1.4M and staff requests authorization to issue purchase orders not to exceed \$1.4M to complete this work. Staff will discuss the status of vendor selection.

The Board of Directors has appropriated funds in Fiscal Years 2004-2005 and 2005-2006 for the Production System with \$1,555,667 in appropriated funds available in the Projected 6/30/06 Fund Balance. In addition \$250,000 remains in reserves for a total of \$1.8M in unexpended funds. Therefore, no appropriation is currently required. However, staff recommends that additional Reserves of \$1,000,000 be set aside by transfers from the Undesignated Reserve to bring the unexpended designated funds to the \$2.8M required for Phases I and II. The resulting Reserve structure is shown below:

<b>FUND BALANCES</b>	<b>6/30/2005 Audited</b>	<b>6/30/2006 Unaudited</b>	<b>6/30/2007 Projected</b>	<b>Recommend</b>
<b>SPECIAL RESERVES:</b>				
Imprest Cash	1,200	1,200	500	500
Building and Facilities	2,894,175	2,772,175	1,810,315	1,810,315
PERS Funding	3,500,000	3,100,000	2,700,000	2,700,000
Radio Replacement	3,500,000	3,500,000	75,000	75,000
Climate Protection			3,000,000	3,000,000
Ozone Modeling Plan	350,000	0	0	0
Production System	500,000	250,000	250,000	1,250,000
Prior Year Adjustments	15,000	15,000	15,000	15,000
Capital Equipment	378,000	297,925	297,925	297,925
Encumbrances	1,760,075	2,000,000	2,000,000	2,000,000
Contingencies	400,000	400,000	400,000	400,000
Workers Compensation	1,000,000	1,000,000	1,000,000	1,000,000
<b>SPECIAL RESERVES:</b>	<b>14,298,450</b>	<b>13,336,300</b>	<b>11,548,740</b>	<b>12,548,740</b>
<b>APPROPRIATIONS:</b>				
Production System	1,485,743	1,555,667	1,555,667	1,555,667
Other	37,053	183,325	205,500	205,500
<b>SUB-TOTAL</b>	<b>1,522,796</b>	<b>1,738,992</b>	<b>1,761,167</b>	<b>1,761,167</b>
<b>UNDESIGNATED:</b>	<b>8,991,610</b>	<b>9,300,950</b>	<b>9,950,900</b>	<b>8,950,900</b>
<b>TOTAL FUND BALANCES</b>	<b>24,812,856</b>	<b>24,376,242</b>	<b>23,260,807</b>	<b>23,260,807</b>

#### BUDGET CONSIDERATION/FINANCIAL IMPACT

Staff's recommendation would result in the transfer of \$1,000,000 from the Undesignated Reserve into the Reserve for Production System. In addition, staff's recommendation would result in the issuance of Purchase Orders and expenditure of previously appropriated funds.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Jeffrey McKay