

**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., Tuesday, December 19, 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, Janet Lockhart, Mark Ross.  
  
**Absent:** Harold Brown, Dan Dunnigan, Erin Garner, Tim Smith.
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of October 30, 2006:** Director Kwok moved approval of the minutes; seconded by Director Hill; carried unanimously without objection.
4. **First Quarter Financial Report for Fiscal Year 2006/2007:** *The financial report for the first quarter of fiscal year 2006/2007 was presented. This is an informational item.*

Jeff McKay, Chief Financial Officer, presented the report and reviewed the General Fund Statement of Revenue and Statement of Expenditures. Mr. McKay noted that the county revenue receipts shown are typical for this time of year.

Brian Bunger, Counsel, reviewed the penalty and settlement receipts and stated that additional monies have been received by the District recently that are not reflected in the figures before the Committee. He noted that the District received a \$1 million settlement from Tesoro last year and, this year, there has not been a settlement of that magnitude.

Mr. McKay reviewed the Transportation Fund for Clean Air (TFCA) fund statement of revenue and expenditures.

The fund balances were discussed and Mr. McKay explained that the District continues to have a positive trend in the Undesignated Reserve and that a Reserve for the Climate Protection Grant Program was created for 2007.

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

5. **Production System Project Plan and Funding:** *The Committee considered 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.*

Mr. McKay presented an overview of the Production System replacement for IRIS and the databank. Mr. McKay reviewed the Production System project costs and noted that the cost of the first two phases would be \$1.4 million. Mr. McKay stated that a project plan has been prepared and execution of the plan will be accompanied by detailed reports on the status of actual costs and on the status of accomplishments.

The Production System project costs were reviewed and Mr. McKay indicated that the total cost of the project is \$5.6 million with a completion date of 2008 for the first half of the project and a completion date of 2010 for the second half. Mr. McKay reviewed the Production System project milestones for oversight through November 30, 2008. Staff is requesting authorization for expenditure of \$1.4 million out of funds already in reserves for the Production System and the transfer of \$1 million out of Undesignated Reserves.

There was discussion on the funds in reserve, the project costs, and changes in technology in future years.

Accomplishments and examples of deliverables were presented to the Committee. The staff has embarked on a pilot project for the system, the Authority to Construct process, which is one of the more complex areas of the Air District.

Vendors were discussed and Mr. McKay recommended that the District move forward with CH2MHill for the initial work on the project. An RFP would be prepared for the remainder of the process and the District would only continue with CH2MHill if they were selected through the RFP process. Mr. McKay then reviewed the Production System project recommended actions through November 30, 2008.

Staff recommends that the Committee recommend that the Board of Directors authorize the Executive Officer/APCO to issue purchase orders not to exceed \$1.4 million and approve the transfer of \$1.0 million from undesignated reserve to reserve for Production System.

Discussion followed regarding funding the project.

**Committee Action:** Director Ross moved the staff recommendations; seconded by Director Kwok; carried unanimously without objection.

6. **Committee Member Comments/Other Business.** Chair Daly thanked the Committee members for a solid year in terms of fiduciary responsibility. Directors Kwok and Ross expressed their appreciation to Chair Daly.
7. **Time and Place of Next Meeting:** 9:45 a.m., Wednesday, January 24, 2007 – 939 Ellis Street, San Francisco, CA 94109
8. **Adjournment:** The meeting adjourned at 10:27 a.m.

*/s/Mary Romaidis*  
Mary Romaidis  
Clerk of the Boards