

**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., Wednesday, March 1, 2006

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

Roll Call: Chris Daly, Chair; Roberta Cooper, Dan Dunnigan, Jerry Hill, Patrick Kwok, Mark Ross, Tim Smith.

Absent: Harold Brown, Erin Garner.

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

3. **Approval of Minutes of December 5, 2005:** Director Kwok moved approval of the minutes; seconded by Director Dunnigan; carried unanimously without objection.

4. **Second Quarter Financial Report:** *Staff presented to the Committee the second 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. Mr. McKay also reviewed the Transportation Fund for Clean Air (TFCA) fund statement of revenue and expenditures. The fund balances of special reserves and unreserved were discussed.

There was discussion on penalties and settlements and Chair Daly requested staff provide a report to the Committee on these items at its next meeting. In response to a question from Director Kwok, Brian Bungler, Legal Counsel, stated that the figures presented today did not include the recent settlement received from the Tesoro Refinery.

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

5. **Analysis of State and Federal Proposed 2006-07 Budgets:** *Staff provided an overview to the Committee on the State and Federal budgets and any impact to the District.*

Jack Broadbent, Executive Officer/APCO, stated that staff has reviewed budget proposals from the Governor and the President. In addition, staff has reviewed the Governor's Strategic Growth Plan.

Tom Addison, Senior Advanced Projects Advisor, presented the report and highlighted the following:

1. The 10% property tax revenue takeaway is scheduled to end in the upcoming fiscal year. Therefore, the Governor's budget includes no State taking of the Air District's local property tax revenues.
2. The Governor's proposal would continue the Air District's state subvention at the same level as for the last four years.
3. The Air Resources Board (ARB) is slated to receive approximately 42 new positions that will focus on reducing climate change emissions, enforcement, and cutting goods movement emissions.
4. The Strategic Growth Plan contains \$2 billion to cut goods-movement related pollution. Of the \$2 billion, half is planned to be raised through bond funds and the other half by as-yet undefined matching funds. These funds are planned for a Carl Moyer-like program to be administered by ARB, rather than local air districts.
5. The President's budget would cut Federal air quality grants to state and local air agencies by 16%.

During discussion, Director Smith noted that the National Association of Counties might work with the District on some of the issues in the President's budget.

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

6. Ceiling Replacement and Asbestos Abatement for HVAC Replacement-

Transfer/Expenditure: *Considered 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.*

Mr. McKay presented the report and stated that this is the fourth and final phase of the District's multi-year HVAC upgrade. Mr. McKay reviewed the asbestos abatement required for demolition of the old HVAC ductwork and replacement of the fixed ceiling on the second floor with a suspended ceiling.

Mr. McKay requested that the recommended action be amended to state that the issuance of the purchase order would not exceed \$82,000 and delete the contractor's name. The Committee accepted the amendment without objection.

In response to questions from the Committee, Mr. McKay stated that the work would be done on a weekend and that the only asbestos work being done is on the roof. It is anticipated that the work performed in phase four will come in under budget.

Staff recommends that the Committee recommend that the Board of Directors amend the fiscal year 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.

Committee Action: Director Cooper moved that the Committee recommend that the Board of Directors approve the staff recommendation, as amended; seconded by Director Hill, carried unanimously without objection.

7. **Carpet and Furniture Acquisition:** *Considered 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.*

Mr. McKay stated that as part of the new fiscal year, the Board of Directors will have a five-year capital planning process. Current-year office space needs provide the first opportunity to take advantage of some negotiated cost savings. Carpet and furniture comparisons were reviewed. In addition, the furniture and carpet will help in the District's efforts to standardize these items.

Staff recommends that the Committee recommend that the Board of Directors amend the fiscal year 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.

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

8. **Committee Member Comments/Other Business.** There were none.
9. **Time and Place of Next Meeting:** 9:45 a.m., Wednesday, March 22, 2006, 939 Ellis Street, San Francisco, California 94109
10. **Adjournment:** The meeting adjourned at 10:35 a.m.

/s/ Mary Romaidis
Mary Romaidis
Clerk of the Boards