



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
GAYLE B. UILKEMA

WEDNESDAY
January 24, 2007
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 19, 2006**
4. **DISTRICT FINANCIAL OVERVIEW FISCAL YEAR 2007-2008**

J. McKay/4629
jmckay@baaqmd.gov

Staff will present a summary of the status of the FY 07-08 budget season.
5. **CONSIDERATION OF RECOMMENDATION TO ADD ONE EMPLOYEE POSITION TO THE CURRENT FISCAL YEAR BUDGET IN THE GRANTS PROGRAM SECTION**

J. McKay/4629
jmckay@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of one employee position to the current fiscal year budget in the Grant Programs Section of the Outreach and Incentives Division.
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 – FEBRUARY 28, 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
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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: January 17, 2007

Re: Budget and Finance Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of December 19, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the December 19, 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., 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.

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: January 19, 2007

Re: District Financial Overview

RECOMMENDED ACTION:

Receive and File.

DISCUSSION

Entering the FY 07-08 budget season, the District is in excellent financial health and possesses adequate reserves. Staff will present a summary of this status.

On the revenue side, Cost Recovery continues to be a critical element of the District's financial planning. Permit-related costs and support services exceed revenue from these sources. Prior year fee increases across all fee schedules were 7% and 8.5% in the last two years respectively. Consistent attention to this discrepancy prevents the need for larger one-time adjustments. County revenue will continue to reflect the increase in Bay Area property values.

On the expenditure side, the District expects PERS costs to remain flat. Significant capital expenditures have been approved by the Board of Directors, including execution of deferred building maintenance and the replacement of the IRIS/Databank Production System. The District will also introduce preliminary planning for future medical coverage liabilities.

The District is providing support to the state-wide audit of the Carl Moyer program. A summary of these audit processes will be provided to the committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No Budget Impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 12, 2007

Re: Consideration of Recommendation to Add One Employee Position to the Current
Fiscal Year Budget in the Grants Program

RECOMMENDATION:

Recommend Board of Directors' approval of one additional employee position to the current fiscal year budget in the Grant Programs Section of the Outreach and Incentives Division.

BACKGROUND

The District's Carl Moyer Grant funding has increased from \$2.5 million to \$12.5 million. This increase, combined with new compliance rules, has increased workload significantly.

DISCUSSION

The increase in the District's Carl Moyer grant funding, along with new compliance requirements for grant programs recently issued by the California Air Resources Board, need to be addressed through increased staffing. Extensive auditing requirements for grant programs and associated record-keeping exacerbate the workload created by increased funding. A Supervising Environmental Planner position would provide the necessary expertise and coordinative abilities required to administer an expanded program.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Adding a new staff position to the Outreach and Incentives Division will result in a modest increase in personnel costs for the remainder of this fiscal year of approximately \$45,000 that will be funded by grant program revenue (estimate based on new staff working a third of the year). The annual cost of the new position will be approximately \$130,000 per year, including benefits. New legislation regarding the Carl Moyer program authorizes the District to use as much as 5% of Carl Moyer grant funding for staff; more than double the previous authorization of 2%. This change in authorization should ensure adequate funding for the new position.

Respectfully Submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael Rich
Reviewed by: Jack Colbourn