



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

BOARD OF DIRECTORS  
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

CHRIS DALY – CHAIRPERSON  
HAROLD BROWN  
JERRY HILL  
TIM SMITH  
GAYLE B. UILKEMA

MICHAEL SHIMANSKY - VICE CHAIRPERSON  
SCOTT HAGGERTY  
PATRICK KWOK  
PAMELA TORLIATT

WEDNESDAY  
SEPTEMBER 26, 2007  
9:30 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 JULY 18, 2007**

**4. FOURTH QUARTER FINANCIAL REPORT**

**J. McKay/4629**

[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*Staff will present to the Committee the fourth quarter financial report for Fiscal Year 2006-07.*

**5. FACILITIES UPDATE AND REVIEW**

**J. Broadbent/5052**

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*Staff will provide information and a status report on the Air District's existing facilities and the challenges associated with District growth.*

**6. DELETION OF FLEET AND FACILITIES MANAGER POSITION**

**J. McKay/4629**

[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*The Committee will consider recommending to the Board of Directors deletion of the Fleet & Facilities Manager position.*

**7. ADDITION OF DEPUTY AIR POLLUTION CONTROL OFFICER POSITION**

**J. Broadbent/5052**

[jbroadbent@baaqmd.gov](mailto:jbroadbent@baaqmd.gov)

*The Committee will consider recommending to the Board of Directors an addition of a new Deputy Air Pollution Control Officer position.*

**8. 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).*

**9. TIME AND PLACE OF NEXT MEETING – OCTOBER 24, 2007 - 9:30 A.M. – 939 ELLIS STREET, SAN FRANCISCO, CA 94109**

**10. 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: September 19, 2007

Re: Budget and Finance Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of July 18, 2007.

DISCUSSION

Attached for your review and approval are the draft minutes of the July 18, 2007 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  
(415) 749-5000**

**DRAFT MINUTES**

Summary of Board of Directors  
Budget & Finance Committee Meeting  
9:30 a.m., Wednesday, July 18, 2007

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 9:35 a.m.  
  
**Roll Call:** Chris Daly, Chair; Harold Brown (9:42 a.m.), Jerry Hill, Patrick Kwok, Michael Shimansky, Pamela Torliatt (9:38 a.m.), Gayle B. Uilkema.  
  
**Absent:** Scott Haggerty, Tim Smith.  
  
**Also Present:** Tom Bates, John Silva.
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of April 25, 2007:** Director Shimansky moved approval of the minutes; seconded by Director Kwok; carried unanimously without objection.
4. **Targeted Reserve Allocation Recommendation:** *The Committee received an update on the staff's review of reserve targets and provided a recommendation for reserve targets at the Air District.*

Jeff McKay, Chief Financial Officer, presented the report and stated that the Air District's reserves are healthy and in the range recommended by the Government Financial Officer's Association's (GFOA). Mr. McKay stated that the Air District should maintain general fund undesignated reserves of not less than 15% of annual revenues.

Mr. McKay stated that the current projection of \$9.1 million in undesignated reserves exceeds the 15% target of \$8.4 million. In the event of the reserves falling below the targeted minimums, District staff will develop a plan and timeline to return the reserves to the targeted minimum. Mr. McKay reviewed the budget reserves for the Committee.

Director Pamela Torliatt arrived at 9:38 a.m.

There was a brief discussion on the reserves and funding for the unfunded medical liability (OPEB).

Director Harold Brown arrived at 9:42 a.m.

**Committee Action:** Director Hill moved to establish a minimum undesignated reserve of 15% and to accept the report; seconded by Director Uilkema; carried unanimously without objection.

A request was made to present agenda item 6 next and Chair Daly so ordered.

- 6. Status Report on Carl Moyer Audits and Interim Resource Funding Request:** *Staff presented a status report on the Carl Moyer Program audits and the Committee considered recommending Board of Directors approval of funding for additional consultant efforts to assist staff with audit related activities.*

Jack Broadbent, Executive Officer/APCO, stated that the three separate Carl Moyer audit reviews have been completed and that the Air District is in the process of responding to the audits. Due to the substantial number of required actions by the District, interim resources will need to be hired to review a substantial amount of files to complete the required actions.

Mr. McKay reviewed the key issues of the audit findings, which include past project funding issues, program execution and oversight, financial record keeping, recipient oversight, and additional techniques to measure effectiveness of outreach. Mr. Broadbent summarized what is necessary to complete the required actions.

Staff recommended that the Committee recommend Board of Directors' approval to authorize the Executive Officer/APCO to solicit bids and execute agreements to assist staff to carry out the functions of the Carl Moyer Program and transfer \$900,000 from the General Reserve for this purpose and adjust the Air District's fiscal year 2007/2008 budget accordingly.

The Committee discussed staffing and Mr. Broadbent indicated that this issue would be discussed more fully in agenda item 5. There was a brief discussion on public outreach efforts.

- 5. Addition of three Positions for the Grants Program:** *The Committee considered recommending Board of Directors' approval of the addition of three new positions to staff the Grants Program.*

Mr. Broadbent presented the item and stated that the funding for the Moyer programs has increased from \$2.5 million to \$12.6 million and that other districts with similar funding have over 10 full time employees and this Air District has only five. Mr. Broadbent stated that the California Air Resources Board (ARB) recommends an increase in staffing and that the District staff recommendation is to add three new positions to the Carl Moyer staff (one Program Manager and two Administrative Analyst positions).

**Committee Action:** Director Brown moved the staff recommendation for three new positions; seconded by Director Shimansky.

After discussion on the appropriate staffing level for the Grants Program, Director Shimansky offered an amendment to the motion to authorize the hiring of two additional Administrative Analyst positions with a report back to the Committee. Director Brown accepted the amendment to the motion. The amended motion then passed on the following roll call vote:

AYES: Brown, Hill, Kwok, Shimansky, Torliatt.

NOES: Uilkema, Daly.

ABSENT: Haggerty, Smith.

**Committee Action on Agenda Item 6:** Director Kwok moved the staff recommendation under agenda item 6; seconded by Director Torliatt; carried unanimously without objection.

7. **Request to Establish Designated Reserves and to Transfer Funds for a Cleaner Burning Technology Incentives Program:** *Staff requested the establishment of a Designated Reserve of \$500,000 for a Cleaner Burning Technology Incentives Program that will provide monetary incentives for the conversion of high emitting wood stoves and fireplaces to cleaner burning technology and to transfer \$500,000 from the Undesignated Reserves to this new special reserve.*

Kelly Wee, Director of Compliance and Enforcement, presented the report and reviewed sources of PM<sub>2.5</sub> in the Bay Area and noted that wood smoke is the largest fraction of PM<sub>2.5</sub>. Mr. Wee discussed contributors to PM<sub>2.5</sub> excesses, rule development that relates to reductions in PM<sub>2.5</sub> emissions, and the proposed Cleaner Burning Technology Incentives Program. The Program will provide financial incentives for District residents to upgrade conventional fireplaces and uncertified wood stoves to cleaner burning technology. Mr. Wee provided an overview of the amount of emissions from different types of burning devices.

Mr. Wee discussed potential incentive amounts and the estimated cost effectiveness. The kick-off for the program is scheduled for this winter. Staff recommended that the Committee recommend that the Board of Directors designate a Reserve for a Cleaner Burning Technology Incentives Program and fund the new Reserve with a transfer of \$500,000 from the District's Undesignated Reserves.

The Committee discussed various subjects regarding the Program and provided suggestions to staff for consideration.

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

8. **Committee Member Comments/Other Business.** There were none.
9. **Time and Place of Next Meeting:** 9:30 a.m., Wednesday, September 26, 2007 – 939 Ellis Street, San Francisco, CA 94109
10. **Adjournment:** The meeting adjourned at 10:42a.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: September 17, 2007

Re: Fourth 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 \$19,217,498 (105.80%) of budgeted revenue.
- Permit Fee receipts were \$19,129,679 (103.26%) of budgeted revenue.
- Title V Permit Fees were \$2,062,812 (89.03%) of budgeted revenue.
- Asbestos Fees were \$1,679,146 (103.82%) of budgeted revenue.
- Toxic Inventory Fees were \$351,599 (65.68%) of budgeted revenue.
- Penalties and Settlements were \$5,868,539 (293.42%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$1,013,866 (215.43%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$37,955,096 (99.54%) of budgeted expenditures.
- Operational Services and Supplies were \$9,877,794(76.40%) of budgeted expenditures.
- Capital Outlay was \$2,732,185 (61.83%) of budgeted expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$7,909,161 (82.46%) of budgeted revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$1,395,401 (62.23%) of budgeted expenditures.
- Operational Services and Supplies were \$6,513,860 (72.84%) of budgeted expenditures.

<u>FUND BALANCES</u>	6/30/2005	6/30/2006	6/30/2007
	Audited	Audited	Projected
<b>SPECIAL RESERVES:</b>			
Reserve for Imprest Cash	\$1,200	\$1,200	\$500
Reserve for Building and Facilities	2,894,175	2,693,550	1,810,315
Reserve for PERS Funding	3,500,000	3,500,000	3,100,000
Reserve for Radio Replacement	3,500,000	3,500,000	75,000
Reserve for State Ozone Modeling	350,000	0	0
Reserve for Climate Protection	0	0	3,000,000
Reserve for Production System	500,000	250,000	1,250,000
Reserve for Prior Year Adjustments	15,000	15,000	15,000
Reserve for Capital Equipment	378,000	130,425	130,425
Reserve for Encumbrances	1,760,075	2,466,145	2,466,145
Reserve for Contingencies	400,000	400,000	400,000
Reserve for Workers Compensation	1,000,000	1,000,000	1,000,000
<b>TOTAL SPECIAL RESERVES:</b>	<b>14,298,450</b>	<b>13,956,320</b>	<b>13,247,385</b>
<b>MULTI-YEAR APPROPRIATIONS</b>			
Appropriation – Production System	1,485,743	1,552,141	1,552,141
Appropriation - Other	37,053	0	0
<b>TOTAL MULTI-YEAR APPROPRIATIONS:</b>	<b>1,522,796</b>	<b>1,552,141</b>	<b>1,552,141</b>
<b>UNDESIGNATED:</b>	<b>8,733,272</b>	<b>12,934,168</b>	<b>11,934,168</b>
<b>TOTAL FUND BALANCES</b>	<b>\$24,554,518</b>	<b>\$28,442,629</b>	<b>\$26,733,694</b>

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact on Fiscal Year 2006/2007 budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Linda J. Serdahl, CPA, CFE  
Reviewed by: Jeffrey 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: September 17, 2007

Re: Facilities Update and Review

RECOMMENDED ACTION:

Receive and File.

BACKGROUND:

Staff has previously updated the Executive Committee on facilities space requirements and on implications for near term planning. In addition, staff is in the process of planning to address longer term requirements.

DISCUSSION:

Staff will discuss limitations of Air District office and facilities space, and the long term implications of those limitations. Staff will also provide information on near term efforts to maximize use of the Air District's existing facilities, including the Air Districts' existing rented facilities in Richmond, and their possible use in accommodating growth. The presentation will include a status update on the ongoing facilities work previously approved by the Board.

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 and Finance Committee

From: Jack P. Broadbent  
Executive Officer/APCO

Date: September 17, 2007

Re: Deletion of Fleet & Facilities Manager Position

RECOMMENDATION:

Recommend Board of Directors approve deletion of the Fleet & Facilities Manager position.

BACKGROUND:

A number of organizational changes involving the administrative functions of the Air District have taken place over the past two years. The upcoming retirement of a longtime employee provides an opportunity to review the organization of administrative functions; in this case the management of the fleet in facilities function. The Budget & Finance Committee was notified of the possible deletion of the one manager position at its meeting held on July 18, 2007.

DISCUSSION:

Staff has concluded that management of fleet and facilities can be accomplished more efficiently by having the function become a unit of the business office, rather than having it remain as a separate section with its own manager. Specifically, the fleet and facilities function includes three non-management staff positions, which is a minimal span of control for a manager. Moving those three positions into the business office would increase the business manager's span of control from six positions to nine positions, still well within an acceptable range. This organizational change would also further concentrate management of the Air District's contracts with outside vendors in the business office.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The annual savings resulting from the deletion of this position will be \$113,232, calculated based on current salary levels.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Michael K. Rich

**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: September 19, 2007

Re: Addition of Deputy Air Pollution Control Officer Position

RECOMMENDATION:

Recommend Board of Directors approve addition of a new Deputy Air Pollution Control Officer (DAPCO) position.

DISCUSSION:

To address efficiencies and span of control the Air District will benefit by the addition of a new DAPCO responsible for the Administrative function of the Air District.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The annual cost resulting from addition of the position will be \$185,070 calculated based on current salary levels.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO