

**Bay Area Air Quality Management District  
939 Ellis Street  
San Francisco, California 94109  
(415) 749-5000**

**APPROVED MINUTES**

Summary of Board of Directors  
Budget & Finance Committee Meeting  
9:00 a.m., Monday, March 26, 2007

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 9:10 a.m.

**Roll Call:** Chris Daly, Chair; Scott Haggerty (9:16 a.m.), Jerry Hill (9:29 a.m.), Patrick Kwok, Michael Shimansky, Tim Smith (9:27 a.m.), Pamela Torliatt (9:45 a.m.). A quorum was not present on roll call.

**Absent:** Harold Brown, Gayle B. Uilkema.

**Also Present:** Mark Ross (9:33 a.m.).

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

3. **Update on the Cost Recovery Study:** *Staff provided a status report on the Cost Recovery Study. This is an informational item only.*

Brian Bateman, Director of Engineering, presented the report, provided background information on the Study, and stated that the Cost Recovery Study compares the costs of regulatory program activities with the associated fee revenue. Mr. Bateman discussed the methodology used for the 2007 Study and noted that timesheet data is used to allocate direct and indirect costs to individual revenue sources.

Director Scott Haggerty arrived at 9:16 a.m.

Mr. Bateman presented a chart showing the results of the study on the overall fee revenue and program costs for fiscal years 2004, 2005 and 2006. Mr. Bateman discussed the fiscal year 2006 general fund revenue by category and noted that \$19.8 million in county revenue is expected. A review of the fiscal year 2004 to 2006 average fee revenue and costs by fee schedule shows that Schedule P has the largest gap and then Schedule D. Schedule P relates to Title V facilities where federal operating permits are issued for large facilities and there is a lot of work involved in keeping the permits up-to-date.

Schedule D relates to gasoline marketing and there is a state-wide program with a ten year horizon to replace vapor recovery equipment at gasoline dispensing facilities. The program results in more work for the Air District staff. Mr. Bateman noted that there are several schedules that do not have a cost recovery gap.

With the arrival of Director Tim Smith at 9:27 a.m., Chair Daly requested a roll call:

Present: Chair Daly, Scott Haggerty, Patrick Kwok, Michael Shimansky, Tim Smith.  
Absent: Harold Brown, Jerry Hill, Pamela Torliatt, Gayle B. Uilkema.

- 4. Approval of Minutes of February 28, 2007:** A quorum of the Committee was present and Director Shimansky moved approval of the minutes; seconded by Director Kwok; carried unanimously without objection.

Director Jerry Hill arrived at 9:29 a.m.

In response to a question from Director Kwok, Brian Bunker, Counsel noted that there is a restriction to an increase of fees of no more than 15% per year.

- 5. Proposed Amendments to District's Fee Regulation:** *The Committee considered recommending to the Board of Directors that staff proceed with the proposed amendments to the District fee regulations.*

Mr. Bateman completed his presentation on agenda item 4 by reviewing the process for completion of the 2007 Cost Recovery Study.

Board Chair Mark Ross arrived at 9:33 a.m.

In response to a question from Director Shimansky, Mr. Bateman stated that the District will receive a copy of the Study when it is completed. In response to a question from Director Hill, Mr. Bateman noted that fees are higher in other districts because they do not receive county tax revenue.

Mr. Bateman then provided background information on the proposed fee regulation amendments under agenda item 5. The proposed amendments are similar to those adopted last year, overall fee revenue would be increased by approximately 6% (\$1.4 million) from revenue projected for the current fiscal year, and the proposed amendments would target the Fee Schedules with the most significant cost recovery gaps for the largest fee increases.

In response to Chair Daly's question regarding a 50% increase in refinery flare permit fees, Mr. Bateman stated that the 15% does not need to be applied on the basis of an individual source level. All of the refineries will have overall increases in their fees of less than 15%.

Director Pamela Torliatt arrived at 9:45 a.m.

Mr. Bateman reviewed examples of permit renewal fee increases for several different types of sources and outlined the rule development schedule. There will be two public hearings on the proposed amendments because the non-permitted fee increases proposed require two public hearings. The public hearings are scheduled for May 2<sup>nd</sup> and June 2, 2007. The amendments would be effective July 1, 2007.

**Speaker:** The following individual spoke on agenda item 4:

Dennis Bolt  
Western States Petroleum Association

**Committee Action:** Director Shimansky moved that the Committee recommend to the Board of Directors that staff proceed with proposed amendments to the District's fee regulation; seconded by Director Kwok; carried unanimously without objection.

**6. Draft Budget for Fiscal Year 2007/2008:** *Staff presented to the Committee the proposed budget for Fiscal Year 2007-08.*

Jack Broadbent, Executive Officer/APCO, stated that the fiscal year 2008 budget is balanced and is based on the fee increases that were just presented. The budget is designed to continue and enhance a number of programs at the District, including those discussed at the Retreat (wood smoke, climate change, CARE and a port rule). Mr. Broadbent briefly reviewed the increase of 2.4 full time employees (FTE's).

Jeff McKay, Chief Financial Officer, introduced the new Finance Manager, Linda Serdahl. Mr. McKay discussed the fiscal challenges facing the Air District and reviewed the deferred maintenance items. The CARE Program, Climate Protection Program, and enhanced outreach for the Wood Smoke Program were discussed regarding increased personnel in these areas.

The proposed budget for fiscal year ending 2008 was presented to the Committee and Mr. McKay reviewed revenue and expenditure items. Mr. McKay noted that the District interest income has increased substantially.

**Committee Action:** The Committee provided direction to staff on several items. Further information will be brought back to the Committee at its next meeting.

There were no public speakers on this agenda item.

**Closed Session**

**7. Conference with District Labor Negotiator**

*District's Representative: Jack P. Broadbent, Executive Officer/APCO*  
*Employee Organization: Bay Area Air Quality Management District Employees' Association*

***Pursuant to Government Code Section 54957.6, a need existed to meet in closed session to discuss collective bargaining matters.***

The Committee convened to Closed Session at 10:37 a.m.  
The Committee reconvened to Open Session at 10:50 a.m.

Mr. Bunger stated that the Committee received a report from staff and the Committee provided general direction to staff on the agenda item.

**8. Committee Member Comments/Other Business.** There were none.

9. **Time and Place of Next Meeting:** 9:30 a.m., Wednesday, April 25, 2007 – 939 Ellis Street, San Francisco, CA 94109
10. **Adjournment:** The meeting adjourned at 10:59a.m.

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