

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
9:30 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_{2.5} in the Bay Area and noted that wood smoke is the largest fraction of PM_{2.5}. Mr. Wee discussed contributors to PM_{2.5} excesses, rule development that relates to reductions in PM_{2.5} 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.

/s/ Mary Romaidis
Mary Romaidis
Clerk of the Boards