

**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  
9:45 a.m., Wednesday, April 23, 2008

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 9:47 a.m.  
  
**Roll Call:** Chairperson, Chris Daly, Harold Brown, Mark Ross, Michael Shimansky, Tim Smith, Gayle B. Uilkema.  
  
**Absent:** Scott Haggerty, Yoriko Kishimoto, Pamela Torliatt  
  
**Also Present:** Board Chair Jerry Hill.
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of March 23, 2008:** Director Shimansky moved approval of the minutes; seconded by Director Smith, carried unanimously without objection.
4. **Third Quarter Financial Report for Fiscal Year 2007/2008:** *The Committee received a presentation on the financial report for the third quarter of fiscal year 2007/2008.*

Mr. Jack Colbourn, Administration and Incentives Director introduced Linda Serdahl, Finance Manager provided the Committee with this presentation.

Comparison of Budget to Actual Reserve included:

- County Revenue receipts were \$12,323,382 (62.12%) of budgeted revenue.
- Permit Fee receipts were \$13,801,439 (70.69%) of budgeted revenue.
- Title V Permit Fees were \$1,505,127 (66.25%) of budgeted revenue.
- Asbestos Fees were \$1,330,450 (76.51%) of budgeted revenue.
- Toxic Inventory Fees were \$473,390 (88.48%) of budgeted revenue.
- Penalties and Settlements were \$1,366,482 (60.73%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$53,698 (12.07%) of budgeted revenue.

Comparison of Budget to Actual Expenditures included:

- Salaries and Benefits were \$29,164,621 (73.12%) of budgeted expenditures.
- Operational Services and Supplies were \$7,784,321 (35.60%) of budgeted expenditures.
- Capital Outlay was \$2,068,556 (44.19%) of budgeted expenditures.

Ms. Serdahl continued the presentation stating that the Air District has a healthy fund balance.

Ms. Serdahl concluded her presentation.

Director Shimansky asked about the reduction in county revenue and Ms. Serdahl responded to Director Shimansky stating since the last quarter the Air District has received monies from the counties.

Chairperson Daly inquired about the Air District's ongoing discussion with regard to penalties and settlements. Mr. Broadbent responded to Chairperson Daly stating that with regard to the Community Mitigation Fund that the Air District is in the process of putting a structure in place. The information would be brought back to both the Executive and Budget and Finance Committees at a future date.

**Committee Action:** The Committee provided direction to staff.

**5. Continued Discussion of Proposed Budget for Fiscal 2008/2009:** *The Committee received a presentation on the proposed budget for Fiscal Year 2008/2009.*

Mr. Broadbent introduced the draft budget for Fiscal Year 2008/2009. Mr. Broadbent stated that this is a continued discussion from the Committees March 26<sup>th</sup> meeting.

The key points from the March 26, 2008 Committee meeting included the proposed budget for Fiscal Year ending 2008/2009, the budget process by law requires two Board hearings prior to the adoption of a budget. The meetings are scheduled for May 21, 2008 and June 4, 2008.

- The FYE 2009 budget is balanced with fee increases mirroring the update to the cost recovery study.
- The budget continues to ensure the effectiveness of current programs.
- Current programs are continued and enhanced.
- No FTE increases recommended.

Mr. Broadbent stated another key feature in the budget, is that there is no recommendation for FTE increases. Mr. Broadbent noted that overall, the Air District is approaching the next fiscal year in a modest manner, and has sought to increase staff to address the needs of the Air District and it would be more prudent to have a conservative approach with respect to the budget.

Key programs that the budget supports include:

- Climate Protection
- Community Air Risk Evaluation (CARE)
- Wood Smoke
- Green Ports Initiative

Additional key efforts include:

- \$50K for Health Effects Officer
- Continue to address OPEB \$1.4M annual liability

- \$1.0M for Incentives from Reserves (Pending); this would include the Wood Smoke Incentive program; and Climate Protection program
- \$2.8M for Production System from Reserves (Pending)
- \$2.0M for Building and Facilities (Pending)

Mr. Broadbent requested that the Committee recommend to the Board of Directors adoption of the proposed FYE 2009 budget.

**Committee Action:** Director Shimansky moved that the Committee recommend to the Board of Directors adoption of the proposed fiscal year ending 2008/2009 to include a line item referencing the \$35 million I-Bond funds; seconded by Director Smith; carried unanimously without objection.

6. **Consideration of Transfer to Designated Reserve for Production System and Authorization to Enter into Contract Agreements:** *The Committee considered recommending to the Board of Directors approval to allow transfer of the second half of funding for the Production System, and to authorize the Executive Officer/APCO to enter into contracts not to exceed \$1,250,000.*

Mr. Broadbent acknowledged that Jeff McKay, Deputy Air Pollution Control Officer would provide the Committee with the presentation.

Mr. McKay continued stating that the Executive Committee received a review of the Production System.

Outline of the presentation included:

- Comparison of Project Plan to Actuals
- Authority to Solicit Bids and Execute Contracts
- Transfer to Designated Reserve

The Production System project began in 2006 and is project to be completed in 2010, with a total budget of \$5.8 million. The first presentation to the Committee was in December 2006, at which time it was indicated to the Committee that the first half of the project would cost \$2.8 million and would be completed in November 2008, which is on track.

Mr. McKay continued requesting the Committee recommend Board of Directors approval to request authorization to spend the \$1.25 million of the remaining \$2.8 million and ask Board approval to transfer from undesignated reserves into designated reserves the \$2.8 million to complete the second half of the project with the originally projected total cost of \$5.6 million.

Mr. McKay concluded his presentation.

**Committee Action:** Director Uilkema moved that the Committee recommend that the Board of Directors authorize the Executive Officer/APCO to conduct solicitation of bids and execution of contracts not to exceed \$1.25 million, authorizing the transfer from undesignated to designated reserves; seconded by Director Brown; carried unanimously without objection.

7. **Committee Member Comments/Other Business.** Director Smith asked about the proposed budget and the proposed greenhouse gas fees; and if this is included in the proposed budget. Mr. Bunger responded to Director Smith stating that the fee increases that are proposed thus far are figured into the budget and is balanced if the fee increases are approved.
8. **Time and Place of Next Meeting:** 9:30 a.m., Wednesday, May 28, 2008 – 939 Ellis Street, San Francisco, CA 94109
9. **Adjournment:** The meeting adjourned at 10:59 a.m.

*/s/ Vanessa Johnson*  
Acting Clerk of the Boards