



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

CHRIS DALY – CHAIRPERSON
CAROLE GROOM
ERIC MAR
MICHAEL SHIMANSKY

HAROLD BROWN - VICE CHAIRPERSON
SCOTT HAGGERTY
MARK ROSS
GAYLE B. UILKEMA
BRAD WAGENKNECHT

WEDNESDAY
APRIL 29, 2009
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 MARCH 30, 2009**
4. **SECOND QUARTER FINANCIAL REPORT AND REVIEW OF FINANCIAL TRENDS**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will receive the financial report for the second quarter for fiscal year 2008/2009 and a review of financial trends as requested by the Committee.

5. **CONTINUED DISCUSSION OF FISCAL YEAR 2009/2010 PROPOSED AIR DISTRICT BUDGET AND CONSIDERATION OF RECOMMENDING ADOPTION**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will consider recommending Board of Directors' approval of the proposed budget for Fiscal Year 2009/2010.

6. **CONSIDERATION OF BUDGETING SYSTEM STANDARDIZATION**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will consider recommending Board of Directors' approval to authorize the Executive Officer/APCO to solicit bids and execute agreements for the Budgeting System Standardization not to exceed \$175,000.

7. **CONSIDER RECOMMENDING APPROVAL OF DATACENTER AND COMPUTER NETWORK FUNDING**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will consider recommending Board of Directors' approval to authorize the Executive Officer/APCO to solicit bids and execute agreement for Datacenter improvements in an amount not to exceed \$525,000 and Computer Networking improvements in an amount not to exceed \$225,000.

8. **STRATEGIC FACILITIES PLANNING ANALYSIS**

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee will consider recommending assigning facilities responsibilities to the Budget and Finance Committee and discuss steps undertaken by staff.

9. **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).

10. **TIME AND PLACE OF NEXT MEETING – AT THE CALL OF THE CHAIR**

11. **ADJOURNMENT**

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

(415) 749-5127

FAX: (415) 928-8560

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.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the District's website (www.baaqmd.gov) at that time.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

APRIL 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Budget & Finance Committee <i>(Standing Committee Meeting Date Under Consideration)</i>	Wednesday	29	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	30	9:30 a.m.	4 th Floor Conf. Room

MAY 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	6	9:45 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i>	Thursday	7	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Regular Meeting	Wednesday	13	9:00 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 2nd Thursday of each Month) - CANCELLED</i>	Thursday	14	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	14	9:30 a.m.	4th Floor Conf. Room
Joint Policy Committee	Friday	15	10:00 a.m.	MTC Auditorium 101 8 th Street Oakland, CA 94607
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	28	9:30 a.m.	4 th Floor Conf. Room

JUNE 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	3	9:45 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday every other Month)</i>	Thursday	4	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(Meets 2nd Thursday of each Month)</i>	Thursday	11	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	11	Immediately Following Legislative Cme. Meeting	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	4 th Floor Conf. Room

HL – 4/22/09 (12:25 p.m.)
P/Library/Forms/Calendar/Calendar/Moncal

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: April 15, 2009

Re: Budget and Finance Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of March 30, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the March 30, 2009 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., Monday, March 30, 2009

- Call to Order:** Chairperson Chris Daly called the meeting to order at 9:30 a.m.
- Roll Call:** Chairperson Chris Daly; Committee Members Carole Groom, Scott Haggerty, Mark Ross, Michael Shimansky and Gayle B. Uilkema
- Absent:** Vice Chairperson Harold Brown; Committee Members Jennifer Hosterman and Brad Wagenknecht
- Also Present:** Chairperson Pamela Torliatt
- Public Comment Period:** There was no public comment.

Approval of Minutes of February 25, 2009: Director Shimansky and Director Uilkema requested more elaboration be given in the preparation of Minutes.

Committee Action: Director Shimansky moved approval of the minutes of February 25, 2009; seconded by Director Groom; carried unanimously without objection.

Update on Proposed Fee Amendments to Regulation 3: Fees – Staff Presentation by Brian Bateman

Overview:
Mr. Bateman provided an overview of District budget issues which assumes a 10% reduction in property taxes and loss of state subvention. Proposed fee amendments would add \$2.5 million in revenue, and impacts on small businesses were identified below, as well as an option to cap fees for small sources. Mr. Bateman reiterated that SCAQMD permit fees for small businesses currently averaged 40% higher than BAAQMD fees.

- Impacts on small businesses:
- The proposed fee amendments would increase overall fee revenue by 9%;
 - Those fee schedules with the most significant cost recovery gaps would see the largest increases;
 - Annual permit renewal fees for most small businesses would increase by \$15-\$80;
 - Annual permit renewal fees for most gas stations would increase by \$100 to \$300;

The modified fee proposal for refinery flares would increase fees by 50% rather than 15% as initially proposed and is justified based on recovery of costs related to implementation of Rules 12-11 and 12-12 (flare monitoring and flare minimization plans).

With other amendments, the modified proposal would increase annual permit fees for refineries by an average of 9.4%. This would thereby increase fee revenue by \$100,000 relative to staff's initial proposal, or \$2.6 million rather than \$2.5 million.

Committee Discussion/Comments:

- Shimansky: Confirmed with staff that the Air District is limited to fee increases of no more than 15% increases by state law; the proposal would increase fees an average of 9.4%.
- Ross: Questioned the reason for increased costs on flare monitoring. Mr. Bateman said flaring was trending downward since the Rule was originally adopted, and the first year triggered 68 reporting requirements and the most recent year triggered 38.
- Uilkema: Confirmed that the average cost for Phase II EVR upgrade is approximately \$60,000 per gas station; the deadline is April 1st and gas stations have had four years to address improvements.

Mr. Bateman summarized public comments received to date that ask the District consider the cost of EVR compliance, poor economic conditions, difficulty with securing loans, and the suggestion to use District reserve accounts/cut staff salaries instead of increasing fees.

Mr. Bateman discussed the option to reduce fee increases for small sources:

- Set permit fee increases at 3% which would decrease estimated fee revenue by \$600,000;
- Net result would be overall 7 % increase in fee revenue (\$2.0 million versus \$2.6 million);
- Examples of small sources: small combustion sources, auto body, gas stations, dry cleaners, most semiconductor sources.

Remaining Rule Development Schedule:

- Public hearing for April 15 to receive testimony and deliberate;
- Second hearing 30 days separation – May 20, 2009;
- Amendments effective July 1, 2009.

Committee Discussion/Comments:

- Daly: Suggested the Committee first review the proposed FY 2009/10 Budget prior to forming a position on fee increases, and Committee members agreed.
- Shimansky: Questioned inspection schedule of facilities, and Mr. Bateman noted inspections may vary from daily to annually, depending upon size and type of facility.
- Ross: Confirmed that the new Air District software is not yet factored into equation of increase. Increases cover permit application activity, renewal fees, enforcement activities, and for small sources data shows the District has been collecting considerably less than it should have been.

Discussion on Proposed Budget for Fiscal Year 2009/2010 - Staff Presentation by Deputy APCO Jeff McKay

Overview:

Mr. Broadbent said the budget is based on the proposed fee increases and scheduled increases of between 0 to 15%, property revenue decreased by 5%, and as part of the MOU with employees COLA increases of 3.3%. The budget has no increases in FTE's; however, he is proposing that a Health Officer be hired and noted there is an existing vacant Manager position for consideration.

Mr. McKay presented fiscal challenges as: COLA adjustments, declining County revenues, threat of take-away's, growing grants programs, unfunded medical liability (OPEB) and deferred maintenance due to building's age. He said a key requirement is continuing the application of fee recommendations. Deferred maintenance items include such items as elevators, HVAC, electrical and plumbing, telephones and desktops systems.

Committee members confirmed with Mr. McKay that the Air District was moving toward green technologies and photovoltaic, but was running into code issues. Chairperson Daly was amenable to exploring local legislation to deal with code issues which would prevent the installation of photovoltaic panels.

Mr. McKay briefly presented a funding overview of Grant Programs:

- TFCA Regional - \$13 million
- TFCA County Program Manager - \$9 million
- Carl Moyer Program - \$13 million
- Mobile Source Incentive Fund - \$11 million
- Goods Movement Bond (School Bus) - \$4.2 million
- Goods Movement Bond (Main) – up to \$35 million

He said the Budget continues to support core programs and initiatives such as the CARE and related programs, Spare the Air Program, Woodsmoke Program and the Climate Protection Program.

Committee members confirmed with Mr. McKay that if the budget were decreased by \$600,000, reductions would be spread out as opposed to affecting any one individual item or program. The Committee then discussed Consolidated Revenues, Consolidated Expenditures, and General Fund Expenditures.

Projections - Consolidated Revenue:

County Revenue - Overall 5% decrease

Other General Fund Revenue – Fees average out to a 9% increase.

- ❖ *Registration Fees* – increased by 43.68% due to Rules and registrations for charbroiler, agriculture diesel, mobile refinishing, and graphic arts.
- ❖ *Hearing Board fees* – increase in fees, penalties and settlements.
- ❖ *Federal Grants* – decrease in bio-watch expenditures under Homeland Security.
- ❖ *CMAQ Funding* – decreased.
- ❖ *State Subvention* – unchanged.
- ❖ *Interest Income* – will need to decrease the interest income.

- ❖ *Carl Moyer* – holding steady.

Transfer in from/(out to) Reserves:

- ❖ *Reserve for PERS Super Funding* - budgeted \$400,000; District chose to set aside money and draw down reserves the same amount as last year. Amount will be gradually reduced

Committee members discussed County Revenue figures, stating some counties were expecting 10%-17% reductions. Mr. McKay agreed to review and confirm percent changes for individual counties and provide an update at the next Budget & Finance Committee meeting.

Projections - Consolidated Expenditures:

Personnel Expenditures:

- ❖ *Number of Positions (FTE)* - unchanged at 363; COLA, step increases and vacation payout projected at \$1.5 million to \$5 million. Overtime increased less than 1% due to wood smoke rule. Temporary salaries are increasing but less than 1%.
- ❖ *Group Insurance Benefits* - Medicare increased by 14%.
- ❖ *Pension Benefits* – increased by 1% but there is a lag time between changes and when requirements go up; projected to increase in coming years.
- ❖ *Transportation Subsidy* – Increased due to employee interest to take public transit.
- ❖ *OPEB* – liability accrued each year for the cost to pay retiree medical benefits. In prior budgets, assumption of interest matched relative rate; however, this is reduced by 4.5% and staff is budgeting \$2 million, up from \$1.4 million.

Services and Supplies Expenditures:

- ❖ *Travel In-State and Out-Of-State* – Each are identified/split.
- ❖ *Training and Education* – largely Air & Waste Management Conference costs.
- ❖ *Repair & Maintenance* – costs relating to duplicate data center in Sacramento.
- ❖ *Communications* - Woodsmoke Rule, telephone and website, and duplicate costs for maintenance of IT infrastructure.
- ❖ *Professional Services and Contracts* – Reduction of 10% mostly in Grants Program due to hiring less for professional services and utilization of existing staff; results in less FTE's.

Capital Expenditures:

- ❖ *Building & Grounds* – cost increases due to HVAC, elevators and others.
- ❖ *Computer & Network Equipment* – Records management system improvements, Spare the Air site, upgrade to District website and on-going improvements.

Projections – General Fund Expenditures:

Number of Positions (FTE) - decreased number allocated to General Fund; allocated to Grants programs.

Committee Discussion/Comments:

- Haggerty: Requested staff provide details on \$246,872 Travel In-State expenditures;
- Daly: Confirmed expenditure differences of building maintenance versus capital expenditures which can be capitalized over time – page 17 of budget.
- Ross: Confirmed reserve of \$1.5 million for facilities replacement.

- Shimansky/Uilkema: Questioned and confirmed that direction for an annual budget was given by the Board, which provides for more control. State law requires annual budget, but District could have a two-year budget with a guidance document, which could be a time/cost savings.
- Ross: City of Martinez has two-year budget; useful but always changes.
- Torliatt: Questioned the reflection of increased interest income. Mr. McKay said he had previously reported on interest income, and would return and project it as a decrease based upon the 2010 budget.
- Torliatt: Questioned and confirmed that penalties and settlements are difficult to predict and were similar to what has been shown over the last few years.
- Ross: Confirmed that if received, staff did not anticipate disbursing California Goods Movement Bond monies until 2010.
- Daly: Confirmed there were 15 current vacant positions. Staff anticipates hiring two positions, the budget envisions 13 vacancies and the attrition rate has historically been 3%.
- Haggerty: Believed that human resources departments were extremely important for functionality of an agency and requested that a management audit be performed.
- Uilkema: Confirmed with Mr. McKay that he would contact individual counties to determine their exact declining revenue amounts and return to the next Committee meeting with information.

Director Uilkema made a motion to direct staff to make appropriate revisions and provide follow-up information to be reflected in the proposed Budget for FY 2009/2010; to recommend the original staff recommendation of proposed fee amendments to Regulation 3: Fees; and for further discussions to be held during the April 29, 2009 Budget and Finance Committee meeting; Director Haggerty seconded the motion.

Discussion:

Uilkema: Agreed that the District must recover its expenses.

Groom: Had previously expressed concern at the last budget meeting regarding impacts increased fees would have for small dry cleaners and auto shops. It is important to make incremental changes versus big hits, acknowledged effects of the State budget, but believed that the District had no choice but to increase fees.

Haggerty: Reiterated that the District was well below South Coast's fee schedule, did not want to return with a significant increase next year and believed that the District had no other choice.

Ross: Supported proposed increase of fees, citing property tax revenue losses.

Daly: Supported the motion, requested staff return with the \$250,000 correction to interest income and believed there were additional areas in the budget to cut, such as reserves.

Shimansky: Confirmed that staff would update the budget to include firm County-by-County Revenue estimates instead of 5% across the board.

Committee Action: Director Uilkema made a motion to direct staff to make appropriate revisions and provide follow-up information to be reflected in the proposed Budget for FY 2009/2010; to recommend the original staff recommendation of proposed fee amendments to Regulation 3: Fees; and for further discussions to be held during the April 29, 2009 Budget and Finance Committee meeting; Director Haggerty seconded the motion; unanimously carried without objection.

Consider Recommending that the Board of Directors Amend FY 2008/2009 Operating Budget to Recognize increased revenue under an Environmental Protection Agency

Grant and Authorize the Executive Officer to Issue a Purchase Order for Instrumentation Required by the Grant – Staff Presentation by Laboratory Services Manager James Hesson

Overview

Mr. Hesson briefly described receipt of a Section 103 grant from the EPA which was increased to purchase a Gas Chromatograph/Mass Spectrometer to improve laboratory analytical capabilities to detect TAC at lower levels in ambient air. The request is to amend the budget by increasing the Laboratory Section's budget by \$113,908.

Committee Action: Chairperson Torliatt made a motion to recommend that the Board of Directors Amend FY 2008/2009 Operating Budget to Recognize increased revenue under an Environmental Protection Agency Grant and Authorize the Executive Officer to Issue a Purchase Order for Instrumentation Required by the Grant; Director Uilkema seconded the motion; carried unanimously without objection.

Response to Recommendations from Air District Annual Audit: Schedule for Adoption of Administrative Policies – Staff Presentation by Executive Officer/APCO Jack Broadbent

Overview

Mr. Broadbent briefly described the schedule for consideration of policies requested by the Committee on February 25, 2009. He noted that because the policies may affect working conditions, staff will need to work with the Employees' Association.

Chairperson Daly requested staff calendar items accordingly for Board consideration.

Committee Action: Received and filed; informational only.

Committee Member Comments/Other Business – Director Haggerty made a request that staff inform the Board of Directors when employees are injured so that get-well wishes can be extended.

Time and Place of Next Meeting: 9:30 a.m., Wednesday, April 29, 2009 – 939 Ellis Street, San Francisco, CA 94109.

Adjournment: The meeting adjourned at 10:58 a.m.

Lisa Harper
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: April 21, 2009

Re: Second Quarter Financial Report and Review of Financial Trends

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County receipts totaled \$10,311,317 (50%) of budgeted revenue.
- Permit Fee receipts were \$14,703,906 (65%) of budgeted revenue.
- Title V Permit Fees were \$1,967,699 (78%) of budgeted revenue.
- Asbestos Fees were \$884,384 (46%) of budgeted revenue.
- Toxic Inventory Fees were \$398,992 (73%) of budgeted revenue.
- Penalties and Settlements were \$1,097,484 (44%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$35,119 (8%) of budgeted revenue.
- Interest Revenue was (\$1,281,747) which totaled (-90%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$20,254,295 (47%) of budgeted expenditures.
- Operational Services and Supplies were \$3,279,781 (20%) of budgeted expenditures.
- Capital Outlay was \$890,464 (37%) of budgeted expenditures.

INVESTMENT BALANCES

Cash and Investments in County Treasury:

General Fund	\$ 30,135,001
TFCA	\$ 52,741,277
MSIF	\$ 30,865,670
Carl Moyer	\$ 16,817,370
	<u>\$130,559,318</u>

Investments Held as:

Fixed Income Investments	37% of total investment pool
Short Term Investments	63% of total investment pool

FUND BALANCES

	<u>6/30/2007</u> <u>Audited</u>	<u>6/30/2008</u> <u>Audited</u>	<u>6/30/2009</u> <u>Projected</u>
Imprest Cash	\$ 500	\$ 500	\$ 500
Building and Facilities	1,731,690	1,731,690	1,510,315
PERS Funding	3,100,000	2,700,000	2,300,000
Radio Replacement	75,000	75,000	75,000
Climate Protection	3,000,000		
Production System	1,250,000	2,800,000	-
Capital Equipment	130,425	130,425	130,425
Contingencies	400,000	400,000	400,000
Worker's Compensation	1,000,000	1,000,000	1,000,000
Economic Uncertainties	7,709,028	8,755,437	9,000,000
TOTAL SPECIAL RESERVES	<u>\$ 18,396,643</u>	<u>\$ 17,593,052</u>	<u>\$ 14,416,240</u>
Appropriation - Production System	\$ 152,141	\$ -	\$ -
UNDESIGNATED	<u>13,996,404</u>	<u>6,358,308</u>	<u>6,358,306</u>
TOTAL FUND BALANCES	<u>\$ 32,545,188</u>	<u>\$ 23,951,360</u>	<u>\$ 20,774,546</u>

Revenue and Expenditure Trends:

Staff will review expected trends in county revenue, fees, and miscellaneous revenue sources. Staff will also review expenses, including personnel costs.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on Fiscal Year 2008/2009 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: April 23, 2009

Re: Continued Discussion of Fiscal Year 2009/2010 Proposed District Budget and
Consideration to Recommend Adoption

RECOMMENDED ACTION:

Consider recommending Board of Directors adoption of the proposed FYE 2009/2010 Budget.

BACKGROUND:

As directed by Chairperson Torliatt at the March 18, 2009 regular Board of Directors' meeting, the proposed Fiscal Year 2009/2010 Budget document was reviewed by the Budget and Finance Committee at its March 30, 2009 meeting.

DISCUSSION:

Staff presented the proposed budget for Fiscal Year 2009/2010 at the March 30, 2009 Budget & Finance Committee meeting. The proposed budget is balanced with General Fund Revenues and Transfers-In from Designated Reserves totaling \$61.9 million. Proposed General Fund Expenditures are \$61.9 million. Proposed Capital Expenditures are \$2.8 million. With the inclusion of Grant and Program Distributions, the consolidated budget is balanced at \$148.8 million. The proposed budget includes no increase in FTE.

Staff was directed to review and report back to the Committee on the following items:

- Property tax projections from individual counties
- Breakdown of In-State travel

Staff will present information on these items at the April 29, 2009, Committee meeting.

Staff published, prior to April 20, 2009, a notice to the general public that the first of two public hearings on the budget will be conducted on May 20, 2009 and that the second hearing will be conducted on June 3, 2009.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for FY 2009/2010 is \$148,823,396.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

Attachment: (1)

FYE 2009/2010 Proposed Budget

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: April 23, 2009

Re: Consideration of Budgeting System Standardization

RECOMMENDED ACTION:

Consider recommending that the Board of Directors authorize the Executive Officer/APCO to solicit bids and execute agreements for Budgeting System Standardization; in an amount not to exceed \$175,000 from the Air District's FY 2008/09 Professional Services budget.

DISCUSSION

The Air District's budgeting system is a flexible, spreadsheet based system. Review of alternative, vendor supplied budgeting packages confirms that the Air District developed system is preferable. However, the system was created in an ad hoc manner over a period of twenty years, and requires standardization to be supportable without specialized knowledge.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The work will be funded from the Air District FY 2008/09 Professional Services budget.

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: April 21, 2009

Re: Consideration and Recommendation of Datacenter and Computer Network
Funding

RECOMMENDED ACTION:

Consider recommending that the Board of Directors' authorize the Executive Officer/APCO to solicit bids and execute agreements for Datacenter improvements not to exceed \$525,000 and Computer Network improvements not to exceed \$225,000 as provided in the Air District's FY 2008/09 Information Systems budget.

DISCUSSION

The Air District's main datacenter and computer network are over thirty years old. Upgrades to these systems can no longer be deferred. The upgrades will substantially improve the power efficiencies of the systems. Reliability will also be improved. Most importantly, the systems will provide for basic function required throughout the Air District.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Air District FY 2008/09 Information Systems budget provides for \$700,000 for Datacenter improvements and \$300,000 for Computer Network improvements. The current request will save \$250,000 from the FY 2008/09 budgeted capital expenditures.

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: April 20, 2009

Re: Strategic Facilities Planning Analysis

RECOMMENDED ACTION:

Assign Capital Facilities planning responsibilities to the Budget and Finance Committee pending initiation of a Capital Facilities Committee.

BACKGROUND

The cost to maintain and operate the current Air District facility includes many items associated with the building's age. The District Office (939 Ellis Street) was constructed in phases beginning in 1968. A number of major systems (e.g., the heating and ventilation system) are at the end of their useful lifecycle and require costly repairs or replacement. In addition, the building's infrastructure is inefficient compared to current technologies.

DISCUSSION

On March 16th the Executive Committee recommended and the Board of Directors' approved the creation of an Ad Hoc Committee on Capital Facilities. There were three members who volunteered to serve on the Committee. All three members that volunteered are on the Budget and Finance Committee. Staff is recommending that Capital Facilities planning responsibilities occur through the stewardship of the Budget and Finance Committee until a separate ad hoc committee is created for Strategic Facilities Planning review and oversight.

Staff has initiated a Request for Proposal process for a Strategic Facilities Planning Analysis as a prerequisite to any decision on major capital expenditures related to the Air District headquarters.

BUDGET/FINANCIAL IMPACT:

No financial impact at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Satnam Hundel