



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
MAY 6, 2009
9:15 A.M.

7TH FLOOR CONFERENCE ROOM, ROOM 716
939 ELLIS STREET
SAN FRANCISCO, CA 94109

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 APRIL 29, 2009**
 4. **CONSIDERATION AND APPROVAL OF A REVISED APPENDIX C- FUND BALANCES IN THE PROPOSED FYE 2010 BUDGET**

J. McKay/4629
jmckay@baaqmd.gov
- The Committee will consider recommending Board of Directors' approval of Appendix C- Fund Balances in the Proposed FYE 2010 budget and adoption of the proposed FYE 2010 budget upon completion of public hearings.*
5. **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).
 6. **TIME AND PLACE OF NEXT MEETING – AT THE CALL OF THE CHAIR**
 7. **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

MAY 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>(Meets 4th Wednesday of Each Month)</i>	Wednesday	6	9:15 a.m.	Room 716
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) – TO BE RESCHEDULE</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 Executive Committee <i>(At the Call of the Chair)</i>	Monday	18	9:30 a.m.	4 th Floor Conf. Room
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 Personnel Committee – <i>(At the Call of the Chair)</i>	Wednesday	27	9:30 a.m.	4 th Floor Conf. 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 – 4/29/09 (4:20 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 30, 2009

Re: Budget and Finance Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of April 29, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the April 29, 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., Wednesday, April 29, 2009

Call to Order: Chairperson Chris Daly called the meeting to order at 9:32 a.m.

Roll Call: Chairperson Chris Daly; Vice Chairperson Harold Brown; Committee Members Carole Groom, Scott Haggerty, Mark Ross, Michael Shimansky, Gayle B. Uilkema and Brad Wagenknecht

Absent: Eric Mar

Also Present: Chairperson Pamela Torliatt

Public Comment Period: There was no public comment.

Approval of Minutes of March 30, 2009: Director Shimansky moved approval of the minutes of March 30, 2009; seconded by Director Wagenknecht; carried unanimously without objection.

Second Quarter Financial Report and Review of Financial Trends – Presentation by Deputy APCO, Jeffrey McKay

Overview:

Mr. McKay presented the financial report for the second quarter for Fiscal Year 2008/2009 and a review of financial trends, and presented a comparison of budget to actual revenue which showed that receipts and fees were ahead of budgeted revenue and would serve to somewhat address the \$1.281 million loss in interest revenues from investments.

- 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.

In comparing the budget to actual expenditures, vacancies and operational services and supplies are static and capital outlay is as expected:

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

Mr. McKay reviewed Investment Balances. Cash and investments in the San Mateo County Treasury include:

Investments held as fixed income investments represent 37% of the total investment pool. Investments held as short term investments represent 63% of the total investment pool.

Estimated Financial Challenges the Next Three Years:

- Property taxes will decrease by 10%
- CalPERS contributions will increase by 12%
- COLA will increase salaries and benefits by 11%

Financial Risks

- An estimated imbalance of 10% will occur in FYE 2012;
- 13% imbalance will occur in FYE 2012 if subvention withheld, property tax redirected or a large facility is closed.
- The \$9 million economic uncertainty funding would be expended within one fiscal year;
- Cost recovery through increased fees would balance budget in FYE 2012.

Committee Comments/Discussion:

- Daly: Questioned why the salary line item would fall at or under 94%. Mr. McKay explained that salaries are expected to be 97% or \$1.2 million and this percentage does not necessarily represent half of the actual pay period amount.
- Shimansky: Confirmed that climate protection grant of \$3 million in funding was a single occurrence from undesignated reserves which had been expended, and that the Committee could further discuss the matter during the budget discussion.
- Wagenknecht: Clarified that \$9 million was projected for funding economic uncertainties and was a separate amount from the undesignated fund balance of \$6,358,306.
- Ross: Clarified COLA assumption of 11% is absent of new employee association contract and is based upon existing mid-range percentages of between 2% and 5% over a ten year period.
- Brown: Cited State Propositions and believed assumptions were conservative, suggesting increasing the imbalance to 12% to 15%.
- Ross: Suggested categorizing undesignated fund balances and encumbering them to specific line items.

- Daly: Suggested designating funds to pay down the OPEB and/or other liabilities.

Continued Discussion of Fiscal Year 2009/2010 Proposed Air District Budget and Consideration of Recommending Adoption – Deputy APCO, Jeffrey McKay

Overview:

Mr. McKay gave the second presentation of the FY 2009/2010 proposed Air District Budget, stating that the Committee had expressed support at the March 30th Committee meeting and full Board adoption was scheduled for June 3, 2009. The purpose of the meeting was to respond to issues raised and form a recommendation to the Board of Directors.

Regarding comments raised in the last meeting, staff reduced the interest rate projections by 50% of prior year \$1.5 million budget, Committee members Uilkema and Haggerty requested updated County revenue projections on a county-by-county breakdown, which shows an increase in revenue of \$400,000. He referred to the County Property Tax Revenue chart and briefly described individual county percentage reductions in property tax revenue, which revealed an overall decrease of 3%.

Committee Comments/Discussion:

Director Uilkema believed that Contra Costa County's property tax reductions would be much more than 5%; Director Ross concurred. Mr. Broadbent agreed percentages could change over the next six months and recommended staff return to the Committee in the fall when actual tax revenue has been issued and do a mid-year budget adjustment, if necessary. Committee Members agreed to calendar a Budget and Finance Committee meeting once property tax revenues have been received by the District.

In-State Travel:

Mr. McKay discussed the In-State Travel budget, noting that the budget of \$246,872 represents a variety of events, conferences, educational, technical training and travel of inspection staff which takes District staff out of the area, and because the District is a technical organization, such travel is necessary and reasonable.

Air Monitoring and Laboratory Equipment from Reserves:

Mr. McKay said the community is appreciative of efforts to provide additional air monitoring and briefly described the equipment as a relocate-able air monitoring trailer with laboratory instruments for additional community monitoring and analysis of samples for toxic metals which provides capabilities similar to ARB and the South Coast AQMD. The cost of \$343,550 is recommended to be taken from Undesignated Reserves.

Chairperson Torliatt referred to page 90 of the budget and confirmed with Mr. Hilken that the District budgeted sufficient resources to complete the update on CEQA guidelines, and to include resources for guidance on evaluation and mitigation of community exposures.

Director Wagenknecht confirmed with Mr. McKay that the equipment purchase is a change to the budget and is listed as an individual line item under the Capital Expenditures on page 91.

Director Shimanksy questioned and confirmed that the District works cooperatively and closely with counties with monitoring and analyzing data as they have equipment that also monitors ambient air samples and, at times, counties are able to better access locations the District cannot.

Chairperson Daly suggested looking at revenues coming in over the next couple of years, diversifying fund balance line items, and voiced interest in encumbering funds to pay down the OPEB liability and fund climate protection. Mr. McKay briefly discussed the establishment of CalPERS set aside funds for OPEB when the District was super funded, noting that \$400,000 a year is pulled from this funding, with \$1.9 million remaining, which should last for 4-5 years.

Directors discussed options regarding grant funding, dedication of reserve funding, receipt of property tax revenues and the status of the Climate Protection Foundation. Direction was provided to staff to return with recommendations on the Climate Protection Foundation.

Committee members directed staff to bring back recommendations for Appendix C-Fund Balances at the next Budget and Finance Committee meeting to be scheduled for 9:15 a.m. on May 6, 2009, prior to the Board of Directors meeting.

Committee Action: Director Daly made a motion to recommend Board of Directors' approval of the proposed budget for FYE 2010, as amended, with the exception of Appendix C-Fund Balances (page 175), to be discussed at a May 6, 2009 Budget and Finance Committee meeting; Director Wagenknecht seconded the motion; unanimously carried without objection.

Consideration of Budgeting System Standardization – *Presentation by Deputy APCO, Jeffrey McKay*

Overview:

Mr. McKay reported that the District has examined alternative budgeting systems due to the existing system requiring excessive staff support, cost and risk. He recommended the Committee 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. He confirmed with Committee members that the request was already budgeted in the current budget.

Committee Action: Director Shimansky made a motion to recommend 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; Director Brown seconded the motion; carried unanimously without objection.

Consider Recommending Approval of Data Center and Computer Network Funding – *Presentation by Deputy APCO, Jeffrey McKay*

Overview:

Mr. Kay described the current state of the computer network, said it operates on 40 year old telephone lines, at 1% of typical speed of modern networks, without power backup on critical network components, without automated monitoring and with wasteful obsolete power conditioners and cooling systems. Committee members voiced support for staff's proposed recommendation.

Committee Action: Director Haggerty made a motion to recommend 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; seconded by Director Brown; unanimously approved without objection.

Strategic Facilities Planning Analysis – Presentation by Executive Officer/APCO Jack Broadbent and Business Manager, Satnam Hundel

Overview:

Mr. Broadbent described the District's deferred maintenance and facility planning strategy, phasing of the building's construction in 1968, 1976, and 1988, annual facilities cost, examples of upcoming projects, future facility planning and said the scope of work for the RFP includes:

- Analyzing existing and future space needs
- Evaluating options to meet facility needs
- Analyzing costs for each option
- Recommending one option to meet the District's needs

Facility Options:

- Remodel
- Floor-by-floor renovation
- Demolition and rebuild
- Purchase or lease new space

Committee members and staff discussed the RFP which was initiated in 2008 with a scope of work to analyze existing and future space needs, cost, and various options. Staff recommendation is for the Budget and Finance Committee to assign capital facilities planning responsibilities to the Budget and Finance Committee pending initiation of a Capital Facilities Committee.

Committee Discussion/Comments:

Committee members discussed sale versus lease options, building costs, deferred maintenance relocation, alternatives to moving certain divisions, accessibility to transit, moving efforts, selection of a vendor to discuss options, green building, not abandoning the existing building, and requested staff identify employee residence data.

Mr. Broadbent agreed to return to the Committee with the RFP and further discussion.

Committee Action: Chairperson Torliatt made a motion to recommend Board of Directors' approval in assigning facilities responsibilities to the Budget and Finance Committee; seconded by Director Wagenknecht; unanimously approved without objection.

Committee Member Comments: None

Time and Place of Next Meeting:

9:15 a.m., Wednesday, May 6, 2009, Board Room, 939 Ellis Street, San Francisco, CA 94109

Adjournment: The meeting adjourned at 11:00 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 30, 2009

Re: Consideration and Recommended Approval of Appendix C- Fund Balances in the
Proposed FYE 2010 Proposed Air District Budget

RECOMMENDED ACTION:

Consider recommending Board of Directors' approval of Appendix C- Fund Balances in the Proposed FYE 2010 Budget and adoption of the proposed FYE 2010 Budget upon completion of public hearings.

BACKGROUND:

As directed by Chairperson Torliatt at the March 18, 2009 regular Board of Directors' meeting, the proposed Fiscal Year Ending 2010 Budget document was reviewed by the Budget and Finance Committee at its March 30, 2009 meeting, and again at its April 29, 2009 meeting. At the April 29th meeting the committee unanimously agreed to recommend adoption of the Proposed FYE 2010 Budget by the full Board with the exception of Appendix C-Fund Balances. Staff was provided direction relative to Appendix C-Fund Balances and an additional meeting scheduled.

DISCUSSION:

Staff will present a revised Appendix C- Fund Balances for the Committee's consideration.

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