



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
SEPTEMBER 16, 2009
8:30 A.M.

4TH FLOOR CONFERENCE ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109

REVISED 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 JUNE 1, 2009**
4. **FOURTH QUARTER FINANCIAL REPORT FOR FISCAL YEAR ENDING 2008-09** J. McKay/4629
jmckay@baaqmd.gov
Staff will present the fourth quarter financial report for Fiscal Year 2008-09.
5. **BUDGET STATUS UPDATE FOR FISCAL YEAR ENDING 2010** J. McKay/4629
jmckay@baaqmd.gov
The Committee will receive an update on the impact of the recent State budget decisions.
6. **TRANSFER \$750,000 IN FUNDING FROM RESERVES TO THE FISCAL YEAR 2009/10 BUDGET FOR MARINE HIGHWAY PROJECT AT THE PORT OF OAKLAND** J. Broadbent/5052
jbroadbent@baaqmd.gov
The Committee will consider recommending the transfer of \$750,000 in funding from reserves to the Fiscal Year 2009/10 budget, per the direction of the Board of Directors from its meeting on August 5, 2009.
7. **TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM PROCESS AND FILE REVIEW** J. Broadbent/5052
jbroadbent@baaqmd.gov
The Committee will consider recommending Board of Directors approval to move \$200,000 from the Undesignated Reserve into the FY 2009/2010 budget and to authorize the Executive Officer/APCO to solicit bids and execute agreements to review the TFCA program and ensure compliance with current documentation standards.

8. 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).

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

10. ADJOURNMENT

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

(415) 749-5130
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

SEPTEMBER 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>(At the Call of the Chair)</i>	Wednesday	16	8:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room
Joint Policy Committee	Friday	18	10:00 a.m.	MTC Auditorium 101 8 th Street Oakland, CA 94607
Board of Directors Executive Committee Meeting <i>(At the Call of the Chair)</i>	Thursday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>– (Meets 4th Thursday of each Month)</i> - CANCELLED AND RESCHEDULED TO 10/5/09	Thursday	24	9:30 a.m.	4 th Floor Conf. Room

OCTOBER 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Mobile Source Committee <i>– (Meets 4th Thursday of each Month)</i>	Monday	5	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	8	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	8	Following Board Legislative Cme. Meeting	4th Floor Conf. Room
Advisory Council Regular Meeting	Wednesday	14	9:00 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday each Month)</i>	Thursday	15	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets 3rd Monday Quarterly)</i>	Monday	19	9:30 a.m.	Board Room

OCTOBER 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	21	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Ad Hoc Cme. on Port Emissions	Monday	26	9:30 a.m.	4 th Floor Conf. Room

NOVEMBER 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	4	9:45 a.m.	Board Room
Advisory Council Regular Meeting	Tuesday	10	9:00 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	12	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	12	9:30 a.m.	4th Floor Conf. Room
Joint Policy Committee	Friday	13	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	18	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(At the Call of the Chair)</i> - CANCELLED	Monday	25	1:30 p.m.	4th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Thursday	26	9:30 a.m.	4 th Floor Conf. Room

HL – 9/10/09 (9:25 a.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: June 25, 2009

Re: Budget and Finance Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of June 1, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the June 1, 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, June 1, 2009

- Call to Order:** Chairperson Chris Daly called the meeting to order at 9:39 a.m.
- Roll Call:** Chairperson Chris Daly; Committee Members Scott Haggerty, Eric Mar, Mark Ross, Michael Shimansky and Gayle B. Uilkema
- Absent:** Vice Chairperson Harold Brown; Committee Members Carole Groom and Brad Wagenknecht
- Public Comment Period:** There was no public comment.

Third Quarter Financial Report – Presentation by Deputy APCO Jeffrey McKay

Overview:

Mr. McKay presented the financial report for the third quarter for Fiscal Year 2008/2009 and a review of financial trends, and presented a comparison of budget to actual revenue:

- County receipts totaled \$11,976,378 (58%) of budgeted revenue;
- Permit Fee receipts were \$18,609,582 (82%) of budgeted revenue;
- Title V Permit Fees were \$2,279,701 (90%) of budgeted revenue;
- Asbestos Fees were \$1,245,810 (65%) of budgeted revenue;
- Toxic Inventory Fees were \$505,187 (92%) of budgeted revenue;
- Penalties and Settlements were \$1,476,257 (59%) of budgeted revenue;
- Miscellaneous Revenue receipts were \$37,288 (9%) of budgeted revenue;
- Interest Revenue was (\$1,190,479) which totaled (-83%) of budgeted revenue.

In comparing the budget to actual expenditures:

- Salaries and benefits were \$30,113,770 (69%) of budgeted expenditures;
- Operational Services and Supplies were \$4,871,241 (30%) of budgeted expenditures; and
- Capital Outlay was \$799,849 (16%) of budgeted expenditures.

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

- General Fund \$26,466,989
- TFCA \$56,379,242

- MSIF \$30,318,357
- Carl Moyer \$13,053,183
- Total \$126,217,771

Investments held as fixed income investments represent 35% of the total investment pool. Investments held as short term investments represent 65% of the total investment pool. There were no changes in Fund Balances, as presented previously.

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

- Subvention Withholding
- Property Tax Redirected
- Large Facility Closed

Committee Member Comments/Discussion:

- Director Uilkema: Clarified third quarter expenditure amounts; questioned Lehman Bros. loss and confirmed that the District may benefit through a larger recovery action through the counties which was being tracked; and confirmed that the statute requires that the District invest with one County Treasurer and not split investments with multiple counties.
- Director Shimansky: Questioned and confirmed that proposed gap was being addressed through fee increases, as well three years of holding flat on service and supply, capital and FTE and vacancies.

Committee Action: None; received and filed.

Approval of Minutes of May 6, 2009: Director Shimansky requested the following amendment to page 2, as follows:

“Motion: Director Shimansky made a motion to recommend Option C: Director Uilkema seconded the motion. *After brief discussion, Director Uilkema withdrew her second to the original motion. There was no second to the original motion, and the motion died for lack of a second.*”

Committee Action: Director Uilkema made a motion to approve the minutes of May 6, 2009, as amended; seconded by Director Shimansky; carried unanimously without objection.

Consideration of San Mateo County’s Pooled Fund Investment Policy - Presentation by Deputy APCO, Jeffrey McKay

Highlights of San Mateo County Investment Policy:

- **Maturity and Average Life:**
 - Maximum allowable maturity at time of investment is 5 years for Treasuries/Agencies
 - At least 50% of the Pool will mature within 1 year
 - At least 25% of the Pool will mature within 90 days

- **Credit Ratings:**
 - Credit ratings by one or more nationally recognized securities rating organization
- **Issuer Concentration:**
 - No more than 5% of the Pool's investment portfolio may be invested in securities of any one issuer
 - U.S. Government sponsored enterprises are exempt from this restriction

Authorized Investments:

- U.S. Treasury Securities / Agencies
- Commercial Paper
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Collateralized Time Deposits
- Asset-Backed and Mortgage-Backed Securities
- Corporate Securities: A rated or better

Recommendation:

Consider recommending that the Board of Directors, by Board resolution, adopt the County of San Mateo's Pooled Fund Investment Policy (Investment Policy), including all subsequent policy revisions.

Committee Member Comments/Discussion:

Directors discussed the auditor's recommendation to take action on San Mateo County's Pooled Investment Policy in the current fiscal year, discussed the pro's and con's of developing an RFP, requested staff continue to obtain information from all 9 counties and return to a subsequent Budget and Finance Committee with a recommended strategy for potentially moving its treasury to the custody of another county within the Air District's jurisdiction.

Committee Action: Director Haggerty made a motion to recommend Board of Directors' adoption of San Mateo County's Pooled Fund Investment Policy; Director Shimansky seconded the motion; carried unanimously without objection.

Consideration of Recommendation to Transmit Funds to CalPERS for Other-Than-Pension-Post Employment Benefits (OPEB) - *Presentation by Deputy APCO, Jeffrey McKay*

Overview

Mr. McKay noted that the final hearing for the FYE 2010 Budget will be held on May 20, 2009, and it is recommended that upon Board of Directors' approval of the FYE 2010 budget, transmittal of the budgeted \$2,000,000 in OPEB funds to CalPERS occur.

Committee Action: Director Uilkema made a motion to recommend that upon Board of Directors' approval of the FYE 2010 budget, \$2,000,000 in OPEB funds be transmitted to CalPERS before the close of the current fiscal year; seconded by Director Shimansky; carried unanimously without objection.

Committee Member Comments: None

Time and Place of Next Meeting: At the Call of the Chair

Adjournment: The meeting adjourned at 10:10 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: September 1, 2009

Re: Fourth Quarter Financial Report – Fiscal Year 2008-09

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County receipts totaled \$21,670,196 (105%) of budgeted revenue.
- Permit Fee receipts were \$22,222,824 (98%) of budgeted revenue.
- Title V Permit Fees were \$2,583,435 (102%) of budgeted revenue.
- Asbestos Fees were \$1,681,182 (87%) of budgeted revenue.
- Toxic Inventory Fees were \$616,191 (112%) of budgeted revenue.
- Penalties and Settlements were \$2,544,207 (102%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$96,188 (22%) of budgeted revenue.
- Interest Revenue was (\$1,031,708) which totaled (-72%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$42,049,487 (97%) of budgeted expenditures.
- Operational Services and Supplies were \$8,167,211 (50%) of budgeted expenditures.
- Capital Outlay was \$1,948,236 (88%) of budgeted expenditures.

INVESTMENT BALANCES

Cash and Investments in County Treasury:

General Fund	\$ 23,242,601
TFCA	\$ 56,005,159
MSIF	\$ 32,388,522
LESBP	\$ 382,000
Carl Moyer	\$ <u>7,209,484</u>
	<u>\$119,227,766</u>

Investments Held as:

Fixed Income Investments	28% of total investment pool
Short Term Investments	72% of total investment pool

	6/30/2007	6/30/2008	6/30/2009
	Audited	Audited	Unaudited
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>

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: August 27, 2009

Re: Budget Status Update for Fiscal Year Ending 2010

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

Staff will provide the Committee an overview of the impact of recent state budget decisions on the FYE 2010 budget.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The Air District's FYE 2010 Budget has been impacted by an 8% reduction of property taxes.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Linda J. Serdahl, CPA, CFE
Reviewed by: Jeffrey M. McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Chris Daly and Members of the
Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: August 6, 2009

Re: Recommend Transfer of \$750,000 in funding reserves to fiscal year
2009/10 budget for Marine Highway Project at the Port of Oakland

RECOMMENDED ACTION:

Following direction from the Board of Directors (Board) on August 5, 2009, recommend that the Board approve the transfer of \$750,000 from the Reserve for Economic Uncertainties to the fiscal year 2009/10 budget.

BACKGROUND

On August 5, 2009, following the report from the Board Ad Hoc Committee on Port Emissions, a unanimous decision was taken to remove \$750,000 from reserves to fund the Marine Highway Project at the Port of Oakland.

DISCUSSION

This project represents a mode shift from over-the-road truck transportation of cargo containers to a river-based barging system. The California Department of Agriculture estimates that approximately 294,000 containers of agricultural goods are exported annually through the Port from the Sacramento Valley. Eco-Transportation (the marine barge operator) proposes to operate a barge between the Ports of Stockton and Oakland that would at peak capacity account for 50% of all agricultural cargo. In terms of air quality, this project benefits the District and Port in that it eliminates the need for approximately 4,900 truck trips per week through the West Oakland community and along Bay Area highways. This equates to an almost 15 ton per year reduction in emissions of diesel particulate matter.

The Port of Oakland has applied for approximately \$2 million in US Department of Transportation grants to co-fund this effort. Additionally, due to the regional nature of the project (reducing emissions from trucks traveling between Stockton and Oakland) the San Joaquin Valley Air Pollution Control District has also agreed to provide up to \$750,000 in matching funds contingent on action by the Bay Area Air District. This project is expected to commence in summer 2010 and reach peak capacity by summer 2012.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

If approved, \$750,000 will be transferred from the Reserve for Economic Uncertainties for this purpose and an adjustment of the Air District's FY 2009/10 budget will be made accordingly. District funding will be contingent on Eco-Transportation receiving funding from the Port of Oakland, using clean barges and performance-based milestones.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Damian Breen
Reviewed by: Jack M. Colbourn

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: September 8, 2009

Re: Transportation Fund for Clean Air (TFCA) Program Process and File Review

RECOMMENDED ACTION:

Consider recommending Board of Directors' approval to move \$200,000 from the Undesignated Reserve into the FY 2009/2010 budget and to authorize the Executive Officer/APCO to solicit bids and execute agreements to review the TFCA program and ensure compliance with current documentation standards.

BACKGROUND

In 2006, the Air District updated the administration of Carl Moyer Program funding. As a result, the Air District has developed and implemented improved controls for grants administration.

DISCUSSION

During the past 12 months, staff has applied the improved controls currently used in the Carl Moyer Program to the TFCA FY 2008/2009 cycle, which covers approximately 60 projects. Funding from this request will be used to ensure that approximately 1,000 project folders (from 1992-2006) meet current documentation standards. The estimated time to complete this work is 2,000 hours.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The FY 2009/2010 Professional Services budget in Finance will be increased by \$200,000 with a corresponding decrease in the Undesignated Reserve.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jack M. Colbourn