



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

CAROLE GROOM – CHAIRPERSON
SCOTT HAGGERTY
MARK ROSS
BRAD WAGENKNECHT

ASH KALRA – VICE CHAIRPERSON
ERIC MAR
GAYLE UILKEMA
SHIRLEE ZANE

WEDNESDAY
OCTOBER 19, 2011
IMMEDIATELY FOLLOWING
EXECUTIVE COMMITTEE MEETING

4th FLOOR CONFERENCE ROOM
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 Air 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 MAY 25, 2011**
4. **AIR DISTRICT SECURITY CONTRACTS**

J. Colbourn/5192

jcolbourn@baaqmd.gov

The Committee will consider recommending that the Board of Directors authorize the Executive Officer/APCO to enter into an annual contract with Security Management Group International (SMGI) for an amount not to exceed \$264,443.76 and with Admiral Security for an amount not to exceed \$192,252.80 with the option of extending the contracts for two additional years. The combined contract amount is not to exceed \$457,000.00.

5. **DISTRICT FINANCIAL OVERVIEW**

J. McKay/4629

jmckav@baaqmd.gov

The Committee will receive a financial overview.

6. **FIRST QUARTER FINANCIAL REPORT – FISCAL YEAR 2011-12**

J. McKay/4629

jmckav@baaqmd.gov

The Committee will receive an update on the Air District's First Quarter Financial Report.

7. **UPDATE ON DEVELOPMENT OF A COST RECOVERY POLICY**

B. Bateman/4653

bbateman@baaqmd.gov

The Committee will receive an update on the Air District's development of a Cost Recovery Policy.

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
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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

OCTOBER 2011

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Meeting <i>(Meets 2nd Wednesday each Month)</i>	Wednesday	12	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(At the Call of the Chair)</i>	Wednesday	19	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(At the Call of the Chair)</i>	Wednesday	19	Immediately Following Executive Cme. Meeting	4 th Floor Conf. Room
Board of Directors Executive Committee <i>(At the Call of the Chair)</i> - CANCELLED AND RESCHEDULED TO WEDNESDAY, OCTOBER 19, 2011	Monday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Thursday	27	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(At the Call of the Chair)</i>	Monday	31	10:00 a.m.	4 th Floor Conf. Room
Board of Directors Public Outreach Committee <i>(At the Call of the Chair)</i>	Wednesday	31	Immediately Following Climate Protection Cme. Meeting	4 th Floor Conf. Room

NOVEMBER 2011

<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	2	9:45 a.m.	Board Room
Board of Directors Nominating Committee <i>(At the Call of the Chair)</i>	Wednesday	2	Immediately Following Regular Board Meeting	Room 716
Advisory Council Meeting <i>(Meets 2nd Wednesday each Month)</i>	Wednesday	9	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room

NOVEMBER 2011

<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 each Month)</i> - CANCELLED	Thursday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Monday	28	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(At the Call of the Chair)</i>	Monday	28	Immediately Following Mobile Source Cme.	4 th Floor Conf. Room

DECEMBER 2011

<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	7	9:45 a.m.	Board Room
Advisory Council Meeting <i>(Meets 2nd Wednesday each Month)</i>	Wednesday	14	9:00 a.m.	Board Room
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 each Month)</i> - CANCELLED	Thursday	22	9:30 a.m.	Board Room

HL – 10/6/11 (3:10 p.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Groom and Members of the
Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 14, 2011

Re: Budget and Finance Committee Draft Meeting Minutes

RECOMMENDED ACTION

Approve attached draft minutes of the Budget and Finance Committee meeting of May 25, 2011.

DISCUSSION

Attached for your review and approval are the draft minutes of the May 25, 2011 Budget and Finance Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kristina Perez-Krow
Reviewed by: Jennifer Cooper

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

DRAFT MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday May 25, 2011

1) Call to Order/Roll call: Chairperson Carol Groom called the meeting to order at 1:04 p.m.

Present: Chairperson Carol Groom, Vice Chairperson Ash Kalra, Directors Eric Mar, and Shirlee Zane. Directors Scott Haggerty and Brad Wagenknecht arrived after the roll call.

Also Present: Board Chairperson Tom Bates

Absent: Directors Hal Brown, Mark Ross, and Gayle B. Uilkema

2) Public Comment Period: There were no public comments.

3) Approval of Minutes of April 28, 2011: Chairperson Bates moved to approve the minutes of April 28, 2011. The motion was seconded by Director Mar and carried unanimously without objection.

4) Update on Fiscal Year Ending (FYE) 2011 Budget

Mr. Jeff McKay, Deputy Air Pollution Control Officer, presented the staff report.

Mr. McKay talked about the Air District's current year fiscal challenges and response. The Air District has done well projecting property tax revenue. Interest revenues have been down, as well as a decrease in permit fees. Penalties and settlement revenues have increased, and personnel costs are doing well. The Air District has decreased non-capital expenditures and cut service and supply costs.

The budget for capital projects has decreased over the past three years and continues to trend downward. The Air District has made many cost cutting choices, such as: deferring the modeling system upgrades; reducing technical assistance for local climate action plans; reducing technical assistance for mobile source measures; reducing media buys for Winter Spare the Air; reducing youth outreach; and reducing event sponsorships. Staff expects to only use the reserve amounts projected in the budget, and continue to keep the reserves at above 15% of the general fund.

Public Comments: None

Committee Member Comments:

Director Zane expressed concern that reserve funds are going down, and wants to know the plan to restore them; she also asked how the non-general fund budget is affected.

Brian Bunger, District Counsel, answered that grant allocations make up the non-general fund budget and those funds are not affected, nor are they mingled with the general fund. If grant funding was withheld, adjustments would be made, but that is not anticipated.

Mr. McKay stated that staff is using many methods to increase reserves, such as requesting fee increases, reducing capital spending, and decreasing supply and service costs. This is a multi-year, multi-prong approach. He expects reserves to begin increasing by 2014.

Director Zane asked about vacant job positions at the Air District and if those positions would remain unfilled, or be eliminated.

Mr. McKay responded that there is no plan to fill the current open positions and more positions will become vacant due to attrition. However, positions will be left open and hiring considered when the economy improves.

Committee Chair Groom noted that the Committee had previously discussed these issues, and although no one likes to tap into reserves, this is part of a 4 – 5 year plan.

Committee Vice Chair Kalra said that during times of economic hardship many agencies will need to use reserve funds; this is still being responsible. He did caution against eliminating too many positions as smaller jurisdictions don't have staff or capacity and will need the Air District's help for climate action plans. He would like the Air District staff to continue outreach and attend events.

Director Mar asked how long the modeling system upgrades would be deferred and what was the cost savings. Mr. McKay replied that the savings was \$200,000 and the upgrade was deferred indefinitely.

Committee Action: None, informational only.

5) Permitting and Inspection Enhancement Funding

Jeff McKay, Deputy Air Pollution Control Officer, presented the staff report.

This item is to request authorization to expend funds for 4 projects, which are itemized on the proposed FYE 2012 budget, pending final approval of FYE 2012 budget.

Mr. McKay stated authorization of these projects allows work to continue without down time. Descriptions and costs of the 4 work projects are listed below:

- 1) Title V Permitting Automation Systems - \$360,000
The new functionality will allow permit engineers to shorten their evaluation time and improve consistency in regulating our largest polluting facilities.
- 2) Enforcement Inspector Tablet Computing - \$322,000
Inspectors require tablet computers to record compliance and enforcement information electronically to improve efficiency in the field and reduce resources required to handle manual paperwork.
- 3) Emission Train Browser - \$180,000
The Emission Train Browser will allow staff and members of the regulated community to visualize their equipment including material usages and emissions to provide for more consistent and efficient permitting.
- 4) Registration Program Integration - \$160,000
The District has implemented online registration issuance and renewal systems to support new rules and regulations while the Production System is being implemented.

Draft Minutes of May 25, 2011 Budget and Finance Committee Meeting

Mr. McKay explained that staff was asking for authorization of these items, and would come back to the Committee with the remaining items on Table 10 in the FYE 2012 budget. These projects are part of the \$2.1 million budgeted for 14 projects in the FYE 2012 budget. The automation systems are especially critical and the tablet computers for the inspectors will be a great step forward. The Air District uses multiple vendors, allowing staff to negotiate for better rates.

Public Comments: None

Committee Member Comments:

Director Haggerty asked if the projects would be affected by any relocation of the Air District offices and how the projects would be scheduled.

Mr. McKay stated that the projects would be worked on simultaneously and none of the projects will be affected by relocation of the Air District.

Mr. McKay responded to a question from Director Zane, and affirmed that these projects are the Air District's priorities.

Director Mar asked what brand of tablet computers the Air District would be purchasing. Mr. McKay answered that the infrastructure at the Air District can handle the addition of tablet computers, and staff was researching the most current technology.

Board Chairman Bates asked if the Air District was using local companies. Mr. McKay responded that local companies were preferred vendors, and costs are kept down when avoiding travel expenses.

Board Chairperson Bates asked why the Committee was being asked to approve projects that were itemized for approval in the FYE 2012 budget. Mr. McKay responded that it was just an extra step to enhance Committee awareness.

Committee Action: Director Haggerty moved to recommend Board of Directors' authorization for the Executive Officer/APCO to execute agreements for FYE 2012 Permitting and Inspection System enhancement projects as itemized in the Capital Expenditure Detail of the proposed FYE 2012 budget not to exceed \$700,000. The motion was seconded by Director Mar and carried unanimously without objection.

6) Purchasing Procedures: Contract Limitations

Jeff McKay, Deputy Air Pollution Control Officer, presented the staff report.

Mr. McKay explained that this item is about a proposed amendment to the Air District's Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations.

He stated that the Air District currently does not bring payments for recurring routine business costs such as utilities, licenses, and office supplies, before the Board, except as part of the Air District budget. Mr. McKay stated that the proposed amendment clarifies the practice to list recurring costs over \$70,000 in the quarterly financial reports.

Public Comments: None

Committee Member Comments:

Staff confirmed for the committee that monthly utilities costs were not \$70,000 per month and this was a cumulative amount.

Director Groom suggested that staff bring the issue to the Board.

Committee Action: None. The proposed amendments to the *Administrative Code Division II – Fiscal Policies and Procedures – Section 4: 4.3 Contract Limitations* will be introduced at the June 1, 2011 meeting of the Board of Directors; and scheduled for consideration on June 15, 2011.

7) Development of a Cost Recovery Policy

Director of Engineering, Brian Bateman, presented the staff report which was a follow up to the cost recovery and containment study.

Mr. Bateman explained that the Air District has the authority under state law to access fees to fully recover the reasonable costs of regulating stationary sources, and the Air District falls short of full cost recovery. He further stated that fees are largest source of revenue, and property taxes are used to fill the cost recovery gap.

Mr. Bateman described the recommendation from the cost recovery study, that the district adopt a formal cost recovery policy as a best management practice and having such a policy would provide greater certainty to fee payers regarding future increases.

Public Comments: None

Committee Member Comments:

Committee members discussed the proposed fee increases and their impact on the overall cost recovery at the Air District. The level of cost recovery was discussed and the impacts on small business, as there may be categories where 100% cost recovery is not feasible. There was discussion about what other Air Districts are doing in this area, and the use of property taxes to fill the cost recovery gaps.

Committee members stated this was the right direction to go, this policy will make expectations clear, and it is part of best management practices.

Staff explained they have met with California Council for Environmental and Economic Balance (CCEEB) and plan to meet with other stakeholders. Staff will prepare a cost recovery policy and bring it back to the Committee.

Committee Action: None.

8) Committee Member Comments/Other Business: None

9) Time and Place of Next Meeting: At the call of the Chair.

10) Adjournment: The meeting was adjourned at 1:54 p.m.

Kris Perez Krow
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 29, 2011

Re: Air District Security Contracts

RECOMMENDED ACTION

The Committee will consider recommending Board of Directors' approval of contracts to Security Management Group International (SMGI) for Front Lobby Building Security and Admiral Security for armed security services in the back of the building on Willow Street. The combined contract amount is not to exceed \$457,000.00.

BACKGROUND

The Air District staff recently completed a Request for Proposal (RFP) process to solicit responses for front lobby security and Willow Street security.

DISCUSSION

The RFP was released on August 19, 2011, and proposals were due on September 12, 2011; 4 responses were received.

The contract will have a term of twelve months, which may be extended for two additional years at the District's sole discretion. After evaluating proposals, conducting interviews and checking references, SMGI received the highest ranking and is recommended to receive the awarding of lobby security contract, and Admiral Security received the highest ranking for and is recommended to receive awarding of the Willow Street security contract.

EVALUATION

The top three companies were interviewed by a panel comprised of Air District staff representing the Legal Division, Employees Association and Administrative Services Division. The interviews were held on September 28, 2011.

The scoring and total points for each for the three companies interviewed for front lobby security and Willow Street security are contained in the following table:

Front Lobby Security:

Company:	SMGI	National Security Industries	Admiral Security
Panelist #1	10	8	7
Panelist # 2	9	7	6
Panelist #3	10	7	7
Panelist #4	9	7	7
Average:	9.5	7.5	6.75

Willow Street Security:

Company:	SMGI	National Security Industries	Admiral Security
Panelist #1	8	8	9
Panelist # 2	7	7	9
Panelist #3	8	8	10
Panelist #4	6	7	9
Average:	7.25	7.5	9.25

BUDGET CONSIDERATION/FINANCIAL IMPACT

SMGI will bill the Air District at a rate of \$29.82/hr straight time, and \$44.73/hr for holidays. The annual cost of \$264,443.76 is for twenty-four (24) hour security at the Air District.

Admiral Security will bill the Air District at a rate 65.84/hr. The annual cost of \$192,252.80/yr. is for armed security 4-8 a.m. and 4-8 p.m. Monday – Friday only.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Okpalaugo
Approved by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 4, 2011

Re: District Financial Overview

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will review the Air District response to fiscal challenges. The review will include a discussion of the strategies employed during the Fiscal Year End (FYE) 2012 budget cycle. Implications for the coming FYE 2013 budget process will also be reviewed.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No budget impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 3, 2011

Re: First Quarter Financial Report – Fiscal Year 2011-12

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s financial results for the first quarter of fiscal year 2011-12. The following information summarizes those results:

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

• County receipts	\$204,828	(1%) of budgeted revenue.
• Permit Fee receipts	\$12,302,035	(49%) of budgeted revenue.
• Title V Permit Fees	\$2,484,092	(82%) of budgeted revenue.
• Asbestos Fees	\$565,582	(32%) of budgeted revenue.
• Toxic Inventory Fees	\$259,704	(36%) of budgeted revenue.
• Penalties and Settlements	\$904,704	(60%) of budgeted revenue.
• Miscellaneous Revenue	\$13,719	(69%) of budgeted revenue.
• Interest Revenue	\$ -	(0%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

• Personnel – Salaries	\$6,389,220	(21%) of budgeted expenditures.
• Personnel - Fringe Benefits	\$3,070,562	(21%) of budgeted expenditures.
• Operational Services and Supplies	\$3,109,900	(18%) of budgeted expenditures.
• Capital Outlay	\$643,045	(29%) of budgeted expenditures.

Cash and Investments in County Treasury:

(Based on the August 2011
Account Balance)

General Fund	\$18,329,049
TFCA	\$57,682,578

MSIF	\$32,668,338
Carl Moyer	\$9,801,212
CA Goods Movement	\$20,206,754
	<u>\$138,687,930</u>

Investments Held as:
(Based on the August 2011
Account Balance)

Fixed Income Investments	45% of total investment pool
Short Term Investments	55% of total investment pool

FUND BALANCES

	<u>6/30/2010</u> <u>Audited</u>	<u>6/30/2011</u> <u>Unaudited</u>	<u>6/30/2012</u> <u>Projected</u>
Imprest Cash	-	-	-
Building and Facilities	1,731,690	4,731,690	3,912,154
PERS Funding	1,900,000	1,500,000	1,500,000
Radio Replacement	75,000	75,000	-
Capital Equipment	-	1,219,818	1,219,818
Contingencies	130,425	-	-
Post-Employment Benefits	-	2,000,000	2,000,000
Worker's Compensation	1,000,000	1,000,000	1,000,000
Economic Uncertainties	7,816,963	130,660	130,660
TOTAL SPECIAL RESERVES	<u>\$ 12,654,078</u>	<u>\$ 10,657,168</u>	<u>\$ 9,762,632</u>
UNDESIGNATED	<u>\$ 288,477</u>	<u>\$ 411,797</u>	<u>\$ 411,797</u>
TOTAL FUND BALANCES	<u>\$ 12,942,555</u>	<u>\$ 11,068,965</u>	<u>\$10,174,429</u>

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to provide the Board a listing of all of the vendors receiving payments in excess of \$70,000 under contracts that have not been previously reviewed by the Board. Prior Air District practice does not bring payments for recurring routine business costs such as utilities, licenses, office supplies and the like,

before the Board, except as part of the Air District budget. The current practice now is to list such payments over \$70,000 in a quarterly financial report. The purpose is to increase the information flow to the Board, to maintain committee efficiency, and to clarify policy.

The following vendor information is provided:

Vendor	Amount Paid	Service Provided
PG&E	\$99,085	Utility

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Glasser
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Groom and Members of the
Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 10, 2011

Re: Update on Development of a Cost Recovery Policy

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In March 2011, the Air District's contractor, Matrix Consulting Group, completed an updated Cost Recovery and Containment Study. The Study concluded that fees collected by the Air District are well below the point of full cost recovery (e.g., for Fiscal Year Ending 2010, fees recovered 62% of program costs). The consultant recommended that the Air District's Board of Directors "adopt a formalized, District-wide cost recovery policy for the fee services included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources."

In May 2011, staff discussed with the Budget and Finance Committee its intention to develop a cost recovery policy that would guide the development of future amendments to the District's fee regulation. This policy would be developed based on direction from the Board, and in consideration of input from fee payers and other stakeholders.

DISCUSSION

At the upcoming Budget and Finance Committee meeting, staff will provide an update on the development of a cost recovery policy. Items covered will include: (1) the results of a survey of cost recovery policies that may have been adopted by other California air districts, (2) the formation of a Stakeholder Advisory Committee for development of the policy, and (3) several options that are being considered by staff for a cost recovery policy.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeffrey McKay