

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109
(415) 749-5000

Board of Directors Special Meeting/Budget Hearing
May 16, 2012

APPROVED MINUTES

CALL TO ORDER

Chairperson John Gioia called the meeting to order at 9:48 a.m.

ROLL CALL

Present: Chairperson John Gioia; Vice Chairperson Ash Kalra; and Secretary Nate Miley; and Directors Susan Gorin, Scott Haggerty, Jennifer Hosterman, David E. Hudson, Carol L. Klatt, Katie Rice, Mark Ross, Jim Spering, Brad Wagenknecht, Ken Yeager and Shirlee Zane.

Absent: Directors John Avalos, Tom Bates, Susan Garner, Carole Groom, Liz Kniss, Edwin M. Lee, Eric Mar, and Mary Piepho.

PUBLIC COMMENT ON NON-AGENDA MATTERS

None.

PUBLIC HEARING

- 1. Public Hearing to Consider Testimony on the Air District's Proposed Budget for Fiscal Year End (FYE) 2013. A Final Public Hearing is scheduled for Wednesday, June 6, 2012 to Consider Adoption of the Proposed Budget for FYE 2013.**

Chairperson Gioia opened the public hearing to consider testimony on the Air District's proposed budget for FYE 2013 and noted that a final public hearing is scheduled for Wednesday, June 6, 2012, to consider adoption of the proposed budget for FYE 2013.

Jeffrey McKay, Deputy Air Pollution Control Officer (APCO), gave the staff presentation Proposed FYE 2013 Budget, including a look at the status of FYE 2012, an overview of revenue and expenditure FYE 2013, responses to challenges for FYE 2013, and a detailed review of revenue and expenditure.

NOTED PRESENT: Directors Haggerty and Yeager were noted present at 9:51 a.m.

Chairperson Gioia asked, regarding slide 10, Personnel Costs, if the \$1.9 million figure is the amount necessary to fund Other Post-Employment Benefits (OPEB) at a fully amortized basis. Mr. McKay responded that if the Air District had funded OPEB at the normal cost for the life of the agency then the unfunded obligation today would be zero but the Air District only started funding a few years ago. So the unfunded obligation has not grown since that time as the payments have been at the normal cost. Chairperson Gioia noted that, per the Government Accounting Standards Board, there is no requirement to fully fund OPEB but only to show a plan to do so is in place. Mr. McKay agreed.

Director Hosterman asked, regarding slide 15, Trends in Cost Cutting (1), what form the additional 20% reduction in technical assistance to cities and counties will take, noting the benefits enjoyed by the City of Pleasanton resulting from past Air District assistance. Henry Hilken, Director of Planning, Rules & Research, responded that this reflects funds staff had previously hoped to set aside for assistance to cities both for climate action and risk reduction plans, adding that the Air District also does a great deal of in-kind work for cities which will continue but with a reduction in funds that would have gone to providing some of the technical information cities receive. Director Hosterman asked about the effect on the regulation of Spare the Air Days and referenced a recent letter from the Air District requesting local government assistance with enforcement. Ana Sandoval, Acting Director of Communications & Outreach, responded that the referenced letter was regarding a model ordinance package for use by local governments to tailor enforcement provisions to their respective needs.

Board Comments:

Director Sperring asked if all of the vacant positions are funded in the budget. Mr. McKay responded that, of the 44 positions which are currently vacant, 35 are unfunded in the budget.

Director Haggerty noted, regarding slide 16, Trends in Cost Cutting (2), the lower level of janitorial service, urged staff to remember the importance of providing a clean and sanitary work environment for all staff and the importance of a public health agency maintaining a certain level of cleanliness as it speaks to the public about the organization's professionalism and commitment to its own mission statement, and asked for specifics about how the service would be reduced. Mr. McKay responded he believes it will take the form of cleaning three times a week rather than nightly and offered to retrain with more information. Director Haggerty replied that he would be interested in the information, recalled that the management at another agency he worked with was assigned the cleaning duties, and urged staff to be cautious about making this change for the sake of saving a proportionally small amount of money.

Director Hudson noted a recent email from staff suggesting a quorum will likely not be established at the Board meeting on June 6, 2012, and suggested that the full Board should be present for a meeting that will consider adoption of the budget. Jack Broadbent, Executive Officer/APCO, responded that a quorum is expected at this time. Chairperson Gioia added that the Board attendance will have to be dealt with at the time of the meeting.

Director Gorin noted her concern about the reduced OPEB payment and asked how much the payment is being reduced and what the Air District plans to do to make up for the lost funding. Mr. McKay responded that \$50 million was the unfunded balance several years ago, regular payments since that time add up to approximately \$10 million, or in other words OPEB is 20% funded, that the reduction

is expected to be for one year only and that a return to a \$2 million annual payment should be aided by the implementation of the cost recovery policy. Mr. Broadbent added that it is staff's intent to come back during the course of the fiscal year to seek Board approval to increase the OPEB payment to \$2 million if expenditures should come in lower than expected.

Director Wagenknecht said that the Air District has gone through several years of steadily funding OPEB and working towards avoiding the use of reserves to balance the budget, that slides 15 and 16, Trends in Cost Cutting (1) and (2) respectively, include items that concern him, and that he looks forward to righting the financial ship in the immediate future so the Air District may get back to funding these essential items.

Public Comments: None.

Board Action: None; informational only.

OTHER BUSINESS

2. **Board Members' Comments:** None.
3. **Time and Place of Next Meeting:** Regular Meeting on Wednesday, June 6, 2012, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:45 a.m.
4. **Adjournment:** The Board of Directors meeting adjourned at 10:10 a.m.

15/Sean Gallagher

Sean Gallagher
Clerk of the Boards