



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CAROLE GROOM – CHAIRPERSON
JOHN GIOIA
LIZ KNISS
MARK ROSS
SHIRLEE ZANE

ERIC MAR – VICE CHAIRPERSON
DAVE HUDSON
NATE MILEY
BRAD WAGENKNECHT

WEDNESDAY
MARCH 27, 2013
9:30 A.M.

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, and on the Air District's website www.baaqmd.gov 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 FEBRUARY 27, 2013**
4. **SUMMARY OF DRAFT FEE AMENDMENTS FOR FISCAL YEAR ENDING (FYE) 2014**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will be provided a summary of staff's proposed amendments to Regulation 3, Fees for Fiscal Year End 2014. The proposed fee amendments are designed to recover the costs of regulatory program activities in accordance with the Air District's Cost Recovery Policy.

5. **DISCUSSION OF PROPOSED BUDGET FOR FISCAL YEAR ENDING (FYE) 2014**

J. McKay/4629

jmckay@baaqmd.gov

The Committee will discuss the proposed budget for Fiscal Year Ending 2014.

6. **STATUS REPORT ON 939 ELLIS STREET DISPOSITION**

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee will receive a status report on the disposition strategy for 939 Ellis Street with the Air District's broker, Cassidy Turley.

7. **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)

8. **TIME AND PLACE OF NEXT MEETING** – Wednesday, April 24, 2013, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

9. **ADJOURNMENT**

CONTACT THE CLERK OF THE BOARDS
939 ELLIS STREET SF, CA 94109

(415) 749-5073
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.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-4963**

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS**

MARCH 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Public Outreach Committee <i>(At the Call of the Chair)</i>	Thursday	21	9:30 a.m.	4th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	27	9:30 a.m.	4th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	28	9:30 a.m.	4th Floor Conf. Room

APRIL 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	3	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	10	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	9:30 a.m.	4th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	15	10:30 a.m.	4th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	4th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	4th Floor Conf. Room

MAY 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	1	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	8	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	10:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	4 th Floor Conf. Room

MM – 3/20/13 (8:39 a.m.)

P/Library/Forms/Calendar/Calendar/Moncal

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/Air Pollution Control Officer

Date: March 13, 2013

Re: Approval of the Minutes of February 27, 2013

RECOMMENDED ACTION

Approve the attached draft minutes of the Budget and Finance Committee meeting of February 27, 2013.

DISCUSSION

Attached for your review and approval are the draft minutes of the Budget and Finance Committee meeting of February 27, 2013.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachment

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, February 27, 2013

1. Call to Order – Roll Call

Chairperson Carole Groom called the meeting to order at 9:37 a.m.

Present: Chairperson Carole Groom; Vice-Chairperson Eric Mar; and Directors Liz Kniss, Nate Miley, Mark Ross and Brad Wagenknecht.

Absent: Directors John Gioia, David Hudson and Shirlee Zane.

Also Present: None.

2. Public Comment Period: None.

3. Financing for Joint Regional Agency Co-Location at 390 Main Street

Jeff McKay, Deputy Air Pollution Control Officer, gave the staff presentation 390 Main Acquisition Status and Financing, including overviews of the site location, floor plans and shared space, components for disposition of 939 Ellis, comparisons of the annual costs for each building, a detailed review of the financing principles and next steps.

NOTED PRESENT: Director Mar was noted present at 9:47 a.m.

Director Wagenknecht asked, regarding slide #12, Shared Under Condominium Agreement, whether the private party lessee tenants will have a role in the governance of the building, which questions were answered by Mr. McKay and Brian Bunger, District Counsel.

Director Kniss asked about the composition of the Joint Powers Authority, which question was answered by Mr. Bunger.

Chairperson Groom asked for clarification about who will occupy Floor 8 – Executive Office, which was provided by Mr. McKay.

Director Ross asked about the orientation of the building, which questions were answered by Mr. McKay.

Mr. McKay continued the presentation.

Director Ross briefed the Committee on the financing discussion by the Executive Committee on February 25, 2013.

Mr. McKay continued the presentation.

NOTED PRESENT: Director Miley was noted present at 9:55 a.m.

Director Kniss asked about a comparison of annual operating expenses for each building, which questions were answered by Mr. McKay.

Mr. McKay continued the presentation.

Director Kniss asked, regarding slide #16, Building Purchase 390 Main Street February 2013 Assumptions, about the square footage designated as shared space, which questions were answered by Messrs. Bunger and McKay. Director Kniss stated the importance of having someone available at the main entrance to assist visitors with navigating the building.

Mr. McKay continued the presentation.

Director Kniss asked about the security of the financing plan in the face of another significant downturn of the economy, which questions were answered by Messrs. McKay and Bunger.

Director Ross asked about the siting of the server floor, which question was answered by Mr. McKay.

Mr. McKay concluded the presentation.

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Ross made a motion, seconded by Chairperson Groom, which was unanimously approved without objection to, with the concurrence of the Executive Committee, recommend the Board of Directors authorize the Executive Officer/Air Pollution Control Officer to complete the necessary documents to finance the purchase of the Air District portion of 390 Main Street, San Francisco, CA under the terms of the Principles of Financing presented to the Committee. Completed documents will be presented to the Board for final approval at a subsequent meeting.

4. Approval of Minutes of October 24, 2012, and January 23, 2013:

Committee Comments: None.

Public Comments: None.

Committee Action: Director Wagenknecht made a motion to approve the Minutes of October 24, 2012, and January 23, 2013; Chairperson Groom seconded; and the motion was unanimously approved without objection.

5. **Committee Member Comments/Other Business:** None.
6. **Time and Place of Next Meeting:** Wednesday, March 27, 2013, at Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.
7. **Adjournment:** The meeting adjourned at 10:25 a.m.

Sean Gallagher
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: March 13, 2013

Re: Summary of Draft Fee Amendments for Fiscal Year Ending (FYE) 2014

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Staff develops amendments to the Air District's fee regulation as a part of the budget preparation process. On March 7, 2012, the Board of Directors adopted a Cost Recovery Policy that established a goal of increasing fee revenue sufficient to achieve 85 percent recovery of regulatory program activity costs by the end of FYE 2016. Staff estimated that in order to achieve this goal, fee revenue will need to be increased by 6.4 percent per year over the next four years.

DISCUSSION

Staff has prepared draft fee amendments that would increase fee revenue by approximately 6.4 percent from what would otherwise result without a fee increase. Consistent with the Cost Recovery Policy, draft amendments to specific fee schedules were made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being proposed for the schedules that have larger cost recovery gaps.

Existing fee schedules would be amended as follows:

- No change for fee schedules that are recovering greater than 95 percent of costs.
- 5 percent increase for fee schedules that are recovering 85 to 95 percent of costs.
- 7 percent increase for fee schedules that are recovering 70 to 84 percent of costs.
- 9 percent increase for fee schedules that are recovering less than 70 percent of costs.

Several fees that are administrative in nature (permit application filing fees, alternative compliance plan fees, and permit to operate renewal processing fees) would be increased by 3 percent.

In addition, three new fees are proposed as follows:

- An Open Burn Fee to recover the costs associated with open burning allowed under Air District Regulation 5.
- An Incident Response Fee to recover the costs incurred by the Air District in responding to non-routine releases of air pollutants that may cause adverse health consequences to the public.
- An Online Customer Interface Fee to fund a new customer interface that will allow facilities to conduct business with the Air District.

Staff will provide the committee with additional details regarding the draft fee amendments at the committee meeting on March 27, 2013. A summary of public comments received to date, including those received at a public workshop held on February 28, 2013, will also be provided.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments would increase fee revenue in FYE 2014 by an estimated \$2 million. Fee revenue estimates will be included in the proposed FYE 2014 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jim Karas
Reviewed by: Jeffrey McKay

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: March 13, 2013

Re: Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2014

RECOMMENDED ACTION

The Executive Officer/APCO requests that the Budget and Finance Committee review the Proposed Budget for FYE 2014, and make any recommendations for further discussions to be held during the April 24, 2013 Budget and Finance Committee meeting.

BACKGROUND

At the March 20, 2013 Regular Board of Directors meeting, the FYE 2014 Proposed Budget document was referred to the Budget and Finance Committee for review at the Committee's March 27, 2013 meeting.

DISCUSSION

Staff will present the proposed budget for FYE 2014. The proposed budget is balanced, without the use of any reserves.

Staff will publish, prior to March 31, 2013, a notice to the general public that the first of two public hearings on the budget will be conducted on May 1, 2013 and that the second hearing will be conducted on June 5, 2013. Staff requests that the Budget and Finance Committee complete its review and take action on the proposed budget at the April 24, 2013 Budget and Finance Committee meeting. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing to be held on May 1, 2013.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed consolidated budget for FYE 2014 is a balanced budget.

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 Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 14, 2013

Re: Status Report on 939 Ellis Street Disposition

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Board of Directors at its December 19, 2012 meeting, approved the Executive Committee's recommendation for real estate brokerage services and authorized the Executive Officer/APCO to enter into a contract with Cassidy Turley to develop and implement a marketing strategy for the disposition of 939 Ellis Street.

The Air District expects to move to 390 Main as early as fall 2014. The proceeds from the disposition of 939 Ellis Street will contribute to the funds available for the Air District's anticipated acquisition of a portion of 390 Main Street.

DISCUSSION

District staff and the Air District's broker, Cassidy Turley, will provide a status report on disposition of 939 Ellis Street.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: MaryAnn Okpalaugo

Reviewed by: Jack M. Colbourn