

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

Videoconference Location:  
Santa Rosa Junior College  
Doyle Library Room 4243  
1501 Mendocino Avenue  
Santa Rosa, CA 95401

## **APPROVED MINUTES**

Summary of Board of Directors  
Budget and Finance Committee Meeting  
Wednesday, January 22, 2014

### **1. Call to Order – Roll Call**

Budget and Finance Committee (Committee) Chairperson Carole Groom called the meeting to order at 9:35 a.m.

Present: Committee Chairperson Carole Groom; Committee Vice-Chairperson Eric Mar; Board Chairperson Nate Miley; and Directors David Hudson, Liz Kniss, Mark Ross, Brad Wagenknecht and Shirlee Zane (from videoconference location).

Absent: Director John Gioia.

Also Present: None.

**2. Public Comment Period:** There were no requests for public comment.

### **3. Approval of Minutes of August 5, 2013**

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Hudson made a motion to approve the Minutes of August 5, 2013; Director Kniss seconded; and the motion carried by the following vote of the Committee:

AYES: Groom, Hudson, Ross, Wagenknecht and Zane.

NOES: None.

ABSTAIN: Kniss.

ABSENT: Gioia, Mar and Miley.

#### **4. Air District Financial Audit Report – Fiscal Year Ending (FYE) 2013**

Jeff McKay, Deputy Air Pollution Control Officer, introduced Peggy Vande Vooren, CPA, Gilbert Associates, Inc., who gave the auditor presentation regarding the Air District Financial Audit Report for FYE 2013, including reviews of the Financial Audit Report of the Air District's Financial Statements for the FYE 2013 and the Financial Audit Report of the Office of Budget and Management Circular A-133, both unqualified reports with no reportable conditions.

The Committee and staff discussed the increase in reserves in FYE 2012.

Ms. Vande Vooren continued the presentation.

NOTED PRESENT: Board Chairperson Miley was noted present at 9:46 a.m.

The Committee and staff discussed the impact of payments to creditors by Lehman Brothers Holdings, Inc., (Lehman) and the state of Other Post-Employment Benefits (OPEB) as of June 30, 2013.

NOTED PRESENT: Committee Vice-Chairperson Mar was noted present at 9:50 a.m.

Ms. Vande Vooren concluded the presentation.

#### Committee Comments:

The Committee and staff discussed what, if any, items of concern were identified by the auditor and how unpaid obligations regarding pension funding compare to other special districts.

Public Comments: None.

Committee Action: None; receive and file.

#### **5. Second Quarter Financial Report –FYE 2014**

Mr. McKay introduced Stephanie Osaze, Finance Manager of Administrative Services, who gave the staff presentation *Second Quarter Financial Report – Fiscal Year Ending 2014*, including overviews of general fund revenues, expenses and fund balances; a year-to-year comparison and summaries of purchasing reporting requirements; and cumulative vendor payments in excess of \$70,000.

The Committee and staff discussed interest revenue and the contribution to the same from Lehman payments.

Ms. Osaze continued the presentation.

The Committee and staff discussed whether the increase in asbestos fees would be best characterized as seasonal or a sign of the economy improving and the unintended consequences of prolonged drought on the pace of future development.

Ms. Osaze concluded the presentation.

Committee Comments:

The Committee and staff discussed the absence of the water bill from the presentation, the viability of alternatives to the California Public Employees' Retirement System (CALPERS) healthcare plans, the difficulties of incentivizing good health under CALPERS, the idea of self-insurance, insurance expenses generally, and methods for organizational motivation of good employee health.

Public Comments: None.

Committee Action: None; receive and file.

**6. Air District Financial Overview**

Mr. McKay gave the staff presentation *Air District Financial Overview*, including a review of the status of the prior fiscal year, a mid-year summary of FYE 2014, and a review of the budget topics and highlights for the upcoming FYE 2015 budget process.

The Committee and staff discussed the seeming increase in property tax apportionments.

Mr. McKay continued the presentation.

The Committee and staff discussed a potentially erroneous payment to the Air District in the amount of \$1.7 million, how best to address it, and how reserve level targets are set.

Mr. McKay continued the presentation.

The Committee and staff discussed minimum reserve levels, benchmarks, use of surplus funds, contributions to OPEB, the headquarters move to 375 Beale Street, staff labor negotiations, and the implications of a prolonged drought.

Mr. McKay continued the presentation.

The Committee and staff discussed the distribution of employment vacancies between the Air District divisions, the shared services goal that is part of the move to 375 Beale Street, the vendor contract with Accenture to analyze shared services opportunities, the legislative agenda of California State Senator Mark DeSaulnier, whether more Enforcement staff are needed to support the Spare the Air Days program, and the desire for strategic staffing to prevent lost revenue as well as missed opportunities to distribute grant funds.

Mr. McKay continued the presentation.

The Committee and staff discussed the CALPERS retirement obligation, the staff contribution percentage and the likelihood it will be a topic during labor negotiations, and the projected CALPERS contributions and their budgetary impact.

Mr. McKay concluded the presentation.

Committee Comments:

The Committee and staff discussed the correlation of increased staff levels and cost recovery rates.

Public Comments: None.

Committee Action: None; receive and file.

**7. Committee Member Comments/Other Business:**

The Committee and staff discussed the pending sale of the 939 Ellis Street property.

**8. Time and Place of Next Meeting:**

Wednesday, February 26, 2014, at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

**9. Adjournment:** The meeting adjourned at 10:55 a.m.

*151 Sean Gallagher*

Sean Gallagher  
Clerk of the Boards