

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

APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, February 25, 2015

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson David Hudson called the meeting to order at 9:42 a.m.

Present: Committee Chairperson David Hudson; Vice-Chairperson Katie Rice; and Directors Liz Kniss, Eric Mar, Nate Miley, Mark Ross and Brad Wagenknecht.

Absent: Directors John Gioia and Shirlee Zane.

Also Present: Board of Directors Chairperson Carole Groom.

2. AIR DISTRICT FINANCIAL OVERVIEW (OUT OF ORDER AGENDA ITEM 4)

Jeff McKay, Deputy Air Pollution Control Officer, gave the staff presentation *Air District Financial Overview*, including Air District Reserve Funds Audited Values; actions taken during downturn; fiscal year end (FYE) 2015 mid-year summary; General Fund revenue sources and expenditures in the FYE 2015 adopted budget; trends in cost cutting expenses in FYEs 2010-2015; FYE 2016 budget highlights; current vacancy rate and staffing trend; unfunded liabilities based on June 30, 2013 valuations; cost recovery; fund balance policy; and new office building obligations.

NOTED PRESENT: Directors Kniss and Wagenknecht were noted present at 9:47 a.m. and Director Mar was noted present at 9:51 a.m.

The Committee and staff discussed, at slide 11, *FYE 2016 Budget Highlights*, the Air District capital expense costs and Other Post-Employment Benefits (OPEB) funding levels relative to other organizations.

Mr. McKay continued the presentation.

NOTED PRESENT: Director Miley was noted present at 10:03 a.m.

The Committee and staff discussed, at slide 14, *Unfunded Liabilities Based on June 20, 2013 Valuations*, whether actuarial work relative to OPEB is taking into account the increased lifespans being enjoyed by the general population.

Mr. McKay continued by presenting the supplemental slides, *Pre-Funded OPEB Motivation*, illustrating the advantages of pre-funding OPEB.

Mr. McKay continued the initial presentation, *Air District Financial Overview*.

The Committee and staff discussed, at slide 15, *Cost Recovery*, whether the regulated community has received preliminary notice of the projected annual fee increase of 6.4% and its impact on reaching the established cost recovery target of 85%.

Mr. McKay continued the presentation.

The Committee and staff discussed, at slide 16, *Fund Balance Policy*, what 20% of General Fund Expenditures represents and a potential future discussion about establishing a reserve fund balance maximum along with a policy regarding where excess funds would be directed.

Mr. McKay concluded the presentation.

Committee Comments:

The Committee and staff discussed the current reserve level and some existing designations of funds within it; the potential establishment of multiple reserves with specific designations; the importance of continued OPEB contributions; the possibility of false perceptions regarding reserve levels while the Air District works to increase staffing levels; a future discussion about a possible increase in the cost recovery target to between 88 and 90% and the existence of property tax as a revenue source; an overview of the current Cost Recovery Policy and the impact of Air District staffing levels; the unpredictable move-in date at the 375 Beale Street headquarters and the possibility of putting aside funds in the event of a rent increase at 939 Ellis Street in the meantime.

Public Comments: No requests received.

Committee Action: None; receive and file.

3. APPROVAL OF THE MINUTES OF JANUARY 28, 2015

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Kniss, to approve the Minutes of January 28, 2015; and the motion carried by the following vote of the Committee:

AYES:	Groom, Hudson, Kniss, Miley, Rice, Ross and Wagenknecht.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Gioia, Mar and Zane.

4. PUBLIC COMMENT ON NON-AGENDA MATTERS (AGENDA ITEM 2)

No requests received.

5. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS: None

6. TIME AND PLACE OF NEXT MEETING

Wednesday, March 25, 2015, at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

7. ADJOURNMENT: The meeting adjourned at 10:31 a.m.

151 Sean Gallagher

Sean Gallagher
Clerk of the Boards