

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, March 25, 2015

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson David Hudson called the meeting to order at 9:33 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 (Board) Chairperson Carole Groom.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS: No requests received.

3. PROPOSED AMENDMENTS TO REGULATION 3: FEES (OUT OF ORDER AGENDA ITEM 4)

Jeff McKay, Deputy Air Pollution Control Officer gave the staff presentation *Draft Amendments to Regulation 3: Fees*, including an overview of revenue sources in the Fiscal Year Ending (FYE) 2014 budget; summaries of the cost recovery policy and background; trends in cost cutting; proposed changes to fee schedules; greenhouse gas fees and other proposed amendments; impacts on small businesses and large facilities; public comments; and the rule development schedule.

The Committee and staff discussed, at slide 5, *Cost Recovery Background*, the inconsistent increase in the cost recovery rate year-over-year.

NOTED PRESENT: Director Ross was noted present at 9:40 a.m.

Mr. McKay concluded the presentation.

Committee Comments:

The Committee and staff discussed the accuracy of comments received regarding “greenhouse gas (GHG) fees duplicative of state programs;” what specific proposal the comment “fees for alterations are too high” is directed toward and details of the related discussions between staff

and stakeholders; the cost recovery rate that will result from the 50% alteration fee under Section 3-304; the impact on the cost recovery rate that result from the proposed GHG fee increase and long-term plan or target; the broader GHG regulatory and climate protection scheme that is evolving; and which fees are the largest sources of revenue.

NOTED PRESENT: Director Kniss was noted present at 9:53 a.m. and Director Miley was noted present at 9:54 a.m.

Committee Chairperson Hudson opened the public meeting.

Public Comments: No requests received.

Committee Chairperson Hudson closed the public meeting.

Committee Comments (continued):

The Committee and staff discussed the growth of GHG fees and the causes; the viability of establishing a trigger in the future so that 85% cost recovery is more easily maintained once achieved; a possible amendment to the cost recovery policy to increase the target to 90% once 85% is achieved; the continuing requirement that the Board annually review and approve fee increases even if a trigger mechanism was established; the challenges presented by consumer price index (CPI) relative to establishing a mechanism for future increases; and additional background regarding the cost recovery policy.

NOTED PRESENT: Director Mar was noted present at 10:05 a.m.

Committee Action: None; receive and file.

4. DISCUSSION OF PROPOSED BUDGET FOR FYE 2016 (AGENDA ITEM 5)

Mr. McKay gave the staff presentation *Proposed FYE 2016 Budget*, including revenue projections for FYE 2015; overviews of the reserve funds and transfers, proposed budget, general fund revenue sources, and general fund expenditures for FYE 2016; year-over-year analysis of services and supplies and capital; proposed fees; climate program staffing; overall staffing level; FYE 2016 fund balance summary; use of reserves recommendations; fund balance policy; unfunded liabilities; and new office building obligations.

The Committee and staff discussed, at slide 14, *FYE 2016 Use of Reserves Recommendations*, why the building acquisition remains as an outstanding line item when the purchase is complete.

Mr. McKay continued the presentation.

The Committee and staff discussed, at slide 17, *Unfunded Liabilities, Response for CalPERS [California Public Employees' Retirement System]*, the usefulness to the Committee and Board of the previously presented graph showing the advantages of early and continuous contributions to fund Other Post-Employment Benefits (OPEB).

Mr. McKay continued the presentation.

The Committee and staff discussed, at slide 18, *Unfunded Liabilities, Response for OPEB*, the value of lessening long-term liability sooner than later; the history of and future projection for OPEB funding levels; the history of CalPERS funding levels; and the cost of the building purchase at 375 Beale and whether there is a value in prepayment of the loan.

Mr. McKay concluded the presentation.

Committee Comments:

The Committee and staff discussed the adequacy of the laboratory and monitoring equipment budget and reserves expenditure in light of public comments regarding the need for increased monitoring capability; the reason for the increase in the line item “Pension Benefits” on page 12 of the proposed budget; the increased budget allocation on pages 81 through 90 for enhancing the Spare the Air program; if additional funds are already or might be designated to support incentives for retrofitting wood burning equipment in light of the recent Board discussion regarding the short list of repeat offenders; the importance of the narrative regarding proposals to ban wood burning fireplaces; how the transition of the regional bike share program, on page 174 of the proposed budget, to administration by a private company will impact funding and staffing; and the projected move-in date for, and budget impact of, the move to 375 Beale.

Public Comments: No requests received.

Committee Action: None; receive and file.

5. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS (AGENDA ITEM 6)

The Committee and staff discussed the possibility of revising the meeting agenda template to highlight, under Public Comment on Non-Agenda Matters, that speakers should limit themselves to “any subject within the Board’s authority” and clarification on the changes made between different versions of the draft budget.

6. APPROVAL OF THE MINUTES OF FEBRUARY 25, 2015 (AGENDA ITEM 3)

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Rice, to approve the Minutes of February 25, 2015; and the motion carried by the following vote of the Committee:

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

7. TIME AND PLACE OF NEXT MEETING

Wednesday, April 22, 2015, at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

8. ADJOURNMENT: The meeting adjourned at 10:50 a.m.

151 Sean Gallagher

Sean Gallagher
Clerk of the Boards