



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

DAVE HUDSON – CHAIRPERSON
JOHN GIOIA
ERIC MAR
MARK ROSS
SHIRLEE ZANE

KATIE RICE – VICE CHAIRPERSON
LIZ KNISS
NATE MILEY
BRAD WAGENKNECHT

WEDNESDAY
FEBRUARY 25, 2015
9:30 A.M.

7th FLOOR BOARD ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109

AGENDA

1. CALL TO ORDER - ROLL CALL

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS

(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.

Staff/Phone (415) 749-

3. APPROVAL OF THE MINUTES OF JANUARY 28, 2015

Clerk of the Boards/5073

The Committee will consider approving the draft minutes of the Board of Directors Budget and Finance Committee Meeting of January 28, 2015.

4. AIR DISTRICT FINANCIAL OVERVIEW

J. McKay/4629
jmckay@baaqmd.gov

The Committee will receive an overview of the Air District's financial outlook and strategies employed during the fiscal year end 2015 budget cycle.

5. 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)

6. TIME AND PLACE OF NEXT MEETING

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

7. ADJOURNMENT

The Committee meeting shall be adjourned by the Committee Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
939 ELLIS STREET, SAN FRANCISCO, CA 94109
mmartinez@baaqmd.gov

(415) 749-5016
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Budget and Finance Committee” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following 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 in a timely manner, 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) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

FEBRUARY 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Thursday	26	10:30 a.m.	Board Room

MARCH 2015

<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	4	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	11	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	10:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of Every Other Month)</i>	Thursday	19	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room

APRIL 2015

<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.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	10:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	22	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	Board Room

MV – 2/17/15 (2:15 p.m.)

P/Library/Forms/Calendars/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Dave Hudson and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: February 11, 2015

Re: Approval of the Minutes of January 28, 2015

RECOMMENDED ACTION

Approve the attached draft minutes of the Budget and Finance Committee meeting of January 28, 2015.

DISCUSSION

Attached for your review and approval are the draft minutes of the Budget and Finance Committee meeting of January 28, 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment: Draft Minutes of the Budget and Finance Committee Meeting of January 28, 2015

AGENDA: 3 – ATTACHMENT

Draft Minutes – Budget and Finance Committee Meeting of January 28, 2015

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, January 28, 2015

1. CALL TO ORDER – ROLL CALL

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

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

Absent: Directors John Gioia and Shirlee Zane.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS: None.

3. SECOND QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) 2015 (OUT OF ORDER AGENDA ITEM 5)

Jeff McKay, Deputy Air Pollution Control Officer, introduced Stephanie Osaze, Finance Manager, who gave the staff presentation *Second Quarter Financial Report – FYE 2015*, including an overview of general fund revenues and expenses; revenue and expense year-over-year comparisons; investments; general fund balance; purchasing reporting requirements; and cumulative vendor payments in excess of \$70,000 without Board of Directors review.

NOTED PRESENT: Director Ross was noted present at 9:45 a.m. and Director Mar was noted present at 9:50 a.m.

Committee Comments:

The Committee and staff discussed the low rate of interest earned on funds deposited with the County Treasury as the new norm; the nature and purpose of “Economic Uncertainties” listed on slide 8, *General Fund – Fund Balance*, and a potential re-designation of the category in the future; and current reserve levels.

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

Public Comments: No requests received.

Committee Action: None; receive and file.

4. APPROVAL OF THE MINUTES OF NOVEMBER 26, 2014 (AGENDA ITEM 3)

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Wagenknecht, to approve the Minutes of November 26, 2014; and the motion carried by the following vote of the Committee:

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

5. AIR DISTRICT FINANCIAL AUDIT REPORT – FYE 2014 (AGENDA ITEM 4)

Mr. McKay introduced Ms. Osaze who introduced Peggy Vande Vooren, CPA, Shareholder, Gilbert Associates, Inc., who gave the initial presentation *Air District Financial Audit Report – FYE 2014* through slide 8, *Communication With Those Charged With Governance [page 3]*, including audit deliverables and communications with those charged with governance.

Ms. Vande Vooren introduced Meredith Beales, CPA, Senior Manager, Gilbert Associates, Inc., who gave the remainder of the presentation *Air District Financial Audit Report – FYE 2014* from slide 9, *GASB [Governmental Accounting Standards Board] 68: Accounting & Financial Reporting for Pensions – An Amendment of GASB 27*, including an overview of GASB 68: Accounting and Financial Reporting for Pensions.

NOTED PRESENT: Director Kniss was noted present at 10:07 a.m.

Committee Comments:

The Committee and staff discussed the difficulties related to complying with GASB 68; the limited Air District responsibility in light of the role of California Public Employees' Retirement System; and possible media reactions to future accountings.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Hudson, to receive and file the financial audit report – FYE 2014; and the motion carried by the following vote of the Committee:

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

6. SELECTION OF A CONTRACTOR FOR UPGRADE OF THE AIR DISTRICT FINANCIAL SYSTEM

Mr. McKay introduced the topic and Ms. Osaze, who gave the staff presentation *Selection of a Contractor for Upgrade of the Air District Financial System*, including background; request for proposals process, evaluation criteria and scoring results; and recommendations.

Committee Comments:

The Committee and staff discussed whether the prospective upgrade is expected to be transferrable to the Air District’s new headquarters at 375 Beale Street and if there has been any discussion with the future co-tenants regarding technology sharing; cost comparison of bids; integration capability of the Production System with both the current and prospective upgraded systems; the unanimously low “Local business/Green Business” scores and whether the category was unnecessarily included in the screening; staff familiarity of the financial systems for the Metropolitan Transportation Commission and Association of Bay Area Governments and whether or how the upgrade will have any usefulness to them; concerns relative to financial sharing or merging with the co-tenants of 375 Beale Street; the importance of remaining focused on cost savings and synergy of efforts while preparing for the move; a brief summary of different agreements and shared services discussions between the agencies to inhabit Beale Street; the perceived value of keeping shared services agreements and arrangements very clean and maintaining a clear separation of certain services.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Kniss, to recommend the Board:

1. Approve the selection of Denovo to upgrade the Air District’s Financial System; and
2. Authorize the Executive Officer/Air Pollution Control Officer to enter into all necessary agreements with Denovo to upgrade the financial system in amount not to exceed \$1,358,036, and amend the Program 701 budget by the corresponding amount transferring \$1,000,000 from the *Reserve for JD Edwards Software Upgrade* and \$358,036 from the *Undesignated Fund Balance* for this purpose.

The motion carried by the following vote of the Committee:

AYES: Groom, Hudson, Kniss, Miley, Ross and Wagenknecht.
NOES: None.
ABSTAIN: None.

ABSENT: Gioia, Mar and Zane.

7. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS

The Committee and staff discussed the level of budget analysis by the Committee last year.

8. TIME AND PLACE OF NEXT MEETING

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

Chairperson Groom thanked the staff for their good work for the Committee as she steps down from the position of Committee Chairperson.

9. ADJOURNMENT: The meeting adjourned at 10:40 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2015

Re: Air District Financial Overview

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will review the status of the current fiscal year. The review will include a discussion of the strategies employed during the Fiscal year Ending (FYE) 2015 budget cycle and implications for the coming FYE 2016 budget process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay