

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

Board of Directors Special Meeting / Budget Hearing
Wednesday, May 18, 2016

APPROVED MINUTES

Note: Audio and video recordings of the meeting are available on the website of the Bay Area Air Quality Management District at <http://www.baaqmd.gov/The-Air-District/Board-of-Directors/Agendas-and-Minutes.aspx>.

1. CALL TO ORDER

Chairperson Eric Mar called the meeting to order at 10:11 a.m.

Opening Comments: None.

Roll Call:

Present: Chairperson Eric Mar, Vice Chairperson Liz Kniss, Secretary David Hudson; and Directors John Avalos, Teresa Barrett, Tom Bates, David J. Canepa, Cindy Chavez, Osby Davis, Scott Haggerty, Rebecca Kaplan, Nate Miley, Jan Pepper, Katie Rice, Mark Ross, Rod Sinks, Warren Slocum, Jim Spering, Brad Wagenknecht, and Shirlee Zane.

Absent: Directors John Gioia, Carole Groom, Karen Mitchoff, and Deborah Raphael.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS:

No requests received.

PUBLIC HEARING

3. Public Hearing to Consider Testimony on the Air District's Proposed Budget for Fiscal Year Ending (FYE) 2017. A Final Public Hearing is scheduled for Wednesday, June 15, 2016 to Consider Adoption of the Proposed Budget for FYE 2017.

Chairperson Mar opened the public hearing.

Jack Broadbent, Executive Officer/Air Pollution Control Officer, introduced Jeff McKay, Deputy Air Pollution Control Officer, who gave the staff presentation *Special Meeting of the Board of Directors Budget Hearing*, including projections for current fiscal year ending (FYE) 2016; District reserve funds - audited values excluding business proceeds; approved reserve transfers FYE 2016; proposed budget for FYE 2017; general fund revenue sources and expenditures - FYE 2017 proposed budget; services and supplies and capital; FYE 2017 proposed fees; FYE 2017 FTE staffing level; proposed additional staffing for FYE 2017; FYE 2017 fund balance summary; FYE 2017 use of fund balance;

fund balance policy; unfunded liabilities: Other Postemployment Benefits (OPEB); retirement medical OPEB liability; OPEB annual prefund contributions as of December 31, 2015; CalPERS pension; unfunded liabilities - CalPERS funding ratio and rate of return; proposed funding policies for CalPERS pension; proposed pension policy - 105% of Annual Required Contribution; office building obligations; 375 Beale Street financing terms; debt service with interest rate caps; 2017 proposed budget summary; and budget schedule.

Public Comments

Susan Gustofsen, Valero, addressed the Board regarding the Air District's Administrative Code, Division II: Fiscal Policies and Procedures, Section 4.3: Contract Limitations, to increase the Executive Officer's contract signing authority from \$70,000 to \$100,000. Ms. Gustofsen suggested that a list be compiled of contracts exceeding the current signing authority of \$70,000, stating the need for the contract, dollar value, contract duration, and frequency of review, to improve cost containment.

Board Comments:

The Board and staff discussed the need to better determine Air District CalPERS retirement and OPEB medical levels; the standard OPEB minimum target funding level for government agencies; how to calculate the increase of medical costs; whether or not the Capital Reserve Fund is separate from the Reserve Fund; whether or not increased staffing will be sufficient; the projected timeframe of when 90% of minimum funding target levels for CalPERS and OPEB would be reached; the potential leverage to be gained from the creation of a trust fund to address OPEB and CalPERS funding and interest rates; and the need for additional reserves to maintain state of the art equipment and additional enforcement staff.

Board Action:

None; receive and file.

OTHER BUSINESS

4. Board Members' Comments:

None.

5. Time and Place of Next Meeting

Wednesday, June 15, 2016, Bay Area Air Quality Management District Office, 1st Floor Board Room, 375 Beale Street, San Francisco, CA 94105 at 9:45 a.m.

6. Adjournment:

The Board meeting adjourned at 10:52 p.m.

/s/ Marcy Hiratzka

Marcy Hiratzka
Clerk of the Boards