

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105
(415) 749-5073

Video Conference Location

Santa Clara County Government Center
Clerk's Conference Room, 10th Floor, East Wing
70 W. Hedding Street
San Jose, California 95110

APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Friday, March 22, 2019

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Vice Chairperson, John J. Bauters, called the meeting to order at 9:33 a.m. Director Chavez was participating via videoconference from the Santa Clara County Government Center.

Present: Vice Chair John J. Bauters; and Directors Margaret Abe-Koga, Cindy Chavez, David Hudson, Mark Ross, and Brad Wagenknecht.

Absent: Committee Chairperson Carole Groom; and Directors David J. Canepa, Rafael Mandelman, Karen Mitchoff, and Rod Sinks.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA ITEMS, PURSUANT TO GOVERNMENT CODE SECTION 54954.3

No requests received.

3. APPROVAL OF THE MINUTES OF FEBRUARY 27, 2019

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Wagenknecht made a motion, seconded by Director Hudson, to **approve** the Minutes of February 27, 2019; and the motion **carried** by the following vote of the Committee:

AYES: Abe-Koga, Bauters, Chavez, Hudson, Wagenknecht.
NOES: None.
ABSTAIN: None.
ABSENT: Canepa, Groom, Mandelman, Mitchoff, Ross, Sinks.

4. DISCUSSION OF PROPOSED BUDGET FOR FISCAL YEAR ENDING (FYE) 2020

Dr. Jeff McKay, Chief Financial Officer, gave the staff presentation *Discussion of Proposed Budget for Fiscal Year Ending 2020*, including: outline; current fiscal year – FYE 2019 projections; financial history – actions taken during downturn; actuals reserves and policy – excludes building proceeds; General Fund expenditure trend; staffing trend – filled positions; medical retirement – Other Post-Employment Benefits (OPEB); California Public Employees’ Retirement System (CalPERS) pension – historical rate of return and funding ratio; FYE 2020 Proposed Budget overview, General Fund revenue sources and expenditures, and capital budget; cost recovery trend; fees and cost recovery overview and future state; reserves policy and designations; retirement liabilities; medical retirement plan - OPEB overview; CalPERS pension plan – retirement overview; budget summary; and next steps.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed whether the funding allocation for the OPEB annual contribution could be used to supplement the CalPERS annual contribution, once the Air District’s OPEB obligation is fully funded; whether opportunities for multiple regional agencies housed at the Bay Area Metro Center to share full-time positions exist; and tradeoffs on varying funding levels for CalPERS and OPEB.

Committee Action

None; receive and file.

5. PROPOSED AMENDMENTS TO REGULATION 3: FEES

Pamela Leong, Director of Engineering, gave the staff presentation *Proposed Amendments to Regulation 3: Fees*, including: agenda; revenue sources - FYE 2018; cost recovery background; trends in expenditures and cost recovery; proposed changes to fee schedules; other proposed amendments; proposed Schedule N revisions; impact on large facilities: power plants and petroleum refineries; impact on small businesses; comments received; timekeeping improvements; and rule development schedule.

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

Public Comments

Public comments were given by Devin Richards, California Council for Environmental and Economic Balance; and Kevin Buchan, Western States Petroleum Association.

Committee Comments

The Committee and staff discussed the Air District's process for allocating revenue into divisions' and programs' expenditure categories; the Air District's identification of a need for \$10 million per year for AB 617 program implementation; why the Air District has yet to meet its 85% cost recovery goal; the status of the implementation of additional regulatory reference quality monitors in refinery communities; staff coding of time for permitted entities; the Air District's new employee handbook for cost recovery timekeeping; anticipated impacts of the upcoming economic downturn; fees collected by the Air District as payment to the California Air Resources Board; the concern that fee increases will impact small businesses; and how Air District employee travel to a permitted facility is coded.

Committee Action

None; receive and file.

6. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

7. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS

None.

8. TIME AND PLACE OF NEXT MEETING

Monday, April 22, 2019, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 10:30 a.m.

9. ADJOURNMENT

The meeting adjourned at 10:31 a.m.

/s/ Marcy Hiratzka

Marcy Hiratzka
Clerk of the Boards