

Bay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Administration Committee Meeting
Wednesday, April 21, 2021

This meeting was conducted under procedures authorized by executive order N-29-20 issued by Governor Gavin Newsom. Members of the Committee participated by teleconference.

1. CALL TO ORDER – ROLL CALL

Administration Committee (Committee) Co-Chairperson, Cindy Chavez, called the meeting to order at 9:30 a.m.

Present: Co-Chairperson Cindy Chavez; Vice Chairperson Karen Mitchoff; and Directors Margaret Abe-Koga, John Bauters, Rich Constantine, Tyrone Jue, Katie Rice, Mark Ross, and Brad Wagenknecht.

Absent: Co-Chairperson Carole Groom; and Director Erin Hannigan.

Also Present: None.

CONSENT CALENDAR (ITEMS 2 – 3)

2. APPROVAL OF THE MINUTES OF MARCH 17, 2021

The Committee will consider approving the attached draft minutes of the Administration Committee meeting of March 17, 2021.

3. HEARING BOARD QUARTERLY REPORT: JANUARY 2021 – MARCH 2021

The Committee will receive the Hearing Board Quarterly Report for the period of January 2021 through March 2021.

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Wagenknecht made a motion, seconded by Director Constantine **approve** the Minutes of March 17, 2021; and the motion carried by the following vote of the Committee:

AYES: Bauters, Chavez, Constantine, Jue, Mitchoff, Ross, Wagenknecht.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Groom, Hannigan, Rice.

REGULAR AGENDA (ITEMS 4-9)

4. AIR DISTRICT FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDING (FYE) 2020

The Committee received the guest presentation from Joseph Moussa of Simpson & Simpson, LLP, the independent auditor who completed the Financial Audit Report of the Air District's Financial Statements for the Fiscal Year Ending 2020.

Public Comments

No requests received.

Committee Comments

None.

Committee Action

None; receive and file.

5. THIRD QUARTER FINANCIAL REPORT – FYE 2021

Stephanie Osaze, Finance Manager, gave the staff presentation *Third Quarter Financial Report FYE 2021*, including: outcome; outline; requested action; third quarter results FYE 2021; revenue and expenditure comparison (prior vs current years); General Fund expenditures; investments; fund balance and outstanding liabilities; purchasing reporting requirements; FYE 2021 vendor payments; and feedback requested/prompt.

Public Comments

No requests received.

Committee Comments

None.

Committee Action

None; receive and file.

6. CONTINUED DISCUSSION OF PROPOSED BUDGET FOR FYE 2022 AND CONSIDERATION TO RECOMMEND ADOPTION

Dr. Jeff McKay, Chief Financial Officer, gave the staff presentation *Continued Discussion of Proposed Budget for FY 2021-2022*, including: outcome; outline; requested action; financial history - actual reserves and policy trends, General Fund revenue and expenditure trends, staffing trends, cost recovery trends, and fees and cost recovery overview; cost recovery in Health & Safety Code §42311; cost recovery and fee determination process; possible path to 100% cost recovery; current FY Budget overview; FY 2021-2022 Proposed Budget overview; breakdown of FYE 2022 General Fund revenues and expenditures; breakdown of \$10.5 million budget increase; new staffing requests (General Fund and grant funded); staffing augmentation from Engineering, Technology Implementation Office, Compliance & Enforcement, Finance, Community Engagement, Rules, Strategic Incentives, and Meteorology and Measurement Divisions; capital budget detail; funding of retirement liabilities; community benefit funding; reserve designations; FY 2021-2022 Proposed Budget summary; next steps; and feedback requested/prompt.

NOTED PRESENT: Directors Abe-Koga and Rice were noted present at 10:23 a.m.

Public Comments

Todd Osterberg, Chevron; Jed Holtzman, 350 Bay Area; and Bob Brown, Western States Petroleum Association.

Committee Comments

The Committee and staff discussed the number of current vacant positions within the Compliance & Enforcement Division; the possible reclassification of various positions; the current number of full-time equivalent Air District employees; anticipated fee increases per year that will be required to reach 100% cost recovery in six years; to what degree increasing costs would offset the cost of the new positions and what industries are funding the fee that pay for these staff increases; vacancy rates by division; whether any of the staffing augmentation requests resulted from a management audit; the concern that 100% cost recovery should be achieved before the projected six years; concerns from industry about the Air District's Regulation 12-15 data reporting practices; staffing needs in the Rules Division and how Human Resources is recruiting and retaining the necessary talent that is needed; the concern that all of the Air District's reserves are already designated; the request that more funds be allocated to the Community Benefits Program; and the justification for requesting 26 new employees and concerns about the ability to retain those positions in the long term.

Committee Action

Director Wagenknecht made a motion, seconded by Vice Chair Mitchoff, to recommend the Board:

1. Conduct Public Hearings on the Fiscal Year Ending 2022 Proposed Budget on May 5 and June 16, 2021 (*original recommendation*);
2. Adopt the Fiscal Year Ending 2022 Proposed Budget (*original recommendation*);
3. Consider a path achieving 100% cost recovery within three years, rather than in the six proposed by Air District staff (*new recommendation made on April 21*);
4. Ensure that the Air District is hiring employees with the appropriate expectations and number of hours, especially within the Air District's Compliance & Enforcement Division (*new recommendation made on April 21*);
5. Is prompted by Air District staff to consider certain reserves designations (*new recommendation made on April 21*); and
6. Ask Air District staff to develop a Request for Proposals or Request for Qualifications regarding a management audit partner for the next Fiscal Year and brought back to the Committee and then to the Board (*new recommendation made on April 21*).

The motion carried by the following vote of the Committee:

AYES: Abe-Koga, Chavez, Constantine, Jue, Mitchoff, Rice, Ross, Wagenknecht.
NOES: None.
ABSTAIN: Bauters.
ABSENT: Groom, Hannigan.

7. SUMMARY OF 2020-2021 SPARE THE AIR WINTER CAMPAIGN

Kristine Roselius, Communications Director, gave the staff presentation *Summary of the 2020-2021 Spare the Air Winter Campaign*, including: outcome; outline; requested action; Winter PM_{2.5}; PM_{2.5} trends; creative development; advertising; media and social media; door-to-door outreach; survey results; enforcement data; new Woodsmoke Reduction Program; and feedback requested/prompt.

Public Comments

Public comments were given by Jed Holtzman, 350 Bay Area.

Committee Comments

The Committee and staff discussed the reasons for variations in Winter Spare the Air violations over the years; how Winter Spare the Air exemptions are determined; the level of Winter Spare the Air outreach that is carried out in disadvantaged communities; and insight gained from this last Winter Spare the Air campaign.

Committee Action

None; receive and file.

8. BOARD GOVERNANCE – NEXT STEPS

The Committee discussed the topic of governance of the Board of Directors. Rather than forming an Ad Hoc Board Governance Committee, Chair Chavez proposed adding additional meetings for this Committee to discuss Board governance challenges. She listed concerns such as: composition of the Board membership and the inclusion of members of the public, reduction of the size of the Board, whether certain disadvantaged communities be prioritized to receive funding benefits, additional Board compensation for multiple meetings per day, and whether to incentivize active transportation methods for Board members who do not use a gas-powered vehicle to attend Board meetings. Chair Chavez said that once Committee members finalize a list of Board governance concerns, she, Co-Chair Groom, and Board Vice Chair Mitchoff will prioritize those concerns in a workplan.

Public Comments

Public comments were given by Jed Holtzman, 350 Bay Area.

Committee Comments

The Committee and staff discussed whether to form an Ad Hoc Board Governance Committee, versus holding additional meetings for this Committee to discuss Board governance challenges.

Committee Action

None; receive and file.

9. DISCUSSION ON ADMINISTRATION COMMITTEE WORKPLAN FOR 2021

The Committee received an oral presentation from Jack Broadbent, Executive Officer/Air Pollution Control Officer, on the Proposed 2021 Administration Committee Workplan. Mr. Broadbent highlighted Bay Area Regional Collaboration updates, ongoing Employee Association negotiations, and the June Board meeting schedule.

Public Comments

No requests received.

Committee Comments

None.

Committee Action

None; receive and file.

10. PUBLIC COMMENT ON NON-AGENDA MATTERS

Public comments were given by Jed Holtzman, 350 Bay Area; and Shanthi Gonzales.

11. COMMITTEE MEMBERS' COMMENTS

None.

12. TIME AND PLACE OF NEXT MEETING

Wednesday, May 19, 2021, at 9:30 a.m., via webcast, pursuant to procedures authorized by Executive Order N-29-20 issued by Governor Gavin Newsom.

13. ADJOURNMENT

The meeting adjourned at 11:48 a.m.

/s/ Marcy Hiratzka
Marcy Hiratzka
Clerk of the Boards