

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-6000

APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
9:30 a.m., Wednesday, January 25, 2012

1. Call to Order – Roll Call

Committee Chairperson Carole Groom called the meeting to order at 9:31 a.m., without a quorum.

Present: Chairperson Carole Groom; and Directors David Hudson, Mark Ross and Brad Wagenknecht.

Absent: Vice Chairperson Ash Kalra; Directors Scott Haggerty, Eric Mar, Katie Rice and Shirlee Zane.

Also Present: None.

2. Public Comment Period: None.

3. Second Quarter Financial Report – Fiscal Year 2011-12

Jack Colbourn, Director of Administrative Services, introduced David Glasser, Finance Manager, who gave the staff presentation regarding the Second Quarter Financial Report – Fiscal Year 2011-2012. Mr. Glasser reviewed the second quarter results for fiscal year 2012, including an itemized list of revenue streams and expenses related to the General Fund and the status of investments held.

Director Wagenknecht and Mr. Glasser discussed the “County receipts” line item in the General Fund Revenues, an updated figure at 53% of budgeted revenue, as being higher than expected. Mr. Glasser explained that “Penalties and Settlements,” when including a recent settlement check, is over 100% of budgeted revenue and “Miscellaneous Revenue” is at 165% of budgeted revenue because it is difficult to forecast and initially set low as a result.

Mr. Glasser continued the staff presentation of year end results, including Fund Balances and Vendor Payments in Excess of \$70,000 without Board Review.

Director Hudson and Mr. Glasser discussed the nature of the “Cubic Transportation Systems” line item on slide 6, Year End Results, Vendor Payments in Excess of \$70,000 without Board Review, Clipper Cards, as the costs relative to the Air District’s program to fund the public transportation needs of Air District staff commuting to and from work.

Committee Comments/Discussion: Director Wagenknecht observed that expenses listed in the 40% range, as opposed to the 50% one could reasonably expect at half-way through the fiscal year, reflects the conservative use of resources. Director Hudson commends staff on the level of detail in the budget information and prudent forethought reflected in their budgetary considerations.

Public Comments: None.

Committee Action: None; informational only.

4. Air District Financial Overview

Jeffrey McKay, Deputy Air Pollution Control Officer, gave the staff presentation regarding Air District Financial Status, including current 2012 fiscal year end projections, a proposed Air District response to the fiscal year 2012 challenge, assumptions and proposed responses to fiscal year 2013, and resulting reserve projections.

Mr. McKay noted that the information provided on the first slide on permit application fees is not representative of all types of fee revenue but only revenue from new applications as it has proven an important indicator in the past. Mr. McKay explained that although fees have increased to improve cost recovery, there is a downward trend in revenues collected, likely to result in a \$1.5 million dollar shortfall relative to the budget.

Mr. McKay relayed that in conversations with Air District consultants, committees of regulated community members, and environmental advocates, it was universally felt that the Air District would benefit from, and the parties would appreciate, the predictability of an established cost recovery policy with set future increases rather than revisiting it fresh every year. Director Groom mentioned the ongoing Committee discussions regarding the appropriateness and amount of fee increases in light of the current state of the economy and the need to strike a balance between serving the goals of the Air District and those of its regulated community members. Director Hudson and Mr. McKay discussed the responses from industry partners to proposed fee increases and the final cost recovery that is projected to result. Director Ross and Mr. McKay discussed the timeline for further presentation of the fee increase policy and the projected figures to be made available at a future Committee meeting.

Mr. McKay clarified in regards to the Air District's projected budget of reserve funds, that the Air District is dropping below the 15% guidance it had hoped to avoid but that there is an expectation that reserves will remain untapped the fiscal year ending 2013 budget.

Mr. McKay highlighted the projected \$800,000 overage relating to the Information Systems Budget, generated largely by the Air District's work to update the Databank system.

Committee Comments/Questions: None.

Public Comments: None.

Committee Action: None; informational only.

5. Authorize Expenditures for Production System Replacement of Databank

Mr. McKay requested funding authorization for Production System Replacement of Databank, specifically expenditures not to exceed \$450,000 with Vertigo Software and not to exceed \$250,000 with Trinity Technology Group, both for replacement of District legacy software systems.

Committee Comments/Questions: Director Hudson inquired about the nature and portability of the new system. Mr. McKay explained that it includes the software used by Air District engineering and enforcement staff to accomplish their day-to-day work, including permitting and fees and affirmed that it is portable to the new Air District headquarters building. Mr. Hudson inquired about the costs of moving the technology. Mr. McKay responded that the Air District's contract with the Metropolitan Transportation Commission includes the costs of moving technology and discussions have begun regarding plans for the migration of Air District technology. Director Hudson suggested the possibility of alternative funding or loans. Director Wagenknecht asked if further unexpected expenses relative to the Databank system are likely to emerge or if a thorough look at possible incongruities in facilities has been considered in the lead up to the move. Mr. McKay affirmed that every effort has been made to anticipate those issues and plan accordingly.

Public Comments: None.

Committee Action: A consensus of the members present recommended that the Board of Directors approve the request.

6. Committee Member Comments/Other Business:

Director Groom suggested that after cost recovery matters are resolved in future meetings that the Committee takes up the issue of the Production System, the requirements of the physical move and any technical considerations related to the same. Director Hudson and Mr. McKay discussed the challenges of recruiting the most qualified information technology consultants when not done sooner rather than later.

7. Time and Place of Next Meeting: Wednesday, February 22, 2012, at 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

8. Adjournment: The meeting adjourned at 10:10 a.m.

151 Sean Gallagher
Sean Gallagher
Clerk of the Boards