

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

APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, March 27, 2013

1. Call to Order – Roll Call

Chairperson Carole Groom called the meeting to order at 9:32 a.m.

Present: 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: Board of Directors Chairperson Ash Kalra.

2. Public Comment Period: None.

3. Approval of Minutes of February 27, 2013

Committee Comments: None.

Public Comments: None.

Committee Action: Director Wagenknecht made a motion to approve the Minutes of February 27, 2013; Director Ross seconded; and the motion was unanimously approved without objection.

4. Summary of Draft Fee Amendments for Fiscal Year Ending (FYE) 2014

Jeffrey McKay, Deputy Air Pollution Control Officer (DAPCO), gave the staff presentation Draft Amendments to Regulation 3, Fees, including revenue sources FYE 2013, cost recovery background and policy, proposed changes to fee schedules, impact on small businesses, online customer interface fee, incident response fee, open burning fee, public comments and rule development schedule.

NOTED PRESENT: Director Miley was noted present at 9:34 a.m.

NOTED PRESENT: Director Kniss was noted present at 9:38 a.m.

Director Wagenknecht asked, regarding slide 4, Cost Recovery Background, what contributed in the percentage jump from 2011 to 2012, which question was answered by Mr. McKay.

Mr. McKay continued the presentation.

Director Ross asked, regarding slide 8, Proposed Changes to Fee Schedules, what the percentages mean in dollars for an average dry cleaner operation, which question Mr. McKay deferred answering until later in the presentation.

Mr. McKay continued the presentation.

Director Ross asked, regarding slide 10, Impact on Small Businesses, for an explanation of the difference between a permitted and registered dry cleaner machine, which question was answered by Jim Karas, Director of Engineering.

Chairperson Groom asked what the final percentage increase was for gas dispensing facilities in 2012, which question was answered by Mr. Karas.

Mr. McKay continued the presentation.

NOTED PRESENT: Director Mar was noted present at 9:46 a.m.

Director Wagenknecht asked, regarding slide 11, Online Customer Interface Fee, why the Air District would charge a fee for internet use of the system when its use by the regulated community is the goal of the Air District, which question was answered by Jack Broadbent, Executive Officer/Air Pollution Control Officer.

Director Miley asked the amount of the user fee, which question was answered by Messrs. McKay and Broadbent.

Director Kniss asked if an initial fee is usual and customary for organizations in this situation, which question was answered by Mr. Broadbent.

Board Chairperson Kalra said the proposal is an understandable one given Board direction to staff but that time allows for a continued search for alternative revenue sources and recommended that staff develop alternate proposals.

Director Ross suggested the fee is to recover the Air District's cost of providing service so it may be advisable to build the online customer interface fee into the permit fee so as to generate one unified fee for regulated parties. Chairperson Groom agreed with Director Ross.

Director Mar said the system will serve to save the time and money of regulated parties and expressed his support for the proposal as well as the suggestion of Board Chairperson Kalra.

Board Chairperson Kalra agreed with Director Ross' suggestion.

Mr. Broadbent said staff will explore other options for generating the revenue needed to launch the project.

Director Kniss expressed her support for the proposal, noting a personal experience of paying a similar fee elsewhere, and suggested the fee may not be as jarring to the public as some may think.

Director Hudson commended the ideas expressed and said the Board discussion on this topic will be focused on the 9% increase as well as the additional proposed fees.

Director Miley expressed his concern that the organization will not honor the projected end date after it becomes accustomed to the revenue stream, said fees for internet access are a growing discussion but he would just as soon avoid the Air District being a leader in that regard, and expressed his support for Board Chairperson Kalra's recommendation.

Mr. McKay continued the presentation.

Chairperson Groom asked, regarding slide 12, Incident Response Fee, if staff had a number in mind, which question was answered by Messrs. McKay and Broadbent.

Mr. McKay continued the presentation.

Director Hudson said, regarding slide 13, Open Burning Fee, that the proposal makes sense and is consistent with a bill sponsored by the California Air Resources Board. Mr. Broadbent clarified that the small fee is to recover costs.

Director Ross asked, regarding slide 13, Open Burning Fee, if "crop replacement" includes fires related to vineyard management practices, which question was discussed by the Committee and staff.

Director Mar asked for examples of "filmmaking" and "public exhibition fires," which examples were provided by Wayne Kino, Director of Compliance & Enforcement.

Mr. McKay continued the presentation.

Director Miley asked, regarding slide 14, Public Comments, for the opinion of District Counsel in regards to "Incident Response... Fee may be unconstitutional per Proposition 26," which opinion was given by Brian Bunger, District Counsel.

Mr. McKay concluded the presentation and noted, regarding slide 16, Rule Development Schedule, that May 1 is amended to May 15, and that June 5 is amended to June 19.

Public Comments:

Bill Quinn, Vice President, California Council for Environmental and Economic Balance, addressed the Committee in support of the proposal and to express concerns relative to the Online Customer Interface and Incident Response Fees.

Committee Comments:

Director Hudson noted the fee discussion is about the Air District obtaining an 85% cost recovery rate overall, asked if there has been any feedback on the proposed 9% increase for the category currently recovering less than 70% of costs, and said the Online Customer Interface Fee will cause problems with the regulated community. Mr. Quinn said there was some dissatisfaction but it was tempered by an understanding of the Air District's cost recovery goal.

Director Ross asked why statements were made to the effect that large facilities will not have immediate access to the advantages of the online permit interface, which question was answered by Mr. Broadbent.

Mr. Quinn asked about the target date for large facilities to be able to use the online permit interface, which question was answered by Mr. Broadbent.

Director Ross speculated that the rate of asbestos permits continue to be down and asked if that is consistent with the recent trend, which question was answered by Mr. McKay. Director Ross asked what percentage of Air District business relates to asbestos, which question was answered by Messrs. Karas and Broadbent.

Chairperson Groom asked what the deadline is for ceasing use of perchloroethylene and if an earlier end can be incentivized, which questions were answered by Messrs. Karas and Broadbent.

Chairperson Groom restated the Committee direction to staff to continue developing alternative proposals to bring back with the current proposals to the next Committee meeting.

Committee Action: None; informational only.

5. Discussion of Proposed Budget for FYE 2014

Mr. McKay gave the staff presentation Proposed FYE 2014 Budget, including revenue projections for FYE 2013, overview of proposed budget for FYE 2014, general fund revenue sources and general fund expenditures for FYE 2014, personnel costs, vacancy distribution, positions budgeted as filled during FYE 2014, strategic staffing principles and implementation, fees, projection of Air District reserve funds and summary.

Director Kniss asked, regarding slide 7, Personnel Costs, if the 43 vacancies fall in any particular category, which question Mr. McKay deferred answering until later in the presentation.

Mr. McKay continued the presentation.

Director Kniss asked, regarding slide 11, Strategic Staffing Implementation, for an example of a "strategic staffing plan with sister agencies" and asked if it is a common, advisable practice with a known success rate, which information was provided and questions answered by Mr. McKay.

Director Hudson asked, regarding slide 9, Positions Budgeted as Filled During FYE 2014, if the Air Quality Program Manager will have duties that will aide sister agencies and, in turn, might

result in the possibility of some cost reimbursement, which questions were answered by Mr. Broadbent and Jean Roggenkamp, DAPCO.

Director Ross asked how the cost of the commuter assistance program will be budgeted, which question was answered by Damian Breen, Director of Strategic Incentives, and Ms. Roggenkamp.

Chairperson Groom expressed her support for smart partnerships with sister agencies that result in increased efficiency.

Director Ross asked how the cost of the vehicle buy-back program is budgeted, which question was answered by Ms. Roggenkamp.

Director Groom asked if the Carl Moyer Program funding issue at the State level had been resolved, which question was answered by Mr. Broadbent.

Mr. McKay concluded the presentation.

Committee Comments: None.

Public Comments: None.

Committee Action: None; informational only.

6. Status Report on 939 Ellis Street Disposition

Mr. McKay made introductory comments and introduced Tom Christian, Partner, and Ric Russell, Managing Partner, both of Cassidy Turley Northern California, and Mr. Christian gave the presentation Disposition Strategy/Marketing Plan for 939 Ellis Street, including a market and site overview and a summary of the marketing plan and schedule.

Director Kniss asked, regarding slide 11, Disposition Strategy/Marketing Plan, if the timing of the sale is good in light of the current San Francisco market, which question was answered by Messrs. Christian and Russell.

Mr. Christian continued the presentation.

Director Miley asked, regarding slide 13, Disposition Strategy/Marketing Plan, whether purchase offers will be vetted by one of the Board of Directors committees before a selection is made, which question was answered by Messrs. McKay and Russell.

Committee Comments:

Director Ross asked about anticipated lease-back rates, which questions were answered by Mr. Russell.

Director Miley asked if the Board will receive a summary of offers received and an explanation of the analysis process that generates recommendations, which questions were answered by Mr. Russell.

Public Comments: None.

Committee Action: None; informational only.

7. **Committee Member Comments/Other Business:** None.
8. **Time and Place of Next Meeting:** Wednesday, April 24, 2013, at Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.
9. **Adjournment:** The meeting adjourned at 11:09 a.m.

SG Gallagher
Sean Gallagher
Clerk of the Boards