



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CAROLE GROOM – CHAIRPERSON
JOHN GIOIA
LIZ KNISS
MARK ROSS
SHIRLEE ZANE

ERIC MAR – VICE CHAIRPERSON
DAVE HUDSON
NATE MILEY
BRAD WAGENKNECHT

WEDNESDAY
APRIL 24, 2013
9:30 A.M.

AIR DISTRICT HEADQUARTERS
4th FLOOR CONFERENCE ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109

VIDEOCONFERENCE LOCATION:
SANTA ROSA JUNIOR COLLEGE
DOYLE LIBRARY ROOM 4248
1501 MENDOCINO AVENUE
SANTA ROSA, CA 95401

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at Air District Headquarters, 939 Ellis Street, San Francisco, CA, on the Air District's website www.baaqmd.gov, and at videoconference locations at least 72 hours in advance of a regular meeting.

At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.

- A. *Public Comment from Air District Headquarters location*
- B. *Public Comment from Santa Rosa Junior College videoconferencing location*

3. **APPROVAL OF MINUTES OF MARCH 27, 2013**
4. **SUMMARY OF DRAFT FEE AMENDMENTS FOR FISCAL YEAR ENDING (FYE) 2014**
J. McKay/4629
jmckay@baaqmd.gov

The Committee will be provided a summary of staff's proposed amendments to Regulation 3, Fees for Fiscal Year End 2014. The proposed fee amendments are designed to recover the costs of regulatory program activities in accordance with the Air District's Cost Recovery Policy.

5. **CONTINUED DISCUSSION OF FISCAL YEAR ENDING (FYE) 2014 PROPOSED AIR DISTRICT BUDGET AND CONSIDERATION TO RECOMMEND ADOPTION**

J. McKay/4629
jmckay@baaqmd.gov

The Committee will continue discussion of the proposed budget for FYE 2014 and consider recommending Board of Directors adoption of the proposed FYE 2014 budget.

6. **THIRD QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) 2013**

J. McKay/4629
jmckay@baaqmd.gov

The Committee will receive an update on the Air District's financial results for the third quarter of FYE 2013.

7. **COMMITTEE MEMBER COMMENTS/ OTHER BUSINESS**

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

8. **TIME AND PLACE OF NEXT MEETING** – Wednesday, May 22, 2013, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

9. **ADJOURNMENT**

CONTACT THE CLERK OF THE BOARDS
939 ELLIS STREET SF, CA 94109

(415) 749-5073
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given at least three (3) business days prior to the date of the meeting, so that arrangements can be made accordingly.

Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body at the Air District Headquarters meeting location shall be made available at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Writing relating to an open session item on this Agenda that is distributed at the videoconferencing meeting location shall be made available at 939 Ellis Street, San Francisco, CA 94109, within three (3) business days following the meeting.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-4963**

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS**

APRIL 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	25	9:30 a.m.	Board Room
Board of Directors Executive Committee <i>(Rescheduled from Monday April 15, 2013)</i>	Monday	29	9:30 a.m.	4 th Floor Conf. Room

MAY 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	1	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	8	9:00 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(At the Call of the Chair)</i>	Thursday	9	10:00 a.m.	4 th Floor Conf. Room
Special Board of Directors Meeting - Budget Hearing <i>(At the Call of the Chair)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room

May 2013 Calendar Continued on Next Page

MAY 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee (<i>Meets on the 3rd Monday of each Month</i>)	Monday	20	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee (<i>Meets on the 3rd Monday of each Month</i>)	Monday	20	10:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee (<i>Meets on the 4th Wednesday of each Month</i>)	Wednesday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee (<i>Meets on the 4th Thursday of each Month</i>)	Thursday	23	9:30 a.m.	Board Room

JUNE 2013

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting (<i>Meets on the 1st & 3rd Wednesday of each Month</i>)	Wednesday	5	9:45 a.m.	Board Room
Board of Directors Legislative Committee (<i>At the Call of the Chair</i>)	Thursday	6	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Regular Meeting (<i>Meets on the 2nd Wednesday of each Month</i>)	Wednesday	12	9:00 a.m.	Board Room
Board of Directors Executive Committee (<i>Meets on the 3rd Monday of each Month</i>)	Monday	17	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee (<i>Meets on the 3rd Monday of each Month</i>)	Monday	17	10:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting (<i>Meets on the 1st & 3rd Wednesday of each Month</i>)	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee (<i>Meets on the 4th Wednesday of each Month</i>)	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee (<i>Meets on the 4th Thursday of each Month</i>)	Thursday	27	9:30 a.m.	Board Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: April 9, 2013

Re: Approval of the Minutes of March 27, 2013

RECOMMENDED ACTION

Approve the attached draft minutes of the Budget and Finance Committee meeting of March 27, 2013.

DISCUSSION

Attached for your review and approval are the draft minutes of the Budget and Finance Committee meeting of March 27, 2013.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachment

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

DRAFT 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 Bunker, 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.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 9, 2013

Re: Summary of Draft Fee Amendments for Fiscal Year Ending (FYE) 2014

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

On March 27, 2013, staff provided the Budget & Finance Committee with a summary of the proposed fee amendments for FYE 2014.

DISCUSSION

Staff will address issues raised by the Committee regarding the Air District's proposed Incident Response, Open Burning, and Online Customer Interface Fees.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments increase fee revenue in FYE 2014 by approximately \$2 million from revenue that would otherwise result without a fee increase. Fee revenue estimates are included in the draft FYE 2014 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jim Karas
Revised by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 2, 2013

Re: Continued Discussion of Fiscal Year Ending (FYE) 2014 Proposed Air District Budget
and Consideration to Recommend Adoption

RECOMMENDED ACTION

The Committee will continue discussion of the proposed budget for FYE 2014 and consider recommending Board of Directors adoption of the proposed FYE 2014 Budget.

BACKGROUND

At the March 20, 2013 regular Board of Directors meeting, the FYE 2014 Proposed Budget document was referred to the Budget and Finance Committee for review at the Committee's March 27, 2013 meeting.

DISCUSSION:

Staff presented the proposed budget for FYE 2014 at the March 27, 2013 Budget and Finance Committee meeting. The proposed budget is balanced, with the General Fund totaling \$63.6 million and the Consolidated Funds (including program distributions) totaling \$134.3 million. Proposed capital requests are \$4.9 million.

Prior to April 5, 2013, staff published a notice in newspapers read by the general public. These notices state that the first of two public hearings on the budget will be conducted on May 15, 2013 and that the second hearing will be conducted on June 19, 2013.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed consolidated budget for FYE 2014 is \$134.3 million and is a balanced budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Glasser
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 9, 2013

Re: Third Quarter Financial Report – Fiscal Year Ending (FYE) 2013

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s financial results for the third quarter of FYE 2013. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County receipts \$12,791,776 (61%) of budgeted revenue.
- Permit Fee receipts \$22,187,899 (92%) of budgeted revenue.
- Title V Permit Fees \$3,268,056 (88%) of budgeted revenue.
- Asbestos Fees \$1,795,094 (99%) of budgeted revenue.
- Toxic Inventory Fees \$548,661 (78%) of budgeted revenue.
- Penalties and Settlements \$1,054,980 (62%) of budgeted revenue.
- Miscellaneous Revenue \$56,665 (39%) of budgeted revenue.
- Interest Revenue \$138,951 (68%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Personnel – Salaries \$21,302,098 (68%) of budgeted expenditures.
- Personnel - Fringe Benefits \$10,449,558 (74%) of budgeted expenditures.
- Operational Services
and Supplies \$9,336,605 (52%) of budgeted expenditures.
- Capital Outlay \$1,314,074 (67%) of budgeted expenditures.

Cash and Investments in County Treasury:

(Based on the March 2013 Account Balance)

General Fund	\$19,679,916
TFCA	\$66,209,324
MSIF	\$40,832,445
Carl Moyer	\$4,919,318
CA Goods Movement	\$18,477,157
	<u>\$150,118,160</u>

Investments Held as:

(Based on the March 2013
- Account Balance)

Fixed Income Investments	55% of total investment pool
Short Term Investments	45% of total investment pool

FUND BALANCES

	<u>6/30/2011</u> <u>Audited</u>	<u>6/30/2012</u> <u>Unaudited</u>	<u>6/30/2013</u> <u>Projected</u>
Imprest Cash	\$ -	-	-
Building and Facilities	4,075,756	4,075,756	3,711,210
PERS Funding	1,500,000	1,500,000	1,365,836
Radio Replacement	75,000	75,000	68,292
Capital Equipment	1,219,818	1,219,818	1,110,714
Post-Employment Benefits	2,000,000	2,000,000	1,821,116
Worker's Compensation	1,000,000	1,000,000	910,557
Economic Uncertainties	130,660	130,660	118,973
TOTAL SPECIAL RESERVES	<u>\$ 10,001,234</u>	<u>\$ 10,001,234</u>	<u>\$ 9,106,698</u>
UNDESIGNATED	<u>9,528</u>	<u>3,441,554</u>	<u>4,358,208</u>
TOTAL FUND BALANCES	<u>\$ 10,010,762</u>	<u>\$ 13,442,788</u>	<u>\$13,464,906</u>

VENDOR PAYMENTS

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to provide the Board a listing of all of the vendors receiving payments in excess of \$70,000 under contracts that have not been previously reviewed by the Board. Prior Air District practice does not bring payments for recurring routine business costs such as utilities, licenses, office supplies and the like, before the Board, except as part of the Air District budget. The current practice now is to list such payments over \$70,000 in a quarterly financial report. The purpose is to increase the information flow to the Board, to maintain committee efficiency, and to clarify policy.

As a related practice, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$70,000, but cumulatively now total in excess of \$70,000.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Glasser
Reviewed by: Jack M. Colbourn