

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

Board of Directors Special Budget Hearing Meeting
Wednesday, May 15, 2013

APPROVED MINUTES

CALL TO ORDER

Chairperson Ash Kalra called the meeting to order at 9:52 a.m.

ROLL CALL

Present: Chairperson Ash Kalra; Vice-Chairperson Nate Miley; Secretary Carole Groom; and Directors Susan Adams, Teresa Barrett, Tom Bates, John Gioia, Scott Haggerty, David Hudson, Carol Klatt, Liz Kniss, Jan Pepper, Mary Piepho, Mark Ross, Jim Spering, Ken Yeager and Shirlee Zane.

Absent: Directors John Avalos, Edwin Lee, Eric Mar, Tim Sbranti and Brad Wagenknecht.

PLEDGE OF ALLEGIANCE

Chairperson Kalra led the Pledge of Allegiance.

OPENING COMMENTS: None.

PUBLIC COMMENT ON NON-AGENDA MATTERS: None.

PUBLIC HEARING

- 1. Public Hearing to Consider Testimony on the Air District's Proposed Budget for Fiscal Year End (FYE) 2014. A Final Public Hearing is scheduled for Wednesday, June 19, 2013, to Consider Adoption of the Proposed Budget for FYE 2014**

Jeffrey McKay, Deputy Air Pollution Control Officer (DAPCO) gave the staff presentation Proposed Fiscal Year End 2014 Budget, including revenue projections for current FYE 2013, overview of proposed budget for FYE 2014, general fund revenue sources and expenditures, personnel costs, strategic staffing principles, fees and reserve funds budgeted projection.

NOTED PRESENT: Director Yeager was noted present at 9:59 a.m., Director Zane was noted present at 10:00 a.m., Director Gioia was noted present at 10:02 a.m., and Director Kniss was noted present at 10:06 a.m.

Board Comments:

Director Spring asked, regarding slide 7, Personnel Costs, about the valuation of and reasoning behind maintaining 43 budgeted vacancies, which questions were answered by Mr. McKay. Jack Broadbent, Executive Officer/Air Pollution Control Officer, provided a history of the budgeted vacancies, overall staffing levels and related budget considerations. Director Spring said the positions should be cut or filled.

Chairperson Kalra asked whether the positions are needed but going unfilled out of fiscal restraint and for information relative to the twelve vacant positions being filled, which questions were answered by Mr. Broadbent.

Director Piepho echoed the comment of Director Spring, asked that the item be referred to the Budget and Finance Committee for review and asked about an Other Post-Employment Benefits actuarial study and the current payment approach, which questions were answered by Mr. McKay.

Director Piepho expressed her support for promotional hiring, when appropriate, and her concern about the 6.4% average fee increase reflected in slide 9, Fees, in the context of the current economy. Chairperson Kalra clarified that the fee increase is an effort at catching up from the unsustainably low cost recovery levels in the past.

Director Zane noted that the current reserves are nearly at the 2010 level and asked if they should continue to increase over time, which question was answered by Messrs. McKay and Broadbent.

Director Adams said, regarding slide 7, Personnel Costs, the 43 outstanding vacancies should be considered when analyzing staff efficiencies that could result from the move to 390 Main Street and echoed Director Piepho's concern about the 6.4% average increase.

Mr. Broadbent explained the 6.4% average fee increase in the context of the larger conversation at the Air District about attaining an 85% cost recovery level pursuant to the direction of the Board.

Director Adams suggested that overly ambitious increases may result in decreased compliance levels amongst the regulated community and recommended that a maximum level be set for reserves so that money that might be usefully applied elsewhere is not left sitting in reserve needlessly.

Director Ross asked how many vacancies will remain after the twelve positions are filled, which question was answered by Mr. McKay.

Director Groom recalled the history of the cost recovery policy and fee increase proposal in the Budget and Finance Committee and said the vacancies should remain for the time being, at least until the move to 390 Main Street is complete.

Director Gioia said the fee increases should always be considered in the context of the cost recovery policy and suggested 6.4% may not be the most informative number to present as it is only an average of the actual increases seen in various categories.

Director Piepho restated her request that the vacancy issue be referred to the Budget and Finance Committee, as well as to the Personnel Committee.

Director Zane asked about where in the organization the 43 vacancies exist, which questions were answered by Mr. McKay. Director Zane urged for the filling of any vacancies within the Compliance and Enforcement Division as soon as possible.

Director Bates said the Air District will confront big changes in 2014 and the current reserves levels are prudent.

Chairperson Kalra made closing statements.

Public Comments: None.

Board Action:

Director Kniss made a motion, seconded by Director Spering, to close the first of two required public hearings on the proposed Air District FYE 2014 Budget for public review and comment. The motion carried unanimously.

OTHER BUSINESS

2. **Board Members' Comments:** None.
3. **Time and Place of Next Meeting:** Regular Board of Directors Meeting on Wednesday, June 19, 2013, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.
4. **Adjournment:** The Board meeting adjourned at 10:26 a.m.

151 Sean Gallagher

Sean Gallagher
Clerk of the Boards