

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

Videoconference Location:
Santa Rosa Junior College
Doyle Library Room 4243
1501 Mendocino Avenue
Santa Rosa, CA 95401

APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, March 26, 2014

1. Call to Order – Roll Call

Director David Hudson called the meeting to order at 9:42 a.m.

Present: Budget and Finance Committee (Committee) Vice-Chairperson Eric Mar; Board Chairperson Nate Miley; and Directors David Hudson, Mark Ross, Brad Wagenknecht and Shirlee Zane (from videoconference location).

Absent: Committee Chairperson Carole Groom; and Directors John Gioia and Liz Kniss.

Also Present: None.

2. Public Comment Period: There were no requests for public comment.

NOTED PRESENT: Directors Ross and Wagenknecht were noted present at 9:43 a.m.

3. Proposed Amendment to Regulation 3: Fees (Agenda Item #4 taken out of order)

Jeff McKay, Deputy Air Pollution Control Officer, gave the staff presentation *Proposed Amendments to Regulation 3: Fees*, including an overview of revenue sources in the Fiscal Year End (FYE) 2013 Budget, an explanation of the background and current cost recovery policy, trends in cost cutting, proposed changes to fee schedules, greenhouse gas fees, impact on small businesses, a fee comparison with South Coast Air Quality Management District, public comments, and the rule development schedule.

At slide 4, *Cost Recovery Background*, the Committee and staff discussed cost recovery for FYE 2014 to date; the cost recovery policy; and the cost recovery policy projection relative to the expected filling of staff vacancies in the coming year.

Mr. McKay continued the presentation.

At slide 10, *Proposed Changes to Fee Schedules*, the Committee and staff discussed which schedules represent the most significant sources of fees revenue; the Kinder Morgan operations under Schedule D and how the fees would be affected by proposed legislation regarding transfers of oil from the Bakken formation; the cost recovery rate for Schedule G-5; and whether the policy for large industry operations should instead have a recovery target of 100%.

NOTED PRESENT: Board Chairperson Miley was noted present at 10:00 a.m.

Mr. McKay continued the presentation.

At slide 11, *Greenhouse Gas (GHG) Fees*, the Committee and staff discussed the increase in GHG fees in the form of carbon dioxide equivalent emissions per metric ton.

Mr. McKay continued the presentation.

At slide 13, *Bay Area/South Coast Air Quality Management Districts Fee Comparison – FYE 2014*, the Committee and staff discussed the specs of diesel engines likely in use at various sites and fee subsidization for actual non-profit institutions, such as schools, as opposed to hospitals.

Mr. McKay continued the presentation.

At slide 14, *Public Comments*, the Committee and staff discussed the level of Air District involvement in the California Air Resources Board third-party verification process under the Assembly Bill 32 Scoping Plan.

NOTED PRESENT: Committee Vice-Chairperson Mar was noted present at 10:11 a.m.

Mr. McKay concluded the presentation.

Committee Comments: None.

Public Comments: There were no requests for public comment.

Committee Action: None; receive and file.

4. Discussion of Proposed Budget for FYE 2015 (Agenda Item #5 taken out of order)

Mr. McKay gave the staff presentation *Proposed Budget for FYE 2015*. The Committee reviewed revenue projections for FYE 2014; overviews of the proposed budget, general fund revenue sources, and general fund expenditures for FYE 2015; a status report on fees; trends in cost cutting from FYE 2010 through 2015; unfunded liabilities; personnel costs; strategic staffing implementation; a comparison of retirement contributions and salaries; and reviews of Air District reserve funds and designations. The proposed budget is a balanced budget without the use of reserves, and includes the filling of nineteen vacant staff positions and an increase in the Other Post-Employment Benefits (OPEB) contribution to \$3 million.

The Committee and staff discussed, at slide 5, *General Fund Revenue Sources (FYE 2015 Proposed Budget)*, what, if any, significant changes exist compared to past years.

Mr. McKay continued the presentation.

The Committee and staff discussed, at slide 7, *Expense and Capital*, the setting aside of capital reserves for the purpose of new headquarters renovation.

Mr. McKay continued the presentation.

The Committee and staff discussed, at slide 9, *Reserves Designated for Specific Capital Items*, the likely timing of expenditures for “IT-Desktop Equipment” and the potential need for reserves for the headquarters move.

Mr. McKay continued the presentation.

The Committee and staff discussed, at slide 15, *Staffing Levels in FYE 2015*, the work being done to implement shared services with the Metropolitan Transportation Commission and Association of Bay Area Governments; how many public outreach positions are among the “Fill Current Vacant Positions”; and whether the “Climate Protection Positions” are in response to the climate protection work program.

Mr. McKay continued the presentation.

The Committee and staff discussed, at slide 18, *Unfunded Liabilities Response*, the annual growth of the OPEB obligation before contribution; the impact of the excise tax under the Affordable Care Act; whether a percentage of surplus should be dedicated to increased OPEB contributions; the planning done regarding the potential budget impact of ongoing labor negotiations; the concept of breaking certain categories down and establishing a fund for dividing between those categories, as is deemed appropriate each year; and whether there is a need to more fully engage the ongoing obligations with the idea of developing short- and long-term plans.

Committee Comments: The Committee and staff discussed funding for travel expenses.

Public Comments: There were no requests for public comment.

Committee Action: None; receive and file.

5. Approval of Minutes of January 22, 2014 (Agenda Item # 3)

Committee Comments: None.

Public Comments: There were no requests for public comment.

Committee Action:

Director Hudson made a motion to approve the Minutes of January 22, 2014; Director Wagenknecht seconded; and the motion carried by the following vote of the Committee:

AYES: Hudson, Mar, Miley, Ross, Wagenknecht and Zane.

NOES: None.

ABSTAIN: None.

ABSENT: Gioia, Groom and Kniss.

6. Committee Member Comments/Other Business: None.

7. Time and Place of Next Meeting:

Wednesday, April 23, 2014, at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:30 a.m.

8. Adjournment: The meeting adjourned at 10:49 a.m.

151 Sean Gallagher

Sean Gallagher
Clerk of the Boards