

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 23, 2016

### **1. CALL TO ORDER – ROLL CALL**

Budget and Finance Committee (Committee) Chairperson David Hudson called the meeting to order at 9:36 a.m.

Present: Committee Chairperson David Hudson; Vice-Chairperson Katie Rice; and Directors Liz Kniss, Nate Miley, Jan Pepper, Mark Ross, and Brad Wagenknecht.

Absent: Directors John Gioia and Carole Groom.

Also Present: None.

**2. PUBLIC COMMENT ON NON-AGENDA MATTERS:** None.

### **3. APPROVAL OF THE MINUTES OF JANUARY 27, 2016**

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Kniss, to approve the Minutes of January 27, 2016; and the motion carried by the following vote of the Committee:

AYES: Hudson, Kniss, Pepper, Rice, and Wagenknecht.

NOES: None.

ABSTAIN: None.

ABSENT: Gioia, Groom, Miley, and Ross.

### **4. DISCUSSION OF PROPOSED BUDGET FOR FISCAL YEAR ENDING (FYE) 2017**

Jeff McKay, Deputy Air Pollution Control Officer, gave the staff presentation *Proposed Fiscal Year End 2017 Budget*, which included projections for current FYE 2016; District reserve funds - audited values excluding building proceeds; approved reserve transfers FYE 2016; proposed

budget for FYE 2017; general fund revenue sources and expenditures; services, supplies, and capital; FYE 2017 proposed fees; FYE 2017 FTE staffing level; additional staffing; FYE 2017 balance summary; and FYE 2017 use of fund balance.

NOTED PRESENT: Director Ross was noted present at 9:40 a.m.

Committee Vice Chair Rice asked if revenues from permit fees and property tax are equally affected during an economic downturn and how sensitive the District's budget is to economic swings. Mr. McKay responded that permit fees track with economic activity more than property tax revenue.

Mr. McKay continued the presentation, which included fund balance policy; unfunded liabilities - CalPERS funding ratio vs. rate of return; and response for CalPERS pension.

Committee Comments:

The Committee and staff discussed considerations and factors of the CalPERS funding ratio; benefits of prefunding; multi-year increases; rate of return forecasting; additional employee contribution; the District's unfunded liability target; and a potential policy for the Board to consider regarding the continued increase of contributions, overages, or reserves in order to accelerate closing the unfunded liabilities gap.

NOTED PRESENT: Director Miley was noted present at 10:04 a.m.

Presentation continued:

Mr. McKay continued the presentation, which included retirement medical; other post-employment benefits (OPEB) liability; unfunded liabilities - response for OPEB; office building obligations; and a summary of the FYE 2017 Budget.

Committee Comments continued:

Staff was met with the Committee's general appreciation of the thought put into the proposed options presented. Committee Chair Hudson said that the Board's comments may echo those of the Committee when the Board is presented with this topic in April.

Public Comments: No requests received.

Committee Action: None; receive and file.

## **5. PROPOSED AMENDMENTS TO REGULATION 3: FEES**

Jaime Williams, Director of Engineering, gave the staff presentation *Proposed Amendments to Regulation 3, Fees*, including revenue sources - FYE 2015; cost recovery policy; trends in cost recovery and cost containment; proposed changes to fee schedules; petroleum refining emissions tracking fees; Schedule W costs and fees; major facility community air monitoring fees;

Schedule X costs and fees; other proposed amendments; impact on large facilities: petroleum refineries and power plants; impact on small businesses; workshop public comments; and rule development schedule.

Committee Comments:

The Committee and staff discussed the implications of low oil prices on cost recovery; cost recovery pertaining to an increase in District personnel; how criteria for major facility community air monitoring fees is derived; targeted percentage of the cost recovery associated with proposed Rule 12-15; cost recovery projections versus cost recovery ideal targets; and tiered financial structure for asbestos permit fees for single family dwellings.

Public Comments: No requests received.

Committee Action: None; receive and file.

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

Committee Chair Hudson noticed a figure deviation that he believes to be a typo in one of the columns (on page 145) in the “Group Insurance Benefits” section of the budget and requested that staff double check the data before it is brought to the Board for consideration.

**7. TIME AND PLACE OF NEXT MEETING**

Wednesday, April 27, 2016, 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 10:50 a.m.

*MS/ Marcy Hiratzka*

Marcy Hiratzka  
Clerk of the Boards