

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, California 94105
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APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, December 7, 2017

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Vice Chairperson, Katie Rice, called the meeting to order at 11:22 a.m.

Present: Vice Chair Katie Rice; and Directors David J. Canepa, David Hudson, Nate Miley, Karen Mitchoff, and Mark Ross.

Absent: Committee Chairperson Carole Groom; and Directors Cindy Chavez, and John Gioia.

Also Present: Board Chairperson Liz Kniss

2. PUBLIC COMMENT ON NON-AGENDA MATTERS:

No requests received.

3. APPROVAL OF THE MINUTES OF APRIL 26, 2017

Public Comments:

No requests received.

Committee Comments:

None.

Committee Action:

Director Canepa made a motion, seconded by Director Ross, to **approve** the Minutes of April 26, 2017; and the motion **carried** by the following vote of the Committee:

AYES: Canepa, Hudson, Kniss, Mitchoff, Rice, and Ross.
NOES: None.
ABSTAIN: None.
ABSENT: Chavez, Gioia, Groom, and Miley.

4. FOURTH QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) 2017

Stephanie Osaze, Finance Manager, gave the staff presentation *Fourth Quarter Financial Report FYE 2017*, including: overview; Fourth Quarter results FYE 2017 – General Fund – revenues and expenses; revenue and expenditure comparisons of prior versus current year; cash and investments with County Treasury; fund balance and unfunded liabilities; purchasing reporting requirements; and FYE 2017 vendor payments.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed the District’s Reserve Policy; the amount of District reserves that are currently available; past District practices of drawing upon reserves; and the status and projections of the District’s unfunded liabilities.

Committee Action:

None; receive and file.

5. FIRST QUARTER FINANCIAL REPORT – FYE 2018

Ms. Osaze gave the staff presentation *First Quarter Financial Report FYE 2018*, including: overview; First Quarter results FYE 2018 – General Fund – revenues and expenses; revenue comparison of prior versus current year; 1st quarter results FYE 2018 – general fund expenses; expenditure and expenditure comparison of prior versus current year; cash and investments with County Treasury; fund balance and unfunded liabilities; purchasing reporting requirements; and FYE 2018 vendor payments.

Public Comments:

No requests received.

Committee Comments:

None.

Committee Action:

None; receive and file.

6. REQUEST TO AMEND THE FYE 2018 BUDGET TO INCREASE STAFFING AND ACCEPT NEW ONE-TIME REVENUE RESULTING FROM ASSEMBLY BILL (AB) 617 (OUT OF ORDER, ITEM 7)

Jack Broadbent, Executive Officer/Air Pollution Control Officer, introduced Rex Sanders, Chief Administrative Officer, who gave the staff presentation *Increase Staffing and Accept New One-Time Revenue Resulting from AB 617*, including: new and expanded programs; cost recovery; staffing increases; and recommendations.

NOTED PRESENT: Director Miley was noted present at 11:44 a.m.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed the District's efforts to oppose AB 617; the District's concern that the timeline requirements of AB 617 are too aggressive; the District's concern that funding necessary to meet the bill's air monitoring and air quality plan requirements would cause the District to shift resources and draw upon funds allocated for critical program areas still required by state and federal regulations; additional funding sources allocated by the State to assist with AB 617 implementation and new District staffing needs, the projected allocation timeline of those funding sources, and how the District plans to maintain funding the new positions once those funds have been exhausted; the District's vacancy rate based on currently budgeted positions (not including the twenty-two positions being considered for approval), how that vacancy rate enables the District's current-year budget to remain as is, without the need for modification, and how the District plans to incorporate that vacancy rate into the new positions being requested; how the requested hiring level will be sustained under the District's Cost Recovery Policy of 85%; the need to press the State for long-term funding to carry out the requirements of AB 617; the potential difficulties of measuring the success the objectives of the District's new Community Protection Office, and the need to include community leaders and stakeholders in the development of this Office; and the suggestion that staff be more considerate of how (frequent) District fee increases can impact facilities.

Committee Action:

Director Hudson made a motion, seconded by Director Ross, to amend the Fiscal Year Ending 2018 budget to authorize the creation of twenty-two additional full-time positions; and accept approximately \$5 million in funding resulting from AB 617; and the motion **carried** by the following vote of the Committee:

AYES:	Canepa, Hudson, Kniss, Miley, Mitchoff, Rice, and Ross.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Chavez, Gioia, and Groom.

7. OVERVIEW OF UPCOMING BUDGET CONSIDERATIONS (ITEM 6)

Dr. Jeff McKay, Chief Financial Officer, gave the staff presentation *Overview of Upcoming Budget Considerations*, including: presentation goal; outline; recent financial history of District reserve funds (audited values); staff trend – filled seats; new and expanded programs; cost recovery; FYE 2018 Budget topics – cost recovery; reserve diversification; possible real estate purchases; the California Public Employees' Retirement System (CalPERS); unfunded liabilities – prefunding CalPERS retirement; CalPERS discount rate; medical retirement - Other Post-Employment Benefits (OPEB); unfunded OPEB liabilities; and FYE 2019 Budget topics - next steps.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed the correlations between sizes of government entities and percentages of minimum reserves; the square footage of the Richmond space that the District is currently renting; and the request that staff revisits the issue of a CalPERS funding policy target date with the full Board during the first or second calendar quarter of 2018.

Committee Action:

None; receive and file.

8. COMMITTEE MEMBER COMMENTS/OTHER BUSINESS

None.

9. TIME AND PLACE OF NEXT MEETING

Wednesday, January 24, 2018, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

10. ADJOURNMENT

The meeting adjourned at 12:22 p.m.

/s/ Marcy Hiratzka
Marcy Hiratzka
Clerk of the Boards