



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

BOARD OF DIRECTORS  
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

CAROLE GROOM – CHAIR  
MARGARET ABE-KOGA  
PAULINE RUSSO CUTTER  
KATIE RICE  
BRAD WAGENKNECHT

KAREN MITCHOFF – VICE CHAIR  
CINDY CHAVEZ  
DOUG KIM  
MARK ROSS

WEDNESDAY  
FEBRUARY 28, 2018  
9:30 A.M.

1<sup>ST</sup> FLOOR YERBA BUENA ROOM #109  
375 BEALE STREET  
SAN FRANCISCO, CA 94105

AGENDA

1. **CALL TO ORDER - ROLL CALL – PLEDGE OF ALLEGIANCE**

*The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members. The Committee Chair shall lead the Pledge of Allegiance.*

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 District headquarters, 375 Beale Street, San Francisco, CA, 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 Committee's subject matter jurisdiction. Speakers will be limited up to three (3) minutes each.*

*This meeting will be webcast. To see the webcast, please visit <http://www.baaqmd.gov/The-Air-District/Board-of-Directors/Agendas-and-Minutes.aspx> at the time of the meeting. Closed captioning may contain errors and omissions, and are not certified for their content or form.*

3. **APPROVAL OF THE MINUTES OF JANUARY 24, 2018**

Clerk of the Boards/5073

*The Committee will consider approving the draft minutes of the Budget and Finance Committee Meeting of January 24, 2018.*

4. **OVERVIEW OF COST RECOVERY AND COST CONTAINMENT STUDY**

J. McKay/4629

[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*The Committee will receive an overview of the recent cost recovery and cost containment study.*

5. **AIR DISTRICT FINANCIAL OVERVIEW: ANTICIPATED CHALLENGES IN THE FISCAL YEAR ENDING (FYE) 2019 BUDGET**

J. McKay/4629

[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*The Committee will receive a financial overview that will include continued discussion of the upcoming FYE 2019 budget process.*

6. **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)*

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

*Wednesday, March 28, 2018, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.*

8. **ADJOURNMENT**

*The Committee meeting shall be adjourned by the Committee Chair.*

**CONTACT:**

**ACTING MANAGER, EXECUTIVE OPERATIONS**  
**375 BEALE STREET, SAN FRANCISCO, CA 94105**  
[vjohnson@baaqmd.gov](mailto:vjohnson@baaqmd.gov)

**(415) 749-4941**  
**FAX: (415) 928-8560**  
**BAAQMD homepage:**  
[www.baaqmd.gov](http://www.baaqmd.gov)

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Budget and Finance Committee” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- 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 to which this Agenda relates shall be made available at the District’s offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

**Accessibility and Non-Discrimination Policy**

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District’s policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at [www.baaqmd.gov/accessibility](http://www.baaqmd.gov/accessibility) to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District’s Non-Discrimination Coordinator, Rex Sanders, at (415) 749-4951 or by email at [rsanders@baaqmd.gov](mailto:rsanders@baaqmd.gov).

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**375 BEALE STREET, SAN FRANCISCO, CALIFORNIA 94105**  
**FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941**

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

**FEBRUARY 2018**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	28	9:30 a.m.	1st Floor, Yerba Buena Room #109

**MARCH 2018**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Technology Implementation Office Steering Committee Meeting</b> <i>(At the Call of the Steering Committee)</i>	Friday	2	10:00 a.m.	1 <sup>st</sup> Floor Ohlone Room
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets on the 3<sup>rd</sup> Thursday of every other Month)</i>	Thursday	15	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i> - CANCELLED	Monday	19	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Stationary Source Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of every other Month)</i>	Monday	19	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Regular Mtg.</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	21	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	22	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Legislative Committee</b> <i>(At the Call of the Chair)</i>	Thursday	22	10:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Executive Committee &amp; Advisory Council Joint Mtg.</b> <i>(EC Meets on the 3<sup>rd</sup> Monday of each Month) and (AC Meets At the Call of the Chair)</i>	Monday	26	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	28	9:30 a.m.	1st Floor, Yerba Buena Room #109

## APRIL 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	4	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	16	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Regular Mtg.</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	18	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	1st Floor, Yerba Buena Room #109
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	26	9:30 a.m.	1 <sup>st</sup> Floor Board Room

## MAY 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	2	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Regular Mtg.</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	16	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets on the 3<sup>rd</sup> Thursday of every other Month)</i>	Thursday	17	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	21	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Stationary Source Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of every other Month)</i>	Monday	21	10:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	1st Floor, Yerba Buena Room #109
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	24	9:30 a.m.	1 <sup>st</sup> Floor Board Room

HL – 2/23/18 – 9:50 a.m.

G/Board/Executive Office/Moncal

**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: February 14, 2018

Re: Approval of the Minutes of January 24, 2018

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RECOMMENDED ACTION

Approve the attached draft minutes of the Budget and Finance Committee (Committee) meeting of January 24, 2018.

DISCUSSION

Attached for your review and approval are the draft minutes of the Committee meeting of January 24, 2018.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Marcy Hiratzka  
Reviewed by: Vanessa Johnson

Attachment 3A: Draft Minutes of the Committee Meeting of January 24, 2018

# AGENDA: 3A – ATTACHMENT

Draft Minutes – Budget and Finance Committee Meeting of January 24, 2018

Bay Area Air Quality Management District  
375 Beale Street, Suite 600  
San Francisco, California 94105  
(415) 749-5073

## DRAFT MINUTES

Summary of Board of Directors  
Budget and Finance Committee Meeting  
Wednesday, January 24, 2018

### 1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson, Carole Groom, called the meeting to order at 9:37 a.m.

Present: Committee Chairperson Carole Groom; Vice Chair Katie Rice; and Directors David J. Canepa, Cindy Chavez, David Hudson, Karen Mitchoff, and Mark Ross.

Absent: Directors John Gioia and Nate Miley.

Also Present: Board Chairperson Liz Kniss

### 2. PUBLIC COMMENT ON NON-AGENDA MATTERS:

No requests received.

### 3. APPROVAL OF THE MINUTES OF DECEMBER 7, 2017

#### Public Comments:

No requests received.

#### Committee Comments:

None.

#### Committee Action:

Director Mitchoff made a motion, seconded by Vice Chair Rice, to **approve** the Minutes of December 7, 2017; and the motion **carried** by the following vote of the Committee:

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

**4. AIR DISTRICT FINANCIAL AUDIT REPORT FOR THE FISCAL YEAR ENDED 2017**

Dr. Jeff McKay, Chief Financial Officer, introduced Peggy Vande-Vooren, CPA, of Gilbert Associates, Inc., who gave the Financial Audit Report for the Fiscal Year Ended 2017, including: overview of audit deliverables: financial statements and single audit; and communications with Those Charges with Governance.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed the comparison of historical cost projections of 375 Beale Street and actual mortgage payments/operational costs; the status of upgrades made to the District-owned parking structure located at 435 Bryant Street, and whether the District should retain that space and make any additional upgrades; the number of “Active” District employees covered by District provisions and benefits as of June 30, 2017; the long-term expected real rate of return on pension plan investments by asset class; the historical problems with the California Public Employees' Retirement System's (CalPERS) fluctuating Discount Rate, how this impacts the District's budget, and how the District's aggressive funding of other post-employment benefits (OPEB) can allow the District to eventually increase CalPERS retirement contributions; and the current normal contribution rate for classic District legacy employees.

Committee Action:

None; receive and file.

NOTED PRESENT: Director Kniss was noted present at 9:48 a.m.

**5. SECOND QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING 2018**

Stephanie Osaze, Finance Manager, gave the staff presentation *Second Quarter Financial Report FYE 2018*, including: overview; Second Quarter results FYE 2018 – 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 2018 vendor payments.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed how toxic inventory fees that the District collects can result in a high percentage of budgeted revenues, but as this is a pass-through income, the percentage will be reduced after payments are made to the State; how there is \$1.8 million dollars coming in from settlements that is not yet accounted for in the Revenue Comparison chart on slide 4 of the

presentation, but will be reflected on this chart in the Third Quarter; and the current District employee count versus the total number of employees anticipated by June 2018.

Committee Action:

None; receive and file.

**6. AIR DISTRICT FINANCIAL OVERVIEW**

Dr. McKay gave the staff presentation *Air District Financial Overview*, including: current and upcoming topics; use of Reserves during downturn; current Reserves; use of Reserves; additional Beale Street purchase; Technology Implementation Office (TIO); Napa and Sonoma County fireplace replacement; wood smoke grants; community air pollution mitigation; and East Bay real estate.

Public Comments:

No requests received.

Committee Comments:

The Committee and staff discussed which areas of the 8<sup>th</sup> floor of 375 Beale Street will be potentially purchased by the District and the corresponding amount of square footage, and which current tenants would be affected; whether there are selling/leasing restrictions if the District does not need the additional space on the 8<sup>th</sup> floor in the future; the percentage of the built-out portion of 375 Beale Street that is not owned by public agencies, whether the District shares the profits generated by the building's private tenants, the Bay Area Headquarters Authority's invitation to the District to participate in the build-out of the retail space cold shell at 375 Beale Street, and whether the District can use its influence as a member of the Condominium Board to ensure that the retail space installs energy-conserving, non-wood-burning devices; whether \$3 million dollars of District Reserves is enough to fund fireplace replacement rebate packages for all of the homes in Napa and Sonoma Counties that need to be rebuilt, and how District funds would be given as block grants to Marin Clean Energy and Sonoma Clean Power, who would have reporting requirements to the District; why the District chooses to partner with utility providers and local jurisdictions' building departments for incentive programs, but not with insurance companies; whether the District would consider partnering for commercial sector upgrade opportunities; the request that staff keeps the Committee updated on how much funding is left in the current cycle of the Wood Smoke Reduction Incentive Program, whether the full allocation for the program's first cycle was entirely spent and where those funds were dispersed based on geographic location; expenditures from Reserves relative to leverage and what those sources are; how Community Air Pollution Mitigation aligns with the District's 2017 Clean Air Plan, and the need for staff to announce mission alignment with the 2017 Clean Air Plan as often as possible; the request for a list of grants and funding programs that the District allocates/oversees, and how much of those funds have been allocated to each county; ways in which the effectiveness of Community Air Pollution Mitigation will be measured; the suggestion that staff renews efforts for the Idle-Free Bay Area Campaign; whether the District has sponsored or hosted leaf-blower trade outs or buyback programs; and the suggestion that staff creates a guidance or Frequently Asked Questions page for the District website regarding

publicly-operated low-cost sensors (on personal mobile devices), and the suggestion that staff reaches out to the environmental justice community to relay the District’s preference for this technology in order to limit the opportunities for disputes about collected data.

Committee Action:

None; receive and file.

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

Vice Chair Rice and Director Canepa expressed their concern about the potential for unanticipated decreases in the CalPERS pension fund discount rate over time, and warned staff to be cautious when making Board recommendations and decisions and to prepare a smoothing plan in response to any such unanticipated occurrences.

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

Wednesday, February 28, 2018, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

**9. ADJOURNMENT**

The meeting adjourned at 10:53 a.m.

Marcy Hiratzka  
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: February 17, 2018

Re: Overview of Cost Recovery and Cost Containment Study

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RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will provide an overview of the recent cost recovery and cost containment study. The cost recovery study is a part of the budget process. It is used to establish the proposed fee schedule for consideration as a part of the Fiscal Year Ending (FYE) 2019 budget process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared 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: February 17, 2018

Re: Air District Financial Overview: Anticipated Challenges in the Fiscal Year Ending (FYE)  
2019 Budget

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RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will provide a financial overview that will include continued discussion of the upcoming FYE 2019 budget process. There will be a particular focus on retirement obligations, and on the role of Cost Recovery. This is second of a two-part presentation, with the first presentation discussion occurring on January 24, 2018 Budget and Finance Committee Meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Jeffrey McKay