

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

Video Conference Location
Santa Clara County Government Center
Clerk's Conference Room, 10th Floor, East Wing
70 W. Hedding Street
San Jose, California 95110

APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Monday, April 22, 2019

1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson, Carole Groom, called the meeting to order at 11:07 a.m. Director Chavez was participating via videoconference from the Santa Clara County Government Center.

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

Absent: Directors Margaret Abe-Koga, Rod Sinks, and Brad Wagenknecht.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA ITEMS, PURSUANT TO GOVERNMENT CODE SECTION 54954.3

No requests received.

3. APPROVAL OF THE MINUTES OF MARCH 22, 2019

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Hudson made a motion, seconded by Director Canepa, to **approve** the Minutes of March 22, 2019; and the motion **carried** by the following vote of the Committee:

AYES: Bauters, Canepa, Chavez, Groom, Hudson, Mitchoff, Ross.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Sinks, Wagenknecht.

4. CONTINUED DISCUSSION OF FISCAL YEAR ENDING (FYE) 2020 PROPOSED AIR DISTRICT BUDGET AND CONSIDERATION TO RECOMMEND ADOPTION

Dr. Jeff McKay, Chief Financial Officer, gave the staff presentation *Continued Discussion of FYE 2020 Proposed Air District Budget and Consideration to Recommend Adoption*, including: outline; financial history – actions taken during the downturn; actual reserves and policy; staffing trend – filled positions; medical retirement – other post-employment benefits (OPEB); California Public Employees’ Retirement System (CalPERS) pension – historical Rate of Return and Funding Ratio; FYE 2020 Proposed Budget; cost recovery trend; fees and cost recovery – future state; reserves policy; reserves designations for FYE 2020 Proposed Budget; retirement liabilities – OPEB and CalPERS pension plan; pension obligation; budget summary FYE 2020; next steps; and recommendations.

Public Comments

Public comments were given by Janet Whittick, California Council for Environmental and Economic Balance; and Kevin Buchan, Western States Petroleum Association.

Committee Comments

The Committee and staff discussed whether embedded costs of obligations incurred under Assembly Bill 617 activities are recoverable; whether OPEB and pension costs are built into Air District fee-based and non-fee-based programs; apportionment of future costs to current work that ascribes to fees; whether payments that fund liability that has been incurred, but not yet paid, count as cost recovery calculation; and requests made by the Western States Petroleum Association and California Council for Environmental and Economic Balance for transparency regarding Air District budget and fee schedule processes, the suggestion that Air District staff meet with both organizations and the Committee Chair and Vice Chair prior to recommending that the Board of Directors adopt the FYE 2020 Proposed Budget, and how the Air District has responded to, or plans to respond to, the organizations’ requests.

Committee Action

Director Hudson made a motion, seconded by Director Canepa, to **conduct** Public Hearings on the FYE 2020 Proposed Budget, and **adopt** the FYE 2020 Proposed Budget; and the motion **carried** by the following vote of the Committee:

AYES: Bauters, Canepa, Chavez, Groom, Hudson, Mitchoff, Ross.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Sinks, Wagenknecht.

5. THIRD QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) JUNE 2019

Stephanie Osaze, Finance Manager, gave the staff presentation *Third Quarter Financial Report: Fiscal Year Ending June 2019*, including: overview; General Fund revenues and expenditures; revenue and expenditure comparison (prior versus current year); investments; fund balance and outstanding liabilities; purchasing reporting requirements; and FYE 2019 vendor payments.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the reason for exceedances in three major revenue source categories in the FYE 2019 Budget; the fact that county property tax is paid to the District in semiannual installments; examples of miscellaneous revenue and whether those are generally anticipated; and when the lease on the Air District's current Richmond facility ends.

Committee Action

None; receive and file.

6. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

7. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS

None.

8. TIME AND PLACE OF NEXT MEETING

Monday, November 25, 2019, 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 11:50 a.m.

/s/ Marcy Hiratzka
Marcy Hiratzka
Clerk of the Boards