

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

## **APPROVED MINUTES**

Summary of Board of Directors  
Budget and Finance Committee Meeting  
Wednesday, March 25, 2020

**This meeting was conducted under procedures authorized by executive order N-29-20 issued by Governor Gavin Newsom. Members of the committee participated by teleconference.**

### **1. CALL TO ORDER – ROLL CALL**

Budget and Finance Committee (Committee) Chairperson, Carole Groom, called the meeting to order at 1:37 p.m.

Present: Committee Chairperson Carole Groom; Vice Chair John Bauters; and Directors Margaret Abe-Koga, David Canepa, Cindy Chavez, Pauline Russo Cutter, David Hudson, Karen Mitchoff, Mark Ross, and Brad Wagenknecht.

Absent: Director Tyrone Jue.

Also Present: Board Chairperson Rod Sinks.

### **2. APPROVAL OF THE MINUTES OF FEBRUARY 26, 2020**

#### Public Comments

No requests received.

#### Committee Comments

None.

#### Committee Action

Vice Chair Bauters made a motion, seconded by Director Chavez, to **approve** the Minutes of February 26, 2020; and the motion **carried** by the following vote of the Committee:

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

### **3. PROPOSED GUIDING PRINCIPLES FOR AMENDMENTS TO AIR DISTRICT REGULATION 3: FEES (OUT OF ORDER, ITEM 4)**

Dr. Jeff McKay, Chief Financial Officer, gave the staff presentation *Proposed Guiding Principles for Amendments to Air District Regulation 3: Fees*, including: outline; revenue sources; trends in annual costs and cost recovery; proposed guiding principles for fees and their implications; new fees recommended for postponement; Criteria Pollutant And Toxic Emissions Reporting (CTR) Regulation fee (draft proposal); Assembly Bill (AB) 617 Community Health Impact fee (draft proposal); and rule development schedule.

NOTED PRESENT: Director Canepa was noted present at 1:45 p.m.

#### Public Comments

Public comments, received via electronic mail, and read aloud by Vanessa Johnson, Manager of Executive Operations, were submitted by: Bill Whitney, Contra Costa Building and Construction Trades Council; Frances Keeler, California Council for Environmental and Economic Balance; and Bob Brown, Western States Petroleum Association.

#### Committee Comments

The Committee and staff discussed guiding principles developed by Air District staff to reduce the impact of originally contemplated fee increases, which will have been incorporated into the Proposed Budget by the Committee's April 2020 meeting; an anticipated decrease in revenue, due to projected decreased economic activity; whether the Air District will make accommodations for late payments from businesses that will be financially impacted by the restricted economic activity, due to the COVID-19 outbreak; the acknowledgement that some Air District fee schedules apply to businesses that will remain fully-operational, and the request for status updates on major stationary pollution sources in the Bay Area; the request that the Committee receives quarterly status reports on the CTR Regulation and AB 617 Community Health Impact fees that were introduced in the staff presentation; and speculation regarding how CalPERS may react to the projected decrease in economic activity.

#### Committee Action

None; receive and file.

NOTED PRESENT: Director Wagenknecht was noted present at 1:57 p.m.

### **4. DISCUSSION OF PROPOSED BUDGET FOR FISCAL YEAR ENDING (FYE) 2021 (OUT OF ORDER, ITEM 3)**

Dr. McKay gave the staff presentation *Discussion of Proposed Budget for Fiscal Year Ending 2021*, including: outline; comparison of possible offsets; current FYE 2020 projections; financial history: actions taken during downturn; actual reserves and policy; General Fund expenditure trends; 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 2021 Proposed Budget overview; General Fund revenue

sources and expenditures; capital budget; cost recovery trend; fees and cost recovery overview; General Fund reserves; retirement liabilities; medical retirement plan; CalPERS pension plan; FYE 2021 Proposed Budget summary; and next steps.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the suggestion of being intentionally conservative with Air District reserves; how soon the severity of COVID-19 and its economic impacts to the Air District will be made known; whether the Air District will make accommodations for late payments from businesses that will be financially impacted by the restricted economic activity, due to the COVID-19 outbreak; whether the cost of any of the Air District's activities are eligible for Federal Emergency Management Agency funding; whether other public agencies have requested specific assistance from the Air District; whether the Air District's Reserves Policy of 20% of the General Fund Budget has ever been violated during previous recessions, and how amendments to this policy could be achieved; whether Air District staffing configurations can be considered to minimize the need for grant-funded staff positions; the request for the number of Air District employees who are currently working remotely (whose jobs do not require work-related travel) in observance of shelter-in-place mandates; whether to keep the Air District's \$2 million-dollar pension liability policy (discretionary investment) in the bank or invest it; what will the Air District's expected increase in property tax revenue for the Proposed Budget over the current fiscal year will be if the Air District does not increase permit fee rates, nor impose new fees, and how often the Air District receives property tax revenue; what the Air District's economist is analyzing and reviewing to prepare for the anticipated economic impacts; and the suggestion that the Committee refrains from making any hasty decisions until it has more information.

Committee Action

None; receive and file.

**5. PUBLIC COMMENT ON NON-AGENDA MATTERS**

No requests received.

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

None.

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

Wednesday, April 22, 2020, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

**8. ADJOURNMENT**

The meeting adjourned at 2:51 p.m.

*/s/ Marcy Hiratzka*  
Marcy Hiratzka  
Clerk of the Boards