

ay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Budget and Finance Committee Meeting
Wednesday, April 22, 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 9:35 a.m.

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

Absent: Director David Canepa.

Also Present: Board Chairperson Rod Sinks.

2. APPROVAL OF THE MINUTES OF MARCH 25, 2020

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Wagenknecht made a motion, seconded by Director Hudson, to approve the Minutes of March 25, 2020; and the motion carried by the following vote of the Committee:

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

3. THIRD QUARTER FINANCIAL REPORT – FISCAL YEAR ENDING (FYE) 2020

Dr. Jeff McKay, Chief Financial Officer, introduced Stephanie Osaze, Finance Manager, who gave the staff presentation *Third Quarter Financial Report FYE 2020*, including: overview; third quarter results FYE 2020; revenue and expenditure comparisons (prior year versus current year); General Fund- expenditures; investments; fund balance and outstanding liabilities; purchasing reporting requirements; and FYE 2020 vendor payments.

NOTED PRESENT: Board Chair Sinks was noted present at 9:41 a.m.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed cash and investments with San Mateo County Treasury; and the nature of the vendor payments for the Prescott-Joseph Center Oakland.

Committee Action

None; receive and file.

4. PROPOSED AMENDMENTS TO THE AIR DISTRICT REGULATION 3: FEES

Damian Breen, Deputy Air Pollution Control Officer, gave the staff presentation *Proposed Amendments to Regulation 3; Fees*, including: outline; revenue sources (FYE 2019); cost recovery background; proposed changes to fee schedules; other proposed amendments; Criteria Pollutant And Toxics Emissions Reporting (CTR) regulation fee; Assembly Bill (AB) 617 Community Health Impact fee; impact on large facilities (power plants and petroleum refineries); impact on small businesses; comments received; Board-requested fee analysis: Schedules A (Hearing Board fees), G-3 (Miscellaneous Sources), M (Major Stationary Sources), N (Toxic Inventory fees), P (Major Facility Review fees), and W (Petroleum Refining Emissions Tracking fees); fees raised by changes to the proposed schedules; staff proposal; rule development schedule; and recommendation.

NOTED PRESENT: Director Cutter was noted present at 9:51 a.m.

Public Comments

Public comments received via electronic mail, and read aloud by Vanessa Johnson, Manager of Executive Operations, were submitted by: Kimberly Ronen, Valero Benicia Refinery; Frances Keeler, California Council for Environmental and Economic Balance; and Bob Brown, Western States Petroleum Association.

Committee Comments

The Committee and staff discussed the timeframe when the fees for any of the Air District’s fee schedules are effective for the facilities; whether Air District staff is proposing to implement the changes to fee schedules originally designed at the beginning of 2020, prior to the COVID-19 pandemic; Air District staff’s current proposal for the AB 617 Community Health Impact fee, Air District’s cost recovery, and committee members’ support of this fee moving forward; how often the AB 617 Community Health Impact fee will reoccur; whether the state may suspend any AB 617 requirements in the coming fiscal year; the types and number of facilities that will be subject to the AB 617 Community Health Impact fee, and the request for an update in six months regarding which of the subject facilities have paid, should this fee increase be approved; the status on the impacts to the Bay Area refineries’ workforces; whether Fee Schedules A and N would impact small businesses; refineries’ emission levels during starts and restarts, safety issues during refinery equipment breakdowns, and how operations may increase at certain refineries if others close; concern that the private sector is determining when Air District fee increases should occur; the suggestion of implementing the proposed fee schedule increases but refraining from collecting them until the economy recovers; and the total fee increase, should all proposed fee schedule increases be implemented.

At this point, Chair Groom’s connection was lost and she was no longer present, nor able to vote on this item.

Committee Action

Director Mitchoff made a motion, seconded by Director Wagenknecht, to adopt a new fee for implementation of AB 617 on Title V Facilities, and to revisit imposition of additional fees later in 2020, as the economic and facility activity level picture become clearer; and the motion failed, due to a tie, by the following vote of the Committee:

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

Vice Chair Bauters made a substitute motion, seconded by Board Chair Sinks, to adopt a new fee for implementation of AB 617 on Title V Facilities and proposed increases for Fee Schedules A, G-3, M, P, and W only; and the motion failed by the following vote of the Committee:

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

As both the original motion and substitute motion failed to pass, the consensus of the Committee members present was that NO RECOMMENDATION was to be made.

5. CONTINUED DISCUSSION OF PROPOSED BUDGET FOR FISCAL YEAR ENDING (FYE) 2021 AND CONSIDERATION TO RECOMMEND ADOPTION

Dr. McKay gave the staff presentation *Continued Discussion of Proposed Budget for FYE 2021 and Consideration to Recommend Adoption*, including: outline; financial history: actions taken during the downturn; actual reserves and policy; General Fund expenditure trend; 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; cost recovery trend; fees and cost recovery: historical overview; FYE 2021 Revised Proposed Budget overview; FYE 2021 General Fund Proposed Budget revisions; General Fund revenue sources and expenditures; capital budget; General Fund reserves; reserves projections assumptions; retirement liabilities; medical retirement plan; CalPERS pension plan; FYE 2021 Proposed Budget summary; next steps; and recommendations.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the suggestion of raising the Air District's cost recovery target beyond 85%; General Funds reserves that have not yet been designated (\$6 million); whether the Air District's Reserves Policy of 20% of the General Fund Budget would still be conservative enough, should economic predictions actually occur; and the current fees for asbestos operations, and the anticipated decline in these particular fees.

Committee Action

Director Wagenknecht made a motion, seconded by Director Hudson, to recommend that the Board conducts public hearings on the FYE 2021 Proposed Budget and adopts the FYE 2021 Proposed Budget; and the motion carried by the following vote of the Committee:

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

6. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

7. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS

The following Committee members gave comments regarding Item 4:

- Director Mitchoff said that Chair Groom's unintentional absence affected the vote for Item 4 and requested that Chair Groom's vote be recorded for the original motion.
- Vice Chair Bauters objected to this, as other Committee members who had already voted on the item were no longer present. Chair Groom confirmed that she had not heard the motions, nor their respective votes during Item 4, as she was not logged into the meeting at the time.
- Chair Groom asked if this item could be revisited at a future Committee meeting. Jack P. Broadbent, Executive Officer/Air Pollution Control Officer, suggested scheduling another Committee meeting either on April 29 or May 6, 2020.
- Board Chair Sinks and Director Cutter suggested that Chair Groom's vote not be recorded retroactively, as she will have a chance to vote on fee schedules at the May 6, 2020 Board meeting.

8. TIME AND PLACE OF NEXT MEETING

The next meeting had been scheduled for Wednesday, June 24, 2020, at 9:30 a.m. via webcast, pursuant to procedures authorized by Executive Order N-29-20 issued by Governor Gavin Newsom. However, Chair Groom asked Air District staff to poll the Committee members' availability for an emergency meeting to be scheduled as soon as possible. After the meeting adjourned, the next meeting was scheduled for Wednesday, April 29, 2020, at 9:30 a.m. via webcast, pursuant to procedures authorized by Executive Order N-29-20 issued by Governor Gavin Newsom.

9. ADJOURNMENT

The meeting adjourned at 11:53 a.m.

/s/ Marcy Hiratzka
Marcy Hiratzka
Clerk of the Boards