

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

Board of Directors Special Meeting / Budget Hearing
Wednesday, May 6, 2020

APPROVED MINUTES

*Note: Audio recordings of the meeting are available on the website of the
Bay Area Air Quality Management District at
www.baaqmd.gov/bodagendas*

**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.**

CALL TO ORDER

1. Board of Directors (Board) Chairperson, Rod Sinks, called the meeting to order at 9:30 a.m.

Roll Call:

Present: Chairperson Rod Sinks; Vice Chairperson Cindy Chavez; Secretary Karen Mitchoff; and Directors Margaret Abe-Koga, Teresa Barrett, John Bauters, David Canepa, Pauline Russo Cutter, John Gioia, Carole Groom, Scott Haggerty, David Hudson, Davina Hurt, Tyrone Jue, Liz Kniss, Nate Miley, Katie Rice, Mark Ross, Jim Spring, Brad Wagenknecht, Shamann Walton, Lori Wilson, and Shirlee Zane.

Absent: None.

PUBLIC HEARING

2. **First Public Hearing on the Proposed Air District Budget for Fiscal Year Ending (FYE) 2021. A Final Public Hearing is scheduled for Wednesday, June 3, 2020 to Consider Adoption of the Proposed Budget for FYE 2021.**

NOTED PRESENT: Director Spring was noted present at 9:35 a.m.

Jack P. Broadbent, Executive Officer/Air Pollution Control Officer, introduced Dr. Jeff McKay, Chief Financial Officer, who gave the staff presentation *First Public Hearing on the Proposed Air District Budget for Fiscal Year Ending 2021*, including: outline; current Fiscal Year (FY) projections; financial history: actions taken during 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; cost recovery trend; fees and cost recovery historical overview; General Fund revenue and expenditure trends; FYE 2021 revised Proposed Budget overview; FYE 2021 General Fund Proposed Budget revisions; General Fund revenue sources; capital budget; General Fund expenditures; capital budget; General Fund reserves; reserves projections assumptions; retirement liabilities; medical retirement plan; CalPERS pension plan; FYE 2021 Proposed Budget summary; actions taken; and future actions.

Chair Sinks opened the first of two required public hearings for the exclusive purpose of considering testimony on the Air District's Proposed Budget for FYE 2021.

Public Comments

Public comments were given by Jed Holtzman, 350 Bay Area; and Frances Keeler, California Council for Environmental and Economic Balance.

Board Comments

The Board and staff discussed reasons for increases in Air District personnel expenditures since 2017; the metric used to project a \$7 million dollar decrease in permit fees in 2021; how fluctuations of the CalPERS pension Rate of Return and Funding Ratio are determined and their future projections; whether Air District staff would wish to continue making discretionary CalPERS contribution and OPEB payments, were Assembly Bill (AB) 617 funding to be eliminated by the State; the services and supplies that are to be delayed or deferred in the FY 2021 General Fund Proposed Budget revisions; factors that need to change before Air District staff will feel comfortable recommending increases in (non AB 617) fees; entities who may be subjected to potential fee increases, and whether they will be able to pay those fee increases; the Air District's FYE 2021 available reserves burn rate, and whether reserves should be used to supplement AB 617; the need to be conscious about prioritizing staffing needs and managing the attrition rate; whether pension obligations should be increased; whether the Air District should continue to prioritize AB 617 if the State ceases to fund the program and potential consequences; the concern of increasing Air District fees during an economic downturn and how that could affect businesses; the suggestion of not reducing retirement liabilities, despite the economic downturn; CalPERS' anticipated rate change structure over the next several years; projections of Air District revenue during the pandemic; the number of businesses that are currently permitted by the Air District; the request for an upcoming presentation on cost containment; the request for a comparison of the State's AB 617 allocation in 2019 and the anticipated allocation for 2020; the status of California's Air Pollution Control Subvention Program; the possibility that a second, more severe COVID-19-related economic downturn may occur later in 2020, and the concern that the Proposed Budget for FYE 2021 does not sufficiently guard against such an event; and the request for another Budget and Finance Committee meeting prior to the June 3, 2020 Board meeting.

Chair Sinks closed the public hearing.

Board Action

None; receive and file.

PUBLIC COMMENT ON NON-AGENDA MATTERS

3. Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3

Public comments were given by Jed Holtzman, 350 Bay Area.

OTHER BUSINESS

4. BOARD MEMBERS' COMMENTS

Director Groom requested that the Budget and Finance Committee convene yet again prior to the June 3, 2020 Board meeting. Mr. Broadbent suggested the Committee meeting on May 20, 2020, and Directors Mitchoff and Canepa expressed concern at stacked meeting schedules.

5. TIME AND PLACE OF NEXT MEETING

The second and final Public Hearing on the Proposed Air District Budget for Fiscal Year Ending (FYE) 2021 is scheduled for Wednesday, June 3, 2020, at 9:30 a.m., via webcast, pursuant to procedures authorized by Executive Order N-29-20 issued by Governor Gavin Newsom.

6. ADJOURNMENT

The meeting adjourned at 11:06 a.m.

/s/ Marcy Hiratzka
Marcy Hiratzka
Clerk of the Boards