

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

APPROVED MINUTES

Budget & Finance Committee Meeting
Wednesday, March 23, 2022

**This meeting was conducted under procedures in accordance with Assembly Bill 361.
Members of the Committee participated by teleconference.**

- 1. PLEDGE OF ALLEGIANCE (OUT OF ORDER, ITEM 2)**
- 2. CALL TO ORDER – ROLL CALL (ITEM 1)**

Committee Chairperson Carole Groom called the meeting to order at 9:30 a.m.

Present: Committee Chairperson Carole Groom; Committee Vice Chairperson Brad Wagenknecht; and Directors John Bauters, David Hudson, Karen Mitchoff, and Katie Rice.

Absent: Director David Canepa.

- 3. PUBLIC MEETING PROCEDURE**
- 4. APPROVAL OF THE MINUTES OF FEBRUARY 23, 2022**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Hudson made a motion, seconded by Director Bauters, to **approve** the Minutes of the Meeting of February 23, 2022; and the motion carried by the following vote of the Committee:

AYES: Bauters, Groom, Hudson, Mitchoff, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: Canepa, Wagenknecht.

5. AIR DISTRICT FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDING (FYE) 2021

Dr. Jeff McKay, Chief Financial Officer, introduced Joseph Moussa from Simpson & Simpson, LLP, the Air District's audit partner. Mr. Moussa gave the presentation *FYE 2021 BAAQMD Presentation of Audit Results to the Budget and Finance Committee*, including: agenda; auditor's required communications; audit results and highlights of the basic financial statements; audit results and highlights of the basic financial statements; and audit results and highlights of the single audit.

Public Comments

No requests received.

Committee Comments

None.

Committee Action

None; receive and file.

6. PROPOSED AMENDMENTS TO AIR DISTRICT REGULATION 3: FEES

Damian Breen, Senior Deputy Executive Officer of Operations, introduced Fred Tanaka, Engineering Manager, who gave the staff presentation *Amendments to Regulation 3, Fees*, including: outcome; outline; requested action; cost recovery background; proposed changes to fee scheduled – options 1 and 2; draft fee amendments - proposed changes to fee schedules; other proposed amendments (Regulations 2-1 and 2-5 implementation and naturally occurring asbestos); impact on large facilities (power plants and petroleum refineries); impact on small businesses - renewal fees and impact; and rule development schedule.

Public Comments

Public comments were given by Bob Brown, Western States Petroleum Association; and Christine Wolfe, California Council for Environmental and Economic Balance.

Committee Comments

The Committee and staff discussed whether, in Option 2, schedules that generate a revenue 95-110% or higher of their costs would be subsidizing the six schedules that generate less than 50% of their costs; the option of charging an additional application fee of \$1,000 if a Health Risk Assessment is required of a permitted facility in an overburdened community; predicted versus actual percent fee changes for 2022; the request for the formula used by Air District staff to determine the overburdened community fees (Options 1 and 2); whether the requested additional staff (which are incorporated into the estimated budget increase) are positions that have already been proposed and considered by the Board; the details of Schedules H and N, and whether operations of Intel or Google are permitted by the Air District; whether inflation is calculated into

the proposed fee schedule changes; the way in which Option 1 differs from the Air District's current fee amendments and cost recovery structure; which fee schedules (recovering less than the fully recovered rate and administrative fees) can be increased by fifteen percent within Option 2; the composition/members of the Budget Advisory Group; whether the Committee can discuss this item again prior to the first of the two public hearings to receive testimony on Proposed Amendments to Air District Regulation 3: Fees; and the request to clarify for the public and Board the fact that staff requests within this item do not cover new responsibilities, but existing ones.

Committee Action

None; receive and file.

7. DISCUSSION ON PROPOSED BUDGET FOR FYE 2023

Dr. Jeff McKay, Chief Financial Officer, and Stephanie Osaze, Director of Finance, gave the staff presentation *Discussion of Proposed Budget for FY 2022-2023*, including: outcome; outline; requested action; financial history (actual reserves and policy trends, General Fund revenue and expenditure trends, staffing trends, cost recovery trends, fees and cost recovery overview); current FY Budget overview; FY 2022-2023 Proposed Budget overview; breakdown of FY 2023 General Fund revenues and expenditures; breakdown of \$11.5 million budget increase; proposed 20 new staff; alternative proposed budget; possible proposed budget options; budget options: 6.5% vs. 10.9% rate; capital budget detail; funding of retirement liabilities; reserves designation; FY 2022-2023 Proposed Budget summary; and feedback requested/prompt.

NOTED PRESENT: Vice Chair Wagenknecht was noted present at 10:40 a.m.

Public Comments

Public comments were given by Bob Brown, Western States Petroleum Association.

Committee Comments

The Committee and staff discussed whether the Committee should recommend the Board approve the proposed 26 positions placed on hold, pending the results of the management audit; how much would we have left in reserves if the proposed budget is adopted; concerns about funding positions that do not yet exist/have not yet been authorized; the frequency and time of year that pension and unfunded liability are evaluated; and clarification regarding filled positions versus the current number of total vacancies.

Committee Action

None; receive and file.

8. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

9. COMMITTEE MEMBER COMMENTS

None.

10. TIME AND PLACE OF NEXT MEETING

Wednesday, April 27, 2022, at 9:30 a.m., via webcast, teleconference, or Zoom, pursuant to procedures in accordance with Assembly Bill 361 (Rivas 2021).

11. ADJOURNMENT

The meeting adjourned at 11:05 a.m.

/s/ Marcy Hirtzka

Marcy Hirtzka
Clerk of the Boards