

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

Finance and Administration Committee  
Wednesday, April 5, 2023

### **APPROVED MINUTES**

*This meeting was webcast, and a video recording is available on the website of the Bay Area Air Quality Management District at [www.baaqmd.gov/bodagendas](http://www.baaqmd.gov/bodagendas)*

#### **CALL TO ORDER**

1. **Opening Comments:** This is the first meeting of the Finance and Administration Committee, a consolidation of the Board's former Administration and Budget & Finance Committees. Finance and Administration Committee (Committee) Chairperson, John J. Bauters, called the meeting to order at 1:01 p.m.

#### **Roll Call:**

Present, In-Person (375 Beale Street, Board Room, San Francisco, California, 94105): Chairperson John J. Bauters; Vice Chairperson Davina Hurt; and Directors Sergio Lopez, and Katie Rice.

Present, In-Person Satellite Location (Santa Rose Junior College Campus, Doyle Library, Room 148, 1501 Mendocino Avenue, Santa Rosa, California, 95401): Directors Brian Barnacle and Lynda Hopkins.

Present, In-Person Satellite Location (Palo Alto City Hall, 250 Hamilton Ave., 7th Floor, Palo Alto, California, 94301): Director Margaret Abe-Koga.

Absent: Directors David Haubert, David Hudson, Tyrone Jue, and Mark Ross.

2. **PLEDGE OF ALLEGIANCE**
3. **PUBLIC MEETING PROCEDURE**

#### **CONSENT CALENDAR**

4. **APPROVAL OF THE MINUTES OF THE ADMINISTRATION COMMITTEE MEETING OF DECEMBER 21, 2022**

5. **APPROVAL OF THE MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING OF FEBRUARY 1, 2023**

6. **HEARING BOARD QUARTERLY REPORT: OCTOBER – DECEMBER 2022**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Vice Chair Hurt made a motion, seconded by Director Lopez, to **approve** Consent Calendar Items 4-6, inclusive; and the motion **carried** by the following vote of the Committee:

AYES: Abe-Koga, Barnacle, Bauters, Hopkins, Hurt, Lopez, Rice.  
NOES: None.  
ABSTAIN: None.  
ABSENT: Haubert, Hudson, Jue, Ross.

**ACTION ITEMS**

7. **AUTHORIZE THE COMMENCEMENT OF MANAGEMENT PERFORMANCE AUDITS IN TWO BUSINESS UNITS**

John Chiladakis, Acting Chief Administrative Officer, introduced George Skiles of Sjoberg Evashenk Consulting, Inc., who gave the presentation *Authorize the Commencement of Management Performance Audits in Two Business Units*, including: outline; recommended action; purpose and process for the audit; key deliverables to date; next audits; and requested action.

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Vice Chair Hurt made a motion, seconded by Director Hopkins, to **authorize** commencement of the Next Two Management Performance Audits for the Engineering and My Air Online Business Units; and the motion **carried** by the following vote of the Committee:

AYES: Abe-Koga, Barnacle, Bauters, Hopkins, Hurt, Lopez, Rice.  
NOES: None.  
ABSTAIN: None.  
ABSENT: Haubert, Hudson, Jue, Ross.

8. **RECOMMEND AUTHORIZATION OF POSITION CLASSIFICATIONS TO SUPPORT ORGANIZATIONAL RESTRUCTURING**

Dr. Philip M. Fine, Executive Officer/Air Pollution Control Officer, gave the staff presentation *Recommend Authorization of Position Classifications to Support Organizational Restructuring*, including: outcome; outline; new organizational structure; at-will positions; classification changes; cost impacts; and requested action.

Public Comments

Public comments were given by Will Saltz, Bay Area Air Quality Management District Employees' Association; Lorien Fono, Bay Area Clean Water Agencies; Brian Henderson, San Francisco Public Utilities Commission; Diego Martinez Garcia, City of Palo Alto; and Meg Herston, Fairfield Suisun Sewer District.

Committee Comments

The Committee and staff discussed whether Sjoberg Evashenk Consulting, Inc., the firm hired by the Air District to perform independent management audit services, believes that the proposed management chart and structure is consistent with best practices and the desired outcomes of the audit conducted in 2022 to analyze Air District-wide risk; how the proposed structure will address permitting backlog issues; how the proposed structure may reduce or eliminate organizational silos; the desire for open recruitments versus private direct appointments; and whether at-will positions would deter potential applicants.

Committee Action

Vice Chair Hurt made a motion, seconded by Director Hopkins, to recommend the Board **authorizes** proposed position classifications, reclassifications, salary resolution, and corresponding amendments to the Administrative Code; and the motion **carried** by the following vote of the Committee:

AYES: Abe-Koga, Barnacle, Bauters, Hopkins, Hurt, Lopez, Rice.  
NOES: None.  
ABSTAIN: None.  
ABSENT: Haubert, Hudson, Jue, Ross.

**INFORMATIONAL ITEMS**

9. **PROPOSED AMENDMENTS TO AIR DISTRICT REGULATION 3: FEES**

Pamela Leong, Director, Engineering Division, gave the staff presentation *Amendments to Regulation 3, Fees*, including: outcome; outline; presentation for information only; cost recovery background; proposed changes to fee schedules; draft fee amendments; proposed fee and fee schedule changes;

schedules not being increased; other proposed amendments; impact on large and small facilities; budget and rule development schedule; summary of public comments; and feedback requested/prompt.

### Public Comments

Public comments were given by Christine Wolfe, California Council for Environmental and Economic Balance; Kevin Buchan, Western States Petroleum Association; and Jan Warren, Interfaith Climate Action Network of Contra Costa County.

### Committee Comments

The Committee and staff discussed the request for predictability of cost recovery from fee-paying entities; when the Air District is anticipated to achieve 100% recovery of regulatory program costs; discrepancies between when fee paying entities prepare their budgets and when the Air District adopts fee amendments, and the suggestion of the Air District completing its estimations six months earlier than the current practice; and eligible operations included in Schedule V.

### Committee Action

None; receive and file.

## **10. 2023 FINANCIAL PLAN AND DISCUSSION ON PROPOSED BUDGET FOR FISCAL YEAR ENDING (FYE) 2024**

Stephanie Osaze, Director of Finance, and Leonid Bak, Economist, gave the staff presentation *2023 Financial Plan and Discussion of Proposed Budget for Fiscal Year 2023-2024*, including: outcome; outline; presentation for information only; 2023 Financial Plan (outlook, inflation, labor market, revenue, expenditure); financial forecast for FYE 2024-2028; key assumptions for revenue and expenditure; budget and rule development schedule; current FY 2023 Budget summary; FY 2023-2024 Proposed Budget summary; FYE 2024 total Budget overview; FY 2023 General Fund Budget – revenues and expenditures; breakdown of \$5.4 million budget increase; capital budget detail; funding of retirement liabilities; reserves designations; and next steps.

No requests received.

### Committee Comments

The Committee and staff discussed vacancy rate assumptions for 2024; whether the State of California is committed to annual Assembly Bill 617 (Community Health Protection Program) implementation and incentives funding, and whether the Air District has planned any funding for this program beyond contingency reserves, should the State cease to fund it; the period of time reflected in the slide regarding retirement liabilities; whether transitioning away from fossil fuels into a greener economy will help with the inflation crisis; the fact that vacancy rates are currently high for city and county staff; anticipated vacancy rates, and which of the Air District's divisions may be most impacted; whether the Air District is projecting full-time equivalent growth for the FYE 2024-2028 financial forecast; and the desire to see anticipated increased permit fees used to hire more Air District staff.

Committee Action

None; receive and file.

**OTHER BUSINESS**

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

No requests received.

**12. COMMITTEE MEMBER COMMENTS**

None.

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

Wednesday, May 3, 2023, at 1:00 p.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Committee members and members of the public will be able to either join in-person or via webcast.

**14. ADJOURNMENT**

The meeting was adjourned at 2:39 p.m.

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