



BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

CHRIS DALY - CHAIRPERSON
HAROLD BROWN
DAN DUNNIGAN
JERRY HILL
TIM SMITH

PATRICK KWOK - VICE CHAIRPERSON
ROBERTA COOPER
ERIN GARNER
MARK ROSS

WEDNESDAY
MARCH 22, 2006
9:45 A.M.

FOURTH FLOOR CONFERENCE ROOM
DISTRICT OFFICES

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.
3. **APPROVAL OF MINUTES OF MARCH 1, 2006**
4. **CONSIDER RECOMMENDING BUDGET AMENDMENT TO CONDUCT GREENHOUSE GAS STUDY**

J. BROADBENT/5052
jbroadbent@baaqmd.gov

The Committee will consider recommending that the Board of Directors to amend the FY 2005/2006 budget by increasing the Penalties and Settlements General Fund Revenue by \$100,000, and by correspondingly increasing the Professional Services & Contracts budget for Climate Protection (Program 608) by \$100,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$100,000 for a Greenhouse Gas Mitigation Study.

5. **DISCUSSION OF FIVE-YEAR CAPITAL PLAN**

J. BROADBENT/5052
jbroadbent@baaqmd.gov

Staff will provide the Committee with a draft version of a five-year capital plan.

6. **OVERVIEW REGARDING CIVIL PENALTY RECOVERY AND BUDGETING**

B. BUNGER/4797
bbunger@baaqmd.gov

Staff will provide an overview to the Committee on civil penalty recovery and budgeting.

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

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2).

8. **TIME AND PLACE OF NEXT MEETING – AT THE CALL OF THE CHAIR**

9. **ADJOURNMENT**

CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, CA 94109

(415) 749-4965
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities notification to the Clerk's Office should be given at least 3 working days prior to the date of the meeting, so that arrangements can be made accordingly.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 13, 2006

Re: Budget and Finance Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of March 1, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the March 1, 2006 Budget and Finance Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109**

DRAFT MINUTES

Summary of Board of Directors
Budget & Finance Committee Meeting
9:45 a.m., Wednesday, March 1, 2006

1. **Call to Order:** Chairperson Chris Daly called the meeting to order at 9:45 a.m.

Roll Call: Chris Daly, Chair; Roberta Cooper, Dan Dunnigan, Jerry Hill, Patrick Kwok, Mark Ross, Tim Smith.

Absent: Harold Brown, Erin Garner.

2. **Public Comment Period:** There were none.

3. **Approval of Minutes of December 5, 2005:** Director Kwok moved approval of the minutes; seconded by Director Dunnigan; carried unanimously without objection.

4. **Second Quarter Financial Report:** *Staff presented to the Committee the second quarter financial report for Fiscal Year 2005-06.*

Jeff McKay, Chief Financial Officer, presented the report and reviewed the General Fund statement of revenue and statement of expenditures. Mr. McKay also reviewed the Transportation Fund for Clean Air (TFCA) fund statement of revenue and expenditures. The fund balances of special reserves and unreserved were discussed.

There was discussion on penalties and settlements and Chair Daly requested staff provide a report to the Committee on these items at its next meeting. In response to a question from Director Kwok, Brian Bungler, Legal Counsel, stated that the figures presented today did not include the recent settlement received from the Tesoro Refinery.

Committee Action: None. This report provided for information only.

5. **Analysis of State and Federal Proposed 2006-07 Budgets:** *Staff provided an overview to the Committee on the State and Federal budgets and any impact to the District.*

Jack Broadbent, Executive Officer/APCO, stated that staff has reviewed budget proposals from the Governor and the President. In addition, staff has reviewed the Governor's Strategic Growth Plan.

Tom Addison, Senior Advanced Projects Advisor, presented the report and highlighted the following:

1. The 10% property tax revenue takeaway is scheduled to end in the upcoming fiscal year. Therefore, the Governor's budget includes no State taking of the Air District's local property tax revenues.
2. The Governor's proposal would continue the Air District's state subvention at the same level as for the last four years.
3. The Air Resources Board (ARB) is slated to receive approximately 42 new positions that will focus on reducing climate change emissions, enforcement, and cutting goods movement emissions.
4. The Strategic Growth Plan contains \$2 billion to cut goods-movement related pollution. Of the \$2 billion, half is planned to be raised through bond funds and the other half by as-yet undefined matching funds. These funds are planned for a Carl Moyer-like program to be administered by ARB, rather than local air districts.
5. The President's budget would cut Federal air quality grants to state and local air agencies by 16%.

During discussion, Director Smith noted that the National Association of Counties might work with the District on some of the issues in the President's budget.

Committee Action: None. This report provided for information only.

6. Ceiling Replacement and Asbestos Abatement for HVAC Replacement-

Transfer/Expenditure: *Considered recommending that the Board of Directors amend the Fiscal Year 2005-06 Budget by increasing the Penalties and Settlements General Fund Revenue by \$132,000, increase the Capital Outlay budget for Building Maintenance by \$132,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$82,000.*

Mr. McKay presented the report and stated that this is the fourth and final phase of the District's multi-year HVAC upgrade. Mr. McKay reviewed the asbestos abatement required for demolition of the old HVAC ductwork and replacement of the fixed ceiling on the second floor with a suspended ceiling.

Mr. McKay requested that the recommended action be amended to state that the issuance of the purchase order would not exceed \$82,000 and delete the contractor's name. The Committee accepted the amendment without objection.

In response to questions from the Committee, Mr. McKay stated that the work would be done on a weekend and that the only asbestos work being done is on the roof. It is anticipated that the work performed in phase four will come in under budget.

Staff recommends that the Committee recommend that the Board of Directors amend the fiscal year 2005/2006 Budget by increasing the Penalties and Settlements General Fund Revenue by \$132,000 and correspondingly increase the Capital Outlay budget for Building Maintenance (Program 102) by \$132,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$82,000.

Committee Action: Director Cooper moved that the Committee recommend that the Board of Directors approve the staff recommendation, as amended; seconded by Director Hill, carried unanimously without objection.

7. **Carpet and Furniture Acquisition:** *Considered recommending that the Board of Directors amend the Fiscal Year 2005-06 Budget by increasing the Penalties and Settlements General Fund Revenue by \$120,000, as well as increase the Capital Outlay Budget for the Building Maintenance Program by \$120,000.*

Mr. McKay stated that as part of the new fiscal year, the Board of Directors will have a five-year capital planning process. Current-year office space needs provide the first opportunity to take advantage of some negotiated cost savings. Carpet and furniture comparisons were reviewed. In addition, the furniture and carpet will help in the District's efforts to standardize these items.

Staff recommends that the Committee recommend that the Board of Directors amend the fiscal year 2005/2006 Budget by increasing the Penalties and Settlements General Fund Revenue by \$120,000 and correspondingly increase the Capital Outlay budget for Building Maintenance (Program 102) by \$120,000.

Committee Action: Director Kwok moved that the Committee recommend Board of Directors' approval of the staff recommendation; seconded by Director Cooper; carried unanimously without objection.

8. **Committee Member Comments/Other Business.** There were none.
9. **Time and Place of Next Meeting:** 9:45 a.m., Wednesday, March 22, 2006, 939 Ellis Street, San Francisco, California 94109
10. **Adjournment:** The meeting adjourned at 10:35 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 13, 2006

Re: Budget Amendment: Greenhouse Gas Mitigation Study

RECOMMENDED ACTION:

Consider recommending that the Board of Directors amend the FY 2005/2006 Budget by increasing the Penalties and Settlements General Fund Revenue by \$100,000, and by correspondingly increasing the Professional Services & Contracts budget for Climate Protection (Program 608) by \$100,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$100,000 for a Greenhouse Gas Mitigation Study.

BACKGROUND

On June 1, 2005 the Board of Directors adopted a resolution establishing a Climate Protection Program and acknowledging the link between climate protection and programs to reduce air pollution in the Bay Area. Six Climate Protection Leadership Program initiatives have been identified by District staff and presented to the Ad Hoc Committee for Climate Protection at their February 23, 2006 meeting. Through a competitive RFP process, Initiative #2 would fund research into greenhouse gas emission reduction technologies or processes that could be applied to the District's permitted stationary sources. This initiative was not specifically itemized in the FY 2005/2006 budget.

DISCUSSION

Greenhouse Gas Mitigation Study

Staff will issue a Request for Proposals for up to \$100,000 for a study to identify and evaluate greenhouse gas emission reduction technologies and processes, evaluate the proposals, and bring a recommendation to the Ad Hoc Climate Protection Committee for approval of a contractor to complete the study.

Funding

Current year Penalties and Settlements collections already exceed the amended full year budget of \$2,252,000 by over \$300,000.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Professional Services & Contracts budget for Climate Protection (Program 608) will be increased by \$100,000 with a corresponding increase of \$100,000 to the FY 2005/2006 Penalties and Settlements General Fund Revenue budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 16, 2006

Re: Description of Draft Five-Year Capital Plan

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

District capital planning has occurred on a yearly basis. Some visibility into longer term capital planning has been available within the reserve designations. The addition of a five-year capital plan will provide an enhanced context for discussion of fiscal priorities.

DISCUSSION

Staff will present an early draft version of a five-year capital plan. The plan will show projects proposed through the 2010-2011 fiscal year.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Chris Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 16, 2006

Re: Overview Regarding Civil Penalty Recovery and Budgeting

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

Recovery of civil penalties by the District for violations of air quality laws, including violations of the District's regulations, is governed by statutory provisions contained in the California Health and Safety Code. Pursuant to the Health and Safety Code, collected civil penalties are an element of the District's general fund revenues.

DISCUSSION

In response to a request at the March 1, 2006, meeting of the Budget and Finance Committee, District Counsel, Brian C. Bunger, will provide an overview regarding collection of civil penalties by the District and discuss budget considerations regarding civil penalties as an element of revenue for the District.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bunger