



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

JULIA MILLER -CHAIRPERSON - CHRIS DALY - VICE CHAIRPERSON
HAROLD BROWN ROBERTA COOPER
JERRY HILL MARLAND TOWNSEND
GAYLE UILKEMA

WEDNESDAY
SEPTEMBER 24, 2003
9:30 A.M.

4TH FLOOR
CONFERENCE ROOM

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 five (5) minutes each.*
3. **APPROVAL OF MINUTES OF MAY 7, 2003**
4. **FOURTH QUARTER FINANCIAL REPORT FOR FISCAL YEAR 2002/2003**
W. Tanaka /5066
wtanaka@baaqmd.gov
The Financial Report for the Fourth Quarter of Fiscal Year 2002/2003 will be presented. This will be an informational item only.
5. **PROPOSED AMENDMENTS TO DISTRICT ADMINISTRATIVE CODE, DIVISION II
FISCAL POLICIES AND PROCEDURES**
W. Tanaka/5066
wtanaka@baaqmd.gov
Consider recommendation to amend Administrative Code, Division II: Fiscal Policies and Procedures. In keeping with best fiscal and business practices, a review of these policies and procedures is appropriate.
6. **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)
7. **TIME AND PLACE OF NEXT MEETING – OCTOBER 22, 2003 939 ELLIS STREET - SF, CA**
8. **ADJOURNMENT**

WCN:mag

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
939 ELLIS STREET
SAN FRANCISCO, CALIFORNIA 94109**

DRAFT MINUTES

Summary of Board of Directors
Budget & Finance Committee Meeting
Wednesday, May 7, 2003
Following adjournment of 9:45 a.m. Board Meeting

1. **Call to Order:** Chairperson Miller called the meeting to order at 11:10 a.m.

Roll Call: Julia Miller, Chair, Roberta Cooper, Chris Daly, Jerry Hill, Marland Townsend.

Absent: Harold Brown, Gayle Uilkema.

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

3. **Approval of Minutes of April 23, 2003:** Director Hill moved approval of the minutes; seconded by Director Daly; carried unanimously by acclamation.

4. **Third Quarter Financial Report for Fiscal Year 2002/2003:** *The Financial Report for the Third Quarter of Fiscal Year 2002/2003 was presented.*

Wayne Tanaka, Director of Administrative Services, presented the Third Quarter Financial Report for Fiscal Year 2002/2003 and reviewed the Statement of Revenue and Statement of Expenditures comparing the budget to actual. Mr. Tanaka noted that the Capital Outlay was only 16% of estimated expenditures because money that has been allocated for the HVAC system and computer supplies has not yet been spent. Mr. Tanaka also reviewed the Transportation Fund for Clean Air (TFCA) Statement of Income and Expenditures.

Committee Action: Director Townsend moved acceptance of the report; seconded by Director Cooper; carried unanimously by acclamation.

5. **FY 1999/2000 Audit Report Recommendation to Tag Assets:** *Staff provided information on how the District complied with a FY 1999/2000 audit recommendation and Government Accounting Standards Board Rule 34 (GASB 34) regarding fixed asset inventory management.*

Mr. Tanaka presented the report and in response to a question from Director Miller stated that the District had implemented an inventory inspection prior to the audit report and the District has one staff person that handles the asset tracking.

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

6. **Continued Discussion of the Fiscal Year 2003/2004 Proposed Budget and Consideration to Refer the Proposed Budget to the Board of Directors:** *The Committee continued discussion of the FY 2003/2004 proposed budget and considered referral of the proposed budget to the Board of Directors for adoption.*

Mr. Tanaka presented the proposed budget and noted that the two public hearings on the budget will be conducted on June 4, 2003 and June 18, 2003. Director Hill requested staff list, for comparison purposes, figures for the current budget, what the Board actually approves, and any revisions or amendments to the budget. Mr. Tanaka stated that the staff would provide this information in the future.

William C. Norton, Executive Officer/APCO stated that the staff is recommending that the Board go through the process of adopting the District's budget and noted that the District would not spend certain monies until issues with the State budget have been resolved. If there were changes in the State budget that affect the District, the District would then come back to the Board for any amendments to the budget.

Committee Action: Director Townsend moved to accept the budget and recommended it be forwarded to the Board, with the changes requested by Director Hill; seconded by Director Daly; carried unanimously by acclamation.

7. **Committee Member Comments/Other Business.** There were none.
8. **Time and Place of Next Meeting:** 9:30 a.m., Wednesday, June 25, 2002, 939 Ellis Street, San Francisco, CA.
9. **Adjournment:** The meeting adjourned at 11:25 a.m.

Mary Romaidis
Clerk of the Boards

mr

Budget & Finance Committee

Follow-up Items for Staff

May 7, 2003 meeting

1. Director Hill requested staff list, for comparison purposes, figures for the current budget, what the Board actually approves, and any revisions or amendments to the budget. Staff has made the requested change to the budget.

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Interoffice Memorandum

To: Chairperson Miller and Members
of the Budget and Finance Committee

From: Wayne Tanaka
Director of Administrative Services

Date: September 8, 2003

Re: Fourth Quarter Financial Report

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$14,686,546 (102%) of budgeted revenue. Alameda, Santa Clara, and San Francisco counties accounted for the majority of the receipts received.
- Permit Fee receipts were \$16,586,900 (99%) of budgeted revenue.
- Asbestos Fees were \$1,281,805 (105%) of budgeted revenue.
- Penalties and Settlements receipts were \$2,250,123 (111%) of budgeted revenue.
- Federal Grants were \$2,049,756 (146%) of budgeted revenue
- State Subvention was \$1,766,288 (95%) of budgeted revenue.
- Interest Income receipts were \$610,222 (136%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$27,627,416 (98%) of estimated expenditures.
- Operational Services and Supplies were \$8,104,469 (87%) of estimated expenditures.
- Capital Outlay was \$2,347,977 (65%) of estimated expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$4,412,835 (103%) of estimated revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$1,204,529 (104%) of estimated expenditures.
- Operational Services and Supplies were \$3,199,194 (102%) of estimated expenditures.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on current year budget.

Respectfully submitted,

Wayne Tanaka
Director of Administrative Services

Prepared by: Wayne Tanaka

FORWARDED _____

**STATEMENT OF REVENUE
GENERAL FUND
As of June 30, 2003 and June 30, 2002**

REVENUES	Budget FY 2003	Received to Date June 30, 2003	Receipts as Percent of Budget FY 2003	Received to Date June 30, 2002	Variance Received to Date FY 2003 vs FY 2002
County Revenue					
Alameda County	2,720,000	2,702,890	99%	2,544,795	158,095
Contra Costa County	1,850,000	1,842,077	100%	1,706,458	135,619
Marin County	720,000	735,344	102%	687,818	47,526
Napa County	450,000	467,902	104%	424,364	43,538
San Francisco County	1,850,000	1,956,207	106%	2,093,567	(137,360)
San Mateo County	1,955,000	1,944,451	99%	1,880,929	63,522
Santa Clara County	3,795,000	3,916,102	103%	3,703,986	212,116
Solano County	376,000	364,504	97%	337,632	26,872
Sonoma County	740,000	757,069	102%	758,765	(1,696)
Sub Total	<u>14,456,000</u>	<u>14,686,546</u>	<u>102%</u>	<u>14,138,314</u>	<u>548,232</u>
Permit, Title V & AB 2588 Fees	16,828,250	16,586,900	99%	16,227,675	359,225
Asbestos Fees	1,220,000	1,281,805	105%	1,164,497	117,308
Soil Aeration and Landfill Fees	12,000	1,962	16%	770	1,192
Hearing Board (Variance) Fees	30,000	80,195	267%	47,360	32,835
Penalties & Settlements	2,020,000	2,250,123	111%	933,428	1,316,695
Federal Grant Current & Prior Year	1,407,000	2,049,756	146%	1,534,642	515,114
Federal - 103 Grant Funding	310,000	199,700	64%	0	199,700
CMAQ Funding	1,076,000	1,429,535	133%	1,340,494	89,041
Prescribed Burning	30,000	0	0%	0	0
State Subvention	1,863,870	1,766,288	95%	2,662,669	(896,381)
California Energy Commission	250,000	250,000	100%	0	250,000
Interest Income	450,000	610,222	136%	404,080	206,142
Miscellaneous Revenue	270,000	232,259	86%	868,067	(635,808)
District Service Revenue	15,000	12,709	85%	13,750	(1,041)
TOTAL OTHER GENERAL FUND REVENUE	<u>40,238,120</u>	<u>41,438,000</u>	<u>103%</u>	<u>39,335,746</u>	<u>2,102,254</u>
Transfers In					
Reserve for Contingencies	319,500	319,500	0%	361,500	(42,000)
General Reserve Funding	0	0	0%	534,634	(534,634)
TFCA Cost Recover	565,155	513,303	91%	458,847	54,456
TOTAL TRANSFER IN	<u>884,655</u>	<u>832,803</u>	<u>94%</u>	<u>1,354,981</u>	<u>-522,178</u>
Transfer Out					
Fund Balance Available	(7,871)	0	0%	0	0
TOTAL REVENUE & TRANSFERS	<u>41,114,904</u>	<u>42,270,803</u>	<u>103%</u>	<u>40,690,727</u>	<u>1,580,076</u>

STATEMENT OF EXPENDITURES
GENERAL FUND
As of June 30, 2003 and June 30, 2002

EXPENDITURES

	Budget FY 2003	Expended to Date June 30, 2003	Expended as % of Budget FY 2003	Expended to Date June 30, 2002	Variance Expended to Date FY 2003 vs 2002
Personnel Expenditures					
Permanent Salaries	23,057,568	23,006,005	100%	20,639,479	2,366,526
Overtime Salaries	163,593	155,767	95%	183,462	(27,695)
Temporary Salaries	131,630	72,690	55%	188,299	(115,609)
Payroll Taxes	262,914	255,796	97%	190,451	65,345
PERS	17,771	15,126	85%	16,188	(1,062)
FICA Replacement Benefits	1,344,277	1,084,744	81%	933,443	151,301
Group Insurances	2,530,949	2,398,670	95%	1,926,443	472,227
Employee Transportation Subsidy	188,375	181,670	96%	157,520	24,150
Worker Compensation	383,609	349,195	91%	190,665	158,530
Fees	111,200	107,753	97%	129,309	(21,556)
Prior Year Expenditures				2840676	
TOTAL PERSONNEL EXPENDITURES	28,191,886	27,627,416	98%	27,395,935	231,481
Operation Expenditures					
Transportation and Travel	218,348	125,476	57%	149,739	(24,263)
Training & Education	143,335	69,067	48%	60,938	8,129
Maintenance of Equipment	397,079	397,509	100%	325,290	72,219
Communications	360,092	327,356	91%	302,336	25,020
Maintenance of Building	273,940	239,818	88%	192,093	47,725
Utilities	381,000	321,357	84%	346,140	(24,783)
Postage	181,636	142,421	78%	121,931	20,490
Printing & Reproduction	473,040	255,045	54%	275,173	(20,128)
Rental of Equipment	231,991	143,078	62%	154,051	(10,973)
Rents & Leases	968,398	845,318	87%	783,223	62,095
Professional Services	4,254,291	4,004,949	94%	4,572,597	(567,648)
Insurance	395,400	388,170	98%	265,191	122,979
Shop & Field Supplies	228,579	179,862	79%	334,739	(154,877)
Laboratory Supplies	54,186	52,766	97%	59,762	(6,996)
Fuels	193,500	139,280	72%	119,726	19,554
Computer Hardware & Software	250,601	232,350	93%	109,537	122,813
Office Supplies	160,898	159,831	99%	142,453	17,378
Books, Journals & Subscriptions	79,807	47,251	59%	72,485	(25,234)
Minor Office Equipment	47,977	33,565	70%	48,806	(15,241)
GASB 34 Depreciation	0	0	0%	1,005,012	(1,005,012)
TOTAL OPERATION EXPENDITURES	9,294,098	8,104,469	87%	9,441,222	(1,336,753)
Capital Budget					
Office Equipment	13,000	4,413	0%	17,779	(13,366)
Computer Equipment	789,000	774,703	98%	288,141	486,562
Bulding & Grounds	1,229,500	324,513	26%	91,559	232,954
Vehicle Fleet	598,619	445,912	74%	15,395	430,517
Laboratory & Monitoring Equipment	998,801	798,436	80%	157,334	641,102
Communications Equipment	0	0	0%	1,702	(1,702)
TOTAL CAPITAL BUDGET EXPENDITURES	3,628,920	2,347,977	65%	571,910	1,776,067
TOTAL EXPENDITURES	41,114,904	38,079,862	93%	37,409,067	670,795

STATEMENT OF REVENUE and EXPENDITURES
TRANSPORTATION FUND FOR CLEAN AIR
As of June 30, 2003 and June 30, 2002

REVENUES	Budget FY 2003	Received to Date June 30, 2003	Received as % of Budget FY 2003	Received to Date June 30, 2002	Variance Received to Date FY 2003 vs 2002
AB 434 Administrative Income	846,383	901,233	106%	898,180	3,053
AB 434 Project Income	3,443,548	3,511,602	102%	3,776,301	-264,699
TOTAL REVENUE	4,289,931	4,412,835	103%	4,674,481	-261,646

EXPENDITURES	Budget FY 2003	Expended to Date March 31, 2003	Received as % of Budget FY 2003	Expended to Date June 30, 2002	Variance Expended to Date FY 2003 vs 2002
Personnel Expenditures					
Permanent Salaries	970,288	1,009,472	104%	845,049	164,423
Temporary Salaries	18,252	17,956	98%	0	17,956
Overtime Salaries	0	0	0%	21,033	(21,033)
Payroll Taxes	9,490	11,033	116%	7,968	3,065
FICA Replacement Benefits	47,559	45,992	97%	38,185	7,807
Group Insurances	90,120	96,725	107%	70,895	25,830
Employee Transit Subsidy	9,912	7,886	80%	6,575	1,311
Workers Compensation	16,390	15,465	94%	7,139	8,326
Prior Year Expenditure	0	0	0%	95,714	(95,714)
TOTAL PERSONNEL EXPENDITURES	1,162,011	1,204,529	104%	1,092,558	111,971

Operation Expenditures

Transportation & Travel	12,160	2,137	18%	118	2,019
Training & Education	3,550	855	24%	550	305
Communications	5,200	3,386	65%	13,811	(10,425)
Postage	14,600	0	0%	0	0
Printing & Reproduction	97,500	25,796	26%	60,470	(34,674)
Rental of Equipment	8,000	0	0%	6,428	(6,428)
Professional & Special Services	2,979,000	3,166,778	106%	3,500,420	(333,642)
Shop & Field Supplies	700	0	0%	0	0
Computer Hardware & Software	1,000	0	0%	0	0
Office Supplies	1,260	200	16%	126	74
Books & Journals	450	42	9%	0	42
Minor Office Equipment	0	0	0%	0	0
Depreciation and Amortization	0	0	0%	0	0
Allocated Indirect Cost	0	0	0%	0	0
TOTAL OPERATION EXPENDITURES	3,123,420	3,199,194	102%	3,581,923	(382,729)

Capital Outlay

Motorized Equipment & Radio	4,500	4,500	100%	0	4,500
TOTAL CAPITAL OUTLAY	4,500	4,500	0%	0	0
TOTAL EXPENDITURES	4,289,931	4,403,723	103%	4,674,481	(270,758)

% of Variance

6%
7%
6%
9%
-7%
3%
5%
7%
0%

2%
9%
61%
41%
59%
25%
100%
6%
0%
-51%
100%
34%
-274%
-8%

5%

-13%

11%

-63%

0%

4%

% of Variance

10%
-18%
-159%
26%
-7%
14%
20%
13%
45%
-20%

1%

-19%
12%
18%
8%
20%
-8%
14%
-8%
-8%
7%
-14%
32%
-86%
-13%
14%
53%
11%
-53%
-45%
0%

-16%

100%
63%
72%
100%
80%
0%

76%

2%

% of Variance

0%
-8%

-6%

% of Variance

16%
100%
0%
28%
17%
27%
17%
54%
100%

9%

94%
36%
-308%
0%
-134%
0%
-11%
0%
0%
37%
100%
0%
0%
0%

-12%

100%

-6%

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Miller and Members
of the Budget and Finance Committee

From: Wayne Tanaka
Director of Administrative Services

Date: September 2, 2003

Re: Consider Proposed Amendments to Administrative Code Division II – Fiscal
Policies and Procedures

RECOMMENDED ACTION:

It is recommended that the Board of Directors give notice in the Agenda for the October 1, 2003, Regular Meeting of the Board of Directors to consider amendments to Administrative Code Division II, Fiscal Policies and Procedures.

BACKGROUND

Division II of the District's Administrative Code provides for Fiscal Policies and Procedures. A periodic review of these policies and procedures is appropriate in keeping with the best fiscal and business practices. The policies were last reviewed and changed in 1998.

DISCUSSION

Administrative Code Division II, Fiscal Policies and Purchasing Procedures provide guidelines for the following:

- Section 1 Treasurer
- Section 2 District Audit
- Section 3 Fiscal Procedures
- Section 4 Purchasing Procedures
- Section 5 Allowable Expenses

Some of the proposed amendments will be a return to former policies and procedures. Other proposed changes will increase or eliminate *threshold* limits. A review of practices for other large air quality districts indicates that the Air District is not as current as the others in some areas. A spreadsheet is attached, outlining the current practices of the District, proposed amendments, and current practices for the South Coast AQMD, San Joaquin AQMD and the Monterey APCD. Also attached is Division II of the Administrative Code with changes, additions, and deletions shown with current language struck out and proposed language inserted.

Changing the limit from a \$25,000 limit to no limit for budget transfers will bring the District into alignment with other large air districts. This change will apply only to items already budgeted. Authorization will continue to be required for items not currently approved in the budget. There will no longer be a reporting requirement if the transfer is within an expenditure class, i.e. from a line item within Services and Supplies to another line item within that same class. Transfers from a line item in Salary and Benefits to a line item in Services and Supplies will require reporting to the Board as a consent item.

The higher threshold limits for prior Board authorization *prior* to issuing a contract or purchase order are in alignment with what is the practice of our sister agencies. It also allows for inflationary creep experienced over the last 5 years. In some cases, the price for some monitoring equipment has increased at a faster rate than the Bay Area CPI over the last 5 years. The proposals will streamline the purchasing process.

A change in the language under Contracts with Minority Business Enterprises and Women's Business Enterprises is suggested to comply with state law that eliminated minority and gender based preference. The new language will state, "It is the policy of the Board of Directors of the Bay Area Air Quality Management District that minority, veteran, and women owned businesses be encouraged to apply."

Approval of the proposed amendments will streamline the fiscal, purchasing, and contracting process of the District and is in line with the practices of other large air quality management districts. The changes will comport to the best business and fiscal operating practices.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on current year budget.

Respectfully submitted,

Wayne Tanaka
Director of Administrative Services

Prepared by: Wayne Tanaka

FORWARDED _____

SUMMARY OF PROPOSED AMENDMENTS TO DIVISION II, FISCAL
POLICIES AND PROCEDURES OF THE ADMINISTRATIVE CODE

<u>SECTION</u>	<u>PAGE</u>	<u>REASON FOR AMENDMENT</u>
2.1	1	Bring language into conformance with current audit requirements.
3.2	1	Correction to typographical error.
3.3	2	Streamline account transfer policy. Increase annual threshold limits to \$50,000 for cumulative annual transfers and \$20,000 for each account transfer to allow for inflation creep since last amended in 1993. Allow APCO to authorize budget transfers, eliminating threshold for notification.
4.2	4	Define 9 county area of District for doing business with vendors.
4.3	4	Streamline contract limitation policy. Increase contract threshold limits to \$70,000 to allow for inflation since last amended in 1993.
4.4	4	Streamline language to comply with existing laws on Disadvantaged, Women, and Minority Business Enterprises
4.6	6, 8-9	Contracts. Informal bid procedure streamlined to eliminate language for prequalified vendors. Not needed. District views each bid process to be unique and does not use a prequalified vendor list.
	7	Increase threshold limit to \$25,000 contracts for possible waiver of specifications, last amended in 1993.
	9,10	Bid solicitation. Increase threshold limit to \$70,000 for bid requirement to allow for inflation since last amended in 1993.
	10	Streamline process to include APCO's designee to act on his/her behalf.
	11	Amend language to allow re-bidding for financial auditing service every 3 years to allow District to select the auditing audit firm with the best proposal, value and bid. Not possible with current language as it does not allow

COMPARISON OF FISCAL POLICIES AND PROCEDURES

BAAQMD CURRENT BAAQMD PROPOSED SAN JOAQUIN SOUTH COAST MONTEREY

Board authorization required for budget transfers	if > \$25,000	no limit*	no limit*	not required	n/a
Notification to Board of transfers	required if personnel related	not required if within class	not required if within class	not required if within class	required for all - consent item
Prior Board authorization for Purchase Orders	required if > \$35,000	required if > \$70,000	not required	non asset item > \$10,000 and asset item > \$50,000****	required if over \$25,000
Prior Board authorization for contracts	required if > \$35,000	required if > \$70,000	required if over \$20,000	non asset item > \$10,000 and asset item > \$50,000****	required if over \$25,000
Notification to Board of Purchase Orders	required if over \$20,000 and less than \$35,000	not required if budgeted	not required if budgeted	non asset item > \$10,000 and asset item > \$50,000****	not required if budgeted
Notification to Board of Contracts	required if over \$20,000 and less than \$35,000	not required if budgeted	required, if over \$20,000	non asset item > \$10,000 and asset item > \$50,000****	not required if budgeted
Requests for Proposals	may use, not required	no change	may use, not required	non asset item > \$10,000 and asset item > \$50,000****	maybe used if over \$10,000
Requests for Quotes (phone or written)	maybe used**	no change	may use, not required	may be used	used the most
Requests for Information	maybe used**	no change	may use, not required	may be used	may use, not required
Required to use lowest bid	no***	no change	no, best value for district	no, similar to BAAQMD	no, best value for district

* Within approved budget and same expenditure class

** When urgent delivery required or cost of formal RFP is not justified or vendors have been pre-qualified

*** Best value is used as determined by bid price, proven cost effectiveness, extended warranty, extended quantity discount, esthetic value, or other features of sufficient value.

**** Every 6 months, list provided to Board as consent item for budgeted purchases. Non budgeted items require Board approval.

Division II

Fiscal Policies & Procedures

SECTION 1 **TREASURER**

1.1 **SAN MATEO COUNTY TREASURER.**

The Treasurer of the County of San Mateo shall be ex-officio Treasurer of the Bay Area Air Quality Management District and shall have the duties imposed by law.

SECTION 2 **DISTRICT AUDIT**

2.1 **ANNUAL AUDIT.**

The Board of Directors shall contract with either a certified public accountant or the county auditor of one of the counties of the District to make an annual audit of the accounts and records of the District. The minimum requirements of the audit shall be as prescribed by the State Controller and Comptroller General of the United States according to the Single Audit Act [Amendments of 1996, Budget Circular 133, Statement on Auditing Standards No. 63 of 1984, Government Accounting Standards Board and Statement 34, and](#) shall conform to generally accepted auditing standards. A report thereof shall be filed with the County Auditor of each of the counties within the District's jurisdiction, the State Controller's Office, the U. S. Environmental Protection Agency, and a copy of the report shall be filed with the Board of Directors, within twelve months of the end of the fiscal year under examination.

SECTION 3 **FISCAL PROCEDURES**

3.1 **BUDGET PROCEDURE.**

Not later than the 15th day of January of each calendar year, the APCO shall start the preparation of a tentative budget for submission to the Board of Directors.

3.2 **COMPLIANCE WITH GOVERNMENT CODE.**

Pursuant to Health and Safety Code Section 40276, the Budgetary procedures for the Bay Area Air Quality Management District shall comply as nearly as possible with the provisions of Chapter 1, Division 3, Title 3, of the Government Code (County Budget Act). On or before the first regular meeting in May, the APCO shall deliver a proposed budget to the Board of Directors pursuant to Section 29064 of the Government Code. The Board shall refer the proposed budget to the Budget and Finance Committee and, when applicable, to the Personnel Committee. The Committees shall consider the proposed budget and report to the Board of Directors at the Public Hearing held pursuant to Section 29080 of the Government Code.

3.3 **ACCOUNT TRANSFERS.**

(a) The APCO may ~~make~~ **make budget** transfers ~~not to exceed twenty five thousand dollars (\$25,000)~~ between any accounts by notifying the Director of

Administrative Services in writing of each such change. ~~Each such change shall be reported by the APCO to the Board of Directors at the next regular Board meeting.~~ This transfer provision does not apply to the transfer of personnel from one program to another or from one expenditure class to another, which will require Board notification.

- (b) Whenever the APCO transfers a position from one program to another, the APCO may also transfer the pertinent funds from permanent salary accounts (and accounts for related benefits). Each such transfer shall be reported by the APCO to the Board of Directors at the next regular Board meeting.
- (c) A Division Director may transfer funds from any account in one program managed by that Director's Division to any account, except permanent salaries, in another program within the same Division, by notifying the Director of Administrative Services in writing of such a transfer, subject to the following restrictions:
 - (1) Total cumulative transfers made pursuant to this subsection to or from either account have not exceeded ~~\$25,000~~ \$50,000 within the fiscal year.
 - (2) The funds being transferred have not been encumbered.
 - (3) Prior written approval has been granted by the APCO.
- (d) A Program Manager may make transfers between any accounts within that program except permanent salaries by notifying the Director of Administrative Services in writing of such a change, subject to the following restrictions:
 - (1) Total transfers made pursuant to this subsection to or from each account have not exceeded ~~\$10,000~~ \$20,000 within the fiscal year.
 - (2) The funds being transferred have not been encumbered.
 - (3) The change shall be reported to the Division Director.
 - (4) Prior written approval has been granted by the APCO.
- (e) All other transfers of funds require advance Board approval.

3.4 PAYMENT OF CLAIMS.

Claims for items for which funds have been budgeted, or for which authorized adjustments in the budget have been made, shall be made by demand for a check approved by the APCO and directed to the Director of Administrative Services. Such claims shall be supported by such vouchers or other supporting material as may be required by the Director of Administrative Services to establish and identify the claim, the budget item, the delivery of the goods or services, and the justification according to good accounting practices of the payment of the claim. Claims for other items, which have not been budgeted or for which authorized budget adjustments have not been made, shall be presented by the APCO to the Board of Directors at the next succeeding meeting of the Board. Claims involving tort liability of the District, its officers or employees, or un-liquidated claims shall be referred to the District Counsel for recommendation to the APCO and submitted to the District's insurance carrier.

3.5 REFUND OF MONEY.

Any monies paid to the District may be refunded as hereinafter set forth, provided that such payment was made by reason of:

- (a) Duplicate payment.
- (b) Payment made in excess of the actual amount due.
- (c) Payment erroneously collected by reason of a clerical error of the District.
- (d) Payment made less than that required by law and for which no performance may, of a consequence, be had.
- (e) Refund of payment made when request for refund is made prior to any official act and is for an amount justly due.

Claims for refund shall be presented and filed with the District within one year after the claim accrued.

Claims for refund shall be itemized, shall be presented by the claimant or a person acting on behalf of the claimant, and shall show the matters required in Section 711 of the Government Code.

Such claim shall be made under penalty of perjury as provided in the Code of Civil Procedure Section 2015.5 and shall be made by the person or authorized agent or guardian or the person who paid the money, or in case of death, by the executor, executrix, administrator, or administratrix of that person's estate.

3.6 APPROVAL OF REFUND CLAIM.

The APCO shall act on the claim in one of the following ways:

- (a) If it is found that the claim is a proper charge against the District for any of the reasons cited in Section II-3.5(a) through (e), the APCO shall allow the claim. Otherwise, the claim shall be denied.
- (b) If it is found that the claim is a proper claim against the District but is for an amount greater than is justly due, it shall be rejected as to the balance. If the claim is allowed in part and rejected in part, the claimant may be required to accept the amount allowed in settlement of the entire claim.
- (c) Claims in excess of ten thousand dollars (\$10,000), or that are rejected, shall be submitted to the Board of Directors with a recommendation from the APCO for final disposition.
- (d) Refund deposits when the purpose for which such deposit was made has been achieved and there is no financial loss to the District.

The APCO shall execute such forms as are prescribed by the Director of Administrative Services, attach thereto the verified claim for refund, with the action endorsed thereon, and transmit same to the Director of Administrative Services.

3.7 REFUND PAYMENT.

The Director of Administrative Services is hereby authorized and directed to draw a check on the Treasurer in the amount of such refund as is allowed.

SECTION 4 PURCHASING PROCEDURES

4.1 DISTRICT PURCHASING AGENT.

The APCO shall be ex-officio Purchasing Agent for the Bay Area Air Quality Management District. The APCO shall negotiate to obtain the best price obtainable on all goods and services required by the District.

4.2 **SPECIFICATIONS.**

In all cases where written specifications are prepared and submitted for public bidding, wherever a trade name is specified the specifications shall contain the phrase "or equal" and a bidder shall be allowed to bid upon a specified trade name product or its equivalent in quality and performance. Specifications must include all criteria to be considered by the District in selecting a successful bidder. Wherever possible ~~to effect economies~~, purchasing of items of supply shall be through member counties or businesses in the nine (9) county District Area.

4.3 **CONTRACT LIMITATIONS.**

The APCO or designee shall execute, on behalf of the Bay Area Air Quality Management District, contracts for purchase of supplies and materials and services costing not more than ~~thirty five thousand dollars (\$35,000); seventy thousand dollars (\$70,000).~~ Contracts for more than thirty five thousand dollars (\$35,000), seventy thousand dollars (\$70,000) shall be signed by either the Chairperson of the Board of Directors, or the APCO after being directed to execute such a contract by resolution of the Board of Directors. ~~Contracts for more than twenty thousand dollars (\$20,000) but less than thirty five thousand dollars (\$35,000) forty thousand dollars (\$40,000 but less than seventy thousand dollars (\$70,000) shall be reported to the Board as a consent item except for annual renewals on contracts for 3 years or less.~~

4.4 **CONTRACTS WITH MINORITY BUSINESS ENTERPRISES AND WOMEN'S BUSINESS ENTERPRISES.**

- (a) It is the policy of the Board of Directors of the Bay Area Air Quality Management District ~~that affirmative action be taken as necessary to ensure that Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs) are provided the maximum practicable opportunity to compete for and participate in all contracts for purchases of services, materials or supplies. This policy is based on the following findings: the District comply with its DBE Program where appropriate and encourage minority, veteran, and women owned businesses bid on contracts with the District.~~
- ~~(1) That historic discrimination against minorities and women in the United States has had a negative impact on their ability to participate fully and equitably in our society; and~~
 - ~~(2) That because of limited access to the marketplace women and minorities have suffered economic harm; and~~
 - ~~(3) That the District has not previously had a policy of keeping records about the status of the businesses with which it has contracts as MBEs and WBEs; and~~
 - ~~(4) That several of the counties which comprise the District have adopted policies to encourage contracts with MBEs and WBEs based on their findings that the policies promote the public interest; and~~
 - ~~(5) That adoption of this policy will enhance the opportunities for MBEs and WBEs to become contractors in the provision of goods and services to the District; and~~
 - ~~(6) That the public interest will be promoted by adoption of this policy.~~
- (b) ~~For purposes of this policy, MBE shall mean any business certified as a minority business or disadvantaged business (excluding those so certified based on the ownership or participation of women) by the District, or the~~

~~counties which comprise the District, by Caltrans, or by the San Francisco Redevelopment Agency. WBE shall mean any business certified as a minority business, disadvantaged business, or women's business enterprise, based on the ownership or participation of women in the business, by the District, by the counties which comprise the District, by Caltrans, or by the San Francisco Redevelopment Agency.~~

~~(c) It is the District's goal that every contract be awarded without racial or gender bias; and that special effort be made to inform MBEs and WBEs of opportunities to become contractors in the provision of goods and services to the District.~~

~~In meeting this goal the District shall make a good faith effort to do each of the following:~~

~~(1) A statement shall be included in all invitation to bid notices and related documents encouraging bids from MBEs and WBEs.~~

~~(2) Advertisements shall be placed, as appropriate, in general circulation media, trade association publications and appropriate minority publications.~~

~~(3) The District staff shall determine which of the District's counties has a functioning program encouraging the participation of minorities and women in county contracts. The District staff shall contact the San Francisco Redevelopment Agency, Caltrans and each District member county with a functioning program to request a list of MBEs and WBEs which provide the products or services needed by the District and also to obtain a list of organizations which promote MBE/WBE participation in contracts with government agencies. A copy of the invitation to bid notice shall be sent to each MBE, WBE and organization identified.~~

~~(4) Interested MBEs and WBEs shall be provided with adequate information about the plans, specifications, and requirements of the contract.~~

~~(5) A copy of each invitation to bid notice shall be sent to each county in the District and to Caltrans and the San Francisco Redevelopment Agency with a request that the notice be posted and/or distributed to ensure wide circulation among MBEs and WBEs.~~

~~(d) The District staff shall maintain documentation showing the efforts made to ensure that MBEs and WBEs were provided with the maximum practicable opportunity to participate in the contracts covered by this policy.~~

~~(e) All contractors and potential contractors, consultants and suppliers will continue to be considered for contracting only if they agree to comply fully with all Federal, State, and local government issuances or legislation regarding equal employment opportunity and affirmative action.~~

~~(f) In the event of a contractor's non-compliance with the non-discrimination clause of the contract, the subject contract may be canceled, terminated, or suspended in whole or in part.~~

4.5 PURCHASE REQUESTS.

Purchase requests for supplies, equipment and/or services must be completed and submitted to the Business Manager in the Administrative Services Division prior to any order being given to a vendor. The name of the suggested vendor should be included in the request, as well as the cost, tax and estimated shipping charges.

Any deviation from this procedure must have prior written approval of the Business Manager, ~~or the Finance Manager~~ or Director of Administrative Services.

Purchases requests exceeding the remaining balance of unexpended funds within the budget for each line item for a section must be accompanied by an approval for a transfer of funds as described in Section II-3.3. The approval document must indicate the line item for the source and destination of the transfer of funds.

4.6

CONTRACTS.

(a) PURCHASING POLICY.

- (1) Methods of Purchasing:
 - (A) FORMAL BID - A bid obtained under sealed bid procedures and which is publicly opened and read.
 - (B) INFORMAL BID - A written bid solicited from a vendor when the cost of the equipment or services/supplies is so low as to not justify the costs of the formal bidding procedures. ~~or~~
~~(ii) The vendor has been pre-qualified pursuant to Section II-4.6 (b)(1)(F) Pre-Qualification of Vendors.~~
 - (C) TELEPHONE BID - Telephone bids may be utilized by the Business Manager/designee when, in the judgment of the APCO or Director of Administrative Services, the best interest of the District may be served due to the need for immediate delivery or for other valid reasons.
 - (D) MONOPOLY/SINGLE SOURCE BID - An award may be made without a formal bid when the item to be purchased can be obtained from only one source and the item/service is one which does not lend itself to substitution. Said bids must be confirmed in writing.
 - (E) PRIOR BID/LAST PRICE - An award may be made on the basis of a prior bid or on the basis of a last price, if the conditions of a previous purchase are the same.
 - (F) LETTER QUOTATION - Letter quotation is an informal, written offer made to the District by a vendor.
- (2) Formal bidding shall be used by the District when economies of scale can be achieved or when there are equal or competitive products and also when discounts are applicable
- (3) Where federal money will fund all or part of the goods/services that will be purchased the proposals, bids or other documents prepared, shall include the following information: 1) the percentage of the total costs of the goods or services which will be financed with federal funds; 2) the dollar amount of federal funds for the goods or services; and 3) the percentage and dollar amount of the total costs of the goods or services that will be financed by non-governmental sources (per Public Notification Requirement Appropriation Laws).
- (4) In all cases in which written specifications are prepared and submitted for public bid and a trade name is specified, the specifications shall contain the phrase "or equivalent" and the bidder shall be allowed to bid upon such. The Director of Administrative Services shall determine whether the proposed alternative is equivalent.

- (5) The District reserves the right to accept one part of a bid and reject another, and to waive technical defects, if to do so best serves the interests of the District.
- (6) Subject to other provisions of District policy, a bid will be awarded to the bidders offering the best value for quality goods and services. The following may be considered in determining the bid that provides the best value: bid price, proven cost-effectiveness, extended warranty, extended quality discount, esthetic value, [expedient delivery of goods or services](#) or other features of sufficient value.
- (7) The preparation of detail specifications may be waived by the APCO if any of the following circumstances are present:
 - (A) Public health or property may be endangered by delay.
 - (B) Cost of labor will exceed savings.
 - (C) Required dates cannot be met.
 - (D) Monopoly/single source items are required.
 - (E) Prior experience has proven that a particular material, type of equipment, supplies or service is more economical to the District.
 - (F) The cost to prepare detailed plans/specifications or bids will exceed possible savings that could be derived from such plans/specifications or bids.
 - (G) Emergency purchases.
 - (H) Value of contract is less than ~~\$10,000~~ [\\$25,000](#).

(b) SERVICES OF CONSULTANTS.

- (1) Consultant Selection Policy
 - (A) Due to the nature of the work to be performed or the level of staffing required, it may, from time to time, be necessary to utilize the services of outside consultants who are not employees of the District.
 - (B) It is the policy of the District in the selection of any required outside consultants to encourage participation of minority, women and/or disadvantaged business enterprises in the bidding process in accordance with Section II-4.4.
 - (C) Prior to release of a request for consulting services, the following shall be prepared:
 - (i) A statement of the work to be performed,
 - (ii) A statement of the qualifications of persons necessary to perform the requested work, which can include a specification of experience/education/training in general or specific fields; and
 - (iii) An assessment of the resources needed to carry out the project, i.e. capital equipment or supplies.
 - (D) Determination of Provider Services

Based on an evaluation of the information prepared according to Section II-4.6 (b)(1)(C), and any other information gathered, the

APCO or designee shall evaluate the ability of staff to perform all or part of the work. If it is determined that all or part of the work should be performed by an outside consultant, the APCO shall determine if the work should be performed by sole source or whether it should be performed after a bid solicitation and award.

- (E) Contracts for temporary employment services or consultant services shall meet the requirement of the District Purchasing Policy.
 - ~~(i) Obtain a bid as described in Section II 4.6 (a).~~
 - ~~(ii) The APCO may pre-qualify vendors of temporary employment services resulting in time and materials contracts, as described in Section II 4.6 (b)(1)(F), and then solicit quotations in accordance with District Purchasing Policy as described in Section II 4.6 (a)(1)(F).~~
 - ~~(iii) The APCO may pre-qualify vendors of consultant services, as described in Section II 4.6 (b)(1)(F), and then solicit written, fixed-price bids in accordance with District Purchasing Policy as described in Section II 4.6 (a)(1)(B).~~

~~(F) Pre-Qualification of Vendors (Revised 5/6/98)~~

~~The APCO may pre-qualify vendors of temporary employment services or consultant services in order to provide the best value to the District in a timely manner. The APCO shall not pre-qualify vendors for a period longer than one year, expiring each June 30 or the end of the fiscal year.~~

- ~~(i) Solicitation of applicants for the pre-qualified vendors of temporary employment services or consultant services shall conform to (1) the notification and advertising requirements specified in Section II 4.4 (e) through (f): Contracts with Minority Business Enterprises and Women's Enterprises, and (2) Section II 4.6 (e) (2), and shall serve in place of repeating these notification and advertising requirements at the time of contract bid solicitation.~~
- ~~(ii) Pre-qualification criteria may include, but is not limited to, a demonstration by the vendor that (1) it has ability and experience providing cost-effective temporary employment services or consultant services for other organizations similar to the District; it is authorized to do business in the State of California and is in good tax standing with the California Franchise Tax Board; it holds all necessary and required licenses and permits to provide these services; and (2) its employees performing services under contract with the District, possess the qualifications and experience necessary to the District, and if its employees are performing work at the District's offices, its employees must meet the citizenship or alien status requirements contained in federal and state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-~~

~~603); are covered by the worker's compensation insurance in accordance with either California or other applicable statutory requirements; are covered by liability insurance with a combined single limit (general and automotive) satisfactory to the District and that the District can be named as an additional insured on any such policy.~~

~~(iii) Once pre-qualified vendors of temporary employment services or consultant services has been established, a one-time approval of the entire list by the Board of Directors will be required, along with the maximum budgeted dollar amount to be contracted in total to vendors on that list during the current fiscal year.~~

(c) BID SOLICITATION.

- (1) For all contracts for goods or services with a value of ~~\$35,000~~ \$70,000 or greater, the following documents shall be prepared as required by the person(s) designated by the APCO. ~~Contracts which would result in more than \$35,000 worth of purchase orders being issued to a single contractor within a ninety (90) day period shall also be subject to this section:~~
 - (A) Instructions to Bidders (for written bids)
 - (B) Proposal Submittal Requirements
 - (C) Draft contract, including all terms and conditions of the work to be performed, and
 - (D) A list of potential bidders
- (2) The following steps will be followed to identify potential bidders for all contracts for goods or services with a value of ~~\$20,000~~ \$40,000 or more, but less than ~~\$35,000~~ \$70,000. ~~Contracts which would result in more than \$20,000 but less than \$35,000 worth of purchase orders being issued to a single contractor within a ninety (90) day period shall also be subject to this section:~~
 - (A) All qualified suppliers of the required goods or services with outlets in the Bay Area shall be contacted (in the case of informal or telephone bids); or
 - (B) At least one supplier of the required goods or services in each of the Bay Area counties shall be contacted (in the case of informal or telephone bids); or
 - (C) The steps listed in Section (3) shall be followed.
- (3) The following steps will be followed to identify potential bidders for all contracts for goods or services with a value of ~~\$35,000~~ \$70,000 or more. ~~Contracts which would result in more than \$35,000 worth of purchase orders being issued to a single contractor within a ninety (90) day period shall also be subject to this section:~~
 - (i) The steps listed in Section II-4.4 c) through f) shall be followed (in the case of formal bids)
 - (ii) ~~Unless expressly directed otherwise by the Board of Directors, -B~~ids shall be solicited by any method as allowed in Section 4.6 (a) advertisement on purchases of services, materials or supplies excluding scientific

and technical equipment and services uniquely available from a sole source. Where all sources of such services, materials or supplies in the Bay Area are known, bids may be requested from such sources by all means-when it is deemed by the APCO or designee to be in the best interest of the District.

- (4) The APCO may waive the provisions of this section or award a sole-source bid if:
 - (A) The cost of labor for preparation of the documents exceeds the possible savings that could be derived from such detailed documents; or
 - (B) Public health or property may be endangered by delay; or
 - (C) Prior experience has shown that the desired services are only available from the sole-source; or
 - (D) Other circumstances exist which require such waiver in the satisfactory interests of the District.
- (d) BID AWARD.
 - (1) Prior to accepting a bid that is not the lowest of three qualified and responsive bids, other qualified and responsive bidders will be provided with an opportunity to match the additional features provided in the bid of highest value. These bidders will be provided with a list of the features, but not the price.
 - (2) The requesting staff person shall present to the APCO their evaluation of the bids and a recommendation for the award. Upon approval of the recommendation, staff shall negotiate an agreement and prepare it for the APCO's signature.
 - (3) If the APCO determines that no bidder could satisfactorily serve the interests of the District, the APCO may decline to make an award.
 - (4) The District reserves the right to have an Evaluation Panel comprised of District employees to review and analyze the bids and offer a recommendation of acceptance of a bid to the Director of Administrative Services. Upon review of the recommendation of the panel, the Director may accept or reject the recommendation of the panel. If accepted, the Director will recommend award of the bid to the APCO for his review/approval. If the recommendation of the panel is rejected by the Director of Administrative Services, the panel will reconvene to review the bids further.
 - (5) Further renewal of any contract that has been awarded for two consecutive years without competitive bid shall require APCO or Board approval depending upon authorization of the contract to be extended. Service contracts with the original manufacturer of equipment or software are exempt from this requirement.
 - (6) The District shall rebid not award a contract for financial auditing services every three years. to the same contractor for more than three consecutive years.