

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET
SAN FRANCISCO, CALIFORNIA 94109**

APPROVED MINUTES

Summary of Board of Directors
Budget & Finance Committee Meeting
9:30 a.m., Wednesday, April 23, 2003

1. **Call to Order:** Chairperson Miller called the meeting to order at 9:30 a.m.

Roll Call: Julia Miller, Chair, Harold Brown, Roberta Cooper, Chris Daly (9:35 a.m.), Jerry Hill, Marland Townsend, Gayle Uilkema.

Absent: None.

Also Present: Scott Haggerty

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

3. **Approval of Minutes of February 26, 2003:** Director Hill moved approval of the minutes; seconded by Director Townsend; carried with Director Cooper abstaining.

4. **District Financial Audit Report for Fiscal Year 2001/2002:** *A partner from the CPA firm Izabal, Bernaciak & Company presented the Audit Report for FY 2001/2003.*

Bob Izabal, from the CPA firm of Izabal, Bernaciak & Company, presented the annual audit report for fiscal year 2001/02. Mr. Izabal stated that a comprehensive A-133 audit was conducted and the auditors expressed an unqualified opinion. Mr. Izabal reviewed the Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2002.

Committee Action: Director Townsend moved acceptance of the report; seconded by Director Haggerty.

During discussion, staff was requested to report back at the next meeting on actions that were recommended from the audit of two years ago. There was also discussion on the issue of “material weaknesses.” The motion then carried unanimously.

In response to a question from Director Daly, William Norton, Executive Officer/APCO, stated that a management audit had been performed and a report was given to the Board in November 2002. Director Uilkema requested that staff report on how the audit can be more comprehensive and how to respond to the fact that there may be material weaknesses.

5. **Crash & Air Quality Rating Data on Hybrid Vehicles:** *Staff presented a report on the crash ratings on the Toyota Hybrid vehicles as determined by the National Highway Traffic Safety Administration.*

Wayne Tanaka, Director of Administrative Services, presented the report and reviewed the “star” ratings of the vehicles and made a comparison on those vehicles being replaced. Mr. Tanaka also reviewed the emissions rating of the vehicles.

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

6. Cost Analysis of Vehicle Lease Program vs. Purchasing: *Staff presented information on the cost effectiveness of the vehicle lease program vs. purchasing.*

Mr. Tanaka discussed the spreadsheet that compares the cost of leased vehicles and purchased vehicles. Mr. Tanaka reviewed the background on why the District either leased or purchased vehicles. There was discussion on the cost per mile; extended lease options when there is high mileage on a vehicle; and maintenance being included in the lease program. The maintenance on the vehicles can be done at designated shops in the 9 Bay Area counties. There are 74 leased vehicles in the District’s fleet. The District would like the flexibility to look at each individual year and, depending on fiscal policy, would either lease or purchase vehicles. Currently, there are 120 vehicles in the District’s fleet.

Committee Action: None, this report was provided for information only.

7. Presentation of Fiscal-Year 2003/2004 Proposed Budget: Mr. Tanaka presented and reviewed the proposed Fiscal Year 2003/2004 Budget. The County revenue has not been adjusted because the District, at this time, does not know if the State will make adjustments that would affect the budget. Staff will come back to the Committee with recommended reductions as soon as it is known if there will be less money coming from this funding source.

Mr. Tanaka reviewed the General Fund Revenue; the General Fund Expenses and Transportation Fund for Clean Air (TFCA) expenses and revenue. Mr. Tanaka reviewed the retiree benefits that are included in the budget. Mr. Norton stated that this budget is based on what the District knows now at the state level and that it may change at a future date. Mr. Tanaka noted the information in Appendix F that shows the projected revenue and expenditures out to fiscal year 2005/2006.

Mr. Norton stated that the increase of 4.4% includes about a half million dollars to the program for bio-watch. The federal government has asked the District to do some monitoring at certain existing monitoring stations in the Bay Area. The District anticipates being reimbursed for this work.

Committee Action: The Committee determined to hold one more meeting on the budget before forwarding it to the Board for consideration.

8. Committee Member Comments/Other Business. There were none.

9. **Time and Place of Next Meeting:** 9:30 a.m., Wednesday, May 14, 2002, 939 Ellis Street, San Francisco, CA.
10. **Adjournment:** The meeting adjourned at 10:45 a.m.

Mary Romaidis

Mary Romaidis
Clerk of the Boards

mr

Budget & Finance Committee

Follow-up Items for Staff

April 23, 2003 meeting

1. Director Uilkema requested staff report back at the next meeting on actions that were recommended from the audit of two years ago.
2. Director Uilkema requested staff report on how the audit can be more comprehensive and how to respond to the fact that there may be material weaknesses.