

Action Summary Minutes
San Joaquin Valley Unified Air Pollution Control District

GOVERNING BOARD

Central Region Office, Governing Board Room
1990 E. Gettysburg Avenue, Fresno, CA

SPECIAL PUBLIC HEARING:
REVIEW OF 2009-10 RECOMMENDED BUDGET

Thursday, May 20, 2010
9:00 a.m.

Or as soon thereafter as the matter may be heard

*Meeting held via teleconferencing with the Central Region Office (Fresno), the Northern Region Office (Modesto) and the Southern Region Office (Bakersfield).
This meeting was webcast.*

1. CALL MEETING TO ORDER
The Vice Chair, J. Steven Worthley, called the meeting to order at 9:05 a.m.
2. ROLL CALL was taken and a quorum was present.

Present:

David G. Ayers, Councilmember	City of Hanford
Judy Case, Supervisor	Fresno County
Ronn Dominici, Supervisor	Madera County
Henry J. Forman, Ph.D.	Appointed by Governor
Ann Johnston, Mayor*	City of Stockton
Mike Lane, Councilmember	City of Visalia
William O'Brien, Supervisor*	Stanislaus County
Leroy Ornellas, Supervisor*	San Joaquin County
John G. Telles, M.D.	Appointed by Governor
Chris Vierra, Councilmember*	City of Ceres
Raymond Watson, Supervisor	Kern County
J. Steven Worthley, Supervisor, Vice Chair	Tulare County

*Attended meeting in Northern Region Office

Absent:

Tony Barba, Supervisor, Chair	Kings County
Randy Miller, Councilmember	City of Taft
Michael G. Nelson, Supervisor	Merced County

3. PUBLIC HEARING FOR REVIEW AND COMMENT ON THE DISTRICT'S 2010-11 RECOMMENDED BUDGET – The report was presented by Seyed Sadredin, Executive Director/APCO; Rick McVaigh, Deputy APCO; and Cindi Hamm, Director of Administrative Services.

Mr. Sadredin expressed his gratitude to the Ad Hoc Budget Subcommittee, consisting of Supervisor Worthley, Supervisor Case and Dr. Forman, for their guidance and reviewing the recommended budget.

Mr. Sadredin presented the first portion of the report, which included the accomplishments of 2009-10, the guiding principles and the priorities used in preparation of the Recommended 2010-11 Budget, the outlook for 2010-11, and the highlights of the Recommended 2010-11 Budget. Mr. Sadredin also explained the District used a strict zero-based budgeting approach to create the 2010-11 Budget. Mr. McVaigh presented the second portion of the report, which provided further details on the additional workload facing the District in 2010-11 and the efficiencies and streamlining process implemented by the District to mitigate the increased workload. Ms. Hamm presented the final portion of the report, which covered the financial impacts of the Recommended 2010-11 Budget.

Regarding AERO emission fees listed under operating revenue, Supervisor Ornellas asked where the \$5.4 million revenue is generated from. Mr. Sadredin explained this innovative measure was adopted by the Governing Board approximately a year ago. Rule 4320 (Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr), provided those businesses that already had installed advance controls with the option to pay a fee instead of undergoing additional modifications that may not be cost-effective.

Supervisor O'Brien asked if the numbers provided for prior year budgets are actual numbers, as the budget indicates the numbers are adjusted figures dated for the last day of the year. Mr. Sadredin explained the figures are adjusted adopted budgets and the actual numbers are provided to the Governing Board every month and in consolidated annual financial reports. In response to Mr. O'Brien's concern Mr. Sadredin also committed to supplementing the budget documents with information on actual revenue.

Supervisor Case stated she had the privilege of sitting on the Budget Subcommittee. She complimented the staff in their efforts to prepare the budget and for their hard work in general, as they are expected to do more with less staff resources. Ms. Case also commented she thinks zero-based budgeting is the most appropriate method to utilize in the process of creating a budget.

Supervisor Case then asked for an explanation of the employer and employee percentage of retirement costs. Ms. Hamm stated the employer pays a portion of that cost as does the employee, and the District picks up fifty percent of the employee's portion. Mr. Sadredin said the net impact is approximately 80-20 split.

Supervisor Case stated this cost is the most significant increase in the budget and she hoped to be able to have a dialog with employees regarding this expenditure in the future. Mr. Sadredin described efforts underway to develop retirement cost control options for Board consideration. Several Board members expressed concerns regarding the escalating costs related to the pension system and urged action to curb future costs.

Councilmember Lane inquired about incentive grant spending, stating according to the budget it looks as if over fifty percent of all of the incentive grant dollars go to mobile sources. Mr. Lane then expressed concern that a burden is placed on Valley industries with stationary sources and the District uses its resources and grant funds on mobile sources. Mr. Sadredin stated mobile sources make up eighty percent of total emissions, and that the use of incentive funds on mobile sources typically achieves the most cost-effective reductions in emissions. Mr. Sadredin stated Mr. Lane expressed valid points, which he hopes can be discussed further during the Governing Board retreat in September, as an item on that agenda is the strategic use of incentive funds.

Supervisor Watson complimented the staff and the committee for putting the budget together. He agreed being provided with previous year's actual numbers would be useful when reviewing the current recommended budget and that there needs to be more work done regarding the retirement costs. He stated his appreciation for the increased workload on staff and the budget shows the District is utilizing technology to increase efficiency. Supervisor Watson commented the District is effectively utilizing grants and he likes the idea that the permit fees have been held to a minimum, as that is what impacts Valley businesses.

Supervisor Worthley stated the Governing Board and District have come a long ways in regards to increasing grant funding, which has been accomplished by efforts by the Board and staff, making trips to Sacramento and Washington D.C., and obtaining the funds. He stated these funds will improve the Valley's air quality the most and provide funds to people in our communities.

Mayor Johnston requested retirement contribution information to be laid out on one sheet of paper, with simple figures and percentages. She then asked when employees' contracts expire. Mr. Sadredin stated the current contract expires in October 2011.

Supervisor O'Brien expressed concern that the Recommended Budget documents did not contain information on the \$230 million incentive grant spending plan included in the staff presentation. Mr. Sadredin noted the spending plan, except for \$105 million of new funding, is a compilation of a number of actions that the Governing Board has approved in the past.

Public Comment – *The following persons provided testimony on this item:*

- Manuel Cunha, Nisei Farmers League
- Richard Crow

Moved: Case
Seconded: Watson
Ayes: Ayers, Case, Dominici, Forman, Lane, Watson, Ornellas,
Vierra, Johnston, Worthley
Nays: Telles, O'Brien

Motion passes 10-2 to set the Hearing for Adoption of the District's 2010-11 Recommended Budget for June 17, 2010.

ADJOURN

Meeting adjourned at 10:44 a.m.