



Monterey Bay Air Resources District
BOARD OF DIRECTORS MEETING

STEVE MCSHANE, CHAIR

WEDNESDAY, DECEMBER 15, 2021 - 1:30 P.M.

REMOTE MEETING ONLY VIA ZOOM

Link to meeting: <https://us02web.zoom.us/j/88955098142>

Webinar ID: 889 5509 8142

By phone, audio only (webinar ID required): 1-669-900-6833

On September 16, 2021, Governor Newsom signed AB 361. This legislation amends the Brown Act to allow meeting bodies subject to the Brown Act to meet via teleconference during a proclaimed state of emergency in accordance with teleconference procedures established by AB 361 rather than under the Brown Act's more narrow standard rules for participation in a meeting by teleconference. The Monterey County Health Officer has issued a recommendation for social distancing in legislative body meetings, so the first meeting after September 30, 2021, may be held without making findings. If the Board of Directors desires to continue to meet remotely via teleconference after that first meeting, the Board is required to make certain findings under AB 361 no later than 30 days after the first teleconference meeting held pursuant to AB 361, and every 30 days thereafter. Members of the public that wish to participate in a meeting may do so by joining the Zoom Webinar ID. Should you have any questions, please contact Sirie Thongchua, Executive Assistant, at 831-718-8028 or by email at sirie@mbard.org.

To Provide Public Comment via Zoom teleconference/video conference: During the meeting live verbal public comments may be made by members of the public joining the meeting via Zoom. Zoom access information is provided above. Use the "raise hand" feature (for those joining by phone, press *9 to "raise hand") during the public comment period for the agenda item you wish to address. Members of the public participating via Zoom will be muted during the proceedings and may be unmuted to speak during public comment after requesting and receiving recognition by the Chair. Please clearly state your full name for the record at the start of your public comment.

Before the Meeting: Persons who wish to address the Board for public comment of an item not on the agenda are encouraged to submit comments in writing to Sirie Thongchua, Executive Assistant, at sirie@mbard.org by 5:00 p.m. on Monday, December 13, 2021. Comments received will be distributed to the Board prior to the meeting.

Summary of Actions

1. CALL TO ORDER – **The meeting was called to order by Chair McShane at 1:31 p.m.**
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL - **Present:** Chris Lopez, Jack Dilles, John Phillips, Kollin Kosmicki, Mary Ann Carbone, Mike LeBarre, Ryan Coonerty, Sam Storey, Steve McShane, Zach Friend, Wendy Root Askew. Mike LeBarre had phone issues during a portion of the meeting.
4. PRESENTATIONS
 - a. RECOGNITION OF DISTRICT STAFF LONGEVITY MILESTONES
 - Cynthia Searson, Engineering and Compliance Specialist, 35 years
 - Antonio Sotelo, Senior Air Monitoring Specialist, 30 years
 - William Chevalier, Supervising Air Monitoring Specialist, 15 years
 - Amy Clymo, Engineering and Compliance Manager, 10 years
5. PUBLIC COMMENT – **None.**
6. **Resolution No. 21-022: Adopted** a Resolution pursuant to AB 361 to find that as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, holding Board of Directors’ meetings in person would present imminent risks to the health or safety of attendees.
Motion: *Adopt the Resolution. Action: Approve. Moved by Sam Storey, Seconded by Jack Dilles.*
Vote: *Motion carried by unanimous roll call vote (summary: Yes = 10).*
Yes: *Chris Lopez, Jack Dilles, John Phillips, Kollin Kosmicki, Mary Ann Carbone, Ryan Coonerty, Sam Storey, Steve McShane, Wendy Root Askew, Zach Friend.*
Absent: *Mike LeBarre*
7. REPORTS BY COMMITTEE CHAIRS ON COMMITTEE MEETINGS
 - a. Budget, Personnel, and Nominating Committee
 - b. Advisory Committee
8. COMMENTS AND REFERRALS FROM CHAIR AND BOARD MEMBERS
9. REPORT FROM AIR POLLUTION CONTROL OFFICER
Richard Stedman, APCO, reported on the following:

Advisory Committee

- The Advisory Committee did not meet in December.

District Business

- Alan Romero, Air Quality Planner III, will retire in December.
- Leif Halvorson, Air Quality Compliance Inspector, resigned. His last day will be in December.
- Copies of Ethics Training Certificates for all board members are needed to accompany our application to the Special District Leadership Foundation for a District Transparency Certificate of Excellence. Sirie contacted a few board members who we do not have a copy of their current Ethics Training Certificates on file (past two years). Please send your Ethics Training Certificate to Sirie. Sirie can also assist you with registration for an online Ethics Training Workshop.
- The District Office needs a new roof. Leaks reappeared during recent rainstorms. Expense for a new roof will be included in the FY2022-23 budget.

Engineering

- I am happy to announce we will have a new engineer, Fernando Pena, join the Engineering Division team as an Air Quality Engineer I on Monday, January 10th, 2022. Fernando received a B.S. degree in Chemical Engineering from Cal Poly Pomona, a M.S. degree in Environmental Engineering from Cal State Fullerton and an MBA from Cal State Dominguez Hills. We look forward to having Fernando at MBARD.
- We received notice from Chevron USA to cancel their permits for the Sargent Canyon Cogeneration facility located in San Ardo. The facility shutdown operations in December 2016 and the equipment will now be removed from the site. **[This represents a loss of about \$17,000 per year of revenue.]**
- We received 7 odor complaints from Watsonville residents located in the vicinity of Lakeview Road and Highway 152. There are several seasonal lakes in the area and our Inspector Hartunian has been in contact with Santa Cruz County Environmental Health. It is believed the odors were from College Lake which is a naturally occurring lake. The rain in October added water to the lake and then it evaporated with the warm weather in November. This created stagnant water which is believed to be the source of the odors.
- We received no odor complaints from the Marina area.

Planning and Air Monitoring

- The 2021-22 Woodstove Change Out Program launched on September 28. \$87,500 in local funds has been budgeted for this year's program. 33 applications have been processed, with one low-income applicant. \$46,500 has been obligated.
- The Monterey Bay Electric Vehicle Incentive Program, which provides residents with an incentive to purchase new and used all-electric or plug-in electric vehicles is continuing with 95 applications received, \$123,350 obligated, and \$276,650 remaining.

- The San Lorenzo Valley Spare-the-Air Program began in November. The STA Program notifies residents of deteriorating meteorological conditions in the SLV which could concentrate wood smoke. During a Spare the Air Alert, residents are asked to voluntarily choose devices that use fuels other than wood to heat their homes. The program will run through Spring when conditions for smoke dispersion improve.
- Interviews are underway for an Air Quality Planner.

CONSENT AGENDA

Motion: Approve items on the Consent Agenda. **Action:** Approve. **Moved by** Chris Lopez, **Seconded by** Wendy Root Askew.

Vote: Motion carried by unanimous roll call vote (**summary:** Yes = 10).

Yes: Chris Lopez, Jack Dilles, John Phillips, Kollin Kosmicki, Mary Ann Carbone, Ryan Coonerty, Sam Storey, Steve McShane, Wendy Root Askew, Zach Friend.

Absent: Mike LeBarre

10. **Accepted and Filed** Summary of Actions for the November 17, 2021, Board of Directors Meeting
11. **Received and Filed** Budget to Actual Report for the Five Months Ended November 30, 2021
12. **Accepted and Filed** Report of Summary of Mutual Settlement Program Actions for November 2021
13. **Resolution No. 21-023: Adopted** a Resolution Authorizing the Air Pollution Control Officer to Enter Into a Grant Agreement with the California Air Resources Board and Accept \$60,000 in Funding
14. **Approved** the Extension Requests by the City of Monterey for the AB2766 Grant 20-04 Adaptive Traffic Signal Control Expansion Project and the County of Santa Cruz for the AB2766 Grant 20-09 Soquel Area Adaptive Traffic Signal Control Project to March 30, 2023
15. **Resolution No. 21-024: Adopted** a Resolution Approving the 2021 MBARD Diesel Engine and Equipment Replacement Program (DEERP) Policies and Procedures Manual Update

REGULAR AGENDA

16. **Received and Accepted** Draft Financial Statements and Independent Audit Report for the Year Ended June 30, 2021 Prepared by Badawi & Associates

Motion: Receive the report. **Action:** Approve. **Moved by** John Phillips, **Seconded by** Sam Storey.

Vote: Motion carried by unanimous roll call vote (**summary:** Yes = 11).

Yes: Chris Lopez, Jack Dilles, John Phillips, Kollin Kosmicki, Mary Ann Carbone, Mike LeBarre, Ryan Coonerty, Sam Storey, Steve McShane, Wendy Root Askew, Zach Friend.

17. Adjournment - **The meeting adjourned at 2:34 p.m.**

Sirie Thongchua
Executive Assistant

Monterey Bay Unified Air Pollution Control District 2021 Audit Presentation

December 15, 2021

Presented by: Mitesh Desai, CPA,
Principal



Badawi & Associates

Audit of the Monterey Bay Unified Air Pollution Control District

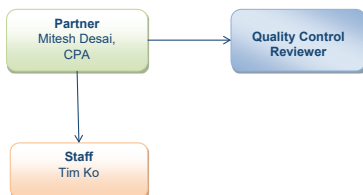
Agenda

- Engagement Team
- Deliverables and Scope of the Audit
- Areas of Primary Emphasis
- Auditors Report and Financial Statements
- Required Communications
- New Accounting Standards
- Conclusion & Discussion/Questions

Engagement Team



Engagement Team



Deliverables and Scope of the Audit

- Report of Independent Auditors on Monterey Bay Unified Air Pollution Control District Basic Financial Statements.
- Communications With Those Charged With Governance.
 - Letter used to summarize communication of various significant matters to those charged with governance.

Areas of Primary Audit Emphasis

- Revenues & Receivables : Improper revenue recognition
 - Testing of licenses, permits, DMV surcharges and fees
 - Review allowance for uncollectible accounts
 - Review of unearned grant revenues
- Pension & OPEB
 - Reviewed actuarial reports received from CalPERS & District's Actuary
 - Reviewed audit opinions issued by CalPERS auditors
 - Tested the District's payroll transmission to CalPERS
 - Tested census data used by District's Actuary
 - Reviewed District's journal entries for pension and OPEB



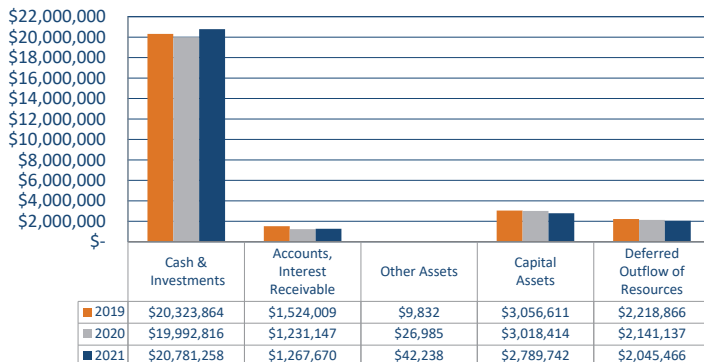
Auditors Report

- Unmodified opinion
- Financial statements are fairly presented in all material respects
- Significant accounting policies have been consistently applied
- Estimates are reasonable
- Disclosures are properly reflected in the financial statements



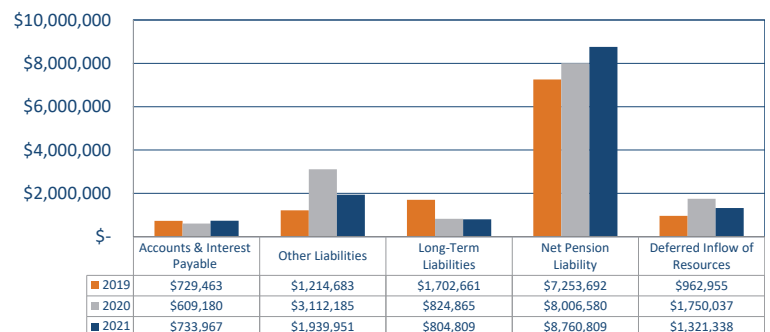
Government-Wide Financial Statements

Assets and Deferred Outflows of Resources



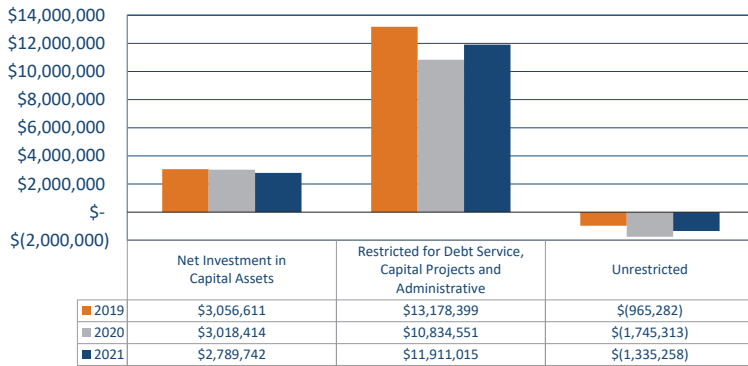
Government-Wide Financial Statements

Liabilities and Deferred Inflows of Resources



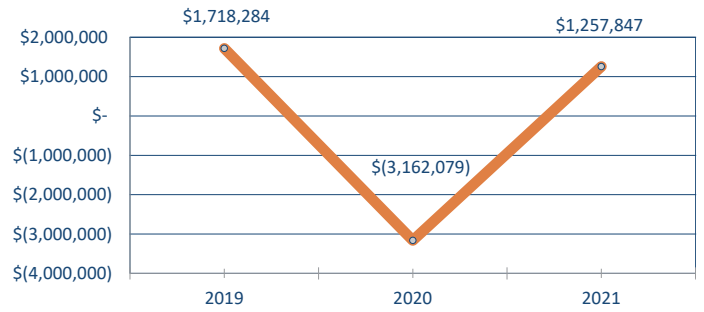
Government-Wide Financial Statements

Net Position



Government-Wide Financial Statements

Changes in Net Position



General Fund

Expense Coverage

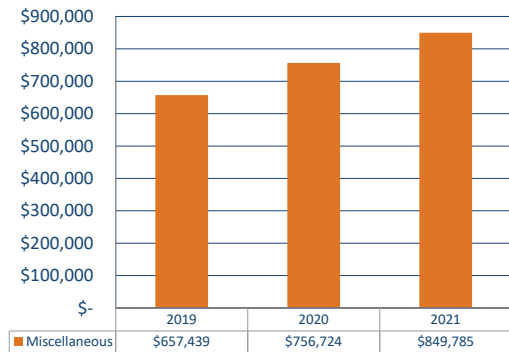
	2019	2020	2021
Unrestricted Fund Balance	\$ 6,706,294	\$ 6,668,047	\$ 7,463,995
Total Expenditures	\$ 10,998,578	\$ 15,220,993	\$ 11,713,048
Unrestricted Net Position as a % of Total Expenses	60.97%	43.81%	63.72%
Number of months	7	5	8

GFOA recommendation 2 - 4

Measure of District's ability to operate with no revenues using available fund balance.

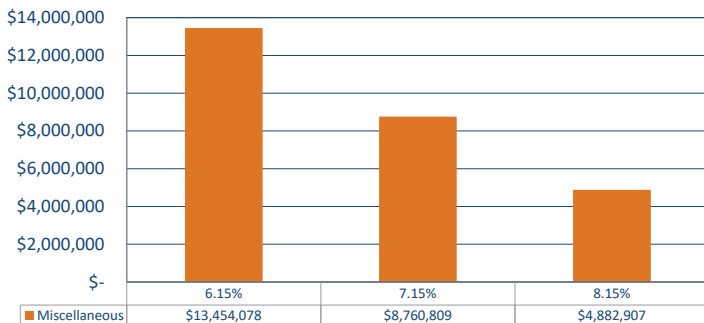
Other Financial Information

District's Annual Pension Contributions



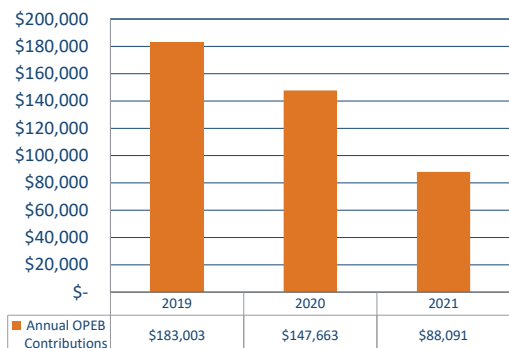
Pension Plan

District's Pension Plan Sensitivity to Discount Rate (2020 Measurement Date)



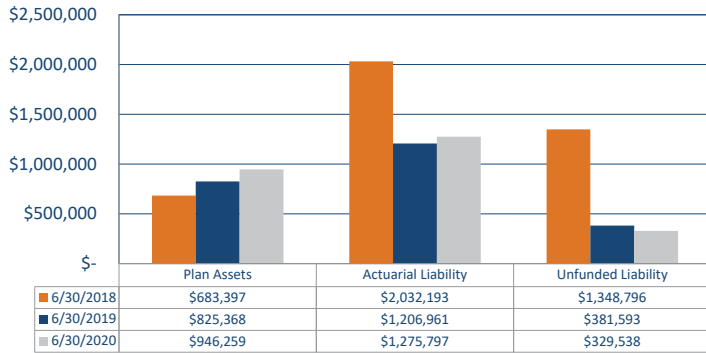
Other Postemployment Benefits

District's Annual OPEB Contributions



Other Financial Information

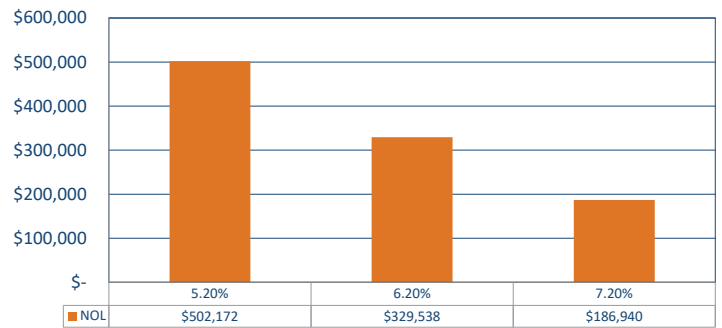
District's OPEB Funded Status



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Other Postemployment Benefits

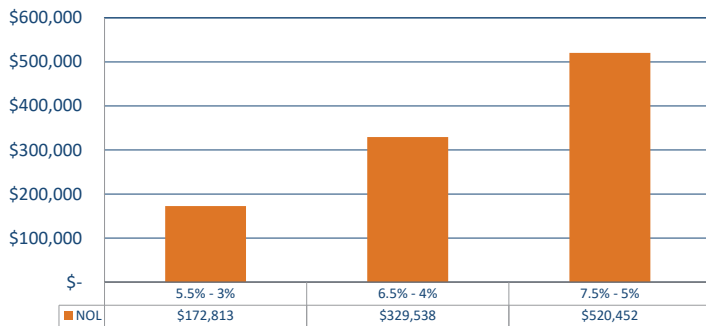
District's OPEB Plan Sensitivity to Discount Rate (2020 Measurement Date)



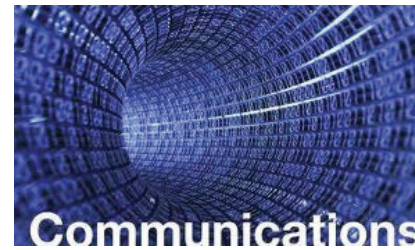
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Other Postemployment Benefits

District's OPEB Plan Sensitivity to Healthcare Trend Rate (2020 Measurement Date)



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Required Communications

- Our Responsibility Under U.S GAAS
 - Expression of an opinion on whether financial statements are fairly stated in accordance with U.S GAAP
 - Evaluate internal control over financial reporting
 - Evaluate compliance with laws, contract and grants
 - Evaluate the tone at the top
 - Ensure financial statements are clear and transparent
 - Communicate with the governing body

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Required Communications

- Management Responsibility
 - Management is responsible for the financial statements
 - Establish and maintain internal control over financial reporting
 - Making all financial records available to us
 - Adjust the financial statements to correct material misstatements
 - Establish internal control to prevent and detect fraud
 - Inform us of all known and suspected fraud
 - Comply with laws and regulations
 - Take corrective action on audit findings

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Required Communications

- Independence →
 - It is our responsibility to maintain independence
 - We will maintain our independence by strict adherence to the AICPA and the Board of Accountancy rules and regulations
 - No other services performed that could affect our independence
- Timing of the Audit → Audit was performed in the time frame communicated to the District in our engagement letters

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Required Communications

- Significant Accounting Policies and Unusual Transactions → The District adopted the following accounting pronouncements during the current year.
 - GASB Statement 84
 - GASB Statement 90
 - GASB Statement 93
 - GASB Statement 97
- Management Judgment and Accounting Estimates → Significant management estimates impacting the financial statements include the following:
 - Allowance for uncollectable accounts
 - Useful lives of Capital Assets
 - Pension Plans
 - OPEB Plans

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Required Communications

- Sensitive Disclosures → The most sensitive disclosures affecting the District's financial statements are as follow:
 - Summary of Significant Accounting Policies
 - Cash and Investments
 - Capital Assets
 - Retirement Plans
 - Other Post Employment Benefits
- Difficulties Encountered in Performing the Audit → No difficulties were encountered during our audits

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Required Communications

- Significant Audit Adjustments and Unadjusted Differences Considered by Management to be Immaterial. → We did not have any significant audit adjustments during the course of the audit.
- Potential Effect on the Financial Statements of Any Significant Risks and Exposures. → No significant risks or exposures were identified. Legal matters and potential liabilities are disclosed in the financial statements

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Required Communications

- Disagreement with Management → We are pleased to report that there were no disagreements with management
- Deficiencies in Internal Control over Financial Reporting → No material weaknesses were identified during our audit.

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Required Communications

- Representations Requested of Management → We will be requesting certain representations from management that will be included in the management representation letter.
- Management Consultation with Other Accountants → We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.

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Required Communications

- Other Material Written Communications → Other than the engagement letters and management representation letters, there have been no other significant communications
- Material Uncertainties Related to Events and Conditions → There were no material uncertainties relating to events and conditions
- Fraud and Illegal Acts → We have not become aware of any instances of fraud or illegal acts, which was not disclosed by the District

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New Accounting Standards

2022

- Statement 87 – Leases
- Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement 92 – Omnibus
- Statement 93 – LIBOR removal and lease modifications
- Statement 98 – Annual Comprehensive Financial Report

2023

- Statement 91 – Conduit Debt Obligations
- Statement 94 – Public-private partnerships
- Statement 96 – Subscription-Based Information Technology Arrangements

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Thank You
For Allowing Us to Provide Audit Services to
the Monterey Bay Unified Air Pollution
Control District



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