



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS' REGULAR MEETING

October 3, 2007

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. in the 7th floor Board Room at the Air District headquarters, 939 Ellis Street, San Francisco, California.

Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

BOARD OF DIRECTORS' REGULAR MEETING A G E N D A

WEDNESDAY
OCTOBER 3, 2007
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance
Commendation/Proclamation

Chairperson, Mark Ross
Clerk of the Boards

PUBLIC COMMENT PERIOD

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 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 subject matter jurisdiction. Speakers will be limited to three (3) minutes each.

CONSENT CALENDAR (ITEMS 1 – 6)

Staff/Phone (415) 749-

1. Minutes of September 19, 2007

M. Romaidis/4965
mromaidis@baaqmd.gov
2. Communications
Information only.

J. Broadbent/5052
jbroadbent@baaqmd.gov
3. Quarterly Report of the Executive Office

J. Broadbent/5052
jbroadbent@baaqmd.gov
4. Approval of Employee Contract Amendments for the Executive Officer and District Counsel

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Director will consider approval of employment contract amendments for Jack P. Broadbent, Executive Officer/APCO and Brian C. Bungler, District Counsel.
5. Approval of Acceptance of Disclosure of Costs for Optional Retirement Benefit as Required by Government Code Section 7507

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider acceptance of the disclosure of costs resulting from implementation of an optional retirement benefit as required by Government Code Section 7507.

6. Set Public Hearing for November 7, 2007 to Consider Amendments to District Regulation 9, Rule 6: Nitrogen Oxides from Natural Gas-Fired Water Heaters, and Adopt CEQA Negative Declaration
H. Hilken/4642
hhilken@baaqmd.gov

Proposed amendments to Regulation 9, Rule 6 would expand the scope of the rule to regulate NOx emissions from larger water heaters and small boilers, include currently exempt mobile home water heaters and commercial spa and pool heaters and establish more stringent NOx emission limits for all affected equipment.

COMMITTEE REPORTS AND RECOMMENDATIONS

7. Report of the **Budget & Finance Committee** Meeting of September 26, 2007
CHAIR: C. DALY
J. Broadbent/5052
jbroadbent@baaqmd.gov

Action(s): The Committee recommends Board of Directors' approval of the following:

- A) Deletion of the Fleet and Facilities Manager position; and*
- B) Addition of a New Deputy Air Pollution Control Officer Position.*

8. Report of the **Mobile Source Committee** Meeting of September 27, 2007
CHAIR: T. SMITH
J. Broadbent/5052
jbroadbent@baaqmd.gov

Action(s): The Committee will consider recommending Board of Directors' approval of the following:

- A) Incorporate amended Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) Program regulations into the Vehicle Buy Back Program (VBBP);*
- B) Approve a change in the eligibility requirement of the VBBP*
- C) Authorize the amendment of the current dismantler contracts,*
- D) Authorize an increase in the contract amount by \$111,000 to continue the program's direct mail campaign;*
- E) Allocation of Santa Clara County Program Manager funds.*

9. Report of the **Public Outreach Committee** Meeting of September 27, 2007
CHAIR: P. KWOK
J. Broadbent/5052
jbroadbent@baaqmd.gov

OTHER BUSINESS

- 10. Report of the Executive Officer/APCO
- 11. Chairperson's Report
- 12. Board Members' Comments

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)

13. Time and Place of Next Meeting - 9:45 a.m., Wednesday, October 17, 2007- 939 Ellis Street, San Francisco, CA 94109
14. Adjournment

CONTACT CLERK OF THE BOARDS - 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 Executive 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 Mark Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 25, 2007

Re: Board of Directors' Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors meeting of September 19, 2007.

DISCUSSION

Attached for your review and approval are the draft minutes of the September 19, 2007 Board of Directors' meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET – SAN FRANCISCO, CA 94109

Draft Minutes: Board of Directors' Regular Meeting – September 19, 2007

Call To Order

Opening Comments: Chair Mark Ross called the meeting to order at 9:47 a.m.

Roll Call: Present: Mark Ross, Chair, Tom Bates (9:51 a.m.), Harold Brown (9:52 a.m.), Chris Daly, Dan Dunnigan, Erin Garner (9:55 a.m.), Scott Haggerty, Jerry Hill, Yoriko Kishimoto, Carol Klatt, Liz Kniss (10:10 a.m.), Patrick Kwok, Janet Lockhart, Nate Miley, Michael Shimansky, Tim Smith, Pamela Torliatt, Gayle B. Uilkema, Brad Wagenknecht.

Absent: John Gioia, Jake McGoldrick, John Silva.

Pledge of Allegiance: The Board of Directors recited the Pledge of Allegiance.

Commendation/Proclamation: There were none.

Public Comment Period: There were none.

Consent Calendar (Items 1 – 4)

1. Minutes of September 5, 2007 Regular Meeting
2. Communications. Correspondence addressed to the Board of Directors. For information only.
3. District Personnel on Out of State Business Travel

In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the memoranda in the meeting packet lists District personnel who traveled on out-of-state business.

4. Approval of a Contract to Study and Define the Essential Job Functions for District Classification Specifications

The Board of Directors considered approval to enter into a contract with Medtox for the purpose of developing essential physical job functions for all District positions and coordinating the results with the Air District's occupational health and physical testing programs; and authorized the Executive Officer/APCO to execute a contract with Medtox in an amount not to exceed \$100,000.

Board Action: Director Shimansky moved approval of Consent Calendar items 1 through 4; seconded by Director Hill; carried unanimously without objection.

Committee Reports and Recommendations

5. Report of the Executive Committee Meeting of September 13, 2007

Chair Ross presented the report and stated that the Committee met on Thursday, September 13, 2007 and received and filed the Reports of the Hearing Board and Advisory Council. Advisory Council Secretary, Harold Brazil provided a brief update on the work of each of the Advisory Council's standing committees, including the discussions by the Executive Committee and the full Council regarding possible restructuring of its Standing committees.

The Committee received an update on the progress made with regard to the Production System. Staff reported that the project plan is ahead of schedule and, to-date, below budget.

The Executive Officer provided a status report on the Air District's 2007 initiatives. The report highlighted the Climate Protection Program; the Community Air Risk Evaluation Program; the Green Ports Initiative, and the Enhanced Wood Smoke Strategy Rule development.

The Committee received information and a status report on the Air District's existing facilities and the challenges associated with District growth.

The Committee provided direction to staff on the agenda items.

An update on the Joint Policy Committee was provided to the Committee.

The Committee adjourned to Closed Session to conduct performance evaluations of the Executive Officer/APCO and the District Counsel. A report on the Committee's Closed Session discussions and recommendations will be discussed during Closed Session under agenda item #9.

The next meeting of the Committee will be at the Call of the Chair.

Board Action: Director Ross moved that the Board of Directors approve the report of the Executive Committee; seconded by Director Hill; carried unanimously without objection.

6. Report of the Climate Protection Committee Meeting of September 13, 2007

Action(s): The Committee recommended Board of Directors' approval of the following:

A) Approved the Climate Protection Grant Program Guidelines (Attachment A to the Committee staff report).

Director Pamela Torliatt presented the report and stated that the Committee met on Thursday, September 13, 2007. One member of the public spoke under the Public Comment Period regarding AB 32.

Due to time constraints, agenda items 4 and 5 were deferred to a future meeting.

The Committee received a report on the Climate Protection Grant Program Guidelines. Staff reviewed the goals and objectives of the program, provided an overview of the program categories, application procedures, and evaluation criteria. A brief overview was provided regarding outreach and the program timeline. The Committee recommends Board of Directors' approval of the Climate Protection Grant Program Guidelines.

The next meeting of the Committee is at the Call of the Chair.

Director Tom Bates arrived at 9:51 a.m.

Board Action: Director Torliatt moved that the Board of Directors approve the recommendation and report of the Climate Protection Committee; seconded by Director Kwok; carried unanimously without objection.

7. Report of the Stationary Source Committee Meeting of September 17, 2007

Director Hal Brown arrived at 9:52 a.m.

Director Scott Haggerty presented the report and stated that the Committee met on Monday, September 17, 2007. One member of the public spoke under the Public Comment Period regarding mercury emissions from refineries.

Staff provided further information on proposed Regulation 6, Rule 2: Commercial Cooking Equipment as requested by the Board of Directors at the May 16, 2007 public hearing on the regulation. The report included information on grill sizes in restaurants, emissions from various meats, and the impact of the regulation on small businesses. Staff will continue discussions with affected parties, revise the rule language, and conduct another workshop. It is anticipated that a public hearing for Board approval of the proposed regulation will be held in late 2007. One member of the public spoke on this agenda item.

The Committee received an update on the Wood Smoke rule development and the Cleaner Burning Technology Incentives Program that will reduce emissions of PM_{2.5}. After several public workshops in late October 2007, a public hearing for Board approval of the new rule would be held in early 2008.

A report on proposed amendments to Regulation 9, Rule 6: Nitrogen Oxides from Natural Gas-Fired Water Heaters was presented to the Committee. Revisions to the proposed rule amendments are based on comments received at the workshop held on June 29th. In addition to lowering the NO_x standard for home water heaters, the rule will also apply to small heaters and boilers. The CEQA and socio-economic analyses is complete and the public hearing for Board approval of the amendments will be held in November 2007.

The Committee received an update on the approval of Flare Minimization Plans (FMPs) submitted by refineries. Staff provided information on compressor redundancy and

operation. The FMPs were approved by the APCO on July 16, 2007 and the updates to the Plans are due July 16, 2008. One member of the public spoke on this agenda item.

The next meeting of the Committee will be at the Call of the Chair.

Board Action: Director Haggerty moved that the Board of Directors approve the report of the Stationary Source Committee; seconded by Director Wagenknecht; carried unanimously without objection.

Discussion Item

8. Consideration of Change to Board Policy Regarding Reimbursement for Expenses Related to Upcoming Travel to China

The Board of Directors considered changing its policy regarding reimbursement for Board of Directors' attendance at the Air and Waste Management's People to People Program 2007 Delegation to China.

Chair Ross introduced the item and stated that in January 2007 the Board adopted a policy to limit the reimbursement to Board members attending the 2007 People to People Program Delegation to China to \$2,500 per Board member. Director Garner is requesting the Board reconsider its funding policy to fund the full program fees.

Director Erin Garner arrived at 9:55 a.m. and presented his position on the matter. Director Garner also recommended that the Board of Directors set a policy regarding funding for trips out of country.

There was extensive discussion on the issue, including members receiving the \$100 a day per diem while on the trip, a cap was set in January 2007 at \$2,500 per Board member, and that there are only three Board members attending the conference.

Board Action: Director Bates moved that the Air District reimburse the expenses for the Board members traveling to China, less the per diem of \$100 per day and that the Board members cover their carbon footprint expenses; seconded by Director Hill.

Director Liz Kniss arrived at 10:10 a.m.

There was further discussion regarding guidelines and Directors Haggerty offered a friendly amendment that the matter of handling future out of country travel be sent back to the Executive Committee for discussion. Directors Bates and Hill accepted the amendment.

The motion then failed on the following roll call:

AYES: Bates, Brown, Dunnigan, Haggerty, Hill, Kwok, Miley, Torliatt.

NOES: Daly, Kishimoto, Klatt, Kniss, Lockhart, Shimansky, Smith, Uilkema, Wagenknecht, Ross.

ABSTAIN: Garner

ABSENT: Gioia, McGoldrick, Silva.

The Board referred the matter to the Executive Committee to develop a policy on expenses for all trips. Director Uilkema requested that staff poll other agencies on their policies and report back to the Executive Committee.

Closed Session

9. Report of Executive Committee Meeting of September 13, 2007 and Closed Session to Conduct Public Employee Performance Evaluations

Pursuant to Government Code Section 54957 and 54957.6 performance evaluations were conducted of the Executive Officer/APCO and the District Counsel.

The Board convened to closed session at 10:24 a.m.

Open Session: The Board reconvened to open session at 11:06 a.m.

Director Ross reported that the Board met in closed session on item 9 on the agenda to conduct performance evaluations of the Executive Officer/APCO and the District Counsel. The Board gave direction to the Chair to conduct negotiations with the Executive Officer/APCO and the District Counsel regarding compensation. The Board will take final action on compensation for the Executive Officer/APCO and the District Counsel in open session at the next Board meeting in connection with approving the contract amendments for these employees.

Other Business

10. Report of the Executive Officer/APCO – Jack Broadbent, Executive Officer/APCO reported on the following:
- A) There have been no additional Spare the Air days since August 29th and 30th.
 - B) The Board members are invited to attend the Climate All Stars Conference on Friday, September 21, 2007 being held at St. Mary's Cathedral.
11. Chairperson's Report – Chair Ross had no report.
12. Board Members' Comments – Director Daly requested a hearing and status report on air quality issues related to construction at the Hunters Point Shipyard. Mr. Broadbent stated that the issue would be discussed at a Stationary Source Committee meeting.

Director Haggerty reported on his attendance at a Special District Institute conference in Monterey from September 5th through 7th regarding financial management. Director

Draft Minutes of September 19, 2007 Regular Board Meeting

Haggerty stated that this was the third and final conference in the series and that he received his Certificate of Completion.

13. Time and Place of Next Meeting –9:45 a.m., Wednesday, October 3, 2007 – 939 Ellis Street, San Francisco, CA 94109
14. Adjournment – The meeting adjourned at 11:11 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mark Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 25, 2007

Re: Board Communications Received from September 19, 2007 through October 2, 2007

RECOMMENDED ACTION:

Receive and file.

DISCUSSION

A list of Communications received by the Air District from September 19, 2007 through October 2, 2007, if any, will be at each Board member's place at the October 3, 2007 Regular Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

TO: Chairperson Mark Ross and Members
 of the Board of Directors

FROM: Jack P. Broadbent
 Executive Officer/APCO

DATE: October 3, 2007

RE: Quarterly Report of the Executive Office: July 1 – September 30, 2007

RECOMMENDED ACTION

This report is provided for information only.

DISCUSSION

Listed below is the status of minutes for the Board of Directors and Advisory Council and activities of the Hearing Board for the third quarter of 2007:

Board of Directors

<u>Meeting Type</u>	<u>Meeting Date</u>	<u>Status of Minutes</u>
Regular Meeting	July 25	Minutes Approved
Regular Meeting	September 5	Minutes Approved
Regular Meeting	September 19	Minutes Completed/Pending Approval
Budget & Finance Committee	July 18	Minutes Approved
Budget & Finance Committee	September 26	Minutes Completed/Pending Approval
Mobile Source Committee	July 18	Minutes Approved
Mobile Source Committee	September 27	Minutes Completed/Pending Approval
Legislative Committee	July 23	Minutes Completed/Pending Approval
Stationary Source Committee	September 17	Minutes Completed/Pending Approval
Climate Protection Committee	July 19	Minutes Approved
Climate Protection Committee	September 13	Minutes Completed/Pending Approval
Public Outreach Committee	September 27	Minutes Completed/Pending Approval
Executive Committee	September 13	Minutes Completed/Pending Approval
Ad Hoc Cme. on Port Emissions	July 26	Minutes Completed/Pending Approval

Advisory Council

<u>Meeting Type</u>	<u>Meeting Date</u>	<u>Status of Minutes</u>
Regular Meeting	July 11	Minutes Approved
Regular Meeting	September 12	Minutes Completed/Pending Approval
Executive Committee	July 11	Minutes Approved
Executive Committee	August 9	Minutes Approved
Executive Committee	September 12	Minutes Completed/Pending Approval
Technical Committee	August 6	Minutes Completed/Pending Approval

Hearing Board

1. During the Period July – September 2007, the Hearing Board processed and filed four Applications for Variance. The Clerk attended and took minutes at two hearings and participated in other discussions.
2. A total of \$8,831.20 was collected as excess emission fees during the third quarter of 2007.
3. At the September 13, 2007 Board Executive Committee meeting, Hearing Board Chair Thomas M. Dailey, M.D., presented the Hearing Board Quarterly Report for the period April-June 2007.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Romaidis
Reviewed by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mark Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 26, 2007

Re: Approval of Employee Contract Amendments for the Executive Officer/APCO and
District Counsel

RECOMMENDED ACTION:

Approve attached Contract Amendments with the Executive Officer/APCO, Jack P. Broadbent, and District Counsel, Brian C. Bungler, reflecting merit-based compensation increases for these non-represented employees.

BACKGROUND

In a closed session that took place during its September 19, 2007, Regular Meeting, the Board of Directors conducted performance evaluations of the Executive Officer/APCO and the District Counsel. On the basis of those performance evaluations, the Board of Directors decided to provide merit-based compensation increases to the Executive Officer/APCO and the District Counsel in accordance with the terms of the Employment Contracts with these individuals. In accordance with direction provided to staff, these merit-based increases are reflected in the attached contract amendments. Approval of these contract amendments will constitute final action on these merit-based compensation increases for these non-represented employees.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

The annual cost associated with contract amendments will be \$55,550.48.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley
Reviewed by: Michael Rich

**AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
AND
JACK P. BROADBENT**

THIS AMENDMENT TO EMPLOYMENT AGREEMENT is made and entered into this 3rd Day of October, 2007, between the Bay Area Air Quality Management District (“Air District”) and Air Pollution Control Officer/Chief Executive Officer, Jack P. Broadbent, pursuant to Article VIII, AMENDMENTS, of the Employment Agreement.

WHEREAS, the District and Jack Broadbent are parties to that certain Employment Agreement dated November 2, 2005 (“Employment Agreement”);

WHEREAS, the District Board of Directors has performed a performance evaluation of Jack Broadbent as called for in Employment Agreement Article V, COMPENSATION, Section A, Salary, and on the basis of that evaluation desires to provide Jack Broadbent a merit-based salary increase in accordance with Employment Agreement Article V, COMPENSATION, Section A, Salary; and

WHEREAS, the District and Jack Broadbent mutually desire to modify the salary provision of the Employment Agreement.

NOW, THEREFORE, the parties agree to be mutually bound as follows:

1. **Article V, Section A (“Salary”)** of the Employment Agreement hereby is amended in its entirety to read as follows:

District shall pay Employee an annual salary of \$234,498.62 (Two Hundred Thirty Four Thousand Four Hundred Ninety Eight Dollars and Sixty Two Cents) payable in bi-weekly installments in accordance with the Air District’s regular payroll practices, and subject to withholdings required by law. As an exempt manager, Employee shall not be eligible for overtime or compensatory time off.

District shall increase Employee’s salary from time-to-time at the same time and in the same percentage as it increases the salaries of non-represented District Management staff.

District also agrees to provide Employee with a performance evaluation approximately once each year at or around May 1 of each year, and may as a result, in its sole discretion, provide Employee with a merit-based salary increase.

2. Except as expressly modified by this Amendment, the Air District and Jack Broadbent agree that all other terms and conditions of the Employment Agreement shall remain in full force and effect and are hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, this Amendment to Employment Agreement has been executed as of the date first hereinabove written.

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**EXECUTIVE OFFICER/
AIR POLLUTION CONTROL OFFICER**

By _____
Mark Ross, Chairperson
Board of Directors

By _____
Jack P. Broadbent

**THIRD AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
AND
DISTRICT COUNSEL**

THIS THIRD AMENDMENT TO EMPLOYMENT AGREEMENT is made and entered into this 3rd Day of October, 2007, between the Bay Area Air Quality Management District (“Air District”) and District Counsel, Brian C. Bunger, pursuant to Article IX, AMENDMENTS, of the Employment Agreement.

WHEREAS, the Air District and Brian Bunger are parties to that certain Employment Agreement dated September 18, 2002 (“Employment Agreement”);

WHEREAS, the Air District and Brian Bunger have previously executed an Amendment to Employment Agreement dated July 21, 2004, and a subsequent Second Amendment to Employment Agreement dated November 2, 2005;

WHEREAS, the Air District Board of Directors has performed a performance evaluation of Brian Bunger as called for in Employment Agreement Article VI, COMPENSATION, Section A, Salary, and on the basis of that evaluation desires to provide Brian Bunger a merit-based salary increase in accordance with Employment Agreement Article VI, COMPENSATION, Section A, Salary; and

WHEREAS, the Air District and Brian Bunger mutually desire to modify the salary provision of the Employment Agreement.

NOW, THEREFORE, the parties agree to be mutually bound as follows:

1. **Article VI, Section A (“Salary”)** of the Employment Agreement hereby is amended in its entirety to read as follows:

Air District shall pay Brian Bunger an annual salary of \$220,646.47 (Two Hundred Twenty Thousand Six Hundred Forty Six Dollars and Forty Seven Cents) payable in bi-weekly installments in accordance with the Air District’s regular payroll practices, and subject to withholding required by law. As an exempt manager, Brian Bunger shall not be eligible for overtime or compensatory time off.

Air District shall increase Brian Bunger’s salary from time to time at the same time and in the same percentage as it increases the salaries of non-represented District Management staff.

Air District also agrees to provide Brian Bunger with a performance evaluation approximately once each year at or around May 1 of each year, and may as a result, in its sole discretion, provide Brain Bunger with a merit-based salary increase.

2. Except as expressly modified by this Amendment, the Air District and Brian Bunger agree that all other terms and conditions of the Employment Agreement shall remain in full force and effect and are hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, this Amendment to Employment Agreement has been executed as of the date first hereinabove written.

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

DISTRICT COUNSEL

By _____

**Mark Ross, Chairperson,
Board of Directors**

By _____

Brian C. Bunger

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Mark Ross and
Members of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 26, 2007

Re: Disclosure of Costs for Optional Retirement Benefit as Required by
Government Code Section 7507

RECOMMENDATION

Accept this report on the disclosure of costs resulting from implementation of an optional retirement benefit as required by Government Code Section 7507.

BACKGROUND

The District's contract with the California Public Employees' Retirement System provides for an optional retirement benefit pursuant to Government Code Section 20903. The optional benefit is only utilized in the event of curtailment of or changes in the manner of providing services that are in the best interests of the agency. Government Code Section 7507 in turn requires disclosure of costs resulting from utilization of the optional benefit. Such disclosure must occur at a public meeting of the agency's governing body at least two weeks prior to action by the governing body to effectuate the optional benefit.

DISCUSSION

Staff has concluded that management of fleet and facilities can be accomplished more efficiently by having the function become a unit of the business office, rather than having it remain as a separate function with its own manager. Accordingly, staff asked the Budget & Finance Committee to recommend deletion of one Fleet & Facilities Manager position at the Budget & Finance Committee meeting held on September 26, 2007. The Committee concurred and is recommending deletion of the position to the Board of Directors. There is one incumbent eligible to retire who would be eligible for the optional retirement benefit.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The cost of utilizing the optional benefit is \$42,236.79.

Respectfully Submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael Rich

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Mark Ross and Members
 of the Board of Directors

From: Jack P. Broadbent
 Executive Officer/APCO

Date: September 25, 2007

Re: Set Public Hearing for November 7, 2007 to Consider Amendments to
 District Regulation 9, Rule 6: Nitrogen Oxides from Natural Gas-Fired
Water Heaters and Adoption of a CEQA Negative Declaration

RECOMMENDED ACTION:

Set a Public Hearing for November 7, 2007 to consider adoption of amendments to Regulation 9, Rule 6: Nitrogen Oxides from Natural Gas-Fired Water Heaters; and the adoption of a Negative Declaration pursuant to the California Environmental Quality Act (CEQA).

DISCUSSION

Regulation 9, Rule 6 affects water heaters of 75,000 Btu/hr heat input or less sold, offered for sale or installed in the District. Proposed amendments to Regulation 9, Rule 6 would reduce emissions of nitrogen oxides (NOx) from natural gas-fired water heaters and small boilers. The proposed amendments will:

1. Expand the scope of the rule to regulate NOx emissions from water heaters and small boilers from 75,000 Btu/hr up to 2 million Btu/hr heat input;
2. Regulate NOx emissions from mobile home water heaters and commercial pool and spa heaters that are currently exempt from the standards in the rule; and
3. Establish more stringent NOx limits for all affected equipment.

The amendments will require that water heaters and boilers sold, offered for sale or installed in the District comply with more stringent NOx emissions standards effective on January 1, 2009 for some water heaters, and from January 1, 2010 through 2013 for other equipment. The proposed amendments will fulfill the District's commitment to examine amendments to Regulation 9, Rule 6 as stated in control measure SS-13 from the Bay Area 2005 Ozone Strategy.

Pursuant to the California Environmental Quality Act (Public Resources Code § 21000 et seq.), an initial study for the proposed amendments has been conducted, concluding that the proposed amendments would not have significant adverse environmental impacts. Notice is hereby given that the District intends to adopt a negative declaration for the amendments pursuant to Public Resources Code section 21080(c) and CEQA Guidelines section 15070 et seq.

A public hearing notice, proposed Regulation 9, Rule 6, the CEQA documents and a staff report are available for review by request and will be posted on the District's website at http://www.baaqmd.gov/pln/ruledev/regulatory_public_hearings.htm.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Guy Gimlen
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Mark Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 26, 2007

Re: Report of the Budget & Finance Committee Meeting of September 26, 2007

RECOMMENDED ACTION

The Budget and Finance Committee recommends Board of Directors' approval of the following:

- A) *Deletion of the Fleet and Facilities Manager position; and*
- B) *Addition of a Deputy Air Pollution Control Officer Position.*

BACKGROUND

The Budget & Finance Committee met on Wednesday, September 26, 2007. The Committee received the following reports and recommendations:

- Fourth Quarter Financial Report;
- Facilities Update and Review;
- Request for the Deletion of Fleet and Facilities Manager Position; and
- Request for Addition of Deputy Air Pollution Control Officer Position

Attached are the staff reports presented to the Budget and Finance Committee.

Chairperson Chris Daly will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Staff recommendation for the deletion of the Fleet and Facilities Manager position will result in an annual savings of \$113,232, calculated based on current salary levels. The Addition of a Deputy Air Pollution Control Officer position calculated based on the proposed upgrade discussed would be \$18,314.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 17, 2007

Re: Fourth Quarter Financial Report – Fiscal Year 2006-07

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$19,217,498 (105.80%) of budgeted revenue.
- Permit Fee receipts were \$19,129,679 (103.26%) of budgeted revenue.
- Title V Permit Fees were \$2,062,812 (89.03%) of budgeted revenue.
- Asbestos Fees were \$1,679,146 (103.82%) of budgeted revenue.
- Toxic Inventory Fees were \$351,599 (65.68%) of budgeted revenue.
- Penalties and Settlements were \$5,868,539 (293.42%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$1,013,866 (215.43%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$37,955,096 (99.54%) of budgeted expenditures.
- Operational Services and Supplies were \$9,877,794(76.40%) of budgeted expenditures.
- Capital Outlay was \$2,732,185 (61.83%) of budgeted expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$7,909,161 (82.46%) of budgeted revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$1,395,401 (62.23%) of budgeted expenditures.
- Operational Services and Supplies were \$6,513,860 (72.84%) of budgeted expenditures.

<u>FUND BALANCES</u>	6/30/2005	6/30/2006	6/30/2007
	Audited	Audited	Projected
SPECIAL RESERVES:			
Reserve for Imprest Cash	\$1,200	\$1,200	\$500
Reserve for Building and Facilities	2,894,175	2,693,550	1,810,315
Reserve for PERS Funding	3,500,000	3,500,000	3,100,000
Reserve for Radio Replacement	3,500,000	3,500,000	75,000
Reserve for State Ozone Modeling	350,000	0	0
Reserve for Climate Protection	0	0	3,000,000
Reserve for Production System	500,000	250,000	1,250,000
Reserve for Prior Year Adjustments	15,000	15,000	15,000
Reserve for Capital Equipment	378,000	130,425	130,425
Reserve for Encumbrances	1,760,075	2,466,145	2,466,145
Reserve for Contingencies	400,000	400,000	400,000
Reserve for Workers Compensation	1,000,000	1,000,000	1,000,000
TOTAL SPECIAL RESERVES:	14,298,450	13,956,320	13,247,385
MULTI-YEAR APPROPRIATIONS			
Appropriation – Production System	1,485,743	1,552,141	1,552,141
Appropriation - Other	37,053	0	0
TOTAL MULTI-YEAR APPROPRIATIONS:	1,522,796	1,552,141	1,552,141
UNDESIGNATED:	8,733,272	12,934,168	11,934,168
TOTAL FUND BALANCES	\$24,554,518	\$28,442,629	\$26,733,694

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact on Fiscal Year 2006/2007 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Linda J. Serdahl, CPA, CFE
Reviewed by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 17, 2007

Re: Facilities Update and Review

RECOMMENDED ACTION:

Receive and File.

BACKGROUND:

Staff has previously updated the Executive Committee on facilities space requirements and on implications for near term planning. In addition, staff is in the process of planning to address longer term requirements.

DISCUSSION:

Staff will discuss limitations of Air District office and facilities space, and the long term implications of those limitations. Staff will also provide information on near term efforts to maximize use of the Air District's existing facilities, including the Air Districts' existing rented facilities in Richmond, and their possible use in accommodating growth. The presentation will include a status update on the ongoing facilities work previously approved by the Board.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No Budget Impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 17, 2007

Re: Deletion of Fleet & Facilities Manager Position

RECOMMENDATION:

Recommend Board of Directors approve deletion of the Fleet & Facilities Manager position.

BACKGROUND:

A number of organizational changes involving the administrative functions of the Air District have taken place over the past two years. The upcoming retirement of a longtime employee provides an opportunity to review the organization of administrative functions; in this case the management of the fleet in facilities function. The Budget & Finance Committee was notified of the possible deletion of the one manager position at its meeting held on July 18, 2007.

DISCUSSION:

Staff has concluded that management of fleet and facilities can be accomplished more efficiently by having the function become a unit of the business office, rather than having it remain as a separate section with its own manager. Specifically, the fleet and facilities function includes three non-management staff positions, which is a minimal span of control for a manager. Moving those three positions into the business office would increase the business manager's span of control from six positions to nine positions, still well within an acceptable range. This organizational change would also further concentrate management of the Air District's contracts with outside vendors in the business office.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The annual savings resulting from the deletion of this position will be \$113,232, calculated based on current salary levels.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael K. Rich

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 19, 2007

Re: Addition of Deputy Air Pollution Control Officer Position

RECOMMENDATION:

Recommend Board of Directors approve addition of a new Deputy Air Pollution Control Officer (DAPCO) position.

DISCUSSION:

To address efficiencies and span of control the Air District will benefit by the addition of a new DAPCO responsible for the Administrative function of the Air District.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The annual cost resulting from addition of the position will be \$185,070 calculated based on current salary levels.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Mark Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 26, 2007

Re: Report of the Mobile Source Committee Meeting of September 27, 2007

RECOMMENDED ACTIONS

The Committee may recommend Board of Directors' approval of the following items:

- A) *Incorporate amended Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) regulations into the Vehicle Buy Back Program (VBB);*
- B) *Change the VBB eligibility requirements to include 1987 and older model year vehicles;*
- C) *Authorize the Executive Officer/APCO to execute amended contracts with vehicle dismantlers to incorporate the requirements of the amended VAVR regulations and the updated VBB Program vehicle eligibility;*
- D) *Authorize the Executive Officer/APCO to execute an amended contract with Direct Mail Center to increase the contract amount by up to \$111,000 in order to continue the VBB Program direct mail campaign; and*
- E) *Approve an amendment to the Transportation Fund for Clean Air (TFCA) Santa Clara County Program Manager fiscal year 2007/2008 expenditure program, to allocate \$526,684 in TFCA County Program Manager funds for expanding compressed natural gas fueling opportunities at the San Jose International Airport.*

DISCUSSION

The Mobile Source Committee will meet on Thursday, September 27, 2007.

The Committee will consider and receive reports on the following items:

- A) The Vehicle Buy Back Program 2007 Annual Report, including a report on dismantlers' advertising rates;
- B) Regulation amendments applicable to the vehicle buy back program, proposed changes to the Air District's VBB Program, and an increase in the contract amount for the program's direct mail campaign;
- C) An amendment to the allocation of funds for the Santa Clara County TFCA Program Manager Expenditure Program; and
- D) An update on the Metropolitan Transportation Commission's Regional Transportation Plan, including air quality performance targets.

Attached are the staff reports presented in the Mobile Source Committee packet.

Board Chair Mark Ross will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Romaidis
Reviewed by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tim Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 20, 2007

Re: Vehicle Buy Back Program – Annual Report and Report on the Vehicle
Dismantlers’ Advertising Rates

RECOMMENDED ACTION

Consider recommending Board of Directors receive and file the 2007 Vehicle Buy Back (VBB) Program Annual Report, including summary information on the VBB dismantlers’ advertising rates.

BACKGROUND

This report summarizes the Air District’s Vehicle Buy Back Program activities from October 2005 through July 31, 2007.¹ This activities report includes an update on the vehicle dismantlers’ use of advertising funds, as requested by the Mobile Source Committee at its October 16, 2006 meeting.

The Air District’s VBB Program provides a financial incentive to owners of light-duty vehicles to retire their model year 1985 and older light-duty vehicles, which lack modern emission control systems and therefore produce more air pollution than newer cars. Participation in the Program is voluntary. The Air District has informed the public about the VBB Program through its direct mail outreach campaign since 2000 and through advertisements by vehicle dismantlers under contract with the Air District. The Air District uses Transportation Fund for Clean Air (TFCA) and the Mobile Source Incentive Fund (MSIF) monies to fund the VBB Program. The Air District operates the Program in accordance with the Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) regulations of the California Air Resources Board.

The Air District commenced its VBB Program in June 1996. Since the beginning, the Air District has implemented the Program through contracts with vehicle dismantlers who screen, purchase and destroy eligible vehicles. From June 1996 through the completion of the fiscal year

¹ This time period covers the vehicles purchased by vehicle dismantlers using funds allocated in the Air District’s FY 2005/2006 budget cycle. Due to varying purchasing rates of the vehicle dismantlers, their contracts began and ended at different times, based on their rate of purchasing and number of vehicles included in their vehicle scrapping contracts with the Air District.

(FY) 2004/2005 vehicle scrapping contracts,² the Air District purchased and scrapped 27,348 eligible vehicles. The Air District estimates that the VBB Program has reduced 2,664 tons of reactive organic gases (ROG), 1,368 tons of oxides of nitrogen (NOx), and 17.21 tons of particulate matter (PM) in that time period.

DISCUSSION

A summary with key highlights of the Vehicle Buy Back Program from October 2005 through July 31, 2007 follows.

Emissions Reductions and Program Cost-Effectiveness: The Air District pays vehicle owners \$650 for each eligible vehicle scrapped through the VBB Program. The Program has achieved an estimated cost-effectiveness of \$7,194 per weighted³ ton of reduced emissions for the funds awarded in FY 2005/2006,⁴ which is an increase in Program cost effectiveness of four percent from FY 2004/2005. The total emissions reductions for this time period are 947 tons (595 tons of ROG, 348 tons of NOx and 4 tons of PM).

Vehicle Scrapping Rates: The 2007 calendar year (CY) average vehicle scrapping rate of 426 vehicles per month is 22% less than the CY 2005 average peak rate of 550 vehicles scrapped per month. The steady decline from 2007 (with an average of 458 vehicles scrapped per month in CY 2006) to 2005 is due in part to the decrease in the number of model year 1985 and older vehicles registered in the Bay Area. The scrapping rate decline also reflects the tapering off from the sudden increase of participation during CY 2005, which occurred after November 2004 when the Air District increased the purchase price to the current \$650 per vehicle (from \$500) and expanded the Program-eligible model years to include 1982-1985.

Vehicle Dismantler Scrapping Contracts: In FY 2005/2006, the Air District entered into contracts with the vehicle dismantlers to purchase and scrap 7,968 eligible vehicles, for a total amount of \$7,000,000. The dismantlers operate 21 vehicle buy-back sites. (Environmental Engineering Studies operates ten sites; Pick-N-Pull operates six sites; and Pick Your Part operates five sites.) Due to the declining vehicle purchase and scrapping rate, the last FY 2005/2006 dismantler contract was not completed until August 2007.

In FY 2006/2007, the Air District allocated \$7 million MSIF funds and entered into contracts with the same three dismantlers to continue the VBB Program. At the current (declining) scrapping rate, those funds are not likely to be spent before September 2008. To increase the vehicle scrapping rate and complete the contracts more quickly, staff will recommend amending the Program to include 1986 and 1987 model year vehicles. Additionally, staff will return the Program to a twelve-month calendar year schedule for ease of administration.

² Two contractors completed their work by the end of September 2005; one contractor did not complete its FY 2004/2005 contract until the following January. For 2004/2005, results reported are inclusive of all vehicles purchased through the completion of all FY 2004/2005 contracts, regardless of date of completion.

³ The Air District uses a weighted ton to calculate cost effectiveness: emissions reductions equal the sum of ROG, NOx, and PM eliminated, with the exhaust portion of PM weighted by a factor of 20.

⁴ The FY 2005/2006 VBB Program has only recently been completed and therefore is the latest year for which cost effectiveness can be calculated.

Direct Mail Outreach Campaign: According to Air District surveys of VBB Program participants with vehicles purchased under the Program's FY 2005/2006 contracts, approximately half of them learned of the VVB Program through the direct mail campaign.

The current direct mail contractor has a one-year contract that began in December 2006. As of the end of July 2007, the contractor has delivered more than 130,000 notices to potential participants about the Program and expects to deliver a total of more than 200,000 notices by the end of November 2007.

Advertising Expenditures by Dismantlers: As requested by the Mobile Source Committee, staff has reviewed the advertising expenditures by the three dismantlers participating in the VBB Program. Based on staff's review of the contractors' detailed reports, staff has determined that:

- The Air District pays approximately \$20 in advertising for each vehicle purchased through the Program. Each of the vehicle dismantlers pays VBB Program advertising costs that are approximately twice the amount of funds provided by the Air District.
- Vehicle dismantler surveys of Program participants indicate that, during FY 2005/2006, 23% of participants learned of the Program through the dismantlers' advertising campaigns (e.g., through newspaper ads, radio/television spots, flyers, or billboards and banners). (The Air District developed the survey, which the vehicle dismantlers administer.)
- The Program's advertising costs paid to contractors are similar to the Air District's direct mailing campaign costs. Based on current information, the Air District estimates that it pays the vehicle dismantlers a weighted average⁵ of \$26 in advertising costs for each purchased vehicle and estimates that its average FY 2005/2006 direct mail advertising cost was \$25 for each purchased vehicle.
- The increase from an average \$20 per vehicle to an estimated \$26 per vehicle under the FY 2006/2007 dismantling contracts is the first increase in advertising costs in three years, and the average rate of \$26 per vehicle is 35 to 50 percent lower than the advertising costs paid by the Air District before costs were capped in FY 2004/2005. Prior to instituting a cap, only the FY 1998/1999 contracts had similarly low advertising costs.
- The Air District awarded one contractor an advertising reimbursement rate higher than \$20 per vehicle. The purchasing rate of this contractor is 1.4 and 3.6 times greater than that of the other two contractors, respectively.

Air District staff will conduct a review of the overhead and advertising expenditures of the vehicle dismantlers by the end of the 2008 calendar year to ensure that District funds are being spent appropriately and in accordance with the advertising plans submitted by the dismantlers.

CONCLUSION

The VBB Program continues to be a popular and cost-effective program for reducing air emissions. FY 2005/2006 funds allocated to the VBB Program reduced 947 tons of ozone precursors and particulate matter at a cost effectiveness of \$7,194 per weighted ton. The VBB Program's direct mail campaign continues to attract a high rate of voluntary participants. Air

⁵ Two contractors are reimbursed \$20 per vehicle and one is reimbursed \$32 per vehicle. Based on the advertising amount paid to each vehicle dismantling contractor and the number of vehicles each contractor purchases, the average amount the Air District pays per vehicle is \$26.

District staff believes that the recent decline in the vehicle buy-back rate is due in large part to the decrease in the pool of eligible vehicles over time, which decrease can be addressed through minor Program modifications. Finally, based on information provide by the dismantlers, it appears that the advertising rate being paid by the VBB is appropriate for the number of vehicles attracted.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. VBB Program costs are covered by TFCA and MSIF revenues. Funding for the continuation of the VBB Program was included in the FY 2006/2007 and FY 2007/2008 budgets under Programs 612 and 312, respectively.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ryan Bell
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tim Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 20, 2007

Re: Vehicle Buy Back Program—Voluntary Accelerated Vehicle Retirement
Regulation Amendments, Proposed Changes to Increase the Vehicle Purchase
Rate, and Direct Mail Contract Amendment

RECOMMENDED ACTIONS:

Consider recommending Board of Directors' approval to:

- 1) Incorporate the Air Resources Board's amended Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) regulations into the Vehicle Buy Back Program (VBB).
- 2) Change the VBB eligibility requirements to include 1987 and older model year vehicles.
- 3) Authorize the Executive Officer/APCO to execute amended contracts with vehicle dismantlers to incorporate the requirements of the amended VAVR regulations and the updated Vehicle Buy Back Program vehicle eligibility.
- 4) Authorize the Executive Officer/APCO to execute an amended contract with Direct Mail Center to increase the contract amount by up to \$111,000 in order to continue the Vehicle Buy Back Program direct mail campaign.

BACKGROUND

The Air District has been operating a Vehicle Buy Back (VBB) Program since 1996. According to the California Health and Safety Code, vehicle scrapping programs operated by local air districts must comply with the requirements of the Voluntary Accelerated Light-Duty Vehicle Retirement regulations adopted by the California Air Resources Board (ARB), but have the flexibility to develop individual program guidelines that comply with the VAVR regulations and result in a cost-effective program.

Recently, ARB amended the VAVR regulations. In order to comply with the new VAVR regulations, staff proposes to incorporate the amendments into the Air District's Vehicle Buy Back Program and to amend the current vehicle dismantler contracts to add the new requirements.

Staff has noted that the VBB Program's vehicle scrapping rate has declined steadily since the Spring 2005. Based on current dismantler buy back rates, the \$7 million allocated in FY 2006/2007 to purchase and dismantle vehicles will not be expended until October 2008. In order to increase this buy back rate, staff proposes to expand the VBB Program to accept eligible 1987 and older vehicles. Currently, the program accepts eligible 1985 and older vehicles.

Last, staff intends to extend the contract with Direct Mail Center for one year and recommends increasing the amount of the contract by \$111,000 in order to continue the Vehicle Buy Back Program's successful direct mail campaign.

DISCUSSION

California Air Resources Board Voluntary Accelerated Light-Duty Vehicle Retirement Regulation Amendments

ARB published the amended VAVR regulations in August 2007. The key components of the amended regulations, which the staff proposes to incorporate into the Program, are as follows:

- Owners must maintain the vehicle's registration for a period of 24 consecutive months prior to sale, rather than the previous period of 120 days.
- An owner may sell an otherwise eligible vehicle into the VBB Program that had a lapse in registration of less than 181 days and/or had been placed in planned non-operational status for less than two months in the last 24 months, provided the owner registered the vehicle as "operational" and paid all appropriate registration fees and late penalties to the Department of Motor Vehicles (DMV) at least 90 days prior to the vehicle's sale.
- For the first time, there is a definition of "light-duty vehicle" that is eligible for participation in the VBB Program. ARB defines a light-duty vehicle as a vehicle under 8,500 lbs. in gross vehicle weight (GVW). The District's VBB program has been accepting vehicles up to 10,000 lbs. GVW.
- Vehicles with emission control systems that have been tampered with (i.e., with missing, modified, or disconnected components) are ineligible for the Program.

Air District staff anticipates that as a result of these amendments, there will be a decrease in the vehicles purchased through the VBB Program. The most significant amendment is the change in the length of the registration period. In 2003, ARB reduced the required registration period from 24 months to 180 days. In the months following that change, the number of vehicles purchased by the Air District increased by 30%. The Air District staff anticipates a corresponding decrease in the number of vehicles purchased through the Program with the return of the 24-month registration requirement. The other amendments will also limit the pool of Program-eligible vehicles.

Vehicle Buy Back Program Purchasing Criteria Recommendations

The VBB Program's vehicle retirement rate has dropped 22% since late 2004, when the Air District increased the number of model years accepted and the price paid for each vehicle. The vehicle purchase rate decreased from an average peak of 550 vehicles per month in 2005 to an average of 426 vehicles per month in 2007. In light of this decrease in the number of vehicles purchased and the changes to the VAVR regulation, and given that the VBB Program is one of the Air District's more cost-effective programs for reducing mobile source emissions, staff recommends implementing certain measures that can result in an increase of the vehicle buy back rate.

A significant cause for the recent decline in the vehicle purchase rate is attributable to the decrease in the number of vehicles available for purchase. Currently, model year 1985 and older vehicles registered in the Bay Area are eligible for sale into the VBB Program. Over time the number of these vehicles has declined. The 2006 DMV database used by the VBB Program shows that there are 200,246 vehicles model year 1970-1985 registered in the Bay Area.

Staff recommends expanding the vehicle model years eligible for the VBB Program. Adding 1986 and 1987 vehicles to the VBB Program will increase the pool of eligible vehicles by an estimated 53%. Based on past experience, modifying the program to accept model year 1987 and older vehicles should increase the purchasing rate to over 700 vehicles per month. The additional model years will help to counteract recent declines in purchases and the anticipated impacts of the amended VAVR regulations.

This modification will impact the overall emissions reductions and cost effectiveness of the VBB Program. Retiring more vehicles could achieve an additional emissions reduction of an estimated 276 tons of ozone precursors per year at a cost effectiveness of approximately \$9,090 per ton for the program.¹ Although this is a slight decrease in the cost effectiveness of the VBB Program (\$7,194/ton was realized in fiscal year 2005/2006), the cost effectiveness is still well within the \$14,300/ton limit prescribed in the Carl Moyer Program Guidelines for light-duty vehicle retirement programs.

Implementing the Recommended Changes

If the Board approves incorporation of the amended VAVR regulations into the VBB Program and modifies the list of eligible vehicles to include model years 1987 and older, staff will undertake the following tasks:

- Amend the scope of work contained in the three dismantler contracts to conform the contracts to the amended VAVR regulations and updated vehicle eligibility criteria;
- Modify the California Department of Motor Vehicles (DMV) database used by the VBB Program to include 1986 and 1987 vehicles registered in the Bay Area;
- Utilize the modified DMV database in the direct mail campaign and include the additional model years as part of the scope of the direct mail service provider's outreach work ; and
- Incorporate the Program changes into all applicable documents and promotional materials.

Renewal of Direct Mail Center's Contract for FY 2007/2008

The Air District launched its VBB direct mail campaign in January 2000. The Air District implements the campaign through the use of a contractor, currently Direct Mail Center. In September 2006, the Board of Directors approved that company's contract for \$88,935, with an option to renew the contract for one year at the Air District's discretion.

Direct Mail Center's duties include sorting approximately 200,000 addresses in the DMV database and mailing a VBB Program information letter to owners of model year 1971 – 1985

¹ Consistent with California Air Resources Board guidelines for the Carl Moyer Program, for the purposes of cost effectiveness, emission reductions equal the sum of reactive organic gases, oxides of nitrogen, and particulate matter (PM) eliminated, with the exhaust portion of PM weighted by a factor of 20.

light-duty vehicles that may qualify for the Program. The contractor mails approximately 15,000 to 17,000 VBB Program information letters each month on a semi-monthly basis. The direct mail campaign is a very effective means of notifying potential participants of the VBB Program: more than 50% of the respondents in the Air District's VBB Program survey stated that they learned of the Program through this campaign.

The VBB Program's direct mail campaign is working well. Direct Mail adheres to mailing deadlines consistently and is very responsive to Air District staff requests. Due to the decision to send letters only to owners of vehicles model year 1971 to 1985, the services provided by Direct Mail Center will complete its work under the contract for less than the contract amount (not to exceed \$88,935).

Staff will exercise its discretion to extend Direct Mail's contract for one additional year in order to continue the direct mail campaign. Staff recommends that the Board of Directors approve an increase of \$111,000 to the total amount of the contract. This extension of time and increase of funds will extend the campaign from December 2007 through November 2008. The proposed increase to the contract amount is due to increased operating costs, such as postage rate and paper price increases, as well as the increased number of information mailings if the Board approves the inclusion of model years 1986 and 1987 vehicles in the VBB Program. If the Board does not approve an inclusion of model years 1986 and 1987 to the Program, staff recommends an increase in the contract amount of \$72,000 to cover the increased operating costs.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Sufficient funds exist in the remaining FY 2006/2007 budget and in the approved FY 2007/2008 budget to implement the recommended changes to the VBB Program and renew the contract with Direct Mail Center.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ryan Bell
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 20, 2007

Re: Transportation Fund for Clean Air, Amendment to Santa Clara County
Program Manager Expenditure Program

RECOMMENDED ACTION

Consider recommending Board of Directors approval of an amendment to the Transportation Fund for Clean Air (TFCA) Santa Clara County Program Manager fiscal year 2007/2008 expenditure program, to allocate \$526,684 in TFCA County Program Manager Funds for expanding compressed natural gas (CNG) fueling opportunities at the San Jose International Airport.

BACKGROUND

On July 25, 2007, the Air District Board of Directors approved the FY 2007/2008 expenditure program for the Santa Clara County Program Manager. The Program Manager has \$526,684 in unallocated FY 2007/2008 funds available and has requested the Board's approval to add \$526,684 to the expenditure program in order to cover the cost of one project. The new project is described below.

DISCUSSION

As part of its originally-proposed FY 2007/2008 TFCA expenditure program, the Santa Clara County Program Manager included a project to fund a portion of the upgrade of the San Jose International Airport's compressed natural gas (CNG) fueling station. As noted in the Air District's July 11, 2007 staff report, the staff did not propose approval of the project, and the Air District approved the expenditure program without this project. However, since then, the Program Manager has provided the Air District additional information and assurances about the project's anticipated emissions reductions. Importantly, the proposed project now includes enhanced monitoring, which will be required through the funding agreement, in order to verify that the project will achieve the expected emissions reductions.

The proposed project would assist the San Jose International Airport in expanding CNG fueling at its CNG fueling station. This expansion includes an upgrade of its fueling station (including three new CNG storage tanks and greater electrical power capacity) and a targeted outreach program to increase the number of vehicle owners and licensed vehicle operators at the airport who would use CNG and thereby reduce their use of conventional fuels to meet their transportation needs.

TFCA Cost Effectiveness

The estimated cost effectiveness of this project over five years of effective life is \$60,998 per weighted ton of emissions reduced, which is within the \$90,000 per weighted ton threshold established by the Board for TFCA-funded projects.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. TFCA County Program Manager revenues are generated from a dedicated outside funding source and passed through to counties. TFCA allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Wiley
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 21, 2007

Re: Air Quality Performance Targets for the RTP Update (T2035)

RECOMMENDED ACTION:

Receive and file. For information only.

BACKGROUND

The Metropolitan Transportation Commission (MTC) is in the process of updating its Regional Transportation Plan (RTP). MTC staff requested assistance from the Air District in developing air quality related performance targets that would be used in the scenario performance assessment process that MTC plans to conduct for the Regional Transportation Plan update (T2035).

DISCUSSION

Air District staff evaluated existing emission inventory data, air quality monitoring data, State and federal ambient air quality standards and the recently passed Global Warming Solutions Act to identify appropriate air pollutant emission reduction targets that MTC should use in their scenario performance assessment. Staff will update the Mobile Source Committee on this work.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Dave Vintze
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson, Mark Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 26, 2007

Re: Report of the Public Outreach Committee Meeting of September 27, 2007

DISCUSSION

The Public Outreach Committee will meet on Thursday, September 27, 2007 to receive the following reports:

- 1) A summary of the 2007 Spare the Air Program including media coverage and public survey measurement results;
- 2) An update on the Air District's Youth Outreach campaign; and
- 3) An update on the Air District's climate outreach program, including a new outreach campaign.

Attached are the staff reports presented in the Public Outreach Committee packet.

Chairperson Kwok will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Romaidis
Reviewed by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Patrick Kwok and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 18, 2007

Re: 2007 Spare the Air Program Update

RECOMMENDED ACTION

Receive and file. For information only.

BACKGROUND

The *Spare the Air* program was created in 1991 to notify the public when ground-level ozone is forecast to reach unhealthy concentrations and to persuade residents to take individual action to reduce air polluting activities. A free transit element was introduced in 2003.

Earlier this year, the Metropolitan Transportation Commission (MTC) approved \$7.5 million for the *2007 Spare the Air/Free Transit Incentive Program*, which was augmented by \$1 million in TFCA funds contributed by the Air District. This year, 29 Bay Area transit agencies are participating in the program. Based on rider and transit operator feedback from last season, the *2007 Spare the Air/Free Transit Incentive Program* was designed to provide free morning commutes (until 1 P.M.) on Caltrain, BART, ACE train, and Bay Area ferries, and full-day commutes on all Bay Area bus systems.

DISCUSSION

The summer 2007 *Spare the Air* season runs from June 1 through October 12. Cooler weather this season has kept ozone concentrations relatively low. Spare the Air advisories were issued for August 29 and 30, 2007.

Advertising & Outreach

The 2007 *Spare the Air/Free Transit Incentive Program* launched on May 30 with a well-attended press conference held at Justin Herman Plaza in San Francisco. The 2007 program has received extensive coverage on all media stations and outlets. Since May 30, coverage has included over 130 print and online articles, and 238 television and radio stories, resulting in an advertising value of more than \$700,000. Advertising value is based on rates for a 30-second news segment for broadcast media, and an average of 50 words per column-inch for print coverage. The total number of media impressions numbered over 19 million. Copies of a comprehensive media summary report will be distributed to the Committee at the meeting.

To date, District staff has attended over 30 community events, distributing program literature and signing up new registrants for AirAlerts. The District sponsored a special screening of Paramount Studio's "Arctic Tale" on July 19 in Concord. Over 260 residents attended this free movie screening. In addition, District staff traveled to the Concord and Fremont BART stations to conduct media interviews for the morning shows on the two *Spare the Air* days. All participating transit systems carry the 2007 *Spare the Air/Free Fare* posters, signs and banners, and buses on 14 transit systems were "wrapped" with the 2007 *Spare the Air* campaign graphic.

Public Involvement:

- Transit: MTC reported strong transit ridership numbers. Preliminary estimates showed an increase of 20%, versus 15% last year.
- AirAlerts: Email AirAlert registrants reached an all time high of over 54,000 individuals, an increase of 14,000 over the previous year.
- Spare the Air website emails: The District has received 104 email queries from the public through the Spare the Air website since May 30, and 264 emails since January 1, 2007.

Survey Information

The preliminary telephone survey results for the first two *Spare the Air* episodes were positive and consistent with last year's results. Over 750 interviews were completed with Bay Area residents between August 28-29.

Regarding awareness of the *Spare the Air* program, 73% of those surveyed said they heard, read, or saw something about the program on those two days (compared to 76% in 2006), 65% said they were aware it was a *Spare the Air Day* (also 65% in 2006), and 63% were aware of free public transit rides (66% in 2006).

Later in the year, staff will present a final *Spare the Air* program report.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for *Spare the Air* program is included in the FY 2007/08 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen M. Schkolnick
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Patrick Kwok and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 12, 2007

Re: 2007 Youth Outreach Program

RECOMMENDED ACTION

Receive and file. For information only.

BACKGROUND

Staff will update the committee on current activities of the Air District's youth outreach program.

DISCUSSION

An important component of the Air District's comprehensive outreach effort is the youth outreach program. This effort is primarily focused on science-based education for middle and high school students through the Clean Air Challenge curriculum. This curriculum helps science teachers to meet California standards while students conduct research on environmental problems that impact their health. During the 2007/2008 school year, the Air District will support an expansion of the Clean Air Challenge teacher trainings to include greater outreach to schools and more targeted teacher workshops (potentially training an additional 50 teachers). Since 2003, more than 500 teachers have attended the training and an estimated 60,000 students received the curriculum.

Staff is currently conducting focus groups with 4th and 5th grade and 8th through 10th grade students to test messages, images and collateral addressing climate change and particulate matter pollution to be distributed at outreach events and in school presentations throughout the Bay Area in the 2007/2008 school year.

The Air District also supports additional youth outreach efforts including:

- Piloting a climate change curriculum targeting 4th and 5th grade students.
- Developing a comprehensive database of all schools in the Bay Area to be used in marketing youth outreach efforts.
- Helping seed grants for the establishment of Safe Routes to School programs in Sonoma County. (Through Resource Team)
- Piloting a promotion of walking and healthy lifestyle alternatives to driving at Pomeroy Elementary and Russell Middle schools in the City of Milpitas. (Through Resource Team)
- Speaking at schools about climate change, ozone and particulate matter.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

Funding for the youth outreach is included in the FY 2007/2008 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Richard Lew
Reviewed by: Jack Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Patrick Kwok and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 18, 2007

Re: Climate Outreach Overview and New Climate Outreach Campaign

RECOMMENDED ACTION

None. For information only.

BACKGROUND

On June 1, 2005, the District's Board of Directors adopted a resolution establishing the agency's Climate Protection Program. The Outreach and Incentives Division has since worked to integrate climate protection into its overall outreach efforts. Recent efforts to promote awareness of climate change have relied on traditional approaches, including enhanced Spare the Air notifications, printed brochures and other material for students and the public, and distribution of Clean Air Challenge curriculum to Bay Area schools. The Air District will host the upcoming Climate All-Stars Conference, and develop a series of climate protection radio ads. The Green Thing is an innovative media campaign to expand the public's participation in climate protection activities.

DISCUSSION

The Green Thing will be the District's first public outreach initiative that fully utilizes the potential of the worldwide web to improve air quality. It will create an internet-based community where people meet, share ideas and collaborate on climate protection strategies. The format will be unique and appealing, presenting environmental activities as fun, not difficult or obligatory. The Green Thing combines monthly environmental protection tips with poetry, music, literature, and other ingredients. The campaign targets youth, creative individuals, and tech-savvy people. The Green Thing is produced by two British creative marketers who are experienced in both online and traditional marketing.

The following agencies and businesses have pledged or are considering financial or in-kind support of this project:

- SF Environment
- Metropolitan Transportation Commission (MTC)
- Municipal Railway (MUNI)
- San Francisco Municipal Transportation Agency (SFMTA)
- Norcal Waste Systems, Inc. (Norcal)
- Pacific Gas & Electric (PG&E)
- Bay Area Rapid Transit (BART)
- San Francisco County Transportation Authority (SFCTA)
- San Francisco Public Utilities Commission (SFPUC)
- Flex Your Power
- Livable City
- Bay Area Alliance for Sustainable Communities
- San Francisco Bike Coalition (SFBC)

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. No action is requested at this time. Staff may return to the Board with recommendations for proposals that would draw from funds available in the Reserve for Climate Protection, of which \$500,000 is earmarked for regional climate protection outreach campaigns.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen M. Schkolnick
Reviewed by: Jack M. Colbourn