



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS' REGULAR MEETING

May 3, 2006

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' MEETING

A G E N D A

WEDNESDAY
MAY 3, 2006
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance
Commendations/Proclamations

Chair, Gayle B. Uilkema
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 - 8)

Staff/Phone (415) 749-

1. Minutes of April 5, 2006 Meeting
M. Romaidis/4965
mromaidis@baaqmd.gov
2. Communications
Information only
J. Broadbent/5052
jbroadbent@baaqmd.gov
3. Monthly Activity Report
Report of Division Activities for the month of March 2006.
J. Broadbent/5052
jbroadbent@baaqmd.gov
4. Report of the Air Resources Board Representative Honorable Mark Desaulnier
J. Broadbent/5052
jbroadbent@baaqmd.gov
5. Referral of Preliminary Operating Budget for Fiscal Year 2006/2007 to the Budget and Finance Committee
J. Broadbent/5052
jbroadbent@baaqmd.gov
Pursuant to Administrative Code Division II, Section 3.2 Fiscal Policies and Procedures, and in compliance with Section 29064 of the Government Code, the Board shall refer the proposed budget for Fiscal Year 2006/2007 to the Budget and Finance Committee for review and consideration.
6. Set Public Hearing for May 17, 2006 and June 7, 2006 to Consider the Proposed Fiscal Year 2006/2007 Operating Budget
J. Broadbent/5052
jbroadbent@baaqmd.gov

7. Consider Approval of Resolution Authorizing Use of Optional Benefit with the California Public Employees Retirement System (CALPers) Pursuant to Government Code Section 20903
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approval of a resolution authorizing the use of an optional benefit with CALPers pursuant to Government Code Section 20903.

8. Consider Authorizing Acceptance and Distribution of Fiscal Year 2005/2006 Lower-Emission School Bus Program Funds – Bus Replacement and Retrofit Components
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board and School Districts regarding receipt and distribution of FY 2005/2006 Lower Emission School Bus program funds.

COMMITTEE REPORTS/RECOMMENDATIONS

9. Report of the **Public Outreach Committee** Meeting of April 24, 2006
CHAIR: B. WAGENKNECHT
J. Broadbent/5052
jbroadbent@baaqmd.gov
10. Report of the **Budget and Finance Committee** Meeting of April 26, 2006
CHAIR: C. DALY
J. Broadbent/5052
jbroadbent@baaqmd.gov

CLOSED SESSION

11. Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following case:
Paul Mauriello v. Bay Area AOMD (Public Employment Relations Board, Unfair Practice Charge No. SF-CE-336-M)

OTHER BUSINESS

12. Report of the Executive Officer/APCO
13. Report of the Chair
14. 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)

15. Time and Place of Next Meeting - 9:45 a.m., Wednesday, May 17, 2006 - 939 Ellis Street, San Francisco, CA 94109
16. Adjourn

CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, CA 94109

(415) 749-4965
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities. Notification to the Clerk's Office should be given at least 3 working days prior to the date of the meeting so that arrangements can be made accordingly.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 18, 2006

Re: Board of Directors' Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors meeting of April 5, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the April 5, 2006 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 – April 5, 2006

Call To Order

Opening Comments: Chair Gayle B. Uilkema called the meeting to order at 9:50 a.m.

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

Roll Call: Present: Gayle B. Uilkema, Chair, Harold Brown, Roberta Cooper (9:53 a.m.), Chris Daly (9:53 a.m.), Mark DeSaulnier, Dan Dunnigan, Erin Garner, Jerry Hill, Yoriko Kishimoto, Carl Klatt, Liz Kniss (10:30 a.m.), Patrick Kwok, Jake McGoldrick (10:00 a.m.), Mark Ross, Michael Shimansky, John Silva, Tim Smith, Pam Torliatt, Brad Wagenknecht.

Absent: Scott Haggerty, Janet Lockhart, Nate Miley.

Commendations/Proclamations: There were none.

Closed Session

Conference with Legal Counsel

Significant Exposure to Litigation:

Pursuant to Government Code Section 54956.9(b), a need existed to meet in Closed Session to discuss significant exposure to litigation regarding two matters.

The Board of Directors convened to Closed Session at 9:52 a.m.

Directors Chris Daly and Roberta Cooper arrived at 9:53 a.m. Director Jake McGoldrick arrived at 10:00a.m.

The Board of Directors reconvened to Open Session at 10:20 a.m.

Public Comment Period: – Director McGoldrick moved to limit speakers to two minutes each; seconded by Director Silva.

After discussion, Director McGoldrick withdrew the motion.

The following individuals spoke on issues relating to the Pacific Steel Casting plant in Berkeley, California:

Bradley Angel

Toni Stein, Ph.D.

Greenaction for Health & Environmental Justice	Menlo Park, CA
Janice Schroeder West Berkeley Alliance for Clean Air & Safe Jobs Berkeley, CA 94702	Paul Goettlich Berkeley, CA 94707
David Schroeder West Berkeley Alliance for Clean Air & Safe Jobs Berkeley, CA 94702	L A Wood Berkeley, CA
Chris Kroll West Berkeley Alliance for Clean Air & Safe Jobs Berkeley, CA 94703	

Jack Broadbent, Executive Officer/APCO briefly discussed the efforts the Air District is undertaking to address the concerns of the community. Mr. Broadbent noted that a Health Risk Assessment is being undertaken and it will be available at a later date.

Chair Uilkema noted that the Joint Policy Committee should be made aware of this situation as it relates to land use and generation of toxics.

Chair Uilkema requested that the Board of Directors be notified when community meetings are held regarding the facility. The Board members are also invited to tour the facility. Mr. Broadbent noted that staff is in the process of setting up a tour for the Board members.

Director Torliatt requested the following: 1) That the Odor Management Plan be provided to the public; 2) confirmation that the Health Risk Assessment is an independent study, that the Air District is taking the lead, and that there be specific recommendations; 3) that the public send a letter to the Board requesting specific information and that staff would then be able to provide the information; and 4) through the Community Air Risk Evaluation (CARE) Program, staff should identify all of the sources of emissions in the area.

Consent Calendar (Items 1 – 6)

1. Minutes of March 15, 2006 Meeting
2. Communications. Correspondence addressed to the Board of Directors. For Information Only.
3. Quarterly Report of the Clerk of the Boards.
4. Report of 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.

5. Approval of Proposed Amendments to the Air District's Administrative Code Division I, Sections 1-6: Operating Policies and Procedures of the Board of Directors, Section 7: Advisory Council and Section 8: Hearing Board

The Board of Directors considered approval of proposed amendments to the Administrative Code Division I, Sections 1-6: Operating Policies and Procedures of the Board of Directors, Section 7: Advisory Council and Section 8: Hearing Board as noticed and discussed at the March 15, 2006 meeting.

6. Approval of Acceptance of Disclosure Costs for Optional Retirement Benefit as Required by Government Code Section 7507

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

Board Action: Director Wagenknecht moved approval of the Consent Calendar; seconded by Director Hill. There was a brief discussion on Item 2, Board Communications. The motion then carried with the following Board members voting:

AYES: Brown, Cooper, Daly, DeSaulnier, Dunnigan, Garner, Hill, Kishimoto, Klatt, Kniss, Kwok, McGoldrick, Ross, Shimansky, Silva, Smith, Torliatt, Wagenknecht, Uilkema.

NOES: None.

ABSENT: Haggerty, Lockhart, Miley

Adopted Resolution 2006-04: A Resolution to Amend the Administrative Code to Specify the Types of Meetings for Which Members of the Board of Directors May Receive Compensation and to Make Other Minor Clarifying Changes

Brian Bunger, Legal Counsel, reported on the Closed Session and stated that the Board of Directors received a report on the two items and gave direction to Counsel.

Committee Report and Recommendations

7. Report of the Budget and Finance Committee Meeting of March 22, 2006

Action(s): The Committee recommended Board of Director approval of an amendment to the FY 2005/2006 Budget by increasing the Penalties and Settlements General Fund Revenue by \$100,000, and by correspondingly increasing the Professional Services & Contracts budget for Climate Protection (Program 608) by \$100,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$100,000 for a Greenhouse Gas Mitigation Study.

Director Daly presented the report and stated that the Committee met on Wednesday,

March 22, 2006.

Staff presented a report on and the Committee recommends that the Board of Directors amend the fiscal year 2005/2006 budget by increasing the Penalties and Settlements General Fund Revenue by \$100,000, and by correspondingly increasing the Professional Services and Contracts budget for Climate Protection (Program 608) by \$100,000, and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$100,000 for a Greenhouse Gas Mitigation Study. The Committee provided direction to staff on certain elements to be included in the RFP.

The Committee received a draft report of a proposed five-year capital plan. Staff reviewed the Plan summary, project highlights for fiscal year 2006/07, and the Capital Plan highlights. The total draft five-year Capital Plan cost is \$7.3 million.

Staff presented an overview regarding civil penalty recovery and budgeting. The overview included a discussion on determining the appropriate civil penalty based on Health and Safety Code Section 42403; additional considerations for settlements, the 05/06 budget versus actual penalty collections, and penalty collection statistics.

The next meeting of the Committee is scheduled for 9:45 a.m., Wednesday, April 26, 2006.

Board Action: Director Daly moved that the Board of Directors approve the recommendations and report of the Budget and Finance Committee; seconded by Director Cooper.

In response to a question from Director Shimansky, Mr. Broadbent stated that the discussion on increase of fees will be before the Committee at its next meeting. The motion then carried unanimously without objection.

8. Report of the Stationary Source Committee Meeting of March 27, 2006

Director Silva presented the report and stated that the Committee met on Monday, March 27, 2006 and received a report on proposed amendments to Regulation 12, Rule 12: Flares at petroleum refineries. The report included background on the regulation since its adoption on July 20, 2005; the proposed amendments; and the process for adoption of the proposed amendments. The public hearing to consider adoption of the rule is scheduled for today.

Staff presented a timeline and control options for further amendments to Regulation 8, Rule 28: Episodic Releases from Pressure Relief Devices at Petroleum Refineries and Chemical Plants. The report included requirements on episodic releases, ongoing activities in the rule making process, potential control concepts, and the rule development timeline. The public hearing to consider adoption of the rule is projected to take place in the second quarter of 2007.

A report on the development of potential controls for commercial charbroilers was presented to the Committee. The report included information on conveyORIZED charbroilers and under-fired charbroilers; the amount of emissions from each; potential controls for each; and a rule

development schedule. It is projected that a public hearing to adopt a rule would be held in the 4th quarter of 2006.

Staff provided a report on SB 700 (Florez) requirements concerning permitting and control of large confined animal facilities and timelines for rule development. The public hearing and rule adoption is tentatively scheduled for June or July of this year.

The Committee provided general direction to staff with regard to the proposed regulatory amendments.

The next meeting of the Committee is scheduled for Monday, June 26, 2006.

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

Public Hearing

9. Public Hearing to Consider Proposed Amendments to Regulation 12, Rule 12: Flares at Petroleum Refineries and Approval of the Filing of a California Environmental Quality Act (CEQA) Notice of Exemption

The proposed amendments to Regulation 12, Rule 12 require a causal analysis of flaring at rates lower than the current 500,000 cubic feet per day of vent gas if emissions of sulfur dioxide exceed 500 pounds per day.

Alex Ezersky, Principal Air Quality Specialist, presented the report and reviewed the background of the regulation adopted on July 20, 2005. Mr. Ezersky noted that a key provision of the rule is causal analysis. Mr. Ezersky also discussed the following:

1. The proposed amendments to the regulation.
2. A sample of how modeling works to show the impacted area(s).
3. A list of flaring events in 2004 and 2005.
4. The rule development process.

Mr. Ezersky stated that the staff recommends the Board of Directors adopt the proposed amendments and approve the filing of a CEQA Notice of Exemption.

The Public Hearing was opened at 11:18 a.m. The following individuals spoke on this agenda item:

Greg Karras
Communities for a Better Environment
Oakland, CA 94612

Richard Drury
Pipe Trades Local 342 and IBEW 302
So. San Francisco, CA 94080

Julia May

Berkeley, CA 947051

The Public Hearing was closed at 11:23 a.m.

Board Actions: Director Kwok moved that the Board of Directors approve the staff recommendation; seconded by Director Kniss; carried with the following Board members voting:

AYES: Cooper, Daly, DeSaulnier, Dunnigan, Garner, Hill, Kishimoto, Klatt, Kniss, Kwok, Ross, Shimansky, Silva, Smith, Wagenknecht, Uilkema.

NOES: None.

ABSENT: Brown, Haggerty, Lockhart, McGoldrick, Miley, Torliatt.

Adopted Resolution 2006-05: A Resolution of the Board of Directors of the Bay Area Air Quality Management District Amending Regulation 12: Miscellaneous Standards of Performance, Rule 12: Flares at Petroleum Refineries

Other Business

10. Report of the Executive Officer/APCO – Mr. Broadbent reported on the following:
 1. The Summer Spare the Air program will start on June 1, 2006 and the Air District has established a program with the Metropolitan Transportation Commission (MTC) for three days of free transit during both the morning and evening commute.
 2. The District will be participating in a number of Earth Day events this year.
 3. The Lawn Mower buy-back program will start on April 8th in Napa.
 4. The Air District is a recipient of an award from the California Council for Economic and Environmental Balance (CCEEB) regarding the 2004 free transit program.
 5. The Environmental Protection Agency (EPA) has proposed new PM standards and the Air District may exceed these new standards. A briefing will be presented at the next Executive Committee meeting.
 6. The Air & Waste Management Association's annual conference is scheduled for June 20 through 23, 2006. If any Board member is interested in attending, the Executive Office should be contacted by April 21, 2006.

11. Report of the Chair - Chair Uilkema reported on the following:
 1. Announced that a tentative schedule for the ethics training required by AB 1234 would be set up.
 2. Discussed a tour of the Pacific Steel Casting facility.
 3. Thanked the Directors for attending their respective Committee meetings.
 4. Noted that Committee assignments are still being made and that a list of the current Standing Committee assignments is at each Board member's place.
12. Board Members' Comments – There were none.
13. Time and Place of Next Meeting – 9:45 a.m., Wednesday, April 19, 2006 – 939 Ellis Street, San Francisco, CA 94109
14. Adjournment – The meeting adjourned at 11:31 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 18, 2006

Re: Board Communications Received from April 5, 2006 through May 2, 2006

RECOMMENDED ACTION:

Receive and file.

DISCUSSION

A list of Communications received by the Air District from April 5, 2006 through May 2, 2006, if any, will be at each Board member's place at the May 3, 2006 Regular Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

AGENDA: 3

Memorandum

To: Chair, Gayle B. Uilkema
and Members of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 19, 2006

Re: Report of Division Activities for the Month of March 2006

**FINANCE, ADMINISTRATION AND
INFORMATION SERVICES DIVISION – J. McKAY, DIRECTOR**

Payroll System Replacement

Completed this Month

- Bay Area Air Quality Management District and Ceridian met with IDI to resolve the interface between ETIME (IDI) and HR/Payroll Web.
- Bay Area Air Quality Management District completed their audit of the converted data.
- Ceridian configured Signature Payroll system, the HR/Payroll Web system and converted the ADP tape from the February 10th payroll.
- Bay Area Air Quality Management District delivered the first test file and documentation of the test transactions.
- Ceridian did a preliminary review of the file and documentation.

Scheduled for next Month

- Bay Area Air Quality Management District and Ceridian will finalize the GL interface file requirements.
- Ceridian will issue Project Change Requests for the items identified by Bay Area Air Quality Management District in the Initial Population Audit.

Background: After reviewing the responses to the RFP, and after further interviews, the Budget and Finance Committee approved the selection of Ceridian to replace the District's current ADP payroll system. Work began January 3, 2006 with go-live targeted for new fiscal year July 1, 2006.

Production System

The Pilot Design Request for Quote (RFQ) was issued and responses received. The responses are under evaluation. The resulting Design will be used to build a Pilot of the Authority to Construct process.

Facilities Projects in Process:

Project	Start	Complete	Status
Phase IV HVAC Replacement	9/01/05	6/30/06	Decision has been made to select Sterling Environmental as the Asbestos Abatement Contractor to clean and disposed of rooftop ducts.
Roof Anchors	11/01/05	5/04/06	Installation of safety anchors in progress. Finishing up March 28 and schedule for test pull.
Life Safety Fire Alarm upgrade	8/03/04	8/30/06	99.9% completed waiting for final hook up and testing, asbestos abatement work and dry weather.
ADA Restroom compliance work for handicap access	8/29/05	Open	4 th floor completed. 7 th floor stop work alternative options submitted for a second stall review in progress.
West exterior wall sealing and painting	11/29/05	6/30/06	Waiting for dry weather
New fire doors for stair wells	10/20/05	4/28/06	Doors to be powder coated to match existing color.
NEW Item-Guard rails for equipment room penthouse rooftop.	3/02/06	ASAP	Guard rails as required by CalOSHA to prevent accidental falls by maintenance personnel. Purchase order submitted to begin fabrication this fiscal year.

COMPLIANCE & ENFORCEMENT DIVISION – K. WEE, DIRECTOR

Enforcement Program

Staff participated in a small claims court case against McKee Beacon on March 7, 2006 in Los Gatos. A judgment was awarded to the District. On March 8th staff attended the Contra Costa County Environmental Crimes Task force meeting held in Martinez. Several inspections were conducted at Pacific Steel Castings to investigate whether any materials containing chlorinated compounds were in use and to examine recordkeeping practices. The investigation yielded that no chlorinated compounds are in use and records indicated they were last used in 2004.

Compliance Assurance Program

On March 24 staff responded to the Tesoro Refinery in Martinez due to a fire that occurred at their #2 Hydro Desulfurization (HDS) Unit. The fire lasted for approximately 20 minutes. The ground level monitors positioned around the Refinery did not record any elevated levels of Hydrogen Sulfide or Sulfur Dioxide during the time of the fire. The District received no air pollution complaints from the public. District staff will continue to investigate this incident to determine the root cause of the upset and to determine if any air quality regulations were violated. On March 26 staff responded to a Sulfur Dioxide release that occurred at approximately 3:40 pm from the Shell Oil Refinery in Martinez. The release resulted from an upset that occurred at Shell's #3 Sulfur Recovery Unit. Continuous emission monitors in the SRU indicated that Sulfur Dioxide was released at levels above the regulatory limit for approximately 45 minutes. The ground level monitors positioned around the refinery did not record any elevated levels of Hydrogen Sulfide or Sulfur Dioxide. The District received no air pollution complaints from the public. Staff is continuing to investigate the incident to determine the root cause of the upset and to determine if any air quality regulations were violated. On March 27 staff met with Calpine representatives, along with members from the District Technical, Engineering and Legal Divisions regarding excess emission reporting and Title V reporting questions.

Compliance Assistance

Industry Compliance School on Reportable Compliance Activities (Breakdowns, Emission Excess Reporting, etc.) was held in the evening at the District office on March 16 and in the South Bay on March 23. Additional sessions will be held April 11 in the North Bay, and a daytime session again in the District office on April 25. Staff met with the producer for the Napa County Fire video to review the planned storyboard and script on the proposed Clean Burn video. Staff attended the County of Santa Clara Green Business (GB) Program Conference on March 17. Compliance verifications for GB certifications were reported for Alameda County (2) and Santa Clara County (1). Visible Emissions Evaluation re-certification for inspectors was conducted by CARB in Pleasanton. Staff attended a class on Interviewing for Regulators sponsored by the Western States Project and Cal/EPA.

Fourteen Smoke Management Plans (SMPs) for the Spring Marsh season have been approved. On March 9, staff participated in a CAPCOA subcommittee on the State-wide Naturally Occurring Asbestos ATCM. C&E and Technical Services staff met with CH2M Hill representatives on March 21 to discuss the next phase of construction and grading activities for the Hunter's Point Parcel A Development Project asbestos air monitoring component. Over-the-Phone Interpretation for District callers provided Cantonese, Mandarin and Spanish translation in January and Vietnamese, Mandarin and Spanish translation in February.

Flare Control Rule

Staff met with representatives of Chevron, Shell, ConocoPhillips, Tesoro, and Valero refineries, at their refineries, to discuss flare monitoring rule details and to check on their progress in developing Flare Minimization Plans (FMPs). The next FMP status report is due on May 1 and the final FMPs are due to the District on August 1, 2006. Additionally, all January 2006 Flare Control Rule reports were submitted on time.

(See Attachment for Activities by County)

ENGINEERING DIVISION – B. BATEMAN, DIRECTOR

Toxics Program

The Toxic Evaluation Section completed a total of 40 health risk screening analyses (HRSAs) during March for new/modified permit applications. Work continued on HRSAs for an Energy & Hydrogen Renewal Project at the Chevron Refinery in Richmond, a Clean Fuels Expansion Project at the ConocoPhillips Refinery in Rodeo, and a Landfill Gas Energy Recovery Project involving six large IC engines/generators at the proposed Ameresco, Inc. facility at the Ox Mountain Landfill in Half Moon Bay. Work continued with Pacific Steel Casting (PSC) and their consultants on the preparation of a Health Risk Assessment, and associated emissions inventory documents, required under the AB2588 Air Toxics Hot Spots Program for the PSC facility in Berkeley. Staff continued work in conjunction with Occidental College on the Environmental Garment Care Demonstration Project for which the initial demonstration site is now operational. Staff is also participating in CARB's process to revise the Airborne Toxic Control Measure for Perchloroethylene Dry Cleaners.

Title V Program

Draft Title V Renewal Permits were published for comment for Calpine Energy Center (Antioch), and Wincup (Corte Madera). Title V Renewal permits was issued for Owens-Brockway (Oakland), and Calpine Gilroy Energy Center (Gilroy).

Permit Evaluation Program

Staff participated in a number of meetings, including (1) the CAPCOA Engineering Managers Meeting, (2) a meeting with Calpine to discuss data substitution procedures during monitor downtime, (3) a meeting with Chevron Refinery to discuss Title V permit issues, (4) a meeting with ConocoPhillips to discuss refinery modernization and banking applications, and (5) a meeting with NUMMI to discuss the issuance of the North Paint Shop permit.

Engineering Special Projects Program

A staff member was the headline speaker at seminars on Diesel Engines in Santa Clara and in Walnut Creek. Engineering Division staff continued work related to the District's Production System database conversion project.

Community Air Risk Evaluation (CARE) Program

Dr. Julian Marshall, University of British Columbia, made a presentation to District CARE staff on a Southern California Exposure Study on March 21. Work continued on correcting and refining the preliminary gridded toxics emissions inventory.

LEGAL DIVISION – B. BUNGER, DISTRICT COUNSEL

The District Counsel’s Office received 110 Violations reflected in Notices of Violation (“NOVs”) for processing.

Mutual Settlement Program staff initiated settlement discussions regarding civil penalties for 75 Violations reflected in NOVs. In addition, Mutual Settlement Program staff sent 7 Final 30 Day Letters regarding civil penalties for 9 Violations reflected in NOVs. Finally, settlement negotiations by Mutual Settlement Program staff resulted in collection of \$30,300 in civil penalties for 45 Violations reflected in NOVs.

Counsel in the District Counsel’s Office initiated settlement discussions regarding civil penalties for 11 Violations reflected in NOVs. Settlement negotiations by counsel in the District Counsel’s Office resulted in collection of \$101,000 in civil penalties for 22 Violations.

(See Attachment for Penalties by County)

PLANNING DIVISION – H. HILKEN, DIRECTOR

Rule Development Program

Staff prepared draft regulatory amendments, a staff report, and public notices for the April 5, 2006 public hearing to consider amendments to Regulation 12, Rule 12: Flares at Petroleum Refineries. Staff continued to meet with internal District staff and with affected industry concerning development of flare minimization plans pursuant to Reg. 12-12. Staff also held meetings concerning proposed control measures for stationary gas turbines and organic liquid storage tanks. Staff attended a meeting hosted by the Contra Costa County Hazardous Materials Programs staff regarding the County’s request for refineries to provide information on pressure relief devices. Staff presented information to the Stationary Source Committee concerning proposed amendments to Regulation 12-12, consideration of future amendments to Regulation 8, Rule 28: Episodic Releases from Pressure Relief Devices from Petroleum Refineries and Chemical Plants, and emissions and potential control technologies for commercial charbroilers.

Air Quality Planning Program

Staff made a presentation to the Joint Policy Committee regarding the District's Climate Protection Leadership Program. Staff convened the first two meetings of the Steering Committee for the Climate Protection Leadership Summit planned for late summer or early fall 2006. Staff made a presentation to the Advisory Council on the implementation status of the District's SB656 particulate matter control measures and analysis of further study measures. Staff attended and made a presentation regarding airport emissions in state implementation plans at the Aviation Symposium in Palm Springs. Staff prepared three letters regarding the air quality impacts of development projects and plans in the Bay Area: Lowe's Home Improvement Warehouse Project NOP – City of San Jose; Evergreen East Hills Vision Strategy DEIR – City of San Jose; MacArthur Transit Village Project NOP – City of Oakland.

Research and Modeling

Staff presented the preliminary findings of chemical analyses of PM filter measurements to the District's Advisory Council. Staff hosted a Modeling Advisory Committee meeting and presented the District's progress on the CCOS and CRPAQS modeling and data analysis activities. Staff participated in the CCOS and CRPAQS Technical Committee meetings and conference calls.

OUTREACH AND INCENTIVES – J. COLBURN, DIRECTOR

Media: Staff interviewed by TV and radio regarding the recently released EPA study, "National-Scale Air Toxics Assessment for 1999" (NATA).

Spare the Air: On March 29, 2006, the District received the Governor Pat Brown Award from the California Council of Environmental and Economic Balance for the 2004 "Spare the Air/Free Morning Commute on BART" Program.

Staff sent out over 4,700 e-mail invitations to AirAlert subscribers to promote a sneak preview of the new environmental film "Hoot." The preview is scheduled for 7 pm, April 13, 2006, in Daly City.

Grants: On March 13, staff presented to the Mobile Source Committee: 1) the recommendations of grant awards totaling \$15.9 million in combined funding from the Carl Moyer Program and the Mobile Source Incentive Fund (MSIF), 2) a status report on the Carl Moyer Program funding allocation, 3) an amendment to the Transportation Fund for Clean Air (TFCA) Marin County Program Manager expenditure program, and 4) a report on the biodiesel feasibility study and pilot project.

Staff released a request for comments on the draft proposed revisions to the TFCA Regional Fund policies and evaluation criteria for fiscal year 2006/2007. Staff also completed and submitted to the California Air Resources Board (CARB) a plan to obligate the remaining and future Lower-Emission School Bus Program for retrofit projects.

Staff responded to a letter from the Executive Directors of the Bay Area Congestion Management Agencies to address questions related to the performance review of selected TFCA project types being conducted by a consulting firm. A total of 477 eligible light-duty vehicles were purchased and scrapped by the three Vehicle Buy Back Program contractors.

Aviation Symposium: Staff completed preparations for this event, which was held in Palm Springs, CA. Staff produced "invitation cards" and prepared talking points for the Executive Officer, who served as moderator.

National Hydrogen Financing Forum: On March 16, 2006, the Executive Officer introduced Professor Thorsteinn Sifgusson at the 2006 National Hydrogen Financing Forum in Long Beach, CA.

Lawnmower Buy-Back: Staff organized the Spring 2006 Lawn Mower Buyback program. Area residents will be able to take advantage of up to \$150 rebate on a new electric powered Black & Decker lawn mower with an old gasoline mower trade-in. Old mowers will be recycled. The events will be held at participating Home Depot stores in Napa (April 8, 2006), Campbell (May 6, 2006), and Pittsburg (May 20, 2006).

Clean Air Champions (Web Pages): Staff uploaded the Clean Air Champions web pages to solicit applications for the Clean Air Champions Awards, with a link provided to the home page. Nominations will be accepted until May 31, 2006; winners will be announced in July.

Other: Staff continued to work with the West Oakland Toxics Reduction Collaborative as they continue their efforts to reduce diesel PM emissions in and around the Port of Oakland.

TECHNICAL DIVISION – G. KENDALL, DIRECTOR

Air Quality

Air quality remained in the Good AQI category every day in March as unsettled weather prevailed the entire month as winter storms passing through the Bay Area every few days. San Francisco recorded 25 days of rain in March; 10 days are normal.

Air Monitoring

All 29 air monitoring stations were operating during the month of March 2006. The increased wintertime sampling schedule for PM_{2.5} began at designated stations on October 1 and ended on March 31.

Meteorology and Forecasting

December 2005 air quality data were quality assured and entered into the EPA Air Quality System (AQS) database. Staff continued to make daily air quality and burn forecasts.

Quality Assurance

The Quality Assurance (QA) group conducted regular, mandated performance audits on 26 monitors at 7 Air District air monitoring stations. QA Staff audited H₂S and SO₂ monitors at the Tesoro Refinery Ground Level Monitoring network. Staff also trained EPA Region IX staff on PM₁₀ sampler audit techniques.

Laboratory

In addition to ongoing, routine analyses, four mold release agents from Pacific Steel Casting were analyzed for VOC and halogenated hydrocarbons. The VOC and % benzene content of an oil/water sample from a sludge tank of ConocoPhillips Refinery in Rodeo were determined. Six samples taken from the outlet of Engine #1 at the Waste Management facility at Alameda County were analyzed for formaldehyde. One ambient air sample taken by the Contra Costa County Health Services downwind of Shell Refinery during the March 26th incident at that refinery was analyzed for sulfur dioxide and reduced sulfur compounds.

Source Test

Ongoing Source Test activities included Continuous Emissions Monitoring (CEM) Field Accuracy Tests, source tests, gasoline cargo tank testing, and evaluations of tests conducted by outside contractors. The ConocoPhillips Rodeo Refinery's open path monitor monthly report for the month of February was reviewed. The Source Test Section participated in the District's Rule Development efforts for Refinery Cooling Towers and Gasoline Bulk Terminals.

These facilities have received one or more Notices of Violations
Report period: March 1, 2006 – March 31, 2006

Alameda County

Status				Regulation
Date	Site #	Site Name	City	Title
3/21/2006	R3621	Jennifer Osborne Pacific Steel Casting Co-Plant	Berkeley	Asbestos Demolition, Renovation & Mfg. Public Nuisance
3/21/2006	A0703	#2	Berkeley	
3/13/2006	R3438	Robert Kertsman	Berkeley	Asbestos Demolition, Renovation & Mfg.
3/27/2006	R3740	MV Syrena	Emeryville	Particulate Matter & Visible Emissions
3/13/2006	A3024	Isola USA Corp	Fremont	Failure to Meet Permit Conditions
3/21/2006	L6230	P. W. Stephens, Inc.	Fremont	Asbestos Demolition, Renovation & Mfg.
3/27/2006	C6183	Unocal #4002	Fremont	Gasoline Dispensing Facilities
3/16/2006	C8775	All American Oil	Hayward	Permit to Operate
3/21/2006	R3316	Manny's Construction	Hayward	Asbestos Demolition, Renovation & Mfg.
3/13/2006	P2499	McGuire & Hester	Oakland	Asbestos Demolition, Renovation & Mfg.
3/21/2006	B1715	MD Auto Body	Oakland	Permit to Operate
3/21/2006	B1715	MD Auto Body	Oakland	Failure to Meet Permit Conditions; Gasoline Dispensing Facilities
3/16/2006	C9880	Montclair Gasoline	Oakland	Gasoline Dispensing Facilities Graphics Arts Printing & Coating
3/21/2006	A4810	Alameda Newspaper Group	Pleasanton	Operations
3/14/2006	C8739 Q753	Santa Rita Shell #135786	Pleasanton	Failure to Meet Permit Conditions Asbestos Demolition, Renovation
3/21/2006	6	MacVale Group	San Leandro	& Mfg.

Contra Costa County

Status				Regulation
Date	Site #	Site Name	City	Title
3/13/2006	D1203	Golf Course Plaza Gas	Antioch	Failure to Meet Permit Conditions Motor Vehicle & Mobile Equip Coating
3/21/2006	B3352	Concord Autobody	Concord	Operations
3/21/2006	R1946	Harmesh Kumar	Concord	Asbestos Demolition, Renovation & Mfg.
3/21/2006	B7197	Mirage Auto Craft	Concord	Authority to Construct; Permit to Operate
3/21/2006	B7197	Mirage Auto Craft	Concord	Motor Vehicle & Mobile Equip Coating Operations
3/13/2006	C7726	Oak Grove Chevron	Concord	Failure to Meet Permit Conditions Gasoline Bulk Terminals & Gasoline
3/27/2006	A0091	Chevron Products Co	Martinez	Delivery Vehicles Flare Monitoring at Petroleum Refineries; Recordkeeping; Failure to Meet Permit
3/27/2006	B2758	Tesoro Refining and Marketing Company	Martinez	Conditions; Equipment Leaks; CO from Process Heater/Furnace

**Contra Costa
County**

Status Date	Site #	Site Name	City	Regulation Title
3/27/2006	C5719	Blue Star Gasoline	Richmond	Permit to Operate; Gasoline Dispensing Facilities
3/13/2006	A4494	Bob's Washette Cleaners	Richmond	Perc & Synthetic Solvent Dry Cleaning Operations
3/27/2006	A0016	ConocoPhillips - San Francisco Refinery	Rodeo	Failure to Meet Permit Conditions

Marin County

Status Date	Site #	Site Name	City	Regulation Title
NONE				

Napa County

Status Date	Site #	Site Name	City	Regulation Title
3/14/2006	C8262	KAFV, Inc	Napa	Gasoline Dispensing Facilities
3/01/2006	K4607	Pine Ridge Winery	Napa	Open Burning
3/01/2006	R3212	Carolyn Thatcher	Saint Helena	Open Burning
3/16/2006	C8851	St Helena Petroleum	Saint Helena	Gasoline Dispensing Facilities
3/01/2006	R3220	Tudal Winery	Saint Helena	Open Burning

San Francisco County

Received Date	Site #	Site Name	City	Regulation Title
3/06/2006	A7219	Fabricare Cleaners	San Francisco	Perc & Synthetic Solvent Dry Cleaning Operations

San Mateo County

Received Date	Site #	Site Name	City	Regulation Title
3/06/2006	B1668	Gas Recovery Systems, Inc	Menlo Park	Parametric Monitoring & Recordkeeping Procedures
3/06/2006	A5785	Joe's Auto Body	Pacifica	Permit to Operate
3/06/2006	B6807	Sears, #1478	San Bruno	NOx & CO from Stationary Internal Combustion Engines
3/06/2006	A9791	ABC Cleaners	San Carlos	Perc & Synthetic Solvent Dry Cleaning Operations

Santa Clara County

Received Date	Site #	Site Name	City	Regulation Title
3/27/2006	B2585	Bay Sheets	Gilroy	Failure to Meet Permit Conditions
3/06/2006	A0550	NASA-AMES Research Center	Mountain View	Failure to Meet Permit Conditions
3/16/2006	C8383	USA Petroleum	San Jose	Gasoline Dispensing Facilities

Solano County

Received Date	Site #	Site Name	City	Regulation Title
3/27/2006	C9662	Fast & Easy Mart	Benicia	Gasoline Dispensing Facilities
3/13/2006	A0901	Valero Benicia Asphalt Plant	Benicia	Parametric Monitoring & Recordkeeping Procedures; Failure to Meet Permit Conditions
3/07/2006	B5574	Valero Logistics Operations, L P	Benicia	Storage of Organic Liquids
3/13/2006	B2626	Valero Refining Company - California	Benicia	Standards of Performance for New Stationary Sources; Flare Monitoring at Petroleum Refineries; Storage of Organic Liquids
3/06/2006	B7631	Nurich Cabinets Inc	Fairfield	Authority to Construct; Permit to Operate
3/27/2006	C7890	ARCO Facility #00761	Vallejo	Gasoline Dispensing Facilities
3/21/2006	C6537	N & M Market (Arco)	Vallejo	Gasoline Dispensing Facilities

Sonoma County

Received Date	Site #	Site Name	City	Regulation Title
3/01/2006	R3217	Quarryhill Botanical Garden	Glen Ellen	Open Burning
3/16/2006	D0371	Grand Valero	Petaluma	Permit to Operate
3/28/2006	B1689	Interior Finishing	Rohnert Park	Permit to Operate; Wood Products Coatings
3/16/2006	C0191	Rohnert Park Tesoro	Rohnert Park	Permit to Operate; Gasonline Dispensing Facilities
3/06/2006	A1403	City of Santa Rosa Wastewater Treatment	Santa Rosa	Failure to Meet Permit Conditions
3/13/2006	C9709	Grand Gas	Santa Rosa	Authority to Construct; Permit to Operate
3/01/2006	R3216	Gerald Dixon	Sebastopol	Open Burning
3/01/2006	R3214	Otmar Peters	Sebastopol	Open Burning
3/06/2006	R3319	Seventh Day Adventist Church	Sebastopol	Open Burning
3/06/2006	R3315	Steven Gillum	Sebastopol	Open Burning

Outside Bay Area

Received Date	Site #	Site Name	City	Regulation Title
3/13/2006	J6726	Kemen and Son Engineering Contractor	Paradise	Asbestos Demolition, Renovation & Mfg.

March 2006 Closed NOV's with Penalties by County

Alameda

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
City of Emeryville	C0140	Emeryville	\$500	2
Dublin Chevron	C8334	Dublin	\$400	1
Kevin Greene	Q7836	Oakland	\$2,500	2
Lido Auto Care Inc	C9280	Newark	\$1,250	3
Mehdi M. Ansari	Q2652	Emeryville	\$1,000	1
Owens-Brockway Glass Container Inc	A0030	Oakland	\$32,000	4
Pechiney Plastic Packaging, Inc	A0273	Newark	\$4,500	3
Titan EMS Incorp	B5261	Fremont	\$500	1
Western Digital Corporation	A8391	Fremont	\$12,500	2
Western Truck Fabrication	B6779	Hayward	\$750	3
Xtra Oil Company	C0030	Alameda	\$300	1

Total Violations Closed: 23

Contra Costa

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Criterion Catalysts Company LP	A0227	Pittsburg	\$17,000	3
General Chemical West, LLC	A2282	Pittsburg	\$3,000	1
Golf Course Plaza Gas	D1203	Antioch	\$1,000	1
Gulf Transportation	A4021	Concord	\$1,500	2
K & J Graphics	B2062	Antioch	\$500	1
Shell Martinez Refinery	A0011	Martinez	\$26,000	4

Total Violations Closed: 12

Napa

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Terra Valentine	R1950	Saint Helena	\$1,350	2

Total Violations Closed: 2

San Francisco

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Lucky Cleaners	A8661	San Francisco	\$250	1
Pacific Gas & Electric	A0026	San Francisco	\$1,000	2
Sandy's Cleaners	A5040	San Francisco	\$300	1
Ted Stevenson Hilliard	Q5181	San Francisco	\$750	2
Trico Construction	R1562	San Francisco	\$1,000	1

Total Violations Closed: 7

San Mateo

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Beach House at Gazos Creek	C9882	Pescadero	\$750	3
Browning-Ferris Industries of CA, Inc	A2266	Half Moon Bay	\$5,000	5
Granite Rock	A0068	Redwood City	\$1,250	1
San Francisco Offset Printing Co	B2405	Redwood City	\$250	1
TEC Accutite	C7830	South San Francisco	\$1,000	1

Total Violations Closed: 11

Santa Clara

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
7-Eleven #17496	C4127	San Jose	\$500	1
BK Painting	P0452	Mountain View	\$7,500	5
Capitol Touchless Carwash	C6217	San Jose	\$1,000	1
Gilroy Shell and Car Wash	C9202	Gilroy	\$150	1
HSR, Inc	P6854	Santa Clara	\$250	1
Piedmont Shell	C9862	San Jose	\$500	1

Total Violations Closed: 10

Sonoma

Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Wedekinds Nursery	R1773	Sonoma	\$300	1

Total Violations Closed: 1

District Wide				
Site Name	Site Occurrence	City	Penalty	# of Violations Closed
Beneto Tank Lines	A0064	West Sacramento	\$2,000	1

Total Violations Closed: 1

ACRONYMS AND TERMINOLOGY

ABAG	Association of Bay Area Governments
AC	Authority to Construct issued to build a facility (permit)
AMBIENT	The surrounding local air
AQI	Air Quality Index
ARB	[California] Air Resources Board
ATCM	Airborne Toxic Control Measure
BAAQMD	Bay Area Air Quality Management District
BACT	Best Available Control Technology
BANKING	Applications to deposit or withdraw emission reduction credits
BAR	[California] Bureau of Automotive Repair
BARCT	Best Available Retrofit Control Technology
BIODIESEL	A fuel or additive for diesel engines that is made from soybean oil or recycled vegetable oils and tallow. B100=100% biodiesel; B20=20% biodiesel blended with 80% conventional diesel
BTU	British Thermal Units (measure of heat output)
CAA	[Federal] Clean Air Act
CAL EPA	California Air Resources Board
CCAA	California Clean Air Act [of 1988]
CCCTA	Contra Costa County Transportation Authority
CEQA	California Environmental Quality Act
CFCs	Chlorofluorocarbons
CMA	Congestion Management Agency
CMAQ	Congestion Management Air Quality [Improvement Program]
CMP	Congestion Management Program
CNG	Compressed Natural Gas
CO	Carbon monoxide
EBTR	Employer-based trip reduction
EJ	Environmental Justice
EIR	Environmental Impact Report
EPA	[United States] Environmental Protection Agency
EV	Electric Vehicle
HC	Hydrocarbons
HOV	High-occupancy vehicle lanes (carpool lanes)
hp	Horsepower
I&M	[Motor Vehicle] Inspection & Maintenance ("Smog Check" program)
ILEV	Inherently Low Emission Vehicle
JPB	[Peninsula Corridor] Joint Powers Board
LAVTA	Livermore-Amador Valley Transit Authority ("Wheels")
LEV	Low Emission Vehicle

LNG	Liquefied Natural Gas
MPG	Miles per gallon
MTC	Metropolitan Transportation Commission
NAAQS	National Ambient Air Quality Standards (federal standards)
NO _x	Nitrogen oxides, or oxides of nitrogen
NPOC	Non-Precursor Organic Compounds
NSR	New Source Review
O ₃	Ozone
PM _{2.5}	Particulate matter less than 2.5 microns
PM ₁₀	Particulate matter (dust) less than 10 microns
PM _{>10}	Particulate matter (dust) over 10 microns
POC	Precursor Organic Compounds
pphm	Parts per hundred million
ppm	Parts per million
PUC	Public Utilities Commission
RFG	Reformulated gasoline
ROG	Reactive organic gases (photochemically reactive organic compounds)
RIDES	RIDES for Bay Area Commuters
RTP	Regional Transportation Plan
RVP	Reid vapor pressure (measure of gasoline volatility)
SCAQMD	South Coast [Los Angeles area] Air Quality Management District
SIP	State Implementation Plan (prepared for <i>national</i> air quality standards)
SO ₂	Sulfur Dioxide
TAC	Toxic Air Contaminant
TCM	Transportation Control Measure
TFCA	Transportation Fund for Clean Air [BAAQMD]
TIP	Transportation Improvement Program
TMA	Transportation Management Association
TOS	Traffic Operations System
tpd	tons per day
Ug/m ³	micrograms per cubic meter
ULEV	Ultra low emission vehicle
ULSD	Ultra low sulfur diesel
USC	United States Code
UV	Ultraviolet
VMT	Vehicle miles traveled (usually per <i>day</i> , in a defined area)
VTA	Santa Clara Valley Transportation Authority
ZEV	Zero Emission Vehicle

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent,
Executive Officer/APCO

Date: April 24, 2006

Re: Referral of Preliminary Operating Budget for Fiscal Year 2006/2007
to the Budget and Finance Committee

RECOMMENED ACTION

Refer preliminary operating budget for Fiscal Year 2006/2007 to the Budget and Finance Committee for review and consideration.

DISCUSSION

Pursuant to Administrative Code Division II, Section 3.2 Fiscal Policies and Procedures and in compliance with Health and Safety Code Section 40276, the Executive Officer/APCO requests that the Board of Directors refer the proposed budget for Fiscal Year 2006/2007 to the Budget and Finance Committee for review and consideration.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The preliminary operating budget for Fiscal Year 2006/2007 is \$62.2 million dollars.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 24, 2006

Re: Set Public Hearing on the Air District's Proposed FY 2006/2007
Operating Budget

RECOMMENDED ACTION:

Set public hearing for May 17, 2006 and June 7, 2006 to consider the Air District's Proposed FY 2006/2007 Operating Budget.

DISCUSSION

Pursuant to Health and Safety code Section 40131, the Air District is setting public hearings for May 17, 2006 and June 7, 2006 to review the Air District's Proposed FY 2006/2007 Operating Budget. Final action on the budget will be taken at the conclusion of the second public hearing on this matter scheduled for June 7, 2006.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 24, 2006

Re: Consider Approval of Resolution Authorizing Use of an Optional Benefit with
the California Public Employees' Retirement System Pursuant to Government
Code Section 20903

RECOMMENDATION

Approve resolution authorizing use of optional benefit with the California Public Employees' Retirement System pursuant to Government Code Section 20903.

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. A resolution by the Board of Directors is required in order to authorize designation of a period in which eligible employees must retire in order to receive the optional benefit pursuant to Section 20903.

DISCUSSION

The particulars and justifications for utilizing the optional benefit have been discussed with the Board in closed session at its regular meeting on April 5, 2006. The authorizing resolution is included as part of this agenda item.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The cost of utilizing the optional benefit was disclosed on the regular meeting agenda on April 5, 2006.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael K. Rich

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2006-___

**A Resolution of the
Board of Directors of the Bay Area Air Quality Management District
Granting Another Designated Period for Two Years of Additional Service Credit**

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District is a contracting Public Agency of the Public Employees' Retirement System; and

WHEREAS, said Public Agency desires to provide another designated period for Two Years Additional Service Credit, Section 20903, based on the contract amendment included in said contract which provided for Section 20903, Two Years Additional Service Credit, for eligible members;

NOW, THEREFORE, BE IT RESOLVED, that said Board of Directors does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from October 1, 2006 through December 29, 2006 for eligible members in the classification of Supervising Public Information Officer.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2006 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Gayle B. Uilkema
Chair of the Board of Directors

ATTEST:

Jerry Hill
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 26, 2006

Re: Authorize the Executive Officer/APCO to Accept and Distribute Fiscal Year 2005-
2006 Lower-Emission School Bus Program Funds – Bus Replacement and Retrofit
Components

RECOMMENDED ACTION

Authorize the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) and school districts relating to the Air District's receipt and distribution of Lower-Emission School Bus Program (LESBP) funds for fiscal year (FY) 2005-2006 for both the bus replacement component and the retrofit component.

BACKGROUND

CARB allocates LESBP funds to local air districts to provide grants to school districts to: (1) purchase new school buses to replace older, high-emitting school buses, and (2) retrofit diesel school buses to control emissions. The Air District has been participating in the LESBP since it was established in FY 2000-2001. The LESBP provides a cost-effective means to reduce school children's exposure to harmful particulate matter emissions.

DISCUSSION

CARB has allocated funds to the Air District for FY 2005-2006 for implementation of two components of the Lower-Emission School Bus Program. Specifically, the Air District has been allocated \$560,000 in funds for bus replacement projects and \$2,395,000 for retrofit projects. Authorization by the Board of Directors to accept these funds is needed to satisfy CARB procedures and to allow the Air District to execute contracts for these funds in accordance with CARB's deadlines. CARB requires that all school buses purchased with the aforementioned bus replacement funds be delivered to the corresponding school districts by August 1, 2007. CARB's deadline for obligation of all retrofit funds is June 30, 2007. Bus replacement funds will be used to replace pre-1977 model year buses specified by CARB. Retrofit funds will be used to install CARB-verified Level-3 retrofit devices.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. CARB does not require the Air District to provide matching funds.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2006-

**A Resolution Accepting Lower-Emission School Bus Program Funds
From the California Air Resources Board**

WHEREAS, the State Legislature passed and the Governor signed the Budget Act of 2005 appropriating \$25 million in the 2005-2006 fiscal year State budget for the Lower-Emission School Bus Program, of which \$12.5 million is to be spent on new buses and \$12.5 million is to be spent on in-use diesel buses to retrofit them with Level 3 particulate filters;

WHEREAS, based on direction via a legislative letter from a diverse group of 27 legislators representing a cross section of regional interests, the staff of the California Air Resources Board (CARB) proposed that school bus replacement funds be disbursed to replace the oldest school buses in California first and that retrofit funds be disbursed on a per-capita basis;

WHEREAS, at its meeting on February 23, 2006, CARB approved the 2006 Lower-Emission School Bus Program Guidelines and the proposed funding allocation for the current fiscal year's State funds appropriated to the program;

WHEREAS, CARB has allocated a total of \$560,000 in funds for the bus replacement component of the Lower-Emission School Bus Program to the Bay Area Air Quality Management District (District) for the fiscal year (FY) 2005/2006 funding cycle, subject to acceptance and approval by the District Board of Directors.

WHEREAS, CARB has allocated a total of \$2,395,000 in funds for the retrofit component of the Lower-Emission School Bus Program to the Bay Area Air Quality Management District (District) for the fiscal year (FY) 2005/2006 funding cycle, subject to acceptance and approval by the District Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, the District Board of Directors hereby approves the District's continued participation in the Lower-Emission School Bus Program and acceptance of the FY 2005/2006 Lower-Emission School Bus Program funds, to be awarded to eligible projects in accordance with CARB's Lower-Emission School Bus Program Guidelines.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District a grant agreement with CARB, and all other necessary documents to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management

District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2006 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Gayle B. Uilkema
Chair of the Board of Directors

ATTEST:

Jerry Hill
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 26, 2006

Re: Report of the Public Outreach Committee Meeting of April 24, 2006

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Public Outreach Committee met on Monday, April 24, 2006 and received the following reports:

- A summary of the public outreach activities conducted in the last six months;
- Plans for the summertime Spare the Air/Free Fare campaign; and
- A summary of the 2005/2006 wintertime Spare the Air Tonight survey results.

Chairperson Brad Wagenkencht will give an oral report of the meeting. Attached are the reports submitted to the Committee for your review.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the aforementioned outreach programs is included in the 2005/2006 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Luna Salaver
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Wagenknecht and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 11, 2006

Re: Report of the Public Information and Outreach Section

RECOMMENDED ACTION

For information only.

BACKGROUND

Staff will present a broad overview of Public Information and Outreach activities conducted since October 1, 2005. The presentation will include a summary of the media activities and numerous community events, symposiums and technical conferences the District has participated in over the past six months. The presentation will include a compilation of District-related media coverage and taped examples of staff interviews with the press.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the aforementioned outreach activities were allocated in the 2005/2006 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Luna Salaver
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Wagenknecht and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2006

Re: Spare the Air Planning - 2006

RECOMMENDED ACTION

For information only.

BACKGROUND

Staff will update the Committee on the 2006 *Spare the Air/Free Fare* campaign.

DISCUSSION

This year, as an incentive to commuters, the Air District, the Metropolitan Transportation Commission (MTC) and 23 participating transit operators have joined forces to expand the free transit element of the *Spare the Air/Free Fare* program. Starting on Thursday, June 1, 2006 participating operators will offer free rides, all day, on the first three non-holiday *Spare the Air* weekdays.

The District *Spare the Air* launch includes co-sponsoring the May 21 A's versus Giants game in Oakland and a press conference with MTC and the transit partners, tentatively planned for Thursday, May 25, which will formally announce the *Spare the Air/Free Fare* program. The campaign ends on Friday, October 13, 2006.

Other elements of the 2006 summer campaign include:

Advertising - The goal of the 2006 advertising campaign is to raise awareness of the Air District and the *Spare the Air* program, maintain healthy air in the region and encourage commuters to drive less and use public transit more. Because the program includes a new concept (three full days), the campaign will use fresh television and radio spots publicizing the summertime ozone issue and promoting the *Spare the Air/Free Fare* program. There will also be bus signs, billboards, some wrapped buses and signage in all BART stations, featuring the new, bold graphics created for the *Spare the Air/Free Fare* program.

Similar to last year, the regional call to action for the public is to sign up for advance notice of *Spare the Air* advisories (Air Alerts) at www.sparetheair.org and to plan a transit commute by calling 511 or visiting 511.org.

Media – The highest priority for the media campaign is to ensure reporting of *Spare the Air* advisories on radio and television. To take advantage of the publicity value of placed media coverage, staff will also promote the *Spare the Air/Free Fare* program to all regional media outlets the weeks prior to June 1.

Employer Program - The Employer Outreach Program involves Bay Area employers who notify their employees whenever a *Spare the Air* advisory is issued. Currently, there are over 1900 employers (reaching over 935,000 employees) registered in the program. Our goal is to increase the number of employer participants to 2090 by the end of the season.

Web sites - By May 15, 2006, the Spare the Air web page--www.sparetheair.org—will be updated to reflect the summer program. Staff will continue to encourage residents to register for AirAlerts. Currently, there are 30,613 registrants. New features for the summer will include Spare the Air/Free Fare information on the home page and an animated video: “Top Ten Tips for Cleaner Air”.

Main Web site -The main Web site (baaqmd.gov) will link from the Spare the Air site.

Partner Web sites - MTC, 511.org and all participating agencies will carry the free fare message. In addition, all the paid advertising media outlets have links to sparetheair.org during the campaign.

Events - Community and employer events continue to be a major strategy to increase awareness about the program and build the AirAlerts network.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funds for the advertising and media campaign have been allocated in the 2005-06 budget and are proposed for continuation in the 2006-07 budget. The largest source of funding for the program comes from the federal Congestion Mitigation Air Quality (CMAQ) program.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Luna Salaver
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Wagenknecht and
Members of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2006

Re: 2005-06 Winter Season Wood Smoke Survey Report

RECOMMENDED ACTION

For information only.

BACKGROUND

Staff will present highlights from the Air District's winter survey of public opinion, awareness, and attitudes about wood smoke, and wood burning behavior.

DISCUSSION

The Air District commissioned a survey of 2,625 Bay Area residents about wood burning and wood smoke air pollution. The survey was completed by True North Research using random digit dialing on evenings in November and December 2005, and in January and February 2006. This year's report is substantially longer than last year's due to the enhanced sample and, the ability to conduct analyses that were not possible last year. The passage of California Senate Bill 656 to reduce public exposure to particulate matter (PM10 and PM2.5) was considered in the decision to increase the scope and length of the survey. With a greater emphasis placed on reducing particulate matter in the Bay Area, the 2005 study presented a good opportunity to develop an updated profile of wood burning behavior in the Bay Area that will allow for statistically reliable estimates within each of the nine member counties. Several public policy questions also were added.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

Funding for the survey was included in the 2005-06 budget. Additional funds for the expanded scope and size of the survey were allocated from the CARE study.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Emily Hopkins
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 24, 2006

Re: Report of the Budget & Finance Committee Meeting of April 26, 2006

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Budget & Finance Committee will met on Wednesday, April 26, 2006. Staff presented an overview of the preliminary budget for FY 2006/2007 and the proposed amendments to the Air District's Fee regulation.

Attached are the staff reports that will be presented to the Committee for your review.

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack Broadbent
Executive Officer/APCO

Date: April 19, 2006

Re: Draft Budget for Fiscal Year 2006/2007

RECOMMENDED ACTION:

The Executive Officer/APCO requests that the Budget and Finance Committee review the Budget for FY 2006/2007 and make any recommendations for further discussion at the May 10, 2006 Budget and Finance Committee meeting. This will allow staff the necessary time to make the changes for a second review by the Committee and the first public hearing date set for May 17, 2006.

BACKGROUND:

At the May 3, 2006 regular Board of Directors' meeting, the Fiscal Year 2006/2007 Preliminary Budget document will be formally referred to the Budget and Finance Committee for review at the Committee's May 10, 2006, meeting. Additional copies will be available at the Committee meeting.

DISCUSSION:

Staff will present the proposed budget for Fiscal Year 2006/2007. The proposed budget is balanced. General Fund Revenues, Transfers-In from Designated Reserves for PERS Funding, along with TFCA Indirect Cost Recovery and TFCA Revenues and Mobile Source Incentive Indirect Cost Recovery and Revenues are \$62.2 million. Proposed consolidated expenditures are \$62.2 million. Proposed capital requests are \$1,358,087 with projected future year expenditure provided for in the five year capital plan (attached). The proposed budget includes a proposed staff increase of 4.17 FTE.

Staff published, prior to April 17, 2006, a notice to the general public that the first of two public hearings on the budget will be conducted on May 17, 2006 and that the second hearing will be conducted on June 7, 2006. Staff requests that the Budget and Finance Committee complete its review and take action on the proposed budget at the May 10, 2006 Budget and Finance Committee meeting. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing to be held on May 17, 2006.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for FY 2006/2007 is \$62,235,614 and is a balanced budget without drawing from undesignated reserves.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

Attachment (1)

Five-Year Capital Plan FYE 2007-11

Program	Project Name/Description	2006-07	2007-08	2008-09	2009-10	2010-11
Building & Grounds						
	Replace existing fence with new chain link fence and remote gate in District open parking lot.	23,882				
102	Main lobby refurbishing and upgrade	15,471				
102	Replacing tar & gravel roof on penthouse equipment structure to prevent further water damaged to offices and elevator machinery.	15,860				
	Demo existing hard ceiling and install new T-bar grid ceiling for 2nd and 3rd floor west.	80,977				
102	Life Safety Fire Alarm system upgrade completed	188,704				
102	General Building and Grounds		250,000	200,000	350,000	350,000
102	Install New Carpeting Boardroom/Admin.		95,890			
102	Further ADA Upgrades to 7th floor			120,000		
102	Install New Halogen Lighting all Garages			12,750		
	Total Building & Grounds	\$324,894	\$345,890	\$332,750	\$350,000	\$350,000
Furniture & Fixtures						
102	Furniture/Cubes/Carpet/Paint		150,000	100,000	50,000	50,000
102	Paint and Wallpaper all Ladies/Mens WC			23,880		
104	Reconfigure office space - Admin-4th Floor East		100,000	100,000		
114	Adding Electrical Outlets, Phone Lines, Interior Window			7,500		
114	Carpeting Replacement		10,000			
114	Painting			5,000		
114	Replace Old/Broken Ceiling Panels			2,500		
114	Testing Area		15,000			
114	Filing Cabinet Replacement			10,000		
114	Reception Area Furniture		5,000			
401	Furniture		10,000	10,000	10,000	10,000
402	Furniture		8,000	8,000	8,000	8,000
504	Office Improvements Including Furniture		40,000	40,000	40,000	
	Total Furniture & Fixtures		\$338,000	\$306,880	\$108,000	\$68,000
Computer & Network Equipment						
401	Digital Cameras	14,000				
402	Production Scanner (Document Processing)			20,000		20,000
403	Lap Top Computers	52,000	46,000	46,500	47,000	47,000
706	Computer Workstations	75,000				
706	Networked Storage Solution (SAN)	100,000				
706	Computer Printers	45,000				
706	DATA CENTER REMODEL/NETWORK TOPOLOGY RE-ENGINEERING		300,000	300,000		
706	PBX, TELEPHONE, VOICEMAIL RENOVATION			200,000	200,000	
	Total Computer & Network Equipment	\$286,000	\$346,000	\$566,500	\$247,000	\$67,000
Motorized Equipment						
110	Maintenance Equipment and Shop Tools		45,000	32,000	24,000	18,000
110	New vehicles for Enforcement, Technical and PI&O	148,788	123,980	125,200	128,750	132,700
	Total Motorized Equipment	\$148,788	\$168,980	\$157,200	\$152,750	\$150,700

Five-Year Capital Plan FYE 2007-11

Program	Project Name/Description	2006-07	2007-08	2008-09	2009-10	2010-11
Laboratory & Monitoring Equipment						
401	Q-Rae		3,000	3,000	3,000	3,000
401	Scott Air Pack	7,000	7,000	7,000	7,000	7,000
401	Personal Safety Monitors	3,000				
403	Hand Held Particulate Monitor	6,000				
403	Remote Sensing Camera for Fugitive VOCs	100,000				
403	TVA Analyzers	20,000	20,000	20,000	20,000	20,000
403	Aerocete		6,000	6,000	6,000	6,000
403	Minirae		6,400	6,400	6,400	6,400
403	Vapor Analyzers @\$10,000 Each		10,000	10,000	10,000	10,000
802	Air Monitoring Instruments	129,782				
802	Relocatable Air Monitoring Station	178,682	158,720	164,360	132,150	
802	Build Out of Air Monitoring Station		38,000			
802	16 VPN CISCO Routers	8,000	38,000			
803	Polarizing Light Microscope	17,500				
803	Gas Chromatograph with FID/TCD	30,000				
803	Nitrogen/Zero Air Generator and Hydrogen Generator	18,480				
803	Oven, Temperature Controller, Microbalance Upgrade	5,500				
803	Building Upgrade to allow for gas generators to be housed in the lab storeroom.	11,000				
803	Replacement of Obsolete Instrumentation and Related Equipment		81,500	109,500	94,500	
803	Miscellaneous equipment (<\$3500)		11,000	11,000	11,000	11,000
804	Xontech 910 Sampler	7,920				
804	Hydrocarbon Analyzer	12,790				
804	Combination O2/CO2 Analyzer	8,250				
804	Replacement of Obsolete Instrumentation		45,067			
804	Replacement of Van Instrumentation and Related Equipment			86,000	98,000	
804	Replacement Obsolete Testing Equipment					25,000
805	Replacement of Obsolete Instrumentation and Related Equipment		10,000	10,300	15,609	25,000
807	Instruments for Quality Assurance audits	34,500	19,700	25,800	31,300	
807	Build out of Mobile Surveillance Van			9,000		
	Total Laboratory & Monitoring Equipment	\$598,404	\$454,387	\$468,360	\$434,959	\$113,400
Communications Equipment						
507	Communication Equipment		10,000	10,000	10,000	
	Total Communication Equipment		\$10,000	\$10,000	\$10,000	
Grand Total						
	Building & Grounds	324,894	345,890	332,750	350,000	350,000
	Furniture & Fixtures		338,000	306,880	108,000	68,000
	Computer & Network	286,000	346,000	566,500	247,000	67,000
	Motorized Equipment	148,788	168,980	157,200	152,750	150,700
	Lab & Monitoring	598,404	454,387	468,360	434,959	113,400
	Communication		10,000	10,000	10,000	
		\$1,358,086	\$1,663,257	\$1,841,690	\$1,302,709	\$749,100

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: April 18, 2006

Re: Proposed Amendments to the District's Fee Regulation

RECOMMENDED ACTION:

Staff requests that the Committee recommend to the Board of Directors that staff proceed with proposed amendments to the District's fee regulation.

BACKGROUND

The District collects fees from regulated sources of air pollution to pay for the costs of implementing and enforcing regulatory programs to reduce air pollution from stationary sources. Under State law, the District has the authority to collect fees sufficient to recover the full costs of these programs.

A study of fee revenue, and regulatory program activity costs, was completed last year for the District by the accounting firm Stonefield Josephson, Inc. (*Bay Area Air Quality Management District Cost Recovery Study, Final Report; March 30, 2005*). This Cost Recovery Study concluded that, on an overall basis, existing fee revenue is far less than regulatory program activity costs. For example, for FY 2003-2004, the deficit between costs and revenue, after allocation of direct and indirect expenses, was approximately \$13 million. The Study recommended that, if this revenue gap is to be reduced, fees should be increased by more than annual cost of living adjustments over a period of time.

Last June, the Board adopted amendments to the District's fee regulation for FY 2005-2006 that enabled the District to address increasing regulatory program activity costs, and reduce the cost recovery gap. The adopted fee amendments increased projected fee revenue by approximately \$1.4 million relative to the prior fiscal year. In order to address fee equity issues, the individual Fee Schedules were amended based on the magnitude of the cost recovery gap identified in the Cost Recovery Study. Fee Schedules with the largest cost recovery gaps were increased by 15 percent (the largest permit fee increase in a single year allowed by law); Schedules with less significant gaps, and most administrative fees, were increased by five percent; Schedules with no cost recovery gaps were not increased.

PROPOSED FEE AMENDMENTS FOR FY 2006-2007

Staff has prepared proposed fee regulation amendments for the upcoming Fiscal Year 2006-2007 that would continue to implement the recommendations of the Cost Recovery Study by increasing fees in a similar manner to last year's fee amendments. Under this proposal, the individual Fee Schedules would be increased by the same percentages as they were last year. In addition, various administrative fees would be increased by 5 percent as they were last year.

The proposal would result in an overall increase in projected fee revenue of about \$1.8 million, representing an increase of about 8½ percent (for reference, there was a 2.1 percent increase in the annual Consumer Price Index for the California Bay Area from calendar year 2004 to 2005, as reported by the California Department of Industrial Relations, Division on Labor Statistics and Research). Staff will recommend that the proposed fee amendments be made effective on July 1, 2006.

Staff will provide the committee with additional details regarding the proposed fee amendments, and their impact on affected facilities, at the committee meeting on April 26, 2006.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Peter Hess