

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Approved Minutes: Board of Directors' Regular Meeting– April 16, 2008

Call To Order

Opening Comments: Chairperson Jerry Hill called the meeting to order at 9:45 a.m.

Roll Call: Present: Jerry Hill, Chair, Tom Bates, Harold Brown, Chris Daly, Scott Haggerty, Carol Klatt, Liz Kniss (10:00 a.m.), Janet Lockhart, Jake McGoldrick, Mark Ross, Michael Shimansky, John Silva, Tim Smith, Pam Torliatt (9:50 a.m.), Gayle B. Uilkema, Brad Wagenknecht, Ken Yeager.

Absent: Dan Dunnigan, Erin Garner, John Gioia, Yoriko Kishimoto.

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

Public Comment Period: – There were none.

Consent Calendar (Items 1 – 6)

1. Minutes of April 2, 2008
2. Communications
Information only.
3. Quarterly Report of Air Resource Board Representative Honorable Jerry Hill
4. Quarterly Report of the Executive Office Activities
5. Set a Public Hearing for May 21, 2008 to consider adoption of proposed amendments to District Regulation 3: Fees and approval of filing of a Notice of Exemption from the California Environmental Quality Act
6. Consider Approval of Board of Director and Advisory Council Members Attendance at the 101st Annual Air & Waste Management Association Conference and Exhibition in Portland, Oregon

The Board of Directors considered approval of attendance of 5 Board members and 5 Advisory Council members to the 101st Annual Air & Waste Management Association Conference and Exhibition to be held in Portland, Oregon June 24-27, 2008.

Board Action: Director Silva moved approval of Consent Calendar; seconded by Director Shimansky; carried unanimously without opposition.

COMMITTEE REPORTS AND RECOMMENDATIONS

7. Report of the Personnel Committee Meeting of April 4, 2008

Director Brown presented the report and stated that the Personnel Committee met on Friday, April 4, 2008.

The Committee conducted an interview and reviewed applications of candidates to fill the regular and alternate Public member category positions on the Hearing Board.

The Committee recommends Board of Directors' approval of reappointments to the Air District's Hearing Board of: 1) Julio Magalhaes and Terry Trumbull to fill the Regular Public Member positions for a three-year term of office, effective immediately and expiring on April 2, 2011; and 2) Peter Chiu and Richard Grundy to fill the Alternate Public Member positions for a three-year term of office, effective immediately and expiring on April 2, 2011.

The next meeting is at the Call of Chair.

Board Action: Director Brown moved that the Board of Directors approve the report of the Personnel Committee; seconded by Director Shimansky carried unanimously without opposition.

8. Report of the Executive Committee Meeting of April 10, 2008

The Committee received the Quarterly Report of the Hearing Board from Hearing Board member, Terry Trumbull; the Hearing Board dealt with 5 dockets over the past quarter and received a total of \$9,447 in hearing board fees. The Committee also received a Quarterly Report from the Advisory Council Chairperson, Dr. Louise Bedsworth. Chairperson Bedsworth provided the Committee with an overview of activities of the Advisory Council and its Standing Committees over the past quarter.

The Committee received an update on the progress made to date on the Production System. The Committee also received a demonstration on the production system. Staff provided a shortened version of the demonstration to the Board of Directors.

Finally, the Committee adjourned the Closed Session to discuss Air District labor negotiations. The Committee provided direction to staff. A report on the Committee's Closed Session discussions was held during Board of Directors' meeting under agenda item #10.

The next meeting of the Committee will be held Monday, May 12, 2008.

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

Jeff McKay, Deputy Air Pollution Control Officer, provided the Board of Directors with a brief presentation and demonstration of the Production System Project.

Mr. John Chiladakis, Information Systems Manager provided the Board of Directors a demonstration of IRIS and Databank.

Mr. Chiladakis stated that the new system will allow searches to be conducted for each facility and the actual permit. Another feature will allow employees to view the location of the facility. In addition, the program will allow employees to view surrounding facilities and their permits.

Mr. Chiladakis concluded his presentation.

Director Bates inquired about the next phase. Mr. Chiladakis responded to Director Bates stating the next phase will include detailed design and development work. The target date of deployment for the entire project is 2010. Mr. Broadbent acknowledged that the Air District is proud of the work that has been done and recognized both Mr. McKay and Mr. Chiladakis and their team for their work.

Chair Hill commented the system is on schedule as proposed and less than the budget initially proposed. Chair Hill thanked both Mr. McKay and Mr. Chiladakis.

Public Hearing

9. Public Hearing to Consider Testimony on Proposed Amendments to the Air District's Regulation 3: Fees

Brian Bateman, Director of Engineering provided the Board of Directors' with the presentation. Mr. Bateman stated that there were 5 topics for discussion.

Background information included:

- Air District legal authority to assess fees to fully recover the direct and indirect costs of implementing and enforcing a program for control of air pollution from stationary sources.
- Fee revenue falls far short of program costs
 - For FYE 2007, fee revenue covered 58 percent of program costs resulting in a revenue gap of \$16.5 million
 - Revenue gap is filled by property tax revenue from the counties
- Cost recovery gap should be reduced
 - Fees must be increased by more than annual cost of living adjustments to narrow the cost recovery gap
- Under State law, permit fee increases are limited to 15 percent in any calendar year

Rule development schedule included:

- Draft fee regulation amendments issued
 - January 31, 2008
- Public Workshop (40 attendees)
 - February 25, 2008

- Committee Briefings
 - Budget & Finance: February 27, 2008
 - Climate Protection: March 13, 2008
- Public Hearings
 - April 16 and May 21, 2008
 - Amendments would be effective July 1, 2008

Details of proposed fee amendments include:

- Similar to fee amendments adopted last year, with the addition of a new Greenhouse Gas (GHG) fee schedule
- Would increase overall fee revenue by 13.9 percent from fee revenue projected for the current fiscal year

Revenue from amendments to existing fee schedules:	\$2.3 million
Revenue from new GHG fee schedule:	<u>\$1.1 million</u>
Overall increase in fee revenue:	\$3.4 million

- Increase in CPI for Bay Area was 3.2 percent
- Would target the Fee Schedules with the most significant cost recovery gaps for the largest fee increases

Mr. Bateman continued his presentation with an outline of the proposed amendments to the existing fee schedule.

Summary of public comments include:

- 20 comment letters received
- Concerns of opponents to GHG fee schedule:
 - GHGs should be regulated only at the State-level by CARB under the AB 32 program
 - Regional/local agency GHG standards of differing detail and stringency may result in:
 - o Inconsistencies
 - o Duplication
 - o Conflicts
 - Air districts lack the legal authority to regulate GHGs
 - CARB may be developing GHG fees to recover AB 32 program costs
- Revisions made to initial draft GHG Fee Schedule in response to comments received:
 - Use same GHG compounds, Global Warming Potential values, that CARB uses
 - Exempt biogenic CO₂ emissions from GHG fees
 - Clarify that GHG fees apply only to permitted sources

Mr. Bateman concluded his presentation.

Director Ross requested that Air District collaborate with CARB.

Director Silva requested a further breakdown of the fee schedule.

The following individual spoke during Public Comment period on item 5.

Irvin Dawid
Sierra Club
753 Alma St., #126
Palo Alto, CA 94301

Mr. Dawid requested that the Board of Directors approve and implement Schedule T, as to make climate protection a self sustaining element.

The following individuals spoke during Public Comment period on item 9.

Linda Weiner
Bay Area Clean Air Task Force
72 Gates St.
San Francisco, CA 94110

Dennis Bolt
WSPA
5486-A Roundtree Dr.
Concord, CA 94527

Chair Hill stated that the public hearing will be continued until May 21, 2008.

Closed Session

10. **Closed Session with Air District's Labor Negotiators**
(*Government Code § 54957.6(a)*)

*Agency Negotiators: Jack P. Broadbent, Executive Officer/APCO
Michael Rich, Human Resources Officer*

Employee Organization: Bay Area Air Quality Management District Employees' Association, Inc.

11. **Conference with Legal Counsel – 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(s):

San Francisco Chapter of the A. Philip Randolph Institute, et al. v. United States Environmental Protection Agency, Bay Area Air Quality Management District, Mark Ross, United States District Court, Northern District of California, Case No. C 07 4936 JCS

The Board convened to closed session at 10:48 a.m.

Open Session

The Board reconvened to open session at 11:10 a.m.

Brian Bunger, District Counsel, reported that the Board of Directors met in closed session on agenda items 10 and 11. The Board received reports on those items and provided direction to staff.

Other Business

12. Report of the Executive Officer/APCO

Mr. Broadbent stated that the Air District is in the process of conducting its workshops on the regulation relating to wood burning devices. Meetings were held in Redwood City and Napa.

Mr. Broadbent also informed the Board of Directors that it was a relatively hot weekend and that the Bay Area had readings at several stations that would exceed the new federal ambient air quality standard on April 13, 2008. This was due to high temperatures. The violations were in the cities of Concord, Fremont, Livermore, Napa, San Jose and Sunnyvale.

Mr. Broadbent concluded his report.

13. Chairperson's Report – There was none.

14. Board Members' Comments – Director Torliatt asked Mr. Broadbent to mention the Environmental Award the Air District received from the United States Environmental Protection Agency (EPA). Director Torliatt continued that the Air District should be honored for being recognized by EPA.

15. **Time and Place of Next Meeting** – 9:45 a.m., Wednesday, May 7, 2008 – 939 Ellis Street, San Francisco, CA 94109

16. **Adjournment** – The meeting adjourned at 11:15 a.m.

/s/Vanessa Johnson
Vanessa Johnson
Acting Clerk of the Boards