



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
CLIMATE PROTECTION COMMITTEE
COMMITTEE MEMBERS

PAMELA TORLIATT – CHAIR
TOM BATES
JOHN GIOIA
JAKE MCGOLDRICK

YORIKO KISHIMOTO – VICE CHAIR
CHRIS DALY
SCOTT HAGGERTY
MARK ROSS
GAYLE B. UILKEMA

**THURSDAY
MARCH 13, 2008
9:30 A.M.**

**4th FLOOR CONFERENCE ROOM
DISTRICT OFFICES**

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD**

(Public Comment on Non-Agenda Items Pursuant to Government Code § 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 Committee's subject matter jurisdiction. Speakers will be limited to five (5) minutes each.

3. **APPROVAL OF MINUTES OF DECEMBER 13, 2007**
4. **REPORT ON GREENHOUSE (GHG) FEE SCHEDULE**

B. Bateman/4653
bbateman@baaqmd.gov

The Committee will receive a report from staff regarding the proposed amendments to the air district's Regulation 3: Fees and the new schedule to address climate protection activities.

5. **DISCUSSION ON LOCAL GOVERNMENT ASSISTANCE AND CEQA WHITE PAPER**

H. Hilken/4642
hhilken@baaqmd.gov

The Committee will receive an update on Air District activities to support local government climate protection efforts and on the CAPCOA "CEQA and Climate Change" white paper.

6. **OPPORTUNITIES FOR GREENHOUSE GAS EMISSION REDUCTIONS FROM BAY AREA STATIONARY SOURCES, PHASE II: GREENHOUSE GAS MITIGATION: LANDFILL GAS AND INDUSTRIAL, INSTITUTIONAL AND COMMERCIAL BOILERS, STEAM GENERATORS AND PROCESS HEATERS**

H. Hilken/4642
hhilken@baaqmd.gov

Consultants from URS Corporation will provide an overview of the study recently completed for the Air District, "Opportunities for Further Greenhouse Gas Reductions for the BAAQMD Stationary Sources, Phase 2: Landfills, and Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters."

7. **COMMITTEE MEMBERS' COMMENTS**

Any member of the Committee, 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)

8. **TIME AND PLACE OF NEXT MEETING – AT THE CALL OF THE CHAIR**

9. **ADJOURNMENT**

**CONTACT THE EXECUTIVE OFFICE - 939 ELLIS STREET
SAN FRANCISCO, CA 94109**

**(415) 749-5127
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 three 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 Torliatt and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 4, 2008

Re: Climate Protection Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Climate Protection Committee meeting of December 13, 2007.

DISCUSSION

Attached for your review and approval are the draft minutes of the December 13, 2007 Climate Protection Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-6000**

DRAFT MINUTES

Summary of Board of Directors
Climate Protection Committee
9:30 A.M., Thursday, December 13, 2007

1. **Call to Order - Roll Call:** Chair Pamela Torliatt called the meeting to order at 9:37 a.m.

Present: Pamela Torliatt, Chair, Tom Bates (9:39 a.m.), Chris Daly, John Gioia, Scott Haggerty (9:51 a.m.), Yoriko Kishimoto, Jake McGoldrick (9:44 a.m.)

Absent: Erin Garner, Gayle Uilkema.

Also Present: Board Chair Mark Ross.
2. **Public Comment Period:** There were no public comments.
3. **Approval of Minutes of December 13, 2007:** Director Daly moved approval of the minutes; seconded by Director Kishimoto; carried unanimously without objection.
4. **Climate Protection Grant Awards:** *The Committee considered recommending Board of Directors approval of climate protection grant awards totaling \$1.5 million.*

Jack P. Broadbent, Executive Officer/APCO, introduced the staff proposal to award climate protection grants.

Director Bates arrived at 9:39 a.m.

Abby Young, Principal Environmental Planner noted that a revised spreadsheet, Attachment 1, dated December 13, 2007 at the Committee members' places, as there were minor changes made in the original spreadsheet that was distributed in the Committee packet.

Director McGoldrick arrived at 9:44 a.m.

Director Haggerty arrived at 9:51 a.m.

Ms. Young noted that there was an overwhelming response, and that the applications showed creativity and thoughtfulness with very exciting results.

Ms. Young recommended that the Committee consider allocating up to \$3 million dollars set aside for Climate Incentives to the Grant Program.

At the Budget and Finance Committee meeting held on December 12, 2007, the Committee acknowledged that the excellent response warranted moving the full \$3 million dollars set aside for Climate Incentives from reserve to the budget, pending the Climate Protection Committee's decision.

Ms. Young provided an overview of the goals and objectives of the grant program. She stated that the evaluation process entailed extensive team work. Two person teams were devoted to each of the five different grant categories. The teams involved staff from Planning, Grants, Rule Development and Outreach and Incentives.

All applications were scored using the following criteria:

- GHG reductions (20-25 pts);
- Meeting the Air District's objectives (20 pts);
- Feasibility of technical approach (20 pts);
- Organizational capacity (10 pts);
- Matching funds (5-10 pts);
- Climate achievement (5-10 pts); and
- Strength of overall proposal (5 pts)

Specific grant categories were scored using additional criteria:

- Engagement of impacted communities (Climate Protection Planning grants only, 5 pts);
- Finance strategy (Capacity-building grants only, 10 pts); and
- Cost-effectiveness (Regionalizing Best Practices and Fostering Innovation grants, 10 pts)

Mr. Broadbent concluded the staff presentation, noting that this is very much a success story, that there was an overwhelming response to these grant awards and there are very good projects that would be funded if \$3 million in funding is awarded.

After a lengthy discussion of grant applications received and the significant response demonstrating the need for the grant program from across the Bay Area, the Committee agreed to move forward with the staff recommendation.

Committee Action: Director Bates moved that the Committee recommend to the Board of Directors approval of \$3 million dollars to fund 53 innovative projects, with the corrections noted by staff in Attachment 1, and directed staff to come back with the evaluation follow up to best practices; seconded by Director Gioia; carried unanimously without objection.

Director Daly suggested that staff follow up with the comment for targeted outreach to the media on this issue and also consider a foundation.

5. **AB 32: Implementation Update:** *The Committee received an update on the implementation of AB 32.*

Jack Broadbent, Executive Officer/APCO, noted that the Committee would be provided a status update on this item. Mr. Broadbent also indicated that there have been some recent developments with respect to the State and wanted to highlight this information.

Mr. Hilken followed up with the presentation, highlighting that AB 32 implementation includes:

- Adoption of Early Action Measures;
- Adoption of Statewide Greenhouse Gas Emission Cap;
- Adoption of Mandatory Reporting Regulation; and
- Adoption of a Scoping Plan

Mr. Hilken noted that there were three early action measures that ARB proposed last summer, and this fall, ARB added six more for a total of nine. One of the cornerstones of AB 32 is the GHG 1990 emission inventory, which is the emissions cap for 2020. ARB adopted the emission inventory on December 6, 2007. ARB also adopted the mandatory reporting requirements at their December 6, 2007 meeting.

The scoping plan is currently under development. There were workshops on November 30, 2007 and December 14, 2007.

One of the early action measures is ARB's Air Toxic Control Measure (ATCM) for shore power. On December 6, 2007, ARB adopted the ATCM requiring that most container ship fleets visiting California ports use grid power or other electrical power when they are at port. In addition to air toxics reduction, greenhouse gas emission reductions will result from this measure.

ARB elected to have companies report GHG emissions directly to them, through the mandatory reporting rule, including third party verifiers.

Mr. Hilken concluded his presentation and noted that the Air District continues to work with the other districts and CAPCOA to get the message across that the local districts have a role in AB 32 implementation.

Chairperson Torliatt stated that she would like staff to continue to bring recommendations on what should be forwarded to CARB and CAPCOA, especially with cap and trade. In addition, Chairperson Torliatt noted that the Air District should have standard language as a response to the various Environmental Impact Reports (EIR's), regarding greenhouse gas emissions.

Committee Action: None. This was an informational item only.

6. **Committee Members' Comments:** Director McGoldrick noted that he was in London for a meeting regarding Climate Protection along with representatives from around the world. He noted that what was discussed in London just reaffirms what the Air District is currently doing.

Director Ross thanked Chairperson Torliatt for her work during her tenure as the Committee Chairperson.

Chairperson Torliatt noted that the City of Petaluma has re-circulated a portion of its EIR for a new general plan, including a component for GHG.

7. **Time and Place of Next Meeting:** at the Call of the Chair.
8. **Adjournment:** The meeting was adjourned at 10:43 a.m.

Vanessa Johnson
Acting Clerk of the Board

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Torliatt and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 5, 2008

Re: Proposed Greenhouse Gas Fee Schedule

RECOMMENDED ACTION:

None. This item is for information only.

BACKGROUND

The Air District collects fees to pay for the costs of implementing and enforcing programs to reduce air pollution from stationary sources. Under State law, the Air District has the authority to collect fees sufficient to recover the full direct and indirect costs of these programs. Cost recovery studies indicate that current levels of fee revenue fall far short of recovering the District's program costs. In recent years, the Air District has been raising fees in order to reduce the cost recovery gap.

As a result of the establishment of the Air District's Climate Protection Program in 2005, Air District staff has been involved in a wide variety of activities related to the program's goal of reducing the emissions of greenhouse gases (GHGs). For stationary sources of GHGs, these activities include: (1) development, maintenance, and updating of an emissions inventory of GHG emissions, (2) completion of studies to identify and evaluate potential greenhouse gas emission control options for application at Bay Area facilities, (3) integration of GHG considerations into Air District rules and regulations, (4) providing assistance to CARB related to the development of regulations under the California Global Warming Solutions Act of 2006 (Assembly Bill 32), and (5) addressing GHG impacts as a lead and responsible agency under the California Environmental Quality Act. To date, these activities have been funded from County Revenue from the District's General Fund.

PROPOSED GHG FEE SCHEDULE

Staff is recommending the adoption of a new GHG fee schedule as part of the overall fee regulation amendments for the upcoming fiscal year to become effective on July 1, 2008. The new fee schedule is intended to recover the Air District's costs of implementing Climate Protection Program activities related to stationary sources.

The proposed fee schedule is designed to recover \$1.1 million in program costs. Each Air District-permitted facility with GHG emissions would pay an annual fee in proportion to the facility's GHG emissions, at a rate of \$0.042 per metric ton of carbon dioxide equivalent emissions. The fee would be assessed, along with other applicable fees, at the time of permit renewal.

Air District staff held a public workshop on February 25, 2008, to discuss the proposed GHG fee schedule. Approximately 40 individuals attended the workshop, and a number of comments were provided. A number of industry representatives spoke in opposition to the proposal. Some indicated that the regulation of GHGs should occur at the state and/or federal level of government rather than at the regional and/or local level. Others indicated that the proposed GHG fee schedule was not equitable.

Staff will provide the committee with additional details regarding the proposed GHG fee schedule, and public comments received, at the committee meeting on March 13, 2008.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeffrey Mckay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Torliatt and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 4, 2008

Re: Local Government Assistance and CEQA White Paper

RECOMMENDED ACTION:

None. For information only.

BACKGROUND

Since the 1980s, the Air District has provided guidance and technical assistance to cities and counties on land use, transportation, and air quality issues in local plans and environmental review processes. Such outreach and assistance to local governments is also a central element of the Air District's Climate Protection Program.

DISCUSSION

Staff will present an update on assistance to local governments, including a workshop series on emission inventories and best practices; grant awards; data assistance; and options for providing local guidance on CEQA based on the CAPCOA CEQA White Paper.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ana Sandoval
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Torliatt and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 4, 2008

Re: Opportunities for Greenhouse Gas Emission Reductions from Bay Area
Stationary Sources, Phase II: Greenhouse Gas Mitigation: Landfill Gas
and Industrial, Institutional and Commercial Boilers, Steam Generators
and Process Heaters

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

On June 1, 2005 the Board of Directors adopted a resolution establishing a Climate Protection Program and acknowledging the link between climate protection and programs to reduce air pollution in the Bay Area. One of the Climate Protection initiatives identified by Air District staff and presented to the Ad Hoc Committee for Climate Protection at its February 23, 2006 meeting involved conducting a study of potential greenhouse gas reduction strategies from sources historically regulated by the Air District. The Board of Directors approved the contract with URS on June 6, 2006.

URS presented their findings, "Opportunities for Greenhouse Gas Emission Reductions from Bay Area Stationary Sources, Phase I," to the Climate Protection Committee on June 7, 2007. The Board of Directors approved a study on specific source categories for a Phase II contract with URS on June 20, 2007.

DISCUSSION

The Phase I study, "Opportunities for Further Greenhouse Gas Emissions Reductions for the BAAQMD Stationary Sources," identified the industries and source categories which most significantly contribute to greenhouse gas emissions and potential mitigation options for controlling those emissions. The evaluation qualitatively considered the effectiveness, costs, and impacts of each of the most promising options. The study also included a ranking of the most promising source categories for opportunities to reduce greenhouse gas emissions.

The Phase II study, "Greenhouse Gas Mitigation: Landfill Gas and Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters," evaluates

mitigation strategies for these specific source categories. The report evaluates estimates of potential GHG reductions, potential GHG mitigation technologies, capital and operating costs for the technologies, and the cost effectiveness of the technologies. Mr. Mark Strehlow of URS will present a summary of the findings.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Alex Ezersky
Reviewed by: Henry Hilken