



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

BOARD OF DIRECTORS  
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

CHRIS DALY – CHAIRPERSON  
SUSAN GARNER  
SCOTT HAGGERTY  
MARK ROSS  
BRAD WAGENKNECHT

HAROLD BROWN - VICE CHAIRPERSON  
CAROLE GROOM  
ERIC MAR  
GAYLE B. UILKEMA

MONDAY  
NOVEMBER 2, 2009  
9:30 A.M.

4TH FLOOR CONFERENCE ROOM  
939 ELLIS STREET  
SAN FRANCISCO, CA 94109

**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 Board's authority. Speakers will be limited to three (3) minutes each.*
3. **APPROVAL OF MINUTES OF SEPTEMBER 16, 2009**
4. **PROPOSITION 1A SECURITIZATION PROGRAM**

**J. McKay/4629**  
[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*Staff will request the Committee recommend Board of Directors approval to adopt the proposed Proposition 1A Sale Resolution and authorize execution of the Purchase and Sale Agreement and related documents.*
5. **REDUCTION IN SERVICES AND SUPPLIES EXPENDITURES AND IN GOODS MOVEMENT WORKLOAD**

**J. McKay/4629**  
[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*The Committee will receive an update on the Reduction in Services and Supplies Expenditures and in Goods Movement Workload.*
6. **GREENHOUSE GAS REDUCTION GRANT PROGRAM FUNDING**

**J. Roggenkamp/4646**  
[jroggenkamp@baaqmd.gov](mailto:jroggenkamp@baaqmd.gov)

*The Committee will consider recommending Board of Directors approval to authorize the creation of a Carbon Offset Fund Program Number 311, funded by the ConocoPhillips settlement in the amount of \$4,443,025, and adjust the Air Districts' FY 2009/10 Strategic Incentives Division budget accordingly.*
7. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

*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).*

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

9. **ADJOURNMENT**

**CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109**

**(415) 749-5130**  
**FAX: (415) 928-8560**  
**BAAQMD homepage:**  
**[www.baaqmd.gov](http://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.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the District's website ([www.baaqmd.gov](http://www.baaqmd.gov)) at that time.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109**  
**(415) 771-6000**

**EXECUTIVE OFFICE:**  
**MONTHLY CALENDAR OF DISTRICT MEETINGS**

**NOVEMBER 2009**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(At the Call of the Chair)</i>	Monday	2	9:30 a.m.	4th Floor Conf. Room
<b>Board of Directors Personnel Committee Meeting</b> <i>(At the Call of the Chair)</i>	Wednesday	4	9:00 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	5	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Joint Policy Committee</b> <i>(Meets 3rd Friday Every Other Month)</i>	Friday	6	10:00 a.m.	MTC Auditorium 101 8 <sup>th</sup> Street Oakland, CA 94607
<b>Advisory Council Regular Meeting</b>	Tuesday	10	9:00 a.m.	Board Room
<b>Board of Directors Legislative Committee</b> <i>(Meets 2<sup>nd</sup> Thursday each Month)</i>	Thursday	12	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets 2nd Thursday each Month)</i> - CANCELLED	Thursday	12	Following Board Legislative Cme. Mtg.	4th Floor Conf. Room
<b>Board of Directors Public Outreach Committee</b> <i>(Meets 1<sup>st</sup> Thursday each Month)</i>	Friday	13	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Stationary Source Committee</b> <i>(Meets 3<sup>rd</sup> Monday Quarterly)</i>	Monday	16	9:30 a.m.	Board Room
<b>Board of Directors Personnel Committee</b> <i>(At the Call of the Chair)</i>	Wednesday	18	9:00 a.m.	4th Floor Conf. Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
<b>Executive Committee Meeting</b> <i>(Meets at the Call of the Chair)</i>	Thursday	19	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Joint Policy Committee</b> <i>(Meets 3rd Friday Every Other Month)</i> - RESCHEDULED TO FRIDAY, NOVEMBER 6, 2009	Friday	20	10:00 a.m.	MTC Auditorium 101 8 <sup>th</sup> Street Oakland, CA 94607

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## NOVEMBER 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(At the Call of the Chair)</i> - CANCELLED & RESCHEDULED TO MONDAY, NOVEMBER 2, 2009	Wednesday	25	1:30 p.m.	4th Floor Conf. Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i> CANCELLED	Thursday	26	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

## DECEMBER 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	Board Room
<b>Board of Directors Public Outreach Committee</b> <i>(Meets 1<sup>st</sup> Thursday each Month)</i>	Thursday	3	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets 2nd Thursday each Month)</i>	Thursday	10	9:30 a.m.	4th Floor Conf. Room
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> - <i>(Meets 4<sup>th</sup> Thursday of each Month)</i>	Thursday	24	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

## JANUARY 2010

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	6	9:45 a.m.	Board Room
<b>Board of Directors Public Outreach Committee</b> <i>(Meets 1<sup>st</sup> Thursday each Month)</i>	Thursday	7	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room
<b>Advisory Council Regular Meeting</b>	Wednesday	13	9:00 a.m.	Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets 2nd Thursday each Month)</i>	Thursday	14	9:30 a.m.	4th Floor Conf. Room
<b>Joint Policy Committee</b> <i>(Meets 3rd Friday Every Other Month)</i>	Friday	15	10:00 a.m.	MTC Auditorium 101 8 <sup>th</sup> Street Oakland, CA 94607
<b>Board of Directors Regular Meeting</b> <i>(Meets 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room
<b>Board of Directors Mobile Source Committee</b> <i>(Meets 4<sup>th</sup> Thursday each Month)</i>	Thursday	28	9:30 a.m.	4 <sup>th</sup> Floor Conf. Room

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: October 30, 2009

Re: Budget and Finance Committee Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Budget and Finance Committee meeting of September 16, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the September 16, 2009 Budget and Finance Committee meeting.

Respectfully submitted,



*h* Jack P. Broadbent  
Executive Officer/APCO

Bay Area Air Quality Management District  
939 Ellis Street  
San Francisco, California 94109  
(415) 749-5000

**DRAFT MINUTES**

Summary of Board of Directors  
Budget & Finance Committee Meeting  
8:30 a.m., Wednesday, September 16, 2009

- Call to Order:** Chairperson Chris Daly called the meeting to order at 8:30 a.m.
- Roll Call:** Chairperson Chris Daly; Committee Members Carole Groom, Eric Mar, Mark Ross and Brad Wagenknecht
- Absent:** Vice Chairperson Harold Brown, Committee Members Scott Haggerty and Gayle B. Uilkema
- Public Comment Period:** There was no public comment.

**Fourth Quarter Financial Report for Fiscal Year Ending 2008-09**

Finance Manager Linda Serdahl presented the Fourth Quarter Financial report, a comparison of budget to actual revenue for various receipt of fees and their percentages of budgeted revenue, a comparison of budget to actual expenditures for salaries and benefits, operational services and supplies, and capital outlay and cash and investments in County Treasury which total \$119,227,766. She presented fund balances which will remain the same, said the final numbers will reflect audited amounts and those are on an accrual basis, and as requested by the Board, staff scheduled audit field work two months earlier. Therefore, the audit report should be ready at the end of December should the Committee wish to meet.

Chairperson Daly referred to operational services and supplies budget and questioned whether the District was over budgeting or whether staff was deferring certain types of services or supplies were being deferred. Deputy APCO Jeff McKay said numbers will be much larger at the end of the fiscal year, there are open purchase orders against the amounts, and staff has attempted to keep services and supplies lower and anticipates coming in under budget at approximately 85% to 90%.

**Committee Action:** None; received and filed.

**Budget Status Update for Fiscal Year Ending 2010**

Deputy APCO, Jeff McKay provided an update of the current year budget status in light of events affecting the budget.

He presented General Fund revenue sources and expenditures, for an estimated balanced budget. He said the District has two financial challenges in its fiscal year end 2010 assumptions; the property tax "take-away" of 8% in the amount of \$1.6 million and budgeted grant revenue that may not be realized, resulting in General Fund encroachment in the amount of \$1.6 million, totaling \$3.2 million.

Chairperson Daly referred to the encroachment issue and Mr. McKay said staff recommends addressing this by maintaining the current vacancy rate for an estimated \$1.3 million savings; deferring building capital upgrades by \$300,000 (50% of Building and Grounds expenditures); and reducing budgeted Services and Supplies by \$1.6 million (10%).

Chairperson Daly questioned and confirmed that the change in services and supplies year to year was flat and requested that staff return to the Committee in coming months and provide additional detailed information on the identification of reductions in service and supplies.

Mr. McKay said the District can also securitize the 8% property tax decrease by selling the debt and letting someone else take on the risk; however, it is not known whether this is possible and whether the debt would be sold at face value or at a lesser amount.

Mr. McKay summarized that there are known challenges to the current year balanced budget and there are additional risks of losing large facilities to lower cost manufacturing areas, as well as losing State subvention. He noted if the Committee chooses to securitize the debt, the 8% is the total covered under the state take-away.

Chairperson Daly questioned if it was necessary to analyze potential business closures, as he believed this may result in less staff work to do in terms of grants delivery functions. Mr. Broadbent said given uncertainties, he agreed there is less grants work, but a considerable amount of staff time went into gearing up for Proposition 1B monies, and staff was still working on what the impact will be, noted the District was maintaining staff vacancies and is not sponsoring as much in the Bay Area and agreed to return with a discussion of staff vacancies and expenditures recommended for deferral. Mr. Broadbent said staff is moving ahead with the Health Officer recruitment and expects to be able to hire somebody in October. In order to meet needs, staff is moving around internally, specifically in Enforcement and Grants Divisions.

Director Groom questioned whether there is information on trends of what other agencies are doing in securitizing property tax. Mr. Broadbent agreed to return with subsequent recommendations and identify what others are doing around the Bay Area.

Summary of Recommendations: Staff will return to the Committee in coming months and provide additional information on the identification of reductions in service and supplies, information on the reduced workload associated with the goods movement funding, and what other agencies are doing in securitizing property tax.

**Approval of Minutes of June 1, 2009:** Director Ross moved approval of the minutes of June 1, 2009; seconded by Director Wagenknecht; carried unanimously without objection.

### **Transfer \$750,000 in Funding from Reserves to the Fiscal Year 2009/10 Budget for Marine Highway Project at the Port of Oakland**

Executive Officer/APCO Jack Broadbent provided background on the item, stating in May the Board provided direction to collaborate with the Port of Oakland on projects with near-term

emissions reduction benefits. Staff hosted a series of meetings with the Port to analyze emissions benefits of various projects in June. The Marine Highway Project has been determined to be an immediately implementable option and is being recommended for funding.

A list of potential projects has been developed by the Port and District staff and the Port is pursuing grant funding. He described the Marine Highway Project, stating that it transports agricultural containers via marine barge versus trucks, it eliminates 4,900 truck trips a week along Bay Area highways (reducing 15 tons of DPM/yr), it transports 50% of agricultural cargo between Oakland and Stockton, and it would operate on clean tugs. The total project cost is \$40 million and the Port of Stockton and Oakland have applied for USDOT funds, the San Joaquin Valley Air Pollution Control District is providing \$750,000, and a series of milestones must be met.

Damian Breen, Grants Manager, described the project, stating that the BROE Group is the parent company; Eco-Transportation is doing the project, and a representative from the company was present. Mr. Broadbent said there is significant interest by the DOT where they can fund it at a federal level using stimulus monies, and staff recommends the Committee recommend Board of Directors' approval to transfer \$750,000 for this purpose.

Chairperson Daly confirmed with Mr. Breen that there is a work plan for the project, staff plans to transfer out funds initially, return to the Ad Hoc Committee on Port Emissions on a detailed budget on what is spent, and the Port should hear in February as to whether or not it receives U.S. DOT grand funding.

Chairperson Daly questioned the delta between the existing goods movement in truck, the one-time expenditure for capital, and questioned what operations would look like over time. Mr. Breen said the District's investment would be in clean tugs, which is similar to what is done in the Carl Moyer Program, operating capital would be up to the service itself, and he said the service has indicated it can become profitable in two years. Mr. Broadbent further discussed reasons for not bringing the project to the Mobile Source Committee, stating it is unique and does not fit with all of the things the District is doing and in grants.

Chairperson Daly questioned whether the Port of Oakland will mandate that goods to the Sacramento region or the Central Valley use this service in terms of retiring trucks. Mr. Breen said staff has discussed this with the California Department of Agriculture who indicate that the goods from the Central Valley will increase over the next 5-10 years. If the service is implemented, it will be a choice. He said the traditional grants program provides dollars to retire vehicles, but this project gives transporters the option between using trucks or the barge system, and the District's funding is contingent upon the company meeting certain ramp-up goals, such as the need for them to deliver "x" number of emissions by transporting cargo over a two-year period. Mr. Broadbent clarified that the project would not actually serve to retire trucks, and reiterated that the project does not necessarily fit within the typical grant structure, but rather is part of the overall solution.

Chairperson Daly confirmed that growth projections from the Department of Agriculture include transportation of refrigerated goods from Chile into the state in the winter season.

Director Ross questioned whether the project increases traffic generation to and from the Central Valley. Mr. Broadbent said approximately three-quarters of the truck traffic operates throughout the Bay Area and he discussed truck trips up and down I-580. Director Ross clarified

with staff that there is a benefit to the Central Valley which is reduction of a large amount of NOx, and such reductions also help them to meet their SIPS plan.

Director Groom questioned if there were incentives for distributors, and Mr. Breen discussed the limits placed on truck weights versus the increased ability to move more tonnage of goods and reduced emissions. Mr. Broadbent also said a barge is able to transport 350 containers. He said there is significant interest by container shippers, a new \$60 million terminal is going into the Port of Oakland, and the Port is supportive of this project.

Director Wagenknecht questioned and confirmed with Mr. Breen that the amount of emissions reductions totals 15 tons of diesel particulate matter per year and 200 tons of nitrogen oxide emissions reductions per year.

Public comment:

Joe Cutrera, Eco-Transportation, San Francisco, discussed the company's transportation operations in the Bay Area, barge operations, refrigerated cargo, and efficiencies on weights, expansion interests, imports, mid-west customers. He said the project becomes a model for California and for other areas.

Mr. Cutrera confirmed with Director Ross that tugs are operated through an independent contractor and alternative companies are also interested. Eco-Transportation leases the barge. A clean tug is in place already and more than one tug would be needed in order to run more trips per week. Operations are run with ILWU union labor through the Ports of Stockton, Oakland and Sacramento.

Chairperson Daly questioned and confirmed with Mr. Cutrera that export commodities and seasonal products move all year long, that the number one export right now is wine in bulk, and that trucking companies see the benefit with weight, as well as from a liability aspect.

Director Ross made a motion to recommend Board of Directors' approval of the transfer of \$750,000 for the project; Director Wagenknecht seconded the motion.

Director Daly discussed his reasons for not supporting the motion, believed the project has benefits and possibilities for expansion; however, he believed it was a departure from how the Air District has typically approached emissions reductions. He was not sure how to weigh the investment versus the emissions reductions for existing goods movement versus the delta on expansion in terms of throughput in the Bay Area, as even clean tugs will have emissions, and believed the proposal needed more time and analysis.

Director Ross sees the project as taking vehicles off the road in the Bay Area, and Director Wagenknecht agreed. Director Daly disagreed, and Mr. Broadbent clarified that containerized traffic will increase; the District's approach has been to take grant monies and retrofit trucks, but there are still residual emissions, and what the project does is start to change the overall increase downward. He said staff is trying to look at all possibilities and this is another piece that staff has been exploring along with retrofits, alternative fuels and locomotive projects.

Director Daly said the project seems to be about having less of an increase by truck but covering the increase with a barge. While this may be great for Stockton, he did not believe opening up a different path was the most efficient system for goods movement in the delta.

Mr. Broadbent noted that additional analysis had been presented at the Ad Hoc Committee on Port Emissions, who referred it to the Budget and Finance Committee and he could provide more detail. Staff has been working with San Joaquin Valley Air Pollution Management District; there are performance milestones and conditions to be met.

Director Groom felt the proposal was worth the opportunity and suggested reviewing it in a year.

Director Wagenknecht considered it to be a macro and not micro approach in reducing emissions and a good investment into a \$40 million system. Director Daly said he would support it if he knew existing trucks would be taken off the road.

**Committee Action:** Director Ross made a motion to recommend Board of Directors' approval to transfer \$750,000 in funding from Reserves to the Fiscal Year 2009/2010 budget; Director Wagenknecht seconded the motion, which passed by the following roll call vote (4-1-3): Ayes: Groom, Mar, Ross and Wagenknecht; Noes: Daly; Absent: Brown, Haggerty and Uilkema.

### **Transportation Fund for Clean Air (TFCA) Program Process and File Review**

Executive Officer/APCO Jack Broadbent stated that in 2006, the Air District's Carl Moyer Program was reviewed by CARB, who recommended the District put in a series of processes and controls relative to the grant program. Staff recommends the same be applied to the TFCA Program and \$200,000 in funding from the undesignated reserve will be used to ensure that TFCA project folders from 1992-2006 meet current documentation standards.

Director Wagenknecht believed that the cost is a small yet worthy investment. Chairperson Daly confirmed that staff was considering using TFCA monies which would trigger a public audit but it was staff's preference that an internal review be done. Findings will return to the Budget and Finance Committee and the Director Daly requested the selection of bids return to the Committee, as well.

**Committee Action:** Director Wagenknecht made a motion to recommend Board of Directors' approval to move \$200,000 from the Undesignated Reserve into the FY 2009/2010 budget and to authorize the Executive Officer/APCO to solicit bids, to review the TFCA program and ensure compliance with current documentation standards, and for the selection of bids to return to the Budget and Finance Committee; Director Groom seconded the motion; which carried unanimously.

**Committee Member Comments:** None

**Time and Place of Next Meeting:** At the Call of the Chair

**Adjournment:** The meeting adjourned at 9:38 a.m.

Lisa Harper  
Clerk of the Boards

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: October 26, 2009

Re: Proposition 1A Securitization Program

RECOMMENDED ACTION:

Consider recommending that the Board of Directors adopt the proposed Proposition 1A Sale Resolution and authorize execution of the Purchase and Sale Agreement and related documents.

DISCUSSION:

Proposition 1A was passed by California voters in 2004 to ensure local property tax and sales tax revenues remain with local government thereby safeguarding funding for public safety, health, libraries, parks, and other local services. Provisions can only be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature concur with the recommendation.

The emergency suspension of Proposition 1A was passed by the Legislature and signed by the Governor as ABX4 14 and ABX4 15 as part of the 2009-10 budget package on July 28, 2009. Under the provision, the State will borrow 8% of the amount of property tax revenue apportioned to cities, counties and special districts. The state will be required to repay those obligations plus interest by June 30, 2013.

The Proposition 1A Securitization Program was authorized under ABX4 14 and ABX4 15, and instituted by California Statewide Communities Development Authority ("California Communities") to enable local agencies to sell their respective Proposition 1A Receivables to California Communities. "Clean-up" legislation SB67 was passed by the Senate on October 14, 2009 to clarify specific aspects of ABX4 14 and ABX4 15, and signed by the Governor on October 19, 2009. Under the Securitization Program, California Communities will simultaneously purchase the Proposition 1A Receivables, issue bonds ("Prop 1A Bonds") and provide each participating local agency with the cash proceeds which will equal 100% of the amount of the property tax reduction. California Communities reports that as of mid-October, approximately 1,116 agencies have enrolled in the Securitization Program.

Benefits of Participation in the Proposition 1A Securitization Program:

The benefits of participation in the Proposition 1A Securitization Program include

- Receipt of 100% of Proposition 1A Receivable in two equal installments, on January 15, 2010 and May 3, 2010
- All financing costs will borne by the State of California. The District will not have to pay any interest cost or costs of issuance in connection with it participation.
- The District has no obligation with respect to the payment of the bonds, nor any reporting, disclosure or other obligations associated with the bonds.

Requirements of Participation:

To participate in the Securitization Program, the Board must adopt the proposed Proposition 1A Receivables Sale Resolution and authorize the execution of the Purchase and Sale Agreement and related documents that must be signed by all agencies participating in the Program. The District Counsel and outside counsel, Hanson Bridgett LLP, have reviewed the documents for the District.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The impact of the emergency suspension of Proposition 1A, an 8% reduction of property tax revenues apportioned to the District, will be mitigated.

Respectfully submitted,



*R* Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Linda J. Serdahl, CPA, CFE

Reviewed by: Jack M. Colbourn

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: October 26, 2009

Re: Reductions in Services and Supplies Expenditures and in Goods  
Movement Workload

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

In response to recent budget challenges, staff has reduced Services and Supplies expenditures. These reductions occurred in the prior fiscal year and will continue into the current fiscal year. Staff will provide the Committee an overview of the reductions in Services and Supplies expenditures.

Goods Movement grant funding will be less than was budgeted for the current fiscal year. The reduction in funding impacts the current fiscal year budget by reducing the allocation of funds from grants to cover personnel costs. Staff will discuss the impact of reduced Goods Movement funding on staffing levels and workloads.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact.

Respectfully submitted,



Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Jeffrey M. McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT  
Memorandum

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

From: Jack P. Broadbent  
Executive Officer/APCO

Date: October 26, 2009

Re: Greenhouse Gas Reduction Grant Program Funding

RECOMMENDED ACTION:

Consider recommending that the Board of Directors authorize the creation of a Carbon Offset Fund Program Number 311, funded by the ConocoPhillips settlement in the amount of \$4,443,025, and adjust the Air Districts' FY 2009/10 Strategic Incentives Division budget accordingly.

BACKGROUND

The Attorney General of California (AG) entered a Settlement Agreement dated September 10, 2007, with ConocoPhillips Company to resolve a dispute regarding the environmental impact of greenhouse gas emissions (primarily carbon dioxide) from the Clean Fuels Expansion Project at the company's refinery in Rodeo, California. Subsequently, the AG and the Air District entered into a Memorandum of Understanding (MOU) delineating the Air District's authority to administer a greenhouse gas emission reduction grant program using funds from the Settlement Agreement.

DISCUSSION

Pursuant to the MOU, the Air District established a Carbon Offset Account with approximately \$4 million from the Settlement Agreement. Projects funded under the MOU must achieve verifiable, quantifiable reductions in greenhouse gas emissions. The Air District must give priority to projects in areas nearest the ConocoPhillips refinery in Rodeo and shall consider any substantial co-benefits of a project through reduced emission of criteria pollutants or toxic air contaminants. The Air District is currently seeking proposals for energy efficiency and renewable energy projects in non-residential public, government buildings located in Rodeo, Crockett, Hercules, Pinole, and areas between these locations. Available funds will be allocated to projects beginning with the highest ranking, most cost-effective, projects.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Staff's recommendation would result in a net increase to the District's Strategic Incentives Division FY 09/10 budget in the amount of \$4,443,025. This funding will be used to provide grants and staff administrative costs.

Respectfully submitted,



*R* Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Karen Schkolnick  
Reviewed by: Jean Roggenkamp