

Bay Area Air Quality Management District  
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## APPROVED MINUTES

Summary of Board of Directors  
Executive Committee Meeting  
9:45 a.m., Wednesday, October 20, 2010

- Call to Order - Roll Call:** Chairperson Brad Wagenknecht called the meeting to order at 9:45 a.m.
- Present:** Chairperson Brad Wagenknecht; Vice Chairperson Tom Bates; Secretary John Gioia; Committee Members Susan Garner, Mark Ross, Pamela Torliatt and Gayle B. Uilkema
- Absent:** Committee Members Carole Groom and Scott Haggerty
- Public Comment Period:** Francisco Da Costa, Director of the Environmental Justice Advocacy, requested the District focus on empirical data of all adverse impacts, reported higher than usual instances of suicide in Bayview Hunters Point which he believes is linked to the environment, and asked that the District report on disbursement of Lennar settlement funds.
- Approval of Minutes:** **Committee Action:** Director Uilkema made a motion to approve the August 5, 2010 minutes; seconded by Secretary Gioia; unanimously approved without objection.

### Update on the Strategic Facilities Planning Project – Phase II Study

Strategic Facilities Planning Manager, Mary Ann Okpalaugo, introduced representatives from CB Richard Ellis (CBRE), reviewed activities completed in the Strategic Facilities Planning Phase II Study, outlined Phase II project objectives, which include:

Conducting analysis of existing facilities:

- Operational Requirements
- Sustainability and environmental objectives
- Financial & market research analysis
- Real Estate Scenarios; and a
- Disposition Strategy for exiting current facilities

Developing a Strategy to achieve facility requirements for the Air District, MTC and ABAG, which:

- Promotes the core values;
- Provides for greater building efficiencies
- Lessens environmental impact; and
- Improves Inter-Agency cooperation and initiatives

Ms. Okpalaugo stated CBRE has completed the scope of work for Phase II which included a Needs Analysis, Scenario Planning and Strategy Development. She noted that ABAG and MTC Boards would be provided with an update on the project in mid-November, 2010. Next steps include presentation of study findings to the Air District Board of Directors.

Raul Campos, Managing Director and Senior Vice President, CBRE, presented study findings, alternatives of consolidating, extensive financial analysis, key issues of renovation costs for continued tenancy, disposition values, key planning drivers and reviewed tables of consolidation criteria for the Oakland and San Francisco markets. Mr. Campos then reviewed transit commute effects reviewed their strategy and next steps.

Key issues include the fact that the building is obsolete at 44 years old and in extensive need of renovation. Average square feet per person is 420 per person compared to 225 square feet per person, which is inefficient. CBRE estimates making repairs would cost about \$300/square foot, which is equivalent to buying a newer facility in move-in condition.

Director Uilkema confirmed with Mr. Campos that the District headquarters building is already five years beyond its useful life; remaining in the building is the most expensive option as the District would likely spend an exponential amount to maintain it. Newer building systems operate much more efficiently, and if the building is purchased, because it is in a non-core area, it most likely would be demolished.

Director Garner questioned square footage per employee and confirmed that an architect would ultimately determine the exact footprint for any new facility. CBRE reviewed existing functions and space for the entire District and arrived at a combined total of 150,000 square feet.

Director Torliatt questioned and confirmed zoning was non-conforming residential, that the Van Ness corridor includes a mix of multi-family and mixed use zoning.

Mr. Campos discussed MTC and ABAG buildings which are in good condition and are full, but their needs may change and become more growth-oriented. Regarding disposition values, the condition of the building and market and said the Air District building is valued at \$4 million which is mostly land value due to its location

Director Ross confirmed that the trigger point used was the 2/3 rule for legal, non-conforming use; there are issues of capital and financing which would be required for renovation, and Mr. Campos indicated that the building has only land value and little building value.

Director Torliatt questioned the possibility for residential units on the site and potential height. Mr. Campos indicated there is not a market to finance a residential project. Buildings could be as tall as 130 feet and if developed, the property would most likely remain dormant until the market returned. He said CBRE reviewed land value, value per unentitled unit, retrofitting the building, and they all penciled out evenly at around \$4 million value.

Director Torliatt questioned the timing for the Cathedral Hill hospital project, and confirmed it was several years away due to issues relating to uncertainty with the community, traffic and the market.

Director Ross questioned whether the District would have an obligation to offer the building to another public agency, and Mr. Broadbent agreed that District Legal Counsel would research this, as there may be some restriction.

Mr. Campos continued his presentation and discussed potential consolidation, which does make good sense. Strategy drivers were compelling as all three agencies have the same mission, accessible to public transit, have good employees use and need for public transit, retail and housing. There is also consolidation of office space for board meetings, training rooms, and consolidation would not disrupt commuting patterns.

He said all three agencies expressed sensitivity to cost drivers. CBRE also looked at the real estate market, rents, building values, debt, opportunities to purchase existing buildings of contiguous availability is limited. There are 7 existing options identified that met criteria in San Francisco, and 2 options in Oakland. He presented a graph for consolidation criteria for both markets, and noted that the information was current as of September 29, 2010, with new options appearing or disappearing.

Mr. Campos presented a transit commute effects chart and discussed results of consolidating all three agencies, the Air District only, MTC only and ABAG only in both downtown San Francisco and in Oakland, with minimal variations in commute times. CBRE looked at the base case to remain in the current building through retrofit or to expand for ABAG and MTC into other buildings. He presented cost comparisons of scenarios. The analysis used information for transit only.

Key findings reveal:

1. Consolidate occupancy
  - a. Supports strategic drivers and promotes interagency synergy
  - b. Benefits from economies of scale
  - c. Carbon footprint reduction of 40% or more
  
2. San Francisco and Oakland are appropriate locations
  - a. Consider options close to BART (within half mile) and other public transportation
  - b. Consolidations in either San Francisco or Oakland will have little adverse impacted on any of the agencies
  - c. Currently Oakland has two potential options for consolidation other than build-to-suit projects
  - d. San Francisco offers a greater feasibility for successful implementation given the number of alternatives
  
3. Develop specific options in the Market
  - a. Engage outside support to run a competitive process with existing options
  - b. Team to negotiate a non-binding "letter of intent" with best option
  - c. Provide Board with results for review and approval of next steps

Mr. Campos concluded by outlining the District's current carbon footprint, potential reductions, rental markets, leasing analysis, property valuations, and cost comparison of blended occupancy scenarios. Next steps are to take the study findings to the Boards of each agencies, as recommended by the SFPAHC.

Committee Comments/Questions:

Director Bates suggested CBRE review the Ashby BART station, noting that the City of Berkeley owns its air rights.

Director Uilkema questioned financing and bonding capability and suggested private investment groups also be approached. Alex Somerville, CBRE's First Vice President stated there may be

capacity to do bond financing for the building itself. However, build-out would need to be separate financing and CBRE could research bonding capabilities for the District and ABAG.

Mr. Broadbent noted that of critical determination is whether or not the District consolidates. He said it has been the Board's direction to also look at a stand-alone option. The recommendation is for CBRE representatives to make a presentation to the Board on December 1, 2010, and in November, MTC and ABAG Boards will meet and discuss issues relating to consolidation. Chairperson Wagenknecht supported continuing pursuit of a stand-alone option for the District and said financing could also soon be clearer.

Director Torliatt referred to the cost comparison scenario and questioned and confirmed with CBRE that they take into account operating costs such as utilities and maintenance operational costs of the building.

Director Ross reiterated his desire for Legal Counsel to determine whether the District must first offer its building to other public agencies if it is placed on the market.

Director Garner questioned the potential timeframe for a new District headquarters, and Mr. Campos said relocation could be accomplished by 2012, but a lot depends on the option chosen.

Public Comments: None

**Committee Action:** None; for information only.

## **7. CEQA Guidelines Implementation Update:**

Henry Hilken, Director of Planning and Research, gave an update on the implementation of the District's California Environmental Quality Act (CEQA) guidelines, reviewed District work with local governments and stakeholders in responding to inquiries, providing data and technical assistance, and agency staff are familiar with the guidelines and using them, while contacting staff for assistance when necessary.

Mr. Hilken discussed regional agency collaboration with ABAG and MTC and noted that staff has convened an Air Quality PDA workgroup to identify concerns and provide assistance in streamlining the CEQA process. Staff has issued numerous technical tools, and described a new CAPCOA greenhouse gas mitigation measure quantification tool, and a suite of documents that help consultants and staff, which are helpful but not mandated to be used.

Mr. Hilken discussed Community Risk Reduction Plans and pilot projects underway in San Jose and San Francisco, staff is working with agencies to prepare local emission inventories, have presented and reviewed CRRP Guidelines with the CARE Task Force, and he discussed the development of Community Development Guidelines which further refine mitigations in CRRPs, streamline mitigation measures, standardize setbacks and mitigation measures from various sources/receptors, and establish standard setbacks in CARE communities.

Mr. Hilken said staff has received a lot of comments from affordable housing advocates who are concerned that sites do not pass initial screening; thresholds could be misused and make it harder to develop infill and affordable housing. He briefly reviewed the comments and responses of District staff.

Next steps include:

- Continuing work with cities, counties and regional agency staff;
- Continuing work with affordable housing advocates and other stakeholders;
- Updating screening tables and technical resources as new information becomes available;
- Continuing to make progress with CRRP development; and
- Developing Community Development Guidelines

Committee Comments/Questions:

Director Ross questioned whether or not projects are qualifying under the thresholds. Mr. Hilken cited the positive outcome of developing relationships with local planning departments, and stated that where EIR's were done, in no case has air quality been the only issue.

Public Comment:

Evan Reeves, Center for Creative Land Recycling (CCLR), submitted a letter into the record regarding Toxic Air Contaminant Screening Method, asked that screening models be removed from the website and the deadline be extended, citing thresholds create problems for affordable housing projects.

Stephanie Shakofsky, CCLR, submitted and read a portion of a letter into the record regarding concerns with the effective date for the risk and hazard thresholds for receptor projects relating to calculation of major sources, use of a worst case dispersion model, and non-inclusion of new regulations that limit the TAC levels above stationary and mobile sources in screening models.

Deni Adaniya, Resources for Community Development (RCD), said RCD is an infill developer in Berkeley and most, if not all new projects, are within two blocks of major thoroughfares, transit corridors and/or rail. They are concerned many would not pass and would trigger an EIR, that regulations would be a significant factor in new site selection, and encouraged the District to defer the effective date of January 1, 2011.

Evelyn Stivers, Nonprofit Housing Association, submitted a letter into the record, and voiced concerns that new thresholds conflict with Housing Element sites and Priority Development Area (PDA) regional plans, and questioned the ability for projects to meet the threshold. She asked that the table be removed from the District's website until it was made clearer and more refined.

Francisco Da Costa, Environmental Justice Advocacy (EJA), said what is needed is more empirical data, accountability and transparency, and he asked that the website be updated for consistency and that housing development not occur along freeways.

Directors confirmed with staff the existence of 355 inactive housing element sites in various jurisdictions where affordable housing could potentially be located, discussed the review of screening levels and traffic volumes in preparing the checklist, and acknowledged that the Board's June 2, 2010 action was to make thresholds effective immediately, except for the risk and hazard thresholds for new receptors, which would take effect January 1, 2011, with the idea that CRRPs are underway. Directors acknowledged that the District is a health-based organization, that some affordable housing is being developed in zone districts other than residential, and recognized that some are developed with a mix of both market rate and affordable housing.

Mr. Broadbent supported comments from Directors about the District being a health-based organization and said staff believes that in the long-term, infill development is the way to

approach meeting thresholds. He supported continuation of the dialogue, thinking it would take another 4 to 5 months, and supported the development guidelines and tools in place.

Director Garner agreed, stated the progress made to date in San Francisco and San Jose, and confirmed that the District will work with affordable housing representatives regarding concerns regarding risk and hazard thresholds for receptor projects.

Director Ross supports additional time for further developing guidelines and extending the deadline of January 1, 2011. Infill is a good strategy whether it is affordable, moderate or market rate, acknowledges concerns of affordable housing advocates, but all levels must be considered.

Director Torliatt cited the importance of policy and vision and briefly discussed Petaluma's success in affordable housing development.

Vice Chair Bates understands there are ways to create affordable projects, and recognized that no exceptions should be made for unhealthy development.

Mr. Broadbent stated staff would return to the Board of Directors for consideration of extending thresholds for receptor projects.

## **5. Update on Webcasting from the Board Room**

Mr. Broadbent gave a brief staff report, stating staff is recommending the Committee recommend authorization to issue an RFP for bids to install webcasting equipment in the District Board Room, the results of which would return to the Executive Committee.

**Committee Action:** Director Garner made a motion to authorize issuance of an RFP for bids to install webcasting equipment in the District Board Room; Secretary Gioia seconded the motion; unanimously approved without objection.

## **6. Update on Video Conferencing from the Fourth Floor Conference Room**

Mr. Broadbent discussed the recommendation to allow video conferencing for Committee meetings for items not requiring action and/or when information items are of short duration. This will allow for greater efficiencies in Committee member time and reductions in emissions. He confirmed the meeting would be completely interactive with available access from the two locations in Santa Clara and Sonoma.

Directors clarified that, depending upon agenda items, attendance would be required at either the District Headquarters, Santa Rosa Junior College in Santa Rosa or the County of Santa Clara Building in San Jose. Directors would be notified 72 hours ahead of the meeting as to whether or not meetings were informational and could be conducted via remote location or required attendance at District Headquarters. And, the agenda would identify all three locations.

**Committee Action:** Director Garner made a motion to recommend approval of a video conferencing protocol that will allow remote interactions via both audio and video communication for Committee meetings in the Fourth Floor Conference Room that do not include action items; Director Uilkema seconded the motion; unanimously approved without objection.

## **8. Workplan and Preparation for Board Retreat**

The Committee received Air District accomplishments and major initiatives (draft) for the upcoming year, as an informational item, which included the following:

### Major Initiatives 2010:

- Contract with Employees Association (EA)
- Proposed Changes to Fees
- Update to CEQA Guidelines
- 2010/2011 budget
- Clean Air Plan
- Refinery NOx Rule
- Production System – Live
- Metal Melting Rule
- Summer/Winter Spare the Air Season Reviews
- Green Port Initiative
- CAPCOA Climate Change Forum

### Major Initiatives 2011 (draft):

- Refinery NOx Rule (Amendment)
- Metal Melting Rule
- Community Risk Reduction Plans
- Community Development Guidelines
- Cement Kilns
- General PM Rule
- Indirect Source Rule
- Vacuum Trucks
- Public Engagement Plan
- Facility Relocation
- Contract with Employee Association (EA)
- Production System – Live
- GHG Fee
- Bay Area business Assistance Program

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

**Adjournment:** The meeting was adjourned at 11:35 a.m.

*/s/ Lisa Harper*  
Lisa Harper  
Clerk of the Boards